

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fell hard into the Friday close as traders digested the latest US employment data release (See below) which revived concerns the US economy is slowing quicker than expected and that the Fed are behind the curve in cutting interest rates to support it. Stock indices and commodities fell, while the dollar closed a choppy session flat.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: August US jobs growth underwhelms traders sending stocks lower

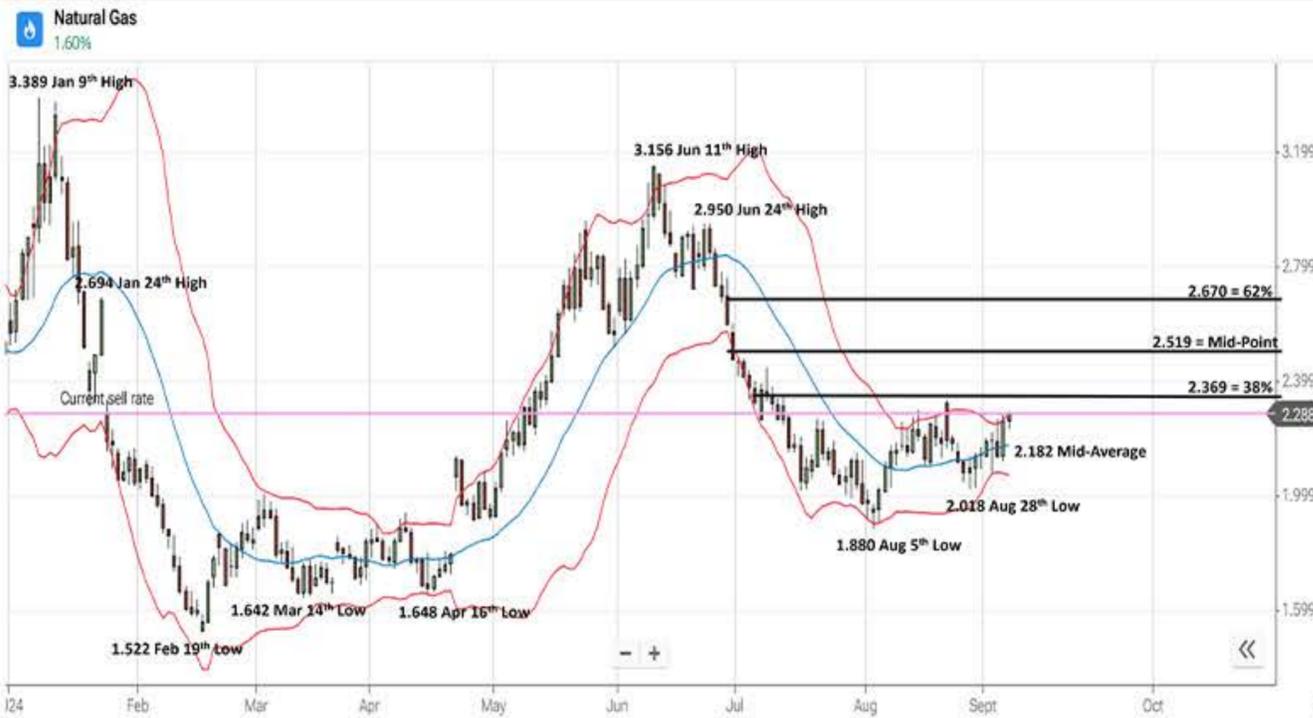
- **Non Farm Payrolls:**
+142k versus +160k expected.
- **Unemployment Rate:**
4.2% versus 4.2% expected, previous month 4.3%.
- **Average Hourly Earnings (YoY):**
3.8% versus 3.7% expected.
- US Hiring fell short of expectations which is likely to increase the debate over the size of the first interest rate cut from the Fed later this month.



US Stock indices all fell on Friday as fears over US economic growth dominated trader thinking. The S&P 500 fell 2% to close at 5,403 and cap its worst week since March 2023 (-4.4%). The US Tech 100 slipped 3% to end the week at 18,377 (-6.1%), while the USA 30 dropped 1.2% to finish at 40,318, a fall of 3.1% on the week.

European indices followed US markets down. The Germany 40, which had hit a new all time high at 19,033 on Tuesday, fell 1.8% on Friday to close the week back at 18,289 (-3.8%), while the UK 100 dropped 1% to end at 8,182, and confirm its worst week since January (-2.8%). **(Page 4 Germany 40 TA Update).**

The US Dollar Index ended a volatile Friday session flat on the day at 101.13, which was a fall of 0.5% on the week. USDJPY was the worst performer, falling 2.7% on the week to end at 142.40, its lowest close since January. AUDUSD also performed badly, dropping 1.4% across the week to close at 0.6673, as traders reacted to weaker China data and renewed falls in commodity prices.



Natural Gas TA Update:

Last week's upside recovery has breached the Bollinger mid-average (currently at 2.182) which can see a more extended move higher towards 2.369 (38% retrace Jun/Aug sell-off). However, while this resistance level at 2.369 holds, a bearish trend is still in place, with breaks back under 2.182 exposing risks to retest 2.018 (Aug 28th low).



In commodities, Natural Gas outperformed across the week with a gain of 7% to close at 2.288, its highest level since early July. **(Above Natural Gas TA Update)**. Other commodities didn't fair so well. Oil dropped 7.7% to end the week at 68.13, its lowest close since March 2023. Gold fell 0.2% to finish at 2,497, while Silver dropped 3.2% on the week to end at 27.94, and Copper dropped 3.6% to close at 4.0645 on fears of a slowdown in the global economy.

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
9.09

TUESDAY
10.09

WEDNESDAY
11.09

THURSDAY
12.09

FRIDAY
13.09

**BEFORE
OPEN**

Inditex

Baloise
Renishaw
Sibanye Stillwater
The Kroger Co.

**AFTER
CLOSE**

Oracle

Petco Health and
Wellness Company

Adobe
RH

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0050 BST JPY Gross Domestic Product (GDP). Last month, Bank of Japan Governor Ueda said the central bank plans to hike rates while the economy and prices stay in line with forecasts. So this Japanese economic growth update is an important consideration for USDJPY and Japan 225 traders next week.

0230 BST China Inflation Data (CPI). A key release for China A50 traders given that Chinese authorities have been using targeted stimulus to try and revive consumer demand in recent months. Any uptick in prices could be taken as a positive that their approach is working, while a weaker print may lead to disappointment.

Tuesday: 0400 BST China Imports, Exports and Trade Balance. With the direction of the global economy coming under more scrutiny from traders again at the start of September the export component of this release is likely to be in focus. Weaker Chinese exports could indicate a slowdown in global demand with implications for general risk sentiment and commodities next week.

0700 BST GBP Employment Data. This release has the ability to influence the direction of GBPUSD and the UK 100 as the Bank of England consider whether or not to cut interest rates for the second time in September. If wages are rising again and unemployment is falling, it will make it tough for them to do anything but maintain their current outlook. **(Below GBPUSD TA Update).**



GBPUSD TA Update:

Corrective themes have developed since printing 1.3265 (Aug 27th high), a move that is heading back towards support at 1.3104 (Bollinger mid-average). This is the focus this week as closing breaks below this level can see a deeper retracement towards 1.3038 (38% retrace Aug strength), even 1.2966 (mid-point).

To the upside, breaks of 1.3237 (Friday's high) are needed to resume positive themes to breach above 1.3265.

Wednesday: 0200 BST US Presidential Debate. This is the first debate between Kamala Harris and Donald Trump, and could set the scene for the run in to election day on November 5th. With markets in a generally nervous mood, any shift in favour towards one candidate or the other on the back of a stronger or weaker performance could increase volatility in key markets. Kamala Harris in particular needs to provide more details about her policy plans to convince voters that she is the right candidate to move forward.



Germany 40 TA Update:

New all-time highs at 19033 were rejected and this was followed by support at 18536 (Bollinger mid-average) and 18302 (38% retrace Aug/Sep strength) being broken. This increases the potential of a deeper sell-off to 18079 (mid-point), even 17851 (62% level).

To the upside, breaks back above 18536 are needed to resume strength back towards 19033 (Sept 3rd high).

1330 BST USD Inflation Data (CPI). This is the final inflation release before the Fed rate meeting on September 18th, so it could generate headlines that will move US stock indices and the dollar, especially if it falls below expectations, which could add weight to the view that a bigger than expected rate cut is necessary to boost the economy.

Thursday: 1315 BST ECB Interest Rate Decision, 1345 BST ECB Press Conference. Traders expect the ECB to cut interest rates 25bps (0.25%) for the second time in 2024 at this meeting, so anything else would be a surprise. However, what Madame Lagarde says at the press conference regarding future rate cuts, the slowdown of the Eurozone economy and inflation could influence the direction of European Indices and EURUSD next week. **(Above Germany 40 TA Update).**

Friday: 1500 BST USD Preliminary Michigan Consumer Sentiment. The consumer is crucially important if the US economy is going to experience a soft landing, as traders currently expect. If consumer sentiment is rising again, it may keep them spending which is likely to be good news for US stock indices and future earnings growth.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1: 67.15, Last week's low
- 2: 66.78, June 2023 low
- 3: 63.61, May 2023 low

Resistance

- 1: 71.76, 38% Fibon retracement
- 2: 72.50, Mid-point
- 3: 73.68, Higher 62% Fibon retracement

US Tech 100:

Support

- 1: 18338, Last week's low
- 2: 17747, August 8th low
- 3: 17354, August low

Resistance

- 1: 18993, 38% Fibon retracement Aug/Sep
- 2: 19190, Mid-point
- 3: 19357, Bollinger mid-average

Gold:

Support

- 1: 2463, 38% Fibon retracement Jul/Aug
- 2: 2442, Mid-point
- 3: 2420, Deeper 62% fibon retracement

Resistance

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

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