

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained firm into the Friday close as traders remained focused on the Goldilocks narrative, where US inflation remains in a downtrend and the US economy slows down enough to allow the Fed to cut rates at some stage in 2024, potentially as early as September. Stock indices fluctuated around the highs, the dollar was flat and precious metals soared into the close.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: China's economy continues to rely on manufacturing versus consumer spending

- **Industrial Production (April):**
+6.7% versus +5.5% expected.
- **Retail Sales (April):**
+2.3% versus +3.8% expected.
- These updates continue to show a lopsided recovery for the world's second biggest economy.



US Stock indices finished flat on Friday but still made strong gains on the week led by technology stocks. The US Tech 100 finished at 18,632, a new all time closing high (+2.2% on the week), while the S&P 500 ended up 1.7% on the week at 5,327. The USA 30 finished at 40,131, a jump of 1.3% on the week and its first close above 40,000 since late March. **(Page 4 US Tech 100).**

European Indices were also flat on Friday. The UK 100 finished at 8,455, another new all time closing high, while the Germany 40 ended the week at 18,805 and the Europe 50 closed at 5,069.

The US Dollar Index slipped to fresh 4 week lows at 104.35 as traders reacted to the weaker US CPI release. AUDUSD rallied 1.4% on the week to end at 0.6695, a 4 month high, while GBPUSD also rallied 1.4% to close at 1.2706 ahead of a key inflation release next Wednesday. **(Page 3 GBPUSD TA Update).**

US 10 Year Yields opened on Monday at 4.50% and slipped to fresh 1 month lows at 4.31% after Wednesday's US CPI release before recovering to close the week at 4.43%.



Natural Gas TA Update:
Upside acceleration is developing, a move that on Friday breached 2.586 (mid-point Oct 29th to Feb 19th sell-off). This suggests scope back to 2.694 (Jan 24th high), then 2.837 (higher 62% level).

To the downside, the focus is on 2.484 (Friday's low) as breaks of this level could see a deeper setback towards 2.375 (38% retrace Apr 28th to May 17th upside).



In commodities, Natural Gas registered its 4th week of gains in a row, as it jumped 18% to close at 2.634. Its highest close since late January. **(Above Natural Gas TA Update)**. Elsewhere, precious metals were the big story with Silver jumping 6.5% on Friday to close at 31.50, (+12% on the week), Copper rallying 4% on Friday to end at 5.0815 (+9% on the week) and Gold jumping 1.6% to close at 2,415 (+2.3% on the week).

STEP 2:
LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

BST -5	= New York
BST	= London
BST +1	= Frankfurt
BST +9	= 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 20.05	TUESDAY 21.05	WEDNESDAY 22.05	THURSDAY 23.05	FRIDAY 24.05
BEFORE OPEN	Li Auto	Generali Lowe's Macy's Autozone XPeng	Marks & Spencer Severn Trent Analog Devices The TJX Companies Target	Tate & Lyle TD Bank Ralph Lauren Bilibili Weibo	Booz Allen Hamilton
AFTER CLOSE	Trip.com Group Palo Alto Networks Zoom Nordson	Toll Brothers	V.F. Snowflake Energys NVIDIA Sociedad Quimica	Intuit Ross Stores	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0215 BST PBOC Interest Rate Decision. A weak Chinese currency (yuan) and concerns about further capital flight towards the dollar means nothing is expected on interest rates from the PBOC at this meeting, however, it is possible they could signal a willingness to provide further stimulus for banks and the economy with implications for China A50 and Hong Kong 50 indices.

Tuesday: 0230 BST RBA Meeting Minutes. With so much confusion amongst AUDUSD and ASX 200 traders about the RBA's next move on interest rates, this release could produce some market moving headlines depending on what the reasons were for their decision to hold rates at their meeting earlier in May.

1330 BST CAD Inflation Data (CPI). With traders back focused on which global central bank will be the next to cut interest rates, this is a big release for the Bank of Canada to consider. Consumer spending and growth in the country are slowing, meaning a lower inflation print could allow the BoC to cut rates at their next meeting in June with implications for the direction of USDCAD next week.



GBPUSD TA Update:

Further USD deterioration materialised following the US CPI data, a move that breached 1.2669 (62% retrace Mar/Apr sell-off). This opens scope to challenge 1.2709 (Apr 9th high) and if this gives way on to 1.2803 (Mar 21st extreme). While a short term reaction to strength can be seen, it will only be breaks back under 1.2610 (38% retrace May strength) that exposes deeper declines to 1.2580 (mid-point) then 1.2548 (62% level).

Wednesday: 0300/0400 BST RBNZ Interest Rate Decision and Press Conference.

The RBNZ have stated at previous meetings that they don't plan on cutting interest rates until next year, but consumer inflation expectations are falling, the New Zealand economy has stalled and unemployment is rising. The expectation is for no change at this meeting, but could the RBNZ shock traders with a rate cut or a signal for a cut sooner than expected during the press conference?

0700 BST GBP Inflation Data (CPI). Vitaly important data for the UK central bank to consider. The BoE seem to be leaning towards a rate cut but wage growth isn't falling fast enough, so, this release could make the difference between an interest rate cut in June or a delay until later in the year. GBPUSD and the UK 100 are likely to move depending on the outcome of this release. **(Above GBPUSD TA Update).**



US Tech 100 TA Update:

New all-time highs have been registered again, a move that can trigger extension of the advance. First resistance is now 18821 (upper daily Bollinger band) but there is potential for this to give way triggering tests of 19325 (38% Fibonacci extension Mar/Apr sell-off).

First support is now at 18488 (half last week's range) with breaks of this level suggesting a deeper sell-off towards 18149 (38% retrace Apr/May strength).

After the Close: Nvidia Q1 Earnings. With the US Tech 100 making new all time highs again last week this Nvidia earnings update (**See Page 2**) will be eagerly awaited by traders. Their focus will be on the strength of AI related revenue and the outlook for future demand. Disappointment could lead to a nasty correction, while a positive outlook could see recent gains extend further (**Above US Tech 100 TA Update**).

Thursday: Global Preliminary Manufacturing and Services PMIs. These forward looking releases will provide a fresh health check on the relative strength of the major economies. Traders will be focused on whether service activity in the US is starting to fall back towards contraction (below 50) as consumers cut back spending, and whether the Eurozone economy is continuing its recovery from recession, with implications for the direction of the major stock indices and EURUSD next week.

Friday: 0030 BST JPY Inflation Data (CPI). This release is central to whether the Bank of Japan will be able to hike interest rates further. A disappointing release could see USDJPY rally again forcing the Japanese authorities to consider another intervention.

Key levels the Corellian mentors are focused on

Gold:

Support

- 1: 2388, 38% retrace
- 2: 2367, Deeper 62% retrace
- 3: 2335, Bollinger mid-average

Resistance

- 1: 2422, Last week's high
- 2: 2431, April 14th all-time high
- 3: 2478, 338% Fibonacci extension

Hong Kong 50:

Support

- 1: 19158, 38% retrace latest upside
- 2: 18970, Mid-point same move
- 3: 18656, Deeper 62% retrace

Resistance

- 1: 19768, Last week's high
- 2: 19897, August 7th 2023 high
- 3: 20056, Upper daily Bollinger band

NZDUSD:

Support

- 1: 0.6080, 38% retrace May
- 2: 0.6042, Deeper 62% retrace
- 3: 0.5993, Last week's low

Resistance

- 1: 0.6139, Last week's high
- 2: 0.6171, 62% retrace YTD decline
- 3: 0.6216, March 9th session high

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