

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained upbeat into the close of the last trading day of 2023 and ahead of the extended weekend break due to the New Years holiday on Monday. In an uneventful Friday, stock indices fluctuated around record highs, commodities fell, while the dollar and US bond yields ended flat.

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

Weekend data: China's factory activity contracts more than expected in December

- **Official China PMI for December. Above 50 = Expansion, Below 50 = Contraction.**
Manufacturing PMI: 49 versus 49.5 expected
- This is the lowest level in six months and is likely to increase speculation of bigger government stimulus to help the Chinese economy.



US Stock indices all slipped lower on Friday but still remained around record highs. The USA 500 dropped 0.25% to close at 4,812, while the US Tech 100 fell 0.5% to close at 17,002, and the USA 30 Wall Street closed flat at 37,964, all record weekly closing highs. **(Page 4 USA 30 Wall Street TA Update).** **European Indices** all closed Friday higher with the Germany 40 closing at 16,928 (+0.4%), the Europe 50 ending at 4,560 (+0.4%) and the UK 100 finishing at 7,755 (+0.1%).

The US Dollar Index hit a new 6 month low at 100.30 on Thursday but recovered some of the lost ground on Friday to end the week at 101.05. EURUSD briefly hit a new 6 month high at 1.1138 before closing back lower at 1.1041 and USDJPY slipped to fresh 6 month lows at 140.24 on Thursday but bounced to close at 140.96. **(Page 3 USDJPY TA Update).**

US 10 Year Yields had a quiet week. After opening the week at 3.89% they slipped lower initially to print a weekly low at 3.79% before bouncing over the final two trading days to close almost unchanged at 3.88%.



Gold TA Update:

Having found support around 1979 (mid-point Oct 10th to Dec 4th upside) a strong bounce has developed. If this move can now see 2092 give way on the topside (62% retrace Dec weakness), risks would turn towards retests of 2146 (Dec 4th failure).

To the downside, breaks back under 2044 (38% retrace latest strength), can see further downside resume to 2030 (mid-point), even 2017 (62% level).



In commodities, Gold briefly hit a 3 week high at 2,088 on Thursday before slipping back lower on Friday to close at 2,062 (+0.5% on the week), as traders locked in some profits on the recent rally ahead of some key data in the first week of 2024. **(Above Gold TA Update).** Elsewhere, Oil failed to build on a 3.5% rally on Tuesday which saw it trade as high as 76.16, as reports of larger US inventories weighed on prices across the rest of the week to its close at 71.33.

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 01.01 | TUESDAY 02.01 | WEDNESDAY 03.01 | THURSDAY 04.01 | FRIDAY 05.01 |
|-------------|---------------------------|------------------|--------------------|-----------------------------------|-------------------------|
| BEFORE OPEN | New Year's Day Holiday | | | RPM Walgreens ConAgra Foods | Constellation Brands |
| AFTER CLOSE | | | | | |

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0145 GMT China Caixin Manufacturing PMI. After a large under performance from the China A50 and Hong Kong 50 in 2023, traders will be looking for any signs from this reading and the **Caixin Services PMI at 0145 GMT on Thursday**, that show the Chinese economic recovery is back under way or support the market view that the PBOC may cut interest rates early in 2024.

Wednesday: 1500 USD ISM Manufacturing PMI. US economic data is going to be important for traders at the start of the new year after the euphoria surrounding the Fed's dovish pivot at their last interest rate meeting in December. US Manufacturing activity has been struggling in contraction (below 50) for the last 13 consecutive months, and expectations are for this trend to continue with implications for the direction of the dollar. **(Below USDJPY TA Update).**



USDJPY TA Update:

An extended decline has developed from the November extremes (151.90), a move that posted fresh correction lows last week (140.24). This move maintains the risks to test 138.04 (Jul 30th low), even 137.24 (Jul 16th extreme).

On the topside, breaks above 142.09 (38% retrace Dec 19th to Dec 28th decline) are required to negate downside risks, and open up tests of 142.64 (mid-point), possibly 143.19 (higher 62% level).

1500 GMT USD JOLTs Job Openings. The health of the US jobs market is at the center of decision making for traders trying to work out whether the recent two month rally in US stock markets can continue at the start of 2024. The volatile JOLTs data is the first of four employment updates across the shortened trading week, which is followed on **Thursday by ADP Private Sector Employment at 1315 GMT** and then **Initial Jobless Claims at 1330 GMT**, ending with Friday's Non Farm Payrolls report.

1900 GMT FOMC Meeting Minutes. Markets have priced aggressive cuts to US interest rates since the last Fed meeting, which has pushed the dollar lower and stock indices higher, despite commentary from Fed speakers that has tried to cool down market expectations. These minutes will be read closely for any indications of when committee members think rate cuts will start and by how much, with implications for the major US indices. **(Page 4 USA 30 Wall Street TA Update).**



USA 30 Wall Street TA Update:

It has been an almost uninterrupted advance since the test of 32407 (Oct 29th low) and over-extended upside conditions are in place. However, there is no current evidence of reversal to the downside, but breaks under 37755 (half latest advance) suggest corrective risks could emerge for moves towards 37388 (Dec 20th low), possibly 37324 (38% retrace Dec upside).

Friday: 1000 GMT EUR Preliminary Inflation (HICP). With markets currently pricing 150 bps of ECB rate cuts in 2024, this inflation release will provide traders with an important update on whether they are on the right track, or have got ahead of themselves, with knock on implications for the direction of EURUSD, which printed 6 month highs (1.1138) last week, and European indices.

1330 GMT USD Non Farm Payrolls. This release is key to market expectations of a soft landing for the US economy. Any deviation, in the form of a sharp spike in jobs growth, or a larger than expected fall in employment, could dent confidence and see increased volatility across stock indices, FX and commodity markets as traders adjust positions at the start of 2024.

1500 GMT USD ISM Services PMI. US Services activity has been strong (above 50) throughout most of 2023, helping the US economy to avoid a recession. **Can this trend continue or could there be a nasty sting in the tail for traders in week one of 2024?**

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.416, Thursday's low
- 2nd - 2.354, Last week's low
- 3rd - 2.236, December low

Resistance

- 1st - 2.574, Last week's high
- 2nd - 2.602, December 21st high
- 3rd - 2.665, Mid-point

US Tech 100:

Support

- 1st - 16969, Half latest upside
- 2nd - 16758, December 20th low
- 3rd - 16612, Bollinger mid-average

Resistance

- 1st - 17164, Last week's high
- 2nd - 17502, Upper Bollinger band
- 3rd - 17743, Channel upper extremes

Oil:

Support

- 1st - 71.24, Last week's low
- 2nd - 70.99, 62% retrace
- 3rd - 67.72, December low

Resistance

- 1st - 73.86, Half latest sell-off
- 2nd - 76.16, December high
- 3rd - 78.16, 38% retrace



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