

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained firm into the Friday close as traders reacted to news that the Fed's preferred inflation measure came in below the consensus expectation of most economists surveyed (**see below**). Stock indices finished the Friday session relatively flat, the dollar fell, while commodities were mixed.

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

Friday data: Fed's preferred inflation gauges cool reinforcing rate cut tilt

- **Core PCE Inflation (MoM):**
0.1% versus 0.2% expected.
Core PCE Inflation (YoY):
3.2% versus 3.3% expected.
- This data backs up the Fed's recent pivot to lower interest rates next year.



US Stock indices consolidated gains in a quiet session on Friday ahead of the Christmas break. The USA 500 closed at 4,799, to register its eighth straight up week in a row after briefly hitting a new all time high at 4,830 on Wednesday. It was a similar story for the US Tech 100, which hit a record high at 17,072 in the middle of the week before closing at 16,961. **In Europe**, the Germany 40 finished at 16,896, after a small 0.2% gain on Friday, while the UK 100 had a good week, jumping 2% to close at 7,719. (**Page 3 Germany 40 TA Update**).

The US Dollar Index closed the week at 101.34 (5 month lows), as traders reacted to the PCE Inflation reading. EURUSD printed a new 4 month high at 1.1040 on Friday before slipping back slightly to close at 1.1012, a gain of 1% on the week, while AUDUSD jumped 1.5% over the five trading days to close at 0.6800 (5 month high). (**Page 4 EURUSD TA Update**).

US 10 Year Yields had a quiet week trading between a Monday high at 3.97% and a Thursday low at 3.84% before rallying on Friday to close at 3.90, a weekly fall of just 1bp.



Sunday 24th December 2023



Oil TA Update:
Having approached 67.04 (Jun 28th low) a bounce developed followed by closes above the Bollinger mid-average which stands at 72.83. While this level remains intact the risks are for closing breaks above 75.08 (62% retrace Nov 30th to Dec 13th sell-off), which could open up moves to 79.57 (Nov 30th high).

Falls below 72.83 could see weakness back to 72.50 (38% retrace latest upside), even 70.72 (62% level).



In commodities, Oil posted its second up week in a row as it jumped 2% to close at 73.46, boosted by news that ships were taking safer but longer routes to avoid being attacked in the Red Sea, delaying delivery of oil cargoes. **(Above Oil TA Update).** Elsewhere, Gold rallied 1.5% to a 2 week closing high at 2,053 supported by the lower inflation print in the US, while Silver also bounced 1.5% to close at 24.19.

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 25.12	TUESDAY 26.12	WEDNESDAY 27.12	THURSDAY 28.12	FRIDAY 29.12
BEFORE OPEN	Christmas Holiday	Boxing Day Holiday			
AFTER CLOSE					

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: Quarter and Year End Portfolio Re-balancing (Q4). There have been some big moves in financial markets since the end of Q3 and so it is important to be aware of the potential for large re-balancing flows that may impact global stock, FX and bond markets next week as asset managers readjust their portfolios to reflect the end of quarter four, and full year.

Stock and bond market re-balancing flows can take place up to 4 days before the final trading day of the year, while FX market re-balancing usually happens on the final trading day, which in this case will be Friday 29th December. These flows could increase the potential for volatility across all markets next week. **(Below Germany 40 TA Update).**



Germany 40 TA Update:

After the sharp acceleration to 17199 (Dec 14th high) a reactive move has developed from over-extended upside conditions. However, there is no evidence of a bearish sentiment shift and while trades are seen above 16725 (38% retrace Nov 28th to Dec 14th) the potential is for 16998 (Dec 20th high) to give way, opening retests of 17199.

On the downside, closes below 16725 are needed for a deeper decline to 16574 (mid-point).

Economic Data Round up. Due to the Christmas Day holiday on Monday for many countries, particularly the US, UK and Europe its is a shortened trading week with small pockets of tier 2 economic data.

Wednesday: 0130 GMT China Industrial Profits. After a bigger than expected fall last month dented sentiment and hit prices in the China A50 and Hong Kong 50 indices, traders are hoping for a slight improvement in this new reading.

Thursday: 1330 GMT USD Initial Jobless Claims. With the next big piece of US economic data the Non Farm Payrolls release in the first week of 2024, traders will be looking at this weekly update to provide some insight into the trend for the US labour market at the start of next year. This could have implications for the dollar and US stock indices. **(Page 4 EURUSD TA Update).**

1530 GMT EIA Natural Gas and Crude Oil Stocks Change. The current level of US inventories will be important for prices in these two popular commodities next week, especially as Natural Gas struggles to regain some upside momentum and Oil looks to sustain gains above \$70. **(Page 2 Oil TA Update).**



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EURUSD TA Update:

Positive themes have continued to emerge, and Friday saw pressure build on 1.1017 (Nov 29th high). This up move maintains scope to challenge 1.1063 (Aug 10th high) and then potentially continue on to 1.1149 (Jul 27th extreme).

To the downside, breaks of 1.0982 (38% retrace Dec 16th to Dec 22nd strength) can trigger weakness to 1.0948 (62% retrace), even 1.0888 (Dec 16th low).

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.384, Last week's low
- 2nd - 2.327, December 14th low
- 3rd - 2.236, December extreme

Resistance

- 1st - 2.583, Bollinger mid-average
- 2nd - 2.666, Mid-point
- 3rd - 2,768, Higher 62% retrace

US Tech 100:

Support

- 1st - 16758, Wednesday's low
- 2nd - 16573, 38% retrace Dec upside
- 3rd - 16402, Bollinger mid-average

Resistance

- 1st - 17072, Last week's high
- 2nd - 17257, Upper Bollinger band
- 3rd - 17500, Psychological number

Gold:

Support

- 1st - 2034, 38% retrace
- 2nd - 2023, Mid-point
- 3rd - 2012, Deeper 62% retrace

Resistance

- 1st - 2070, Last week's high
- 2nd - 2081, 62% retrace
- 3rd - 2146, December 4th high

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