



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment finished the week on a positive footing as US Non Farm Payrolls (**below**) and ISM Services PMI data releases on Friday both showed slowing levels of US growth, reinforcing the view of traders that the Fed may be close to ending, or even done with rate hikes. Stock indices rose, bond yields and the dollar fell, while commodities were mixed.

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

Friday data: US jobs data shows broad cooling after recent run of strength

- **Non Farm Payrolls (Oct):**
+150k versus +180k expected.
Unemployment Rate:
3.9% versus 3.8% expected.
- This report provides support for the view that Fed rate hikes could be done.



US Stock indices all rallied on Friday to register their best week of 2023 so far. The US Tech 100 rose 1.25% to close at 15,185, a gain of 6% on the week, while the USA 2000 index of smaller companies jumped 2.7% to 1,767, a weekly gain of 7%. **European Indices** also performed strongly, with the Germany 40 up 0.4% on Friday, to close at 15,268 (+4% on the week). The positivity also stretched to Asian markets with the Hong Kong 50 rising 1.2% to close at 17,865 and register its best week since July (+3.6%). (**Page 3 Hong Kong 50 TA Update**).

The US Dollar Index recorded its biggest weekly fall since July, dropping 1.4% to close at 104.88, as traders reduced long positions in response to the weaker US economic data. EURUSD rallied strongly after hitting lows at 1.0516 on Tuesday, to close the week at 1.0727, its highest level since early September. (**Page 4 EURUSD TA Update**).

US 10 Year Yields slumped from opening levels at 4.84% on Monday, to close the week at 4.52%, as traders responded to more dovish, than anticipated, commentary from Fed Chairman Powell in his press conference on Wednesday, followed by the weaker than expected US data on Friday.

Sunday 5th November 2023



With new highs posted in late October, it is still a bullish trend that is in force. While closes are seen above 3.400 (Thursday's low) the potential is for pressure to build on resistance at 3.640 (Oct 29th high), with breaks opening moves towards 3.787 (Jan 17th extreme), even 3.941 (Jan 9th high).

To the downside, falls back under 3.400 suggest retests of 3.310 (Bollinger mid-average).



In commodities, Natural Gas closed up 2% on the week at 3.472, supported by increased demand due to the colder weather. **(Above Natural Gas TA Update)**. Elsewhere, Oil had its second bad week in a row, falling 5% to close at 80.83, as traders reduced longs in response to concerns over falling global demand. Gold fell back from recent highs at 2,009, to close at 1,992 a drop of 1.4% on the week, as traders banked some profits on the recent up move.

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

- GMT -5 = New York
- GMT = London
- GMT +1 = Frankfurt
- GMT +11 = Sydney

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

MONDAY 6.11	TUESDAY 7.11	WEDNESDAY 8.11	THURSDAY 9.11	FRIDAY 10.11
Enovis	UBS Group Fraport Uber APD Fidelity	Marks & Spencer Airbus Bayer Wynn Resorts Deutsche Post	Rheinmetall Honda Merck Deutsche Telekom Weibo	Richemont Allianz United Internet Scor Cellnex
NXP Semiconductors TripAdvisor Celanese Vertex Aspen Tech	Enel Mosaic Gilead Lucid Group Rivian	Lyft Walt Disney MGM Certara Corteva	Hologic Petrobas Doximity Clean Energy Fuels News Corp	StoneCo

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0300 GMT China Imports, Exports and Trade Balance. Local stock indices rallied last week, despite concerns that there is more work to do to get the Chinese economy back on track after the recent PMI surveys showed business activity slipping back into contraction. Therefore, this trade data will be watched closely for any positive signs that the up move for local stocks may extend, or reasons why the move may falter, next week. **(Below Hong Kong 50 TA Update).**

0330 GMT RBA Interest Rate Decision. Markets are anticipating another 25bps hike from the Australian central bank after a higher than expected inflation print and stronger retail sales data, so there is room for disappointment which could increase volatility for AUDUSD and the Australia 200 index next week.

0700 GMT German Industrial Production. Traders are still nervous about the performance of the German economy and this release will provide an important update on whether the recent weakness is persisting or if a base may have been found, all of which could impact the direction of stocks in the Germany 40 after it just had its best weekly move since March.



Hong Kong 50 TA Update:

With Friday seeing a close above 17528 (Bollinger mid-average), risks are increasing for a recovery towards 18240 (38% retrace Jul 31st to Oct 24th decline). However, this appears a stronger resistance area and possible hold point.

To the downside, closes back under 17383 suggest an upside failure and room for further weakness to retest, even break 16874 (Oct 24th low).

Wednesday: 0930 GMT BoE Governor Bailey Speech. After the decision from the Bank of England to pause on hiking interest rates for the second time in a row last Thursday, markets began to price in rate cuts to support the UK economy starting in Q3 2024, which helped support a relief rally in the UK 100 and GBPUSD. It will be interesting to see whether Governor Bailey tries to push back on these market expectations, with potential knock on implications for asset prices.

Thursday: 0130 GMT China Inflation Data (PPI/CPI). Many market observers think the Chinese authorities should be doing more to help the economy, so this release could have implications for local stock indices, commodities, AUD and EUR, if the CPI release continues to under perform expectations, increasing calls for further supportive measures.



EURUSD TA Update:

Reaction to payrolls saw a sharp rally that breached 1.0693 (Oct 24th high), opening scope for a more extended phase of strength. The next resistance is 1.0766 (38% retrace Jul/Oct sell-off), a break of this level opens up potential for tests of 1.0864 (higher mid-point).

A short term reaction is possible to start the new week, but it will only be breaks below 1.0661 (38% retrace last week's range), that suggest a deeper sell-off to 1.0608 (62% level).

Thursday: 1730 GMT ECB President Lagarde Speech. After last week's lower than anticipated inflation release, hopes have been increasing for an official end to the ECB's interest rate hiking cycle, which could help kick start the Eurozone's return to economic growth. Traders will be listening closely to Lagarde's comments to see if she says anything to support this view, or vice versa, with implications for EURUSD and European indices. **(Above EURUSD TA Update).**

1900 GMT Fed Chairman Powell Panel Discussion. Risk sentiment spiked last week after Powell's press conference, as markets interpreted his comments to mean Fed rate hikes could be coming to an end, sparking a repricing of many assets. Traders will be very sensitive to his words next week in case he wants to correct any market misunderstandings.

Friday: 0700 GMT GBP Gross Domestic Product. The UK economy is fragile and there are growing concerns that the economic slowdown may be increasing. This release could add weight to that view, with implications for the direction of GBPUSD.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

- 1st - 14927, Friday's low
- 2nd - 14830, 38% retrace
- 3rd - 14702, Mid-point

Resistance

- 1st - 15227, Last week's high
- 2nd - 15338, 62% retrace Jul/Oct
- 3rd - 15467, October 12th high

AUDUSD:

Support

- 1st - 0.6474, Half Friday's range
- 2nd - 0.6425, 38% retrace
- 3rd - 0.6397, Mid-point

Resistance

- 1st - 0.6521, September 3rd high
- 2nd - 0.6582, Mid-point Jul/Oct
- 3rd - 0.6615, August 10th high

Germany 40:

Support

- 1st - 15124, Bollinger mid-average
- 2nd - 15090, 38% retrace
- 3rd - 15011, Mid-point

Resistance

- 1st - 15337, Last week's high
- 2nd - 15416, Mid-point Sep/Oct
- 3rd - 15590, Higher 62% retrace

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