

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment finished the week subdued after several days of risk aversion. While the US economy looks strong, traders fear for more Fed rate hikes and a struggling Chinese economy weighed on equities. Bond yields and commodities rallied from their lows, while the USD slipped from weekly highs.

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

Friday data: UK Retail disappoints falling 1.2%, as soaring prices and interest rates hit consumers

- **UK Retail Sales (MoM) (July):** -1.2% versus -0.5% expected.

The Office for National Statistics attributes the fall to lower foot traffic due to wet weather and higher food prices.



US Stock Indices all opened Friday's session down, led by the collapse of China's property giant Evergrande and mega cap stocks heading for a third week of losses. However, a late rally on thin volumes helped the US Tech 100 regain 1% from the day's lows to close at 14744, down -2.4% on the week. **(Page 3 US TECH 100 TA Update)**. The USA 500 closed flat on the day at 4380 down -2.3% on the week. **In Europe**, the Germany 40 fared no better after a week of poor earnings and higher European yields, closing at 15626 down -1.8%.

The US Dollar Index rose again for the 5th consecutive week to close at 103.33, a gain of 0.6% as traders reacted to the FOMC minutes release indicating they may not be done with rate hikes. AUDUSD was the main casualty down -1.4% closing at 0.6404 on the week, while USDJPY fared the better of G7 currencies closing the week at 145.35 up 0.6%. **(Page 4 USDJPY TA Update)**.

US 10 year yields had a volatile week, rising to within a few bps of their 2022 trading at 4.33% on Thursday, as the traders took solace from the FOMC minutes, but ultimately closing the week at 4.25%, a gain of 9bps.



Gold TA Update:

On the back of a strong USD, further downside has developed, a move that has now seen closing breaks of 1893 (Jun 29th low). While a short term bounce is possible, latest activity suggests further declines are possible towards 1805 (Feb 28th extreme).

To the upside, only closing breaks of 1924 (38% retrace Jul/Aug downside) suggests a more extended retracement towards 1948 (higher 62% retrace).



In commodities, the close on Friday was mixed, Oil ended a 7-week winning streak finishing at 80.77 down -2.7% on the week, as poor economic data, and China's problematic housing slump weighs on risk assets. Gold suffered its third weekly decline as it fails to compete with higher bond yields, closing at 1889, down -1.3% on the week. **(Above for Gold TA Update)**. Silver may have found a bottom after a 4-week decline closing at 22.75 up 0.3 on the week, and Copper closed flat at 3.72.

**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 21st August	Tuesday 22nd August	Wednesday 23rd Aug	Thursday 24th August	Friday 25th August
1100 Lowes	1100 Lowes	1145 Foot Locker	1100 RBC	Wesfarmers
1145 Medtronic	1145 Medtronic	1200 Kohl's	1130 TD Bank	Meituan
1155 Macys	1155 Macys	William-Sonoma	1230 Dollar Tree	Ubiquiti
Before Market Opens:				
Ampol	Baidu	Peloton	Qantas Airways	
BlueScope Steel	Dicks Sporting	Grab	Weibo	
After Market Closes:				
2105 Zoom	Toll Brothers	2105 Splunk	2100 Inuit	
2130 Nordson		2120 NVIDIA	2105 Ulta Beauty	
2330 BHP		Snowflake	Nordstrom	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0215 BST China PBoC Interest Rate Decision. Having already cut interest rates on one-year loans last week to support a spluttering economy, analysts have said this now leaves the door open for a potential cut of the lending benchmark loan prime rate on Monday. The lack of a positive reaction so far is a significant change, and an easing would see a further widening of the yield gap between US and Chinese rates, adding more pressure to an already weakening CNH.

0700 BST EUR German Inflation Data PPI. Recently becoming a more important indicator of German commodity inflation, this data will give traders an indication on the health of the overall German economy and the direction of interest rates.

Wednesday: 0000 BST AUD Preliminary Manufacturing and Services PMI. A crucial part of the economic jigsaw for the RBA, this forward-looking survey could influence their interest rate decision. AUDUSD could move aggressively on thin overnight markets.



US Tech 100 TA Update:

After the previous week's confirmed bearish reversal pattern in the US 500 index, equity downside themes have gathered pace, a move that has seen the Tech index break 14853 (Jun 26th low). This exposes deeper retracement risks towards 14431 (38% retrace Mar/July upside) and on to 14256 (Jun 8th low) if this gives way.

To the upside, settlements above 14982 (half last week's sell-off) are required to open tests of 15373 (Bollinger mid-average).

0130 BST JPY Preliminary Manufacturing and Services PMI. Has become more important now than in the last 10-15 years as the BoJ moves closer to shifting policy, inflation is on the rise and the economy is expanding partly due to a weaker JPY. Traders will be paying close attention and USDJPY and JPY crosses could be impacted.

0815-0900 EUR Preliminary Manufacturing and Services (HCOB) PMI. Important data for the ECB, and the European economy still looking a little fragile; close attention will be paid to manufacturing activity, which has been disappointing, while services have been supporting the economy. Any deviation from expectations could impact all markets.

0930 BST GBP Preliminary Manufacturing and Services PMI. Recent data has shown the UK economy in a more positive light, and this release may confirm that. Traders will be paying close attention.



USDJPY TA Update:

Positive themes have continued to emerge, maintaining a bullish trending condition.

A setback ended last week, but while closes are seen above 144.10 (half August strength) potential is for limited downside and fresh support to breach 146.55 (Aug 17th high) and if this gives way on to 148.84 (Oct 31st high).

Only if 144.10 is breached, will risks turn towards a deeper retracement to 143.07 (38% Jul/Aug strength).

1445 BST USD Preliminary Manufacturing and Services PMI. US markets, and bond markets in particular, may move on these key data and indicators of overall US economic conditions.

Thursday: 1230 ECB Minutes. Often a long press conference from Lagarde, covering not only its policymaking but sometimes additional insights into the ECB's forward thinking.

1500 Jackson Hole Symposium – 3 Day Event. One of the largest gatherings of central bankers, academics, and policy makers, with a much-anticipated opening speech from Fed Chairman Powell. Markets will be looking for any hints on what the Fed may do for the remaining meetings of 2023.

Friday: 0030 BST JPY Inflation Data CPI. With inflation rising steeply recently, this data will be closely watched by the BoJ. A higher number could put more pressure on an already weakening JPY. USDJPY could be impacted.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1st – 78.14, 38% retrace Jun/Aug up
- 2nd – 76.03, Mid-point same move
- 3rd – 73.95, Deep 62% retracement

Resistance

- 1st – 81.19, Bollinger mid-average
- 2nd – 81.80, Half latest downside
- 3rd – 84.87, August monthly high

EURUSD:

Support

- 1st – 1.0833, July monthly low trade
- 2nd – 1.0734, June 12 session low
- 3rd – 1.0635, May 31 recovery point

Resistance

- 1st – 1.0959, Bollinger mid-average
- 2nd – 1.1063, Aug 10 bounce failure
- 3rd – 1.1149, July 27 session high

US 500 Index:

Support

- 1st – 4348, Mid-point May/July up
- 2nd – 4282, Deep 62% retracement
- 3rd – 4268, June 6 rally point

Resistance

- 1st – 4460, 38% retrace Jul/Aug sell
- 2nd – 4493, Mid-point same move
- 3rd – 4519, Bollinger mid-average

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