

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** remained firm into the weekend as traders took a weaker than expected US ISM Manufacturing PMI release, which showed factory activity shrank at a faster pace in February, in their stride, and focused on hopes of the Fed being able to cut interest rates as soon as June. Stock indices rose, US bond yields and the dollar fell, while in commodities, precious metals spiked.

## STEP 1:

### WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: Eurozone inflation slows less than expected backing ECB caution

- **Preliminary Core EU HICP Inflation (YoY):**  
3.1% versus 2.9% expected (Previously 3.3%).  
**Preliminary EU HICP Inflation (YoY):**  
2.6% versus 2.5% expected (Previously 2.8%).
- This data is likely to support those ECB policymakers who want to see more evidence inflation is under control before cutting rates.



**US Stock indices** finished the week with another strong performance led by technology companies. The S&P 500 closed up 0.7% on Friday at 5,138, another closing high, while the US Tech 100 rallied 1.3% to register its own new closing high at 18,322. The USA 30 was flat at 39,080 ahead of some big data next week. **(USA 30 TA Update Page 3).**

**European indices** all gained on Friday. The UK 100 was the strongest performer, jumping 0.6% to close at 7,670 in advance of the UK Chancellor's spring budget next Wednesday, while the Germany 40 rallied 0.2% to close at 17,780.

**The US Dollar Index** dropped 0.3% to 103.83 on Friday, leaving it flat on the week as FX pairs struggled for direction at the start of March. EURUSD bounced from lows at 1.0796 to finish the week at 1.0838 as traders prepared for the ECB rate decision and press conference next Thursday. **(Page 4 EURUSD TA Update).**

**US 10 Year Bond Yields** dropped sharply on Friday from their weekly highs of the previous day at 4.34%, eventually closing at 4.18%, led lower by the weaker than expected ISM Manufacturing PMI release.



**Natural Gas TA Update:**  
Reactive recovery moves continue after the sharp sell-off from January highs, but there is no evidence of a positive sentiment shift. As such, risks are for 1.975 (38% retrace of Jan 24th to Feb 19th sell-off) to hold and reverse strength for breaks back under 1.782 (Bollinger mid-average) to expose 1.682 (Feb 25th low), even 1.522 (Feb 19th extreme).  
  
Breaks above 1.975 while not an outright positive, can see tests of 2.115 (higher mid-point).



**In commodities,** Natural Gas registered its second up week in a row as it rallied 4.6% to close at 1.835, helped by a larger draw down in inventories. **(Above Natural Gas TA Update)**. Elsewhere, Oil jumped 3.6% on the week to 79.78, its highest closing level of 2024, while in precious metals, Gold hit a 9 week high at 2088 before settling back slightly lower to close at 2083 supported by increased hopes of a June Fed rate cut.

## 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 4.03	TUESDAY 5.03	WEDNESDAY 6.03	THURSDAY 7.03	FRIDAY 8.03
<b>BEFORE OPEN</b>	Henkel Sea	Bayer Travis Perkins Hiscox <b>Target</b> NIO	Deutsche Post Symrise LGEN Foot Locker Campbell Soup	<b>Admiral</b> Merck GEA <b>Aviva</b> CIENA	RLX Technology Informa
<b>AFTER CLOSE</b>	Gitlab	Ross Stores CrowdStrike ChargePoint Nordstrom	Teleperformance Pirelli & C	Vivendi DocuSign <b>Costco</b> Mongodb Broadcom	

## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0730 GMT CHF Inflation Data (CPI).** An important release for the SNB to digest after Swiss inflation unexpectedly eased in January. Another fall in this reading could open the door for the Swiss central bank to cut rates earlier than first thought with implications for USDCHF and EURCHF prices, which have steadily been trending higher since the start of 2024.

**Tuesday: 1500 GMT USD ISM Services PMI.** Service activity has been such an important driver of US economic growth in 2023/24 and with the Fed and markets now aligned in anticipating only 3 25bp rate cuts this year, any deviation from expectations in this reading could influence the direction of US stock indices next week. **(Below USA 30 TA Update).**



### USA 30 TA Update:

While a sell-off materialised from the 39340 level (Feb 25th all-time high), support was again found at the Bollinger mid-average (currently 38792). This is the focus to start the new week, as while intact positive themes continue with potential to break 39340 (Feb 25th high) and extend towards 40839 (upper weekly Bollinger band).

On the downside, falls below 38792 suggest a deeper sell-off to 38594 (38% retrace YTD upside)

**Wednesday: 1315 GMT USD ADP Employment Change.** This is the first of four updates on the US labour market across the trading week which culminate with the release of Non Farm Payrolls on Friday afternoon. This ADP update, which focuses on private sector employment, **alongside the JOLTs Job Openings data at 1500 GMT, and Initial Jobless Claims on Thursday at 1330 GMT,** have the potential to influence the direction of risk sentiment, stock indices and the dollar next week.

**1445/1530 GMT BoC Interest Rate Decision and Press Conference.** An interesting event for FX traders. The markets expect no change at this meeting, in fact no rate cut is expected until September, but the Canadian central bank has started to come under some political pressure after the country's PM said he is hopeful they ease monetary policy soon to support the economy. With USDCAD hitting fresh 2024 highs last week, this event is likely to have an impact on where the currency moves next. **(Page 4 Key USDCAD Levels).**

**1500 GMT Fed Chairman Powell Testimony to House.** Powell's comments will be followed closely by traders for any signs that the recent strong run of US economic data has impacted the Fed's rate cut outlook in 2024. Any message indicating higher rates for longer could negatively impact stocks and boost the dollar.



**EURUSD TA Update:**

While a setback was seen following the test of 1.0867 (38% retrace Dec/Feb declines) the pullback found support at 1.0794 (Bollinger mid-average). This level remains the focus in the week ahead, and while intact risks are for moves back to 1.0867, where breaks open up moves to 1.0920 (mid-point), even 1.0932 (Jan 24th high).

Closes below 1.0794 suggest a deeper sell-off back to 1.0770 (deeper 62% retrace).

**Thursday: 0300 GMT China Trade Data.** Global investors are still waiting for signals that China's fragile economy is recovering. The import numbers in this release will provide traders with an update on the state of the domestic economy, while the exports print will provide a health check on global demand.

**1315/1345 GMT ECB Interest Rate Decision and Press Conference.** Traders have been told by ECB President Lagarde that March is too early for a rate cut, however, there are many economists who feel the ECB could cut in April, so the press conference will be followed closely for any commentary that confirms or discredits that view, with implications for European Indices and EURUSD. **(Above EURUSD TA Update).**

**Friday: 1330 GMT USD Non Farm Payrolls.** This is a big event given the recent positive surprises which have seen US unemployment remain at record lows (Last month, 3.7%). If this reading provides something similar it could see the hopes of an early Fed interest rate cut evaporate, which could negatively impact risk sentiment. However, if unemployment edges back higher, and/or average hourly earnings growth moderates it could provide a boost to stock indices. **(Below Key Levels US Tech 100).**

**Key levels the Corellian mentors are focused on**

**Gold:**  
**Support**  
1st - 2049, 38% retracement  
2nd - 2037, Mid-point same move  
3rd - 2026, Bollinger mid-average

**Resistance**  
1st - 2088, December 28th high  
2nd - 2100, 62% retracement  
3rd - 2146, Dec 4th rejection high

**US Tech 100:**  
**Support**  
1st - 17877, Bollinger mid-average  
2nd - 17826, Last week's low  
3rd - 17600, 38% retrace YTD upside

**Resistance**  
1st - 18371, Last week's high  
2nd - 18823, Weekly Bollinger upper band  
3rd - 19000, Psychological number

**USDCAD:**  
**Support**  
1st - 1.3511, 38% retrace Jan/Feb  
2nd - 1.3485, Mid-point same move  
3rd - 1.3455, Deeper 62% retrace

**Resistance**  
1st - 1.3625, 62% retrace Nov/Dec  
2nd - 1.3660, November 27th high  
3rd - 1.3711, November 25th high

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