

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained strong into the Friday close despite further comments from Fed speakers that reiterated they see no urgency to cut interest rates. Traders instead chose to focus on the positive prospects of a soft landing for the US economy and remain optimistic about corporate earnings in 2024. Stock indices and US bond yields rallied, while the dollar was flat, and commodities closed with mixed results.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US annual CPI revisions confirm progress on inflation at the end of 2023

- US consumer prices excluding food and energy rose at 3.3% annualised rate in the final three months of 2023. In line with market expectations.
- This helped to confirm the Fed's significant progress on inflation in 2023 and is likely to support markets hopes for rate cuts in May or June.



US Stock indices ended the week with technology sector led gains which saw the S&P 500 jump 0.5% to 5,042 and the US Tech 100 rally 1% to close at 18,036, both fresh record closing highs. **(Page 4 S&P 500 TA Update)**. Elsewhere, the USA 2000 jumped 1.4% to 2,015, while the USA 30 Wall Street underperformed down 0.3% at 38,714. **In Europe**, the Germany 40 (17,028) and the UK 100 (7,564) both closed flat, while the Europe 50 finished up 0.5% at 4,756, a new all time high.

The US Dollar Index closed up for the sixth week in a row at 103.97 after briefly hitting a new 2024 high at 104.45 on Monday as traders scaled back their expectations for the number of Fed rate cuts in 2024 from six to just four 25bps cuts. EURUSD briefly hit a new low at 1.0723 on Tuesday but bounced to end the week flat at 1.0786. **(Page 3 EURUSD TA Update)**.

US 10 Year Bond Yields rallied for their second week in a row. After opening at 4.02% they quickly jumped to fresh highs at 4.18% after a strong US ISM Services PMI release on Monday afternoon before trading in a tight range between 4.10% and their eventual close at 4.17%.



Gold TA Update:
Choppy sideways activity has extended with no sign of a breakout of either side yet. As such, 2053 (downtrend) and 2021 (uptrend) are to be watched, with a closing breakout suggesting the direction of the next leg. Settlements above 2053 will be positive to open scope to 2065 (Feb 1st high), then 2088 (Dec 28th extreme), while closes under 2021, expose weakness to 2006 (Jan 17th low), then 1973 (Dec 13th rally point).



In commodities, Gold underperformed across the week, falling 0.7% to close at 2,024 as traders reduced their expectations for the amount of rate cuts from the major central banks in 2024. **(Above Gold TA Update).** Elsewhere, Copper dropped 3.5% to close at 3.6850, a fresh low for 2024 hurt by on-going concerns over demand for precious metals from China, while Oil spiked 5.8% to close at 76.60 and Natural Gas fell 12% to new closing lows at 1.859.

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
12.02

TUESDAY
13.02

WEDNESDAY
14.02

THURSDAY
15.02

FRIDAY
16.02

**BEFORE
OPEN**

Trimble Navigation

TUI
Hasbro
Coca-Cola
Ecolab
Biogen

ABN Amro
ThyssenKrupp
Avantor
Kraft Heinz
IQVIA Holdings

Commerzbank
Hyatt
Targa
Zebra
Deere

DKSH
BB Biotech
Swiss Re
Eni
Nat West

**AFTER
CLOSE**

Michelin
Blackbaud
Federal Realty
Arista Networks
Principal Financial

AIG
Zillow
Airbnb
Lyft
MGM

Sonoco
Ventas
Trip Advisor
Equinix
Fastly

Dropbox
Coinbase
Roku
DoorDash
Alliant Energy



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0700 GMT GBP Employment Data. An important release for UK 100 and GBPUSD traders next week. The tightness of the UK labour market and rising wages are a major reason why the Bank of England are reluctant to start cutting interest rates to support their flat lining economy.

0730 GMT CHF Inflation Data (CPI). Expectations are for a higher CPI reading than the previous month but for inflation to stay within the SNB's 0-2% target range. Any deviation could have implications for the direction of USDCHF and EURCHF which have both been trending higher in February.

1330 GMT USD Inflation Data (CPI). With the dollar printing fresh highs last week as Fed speakers continued to push back on early rate cuts, this release is likely to be the event of the week for FX traders. Any print above expectations could hit risk sentiment and increase dollar buying against other G10 peers and vice versa. **(Below EURUSD TA Update).**



EURUSD TA Update:

Last week extended recent declines, and new correction lows were posted (1.0722 Feb 6th). This is a further negative pointing to a deeper retracement risk to 1.0713 (62% retracement), even 1.0656 (November 11th low).

To the upside, closes above 1.0827 (38% retrace Jan 11th to Feb 6th sell-off and Bollinger mid-average) must be seen for upside tests of 1.0858 (higher mid-point).

Wednesday: 0700 GMT GBP Inflation Data (CPI). More crucial data for FX traders to consider. Inflation is still well above the UK central bank's 2% target which has seen markets mark the BoE down as one of the last major central banks to cut rates in 2024. A lower than expected reading here could see that change with implications for the direction of the UK 100 index, GBPUSD and EURGBP next week.

2350 GMT JPY Preliminary GDP. Japanese economic data faces more scrutiny ever since the BoJ suggested they are considering a shift from their ultra loose policy stance. Stronger growth would help to support that view and so this release could impact the direction of USDJPY and the Japan 225 index next week.

Thursday: 0030 GMT AUD Employment Data. The resilience of the Australian labour market is at the heart of why the RBA continues to hold interest rates at elevated levels and is still reluctant to consider cuts. With that in mind this update could have an impact on the direction of AUDUSD and the ASX 200 index next week.



S&P 500 TA Update:

Little stands in the way of current bullish trends and last week again saw new all-time highs posted (5048 Feb 9th). This maintains the risks to extend higher over the course of the coming week, with the next resistance marked by 5061 (upper daily Bollinger band).

To the downside, only breaks under 4981 (38% retrace latest upside) suggest a deeper decline towards 4937 (the 62% level and rising mid-average).

Thursday: 0700 GMT GBP Preliminary GDP. UK economic growth continues to bump along the zero line, defying market expectations of a recession. This release could grab some market moving headlines if the number shows the UK economy to be deteriorating faster or further than expected or vice versa.

1330 GMT USD Retail Sales. This release takes on more significance given that US consumer spending has been strong in recent months despite higher prices. Another strong print here could boost trader hopes of a soft landing for the US economy in 2024, but could also signal the Fed doesn't need to cut interest rates anytime soon, with implications for the direction of US stock indices. **(Above S&P 500 TA Update).**

Friday: 1500 GMT USD Preliminary Michigan Consumer Sentiment. A confident consumer has helped support US economic growth with spending on goods and services despite interest rates remaining at their highs. For that reason traders are sensitive to this release and it could impact all markets into Friday's close.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1st - 74.71, Bollinger mid-average
- 2nd - 71.40, Last week's low
- 3rd - 70.50, January 8th low

Resistance

- 1st - 77.26, Last week's high
- 2nd - 79.25, January 29th high
- 3rd - 81.46, Mid-point Sept/Dec'23

US Tech 100:

Support

- 1st - 17748, 38% retrace latest upside
- 2nd - 17648, Mid-point same move
- 3rd - 17549, Deeper 62% retrace

Resistance

- 1st - 18069, Last week's high
- 2nd - 18113, Daily Bollinger upper band
- 3rd - 18335, Weekly upper band

USDJPY:

Support

- 1st - 148.60, Half latest upside
- 2nd - 148.03, Bollinger mid-average
- 3rd - 147.63, Last week's low

Resistance

- 1st - 149.57, Last week's high
- 2nd - 151.41, November 15th high
- 3rd - 151.90, November 2023 high

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