

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment slipped lower again on Friday as traders rushed to adjust their positioning, exit trades and, where possible, lock in profits on a variety of asset classes into the weekend. Stock indices and commodities both fell, while the Dollar and US Bond Yields both rose.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: UK retail sales for June fall as poor weather impacts demand

- **June UK Retail Sales (MoM):**
-1.2% versus -0.4% expected.
June UK Retail Sales (YoY):
-0.2% versus +0.2% expected.
- This report highlights the challenges facing the new UK government to stimulate economic growth and supported trader hopes of an August BoE rate cut.



US Stock indices all fell on Friday. A move that started the week as a rotation out of technology stocks into industrials and small caps, ended the week as more of a broader risk off move. The S&P 500 dropped 0.8% to close on Friday at 5,552 (-1.9% on week), while the US Tech 100 slipped 1% to 19,700 (-4% on week). The USA 30, which had hit a new record high at 41,670 on Thursday, fell away badly to close at 40,546 (+0.6 on week), and the USA 2000 pulled back from a three year peak of 2,304 to end at 2,204 (+1.8% up on week). **(Page 3 US Tech 100 TA Update).**

European Indices followed a similar path, all closing lower on Friday. The Germany 40 fell 1% to finish at 18,297 (-2.9% on week), while the Europe 50 also slipped 1% lower to end at 4,856 (-40% on week).

The US Dollar Index recovered strongly after hitting a four month low at 103.33 on Wednesday to end with a weekly gain of 0.3% at 104.04. AUDUSD was a major underperformer, dropping 1.5% on the week to close at 0.6682 hurt by risk off sentiment and big falls in commodities.

The US 10 Year Yield rose 5bps across the week to close at 4.24%.



Natural Gas TA Update:

Corrective themes gather pace following the fall to new correction lows last week (2.014 July 17th low). This maintains the potential for prices to break under 1.908 (Apr 28th low), with a move below here exposing risks towards 1.648 (Apr 16th extreme).

To the upside, breaks back above 2.233 (half latest decline) are needed to see tests of 2.375 (38% retrace Jun 24th to Jul 17th weakness).



In commodities, Natural Gas hit a 2 month low at 2.014 before pulling back to close at 2.122, a fall of 6.5% on the week. **(Above Natural Gas TA Update).** Elsewhere, Gold fell 1.8% on Friday to finish at 2,400 a long way from its new all time high of 2,483 that it printed earlier in the week. Silver fell 2% to 29.15 (-5% on week), while Copper dropped to a 3 month low at 4.2365 (-7% on week) and Oil slipped 3% to 78.58.

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 22.07	TUESDAY 23.07	WEDNESDAY 24.07	THURSDAY 25.07	FRIDAY 26.07
BEFORE OPEN	Verizon Truist Financial Icade IQVIA Holdings	UPS Spotify General Motors Coca-Cola Comcast	Santander BNP Paribas UniCredit AT&T Lennox	Lloyds Bank Group AstraZeneca Total Frost American Airlines	BASF NatWest Aon Colgate-Palmolive Gentex
AFTER CLOSE	SAP AGNC Investment Alexandria W.R. Berkley NXP Semiconductors	LVMH ASM Tesla Alphabet Visa	Ford IBM Chipotle Valmont SLM	Hermes Intl Vale Digital Realty Verisign HIG	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0215 BST PBOC Interest Rate Decision. This is a big decision for the Chinese central bank as the economy continues to show signs of weakness. While an interest rate cut is a possibility that would likely support risk sentiment towards the China A50 and Hong Kong 50 indices it could also drive the currency lower and increase capital outflows which is something the PBOC wish to avoid.

Tuesday: Technology Earnings. It's another big week for earnings (**See Page 2**) with Tesla and Alphabet both reporting after the close on Tuesday. Recent rotation away from technology stocks into small caps and industrials as Fed rate cuts get closer has left traders nervous about whether the 2024 up trend has stalled. (**Below US Tech 100 TA Update**). High valuations and earnings expectations could mean that any disappointment increases downside pressure, while stronger numbers could help support a reversal of last week's declines.

US Tech 100 TA Update:

Last week's decline saw breaks under the Bollinger mid-average and support at 19727 (Jun 24th last low) reflecting deterioration and risks for a deeper retracement. Downside risks have the potential to test, even breach 19505 (38% retrace Apr 21st to Jul 11th), then 19055 (mid-point).

Closes above 20165 (38% retrace July decline) are needed to suggest a retest of 20491 (62% level).

Wednesday: Global Preliminary PMIs AUD, JPY, EUR, GBP, USD. These releases will provide traders with a health check on growth in the major economies. Any manufacturing and services activity readings above 50 suggest expansion, while any prints below 50 suggest contraction. The focus for traders is likely to be on US and Eurozone readings to see if the recent trend of weaker data is continuing, if it is, it could help support the case for Fed and ECB rate cuts in September with implications for all markets.

1445/1530 BST BoC Interest Rate Decision and Press Conference. Market expectations are for the Bank of Canada to cut interest rates 25bps for the second month in a row as it seeks to support a slowing economy. These expectations were boosted further last week by a CPI reading that showed inflation trending lower again towards the bank's 2% target. The rate decision and what is said at the press conference 45 minutes later will have implications for the direction of USDCAD next week. (**Page 4 USDCAD TA Update**).





Sunday 21st July 2024

USDCAD TA Update:

This is a period of choppy sideways activity between support marked by 1.3588 (May 15th & Jul 11th lows) and resistance offered by 1.3783/91 (Apr 20th & Jun 11th highs). This can extend further with a closing breakout of either side needed. Moves above 1.3791 will be positive to open tests of 1.3845 (Apr 16th high), while closes under 1.3588 expose a deeper decline towards 1.3477 (Apr 4th extreme).



Thursday: 1330 BST USD Preliminary GDP. While stock traders realise US economic growth is slowing they still believe that a soft landing and not a recession is the most likely scenario, which has supported strong gains in the USA 30 and USA 2000 indices. Any surprise on the downside in this GDP update could increase uncertainty around that view and lead to profit taking on last week's rally.

Friday: 0030 BST JPY Tokyo CPI. With the July BoJ rate meeting getting closer, traders will be keen to see whether this inflation reading is strong enough to convince the Japanese central bank that another small rate hike should be made, with implications for the direction of the Japan 225 and USDJPY.

1330 BST USD PCE Index, Personal Income and Spending. Given that this is the Fed's preferred gauge of inflation this is a big release as it could determine whether recent increased trader expectations for a Fed rate cut in September are correct or not, with implications for the direction of all markets next week.

Key levels the Corellian mentors are focused on

USDJPY:

Support

- 1: 156.07, 38% retrace Mar/Jul
- 2: 154.54, June monthly low trade
- 3: 154.24, Mid-point same move

Resistance

- 1: 157.91, 38% retrace July sell-off
- 2: 158.70, Mid-point same move
- 3: 159.49, Higher 62% retracement

Germany 40:

Support

- 1: 18274, Last week's low trade
- 2: 18190, July 2nd session low trade
- 3: 17961, June monthly low trade

Resistance

- 1: 18602, Half last week's sell-off
- 2: 18927, July 12th bounce failure
- 3: 19017, May all-time high trade

Gold:

Support

- 1: 2390, Mid-point Jun/Jul upside
- 2: 2375, Bollinger mid-average
- 3: 2366, Deeper 62% retracement

Resistance

- 1: 2439, Half last week's sell-off
- 2: 2484, Upper limits of uptrend channel
- 3: 2511, 138% Fibonacci extension

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