



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** rallied strongly into the Friday close as traders took the weaker than expected US Non Farm Payrolls and ISM Services PMI data releases (**See below**) as evidence that the economy is gradually slowing and could allow the Fed to start cutting rates as early as September. Stock indices rallied, while the dollar and US bond yields fell.

## STEP 1:

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

Friday data: US jobs post smallest gain in 6 months as unemployment rises in April

- **Headline Non Farm Payrolls (April):**  
+175k versus +243k expected.  
**Unemployment Rate:**  
3.9% versus 3.8% expected.  
**Average Hourly Earnings:**  
3.9% versus 4% expected.
- This report will be welcomed by a data dependent Fed and puts the focus for rate cuts back on to inflation.



**US Stock indices** all made strong gains on Friday, ensuring a second positive weekly close. The S&P 500 jumped 1.4% to end at 5,161, led higher by a 6% gain in Apple stock after it announced a \$110 billion share buyback, the biggest in history. Similarly the USA 30 jumped 1.3% to 38,868 and the US Tech 100 outperformed, closing up 2.1% at 18,025.

**European Indices** all rallied on Friday with the UK 100 closing at a fresh all time high of 8,247 after a 0.7% gain. The Germany 40 jumped 0.6% to end the week at 18,182, and the Europe 50 climbed 0.7% to 4,908. (**Page 3 Germany 40 TA Update**).

**The US Dollar Index** closed at 104.95, a fall of 1% on the week, as traders re-entered fresh short positions in response to renewed hopes for September Fed rate cuts. In USDJPY, Japanese authorities were forced to intervene and sell dollars after it hit a new high at 160.20 on Monday. USDJPY closed the week down 3.4% at 152.95.

**US 10 Year Bond Yields** opened the week at 4.67%, hit a brief high on Wednesday at 4.70% before slipping lower post the Fed meeting to close down 15bps at 4.52% on Friday.



**Cocoa TA Update:**

Breaks below the Bollinger mid-average triggered a sharp decline, a move that tested 6,973 (62% retrace of YTD upside). A strong bounce from here has formed a potentially bullish Engulfing pattern and while a further positive candle is needed on Monday to confirm, such developments could open tests of 8,790 (38% retrace Apr/May sell-off), even 9,369 (higher mid-point). To the downside, breaks below 7,622 (half Friday's range) suggest retests of 6,973.



**In commodities,** Cocoa encountered a period of high volatility as prices slumped 20% from opening levels at 10,460, to close the week at 8,026 as traders tried to exit week long positions in poor liquidity. **(Above Cocoa TA Update).** Elsewhere, other key commodities also struggled. Gold fell 1.5% on the week to close at 2,302, Silver fell 2.4% to end at 26.56 and Oil slipped 6.9% to 78.02 hurt by fears that a weaker US economy could reduce demand.

**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 (GMT). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

	MONDAY 6.05	TUESDAY 7.05	WEDNESDAY 8.05	THURSDAY 9.05	FRIDAY 10.05
<b>BEFORE OPEN</b>	<p><b>Lowes</b> CNA Financial Tyson Foods Jones Lang Lasalle</p>	<p><b>UBS Group</b> <b>BP</b> Avient <b>Walt Disney</b> NRG Energy</p>	<p>Munich Re Henkel Uber Teva Emerson</p>	<p>Playtika Spectrum Brands <b>Hyatt</b> Roblox Insmed</p>	<p>Mediobanca Honda AMC Networks</p>
<b>AFTER CLOSE</b>	<p>Itau Unibanco FMC <b>Fidelity</b> Lucid Group Microchip</p>	<p>Assurant Occidental Rivian Luminar Virgin Galactic</p>	<p>Royal Gold Robinhood Airbnb Bumble Energy Transfer</p>	<p>H&amp;R Block Dropbox Unity Software Array Technologies FIGS</p>	



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday: 0530/0630 BST RBA Interest Rate Decision and Press Conference.** The RBA are currently expected to hold interest rates at a 12 year high of 4.35% for most of 2024, however some analysts are even suggesting a hike may be necessary due to a resurgence of inflation at the start of 2024. This places the press conference led by Governor Bullock into focus. What she says regarding economic growth and inflation is likely to impact the direction of AUDUSD and the ASX 200 next week.

**Wednesday: 0700 BST German Industrial Production.** Recent economic data releases from Germany have started to show some signs of improvement, and there is a growing feeling amongst analysts that industrial production and manufacturing activity may be about to turn back higher with implications for the powerhouse industrial companies within the Germany 40 index. **(Below Germany 40 TA Update).**



### Germany 40 TA Update:

The latest reactive recovery has failed to close above 18374 (62% retrace April declines) and the resultant weakness is back below the declining Bollinger mid-average (currently at 18195). This suggests continued pressure on 18030 (mid-point latest strength) with breaks lower exposing falls to 17933 (deeper 62% level), then 17605 (Apr 19th low). The important resistance is 18374, with closing breaks needed to open a move to 18835 (Apr monthly high).

**Thursday: 0400 BST China Imports, Exports and Trade Balance.** Hopes are building that China's economic rebound can be sustained after last week's Manufacturing PMI release showed factory activity expanded for the second month in a row, helping underpin strong gains in the China A50 and Hong Kong 50 indices. In terms of this data, the export release will provide an insight into the strength of the global economy, while imports will update traders on domestic demand.

**1200/1230 BST BoE Interest Rate Decision and Press Conference.** There is a lot for the Bank of England committee to discuss. Inflation is still too high and wages are still rising, all at a time unemployment is also rising and growth indicators within the economy are still weak in some areas. A rate cut is highly unlikely at this meeting but any update from Governor Bailey on whether the June or August meetings have potential will be what drives the direction of GBPUSD and the UK 100 index next week. **(Page 4 GBPUSD TA Update).**



**GBPUSD TA Update:**

While reaction to the latest payrolls saw extension of recent strength, this failed to hold above 1.2597 (mid-point Mar/Apr sell-off) confirming it as important resistance. While intact, pressure can build back on 1.2505 (38% retrace of upside) with breaks exposing moves to 1.2466 (Bollinger mid-average), then 1.2427 (deeper 62% level).

Closes above 1.2597 suggest a move can be seen towards 1.2666 (higher 62% retrace retests).

**Friday: 0700 BST GBP Preliminary GDP.** Coming the day after the BoE rate decision this reading could accelerate or reverse any initial move in GBPUSD or the UK 100 depending on whether it shows growth within the UK economy to be improving or failing. If growth remains resilient it is hard to see how inflation can fall much further.

**1330 BST CAD Employment Data.** This could be an important release for the Bank of Canada to consider after unemployment rose faster than expected last month, and the country's economy grew less than expected in the first quarter of 2024. Another disappointing reading could increase the potential for a June rate cut, with implications for the direction of USDCAD, which sits close to the top of its 2024 range.

**1500 BST USD Preliminary Michigan Consumer Sentiment.** Signs of weakness in consumer sentiment are starting to reemerge as the higher rates for longer message hits home. Another poor reading here could lead to increased fears that the US consumer could stop spending, which could hit growth in the economy, with knock on implications for US company earnings later in the year .

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

**Gold:**

**Support**

- 1: 2277, Last week's low trade
- 2: 2255, 62% retrace Mar/Apr
- 3: 2228, April monthly extreme

**Resistance**

- 1: 2341, Bollinger mid-average
- 2: 2352, April 28th bounce failure
- 3: 2417, April 21st extreme

**US Tech 100:**

**Support**

- 1: 17700, 38% retrace latest upside
- 2: 17589, Mid-point same move
- 3: 17478, Deeper 62% retracement

**Resistance**

- 1: 18043, Last week's high trade
- 2: 18515, April 11th extreme
- 3: 18706, March 21st all-time high

**USDJPY:**

**Support**

- 1: 151.74, 62% retrace Mar/Apr
- 2: 150.81, April monthly low trade
- 3: 150.26, March 21st extreme

**Resistance**

- 1: 155.04, 38% retrace
- 2: 156.03, Mid-point same move
- 3: 157.00, Higher 62% retracement

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