

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** remained firm into the weekend as traders focused on the increased potential of a first rate cut from the Fed in September after a lower than expected CPI reading on Thursday, and a weaker consumer sentiment release on Friday (**See below**). Stocks rose, the dollar fell, and commodities were mixed.

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

Friday data: US Consumer sentiment hits eight month low as high prices impact finances

- **Michigan Consumer Sentiment (July):**  
66 versus 68.5 expected.  
**1 Year Consumer Inflation Expectations:**  
2.9% versus 3% expected.
- This report adds weight to the view that the US economy is slowing down and the Fed may soon be ready to cut interest rates.



**US Stock indices** all ended higher on Friday. The S&P 500 shrugged off falls in Wells Fargo, Citigroup and JP Morgan shares after their earnings reports to post a 0.5% gain to close at another record high of 5,667. The US Tech 100 rallied 0.5% to finish at 20,541, while the USA 30 jumped 0.6% to 40,326, and the USA 2000 climbed 1% to 2,167 (+6.2% on the week) as it continued to benefit from a rotation away from technology stocks. (**Page 3 S&P 500 TA Update**).

**European indices** also rose on Friday. The Germany 40 hit its highest level since early May as it jumped 1% to 18,858, while the France 40 ended 1.2% higher at 7,721 and the UK 100 climbed 0.1% to finish the week at 8,256.

**The US Dollar Index** fell 1% on the week to end at 103.73 and register its lowest close since March as traders reduced longs in anticipation of September Fed rate cuts. USDJPY fell 2% on the week to finish at 157.82 as rumours circulated of intervention by Japanese authorities. EURUSD jumped 0.6% to 1.0907 ahead of the ECB rate meeting next week. (**Page 4 EURUSD TA Update**).

**US 10 Year Bond Yields** fell 9bps across the week to close at 4.19% in response to the weaker US CPI and Michigan Consumer Sentiment data.





Gold TA Update:

The latest strength in Gold has ended the threat of a bearish reversal pattern forming after seeing the 2294 uptrend hold. Risks are evident to challenge 2450 (May 20th all-time high) and if this gives way onto 2477 (upper limits of channel).

To the downside, fall back under 2377 (38% retrace Jun/Jul strength) are needed to trigger a deeper decline towards 2345 (the 62% level).



**In commodities,** Gold hit its highest level since late May at 2,424 as traders reacted to the lower US CPI release before succumbing to some profit taking to close at 2,411, a weekly gain of 0.8%. **(Above Gold TA Update).** Silver traded as high as 31.73 before rolling over 2% on Friday to close back at 30.688 (-1.3% on the week). Elsewhere, Oil finished lower at 81.32 (-2% on the week), after news broke of progress on a ceasefire framework between Israel and Hamas.

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<br>15.07                               | TUESDAY<br>16.07   | WEDNESDAY<br>17.07   | THURSDAY<br>18.07   | FRIDAY<br>19.07   |
|-------------|---|--|--|---|---|
| BEFORE OPEN | <div>Goldman Sachs</div> <div>Blackrock</div> | <div>Ocado</div> <div>PNC Financial</div> <div>Bank of America</div> <div>State Street</div> <div>Morgan Stanley</div> | <div>ASML</div> <div>J &amp; J</div> <div>US Bancorp</div> <div>First Horizon</div> <div>Northern Trust</div>    | <div>Novartis</div> <div>Virtu Financial</div> <div>KeyCorp</div> <div>Manpower</div> <div>Hexcel</div> | <div>Danske Bank</div> <div>Halliburton</div> <div>AMEX</div> <div>Comerica Inc</div> <div>HBAN</div> |
| AFTER CLOSE |   | <div>Omnicom</div> <div>J.B. Hunt</div>  | <div>United Airlines</div> <div>Alcoa</div> <div>Equifax</div> <div>Steel Dynamics</div> <div>Crown Castle</div> | <div>PPG Industries</div> <div>Netflix</div>  |   |



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0300 BST China GDP, Industrial Production and Retail Sales.** Concerns are growing amongst traders that the Chinese economy maybe slowing down more than expected after some disappointing inflation readings last week, so these new updates will be crucial for traders of commodities, China A50 and Hong Kong 50 indices. Any prints below expectations will increase calls for more stimulus from the PBOC which is something they have so far been reluctant to do.

**1700 BST Fed Chairman Powell Speech.** Coming so soon after the weaker inflation data any comments from Powell are likely to influence trader sentiment next week.

**Tuesday: 1330 BST USD Retail Sales.** Traders are focused on how quickly higher interest rates are now slowing the US economy after much weaker than expected ISM business activity readings alongside rising unemployment in early July. If this release shows consumers are now reducing their spending it may help support a Fed rate cut in September and boost stock indices and weaken the dollar or vice versa. **(Below S&P 500 TA Update).**



### S&P 500 TA Update:

While prices rejected from the 5708 level (Jul 12th all-time high) any weakness has been held by support at 5630 (38% retrace Jul strength). This is the focus next week as while intact, upside potential remains, with risks to breach 5708 and open even higher levels.

Only closes back below 5631 would suggest risks of a deeper decline towards 5582 (the 62% level).

**1330 BST CAD Inflation Data (CPI).** Some analysts are calling for the Bank of Canada to cut interest rates again at their July meeting after employment data showed their labour market is beginning to cool down, making this CPI release of key importance to the BoC and USDCAD traders next week.

**2345 BST NZD Inflation Data (CPI).** After a dovish unchanged decision from the RBNZ at their rate meeting last week this print will be important for the direction of NZDUSD.

**Wednesday: 0700 BST GBP Inflation Data (CPI).** The Bank of England is believed by traders to be moving closer to its first interest rate cut of 2024, but sticky inflation readings have so far forced the UK central bank into playing a waiting game. This print and the wage growth update in the **UK Employment data on Thursday (0700 BST)** will be very important inputs to BoE policy decisions at its next meeting on August 1st, and will influence the direction of the UK 100 and GBPUSD next week.





#### EURUSD TA Update:

USD weakness has continued to gather pace and supported EURUSD's move higher. The upside is now nearing 1.0915 (Jun 4th high). This is the focus for the coming week, with closing breaks a further positive to open up moves to 1.0980/90 (Mar 9th/Jan 11th highs).

To the downside, breaks back under 1.0854 (half last week's range) suggests increased risks for retests of 1.0818 (38% retrace Jun/Jul strength).

**Thursday: 0230 BST AUD Employment Data.** This is a key update for the RBA to consider given that they are one of the few central banks that could hike interest rates. This release will likely impact the ASX 200 index and AUDUSD next week.

**1315/1345 BST ECB Interest Rate Decision and Press Conference.** Market expectations are for the ECB to leave interest rates unchanged after numerous comments from policymakers, including President Lagarde that have suggested they need to see more data to confirm inflation is falling before committing to another rate cut, although it could be a close call. If there is no cut then traders will be listening closely to the press conference comments to clarify what comes next with implications for EURUSD and European indices next week. **(Above EURUSD TA Update).**

**Friday: 0030 BST JPY Inflation Data (CPI).** Many traders are hoping the BoJ may decide on another small rate hike at their July meeting, but for this to happen the Japanese central bank needs to be confident that higher wages are fuelling higher inflation, which makes this release important for the direction of the Japan 225 index and USDJPY next week.

## Key levels the Corellian mentors are focused on

#### GBPUSD:

##### Support

- 1: 1.2885, Half last week's range
- 2: 1.2848, 38% retrace July upside
- 3: 1.2805, Mid-point same move

##### Resistance

- 1: 1.2990, Friday's session high
- 2: 1.3125, July 18th 2023 high
- 3: 1.3141, July 2023 monthly high

#### US Tech 100:

##### Support

- 1: 20363, Mid-point latest upside
- 2: 20271, Bollinger mid-average
- 3: 20214, Deeper 62% retrace

##### Resistance

- 1: 20739, Friday's high
- 2: 20893, Upper daily Bollinger band
- 3: 20982, Last week's high

#### Oil:

##### Support

- 1: 82.10, Bollinger mid-average
- 2: 80.78, Last week's low trade
- 3: 79.92, 38% retrace Jun/Jul upside

##### Resistance

- 1: 84.50, Current July high
- 2: 86.16, April 16th high
- 3: 87.60, April 14th rejection level



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