



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained firm into Friday's close as traders shrugged off concerns from Thursday's surprise rise in US CPI data and focused instead on a lower than expected reading in US factory gate inflation (**See below**), which saw markets increase bets on a March Fed interest rate cut from a 50% chance only a week ago, to an 80% chance. Bond yields fell, the dollar rose slightly, while stocks and commodities were mixed.

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

Friday data: US producer prices fall again
boosting bets on Fed rate cuts

- **PPI (MoM):** -0.1% versus 0.1% expected.
PPI (YoY): 1% versus 1.3% expected.
PPI ex Food & Energy (MoM): 0% versus 0.2% expected.
PPI ex Food & Energy (YoY): 1.8% versus 1.9% expected.
- The current trend of slowing inflation helps to support the view of Fed rate cuts at some stage in 2024.



US Stock indices recovered early Friday losses after the release of the PPI data to close mainly flat on the day but register fresh gains across the week. The US Tech 100 closed down 0.1% at 16,955 which was a 3% gain on the week as Microsoft surpassed Apple as the world's most valuable company. The USA 500 also closed down 0.1% at 4,811 on Friday which was a 1.7% gain on the week. (**Page 4 USA 500 TA Update**). **European Indices** all rallied into the close with the Germany 40 finishing up 1% at 16,844, and the Europe 50 jumping 0.9% to end at 4,507.

The US Dollar Index had a very quiet week, finishing up 0.2% at 102.19 as FX traders struggled to decipher what the next move from the world's major central banks could be. GBPUSD managed to perform well across the week, closing 0.3% higher at 1.2744 ahead of some big UK data next week. (**Page 3 GBPUSD TA Update**).

US 10 Year Bond Yields encountered a choppy week of trading in a tight range. After first opening at 4.05% and falling to 3.96% on Monday, they rallied to the week's highs at 4.06% post the US CPI release on Thursday, only to reverse again after Friday's PPI data to close around the week's lows at 3.94% as traders increased their Fed rate cut bets.



Oil TA Update:

Choppy consolidation activity extends with 67.72 (Dec 13th low) and 76.24 (38% retrace Oct 22nd to Dec 13th sell-off) marking the wider extremes. Breaks of 75.22 (Jan 12th high) can trigger an extension to retest 76.24, although confirmed breaks above this level are needed to see a more sustained advance to 78.84 (higher mid-point), even 79.57 (Nov 30th high). To the downside, breaks under 72.34 (half latest upside) expose retests of 69.26/70.13 (Jan lows).



In commodities, Oil experienced a very nervous week as traders contended with slowing demand dynamics and higher US inventories at the same time as US and UK airstrikes on Houthi targets in Yemen increased geopolitical risks in the Middle East. Oil briefly jumped 4% on Friday to a high at 75.22 before slipping back to close at 72.75, which was a fall of 1.5% on the week. **(Above Oil TA Update).**

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
15.01

TUESDAY
16.01

WEDNESDAY
17.01

THURSDAY
18.01

FRIDAY
19.01

**US Martin
Luther King Holiday**

PNC Financial
Goldman Sachs
Morgan Stanley

Kinder Morgan
US Bancorp
Prologis
Charles Schwab

TSMC
First Horizon
Fastenal
Northern Trust

Regions Financial
Fifth Third Bancorp
State Street
HBAN
Comerica Inc

**BEFORE
OPEN**

AFTER CLOSE

Alcoa
Discover Financial
Synovus Financial

PPG Industries
J.B. Hunt

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0700 GMT GBP Employment Data. With UK 100 traders braced for a bumpy start to 2024 for UK economic data, this release will be watched closely to see if job losses are starting to increase as higher interest rates slow business activity and whether wage rises are starting to slow, providing the BoE with more scope to consider rate cuts later in the year.

1330 GMT CAD Inflation Data (CPI). Many economists think the Bank of Canada may need to start considering rate cuts quite soon as the Canadian economy slows down. BoC Governor Macklem has said he would consider rate cuts only after seeing sustained downward momentum in core inflation which makes this release important for the direction of USDCAD next week.

Wednesday: 0200 GMT China GDP, Industrial Production and Retail Sales. These releases provide important updates on both domestic and global demand and are likely to impact risk sentiment generally and also have implications for the direction of local indices, commodities, AUDUSD and EURUSD. With the PBOC stating they are prepared to keep policy loose to provide support for the economy these updates could influence their next move regarding stimulus. **(Page 2 Oil TA Update).**



GBPUSD TA Update:

Positive themes continue to emerge, although next week the focus is on 1.2827 (Dec 28th session high). Breaks above this level are needed to maintain the push higher to challenge 1.2995 (Jul 24th extreme). Without these successful upside breaks, risks can turn back down to test 1.2699 (half latest upside) with breaks here reflecting deterioration and opening scope for continued declines to 1.2606 (Jan 3rd low), even 1.2500 (Dec 13th extreme).

0700 GMT GBP Inflation Data (CPI). After last month's surprise below expectations fall in inflation, markets will be focused on whether the trend has continued in this reading. A further fall could lead traders to begin pricing in rate cuts from the BoE to start sooner in 2024 than first envisioned with implications for the direction of GBPUSD next week. **(Above GBPUSD TA Update).**

1330 GMT USD Retail Sales. With early reports of mixed levels of spending by US consumers over the important Christmas period this release will be closely watched to see how resilient holiday spending actually was, with implications for the trend of US economic growth in early 2024. This release is likely to impact the direction of US stock indices next week. **(Page 4 USA 500 TA Update).**



USA 500 TA Update:

Last week saw a strong recovery develop after recent declines, a move that approached 4841 (Dec 28th high). This level must give way on a closing basis to trigger further strength, as while intact, this upside move could represent a 'weak test' of an important extreme before fresh weakness is again seen. Moves back below 4772 (mid-point Jan upside) would build on this theme, suggesting a move to 4756 (deeper 62% retrace), even 4702 (Jan 7th session low).

Thursday: 0030 GMT AUD Employment Data. AUDUSD rallied after a stronger employment update last month highlighted the RBA's concern about the strength of the domestic economy, making this release just as relevant to AUDUSD and Australia 200 traders in the week ahead.

2330 GMT JPY Inflation Data (CPI). After the recent weaker Tokyo CPI inflation release, there is some concern over what this national CPI data reading could mean for traders expectations of a change to BoJ policy at their next meeting on the 23rd January.

Friday: 0700 GMT GBP Retail Sales. Rounding off a busy week for economic data from the UK this retail sales update could influence the direction of GBPUSD and the UK 100 index, especially if it is as weak as some reports have suggested it could be.

1500 GMT USD Preliminary Michigan Consumer Sentiment. Postponed from last Friday. 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

Natural Gas:

Support

- 1st - 3.124, 38% retrace
- 2nd - 3.042, Mid-point
- 3rd - 2.961, Deeper 62% retrace

Resistance

- 1st - 3.389, Last week's high
- 2nd - 3.472, Gap from Nov 5th close
- 3rd - 3.574, November 5th high

US Tech 100:

Support

- 1st - 16753, Thursday's low
- 2nd - 16610, 62% retrace
- 3rd - 16336, Current January low

Resistance

- 1st - 17049, Last week's high
- 2nd - 17164, December extreme
- 3rd - 17242, Upper Bollinger band

Gold:

Support

- 1st - 2038, Mid-point
- 2nd - 2013, Last week's low
- 3rd - 1979, Mid-point Oct/Dec

Resistance

- 1st - 2064, January 7th high
- 2nd - 2088, December 28th high
- 3rd - 2100, 62% retrace



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