

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment moved higher into the Friday close as the panic from the start of the week subsided. Traders scaled back their worst fears of an incoming US recession after receiving a better than expected US weekly jobs report on Thursday. Stocks rose, the dollar fluctuated, and commodities ended with mixed results.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Thursday data: Claims for US jobless benefits decline by most in 11 months

- **Initial Jobless Claims (Aug 2nd):**
+233k versus +250k the week before.
- This minor positive was enough to reassure traders into the weekend that the US jobs market is slowing down and not rapidly deteriorating. Implying a US recession may still be avoided which helped stocks move back higher.



US Stock indices continued their rebound from multi-month lows on Friday. The S&P 500, which had traded as low as 5,120 in Monday's capitulation down move, rose 0.3% on Friday to end the week back at 5,365. The US Tech 100 rose 0.4% to close at 18,603, which was 7.2% higher than the low it hit at 17,353 at the start of the week. **(Page 4 S&P 500 TA Update).**

European Indices all followed a similar pattern. The Germany 40 rose 0.6% to close at 17,849 on Friday and cap a strong recovery from a fall to 6 month lows at 17,109 at the start of the week. The UK 100 also rallied 0.6% to finish at 8,201, a bounce of almost 4% from its Monday lows at 7,907.

The US Dollar Index closed flat on Friday at 102.99, a fall of just 0.3% on the week after recovering well from a Monday sell off to 7 month lows at 101.95. USDJPY volatility was again the main highlight in FX markets, where an initial 3% sell off to 141.66 (7 month lows) on Monday was followed by a 4% rally to highs at 147.87, before closing flat on the week at 146.62. **(Page 3 USDJPY TA Update).**



Natural Gas TA Update:

Last week's recovery has seen prices move above the declining Bollinger mid-average (currently at 2.089) which increases the potential that a more extended recovery can be seen towards 2.268 (Jul 22nd high).

However, while resistance at 2.268 holds, a bearish trend is still in place, with breaks back under 2.089 exposing risks of further falls to 1.880 (Aug 5th low).



In commodities, Natural Gas recovered strongly from an initial fall to 4 month lows at 1.88 on Monday to close the week up 11% at 2.16 as traders rushed to cover shorts on news that a Ukrainian incursion into the Russian Kursk region put a key gas transit point at risk. **(Above Natural Gas TA Update)**. Oil also had a good week rallying 3.3% to close at 77.01 as traders focused on developments in the Middle East and a sixth straight week of drawdowns in US inventories.

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 (BST). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

	MONDAY 12.08	TUESDAY 13.08	WEDNESDAY 14.08	THURSDAY 15.08	FRIDAY 16.08
BEFORE OPEN	Hannover Re Barrick Gold Sun Life Financial	TAG Immobilien Henkel Home Depot HUYA Paysafe	UBS Group RWE E.ON Aviva TUI	NN Group TAPESTRY Walmart Grab Alibaba	Kingspan Flowers Foods RLX Technology
AFTER CLOSE		Franco-Nevada Ecopetrol Nu Holdings Mercury Systems	BRF S.A StoneCo Cisco	Applied Mat. H&R Block	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0700 BST GBP Employment Data. Weaker employment and lower wage growth helped to support an interest rate cut from the Bank of England at the start of August, if more cuts are to follow, as traders expect, this release will need to show further falls, if not it could add to GBPUSD and UK 100 volatility next week.

Wednesday: 0300 BST RBNZ Interest Rate Decision, 0400 RBNZ Press Conference. Trader expectations are now favouring a 25bp cut from the New Zealand central bank at this meeting to support the economy. The RBNZ are an aggressive central bank so there is potential for this to happen with implications for the direction of NZDUSD which hit two week highs last week.

0700 BST GBP Inflation Data (CPI). A really important release for the UK central bank to consider. They have suggested they are in no hurry to cut interest rates again but this update could challenge that outlook and influence the direction of GBPUSD and the UK 100.

1330 BST USD Inflation Data. With traders so sensitive to US economic data right now this release is very important. Expectations have grown in the last week for the Fed to cut interest rates more aggressively at their next meeting in September. For this to happen this inflation update has to be continuing to slow, if not, it could help to renew further downside pressure for stock indices and the dollar. **(Below USDJPY TA Update).**



USDJPY TA Update:

The recovery after Monday's fall to a 141.67 low has so far been held by resistance at 146.87 (38% retrace Jul 30th to Aug 5th sell-off) and this is the focus next week. While intact on a closing basis, risks are for breaks back below 144.78 (half last week's range), then 141.67, even 140.25 (Dec 28th extreme).

Closes above 146.87 while not an outright positive, can see retests of 148.48 (mid-point), even 150.09 (62% level).

Thursday: 0050 BST JPY Preliminary GDP. Volatility in USDJPY and the Japan 225 index has been very high since Japan's central bank unexpectedly raised interest rates at the end of July. Last week the BoJ said that they won't act further while markets are unstable, however, if this update shows stronger than expected growth in their economy traders may not believe them.



Sunday 11th August 2024



S&P 500 TA Update:

Monday's sharp decline saw moves to support at 5111 (38% retrace Oct/Jul strength) from which a recovery developed. This has seen resistance at 5356 give way (38% retrace Jul/Aug sell-off) to open moves to 5425 (mid-point), even 5495 (62% level).

To the downside, breaks of support at 5257 (half last week's rally) would suggest downside moves towards 5111 can resume.

0200 BST AUD Employment Data. The Australian central bank held interest rates steady last week but if unemployment starts to rise they may act next month. The outcome of this release is likely to impact the direction of AUDUSD and the ASX 200.

0300 BST China Industrial Production and Retail Sales. Industrial production has been a positive in a sea of disappointing economic data releases from China in recent months. Will this release still be stronger than expectations or will it start to turn down as manufacturing activity globally dips? This has implications for commodities.

1330 BST USD Retail Sales. With trader uncertainty increasing about whether the US economy will fall into a recession or not, this update on US consumer spending is important for the direction of US stocks at the back end of next week. **(Above S&P 500 TA Update).**

Key levels the Corellian mentors are focused on

EURUSD:

Support

- 1: 1.0892, Last week's low
- 2: 1.0876, Bollinger mid-average
- 3: 1.0777, August monthly low

Resistance

- 1: 1.1007, Last week's high
- 2: 1.1043, January 2nd high
- 3: 1.1139, December 2023 high

US Tech 100:

Support

- 1: 18191, 38% Fibon retrace
- 2: 17871, Deeper 62% Fibon retrace
- 3: 17354, August monthly low

Resistance

- 1: 18672, Last week's recovery high
- 2: 18758, 38% Fibon retrace
- 3: 19189, 50% Fibon Mid-point

Gold:

Support

- 1: 2364, Last week's low
- 2: 2319, July 9th low
- 3: 2294, June 26th low

Resistance

- 1: 2437, Friday's session high
- 2: 2477, August 4th high
- 3: 2483, July 17th all-time high

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