

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained strong into the end of a shortened trading week ahead of the Easter holiday period. Traders stepped back to reassess what comes next after an impressive risk on first quarter of 2024. With only FX markets open on Friday the US PCE Inflation release (**See below**) was in line with expectations and didn't create any major moves for the dollar.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: Fed's preferred inflation measure cools while spending rebounds

- **Core PCE Inflation (MoM):** 0.3% versus 0.3% expected.
Core PCE Inflation (YoY): 2.8% versus 2.8% expected.
Personal Spending: 0.8% versus 0.5% expected.
- Cooler inflation will be welcomed by the Fed and markets but its likely more evidence is required to cut interest rates.



US Stock indices fluctuated in tight ranges on Thursday in what was a quiet end to the first quarter of 2024. The S&P 500 printed its 22nd record high of the year so far at 5,320 before slipping back slightly to close at 5,304, while the US Tech 100 ended at 18,464, and the USA 30 finished at 40,140.

It was a similar story for European indices with the Germany 40 registering a new all time high at 18,804 before dropping back to end the week at 18,773, while the UK 100 closed at 7,992, fresh 12 month highs. **(Page 3 Germany 40 TA Update).**

The US Dollar Index consolidated gains from the previous week to close at 104.28 supported by comments from Fed speakers that suggested the US central bank was in no hurry to cut interest rates if economic data remained resilient. EURUSD closed at 1.0792, its lowest level since the middle of February, ahead of a key inflation release next week. **(Page 4 EURUSD TA Update).**

US 10 Year Yields had a quiet week. After opening at 4.20% and hitting an early high at 4.27% on Tuesday they drifted back lower to close at 4.21% on Thursday.



Cocoa TA Update:
The sharp acceleration higher that began in late September 2022 from 2,191 has continued, hitting a high last week at 10,068 (Mar 26th extreme). There remains no evidence of a negative sentiment shift with breaks back below 9,182 (38% retrace latest strength) needed to expose a deeper decline towards 8.905 (mid-point), even 8,618 (62% level).

Until such moves, risks remain to extend even higher.



In commodities, Cocoa spiked higher for the third week in a row as traders reacted to news of supply shortages due to poor harvests by taking prices to fresh record highs at 10,080, before slipping back to close at 9,754, a 9% gain on the week. **(Above Cocoa TA Update).** Elsewhere, Gold closed up 3% at 2234, a new record closing high, while Silver rallied 1.1% to end the week at 24.96.

STEP 2:
LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

BST -5	= New York
BST	= London
BST +1	= Frankfurt
BST +10	= Sydney

All times are British Standard Time (BST). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

	MONDAY 1.04	TUESDAY 2.04	WEDNESDAY 3.04	THURSDAY 4.04	FRIDAY 5.04
BEFORE OPEN		Paychex	Acuity Brands	ConAgra Foods RPM	
AFTER CLOSE	PVH		NovaGold Resources Levi Strauss BlackBerry		

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Manufacturing PMI. Manufacturing activity in the US has been lagging behind services and last month's reading disappointed traders as it remained below the 50 level in contraction. A move above 50 into expansion for this release would be an encouraging sign that the US economy is still strong with implications for Fed decision making on rate cuts.

Tuesday: 0130 BST RBA Meeting Minutes. After a lower inflation release last week, AUDUSD and ASX 200 traders will be keen to gain further insight into the discussions that led the Australian central bank to remove their tightening bias earlier in March.

1500 GMT USD JOLTs Job Openings. This is the first of four US employment releases across the trading week, with the **ADP private sector payrolls at 1315 GMT on Wednesday, Initial Jobless Claims at 1330 GMT on Thursday**, culminating in the all important Non Farm Payrolls print on Friday. With traders so sensitive to the direction of the US labour market, all these updates have the potential to move stock indices and the dollar.



Germany 40 TA Update:

Upside acceleration has seen new all-time highs posted (18804 March 28th). This maintains the bullish themes and with the Bollinger mid-average rising and bands widening, positive volatility is evident, suggesting further strength is on the cards.

Setbacks appear limited in time and extent, with only breaks under 18648 (half last week's range) suggesting a deeper decline to 18377 (38% retrace March upside).

Wednesday: 1000 BST EUR Preliminary Inflation Data (HICP). There is a growing belief amongst traders that the ECB will be the next major central bank to cut interest rates, with most economists anticipating the first cut to be in June. However, this update could see markets bring that forward to April if inflation falls more than expected with implications for the direction of European indices and EURUSD. **(Above Germany 40 TA Update).**

1500 BST USD ISM Services PMI. Services data has been the main driver of growth in the US economy remaining in expansion above 50 since the end of 2022. However, this reading dipped below expectations in February, causing traders to consider whether the US economy is slowing down enough for the Fed to cut rates in June. If this release slips again, it could support that view and vice versa.



EURUSD TA Update:

Last week saw further deterioration as closing breaks developed below 1.0806 (62% retrace Feb/Mar upside). This suggests potential for extension of current weakness towards 1.0694 (Feb 13th low), possibly further over the longer term.

To the upside, closing breaks above 1.0850 (38% retrace Mar sell-off) are needed to open 1.0875 (mid-point), even 1.0900 (higher 62% level).

Thursday: 0730 BST CHF Inflation Data (CPI). This is a big release for the Swiss National Bank who surprised FX traders by cutting interest rates 2 weeks ago. The Swiss Franc is becoming a funding currency, like the JPY, and maybe carries less intervention risk as the SNB are currently happy to see their currency weaken. With this in mind USDCHF and EURCHF volatility could increase depending on how far inflation deviates from expectations.

Friday: 1330 BST USD Non Farm Payrolls. This is a key release for traders as it could confirm or derail current market hopes for a Fed interest rate cut in June, a view which was supported in last months release by the unemployment rate jumping to 3.9% and wage growth moderating. A similar outcome in this reading could boost stock indices further and cap the recent dollar uptrend or vice versa. **(Above EURUSD TA Update).**

1330 BST CAD Employment Data. A vital release for the BoC as they move closer to a rate cut with implications for the direction of USDCAD next week.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1st - 81.93, Half last week's range
- 2nd - 80.50, Last week's low
- 3rd - 80.32, Bollinger mid-average

Resistance

- 1st - 83.58, November 5th high
- 2nd - 84.71, 62% retrace Sep/Dec'23
- 3rd - 85.86, October 29th high

S&P 500:

Support

- 1st - 5263, Last week's low
- 2nd - 5220, Bollinger mid-average
- 3rd - 5168, March 17th low

Resistance

- 1st - 5322, March monthly high
- 2nd - 5354, Upper daily Bollinger
- 3rd - 5379 Upper weekly Bollinger

USDJPY:

Support

- 1st - 151.02, Last week's low
- 2nd - 149.92, 38% retrace March
- 3rd - 149.27, Mid-point same move

Resistance

- 1st - 151.96, Last week's high
- 2nd - 153.18, Upper daily Bollinger
- 3rd - 153.51, Upper weekly Bollinger

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