



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk Sentiment** was mixed into Friday's close after traders digested higher than expected PPI data, pushing bond yields higher, weighing down on stocks, as inflation worries continue. Stock indices were choppy ending the session down, while the dollar finished strong, commodities were mixed, and bond yields held gains.

## STEP 1: WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US PPI excluding food and energy for July rose prompting inflation concerns

- **Producer Price Index excluding Food & Energy (MoM) (July):** 0.3% versus 0.2% expected.
- **Michigan Consumer Sentiment Index (Aug) Preliminary:** 71.2 versus 71 expected

With plenty more data to come before the next Fed meeting concerns of rising CPI and PPI could keep the Fed focused on another rate hike in September.



**US Stock Indices** finished the day and week mixed, the USA 30 was the only positive closing at 35370 (+0.6% on the week), while US Tech 100 continued its decline from last week to 15104 (-1.7% on the week) as did the USA 500 closing at 4483 (-0.3% on the week). **(Page 3 USA 500 TA Update)**. **In Europe**, the Germany 40 was the only major indices to underperform finishing flat on the week at 15910, while France 40 rose to 7354 (+1.1% on the week). The UK 100 gained closing at 7546 (+0.6% on the week) after strong GDP and Industrial production data.

**The US Dollar Index** rose again, continuing its 4 weeks rally up 0.9% closing at 102.73, with USDJPY up 2.2% closing at 144.94 a 5-week high and levels that may concern the Bank of Japan, with intervention whispers once again circling markets. AUDUSD underperformed after a poor Consumer Confidence print -0.4% (versus 2.7% expected) and lower commodity prices. **(Page 4 AUDUSD TA Update)**.

**US 10 Year Bond Yields**, traders reacted positively after a better than expected US PPI release, a key data point to gauge whether the Fed will need to hike rates in September, closing at 4.16%, a gain of 12bps for the week.



**Oil TA Update:**

Positive themes continue to emerge as new recovery highs were posted to maintain the uptrend in place since 66.78 (Jun 12th lows). Importantly, 83.51 (Apr 12th high) has now been breached on a closing basis, opening scope to challenge 90.08 (Nov 13th extreme) over coming weeks.

**To the downside**, moves below 80.65 (38% retrace latest upside) suggest a deeper correction risk towards 78.02 (62% level) possibly 73.77 (July 17th low).



**In commodities**, once again Oil was the standout performer closing at 83.05 (+0.9% on the week), as Saudi Arabia production cuts continue, and forecasts of increased demand, oil is on track for its longest streak of gains since mid-2022. **(Above Oil TA Update)**. Precious metals had a poor week with gold closing at 1914 (-1.5% on the week), silver one of the worst performers at 22.68(-4% on the week), and copper closing at 3.719 (-3.3% on the week), as Chinese demand falters.

**STEP 2:**  
**LOOKING FORWARD TO THE WEEK AHEAD**

All times are British Standard Time (BST). Please use the key opposite to adjust to your appropriate time zone.

**Key Q4 Earnings next week in table below (Times BST).**

**Time Zone Key:**

- BST -5 = New York
- BST = London
- BST +1 = Frankfurt
- BST +8 = Tokyo
- BST +9 = Sydney

Monday 14th August	Tuesday 15th August	Wednesday 16th Aug	Thursday 17th August	Friday 18th August
0600 TAG	0700 LGEN	0700 Aviva	1145 Tapestry	1100 XPeng
JB HI FI	<b>1100 Home Depot</b>	0700 Carlsberg	<b>1200 Walmart</b>	1145 Estee Lauder
Ansell	Cochlear	<b>1130 Target</b>	GN Store	<b>1145 Deere</b>
<b>Before Market Opens:</b>				
Jinko Solar	Cardinal Health	JD. Com	Bilibili	
Lendlease	Challenger	TJX Companies	Sonic Healthcare	
<b>After Market Closes:</b>				
2330 CSL	2105 Agilent Tech	2105 Avnet	2100 Applied Mat	2105 Palo Alto
BRF SA	H&R Block	<b>2105 Cisco</b>	2100 Ross Stores	
	Jack Henry Assoc	Stone Co	Keysight Tech	

## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday: 0230 BST AUD RBA Meeting Minutes.** The RBA did not change rates at the last meeting, although markets believe this was a close call. Traders will pay close attention to the meeting minutes, and this could likely impact AUDUSD when released. **(below)**.

**0300 BST China Industrial Production and Retail Sales.** Concerns of a slowing Chinese economy suggest a drop in demand and weak retail sales.

**0700 BST GBP Employment Data.** When released, traders may expect volatility with GBPUSD and Gilts due to a tight labour market, rising wages keeping inflation high, and the BoE hiking interest rates.

**1330 USD Retail Sales.** Consumers have been resilient, but with credit card debt surpassing \$1 trillion, traders will be looking to see if the US consumer is pulling back or not.



### AUDUSD TA Update:

USD strength following latest CPI data, maintained negative AUDUSD themes, with evidence pointing to further downside. This can see retests even breaks of 0.6458 (May 31st low) to expose 0.6386 (Nov 10th extreme) possibly further if this also gives way.

**To the upside,** it will be breaks above 0.6551 (half last week's sell-off) that points to a more extended recovery, with 0.6651 tests (38% retrace Jul/Aug sell-off) on the cards.

**Wednesday: 0230 BST China House Price Index.** After last week's disappointing CPI (posting first annual decline in more than 2 years), traders will be looking to see if there's further slowing of the economy which could impact commodities and related currencies, like EURUSD and AUDUSD.

**0300 RBNZ Interest Rate Decision.** Recent data, like higher unemployment in the second quarter and wage inflation slowing after relentless interest rate increases, strongly suggests rates will remain unchanged.

**0700 BST GBP Inflation data (CPI/PPI).** Although the CPI recently dipped, it is still the highest in G7. The BoE will want to see more evidence of falling inflation. This data could have a big impact on GBP next week.

**1330 CAD Inflation Data (CPI).** All inflation data is important and will be closely followed by traders and the BoC. This could set the tone for the next Interest rate meeting, as well as move domestic markets and USDCAD.



**USA 500 TA Update:**

It is the weekly picture that is currently of most interest technically, as last week's negative candle confirmed the previous week's possible bearish engulfing pattern. This suggests downside risks are materialising for a deeper retracement of April/July strength, as a reaction to what has been a sustained advance over previous months. The 38% level stands at 4422, with 4353, the mid-point. To the upside, breaks above 4551 (half latest weakness) are needed to resume positive themes.

**1900 BST FOMC Minutes.** Markets are unsure if the Fed will hike in September or not, so the discussion at the last meeting may shed some light. With markets nervous, these minutes may have an impact.

**Thursday: 0230 BST AUD Employment Data.** With the last meeting so close and data dependent, this could form part of the next RBA interest rate decision. AUDUSD could move sharply in the overnight market.

**Friday: 0030 BST JPY Inflation Data (CPI).** With rising inflation and the BoJ leaving the key policy rate unchanged in July at -0.1%, markets will watch closely to see if rising inflation will spark a policy shift by the BoJ.

**0700 BST GBP Retail Sales.** The BoE will be monitoring the strength of the UK economy and consumers' handling of higher costs with falling real earnings. They need to balance rising inflation with rising rates without killing the economy and growth. GBPUSD could be impacted by this release.

**Key levels the Corellian mentors are focused on**

**Gemany 40**

**Support**

- 1st - 15768, Last week's rally point
- 2nd - 15558, July 7th session low
- 3rd - 15386, 62% retrace Mar/Aug up

**Resistance**

- 1st - 16120, Last week's failure high
- 2nd - 16175, Bollinger mid-average
- 3rd - 16292, 62% retrace Aug sell

**USDJPY:**

**Support**

- 1st - 143.23, Half latest upside move
- 2nd - 142.06, Bollinger mid-average
- 3rd - 141.51, Aug 7th downside

**Resistance**

- 1st - 145.06, July monthly high
- 2nd - 146.58, Nov 10th rejection
- 3rd - 148.45, Nov 3rd bounce failure

**Gold:**

**Support**

- 1st - 1911, Last week's low trade
- 2nd - 1903, July 6th session extreme
- 3rd - 1893, June 29th rally point

**Resistance**

- 1st - 1940, 38% retrace Jul/Aug sell
- 2nd - 1948, Bollinger mid-average
- 3rd - 1958, Higher 62% retrace

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