

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** fell into the Friday close as uncertainty grew over what could potentially happen during the weekend regarding the situation between Israel and Hamas. Signs that Israel were preparing for a ground assault of Gaza saw traders scramble to buy safe haven assets to end the week. Stock indices and bond yields fell, while the dollar and commodities rallied.

## STEP 1:

### WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US consumer inflation expectations jump to 5 month high

- **Michigan Consumer Sentiment (October):**  
63 versus 67.4 expected.  
**1 year Consumer Inflation Expectations:**  
3.8% versus 3.2% in September.
- The high cost of living continues to depress household sentiment and could impact economic growth going forward.



**US Stock indices** fell as risk off sentiment dominated markets on Friday. The US Tech 100 led the move lower falling 1.35% to close at 15,108, while the USA 500 fell 0.6% to finish at 4,352. The USA 30 Wall Street managed to finish flat at 33,788, supported in part by gains in JP Morgan's stock price after a strong earnings report. **(Page 3 US Tech 100 TA Update)**. **European Indices** performed poorly, with the Germany 40 dropping 1.9% to end the week at 15,258, while the France 40 closed below 7,000 for the first time since March as it dropped 1.6% to 6,996.

**The US Dollar Index** resumed its uptrend last week to close at 106.45 supported by safe haven buying into the weekend. GBPUSD which traded as high as 1.2336 on Wednesday, fell back to close at 1.2139 (7 day lows). **(Page 4 GBPUSD TA Update)**.

**US 10 Year Yields** dropped 16bps to close at 4.63% across the shortened trading week, despite a strong US CPI print on Thursday. Concerns that a spike in oil prices may send the global economy into a recession due to the issues in the middle east saw traders reducing risk positions.



**Oil TA Update:**  
A period of choppy sideways activity has developed after recent declines, with support being found above 81.06 (mid-point Jun/Sep upside). However, a strong rally materialised Friday, shifting focus to 88.09 (Bollinger mid-average) with closing breaks a positive to open 89.98 (62% retrace Sep/Oct sell-off), even retests of 95.00 (Sep 28th high). **To the downside**, 84.71 giving way (half latest upside) exposes a deeper decline to 81.06/52 (Oct 8th low and mid-point Jun/Sep strength).



**In commodities**, Oil jumped 5.8% on Friday to close at 87.72 as traders chose to cover weak short positions ahead of a widely expected Israeli invasion of Gaza. **(Above Oil TA Update)**. For similar reasons Gold (+3.42% at 1932) and Silver (+4.1% at 22.73) were also in demand as safe havens. Elsewhere, Natural Gas fell 4% to close at 3.206 on stronger production readings and forecasts for warmer temperatures in the coming weeks.

**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 16.10	TUESDAY 17.10	WEDNESDAY 18.10	THURSDAY 19.10	FRIDAY 20.10
<b>DURING MARKET HOURS</b>					
<b>BEFORE OPEN</b>	Charles Schwab	1130 BNY Mellon 1145 Bank of America 1230 Goldman Sachs J & J	1155 P&G 1230 State Street 1230 Morgan Stanley Northern Trust	1200 Philip Morris Sonocco TSMC AT&T	1200 AMEX 1200 HBAN V.F. Comerica Inc
<b>AFTER CLOSE</b>		J.B. Hunt United Airlines	2100 Netflix Alcoa Tesla	2101 CSX Intuitive Surgical	



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: US Q3 Earnings Season Continues.** There are a number of key releases across the trading week with the remainder of the major banks reporting such as Bank of America and Morgan Stanley (**Earnings Table Page 2**), as well as the first releases from the major technology companies with Netflix and Tesla after the close on Wednesday. (**Below US Tech 100 TA Update**). Consumer focused giants Johnson & Johnson's and Proctor & Gamble's results will also be watched closely to see how US consumer spending is responding to Fed rate hikes and higher prices.

**2245 BST NZD Inflation Data (CPI).** The New Zealand central bank are currently on hold and are unlikely to do anything further to increase interest rates unless inflation returns so this is an important update for NZDUSD traders.

**Tuesday: 0700 BST GBP Employment Data.** BoE Governor Bailey said last week that the next few interest rates decisions are likely to be a close call, so UK 100 and GBPUSD traders will be watching to see if wages in the UK continue to rise even as economic growth stalls, and to see if the unemployment rate has started to trend higher or not.

**1330 BST USD Retail Sales.** Stock traders are very sensitive to what the US consumer is doing right now to try and decide whether or not the economy is still capable of sustaining a soft landing. This release will likely impact stock indices and the dollar.



### US Tech 100 TA Update (Weekly):

Coming into CPI data, upside emerged following tests of trendline support connecting June, August and September lows. This placed the index within striking distance of 15548.00 (trend connecting latest highs) from which downside has developed. Closing breaks of 15144 (38% retrace Oct upside) suggest a deeper decline to 14935 (62% level), even 14583 (lower trendline). **To the upside**, closes above 15548 can trigger tests of 15718 (Sep 17th high) even 16060 (Jul 19th extreme).

**Wednesday: 0300 BST China GDP, Industrial Production and Retail Sales.** With local stocks falling on Friday after the release of disappointing CPI data which showed weak domestic demand, these fresh updates will be crucial for sentiment next week. This data provides traders with an update on the health of the domestic economy and an insight into global demand, and could well impact local stock indices, European indices, commodities, AUD and EUR next week.



**GBPUSD TA Update:**

As impressive as the recovery from 1.2037 (Oct 4th low) appeared, it has seen little more than a test of 1.2329 (38% retrace Aug 22nd/Oct 4th sell-off and downtrend since Jul 15th). With this area holding, risks are to resume downside back towards 1.2037, even 1.1908 Mar 11th extreme).

**To the upside**, only closes above 1.2329 can see a sustained recovery towards 1.2420 (higher mid-point).

**0700 BST GBP Inflation Data.** A hugely important release for the BoE and UK markets as many traders feel the worst of inflation has passed and the UK central bank can officially end its hiking cycle. The BoE paused at their last interest rate meeting and this release will confirm if they were right to do so or not. **(Above GBPUSD TA Update).**

**Thursday: 0130 BST AUD Employment Data.** This release has a major influence on rate decisions at the RBA and will be closely monitored by AUDUSD traders.

**1700 BST Fed Chairman Powell Speech.** With Fed speakers seeming to pull back last week from recent hawkish commentary, traders will be focused on what message Chairman Powell wants to send on the chances of more Fed rate hikes in 2023.

**Friday: 0030 BST JPY Inflation Data (CPI).** Many traders are looking for signs that the BoJ's ultra easy monetary policy will be ending soon and this release could have a significant impact on any future BoJ decision. With USDJPY closing around the psychologically important 150.00 level last week, traders are on alert for anything that may trigger increased market volatility.

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

**Hong Kong 50:**

**Support**

- 1st - 17683, Friday's session low
- 2nd - 17131, October monthly low
- 3rd - 16882, November 2022 low

**Resistance**

- 1st - 18405, 38% retrace Jul/Oct
- 2nd - 18786, Mid-point same move
- 3rd - 18894, September 4th high

**Gold:**

**Support**

- 1st - 1901, Half Friday's rally
- 2nd - 1886, 38% retrace October
- 3rd - 1872, Mid-point same move

**Resistance**

- 1st - 1945, Mid-point May/Oct
- 2nd - 1977, Higher 62% retrace
- 3rd - 1987, July 20th high

**Germany 40:**

**Support**

- 1st - 15234, Friday's low
- 2nd - 15065, October 4th low
- 3rd - 14956, March 24th extreme

**Resistance**

- 1st - 15463, Half last week's sell-off
- 2nd - 15665, 38% retrace Aug/Oct
- 3rd - 15850, Mid-point same move

**Disclaimer:**

This presentation has been designed and delivered by The Corellian Academy Limited, company number 11596572 whose registered address is 10 Western Road, Romford, Essex RM1 3JT, United Kingdom. Corellian (or The Firm) operate under a single title and have no affiliations with any entity other than the company.

Information contained in this document is intended for the use of the addressee only and is confidential. Any dissemination, distribution, copying or use of this document without prior permission of the addressee is strictly prohibited.

All opinions and judgements expressed in this presentation /document and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts, and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.

Any views and perspectives offered within this presentation are for the purposes of education only. Corellian do not provide financial advice and will not be held responsible for any misunderstanding or misuse of such information that results in a negative outcome. As a result, anyone participating in this presentation must form their own independent view as to such opinions, judgements, projections, forecasts, or statements.

The information herein is based on information obtained from sources believed to be reliable, but Corellian does not represent or warrant that it is accurate and complete or that the services herein are appropriate for any person. This presentation is for informational purposes only and is not, and may not, be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer of any security or service.

Certain information contained herein constitutes "forward-looking statements," which can be identified using terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or actual performance of the services offered herein may differ materially from those reflected or contemplated in such forward-looking statements.

As a result, the recipient should not rely on such forward-looking statements in making its decisions to pursue the services or products offered herein. No representation or warranty is made as to future performance or such forward-looking statements. All opinions and judgements expressed in this presentation and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts, and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.