

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment, which had been flying high after the release of a very strong earnings report from Nvidia late on Wednesday evening (**See Below**), slowed down on Friday as traders banked some profits into the weekend. Bond yields fell, the dollar was flat, while stock indices and commodities finished with mixed results.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday news: Nvidia tops \$2 trillion valuation after record 2 day gain

- **Nvidia shares surged** 16% on Thursday and another 5% early on Friday, briefly taking the company's valuation to the \$2 trillion mark before pulling back.
- Thursday's gain of \$277 billion in market capitalisation was a new single session record, eclipsing the \$197 billion added in one day by Meta at the start of February.



US Stock indices struggled to continue their upward momentum from the previous trading day as the powerful rally in big tech stocks lost its steam into the Friday close. The US Tech 100 dropped 0.5% on Friday to end at 17,960 (+1.4% on the week), while the S&P 500 closed flat at 5,094, another record closing high (+1.7% on the week). **European indices** outperformed their US peers with the Germany 40 closing up 1.9% on the week at 17,458, while the Europe 50 index rallied 2.5% over the week to close at 4,881. (**Page 4 Germany 40 TA Update**).

The US Dollar Index fell 0.4% on the week to close at 103.87, its first weekly fall since the end of December. NZDUSD was the major beneficiary jumping 1.2% over the week to close at 0.6195, a one month high, ahead of an important interest rate decision from the RBNZ next Wednesday. (**Page 3 NZDUSD TA Update**).

US 10 Year Bond Yields had a relatively quiet four days of trading. After opening at 4.28%, they rallied steadily to print a new high at 4.35% on Friday morning before slipping back lower in the afternoon to close at 4.25%.



Oil TA Update:
Trading activity since early November 2023 could be forming a potentially bullish Head and Shoulders pattern, but completion of the pattern must be seen. The resistance level at 79.21 (possible neckline of reversal) needs to be watched, as closing breaks are required to create a potential positive sentiment shift, opening higher levels. Current price weakness is still above 76.19 (38% retrace Feb upside), but closing breaks below this level could expose tests of 74.24 (62% level).



In commodities, Oil fell 2.6% on Friday to close at 76.58 as traders responded to reports that Israel were sending negotiators to peace talks in Paris. **(Above Oil TA Update)**. Elsewhere, Natural Gas had another volatile week. After hitting a new multi-year low at 1.522 on Monday it spiked to a high of 1.866 on Thursday before falling back to close at 1.684, a weekly gain of 10%.

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 26.02	TUESDAY 27.02	WEDNESDAY 28.02	THURSDAY 29.02	FRIDAY 1.03
BEFORE OPEN	Bunzl Playtika Fidelity Public Service Li Auto	Munich Re Abrdn Macy's Lowe's J.M. Smucker	Taylor Wimpey Baidu Donaldson NRG Energy iQIYI	AB Inbev Ocado Schroders Hyatt Best Buy Co.	Rightmove Corbion Pearson IMI Plug Power
AFTER CLOSE	ONEOK The AES Everbridge HEICO Zoom	ASM Lemonade Luminar eBay Ambarella	Salesforce Okta Snowflake C3.ai FIGS	Polestar Automotive Autodesk NetApp Zscaler Certara	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 2330 GMT JPY Inflation Data (CPI). With the Japan 225 and USDJPY at their 2024 peaks there is a lot riding on this release. A higher than expected print could stir up fears of a change in policy from the BoJ which could impact the recent uptrends, while an in line or lower print could see fresh moves to new highs.

Tuesday: 1500 GMT USD Consumer Confidence. Rising confidence has previously seen US consumers spend which has supported the economy, however after a weaker retail sales print for January traders are concerned things are changing. A fall in this release could have implications for US stocks and the dollar.

Wednesday: 0030 GMT AUD Inflation Data (CPI). The RBA are concerned they still have more work to do to get inflation back to target. This release is likely to confirm whether that is the case or if the Australian central bank can start considering the timing of their first rate cut. This update should impact the direction of the ASX 200 and AUDUSD next week.

0100/0200 GMT RBNZ Interest Rate Decision and Press Conference. Governor Orr recently said the New Zealand central bank need to ensure inflation is contained leading some analysts to predict the RBNZ could even hike at this meeting. NZDUSD hit February highs last week so this event is likely to determine what comes next. **(Below NZDUSD TA Update).**



NZDUSD TA Update:

Breaks above 0.6173 (Jan 31st high) leave recent activity looking like a positive shift in sentiment, opening attempts to push to higher levels. Potential is that closing breaks of 0.6204 (mid-point Dec 28th to Feb 5th weakness) can see higher levels towards 0.6244 (the 62% level), even 0.6277 (Jan 13th bounce failure). To the downside, breaks under 0.6154 (38% retrace latest upside) can see weakness extend to 0.6115 (deeper 62% level).

Thursday: 1330 GMT USD PCE Inflation. After the negative shock to risk sentiment immediately after the stronger than expected readings of PPI and CPI earlier in February, this release of the Fed's preferred gauge of inflation is likely have a big influence on the direction of US stock indices and the dollar into the end of next week and beyond, especially after the recent euphoria following the Nvidia earnings release. **(Page 4 Key S&P 500 TA Levels).**



Sunday 25th February 2024



Germany 40 TA Update:

Upside acceleration has seen new all-time highs posted (17,486 Feb 22nd). This maintains bullish themes and with the Bollinger mid-average rising and bands widening, bullish volatility is evident, suggesting further strength is on the cards. Setbacks appear limited in time and extent, with only breaks under 17254 (38% retrace Feb 13th/Feb 23rd upside) suggesting a deeper decline to 17093 (62% level).

Friday: 0100 GMT China Manufacturing and Non Manufacturing PMIs. China has started to increase support for its struggling property sector and stock markets recently, which has seen a bounce in the China A50 and Hong Kong 50 indices. These PMI releases will update traders on whether its economy is starting to recover with implications for local stocks, commodities and FX markets. **(Page 2 Oil TA Update).**

1000 GMT EUR Inflation Data (Preliminary HICP). This is a big release for the ECB who have said they are waiting for further falls in inflation before cutting rates. This update will have implications for the direction of EURUSD and European indices depending on how far it deviates from market expectations. **(Above Germany 40 TA Update).**

1500 GMT USD ISM Manufacturing PMI. Recent manufacturing activity readings have shown improvement, and if this release starts to rise back above 50 into expansion it could suggest that even the 3 rate cuts priced by markets from the Fed in 2024 could be too much, with implications for risk sentiment and the direction of the dollar.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 1.667, Wednesday's low
- 2nd - 1.522, Last week's extreme
- 3rd - 1.464, Lower daily Bollinger band

Resistance

- 1st - 1.847, Bollinger mid-average
- 2nd - 1.866, Last week's high
- 3rd - 1.977, 38% retrace Jan/Feb

S&P 500:

Support

- 1st - 5061, 38% retrace
- 2nd - 5022, Deeper 62% retrace
- 3rd - 5000, Bollinger mid-average

Resistance

- 1st - 5123, Last week's high
- 2nd - 5200, Round number
- 3rd - 5223, Weekly Bollinger upper band

EURUSD:

Support

- 1st - 1.0802, Thursday's low
- 2nd - 1.0780, Bollinger mid-average
- 3rd - 1.0770, 62% retrace

Resistance

- 1st - 1.0865, 38% retrace Dec/Feb
- 2nd - 1.0885, Last week's high
- 3rd - 1.0919, Higher mid-point level

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