

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment broadly strengthened into the Friday close after traders digested the latest US Non Farm Payrolls report for November (**See below**), and a Michigan survey that showed US consumer sentiment rebounding strongly from the previous month, both of which increased hopes the US economy may avoid a recession. Stocks, bond yields and the dollar all rallied, while commodities were mixed.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US Labor Market Defies Slowdown Forecasts in Broad Strengthening

- **Non Farm Payrolls:**
+199k versus +180k expected.
- **Unemployment Rate:**
3.7% versus 3.9% expected.
- **Average hourly earnings (MoM):**
0.4% versus 0.3% expected.
- This report cooled market expectations for larger Fed rate cuts in 2024.



US Stock indices all finished higher on Friday, with the USA 500 registering its sixth week of gains and closing at a new high for 2023 at 4,659. It was a similar story for the US Tech 100, which rallied 0.4% on Friday to close at 16,302. (**Page 3 US Tech 100 TA Update**). **European indices** outperformed their US peers on the week, with the Germany 40 trading to a new all time closing high at 16,805 on hopes the ECB may be ready to consider rate cuts starting in the first quarter of 2024.

The US Dollar Index rallied for the first time in 4 weeks to close at 103.95, as traders reacted to stronger than expected US economic data and rising US yields. EURUSD dropped to 2 week closing lows at 1.0763, ahead of next week's ECB meeting, and GBPUSD also fell, closing at 1.2547, ahead of next week's BoE interest rate decision. (**Page 4 EURUSD TA Update**).

US 10 Year Bond Yields hit fresh lows at 4.10% on Wednesday but held there and rallied 13 bps into the Friday close as stronger US economic data pushed back on the markets expectations for bigger rate cuts from the Fed in 2024.



Oil TA Update:

Monday's sharp acceleration to new all-time highs (2146) has the feel of a blow-off top, especially as the resulting sell-off has closed back below 2019 (38% retrace Oct 10th to Dec 4th strength). This suggests further closing breaks below 2005 (Bollinger mid-average) can expose moves lower to 1979 (deeper mid-point).

To the upside, breaks of 2041 (Tuesday's high) are needed for a more sustained recovery to 2058 (38% retrace latest sell-off).



In commodities, Gold prices experienced a very volatile week, hitting a new all time high at 2,146 on Monday and then reversing to trade as low as 1,994 on Friday, before closing at 2004 (-3.3% on the week), as traders reduced over extended long positions after a stronger payrolls report. **(Above Gold TA Update)**. Silver fell 9.7% on the week to close at 23.01 for similar reasons. Oil hit new 5 month lows at 68.78 before rallying 2.8% after the data on Friday to close back at 71.24.

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 11.12	TUESDAY 12.12	WEDNESDAY 13.12	THURSDAY 14.12	FRIDAY 15.12
BEFORE OPEN		Carl Zeiss Meditec Johnson Controls	Inditex	Jabil Circuit	Darden Restaurants
AFTER CLOSE	Oracle	Colruyt	Adobe Nordson	Lennar Costco	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0700 GMT GBP Employment Data. Low unemployment and wage rises are still a concern for the Bank of England as they struggle to bring UK inflation under control. Therefore, any deviation from market expectations in these updates could impact the direction of GBPUSD and the UK 100 at the start of next week.

1330 GMT USD Inflation Data (CPI). This is a big release heading into the Fed meeting the next day. Expectations are for US inflation to fall further, however, if it doesn't, and core inflation remains elevated, it could impact stock indices and the dollar.

Wednesday: 1900/1930 GMT Fed Interest Rate Decision and Press Conference. This is the main event of the week for all traders. The Fed are expected to keep interest rates unchanged but Chairman Powell's press conference at 1930 GMT is where the market moves are likely to come from. **Will he try and walk back the 100-125 bps of interest rate cuts that markets have already priced are coming from the Fed in 2024?** If he does, it could see stock indices and risk sentiment impacted negatively, and help push the dollar back higher. **(Below US Tech 100 TA Update).**



US Tech 100 TA Update:

After the recent consolidation activity fresh support has seen new recovery highs (16327), suggesting a continuation of the uptrend. This opens potential to challenge 16655 (Dec 2021 high), then if this gives way, on to 16766 (Nov 2021 all-time high).

To the downside, breaks back below 16103 (38% retrace latest upside) suggest a deeper retracement to 15966 (62% level), although it will be falls below 15721 (Dec 4th low) that trigger a deeper decline.

Thursday: 0830/0900 GMT SNB Interest Rate Decision and Press Conference. This could be an interesting meeting for EURCHF traders after the currency fell to an eight year low last week, as investors bet the ECB will act more aggressively to cut rates than the Swiss central bank in 2024. Nothing is expected at this meeting but after a steep fall in inflation in November, the SNB do have room to act on interest rates, or more likely, comment on recent FX moves in the press conference, if they want to.

1200 GMT BoE Interest Rate Decision. After some better than expected UK economic data releases recently, the amount of interest rate cuts investors anticipate in 2024 from the BoE has been reduced in the last two weeks. So, while the UK central bank is expected to hold interest rates unchanged at this meeting, the tone the BoE want to convey in the accompanying statement will be important for traders.



Sunday 10th December 2023



EURUSD TA Update:

It has been a sharp sell-off from 1.1017 (Nov 29th high), a move that on Friday tested 1.0734 (mid-point Oct/Nov strength), a level which helped support a bounce. This shifts focus back to 1.0839 (38% retrace latest sell-off), although breaks above this level are needed to open up attempts at 1.0884 (Bollinger mid-average), even 1.0908 (higher 62% level).

However, breaks below 1.0734 suggest a more extended decline to 1.0656/67 (deeper 62% retrace and Nov 11th low).

1315/1345 GMT ECB Interest Rate Decision and Press Conference. Recent falls in EU inflation and growth data, alongside a shift in tone from previously hawkish ECB committee members has led investors to price in between 125-150 bps of ECB cuts in 2024 to combat a Eurozone recession. With this in mind, ECB President Lagarde's press conference will go a long way to either supporting this view or trying to dampen down market expectations, with big implications for EURUSD and European indices. **(Above EURUSD TA Update).**

Friday: Global Preliminary PMI Data, AUD (Thurs), EUR, GBP and USD (Fri). These PMI surveys will provide traders with important insights into the health of the major developed economies and are likely to increase volatility at the end of a busy week.

0200 GMT China Industrial Production and Retail Sales. These releases will update traders on internal and external demand for Chinese goods and services, and should have an impact on local indices, which have been struggling to rally recently, and commodities next week. **(Page 2 Oil TA Update).**

Key levels the Corellian mentors are focused on

Oil:

Support

- 1st - 68.78, Last week's low
- 2nd - 67.04, June 28th low
- 3rd - 63.61, May 4th extreme

Resistance

- 1st - 72.96, 38% retrace
- 2nd - 74.22, Mid-point same move
- 3rd - 75.03, Bollinger mid-average

Germany 40:

Support

- 1st - 16644, Friday's session low
- 2nd - 16487, 38% retrace
- 3rd - 16389, Mid-point same move

Resistance

- 1st - 16814, Last week's high
- 2nd - 17356, 38% extension Aug/Oct
- 3rd - 17819, 62% extension Aug/Oct

GBPUSD:

Support

- 1st - 1.2502, Last week's low
- 2nd - 1.2468, 38% retrace
- 3rd - 1.2387, Mid-point same move

Resistance

- 1st - 1.2620, Half latest sell-off
- 2nd - 1.2723, Last week's high
- 3rd - 1.2732, November high

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