



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment remained upbeat into the Friday close as traders digested a weaker than expected US Non-Farm Payrolls report (**See below**) and added to bets that the Fed could cut interest rates as early as their September meeting. Stock indices and commodities rallied while the dollar and US bond yields fell.

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

Friday data: US jobs growth slows and jobless rate ticks up in June

- **Non Farm Payrolls:**
+206k versus +190k expected.
Unemployment Rate:
4.1% versus 4% expected.
Average Hourly Earnings (YoY):
3.9% versus 3.9% expected.
- This report is likely to increase trader expectations of Fed rate cuts in the coming months.



US Stock Indices were led higher by gains in technology shares. The US Tech 100 jumped 0.9% to register yet another all time closing high at 20,590, while the S&P 500 rallied 0.5% to its own record high at 5,615 and the USA 30 gained 0.1% to close at 39,661. Only the USA 2000 fell on Friday (-0.6%) as weaker US economic data hurt sentiment in the smaller US companies. (**Page 4 USA 30 TA Update**).

European Indices gave back some of their early Friday gains into the close as traders reduced positions ahead of the French election over the weekend. The Germany 40 ended up 0.3% at 18,665, while the France 40 and the Europe 50 finished flat at 7,697 and 5,023 respectively.

The US Dollar Index fell 0.9% over the week to finish at 104.52 and register its lowest close in 5 weeks. GBPUSD outperformed climbing 1.3% to end the week at 1.2815, its highest close since March as traders reacted positively to a landslide Labour UK election victory.

US 10 Year Yields opened the week at 4.40%, rallied to print a high at 4.50% on Tuesday before slipping lower to close at 4.28% on Friday in response to the weaker US data.



Oil TA Update:

Closing Breaks of 80.60 (May 29th high) proved significant to open up further strength to challenge 84.42 (Apr 28th extreme). This level is the focus next week, with closing breaks needed to open scope towards 85.58 (Apr 21st rejection high), even 87.60 (Apr 7th and 14th highs).

To the downside, breaks below 82.40 (half latest upside) suggest retests of 80.91 are possible (Bollinger mid-average).



In commodities,

Oil rallied 2% on the week to close at 82.91 as traders focused on Hurricane Beryl’s potential disruption of production through the Gulf of Mexico and a big fall in US inventories. **(Above Oil TA Update).** Elsewhere, Gold rallied 2.8% to finish at 2,391 its highest closing level since May, while Silver jumped 7% to end the week at 31.22 and Copper rallied 6.7% to 4.6650.

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 8.07	TUESDAY 9.07	WEDNESDAY 10.07	THURSDAY 11.07	FRIDAY 12.07
BEFORE OPEN	Industrivarden Wallenstam	Investment Kinnevik		Gerresheimer PepsiCo Delta Airlines	BNY Mellon Fastenal JPMorgan Wells Fargo Citigroup
AFTER CLOSE					

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0001 BST GBP BRC Retail Sales. With the next BoE rate meeting moving closer any updates on consumer spending are important for the UK central bank to consider, and can have implications for the direction of GBPUSD and the UK 100.

1500 BST Fed Chairman Powell Testimony to Congress. With US economic data starting to under perform market expectations in the last week traders will be following Powell's comments closely for his comments on the economy, inflation and rate cuts, with knock on implications for US stocks and the dollar.

Wednesday: 0230 BST China Inflation Data (PPI/CPI). There is no hiding from the fact that the Chinese economy is starting to falter again as recent data releases disappoint traders of the China A50 and Hong Kong 50 indices. The consumer has pulled back on spending which has kept recent CPI prints at the bottom end of expectations, meaning another weak release could see call for further stimulus from Chinese authorities increase.

0300 BST RBNZ Interest Rate Decision. The New Zealand central bank has been proactive keeping interest rates high to slow demand in the economy and control inflation. This has resulted in a squeeze on company profits, job cuts and increased pessimism from businesses about what the future holds. Markets expect no change from the RBNZ at this meeting, but could they indicate that interest rate cuts are closer than currently anticipated by traders? This decision is very likely to impact the direction of NZDUSD next week.



USDJPY TA Update:

JPY weakness, dollar strength has seen further upside emerge for USDJPY to breach 160.09 (Apr 29th high) after completion of a bullish continuation pattern. This move maintains scope to challenge 164.91 (Nov'86 high).

To the downside, breaks back below 160.39 (half latest upside) are needed to expose 159.11 (38% retrace Jun/Jul strength).

Thursday: 1330 BST USD Inflation Data (CPI). Last week Fed Chairman Powell suggested that there are signs that the US is back in a disinflationary cycle but that more data is required to make a decision to cut rates for the first time in 2024. With that in mind this CPI release will be critical for the direction of US stock indices and the dollar next week. A lower than expected print could see rate cut bets be brought forward to the Fed's September meeting and see some selling of USDJPY, which hit fresh 2024 highs last week. **(Above USDJPY TA Update).**



USA 30 TA Update:

Choppy conditions have developed between 40356 and 37463 (April high and low) as something of a decision-making process is seen. While a confirmed breakout is needed, positive themes are evident after the tests of 39278 (38% retrace May 30th to Jun 24th strength) and bounce. This can pressure 39996 (Jun 24th extreme) with upside breaks opening up 40210 (May 20th high), then 40356. To the downside, closes under 39553 (half latest upside) expose retests of 39278.

US Q2 Earnings Season. The new US earnings season starts on Thursday with updates from Pepsi Co and Delta Airlines (**See page 2**), however the main focus for traders will be earnings from the major US banks which begins on Friday with Wells Fargo, JP Morgan and Citigroup reporting. Traders will be keen to be updated on bad loan provisions for commercial real estate and consumers, alongside the outlook for future earnings, and the current state of the US economy. (**Above USA 30 TA Update**).

Friday: 1330 BST USD Inflation Data (PPI). This release focuses on factory gate prices and is an important part of the inflation dynamic, especially given that traders are very sensitive to these type of updates in the current environment. This has moved US stocks and the dollar in the past so should not be ignored this time around.

1500 BST USD Preliminary Michigan Consumer Sentiment. Consumer sentiment has started to turn back lower recently as households struggle to contend with higher interest rates. Another drop here could unnerve traders hoping consumers will keep spending to help drive economic growth and a soft landing for the US economy.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1: 2.314, Last week's low trade
- 2: 2.232, 62% retrace Apr/Jun
- 3: 2.152, May 9th low trade

Resistance

- 1: 2.462, Half last week's range
- 2: 2.643, 38% retrace Jun/Jul
- 3: 2.744, Mid-point same move

US Tech 100:

Support

- 1: 20192, Half latest upside move
- 2: 19983, Bollinger mid-average
- 3: 19727, June 24th low trade

Resistance

- 1: 20638, Latest all-time high
- 2: 20707, Upper daily Bollinger band
- 3: 21252, Upper extreme of channel

EURUSD:

Support

- 1: 1.0775, 38% retrace latest upside
- 2: 1.0755, Mid-point same move
- 3: 1.0731, Bollinger mid-average

Resistance

- 1: 1.0842, Last week's high trade
- 2: 1.0852, June 12th rejection high
- 3: 1.0901, June 8th upside extreme

Sunday 7th July 2024

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