



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** had a mixed end to the week and month as traders reacted to in line US PCE Index data (**See below**) which helped to support their expectations for a soft landing for the US economy and a Fed rate cut in September. Stock indices and the dollar rose, while commodities fell.

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

Friday data: Fed's preferred inflation gauge rises at mild pace, supporting September rate cut

- **July, Core PCE Index (Year on Year):**  
+2.6% versus +2.7% expected.  
**July, Personal Spending:**  
+0.5% versus +0.5% expected.
- This report supports the view that the Fed will cut interest rates at its meeting on September the 18th. The question now for traders is by how much? 25bps or 50bps?



**US Stock indices** all rose on Friday aided by a spike in the last 10 minutes of trading. The S&P 500 index closed the week up 0.8% at 5,656 to register its fourth consecutive monthly gain. The US Tech 100 rose 1.0% to finish at 19,595, a strong recovery from its lows at 19,140 hit on Thursday after the release of Nvidia results that disappointed traders, while the USA 30 ended up 0.5% at a new all time closing high of 41,642. (**Page 4 S&P 500 TA Update**).

**European indices** also all closed higher. The Germany 40 rose 0.2% to register a new all time closing high at 18,992, while the UK 100 rallied 0.3% to 8,425, its highest level in over three months.

**The US Dollar Index** rallied 1.0% on the week to close at 101.66, aided by a series of stronger than expected US economic data readings on Thursday and Friday. USDJPY recovered strongly from early Monday lows at 143.43 to finish the week up 1.3% at 146.19, while EURUSD fell 1.3% from weekly highs at 1.1201 to eventually close back at 1.1053. (**Page 3 USDJPY TA Update**).





## Oil TA Update:

Choppy conditions have developed and a negative pattern of lower highs/lower lows continues to be seen. As such, risks are growing for a retest of 71.44 (Aug 21st low) with breaks of this support level exposing 69.26 (YTD extreme).

To the upside, breaks above 75.47 (half latest sell-off) while not an outright positive, open the potential to retest 77.58 (Aug 26th high).



**In commodities,** Oil experienced a sharp 3% fall to 73.62 on Friday, which left it down 2% on the week. Traders sold on the back of a Reuters report which stated OPEC+ members may still push ahead with plans for output rises in October despite the recent price declines. **(Above Oil TA Update).** A higher dollar also impacted Gold, which fell 0.7% on Friday to close at 2,502 (-0.4% on the week), and Silver which slipped 1.9% to 28.74 (-3.3% on the week).

## 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  
2.09

**TUESDAY**  
3.09

WEDNESDAY  
4.09

THURSDAY  
5.09

FRIDAY  
6.09

**BEFORE  
OPEN**

Partners  
Swiss Life  
Ashtead

Direct Line  
Hormel Foods  
CIENA  
Dollar Tree

Ashmore  
Toro

## The Kroger Co.

## AFTER CLOSE

Zscaler  
Gitlab

**C3.ai**  
Sprinklr  
ChargePoint  
Copart

Rubis SCA  
DocuSign  
UiPath  
**Broadcom**



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday: 0730 BST CHF Inflation Data (CPI).** The Swiss central bank started cutting interest rates earlier than its global peers and has reduced borrowing costs at both of this year's decisions. Whether it cuts rates for a third meeting in a row could well depend on this release, with implications for the direction of USDCHF and EURCHF.

**1500 BST USD ISM Manufacturing PMI.** This is an important release for the US economy and for commodity markets as there appears to be an on-going slowdown in US and global manufacturing activity. Any print below 50 indicates a contraction in growth, while above 50 indicates growth expansion. Another disappointing reading could see increased volatility in Oil and Copper prices. **(Page 2 Oil TA Update).**

**Wednesday: 0230 BST AUD Gross Domestic Product (GDP).** The RBA are trying to balance strong growth in the Australian economy and higher domestic inflation against a weakening global economy and slowing demand for the raw materials that Australia exports. Any deviation from expectations in this release could influence the direction of AUDUSD and the ASX 200 next week.



### USDJPY TA Update:

Signs are emerging of USD oversold readings being unwound and this move could extend further if resistance at 146.26 (Bollinger mid-average) gives way on a closing basis. This would open the potential to retest 149.44 (38% retrace Jul/Aug weakness) and higher if this upper resistance level is breached.

To the downside, moves under 144.83 (half last week's rally) are needed to expose a renewed sell off back to 143.43 (Aug 26th low).

**1445 BST BoC Interest Rate Decision, 1530 BST BoC Press Conference.** Traders are expecting another 25bps interest rate cut from the Bank of Canada to offset a slowdown in the US economy who Canada are so reliant on as a trading partner. Either way, whatever the BoC decide on interest rates at this meeting is likely to impact the direction of USDCAD.

**1500 BST USD JOLTs Job Openings.** This is the first of four key updates on the US labour market which finishes with the all important Non farm payrolls release on Friday. This JOLTs release, alongside Thursday updates on private sector payrolls at 1315 BST and Initial jobless claims at 1330 could influence the direction of the dollar and US stock indices. **(Above USDJPY TA Update).**





#### S&P 500 TA Update:

A downside reaction to the August up move initially developed last week, although there was no evidence of a negative reversal. While closes above 5563 (last week's low) continue the risks are for moves to challenge resistance at 5668 (Aug 26th high), then 5708 (Jul 12th all-time high).

To the downside, breaks below support at 5563 suggest a deeper sell-off towards 5509 (Bollinger mid-average), even 5462 (38% retrace Aug strength) is possible.

**Thursday: 1500 BST USD ISM Services PMI.** Economic activity in the US service sector expanded last month after a shock fall in June. This rebound calmed traders nerves after fears the US economy could be falling into a recession hit stock indices hard. This new August release will again be important, as any print below 50, into contraction could start to panic stock traders again.

**Friday: 1330 BST USD Non-Farm Payrolls.** This report on the current state of the US labour market is the event of the week and is eagerly awaited by the policymakers at the Fed. Any further rise in unemployment could see trader expectations for interest rate cuts in September from the US central bank rise from 25bps to 50bps, with implications for the direction of US stock indices and the dollar into the weekend. **(Above S&P 500 TA Update).**

## Key levels the Corellian mentors are focused on

#### Natural Gas:

##### Support

- 1: 2.018, Last week's low
- 2: 2.003, Lower daily Bollinger band
- 3: 1.880, August monthly low

##### Resistance

- 1: 2.148, Bollinger mid-average
- 2: 2.208, August 25th high
- 3: 2.334, August monthly high

#### US Tech 100:

##### Support

- 1: 19196, Bollinger mid-average
- 2: 19014, 38% Fibo retrace August
- 3: 18700, Mid-point same move

##### Resistance

- 1: 19690, Thursday's high
- 2: 19901, August 25th high
- 3: 20023, August monthly high

#### Gold:

##### Support

- 1: 2494, Last week's low
- 2: 2476, Bollinger mid-average
- 3: 2450, Mid-point August

##### Resistance

- 1: 2513, August 20th all-time high
- 2: 2522, 200% Fibo extension
- 3: 2695, 238% Fibo extension



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