

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fell into the Friday close driven by on-going concerns that the Israel - Hamas war could escalate into a wider conflict in the Middle East region. This weighed on sentiment and saw traders reduce risk and seek out safe haven assets for the second week in a row. Stocks fell, bond yields and the dollar drifted lower, while commodities were mixed.

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

Friday data: UK retail sales fall more than expected in September

- **Retail Sales (MoM):** -0.9% versus -0.1% expected.
Retail Sales (YoY): -1% versus 0% expected.
- This release adds weight to a broader picture of a weakening UK economy. With unemployment rising, weaker business activity and plummeting consumer confidence.



US Stock indices all fell on Friday as risk aversion gripped markets. The US Tech 100 was the biggest faller, dropping 1.6% to close at 14,650, its lowest level since the start of June, as large weekly falls for Tesla and Nvidia weighed heavily on the index. It was a similar story for **European Indices**, where the UK 100 fell 1.7% to close at 7,409 (8 week lows) and the Germany 40 also fell 1.7% to close at 14,870, levels last seen in mid March. **(Page 3 Germany 40 TA Update).**

The US Dollar Index fell 0.1% on Friday to close at 105.94 and register a weekly fall of 0.4%, as traders digested comments from Fed Chairman Powell which suggested the US central bank would likely pause again at their early November meeting. EURUSD was the main beneficiary rising 0.8% across the week to close at 1.0593. **(Page 4 EURUSD TA Update).**

US 10 Year Yields hit 5% on Thursday, levels last seen in July 2007, as traders responded to positive comments on the resilience of the US economy from Chairman Powell. However, this is a line in the sand for many investors and yields drifted lower into Friday's close, to end the week, up 30bps at 4.93%.



Silver TA Update:

The strong October recovery continued last week, a move that is now within striking distance of 23.762 (Sep 24th failure high), which is the focus next week. Closing breaks will be a fresh positive, opening potential to 25.002 (Aug 30th extreme) even 25.256 (July 20th bounce failure point).

To the downside, falls below 23.030 (half last week's strength) can see a more extended correction back to 22.551 (38% retrace Oct strength).



In commodities, Silver had another strong week, as traders sought out safe haven assets as tensions rose across the Middle East, rising to a high of 23.68 on Friday before settling back at 23.33 for a weekly gain of 3%. **(Above Silver TA Update)**. It was a similar story for Gold which hit a high of 1997 before profit taking saw it close back at 1981, a weekly gain of 2.5%. Oil rose for its second week in a row, hitting a high at 89.92, before closing the week at 88.28 (+1.9%).

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
23.10

TUESDAY
24.10

WEDNESDAY
25.10

THURSDAY
26.10

FRIDAY
27.10

**BEFORE
OPEN**

Cadence Systems
Philips
Icade
UniCredit
Sandvik

IRobot
Barclays
Coca Cola
NextEra Energy

Deutsche Bank
SEB
Santander
Hilton
Boeing

Volkswagen
Mercedes-Benz
BNP Paribas
UPS
Mastercard

Chevron
Eni
Nat West
ExxonMobil
Colgate-Palmolive

**AFTER
CLOSE**

Brown & Brown
Alexandria
Hexcel
Crane
W.R. Berkley

Alphabet
Microsoft
Visa
Snap
Chubb

Meta
IBM
Graco
United Rentals
Ameriprise Financial

Intel
Vale
Amazon
Ford
Capital One

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: Global Preliminary PMI Data (AUD, JPY, EUR, GBP and USD). These reports on manufacturing and business activity for the major economies will be important updates for traders, and are likely to cause volatility across FX markets and global indices next week. **(Below Germany 40 TA Update).**

0700 BST GBP Employment Data. While the BoE received some positive news last week from slowing wage inflation there has been a lot of focus recently on the UK labour market indicating signs of an impending UK recession. This release will be scrutinised for any evidence of a larger than expected rise in UK unemployment which could induce further selling of GBPUSD, or vice versa.

US Q3 Earnings Updates from Alphabet, Microsoft (Tuesday), Meta (Wednesday) and Amazon (Thursday). (See Page 2). With four of the Magnificent 7 technology companies reporting next week any deviation from market expectations could have an out sized impact on the wider US indices and general market sentiment.



Germany 40 TA Update:

Downside acceleration has continued, a move that has seen immediate supports give way to end the week within striking distance of 14855 (62% retrace Dec'22/Jul'23 strength) which is the next focus. Closing breaks can see further declines towards 14616 (March 20th session low). **If a sustained rally** is to materialise, it will likely be 15072 (Friday's high), closing breaks of this level could trigger a move to 15183 (38% retrace Oct declines), then tests of 15279 (higher mid-point).

Wednesday: 0130 BST AUD Inflation Data (CPI). After Australian unemployment data disappointed last week sending AUDUSD lower, this CPI print will be an important focus for traders, especially after the new RBA Governor suggested she would not tolerate a rise in inflation. The last RBA meeting was a close call and this release will have a big influence on what the RBA do next.

1500/1600 BST BoC Interest Rate Decision and Press Conference. Most global central banks are now data dependent and last week Canadian inflation decelerated again leaving room for the BoC to likely pause again on interest rates at this meeting to help support businesses that are starting to struggle under the weight of higher borrowing costs.



EURUSD TA Update:

October has seen choppy consolidation activity materialise, as a reaction to short term downside extremes. However, upside has been held by 1.0639 (38% retrace Aug 30th/Oct 3rd sell-off) which remains the focus next week. Successful breaks can open scope towards 1.0698 (higher mid-point). **To the downside**, a fall back below 1.0550 (Bollinger mid-average) would likely mean a resumption of weakness to 1.0495 (Oct 14th low), even 1.0448 (Oct monthly extreme).

Thursday: 1315/1345 BST ECB Interest Rate Decision and Press Conference. The ECB are having to balance dealing with high inflation against weaker growth. They have indicated a pause is likely at this meeting, so much will depend on the tone from ECB President Lagarde in the press conference. **Will she continue to focus on the higher rates for longer message or soften her approach to support growth?** Either way this will have a large impact on the direction of the EUR. **(Above EURUSD TA Update).**

1330 BST USD GDP. This Q3 data could impact markets that are nervous regarding the direction of US economic growth. A bigger than expected fall could indicate interest rates are slowing the economy and there is no need for further rate hikes, and vice versa.

Friday: 1330 BST USD PCE Inflation. This is the Fed's preferred gauge of inflation, especially the core reading which strips out volatile food and energy prices. With the on going geopolitical risks, this release could ensure a volatile end to next week.

Key levels the Corellian mentors are focused on

Oil:

Support

1st - 87.38, Bollinger mid-average
2nd - 86.75, 38% retrace October
3rd - 85.78, Mid-point same move

Resistance

1st - 89.82, Last week's high
2nd - 91.86, October 2nd high
3rd - 95.00, September 28th high

US Tech 100:

Support

1st - 14589, October low trade
2nd - 14519, June 8th low
3rd - 14436, Mid-point May/Jul

Resistance

1st - 15011, Bollinger mid-average
2nd - 15335, Last week's high
3rd - 15467, October monthly high

USDCAD:

Support

1st - 1.3647, Bollinger mid-average
2nd - 1.3604, October 17th low
3rd - 1.3569, October monthly low

Resistance

1st - 1.3740, Last week's high
2nd - 1.3785, October upside high
3rd - 1.3804, March 25th high



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