

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment continued its recovery from very low levels into the Friday close, as traders were relieved to find out that US inflation rose at a modest pace in June (**See below**) which kept up hopes for a Fed rate cut in September. Stock indices rose, while the dollar fluctuated, and commodities were mixed.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: Fed's preferred inflation gauge rises at a mild pace in June.

- **Core PCE Index (MoM):** +0.2% versus +0.1% expected.
Core PCE Index (YoY): +2.6% versus +2.5% expected.
Personal Spending: 0.3% versus 0.3% expected.
- This report supports the view that the Fed is cooling inflation without breaking the economy, and adds weight to trader hopes of a Fed rate cut in September.



US Stock indices all rallied on Friday bringing a volatile week to an end. Industrials and small cap stocks led the up move fueled by trader hopes of Fed rate cuts. The USA 30 jumped 1.6% to close at 40,854 (+0.9% on week), while the USA 2000 also gained 1.6% to finish at 2,276 (+3.5% on week). The S&P 500 and US Tech 100 both rallied 1% on Friday to close at 5,499 and 19,176 respectively but were still down on the week as the rotation away from technology stocks continued. (**Page 4 US Tech 100 TA Update**).

European indices all made strong gains to end the week. The UK 100 which hit its lowest level since April early on Thursday at 8,055, rallied 1.6% on Friday to finish at 8,318, while the Germany 40 which had retested its July lows at 18,206, jumped 1% to end the week back at 18,575.

The US Dollar Index ended the week unchanged at 104.06 as FX traders held off entering new positions ahead of some key central bank decisions next Wednesday and Thursday. AUDUSD fell 2% on the week to finish at 0.6547, hit by weakness in commodity markets, while USDJPY fell 2.3% to end at 153.80 as trader hopes of another BoJ rate hike at next Wednesday's meeting increased. (**Page 3 USDJPY TA Update**).



Oil TA Update:
The latest downside move has extended price weakness from the July highs, and any attempts to recover have been limited by fresh selling pressure. This suggests a break below 76.02 (last week's low) could increase the potential to test 72.46 (Jun 4th extreme).

To the upside, closes above 78.58 (Friday's high) are needed to open up the potential for moves back to 79.32 (38% retrace July declines).



In commodities, Oil fell 2.3% on Friday, and 3.3% on the week to close at 76.42, its lowest level since June, as traders cut weak long positions over China growth fears. **(Above Oil TA Update).** Elsewhere, Natural Gas dropped 3% to 3 month lows at 2.0390, while Gold closed down 0.5% at 2,386, Silver slipped 4.4% to 27.92 and Copper fell 2.7% to end the week at 4 months lows of 4.1080.

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 29.07	TUESDAY 30.07	WEDNESDAY 31.07	THURSDAY 1.08	FRIDAY 2.08
BEFORE OPEN	Philips Lowe's McDonald's ON Semiconductor Revvity	Standard Chartered BP Pfizer P&G Paypal	HSBC D.Lufthansa Boeing Kraft Heinz ADP	Societe Generale ING Merck Volkswagen Barclays	Axa Erste Group Chevron ExxonMobil PPL
AFTER CLOSE	Crane Newmarket Flowserve Hologic F5	Microsoft Starbucks Lemonade AMD Rio Tinto	Meta Qualcomm Etsy ARM eBay	Coinbase Intel MicroStrategy Amazon Apple	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1500 BST USD Consumer Confidence. This data has been weakening recently and that's important for stock traders as it could lead to less spending from US consumers, lower economic growth and disappointing earnings for US companies later in the year.

Wednesday: 0230 BST China PMIs. The Chinese economy continues to show signs of a slowdown which prompted the PBOC to cut interest rates last week. Despite that traders of the China A50 and Hong Kong 50 indices remain concerned that rate cuts aren't enough, and more is needed to stimulate economic growth in the world's second largest economy. Any further weakness in these PMIs could impact risk sentiment, commodities and the direction of AUD and EUR next week.

0400/0630 BST BoJ Interest Rate Decision and Press Conference. This is the event USDJPY traders have been waiting for. Will the Japanese central bank hike interest rates for the second time in 2024? If they do it could help to increase the recent downside move in USDJPY, while any failure to act could see a reversal. (**Below USDJPY TA Update**).



USDJPY TA Update:

Sharp USDJPY declines have tested 152.41 (62% retrace Mar 9th to Jul 3rd upside), a level that held initially and prompted a recovery. This can lead to an unwinding of oversold downside conditions, but while 155.77 (38% retrace July decline) remains intact negative themes continue.

Falls below that support level at 152.41 could resume downside weakness, exposing 151.85/93 (May 4th and Jul 25th extremes), then 150.81 (Apr 6th low).

1000 BST EUR Preliminary Inflation Data (HICP). With the ECB reluctant to commit to further rate cuts until they have seen more data, this preliminary inflation update is important. A lower reading could help to support another 25bp cut in September, as the markets expect, while a higher reading could hurt that view, with implications for the direction of EURUSD and European indices next week.

1900/1930 BST Fed Interest Rate Decision. This is the big event of the week. No change on interest rates is expected from the Fed, although some analysts believe that the US economy is slowing quickly enough for them to make a surprise move at this meeting. If there is no change, then the focus shifts to what Chairman Powell says on inflation, the economy and September rate cuts in the press conference, with implications for the direction of all markets.



Sunday 28th July 2024



US Tech 100 TA Update:

Negative themes have continued to emerge and last week's downside acceleration briefly broke 19055 (mid-point Apr/Jul strength). While a recovery is developing from here, negative themes persist while prices stay below resistance at 19685 (38% retrace July declines).

While below 19685 the risks are for fresh selling to initiate a clean break under 19055 and trigger further weakness to 18597 (62% level), even 18242 (Jun 2nd low).

Technology Earnings. After traders reacted negatively to the earnings of Tesla and Alphabet last week, next up are the results of Microsoft (Tuesday), Meta (Wednesday) and then, Apple and Amazon (Thursday). Any underperformance could increase trader unease around the direction technology stocks and see downside pressure increase as we move into August. **(Above US Tech 100 TA Update).**

Thursday: 1200/1230 BST BoE Interest Rate Decision and Press Conference. No change is expected on interest rates from the BoE although it could be a close call as wage growth, a key indicator for the central bank, slowed last month. If there is no change on rates the focus will be on Governor Bailey's comments in the press conference which will likely impact the direction of the UK 100 and GBPUSD next week.

Friday: 1330 BST USD Non Farm Payrolls. The Fed are shifting their focus from fighting inflation back to the jobs market, making this very important data. If the unemployment rate rises again (currently 4.1%), then expectations could grow amongst traders for more rate cuts, which could have implications all markets.

Key levels the Corellian mentors are focused on

Gold:
Support
1: 2362, 62% retrace Jun/Jul
2: 2319, July 9th low
3: 2294, June 26th low

Resistance
1: 2392, Bollinger mid-average
2: 2432, July 24th high
3: 2483, July 17th all-time high

S&P 500:
Support
1: 5436, 38% retrace Apr/Jul
2: 5345, Mid-point same move
3: 5256, Deeper 62% retrace

Resistance
1: 5547, 38% retrace July weakness
2: 5600, Bollinger mid-average
3: 5614, Higher 62% retrace

Natural Gas:
Support
1: 2.014, July monthly low
2: 1.908, April 28th low
3: 1.794, Gap from April 22nd close

Resistance
1: 2.247, Bollinger mid-average
2: 2.285, 62% retrace July
3: 2.444, July 9th high

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