

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment, which had spiked higher earlier in the week amid renewed hopes that the Fed maybe ready to cut rates for the first time in June, cooled off into the Friday close as traders reassessed positions into the weekend. Stock indices pulled back from their highs, bond yields and commodities dipped, while the dollar rallied.

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

Friday data: UK retail sales for February stronger than expected

- **Retail Sales (MoM):**
0.0% versus -0.3% expected.
Retail Sales ex Fuel (MoM):
0.2% versus -0.1% expected.
- This data suggests UK consumers continue to spend despite a cost of living crisis which is good news for the economy.



US Stock indices dipped lower on Friday but still recorded strong gains across the trading week. The S&P 500, which hit another new all time high at 5,323 on Thursday, fell 0.3% to close at 5,289 (+2.2% on the week), while the US Tech 100 ended flat at 18,564 (+2.8% on the week), and the USA 30 dropped 1% to 39,825 (+1.9% on the week).

In Europe, the UK 100 index outperformed as traders reacted to news that the Bank of England are moving closer to rate cuts. The index jumped 0.5% on Friday to close at 7,960 (+2.4% on the week), its highest close in 12 months. **(Page 4 UK 100 TA Update).**

The US Dollar Index rallied for the second week in a row, closing up 1% at 104.13, its highest weekly close since early February. USDJPY jumped 1.6% to finish at 151.47, a new 2024 closing high, despite the BoJ raising interest rates for the first time since 2007, while AUDUSD dropped 0.7% to 0.6513 after the RBA removed their tightening bias. **(Page 3 AUDUSD TA Update).**

US 10 Year Yields opened on their highs at 4.35% and trended lower across the week to close at 4.20% as traders readjusted positions after hearing from the Fed on Wednesday.



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 1.786 (Bollinger mid-average) and expose 1.642 (Mar 14th 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 rallied 7% from its weekly open at 1.692 to close at 1.811, as traders reacted to forecasts for colder weather into the end of March. **(Above Natural Gas TA Update).** Elsewhere, Gold hit a new all time high at 2,223 on Thursday after the Fed rate decision before slipping back to close the week at 2,166 (+0.4% on week) hurt by a stronger dollar, while Copper closed at 3.9985 (-2.8% on the week).

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

- GMT -4 = 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
25.03

TUESDAY
26.03

WEDNESDAY
27.03

THURSDAY
28.03

FRIDAY
29.03

Kingfisher

Baloise
Smiths
Bellway
McCormick
RH

Rational
Paychex
Cintas
Carnival

H&M
Walgreens

**BEFORE
OPEN**

AFTER CLOSE

Jeffries Financial
Sprinklr



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1400 GMT USD Consumer Confidence. Stock index and FX traders will be watching this release closely after last month's surprise drop showed American consumers views on the outlook for the economy had deteriorated. This coincided with a reduction in spending, highlighted by a disappointing retail sales report. Another fall here could add weight behind calls for a first Fed rate cut in June.

Wednesday: 0030 GMT AUD Monthly Inflation Data (CPI). The path of Australian inflation is now central to RBA decision making on when a potential rate cut could be made after they removed their tightening bias at last Tuesdays rate meeting. If inflation continues to fall it may see traders bring forward their current expectations of a first RBA rate cut in August with implications for the direction of AUDUSD and the ASX 200. **(Below AUDUSD TA Update).**



AUDUSD TA Update:

Choppy conditions extend but with Friday's break back below the Bollinger mid-average, downside risks continue. The potential is to retest 0.6504 (Mar 19th low) and if this gives way to test 0.6477 (Mar 5th extreme), then 0.6442 (Feb 13th rally point).

To the upside, breaks above 0.6564 (Bollinger mid-average) are needed to open scope back to 0.6639 (Mar 21st high), even 0.6667 (Mar 9th extreme).

Thursday: 0030 GMT AUD Retail Sales. An important data week for Australia continues with FX traders focused on whether consumers have continued to reduce their spending as high interest rates bite into their household budgets. After a strong rally above 0.6600 quickly reversed last week, AUDUSD traders may react quickly to any signs of weakness in the data.

1230 GMT CAD Preliminary GDP. The Bank of Canada are now seen by traders as potentially one of the first central banks that could cut rates after headline inflation unexpectedly softened in February for the second month in a row last week. That puts the growth of the Canadian economy squarely in focus, and a weaker release could impact the direction of USDCAD which briefly fell to 2 week lows last week.

2330 GMT Tokyo CPI. This is a regional reading from Japan's biggest city and it is often seen as a barometer for the national release out in April. Traders are currently very sensitive to inflation data from Japan after the BoJ hiked interest rates for the first time since 2007. So this release could well impact the direction of USDJPY which just printed new 2024 highs last week.



UK 100 TA Update:

Breaks above 7794/7809 (Sep 15th and Dec 20th highs) triggered upside acceleration, a move that is approaching 8020 (Feb'23 failure high). This is the focus next week and while a short term setback could be seen initially, breaks will be a further positive for a push to higher levels.

To the downside, moves under 7950 (half Friday's range) while not an outright negative can see 7890 retests (38% retrace latest upside).

Friday: 1230 GMT USD PCE Inflation, Personal Income and Spending. This release of the Fed's preferred gauge of inflation will be an important reality check for traders who pushed stock indices to fresh highs after the Fed maintained their outlook for 3 rate cuts in 2024 at last Wednesday's meeting. Any signs that inflation is beginning to pick back up could be taken negatively and see traders rush to lock in profits on the recent up move and vice versa.

1530 GMT Fed Chairman Powell Discussion. While any prepared comments are unlikely to deviate from the script laid out at last week's press conference, coming just hours after the release of the most recent PCE inflation report traders are likely to be on red alert for any comments Chairman Powell could make on the direction of the data, especially considering inflation is expected to rise again for the third month in a row. There is potential for a volatile close for all markets.

Key levels the Corellian mentors are focused on

Gold:

Support

- 1st - 2146, Last week's low
- 2nd - 2131, Bollinger mid-average
- 3rd - 2103, Mid-point Feb/Mar

Resistance

- 1st - 2189, Half last week's sell-off
- 2nd - 2220, Last week's high
- 3rd - 2239, Upper daily Bollinger band

US Tech 100:

Support

- 1st - 18364, Half latest upside
- 2nd - 18243, Bollinger mid-average
- 3rd - 18006, March 17th low

Resistance

- 1st - 18706, Last week's high
- 2nd - 18960, Weekly Bollinger upper band
- 3rd - 19000, Psychological number

EURUSD:

Support

- 1st - 1.0795, March 2nd low
- 2nd - 1.0761, February 20th extreme
- 3rd - 1.0694, February monthly low

Resistance

- 1st - 1.0883, Bollinger mid-average
- 2nd - 1.0915, 62% retrace March
- 3rd - 1.0942, March 21st high

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