



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment rallied strongly into the close as traders decided to focus on strong US jobs growth and lower than expected wage inflation (**below**), rather than worry about the increased likelihood of another Fed hike before the end of the year. A late day deal between US car makers and the autoworkers union also helped to boost sentiment into a long weekend in the US. Stocks and commodities rose while the dollar fell.

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

Friday data: US hiring surges, bolstering case for another Fed rate hike

- **Non Farm Payrolls:** +336k versus +170k expected.
Unemployment Rate: 3.8% versus 3.7% expected.
Average Hourly Earnings (YoY):
4.2% versus 4.3% expected.
- Markets are now pricing a 50% chance of another Fed hike by December.



US Stock indices all rose strongly into the Friday close. The USA 500 jumped 1.3% to end the week at 4,345, which was a strong bounce after it hit 4 month lows on Wednesday at 4,235. (**Page 3 USA 500 TA Update**). The US Tech 100 performed even stronger with a 1.9% bounce on Friday to end the week at 15,139. It was a similar story in Europe with the Germany 40 closing up 1.4% at 15,394.

The US Dollar Index, which hit 11 month highs at 107.03 straight after the Payrolls data on Friday, had a nasty reversal as traders banked profits, eventually closing down 0.2% at 105.83. EURUSD recovered strongly from its 2023 lows hit on Tuesday at 1.0448 to end the week at 1.0589, a gain of 0.4% on the day.

US 10 Year Yields had another strong week as traders focused on the increased chance of further Fed hikes before the end of the year. After rallying 27bps from opening levels on Monday to hit new 2023 highs at 4.88% on Wednesday, they hit a wall of profit taking which saw them drift lower on Friday to close at 4.79%.



Natural Gas Weekly TA Update:

After a prolonged period of choppy sideways activity, an upside break has materialised, leaving a reversal pattern in place. This opens scope back to 4.224 (38% retrace Nov'22 to Apr'23) possibly further if this gives way.

To the downside, it will be falls in prices below 2.665 (Bollinger mid-average) that suggest upside failure and retests of 2.134 (May'23 low).



In commodities, Natural Gas surged 13% on the week to print fresh highs for 2023 at 3.362, driven by supply disruptions, lower than expected inventories and reports of stronger than expected demand. **(Above Natural Gas TA Update)**. It was a different story for Oil, which fell 9% over the five trading days, to close at 82.80, as speculators cut longs on reports of much lower than expected US Gasoline demand and weaker risk sentiment.

STEP 2:

LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

- BST -5

= New York
- BST

= London
- BST +1

= Frankfurt
- BST +9

= Sydney

All times are British Standard Time (BST). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

	MONDAY 09.10	TUESDAY 10.10	WEDNESDAY 11.10	THURSDAY 12.10	FRIDAY 13.10
DURING MARKET HOURS		1100 PepsiCo	Blackrock	1130 Delta Air Lines 1200 Fastenal 1200 Walgreens	1145 JPMorgan 1200 Wells Fargo 1300 Citigroup
BEFORE OPEN					United Health
AFTER CLOSE					

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0700 BST German Industrial Production. After falling for the previous three months this release will be eagerly watched by Germany 40 traders to see if there has been any sort of rebound for German manufacturing, or if the country's industrial base continues to slide under the weight of high energy prices and a slowdown in trade with China.

Tuesday: 0001 BST GBP BRC Retail Sales. With GBP and UK 100 traders worried about UK growth this release provides a check on whether or not UK consumers are happy to keep spending, supporting the UK economy, or have decided to cut back as rate hikes and price rises eat away at household budgets.

Wednesday: 1330 BST USD Inflation Data (PPI). While the CPI print on Thursday is the big release of the week, markets are still nervous about lingering inflation which may cause the Fed to hike rates, so factory gate prices will still be important, and could impact markets if they deviate more or less than expectations.

1900 BST FOMC Meeting Minutes. After Fed Chairman Powell presented a hawkish outlook for Fed policy at September's meeting traders will be nervous about what these minutes could show, especially if they highlight key points more forcefully than initially interpreted by markets. **(Below USA 500 TA Update).**



USA 500 Weekly TA Update:

Downside themes continued into Friday as selling pressure materialised following breaks of Bollinger mid-average support. This approached 4213/39 support (38% retrace Oct'22 to Jul'23 and Bollinger lower band) from which a strong bounce developed. This can trigger 4391 tests (38% Jul/Oct declines) although closing breaks are needed to open 4433 (Bollinger mid-average). Without a successful upside break, risks can turn back towards 4213, and if this gives way, 4085.

Thursday: 0700 BST GBP GDP. After GBPUSD traded at 1.2037 (7 month lows) last week traders will be focused on any headlines showing whether the UK economy walks above or below the line of growth. Its definitely possible this release generates some GBPUSD and EURGBP moving headlines next week.

Start of US Q3 2023 Earnings Season. With risk sentiment still under pressure and traders focused on the performance of traditional economy companies, these results will be eagerly anticipated. Delta Air Lines reports on Thursday, but the focus is likely to be on JP Morgan, Wells Fargo and Citigroup results released on Friday.



USDJPY TA Update:

Positive themes have continued to emerge, maintaining a bullish trending condition. This saw prices last week test the psychological 150.00 resistance, which held prompting a sharp sell-off. However, this was held by 147.46 (mid-point Sep/Oct strength) for breaks back above 148.62 (Bollinger mid-average). While this level holds weakness, risks are to retest 150.15 highs and on to 151.93 (Oct'22 extreme). To the downside, closes under 148.62 suggest 147.46 retests.

Thursday: 1330 BST USD Inflation Data (CPI). This will be the focal point for traders of all markets next week. The question is whether or not core inflation is finally reacting to the hikes seen up to this point from the Fed. Traders may also be keen to see the impact of the recent oil rise on headline US inflation. **(Above USDJPY TA Update).**

Friday: 0230 China Inflation Data (PPI/CPI). The PBOC have been trying hard to support the Chinese economy in recent months. Traders will be keeping a close eye on whether or not this support has succeeded in stimulating domestic demand with a potential knock on impact for local stocks.

0400 BST China Trade Data. This release will help traders decide if China's economy is showing further green shoots of recovery, as well as provide an update on the health of demand within the global economy.

1500 BST USD Preliminary Michigan Consumer Sentiment. Consumer sentiment has been falling recently and traders have become concerned it will impact the chances of a soft landing for the US economy. This release could ensure a volatile end to Friday.

Key levels the Corellian mentors are focused on

Oil:

Support

1st - 81.52, Last week's low

2nd - 81.24, Mid-point Jun/Sept

3rd - 79.32, Aug 29th session low

Resistance

1st - 84.90, Thursday's high

2nd - 86.78, 38% retrace Sept/Oct

3rd - 88.49, Mid-point same move

US Tech 100:

Support

1st - 14589, Last week's low

2nd - 14519, Gap from June 8th low

3rd - 14436, Mid-point May/Jul

Resistance

1st - 15159, Mid-point Sept sell-off

2nd - 15291, Higher 62% retrace

3rd - 15435, Sept 20th high

Germany 40:

Support

1st - 15065, Last week's low

2nd - 14956, March 24th low

3rd - 14616, March monthly low

Resistance

1st - 15487, 38% retrace Sept/Oct

2nd - 15587, Bollinger mid-average

3rd - 15740, Higher 62% retrace

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