



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment**, which had been strong for much of the week, cooled off into the close on Friday as traders reduced risk ahead of a long weekend in the US. On a busy day for US data, the positivity generated, after the release of key employment data (See below), that the Fed may be close to ending their aggressive hiking cycle was offset by a stronger than expected ISM manufacturing release. Stocks finished flat while yields, the dollar and commodities rose.

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

### Friday data: US jobs report signals smooth downshift in labour market

- **Non Farm Payrolls:** +187k versus +170k expected.  
**Unemployment rate:** 3.8% versus 3.5% expected.  
**Average hourly earnings (YoY):**  
4.3% versus 4.4% expected.
- This report could give the Fed room to pause in September, and potentially hike later in the year, if necessary.



**US Stock indices** struggled to maintain the early Friday gains made after the release of the US payrolls data, the USA 500 finished flat at 4,518, while the US Tech 100 closed down 0.2% at 15,512. Only the USA 2000 was able to finish strong, ending the week up 1.1% at 1,922, as traders welcomed economic data that supported a soft landing for the US economy. **In Europe**, the UK 100 managed a rally of 0.5%, supported by demand for energy and commodity company shares, cementing a 1.7% gain on the week, and its first close above 7,500 in 3 weeks. **(Page 4 UK 100 TA Update).**

**The US Dollar Index** rose 0.6% to close at 104.27 on Friday, recovering quickly the losses made over the previous 4 trading days, bringing it back to flat on the week. Despite a 0.5% fall on Friday, AUDUSD was the strongest performer in G10 across the week, gaining 0.7% to close at 0.6447, supported by more positive economic news from China and stronger commodities. **(Page 3 AUDUSD TA Update).**

**US 10 Year Yields** started the week by falling from opening levels at 4.25% to lows at 4.05% on the back of hopes that the Fed may be close to pausing rate hikes, before rallying late on Friday to close the week at 4.18%, a weekly drop of 7bps.





## Oil TA Update:

After the mid-August setback, fresh support has developed, a move that on Friday saw closing breaks of 84.87 (Aug 10th high) increasing risks for further extension of the positive trend. The next main resistance stands at 90.08 (Nov 13th high) then if this gives way, 93.72 (Nov 7th extreme). **To the downside**, while a limited short term reaction is possible to start the new week, only breaks under 82.87 (38% retrace Aug/Sep upside) suggest a deeper decline to the 80.87 (62% level).



**In commodities,** Oil rose steadily across the week to post fresh highs for 2023 with a close at 86.02, a gain of 7%. Traders chose to focus on new stimulus measures from Chinese authorities as supportive of on-going demand from the country. **(Above Oil TA Update)**. Elsewhere, Natural Gas jumped to fresh four week highs at 2.8620 but couldn't sustain the move, falling back to close at 2.742, where it opened. Gold posted a fresh three week high at 1,952, before succumbing to profit taking, to close at 1940.

## 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 4th Sept      | Tuesday 5th Sept                                        | Wednesday 6th Sept                                            | Thursday 7th Sept                                  | Friday 8th sept                        |
|----------------------|---------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|----------------------------------------|
| Trip.com Group       | 0600 Partners<br>0700 Ashtead                           | 0700 Ashmore<br>0700 Barratt<br>Copart                        | 0700 Direct Line<br>1330 Toro<br>National Beverage |                                        |
| Before Market Opens: | Before Market Opens:                                    | Before Market Opens:                                          | Before Market Opens:                               | Before Market Opens:<br>The Kroger Co. |
| After Market Closes: | After Market Closes:<br>2105 Zscaler<br>Asana<br>Gitlab | After Market Closes:<br>2105 Sprinklr<br>2110 UiPath<br>C3.ai | After Market Closes:<br>Rubis SCA<br>DocuSign      | After Market Closes:                   |





## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 1430 BST ECB President Lagarde Speech.** Uncertainty continues to circulate around what the next move on interest rates will be from the ECB in September. With that in mind EURUSD traders will be keenly awaiting any new insights from ECB's Lagarde in what should otherwise be a quiet US bank holiday.

**Tuesday: 0001 BST GBP BRC Retail Sales.** UK economic data is becoming more important to traders of UK markets as the BoE potentially get closer to the end of their rate hiking cycle. It seems that UK consumers are becoming more cautious in their spending habits as the housing market slumps and hikes start to bite.

**0530 BST RBA Interest Rate Decision.** This is the first major central bank to announce their decision on interest rates after the summer break and it's potentially a big decision after two pauses at previous meetings. Inflation data last week seemed to back up maintaining an unchanged stance but some economists are suggesting one more hike. Either way AUDUSD is likely to be significantly impacted by the outcome. **(Below AUDUSD TA Update).**



### AUDUSD TA Update:

Having posted 0.6364 new correction lows (Aug 17th extreme) a consolidation developed from over-extended downside conditions. However, with Friday testing 0.6448 support (Bollinger mid-average) this point must be watched, as breaks can see 0.6364 (Aug 17th low) and on towards 0.6272 (Nov 3rd low) if this gives way.

**To the upside,** closes above 0.6568 are needed for a more extended retracement to 0.6630 (mid-point).

**Wednesday: 1500 BST BoC Interest Rate decision.** After a surprise contraction for Canada's economy in the second quarter was released on Friday, expectations have grown for the Bank of Canada to pause interest rate hikes at this meeting which could have a significant impact on USDCAD which is sitting at the top of its recent range after closing at 1.3602 last week.

**1500 BST USD ISM Services PMI.** Currently all US data is creating ripples of volatility across stock, commodity and FX markets, as traders try and work out whether the Fed will pause interest rate hikes at its September meeting to take stock and assess the impact of what it has done so far. This release is important as service activity has been the driver of US economic growth in 2023 but the data has started to fall back lower as consumers tighten spending. This could impact sentiment across all major US stock indices.





#### UK 100 TA Update:

It has been a strong bounce and recovery following 7222 (Jul 10th low) tests, a move that breached the declining Bollinger mid-average. However, strength has been held by 7526 (62% retrace Jul/Aug sell-off) shifting focus back to support at 7431 (Bollinger mid-average). This giving way can expose 7374 (half latest recovery) even 7222/23 (Jul and Aug monthly lows). **To the upside**, breaks above 7526 suggest a more extended recovery to 7637 (Aug 10th high) even on to 7709 (Jul 31st extreme).

**Thursday: 0400 BST China Imports, Exports and Trade Balance.** The trading world now has its eyes firmly focused on China and they are keen to know if the recent raft of policy measures from the PBOC and government are starting to lift the economy. There were some potential green shoots that the growth decline may be bottoming out in last week's PMI's and the markets will again be focused on these new data updates. These releases have implications for commodities, as well as EUR, AUD, the UK 100 and European indices. **(Above UK 100 TA Update).**

**1000 BST EUR Gross Domestic Product (GDP).** Traders are focused on economic growth, or lack of it, across the Eurozone and this data is likely to garner market moving headlines. If the recent forward looking PMI releases are to be believed this could be a weak number which is likely to have implications for EURUSD.

**Friday: 0050 BST JPY Gross Domestic Product.** Japanese economic data has been improving recently which could have implications for the easy monetary policy endorsed by the BoJ. This release could impact USDJPY which closed at 146.20 Friday.

## Key levels the Corellian mentors are focused on

#### Natural Gas:

##### Support

- 1st - 2.692, Bollinger mid-average
- 2nd - 2.584, August 27th low
- 3rd - 2.422, August monthly low

##### Resistance

- 1st - 2.862, Last week's high
- 2nd - 2.926, Upper Bollinger Band
- 3rd - 3.016, August monthly high

#### US Tech 100:

##### Support

- 1st - 15274, 38% retrace August
- 2nd - 15026, Deeper 62% retrace
- 3rd - 14609, August monthly low

##### Resistance

- 1st - 15660, Last week's high
- 2nd - 15915, July 31st high
- 3rd - 16060, July monthly high

#### Germany 40:

##### Support

- 1st - 15839, Bollinger mid-average
- 2nd - 15596, August 24th low
- 3rd - 15511, August monthly low

##### Resistance

- 1st - 16120, August 10th high
- 2nd - 16305, August 2nd high
- 3rd - 16614, July monthly extreme



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