



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fluctuated and then dipped into the Friday close as traders considered the US PCE inflation release (**See below**), assessed the outcome of the latest Presidential debate between Trump and Biden and adjusted positions in advance of a busy event week ahead. Stock indices edged lower, while the dollar remained unchanged, and commodities had mixed fortunes.

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

Friday data: Feds preferred inflation gauge rises at slowest pace in six months

- **Core PCE Inflation (MoM):** 0.1% as expected.
Core PCE Inflation (YoY): 2.6% as expected.
Personal Spending: 0.2% versus 0.3% expected.
- This report will help to reinforce trader hopes of Fed cuts later in 2024.



US Stock indices failed to hold onto early gains made after the release of the US inflation data. The S&P 500 which had traded as high as 5,585 on Friday slipped back lower to close down 0.3% at 5,532, while the US Tech 100 fell 0.4% to end at 19,965 and the USA 30 finished at 39,524.

European indices also slipped off their highs into the Friday close as traders remained nervous about the outcome of the first round of French elections on Sunday. The France 40 dropped 0.4% to close at 7,512, while the Germany 40 managed a small 0.3% gain to end the week at 18,414, ahead of key Eurozone inflation data next week. (**Page 3 Germany 40 TA Update**).

The US Dollar Index was unchanged on Friday but did register its fourth week of gains as it closed at 105.52. USDJPY was again the main beneficiary of dollar strength trading to 161.26 on Friday, its highest level since 1986, before slipping back to close at 160.86 (+0.7% on the week).

US 10 Year Yields edged higher across the week. After opening at 4.26% on Monday they hit a low of 4.22% on Tuesday before rallying 18bps to close at 4.40% on Friday.



Natural Gas TA Update:

Corrective themes gather pace following closes below 2.844 (Bollinger mid-average), with risks increasing for further falls towards 2.584 (38% retrace Apr 16th to Jun 11th). Defense of this support will be watched as closing breaks of this level suggest potential tests of 2.404 (deeper mid-point) next.

To the upside, closes back above 2.844 are needed to open tests of 2.950 (Jun 24th high).



In commodities, Natural Gas fell 3% on Friday to record its fourth weekly drop in a row (-3.8% on week) as it slipped from opening levels at 2.70 on Monday to close on Friday at 2.599. **(Above Natural Gas TA Update).** Elsewhere, Gold jumped 1.2% on Friday to close at 2,327, and Silver rallied 0.6% to 29.15 as traders sought out some safe haven protection into the weekend due to the French election outcome and Middle East tensions.

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	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
1.07	2.07	3.07	4.07	5.07

**BEFORE
OPEN**

MSC

Constellation Brands

Fabege

**AFTER
CLOSE**



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Manufacturing PMI. An important release at the start of a busy event week for traders. A surprise fall back below 50 into contraction in last month's reading hit sentiment in US stock indices and commodity markets, so traders will be looking to see if that was a one off print or the start of a new period of weaker US economic performance.

Tuesday: 1000 BST EUR Inflation Data (HICP). Recently ECB policymakers have backed away from suggesting that more interest rate cuts are incoming, citing higher than expected wage growth and a slower fall in Eurozone inflation. With that in mind, any deviation above or below expectations is likely to create extra volatility across European indices next week. **(Below Germany 40 TA Update).**

Germany 40 TA Update:

Upside moves since the 17961 low (posted Jun 14th) have so far failed to breach 18496 (mid-point May/ Jun decline). This shifts the focus to support at 18259 (half the recovery), with closing breaks below this level a negative to expose potential falls to 17961 (Jun 14th low), then 17754 (mid-point YTD upside).

Closes above 18496 are required to see a more sustained rally towards 18616 (higher 62% level).



1430 BST CAD Manufacturing PMI. This release will provide USDCAD traders with an update on the health of the Canadian manufacturing base and add further insight into whether price pressures are continuing to ease for businesses which could increase trader expectations for further interest rate cuts from the Bank of Canada.

1500 BST USD JOLTs Job Openings. This is the first of 4 data releases across the week updating traders on the current state of the US labour market, culminating with Non Farm Payrolls on Friday. This is a volatile number which has moved stock indices in the past. It is followed on Wednesday by the release of **ADP Private Sector Payrolls at 1315 BST and Initial Jobless Claims at 1330 BST.**

Wednesday: 1500 BST USD ISM Services PMI. Service activity has continued to drive the performance of the US economy and last month's ISM reading was much higher than expected, printing well into expansion territory above 50. Such strong data has helped to support the Fed's lack of urgency to cut rates. However, since then US consumer sentiment has started to fall again, which could spill over into less spending on services making this release important for the direction of US stock indices and the dollar next week.



USDCHF TA Update:

The potential for a more extended phase of USD recovery is materialising following upside moves that have breached 0.8978 (38% retrace May/ Jun sell-off). This suggests potential for a rally to challenge 0.9025 (mid-point) and of this gives way, on to 0.9072 (higher 62% level).

To the downside, breaks under 0.8932 (Bollinger mid-average) would suggest downside risks are increasing to retest 0.8826 (Jun 18th low).

Thursday: 0730 BST CHF Inflation Data (CPI). An important update for USDCHF and EURCHF traders to consider next week, especially after the Swiss National Bank's (SNB) surprise interest rate cut 10 days ago. The Swiss central bank said they felt inflation was contained within its tolerated range which gave them room to act, so this update will provide evidence as to whether they were right. **(Above USDCHF TA Update).**

Friday: 1330 BST USD Non Farm Payrolls. Traders are very sensitive to the outcome of this release and it will impact all markets into the Friday close. There is a general belief that the US labour market is cooling down so another rise in the unemployment rate above 4% could see Fed rate cut bets increase again and vice versa. **(Below Key Levels US Tech 100 and USA 30).**

1330 BST CAD Employment Data. BoC Governor Macklem recently suggested the Canadian central bank is increasingly confident that the labour market has slowed sufficiently to help cool inflation. This release will either confirm or deny whether that is true, with implications for the price of USDCAD next week.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

- 1: 19727, Last week's low trade
- 2: 19629, Bollinger mid-average
- 3: 19327, Mid-point June upside

Resistance

- 1: 20271, Friday's high trade
- 2: 20369, June 20th all-time high
- 3: 20652, Upper daily Bollinger band

Gold:

Support

- 1: 2294, Last week's low trade
- 2: 2277, May monthly low trade
- 3: 2252, 38% retrace Nov'23/May'24

Resistance

- 1: 2340, Friday's session high
- 2: 2388, June monthly high trade
- 3: 2450, May 20th all-time high

USA 30:

Support

- 1: 39289, 38% retrace June rally
- 2: 39172, Bollinger mid-average
- 3: 39066, Mid-point same move

Resistance

- 1: 39996, Last week's failure high
- 2: 40210, May 20th session extreme
- 3: 40356, April 1st rejection level

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