

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** was muted into the weekend as traders paused to assess the disappointing Michigan Consumer Sentiment (**See below**) well lower than expectations, and several Fed officials echoing concerns of high interest rates for longer. Currencies were little changed, and commodities all closed with mixed results.

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

Friday data: US consumer sentiment tumbles to six-month low, as fear of prolonged inflation surge

- **Preliminary Michigan Consumer Sentiment**
- **Headline sentiment:** 67.4 versus 76 expected.
- **1 year inflation expectations:** 3.5% versus 3.2%
- **5-year inflation expectations:** 3.1% versus 3.0%.
- Downbeat data adds to evidence of a slowdown in economic growth, and consumer fears of inflation and interest rates moving in the wrong direction.



**US Stock Indices** opened Friday's session up, continuing a positive week before pairing back gains after the US data release and settling in a tight trading range. The US Tech 100 closed up 1.8% on Friday at 18240, with the Wall Street 30 closing up 2.3% at 39618. The S&P500 also gained 2.1% for the week closing at 5241 with utility, financial and industrial stocks the main drivers. (**Page 4 S&P 500 TA Update**).

**European indices** continued their May bull run as traders remained optimistic of early ECB rate cuts, with the Germany 40 registering a new all-time high close of 18891 up 4.7% on the week, the France 40 was no different closing at new all time high of 8212 up 3.1% on the week. The UK 100 also made new all-time highs of 8435, with the BoE forecasting stronger economic growth and inflation to fall from 3.2% to their target rate of 2% in the next few months.

**The US Dollar Index** rose from the previous week to close at 105.30, driven by US yields, with the ECB more likely to cut rates sooner, while Fed rate cuts outlook posing a challenge. USDJPY was the biggest gainer on the week up 1.8% at 155.23, as traders test the resolve of the BoJ after last week's intervention. (**Page 3 USDJPY TA Update**).





**While an extended correction has developed from April highs, downside found support last week around 77.70 (mid-point Dec 13th to Apr 7th upside). This remains the focus, as closing breaks can trigger a deeper decline to 76.78/90 (Mar/May lows) and on to 75.35 (deeper 62% level) if this gives way. To the upside, closes above 79.87 are needed to suggest a more extended retracement to 81.05 (38% retrace Apr/May decline).**



**In commodities**, the close on Friday was mixed, precious metals rallied as traders weighed up aggressive buying by China and ongoing geo-political risks with gold closing at 2360 (+2.5% on the week) and silver was the best performer closing at 28.18 (+6.1% on the week). Oil gave back most of the week's gains, falling over -1.3% to close Friday at 78.20 as traders reduced long positions. **(Above Oil TA Update).**

## STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

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  
13.05

TUESDAY  
14.05

WEDNESDAY  
15.05

THURSDAY  
16.05

FRIDAY  
17.05

**BEFORE  
OPEN**

HUYA  
Paysafe  
Bitfarms

**Bayer**  
Vodafone  
**Home Depot**  
Sea  
Alibaba

ThyssenKrupp  
Commerzbank  
ABN Amro  
Allianz  
Merck

**Siemens**  
United Utilities  
BT  
**Walmart**  
Baidu

Richemont  
Scor  
ENGIE  
Land Securities

## AFTER CLOSE

Petrobas  
StoneCo

## Nu Holdings

Telecom Italia  
Ubisoft  
Grab  
**Costco**

Doximity  
Applied Mat.  
Flowers Foods  
DXC Technology





## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday:** 0700 BST GBP Employment Data. This release will be closely watched by traders to see if earnings remain elevated, stopping inflation from falling, and keeping the BoE from cutting interest rates this summer.

**0830 BST BoE Chief Economist Pill speech.** Having held interest rates unchanged last week and Governor Bailey not ruling out a June rate cut, traders will be listening closely to Pill's thoughts on the economy and chances of an early cut.

**1330 BST USD Inflation Data (PPI).** With the continuing focus on inflation a deviation from market expectations of US finished goods could impact stocks and the dollar.

**Wednesday: 0230 BST AUD Wage price index.** With wages still rising and inflation remaining a problem for the RBA, this data will be closely watched as the argument for a rate hike grows.

**1330 BST USD Inflation Data (CPI).** A crucial piece of data for the Federal Reserve and traders alike, with inflation well above the Feds 2% target, this number will impact their future projections for rate cuts later this year. The dollar, equities, bonds, and commodities could all be impacted by this release.

**1330 BST USD Retail sales.** A major indicator of consumer spending and the US economy. With consumer confidence falling and ISM data pointing to a slowdown, this will be closely watched to see if consumers are tightening their belts and indicating inflation is likely to fall.



### USDJPY TA Update:

Fresh upside developed after approach of 151.71 (62% retrace Mar/Apr upside) a move that is testing 156.03 (mid-point latest decline). This is the focus, as closing breaks can trigger a more extended phase of strength to 157.00 (higher 62% level) and if this gives way towards 157.97 (Bollinger upper band). To the downside, breaks under 153.99 (half latest rally) suggest weakness back to 151.71 support.

**Thursday: 0050 BST JPY Preliminary GDP.** With markets becoming more sensitive to Japanese data and inflation rising in what appears to be a fragile economy, traders and the BoJ will be gauging if growth is recovering. USDJPY and the Japanese 225 could both move on this number. **(Above USDJPY TA Update).**





#### S&P500 TA Update:

Upside has developed following the early April correction, a move that has breached all retracement levels of latest declines. This suggests potential to challenge 5280 (April 10th high) and if this gives way on to 5333 (the April 1st all-time extreme). While corrections can develop, defense of 5178 (38% retrace of May upside) will be watched, as only breaks of this signal a deeper decline to 5125 (62% level) even 5036 (May 2nd low).

**0230 BST AUD Employment Data.** After last month's unexpected fall in employment and rise in the jobless rate, sentiment for the RBA to hike could increase with this number. Will be closely followed by traders as AUDUSD and the ASX 200 could move.

**Friday: 0300 BST China Industrial Production and Retail Sales.** Important data release for traders who will be watching to see if last months soft gains were a one off or sign of a slowing Chinese economy. A significant improvement could impact local stock indices and boost key commodities like oil and copper. **(Page 2 Oil TA Update).**

**1700 BST Fed voting member Mester speech.** Traders will be taking note to see if she is still as confident on reaching the 2% target rate of inflation and reducing interest rates later this year.

## Key levels the Corellian mentors are focused on

#### US Tech 100:

##### Support

1st: 18072, Wed session low

2nd: 17982, 38% retrace May upside

3rd: 17869, Mid-point same move

##### Resistance

1st: 18349, April 15th rejection level

2nd: 18515, April 11th extreme

3rd: 18706, March 21st all-time high

#### USA 30:

##### Support

1st: 38936, Wed session low

2nd: 39016, 38% retrace May

3rd: 38793, Mid-point same move

##### Resistance

1: 39756, April 4th session high

2: 39802, April 2nd extreme

3: 40356, Current all-time high

#### Gold:

##### Support

1st: 2336, Bollinger mid-average

2nd: 2277, Current May monthly low

3rd: 2262, 38% retrace Feb 14/Apr 14

##### Resistance

1st: 2378, Last week's high trade

2nd: 2417, April 21st extreme

3rd: 2431, April 14th all-time high



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