



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment which had been on a roller coaster ride across the first 4 trading days, stabilised on the lows and eventually rallied into the Friday close as traders digested a raft of remarks from Fed Speakers on the path of US interest rates, including Fed Chairman Powell's comments at the Jackson Hole Symposium (See below). Stock indices and commodities finished higher, while the dollar and US bond yields drifted back lower from their mid-week highs.

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

Friday data: Fed Chairman Powell signals US central bank will raise rates if needed

- In his much anticipated speech at the **Jackson Hole Symposium Fed Chairman Powell** indicated the US central bank is prepared to raise interest rates further, if needed, and intends to keep them high, until inflation is on a convincing path towards their 2% target. Suggesting the Fed are still very reliant on fresh economic data inputs.



US Stock indices all bounced in the latter part of the US session on Friday. The US Tech 100 closed at 14,970, a gain of 0.7% on the day but still well below its Thursday highs at 15,416. Elsewhere the USA 30 Wall Street also managed a Friday gain of 0.7% to close at 34,370, as it rallied strongly after hitting fresh August lows at 34,061 earlier in the day. **(Page 3 USA 30 Wall Street TA Update)**. **European Indices** tracked the US markets higher with the UK 100 rallying 0.3% to close at 7,372, a 7 day high.

The US Dollar Index ended the week at 3 month highs at 104.15 as traders reacted to Fed Chairman Powell's words of caution that the battle to get US inflation back to its target "still has a long way to go". GBPUSD fell 1% on the day to close at fresh 3 month lows at 1.2587, while EURUSD struggled to gain much traction, falling 0.2% on Friday to close at 1.0803. **(Page 4 EURUSD TA Update)**.

US 10 Year Yields had a relatively quiet week, trading as high as 4.36% (1 year highs) on Monday before drifting lower across the next four days to close relatively unchanged at 4.23%, as traders awaited fresh US economic data in the week ahead.



Natural Gas TA Update:

Choppy conditions have emerged of late with support being found around 2.483 (mid-point Apr/Aug upside) from which last week saw a strong bounce develop. This prompted closing breaks of 2.650 (Bollinger mid-average) suggesting a more sustained recovery can materialise to 2.720 (mid-point Aug sell-off) then to 2.789 (higher 62% retrace).

To the downside, breaks under 2.553 (half last week's rally) suggest retests of 2.483.



In commodities, Natural Gas recovered strongly, after hitting fresh 3 month lows at 2.422 on Thursday, to close at 2.670 a gain of 4.7% on the week. Supported by news of lower gas storage levels than had been anticipated. **(Above Natural Gas TA Update).** Elsewhere, Oil registered its second weekly decline, as it closed at 80.02, hurt by increased supplies from Iran and future demand concerns due to the struggling Chinese and European economies. Gold closed at 1,915 (+1.5% on the week), and Silver closed at 24.23 (+4.7% on the week).

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 28th August Fortescue Metals Mineral Resources Before Market Opens: After Market Closes: HEICO	Tuesday 29th August 1030 BMO 1100 Scotiabank 1200 Best Buy Co. Before Market Opens: NIO After Market Closes: 2105 Ambarella 2115 HP 2115 PVH	Wednesday 30th Aug 0500 Prudential 1640 Eiffage Delivery Hero Before Market Opens: After Market Closes: 2101 Okta 2105 Salesforce 2105 CrowdStrike	Thursday 31st August 0545 UBS Group 1200 Polestar 1215 Campbell Soup Before Market Opens: Chinadata Holdings After Market Closes: 2105 VMware Dell Technologies Broadcom	Friday 1st September 0600 Biomerieux Before Market Opens: After Market Closes:
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KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1500 BST USD Consumer Confidence. The US central bank are clearly data dependent and the US consumer is an important component within that. A weaker print could mean a slowdown in spending and growth, while a stronger number may increase chances of a resurgence in inflation.

1500 BST USD Jolts Job Openings. Any data release related to the US jobs market carries a lot of weight for traders and this update has moved stock markets in the past. This is the first of four labour market updates over the next four trading days, culminating with the Non Farm Payrolls release on Friday. **(Below USA 30 Wall Street TA Update).**

Wednesday: 0230 BST AUD Inflation Data (CPI). This is a big update for the RBA, who have paused rate hikes at their previous two meetings. AUDUSD is likely to move on this release as interest rate differentials matter across FX markets right now.

1315 BST USD ADP Employment Change. This is the next US labour market update of the week, and focuses on private sector jobs. While not a great indicator for Friday's payrolls release it does impact stock and FX markets when it deviates a long way from expectations.

1330 BST USD Gross Domestic Product. Traders are sensitive to growth data right now and a stronger than expected print here could increase market tensions for further Fed rate hikes, while a weaker print may calm frayed nerves.



USA 30 Wall Street TA Update: Corrective themes have extended, and Thursday produced closes below 34251 (38% retrace Mar/Jul strength). This suggests risks remain for deeper declines that can see tests of 33801 (Jul 10th low) and potentially further on to 33755 (62% level).

To the upside, price rises above 34777 (38% retrace Jul/Aug sell-off) are needed to trigger a more extended recovery towards 34980 (higher mid-point).

Thursday: 0200 BST China Manufacturing and Non-Manufacturing PMI's. Problems in the Chinese economy are a big deal for traders in this current environment so this update is likely to be relevant, not just for local markets and commodities, but for global risk sentiment. The focus will be on whether Chinese business activity is falling further, below 50, back into contraction or whether the recent stimulus efforts are helping to stem the recent declines of previous months.



EURUSD TA Update:

After what has been an extended decline since 1.1275 (July 18th highs) there are signs of over-extended downside conditions following Friday's rejection from 1.0765 (latest correction low). This could see upside emerge next week, but while 1.0913 (Bollinger mid-average) is intact, potential remains for limited strength and continued declines towards 1.0635 (May 31st extreme). **Only closes above 1.0913** suggest a more extended retracement to 1.0962 (38% level) even 1.1020 (higher mid-point).

Thursday: 1000 BST EUR Preliminary Inflation (HICP). After recent poor economic data releases from the Eurozone, traders are less convinced that the ECB will be hiking rates again in September. This inflation print could go a long way to deciding whether that view is correct or not, with implications for European indices and EURUSD. (**Above EURUSD TA Update**).

1330 BST USD PCE Inflation. As the Fed's preferred gauge of inflation this release will have a big impact on all markets next week. Traders will be reassured to see the lower trend continuing and vice versa.

Friday: 1330 BST USD Non Farm Payrolls. This is the big release in a US data heavy week. Traders will be watching to see if the unemployment rate is moving higher from its current multi-year lows at 3.5%. If it is, that could reassure markets that Fed hikes are finally starting to have an impact. If not, and average hourly earnings show wages are still rising, it may mean the Fed will need to act further. This update should impact all asset markets.

Key levels the Corellian mentors are focused on

Oil:

Support

1st - 77.58, Last week's low trade
2nd - 76.03, Mid-point Jun/Aug
3rd - 73.95, Deeper 62% retrace

Resistance

1st - 81.18, Bollinger mid-average
2nd - 81.71, August 21st high
3rd - 84.87, August extreme

US Tech 100:

Support

1st - 14610, Current August low
2nd - 14457, 38% retrace Mar/Jul
3rd - 14256, June 8th hold level

Resistance

1st - 15210, Bollinger mid-average
2nd - 15416, Last week's high
3rd - 15915, July 31st high

Germany 40:

Support

1st - 15511, Last week's rally point
2nd - 14956, March 27th low
3rd - 14616, March extreme

Resistance

1st - 15898, Bollinger mid-average
2nd - 16071, Mid-point Aug sell-off
3rd - 16203, Higher 62% retrace

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