



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained relatively positive into the end of a quiet Friday session as traders digested the latest PCE inflation report from the US (**See below**) and prepared for the first Fed interest rate decision of 2024 next Wednesday. Bond yields rallied, the dollar was flat, while stock indices and commodities all closed with mixed results.

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

Friday data: Fed's preferred inflation measure eases to the lowest level since 2021

- **Core PCE Inflation (MoM):** 0.2% versus 0.2% expected.
Core PCE Inflation (YoY): 2.9% versus 3.0% expected.
Personal Spending: 0.7% versus 0.4% expected.
- This data is likely to fuel the debate over whether the Fed will cut rates soon, while increasing hopes of a soft landing for the US economy.



US Stock indices had a subdued finish on Friday as momentum stalled after several hit new all time highs in the middle of the week. That said, while the US Tech 100 fell 0.7% on Friday to close at 17,504, it was still up 0.3% on the week but well down on its new Wednesday all time high at 17,791. (**Page 3 US Tech 100 TA Update**). It was a similar story for the USA 500 which touched a fresh all time high at 4,934 on Friday before closing down 0.2% at 4,912. **In Europe**, the UK 100 had its best week of 2024 (+2.1%) as it rallied 1.55% on Friday to finish at 7,636.

The US Dollar Index closed up 0.2% on the week at 103.27 as traders continued to trim weak shorts in the face of resilient US economic data. EURUSD had a choppy week, briefly hitting a new low at 1.0812 after the ECB interest rate decision and press conference on Thursday, before managing a small bounce on Friday to close at 1.0854 (-0.3% on the week). (**Page 4 EURUSD TA Update**).

US 10 Year Bond Yields experienced a quiet week, trading between a low at 4.08% and a high at 4.19%, before eventually settling at 4.14% on the close as traders awaited fresh updates from Fed Chairman Powell next Wednesday.



Natural Gas TA Update:
The aggressive sell-off since 3.389 (Jan 9th high) has produced breaks below 2.236 (Dec 13th low) and tests of the 2.030/2.134 area (May 7th and Jun 1st lows). Rejection from these extremes formed a neutral Doji pattern, which could prompt a recovery next week back towards 2.322 (38% retrace Jan 24th/Jan 26th declines). However, closing breaks are needed to open up 2.393 (mid-point), even 2.464 (higher 62% level). Without such moves, risks are for 2.030 to give way and expose 1.944 (Apr 16th low).



In commodities, Natural Gas registered its second down week in a row, falling 8.1% to close at 2.177, its lowest close since June 2023 as traders reacted to milder weather across much of Europe and the US (**Above Natural Gas TA Update**). **Elsewhere,** Oil spiked 6.4% on the week to close at 78.22 as a larger than expected fall in US inventories and news of a Houthi rebel missile attack setting an oil tanker ablaze in the Red Sea pushed up prices.

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 29.01 | TUESDAY 30.01 | WEDNESDAY 31.01 | THURSDAY 1.02 | FRIDAY 2.02 |
|----------------|--|--|--|---|---|
| BEFORE OPEN | Philips Franklin | UPS General Motors Pfizer Manpower HCA Healthcare | Novartis KPN GlaxoSmithKline Boeing Mastercard | BNP Paribas ING Merck Peloton Brunswick | Aon CIGNA Chevron ExxonMobil AbbVie |
| AFTER CLOSE | Crane Graco F5 Whirlpool Nucor | Alphabet Microsoft Starbucks Electronic Arts Chubb | MetLife Qualcomm Corteva PTC Wolfspeed | Meta Amazon Apple Microchip Reinsurance | |



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1000 GMT EUR Preliminary GDP. PMI data released last week showed the Eurozone economy to be in contraction for the 8th straight month in a row. Traders are very aware the ECB will need to monitor growth closely going forward and may have to consider cutting interest rates earlier than they may want.

Mega Technology Company Q4 2023 Earnings Updates (See Page 2). Microsoft and Alphabet report earnings after the close on Tuesday, while Meta, Amazon and Apple report after the close on Thursday. With the US Tech 100 index powering to new all time highs again last week, these results along with the Fed decision could have a big impact on where the index moves next. **(Below US Tech 100 TA Update).**



US Tech 100 TA Update:

Last week's topside acceleration posted new all-time highs as the long term bullish trend extended. A reactive move lower to start the new week could be seen towards 17465 (Friday's low), with possibilities for a break, but while 17378 (38% retrace latest upside) remains intact the potential is for a limited downside move and retests, even breaks of 17792 (Jan 24th all-time high).

Wednesday: 0030 GMT AUD Inflation (CPI). This is an important release for the RBA to consider after the surprise fall in last month's reading. If inflation is below market expectations again then rate cuts could be on the cards with implications for the direction of AUDUSD next week.

0100 GMT China Manufacturing and Non Manufacturing PMIs. Last week the PBOC boosted stimulus and hinted at more support measures to come as Chinese authorities struggle to keep their economy moving forward. This release will be closely watched for signs of how much more support maybe needed with implications for the direction of the China A50, Hong Kong 50 and commodities.

1900/1930 GMT Fed Interest Rate Decision and Press Conference. This event has been eagerly anticipated by traders since Chairman Powell's dovish pivot back in December. There is no expectation of a rate cut at this meeting so the focus will be on what is said in the press conference afterwards. Traders will want to know how much the numerous strong US economic data releases at the start of 2024 have impacted the Fed's thinking on when rate cuts may actually start later in the year with implications for stock indices, FX markets and commodities. **(Page 4 EURUSD TA Update).**



EURUSD TA Update:

Last week EURUSD prices extended recent declines and 1.0877 (38% retrace Oct/Dec upside) gave way on a closing basis, having seen it hold in previous sessions. This is a further negative pointing to a deeper retracement risk towards 1.0795 (mid-point), even 1.0713/23 (62% level/Dec 9th low).

To the upside, closes back above 1.0911 (Bollinger mid-average) must be seen for tests of 1.0939 (38% retrace Dec/Jan weakness).

Thursday: 1000 GMT EUR Preliminary Inflation (HICP). It is clear from last week's ECB meeting that the focus for policymakers is still inflation. Any resumption of the recent downtrend in this reading is likely to increase calls for rate cuts from the ECB as soon as April and vice versa, with implications for European indices and EURUSD.

1200/1230 GMT BoE Interest Rate Decision and Press Conference. With mixed signals on the current state of the UK economy from data released at the start of 2024 this meeting could set the tone for the direction of the UK 100 and GBPUSD in the coming weeks. No change is expected on rates from the BoE so the focus will be on what Governor Bailey says at the press conference. **(Below Key GBPUSD Levels).**

Friday: 1330 GMT USD Non Farm Payrolls. A big release to end a very busy trading week. The Fed are focused on the current resilience of the US labour market so traders will be looking to see whether the unemployment rate has started to tick back closer to 4% and whether the pace of earnings are cooling down, or vice versa.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1st - 76.04, Friday's low
- 2nd - 74.85, 38% retrace January
- 3rd - 73.80, Mid-point same move

Resistance

- 1st - 78.23, 38% retrace Sep/Dec
- 2nd - 79.57, November 30th high
- 3rd - 81.42, Mid-point same move

USA 500:

Support

- 1st - 4889, Wednesday's low
- 2nd - 4863, 38% retrace
- 3rd - 4841, Mid-point same move

Resistance

- 1st - 4934, Last week's high
- 2nd - 5006, Weekly Bollinger upper band
- 3rd - 5118, Upper limits channel

GBPUSD:

Support

- 1st - 1.2648, Last week's low
- 2nd - 1.2596, January 17th extreme
- 3rd - 1.2529, 38% retrace Oct/Dec

Resistance

- 1st - 1.2774, Last week's high
- 2nd - 1.2826, December 28th high
- 3rd - 1.2872, July 31st high

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