



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment rallied from low levels into the weekly close as traders dealt with inflation releases from the Eurozone, which showed prices rising above expectations and the US, which showed prices posted the smallest rise of 2024 so far (**See below**). Stock indices closed higher, commodities fell, and the dollar fluctuated.

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

Friday data: Fed's preferred inflation gauge for April posts the smallest advance of 2024

- **Core PCE Inflation (MoM):** 0.2% versus 0.3% expected.
Core PCE Inflation (YoY): 2.8% versus 2.8% expected.
Personal Spending: 0.2% versus 0.3% expected.
- Cooling inflation supports plans for an eventual rate cut from the Fed, while the spending drop shows the US economy is slowing at the start of 2024.



US Stock indices had a volatile end to the week led by rotation between technology stocks and other industries. While the US Tech 100 closed lower on Friday (18,570, -1.5% on week), hurt by selling of Nvidia which closed down 2.5% on the day, the S&P 500 rallied 1.8% in the last 3 hours of trading to turn a 0.9% loss into a 0.9% gain to finish at 5,298 (-0.4% on week), with only the technology sector down and all ten other major sectors within the index up at the close. (**Page 3 S&P 500 TA Update**).

European indices shrugged off the disappointment of the inflation data to close higher with the Germany 40 up 0.4% at 18,632 (-0.6% on week) and the Europe 50 rising 0.5% to close at 5,020 (-0.5% on week) ahead of the ECB interest rate decision next Thursday.

The US Dollar Index slipped 0.1% to 104.56 on Friday, to record its first down month since December. EURUSD had a volatile week trading between range highs at 1.0888 and lows at 1.0788 before closing back at 1.0850, unchanged across the trading week. (**Page 4 EURUSD TA Update**).

US 10 Year Yields rallied 16bps from opening levels at 4.47% to hit 4 week highs at 4.63% before slipping back lower to close at 4.50%, up just 3bps on the week.



Silver TA Update:

As impressive as the rally that followed tests of the 30.048 support area appeared (38% retrace May upside) the bounce failed below 32.500 (May 20th high). The potential is that this reflects a negative ‘weak test’ of this extreme, especially if breaks back below 30.048 are now seen. Such moves lower suggest weakness towards 29.287 (mid-point), even 28.527 (62% level). To the upside, breaks of 31.236 (half latest sell-off) are needed to open scope back to 32.500.



In commodities, Silver failed to sustain the strong gains it made at the start of the week which took it back towards its 2024 highs at 32.28. Instead, it slipped 5.7% to close at 30.41, unchanged across the five trading days. **(Above Silver TA Update)**. Elsewhere, Gold traded as high as 2,364 before fresh selling appeared pushing it down to 2,327 on Friday, and Copper dropped back to 1 month lows at 4.6282, hurt by weaker Chinese PMI readings.

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 3.06	TUESDAY 4.06	WEDNESDAY 5.06	THURSDAY 6.06	FRIDAY 7.06
BEFORE OPEN		Bath & Body Works Donaldson Ferguson	Thor Industries Campbell Soup Dollar Tree	Remy Cointreau J.M. Smucker CIENA Toro	
AFTER CLOSE	Gitlab	PVH Hewlett Packard CrowdStrike	Charge Point Lululemon Athletica Sprinklr	Docusign	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Manufacturing PMI. This release gets a busy event week off to an interesting start. US manufacturing activity is currently having a strong resurgence after months of weaker readings. Another strong print could see stock indices come under pressure as Fed rate cuts in 2024 are fully priced out.

Tuesday: 0730 BST CHF Inflation Data (CPI). The Swiss Franc found some safe haven demand last week which saw USDCHF and EURCHF fall from their 2024 highs. FX traders will be focused on this release to decide if that trend may continue or not.

1500 BST USD JOLTs Job Openings. It is Non Farm Payrolls on Friday which increases the importance of all the US employment related releases across the week. This volatile job openings release is followed by the **ADP Private Sector Payrolls at 1315 BST on Wednesday**, and then **Initial Jobless Claims at 1330 BST on Thursday**. Traders will be sensitive to whether these reports show the US labour market is slowing down or not as higher for longer interest rates impact the economy.

Wednesday: 1445/1530 BST BoC Interest Rate Decision and Press Conference. This decision could be a close call with analysts seeing a greater chance of a rate cut due to a cooler than expected inflation release in May, the high indebtedness of Canadian households and slower economic growth readings. A big event for USDCAD traders to focus on next week.



S&P 500 TA Update:

After the sell-off that broke under the Bollinger mid-average, Friday tested 5214 (38% retrace Apr/May rally). Importantly, this held and saw a sharp rally to challenge 5306 (62% retrace May decline) which is the focus this week. Breaks are required to open 5339 (May 28th extreme), then 5368 (May 23rd all-time high).

To the downside, while 5306 holds, the potential is for moves back under 5257 (half Friday's range) and can trigger retests of 5214.

1500 BST USD ISM Services PMI. Service activity surprisingly fell into contraction in April (49.4) for the first time since December 2022 giving traders renewed hope that the driving force of the US economy to date was starting to slow, and opening up the potential for Fed rate cuts in September. Since then other data has suggested this may have just been a blip, making this release important for stock index traders trying to work out which scenario is true. **(Above S&P 500 TA Update).**



EURUSD TA Update:

Choppy conditions have developed between 1.0784 (38% retrace Apr/May upside) and 1.0889/94 (May 28th/16th highs). These levels are to be watched this week with a breakout of either side required. Closing breaks to the upside open moves to 1.0934 (62% retrace Dec 28th/Apr 16th weakness), even 1.0980 (May 9th high), while 1.0784 giving way suggests a deeper retracement towards 1.0749 (mid-point) possibly 1.0715 (62% level).

Thursday: 1315/1345 BST ECB Interest Rate Decision and Press Conference. The ECB are generally expected to cut rates 25bps at this meeting, so the real moves for EURUSD and European indices may come from an unchanged decision, which seems unlikely, or more hawkish commentary from Madame Lagarde at the press conference after recent data showing the Eurozone economy to be improving and inflation to be falling slower than hoped. **(Above EURUSD TA Update Above).**

Friday: 0400 BST Imports, Exports and Trade Balance. This data series are in focus for China A50 and Hong Kong 50 traders. Imports will show the strength of domestic demand in a potentially stuttering economy and exports show global demand.

1330 BST USD Non Farm Payrolls. This is the main event of the week and will impact all markets. The Fed will find it hard to justify any rate cuts in 2024 while the unemployment rate remains around 4% (currently 3.9%), so any move higher in this number could see stock indices rally and the dollar sell off, and vice versa.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1: 2.518, Rising Bollinger mid-avg.
- 2: 2.448, Mid-point May upside
- 3: 2.324, Deeper 62% retrace

Resistance

- 1: 2.695, 38% retrace latest sell-off
- 2: 2.803, Higher 62% retrace
- 3: 2.962, May monthly high

US Tech 100:

Support

- 1: 18461, Half Friday's range
- 2: 18301, 38% retrace Apr/May
- 3: 18069, Mid-point same move

Resistance

- 1: 19021, Last week's all-time high
- 2: 19098, Upper daily Bollinger band
- 3: 20000, Psychological number

Germany 40:

Support

- 1: 18481, 38% retrace Apr/May
- 2: 18314, Mid-point same move
- 3: 18147, Deeper 62% retrace

Resistance

- 1: 18742, Bollinger mid-average
 - 2: 18915, May 28th high
 - 3: 19017, May all-time high
- highs

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