



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment improved slightly from its lows into the Friday close after falling across the shortened trading week. Traders struggled to digest what another solid US Non Farm Payrolls report (**See below**) alongside a much weaker than expected ISM Services PMI reading meant for the US economy in early 2024. US bond yields rose, stocks and commodities were mixed, while the dollar finished flat.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US job growth picked up again in December

- **Non Farm Payrolls:**
+216k versus +170k expected.
- **Unemployment Rate:**
3.7% versus 3.8% expected.
- **Average Hourly Earnings (YoY):**
4.1% versus 3.9% expected.
- A mainly solid report that added some doubt to market expectations of a Fed rate cut in March.



US Stock indices closed relatively flat on Friday but were all down on the week. The US Tech 100 fell 3% across the shortened trading week to close at 16,465, dragged down by selling of Apple and Nvidia stocks. (**Page 4 US Tech 100 TA Update**). Elsewhere, the USA 500 dropped 1.4% on the week to close at 4,735, while the USA 2000 index of small cap US stocks fell 3.7% over the four days to 1,969. **In Europe**, it was a similar story. After a brief rally to 17,122 on Tuesday, the Germany 40 fell 2% to close at 16,726.

The US Dollar Index rebounded strongly from its end of 2023 lows, rallying 1.1% to close the week at 102.16 as traders reacted to a series of stronger than expected US data releases. Only a weak ISM Services PMI late on Friday saw the dollar fall back from its Friday high at 102.81. USDJPY was the standout performer on the week, rallying 2.6% to close at 144.62, after traders reacted to the news of a big earthquake in Japan.

US 10 Year Bond Yields opened at 3.88% on Tuesday and continued to move higher to register a 3 week peak at 4.10% on Friday after the release of the Non Farm Payrolls data, as traders scaled back on their Fed rate cut expectations, before eventually closing at 4.05% after the weaker ISM Services reading.



Natural Gas TA Update:

Upside has developed, a move that breached 2.777 (38% retrace Oct/Dec sell-off). This suggests scope for a more extended recovery towards 2.943 (higher mid-point), even 3.109 (62% level).

To the downside, breaks below 2.653 (38% retrace of latest upside) are needed to trigger a deeper decline to 2.575 (mid-point), even 2.496 (deeper 62% level).



In commodities, Natural Gas rallied 11% from opening levels at 2.612 to close at 2.904 as traders reacted to forecasts of colder weather across Europe and the US. **(Above Natural Gas TA Update).** Elsewhere, Oil closed out a choppy week 3.3% higher at 73.95, as geopolitical issues outweighed concerns over higher US inventories of gasoline and diesel. In precious metals, Gold closed down 1% on the week at 2,045.

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 8.01	TUESDAY 9.01	WEDNESDAY 10.01	THURSDAY 11.01	FRIDAY 12.01
BEFORE OPEN		Accenture Factset Research FuelCell Energy		Chr. Hansen Infosys	Bony Mellon Bank of America JPMorgan Wells Fargo Citigroup
AFTER CLOSE	Jefferies Financial	FedEx			Blackrock

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0730 GMT CHF Inflation Data (CPI). This update remains important for SNB interest rate policy in 2024, and that could make it important for USDCHF and EURCHF traders depending on whether the print deviates from market expectations.

2330 GMT JPY Tokyo Inflation Data (CPI). While only a regional release, the Tokyo inflation reading is often used by traders as a guide for what to expect from the national reading in two weeks time. With USDJPY already jumping to a 3 week high last week, this release could either add further support to the up move or reverse it.

Tuesday: 0001 GMT GBP BRC Retail Sales. Consumer spending is still a very important part of the BoE interest rate decision making process. Traders will be looking to see if the UK consumer continued to spend in the run up to Christmas and helped to support the economy or if they held back. This release could impact the direction of GBPUSD and the UK 100 next week.

Wednesday: 0030 GMT AUD Monthly Inflation Data (CPI). Last month's subdued CPI reading was good news for an RBA Governor who has said that she is very sensitive to any rise in inflation. The question is, will this release support the view that inflation is now back under the RBA's control or show that a further interest rate hike may still be necessary? Either way this update is likely to move AUDUSD and the Australia 200 next week. **(Below AUDUSD TA Update).**



AUDUSD TA Update:

USD strength developed to start the year, with the first reaction to Friday's payrolls data release testing 0.6643 (38% retrace Oct 26th to Dec 28th upside). This level held and saw a bounce initially, however, breaks below 0.6643 can trigger further declines to 0.6573 (deeper mid-point), even 0.6571 (Nov 30th low).

To the upside, closing breaks of 0.6732 (38% retrace latest decline) are needed to open scope to 0.6786 (higher 62% level).

Thursday: 1330 GMT USD Inflation Data (CPI). This is the event of the week and is something equity traders have been waiting for. The Fed and markets have very different ideas on the timing and amount of rate cuts that are likely to happen in 2024, and that created some extra volatility for US indices last week. The central bank are data dependent and this release will provide them with an important update on whether they can officially claim to have inflation under control or may have to keep rates higher for longer than markets hope. **(Page 4 US Tech 100 TA Update).**



US Tech 100 TA Update:

The latest declines have tested 16459 (mid-point Dec strength) which initially held on a closing basis, although corrective themes remain. Closes below 16459 would appear to be a fresh negative to expose 16285 (deeper 62% level), even 15721 (Dec 4th low).

To the upside, breaks back above 16666 (38% retrace latest decline) are needed to suggest strength back towards 16869 (higher 62% level).

Friday: 0130 GMT China Inflation Data (CPI). With Chinese economic growth still a concern for traders of the China A50 and Hong Kong 50 indices, a weak CPI print could suggest a continued lack of consumer demand, which could negatively impact local stocks and vice versa.

Start of US Q4 2023 Earnings Season. The major banks, JP Morgan, Citigroup and Wells Fargo kick off the US Q4 earnings season on Friday. **(See Page 2)**. Traders will be looking for some guidance on the strength of household finances, the size of bad loan provisions and the CEO's thoughts on future earnings and the direction of the US economy, with implications for risk sentiment across all the main US indices.

1500 GMT USD Preliminary Michigan Consumer Sentiment. This release has growing importance for traders hoping the Fed may cut interest rates more aggressively in 2024. If sentiment turns back lower or inflation expectations start to rise again, it could create a volatile end to a busy trading week across all markets.

Key levels the Corellian mentors are focused on

Oil:

Support

1st - 72.25, Bollinger mid-average

2nd - 69.29, Last week's low

3rd - 67.72, December low

Resistance

1st - 74.22, Last week's high

2nd - 76.16, December high

3rd - 78.16, 38% retrace

Germany 40:

Support

1st - 16721, Mid-point

2nd - 16424, Deeper 62% retrace

3rd - 16275, December low

Resistance

1st - 16848, Bollinger mid-average

2nd - 17122, January 2nd high

3rd - 17199, December high

EURUSD:

Support

1st - 1.0877, 38% retrace

2nd - 1.0796, Mid-point

3rd - 1.0723, December 9th low

Resistance

1st - 1.1009, Mid-point

2nd - 1.1030, Higher 62% retrace

3rd - 1.1139, December high

Disclaimer:

This presentation has been designed and delivered by The Corellian Academy Limited, company number 11596572 whose registered address is 10 Western Road, Romford, Essex RM1 3JT, United Kingdom. Corellian (or The Firm) operate under a single title and have no affiliations with any entity other than the company.

Information contained in this document is intended for the use of the addressee only and is confidential. Any dissemination, distribution, copying or use of this document without prior permission of the addressee is strictly prohibited.

All opinions and judgements expressed in this presentation /document and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts, and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.

Any views and perspectives offered within this presentation are for the purposes of education only. Corellian do not provide financial advice and will not be held responsible for any misunderstanding or misuse of such information that results in a negative outcome. As a result, anyone participating in this presentation must form their own independent view as to such opinions, judgements, projections, forecasts, or statements.

The information herein is based on information obtained from sources believed to be reliable, but Corellian does not represent or warrant that it is accurate and complete or that the services herein are appropriate for any person. This presentation is for informational purposes only and is not, and may not, be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer of any security or service.

Certain information contained herein constitutes "forward-looking statements," which can be identified using terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or actual performance of the services offered herein may differ materially from those reflected or contemplated in such forward-looking statements.

As a result, the recipient should not rely on such forward-looking statements in making its decisions to pursue the services or products offered herein. No representation or warranty is made as to future performance or such forward-looking statements. All opinions and judgements expressed in this presentation and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts, and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.