



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained strong into the Friday close as traders shrugged off concerns that the Fed are in no rush to cut interest rates at the start of 2024 and instead focused on the strength of the US economy after a blockbuster Non Farm Payrolls release. **(See Below)**. Stock indices, US bond yields and the dollar rallied while commodities fell.

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

Friday data: Surprise jump in US jobs challenges economic slowdown theory

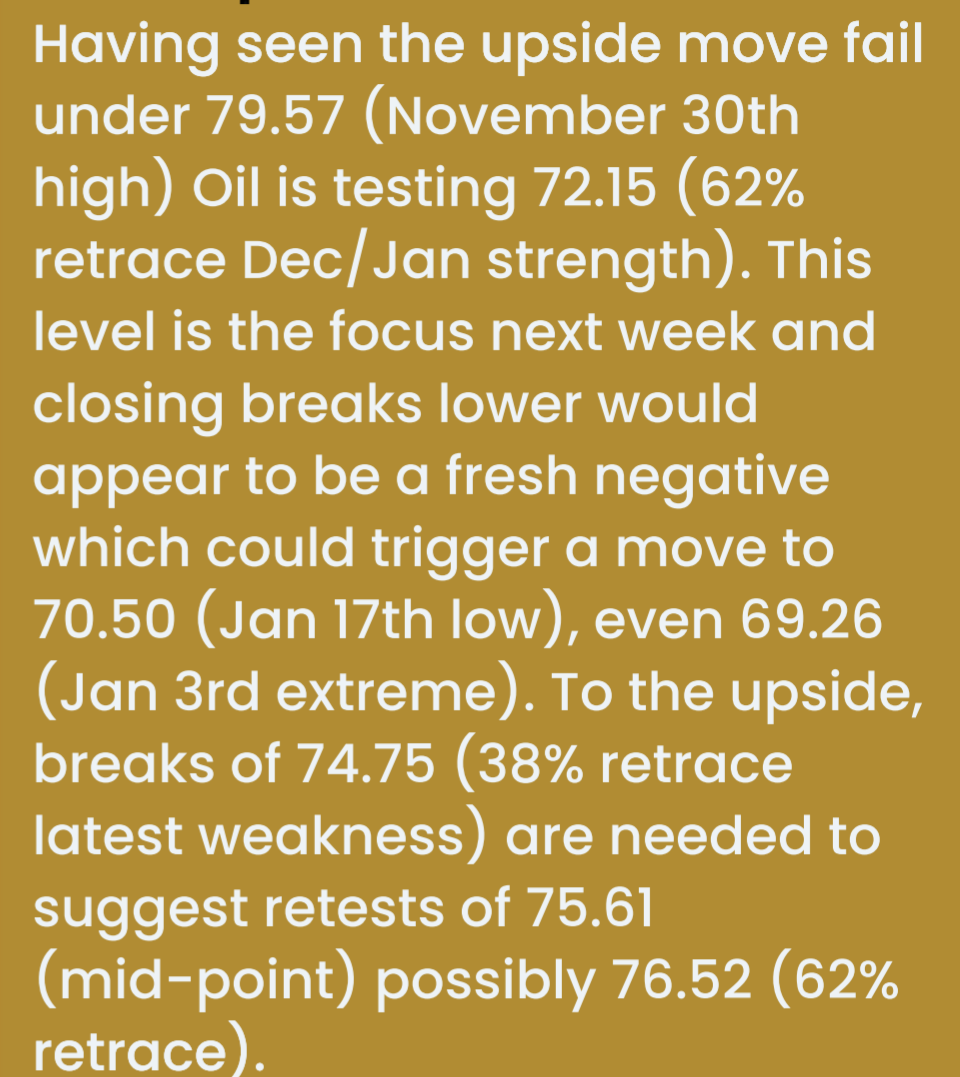
- **Non Farm Payrolls (Jan):**
+353k versus +180k expected.
Unemployment Rate:
3.7% versus 3.8% expected.
Average Hourly Earnings (YoY):
4.5% versus 4.1% expected.
- This data may delay Fed rate cuts in 2024.



US Stock indices jumped to new all time highs on fresh US economic optimism and strong earnings reports from Amazon and Meta after the close on Thursday. The USA 500 closed up 0.9% at 4,973, the US Tech 100 rallied 1.4% to finish at 17,686, while the USA 30 Wall Street closed up 0.3% at 38,738. **(Page 3 USA 30 Wall Street TA Update)**. **European Indices** followed US markets higher on Friday with the Germany 40 up 0.6% at 17,025 and the Europe 50 closing up 0.7% at 4,683.

The US Dollar Index rose steeply after the Non Farm Payrolls data, closing up 0.9% at 103.81, a new high for 2024. AUDUSD and NZDUSD both underperformed other G10 currencies, with AUDUSD falling 0.9% on Friday to close at 0.6516 and NZDUSD dropping 1.2% to finish at 0.6073. **(Page 4 AUDUSD TA Update)**.

US 10 Year Bond Yields rallied strongly on Friday after being under pressure for most of the week as traders responded to fresh concerns about the solvency of several regional US banks. After opening at 4.14% on Monday and slipping to a weekly low at 3.82% on Thursday, they jumped 20bps on Friday to close back at 4.02%.



In commodities, Oil had a bad week, falling 8% to close at 72.40 as traders cut longs in response to news of a potential ceasefire in the war between Israel and Hamas. and several updates suggesting that world markets remain adequately supplied. **(Above Oil TA Update).** Elsewhere, Natural Gas fell to 9 month lows at 2.020 on Friday before recovering slightly to end the week at 2.090. (-2.7% on week).

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

- 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
05.02

TUESDAY
06.02

WEDNESDAY
07.02

THURSDAY
08.02

FRIDAY
09.02

**BEFORE
OPEN**

Lowes
Caterpillar
Estee Lauder
Mcdonald's
ON Semiconductor

UBS Group
Aurubis
Infineon
BP
Eli Lilly

Total
Hilton
CVS Health
CDW
Roblox

Societe Generale
Siemens
Unilever
Philip Morris
Conoco Phillips

PepsiCo
Newell Brands
AMC Networks
W.P.Carey
Canopy Growth

AFTER CLOSE

FMC
Chegg
Aecom
Vertex
Palantir Tech.

Omnicom
 Cognizant
 Micro Strategy
 Ford
 Snap

Equifax
Paypal
Walt Disney
Coty
Wynn Resorts

Expedia
Cloudflare
Doximity
Pinterest
Flowers Foods

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1430 GMT CAD Composite PMI. This could be an important release for USDCAD traders hoping the BoC could be the first central bank to cut rates to support their slowing economy.

1500 GMT USD ISM Services PMI. A big update for traders of stock indices after the buying that accompanied Friday's strong US employment report. Service activity is expected to continue to support growth in the economy so any disappointment could dent the chances of a bigger rally for US stock indices at the start of next week. **(Below USA 30 Wall Street TA Update).**



USA 30 Wall Street TA Update:

After the choppy downward correction into 37301 (Jan 18th low) upside momentum has resumed to post new highs. This is also seeing Bollinger bands widen on positive volatility suggesting the advance can extend to higher levels while 38281 (38% retrace latest upside) remains intact.

Although, breaks back below this level could suggest a deeper sell-off to 38054 (Bollinger mid-average), even 37909 (deeper 62% retrace) is possible.

Tuesday: 0001 GMT GBP BRC Retail Sales. Consumer spending in the UK over the important Christmas period was a major disappointment according to last month's reading. GBPUSD and UK 100 traders will be watching this report closely to see if the same happens again or whether spending has started to pick back up to support the economy.

0330/0430 GMT RBA Interest Rate Decision and Press Conference. While no change is expected at this meeting there is a growing consensus that the RBA may need to consider rate cuts later this year after a weaker than expected CPI reading last week. With this in mind, the message RBA Governor Bullock conveys in the press conference will be critical for the direction of AUDUSD next week. **(Page 4 AUDUSD TA Update).**

2145 GMT NZD Employment Data. This release will be an important update on the strength of the labour market for NZDUSD traders unsure of when the RBNZ are going to cut rates in 2024. After falling for the third week in a row to 7 week lows at 0.6072, this release could determine whether further NZDUSD downside is possible in the short term.



AUDUSD TA Update:

Consolidation activity was reversed by the declining Bollinger mid-average (currently 0.6597) following Friday's US Payrolls data. This move tested 0.6502 (62% retrace Oct 26th to Dec 28th strength) which is the focus this week. Breaks increase risks of a move to 0.6452 (Nov 18th low), even 0.6338 (Nov 18th extreme). To the upside, moves back above 0.6566 (half latest weakness) suggest retests of the more important 0.6597/6624 (mid-average and Jan 30th high).

Wednesday: 0700 GMT German Industrial Production. The German economy remains a concern for many traders as it looks like it is now in recession. This release could have an impact on whether the Germany 40 index pushes on to new highs again or stalls and reverses after a period of consolidation last week.

Thursday: 0130 GMT China Inflation Data (PPI/CPI). The Chinese economy remains fragile and the under performance of the China A50 and Hong Kong 50 indices reflect trader concerns that the measures authorities are taking may not be enough to deal with the problems. Could these releases provide a positive upside surprise or just further disappointment? Either way there is likely to be a knock on impact for local stocks and commodity markets. **(Page 2 Oil TA Update).**

Friday: 1330 GMT CAD Employment Data. Last month's reading missed expectations for job gains confirming a slowdown in the Canadian economy to end 2023. This reading will confirm whether a downtrend has now formed with implications for the direction of USDCAD next week.

Key levels the Corellian mentors are focused on

Natural Gas: Support

1st - 2.020, Last week's low
2nd - 1.944, April 16th 2023 low
3rd - 1.794, Lower Bollinger band

Resistance

1st - 2.162, Thursday's high
2nd - 2.281, 38% retrace Jan 24th/
Feb 1st
3rd - 2.331, January 25th high

US Tech 100: Support

1st - 17264, Bollinger mid-average
2nd - 17069, Mid-point January
3rd - 16899, Deeper 62% retrace

Resistance

1st - 17774, Last week's high
2nd - 17792, January high
3rd - 17907, Bollinger upper band

EURUSD: Support

1st - 1.0792, Mid-point Oct/Dec
2nd - 1.0723, December 9th low
3rd - 1.0713, Deeper 62% retrace

Resistance

1st - 1.0918, 38% retrace Dec/Jan
2nd - 1.0960, Mid-point same move
3rd - 1.0990, January 11th high

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