



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment collapsed into the Friday close as traders rushed to exit popular trades in the face of disappointing results from mega technology companies and weaker than anticipated US employment data (**See below**). Stock indices, US bond yields, commodities and the dollar all fell.

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

Friday data: US unemployment rate rises to two year high intensifying stock sell off

- **July Headline Non-Farm Payrolls:**
+114k versus +175K expected.
Unemployment Rate:
+4.3% versus +4.1% expected.
Average Hourly Earnings (Year on Year):
3.6% versus 3.7% expected.
- This report increased concerns Fed delays on rate cuts are risking a deeper US economic slowdown.



US Stock indices all fell heavily on Friday as traders cut long positions over fears of what a potential US recession could do to company earnings moving forward. The S&P 500 fell 2.2% to register its lowest close since early June at 5,357, the US Tech 100 fell 2.7% to end at 18,510, while the USA 30 dropped 1.9% to 39,752. (**Page 3 USA 30 Update**).

European indices all extended weekly falls on Friday. The Germany 40 closed down 2% at 17,814 (-4.4% on week), while the Europe 50 slipped another 2.3% to end at 4,678 (-4.9% on the week), as concerns about earnings and global growth hit sentiment.

The US Dollar Index fell 1.2% on Friday to close at 102.98, its biggest fall of 2024 and a four month low. USDJPY was the worst performer, falling 1.9% to 146.55 on Friday (-4.7% on the week) as traders reacted to a surprise interest rate rise from the BoJ on Wednesday.

US 10 Year Yields fell a huge 41 basis points (-10%) on the week, dropping from 4.20% to 3.79% on Friday's close, as traders reacted negatively to increased chances of a US recession and priced in the potential for a bigger Fed rate cut than originally anticipated at their next meeting in September.



Gold TA Update:

Having failed to breach upside trendline resistance on July 17th, a decline materialised to test 2362 (62% retrace Jun/Jul upside). While a strong bounce has developed from here, the focus is now on 2491 (current upside trendline level), with closing breaks above this level needed to trigger a sustained advance.

To the downside, breaks back below 2410 (Bollinger mid-average) would suggest retests of 2362 are possible, and further if this level gives way.



In commodities, risk aversion and a lower dollar boosted Gold prices which rose 2.4% on the week to close at 2,443. **(Above Gold TA Update)**. Silver also registered a positive week rising 2.3% to close at 28.55 as traders rebought the dip after two previous weeks of heavy selling. Elsewhere, Oil performed poorly, falling to two month lows at 74.12, as concerns about how a potential US recession could impact future demand weighed on prices.

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 5.08	TUESDAY 6.08	WEDNESDAY 7.08	THURSDAY 8.08	FRIDAY 9.08
BEFORE OPEN	Aurubis Infineon Sotera Health Tyson Foods	Bayer Abrdn Travis Perkins Caterpillar Uber	Commerzbank ABN AMRO LGEN Ralph Lauren Walt Disney	Siemens Allianz Munich Re. Eli Lilly NRG Energy	LANXESS Generali Hargreaves L. AMC Networks Canopy Growth
AFTER CLOSE	Encompass Health Chegg Huntsman CSX Spirit Aerosystems	Rivian Certara Super Micro Computer Amgen	Rayonier Sonos Robinhood Zillow Marathon Oil	Petrobas Doximity Gilead FIGS DXC Technology	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Services PMI. With the Fed signalling last week that they are on course for a September interest rate cut all US economic data matters. This release is important as service activity has been the big driver of growth in the economy. Last month's print surprisingly fell into contraction, below 50, so another weak reading could upset the recent rotation into industrial and small cap stocks and generate further selling. **(Below USA 30 TA Update).**



USA 30 TA Update:

Last week's sharp decline has broken important support levels, first the Bollinger mid-average (currently at 40503), then 40061 (38% retrace Apr/Jul upside and last correction low). While 39566 (mid-point) held on Friday, this level is the focus this week, with closing breaks lower suggesting moves to 39070 (62% level), even 38481 (May 1st low) are possible.

To the upside, moves back above 40503 are needed to suggest retests of 41422 (Jul 31st high).

Tuesday: 0530/0630 BST RBA Interest Rate Decision and Press Conference. Last week's lower than expected inflation reading saw AUDUSD fall and the ASX 200 rally briefly to all time highs above 8,000 as traders flipped from pricing in a rate hike to a rate cut from the RBA later in 2024. No change is expected at this meeting so all the focus will be on whether Governor Bullock's comments in the press conference also support a shift to lower interest rates in 2024. **(Page 4 AUDUSD TA Update).**

1430 BST CAD Manufacturing and Services PMI. After back to back interest rate cuts from the Bank of Canada traders will be looking for signs in this release that these cuts are supporting the economy and business activity is picking up momentum. A stronger reading could impact USDCAD which traded back to 2024 range highs above 1.38 last week.

2345 BST NZD Employment Data. With New Zealand's economy weakening under the weight of higher interest rates this release is likely to impact NZDUSD which bounced strongly from 2024 range lows below 0.59 last week.

Wednesday: 0400 BST China Imports, Exports and Trade Data. This release will provide traders with an important update on the direction of trade in China's domestic economy and across the globe. Weaker readings could have a negative impact on China A50 and Hong Kong 50 indices as well as key commodities like Oil, Silver, and Copper.



AUDUSD TA Update:

Sharp declines from 0.6798 (Jul 11th high) have seen negative themes materialise, the latest being closing breaks below 0.6579 (Jun 9th low). While price moves under 0.6568 continue (Jul 29th bounce failure high) the risks are for deeper declines to breach 0.6479 (last week's low) and see moves towards 0.6362 (Apr 20th extreme).

Breaks above 0.6568 while not an outright positive can see retests 0.6603 (38% retrace July weakness).

Earnings Season. Another packed week of reporting continues in Europe and the US. Super Micro Computer, a company at the center of the artificial intelligence boom, reports Tuesday, alongside industrial bellwhether Caterpillar, with Eli Lilly, the eighth biggest stock in the S&P 500 reporting Thursday.

Friday: 0230 BST China Inflation Data (PPI/CPI). Surprise rate cuts from the Chinese central bank earlier in July have done little to help convince traders to buy the China A50 or Hong Kong 50 indices. In fact calls have increased for more government stimulus to help support key areas of the economy like housing. These readings will impact general market sentiment, local indices and the direction of commodities next week.

1330 BST CAD Employment Data. The direction of unemployment in the Canadian economy will be an important consideration for the Bank of Canada. After two rate cuts, the central bank will be looking for signs that the labour market is starting to stabilise. If it isn't then more cuts in 2024 could be required.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1: 1.919, Last week's low
- 2: 1.908, April 28th low
- 3: 1.794, Gap from April 22nd

Resistance

- 1: 2.093, Half latest sell-off move
- 2: 2.154, Bollinger mid-average
- 3: 2.268, July 22nd high

US Tech 100:

Support

- 1: 18386, Last week's low
- 2: 18242, June 2nd low
- 3: 18072, May 8th low

Resistance

- 1: 18902, 38% Fibo retrace
- 2: 19271, Higher 62% Fibo retrace
- 3: 19715, Last week's high

USDJPY:

Support

- 1: 146.40, Last week's low
- 2: 144.61, Mid Point (50%)
- 3: 143.45, January 9th low

Resistance

- 1: 149.83, 38% Fibo retrace
- 2: 150.85, Mid-point (50%)
- 3: 151.89, Higher 62% Fibo retrace

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