

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment closed on a sour note as traders digested Friday's US PPI release (**See Below**) which backed up Tuesday's CPI report in showing that the trend of lower US inflation may have stalled for now. US bond yields and commodities rose, while the dollar was unchanged and stock indices closed with mixed results.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US factory gate inflation (PPI) increases by more than forecast in January

- **Core PPI ex food and energy (MoM):**
0.5% versus 0.1% expected.
Core PPI ex food and energy (YoY):
2% versus 1.6% expected.
- While this was the biggest jump above expectations since January 2021 it is unlikely to change the thinking of the Fed on interest rates.



US Stock indices all closed lower led by falls in big technology stocks like Meta and Apple. The US Tech 100, which registered a fresh all time high at 18,120 at the start of the week, fell 1.1% on Friday to close back at 17,720 and the S&P 500 fell 0.6% to finish at 5,015. (**Page 4 US Tech 100 TA Update**). **In Europe**, the UK 100 led other indices with a 1.3% gain to close at 7,672, driven higher by stronger than expected UK retail sales data earlier in the day, while the Germany 40 closed up 0.2% at 17,132, after briefly printing a new all time high at 17,253 earlier in the session.

The US Dollar Index closed up for the seventh week in a row as traders reacted to the stronger inflation prints across the week. After hitting a new high at 104.86 on Tuesday, the index closed back at 104.19 (+0.2%). USDJPY climbed above 150 for the first time in 2024, hitting a high at 150.88 before settling back at 150.23. (**Page 3 USDJPY TA Update**).

US 10 Year Bond Yields opened at 4.17% and surged to fresh 2024 highs at 4.33% on Tuesday after the US CPI report rose more than expected. They then fluctuated between 4.20% and 4.30% before settling at 4.28% at the close, a gain of 11bps on the week.



Silver TA Update:

Last week's break above the declining mid-average (22.656), has seen pressure build on 23.457 (38% retrace Dec/Jan sell-off) which represents the upper extremes of choppy sideways activity. Closing breaks are needed to trigger a more sustained phase of strength towards 23.918 (mid-point), even 24.286 (higher 62% level). To the downside, breaks under 22.899 (38% retrace last week's range) suggest tests of 22.656 (Bollinger mid-average), then 22.534 (deeper 62% level).



In commodities, Silver out performed other precious metals with a 3.6% gain across the week to close at 23.42. **(Above Silver TA Update).** Copper also made strong gains, bouncing off 2024 lows at 3.65 to end the week up 3.5% at 3.8220. In the energy space, Oil rallied 2.3% to close at 78.22 as Hezbollah in Lebanon and Israel exchanged fire which intensified traders fears for an escalation of a wider war in the Middle East.

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 19.02	TUESDAY 20.02	WEDNESDAY 21.02	THURSDAY 22.02	FRIDAY 23.02
BEFORE OPEN	Icade Forvia Transocean	Barclays Home Depot Walmart EXPD Visteon	Rio Tinto HSBC BAE Systems Exelon Oge Energy	Lloyds Bank Group Danone Gerresheimer Nestle PG&E	Standard Chartered BASF Allianz Deutsche Telekom Lamar Advertising
AFTER CLOSE	Temenos	Flowserve SolarEdge Palo Alto Networks Toll Brothers Teladoc	Nvidia Tenaris Rivian Etsy Marathon Oil	Vale Live Nation Block EOG Ameren	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0030 GMT RBA Meeting Minutes. With AUDUSD fluctuating around 0.6500 for much of February as traders assess the prospects for the next big move, this release could give them a bit more clarity on whether the Australian central bank are edging closer to removing their tightening bias and cutting interest rates.

0115 GMT PBOC Interest Rate Decision. Despite the numerous problems facing China's economy, traders expect no change on interest rates from the PBOC who are defending a weak Yuan and a strengthening dollar. With that in mind, any change would impact the direction of China A50 and Hong Kong 50 indices.

1330 GMT CAD Inflation Data (CPI). This will be an important release for USDCAD traders next week. The Bank of Canada are watching the path of core inflation closely to decide on the timing of their first rate cut. A higher than expected inflation number could see the Canadian Dollar strengthen from its recent February lows as interest rate differentials change and vice versa.



USDJPY TA Update:

The latest CPI data saw USD upside acceleration, a move that posted new recovery highs (150.88 Feb 13th high) for the advance in place since 140.24 (Dec 28th low). This maintains positive themes and the potential to challenge 151.90 (Nov 11th high) which links with 151.93 (Oct'22 rejection point) adding to significance of this resistance area.

To the downside, breaks under 149.51 (half latest upside) are needed to expose 149.01 (38% retrace February upside).

Wednesday: 0030 GMT AUD Wage Price Index. After Australian unemployment climbed to a two year high last Thursday highlighting the nations cooling jobs market, traders will be eagerly anticipating this release for signs that wage inflation is also moderating with implications for the next policy debate at the RBA's meeting in mid March, and the direction of AUDUSD and the ASX 200 next week.

1900 GMT Fed Meeting Minutes. While Fed speakers in recent weeks have been clear in their communications that rate cuts are unlikely to start until later in the year, traders will still be keen to analyse these minutes to support their current pricing of just three 25bps cuts in 2024, and help confirm their outlook of a soft landing for the US economy. Any surprises are likely to impact the direction of the dollar and US stock indices next week. **(Above USDJPY TA Update).**



Sunday 18th February 2024



US Tech 100 TA Update:

Last week's correction is seeing pressure build on the Bollinger mid-average (currently at 17687) which is the focus this week. Closing breaks will be a fresh negative to expose a deeper sell-off back to 17456 (38% retrace YTD upside), possibly 17242 (mid-point) if this gives way.

To the upside, breaks of 18025 (Friday's high) are required to extend strength above 18120 (Feb 12th extreme), potentially further.

Wednesday: After the Close, Nvidia Q4 2023 Earnings. Nvidia are at the center of the AI boom and their performance and updates on future revenue in 2024 will be a key driver of sentiment for US stock indices next week. Any disappointment on earnings has the potential to stop the recent uptrend for US indices in its tracks and vice versa. **(Above US Tech 100 TA Update).**

Thursday: Preliminary Manufacturing and Services PMIs AUD (Wednesday), JPY, EUR, GBP, USD (Thursday). These releases have the potential to impact all markets next week. The US currently sits head and shoulders above all other major economies driven by strong services activity, but traders will want to know whether manufacturing activity is starting to trend back above 50 out of contraction into expansion, and whether European reading are starting to turn back up or continuing to under perform, indicating an incoming recession for the Eurozone.

Friday: China House Price Index. Property woes are at the heart of China's economic problems, are things starting to improve or is there more pain ahead?

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 1.572, Last week's low
- 2nd - 1.516, June 2020 low
- 3rd - 1.438, Lower daily Bollinger band

Resistance

- 1st - 1.801, 38% retrace Feb
- 2nd - 1.871, Mid-point same move
- 3rd - 1.937, Higher 62% retrace

Germany 40:

Support

- 1st - 17013, Bollinger mid-average
- 2nd - 16845, Last week's low
- 3rd - 16734, 62% retrace Jan/Feb

Resistance

- 1st - 17254, Last week's high
- 2nd - 17500, Psychological number
- 3rd - 17844, Weekly Bollinger upper band

EURUSD:

Support

- 1st - 1.0742, Half latest upside
- 2nd - 1.0694, Last week's low
- 3rd - 1.0656, November 11th low

Resistance

- 1st - 1.0791, Bollinger mid-average
- 2nd - 1.0822, 62% retrace Feb
- 3rd - 1.0897, February high

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