

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment drifted lower into the Friday close as traders digested a US PCE Index data release (**See below**) that reassured them that the US economy is slowing down rather than falling into recession, while keeping an eye on an unstable geopolitical situation in the Middle East. The dollar fell, while stock indices and commodities had mixed results.

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

Friday data: Fed's preferred inflation gauge posts a modest rise supporting further rate cuts

- **PCE Index (Month on Month):**

0.1% versus 0.1% expected.

- **PCE Index (Year on Year):**

2.2% versus 2.3% expected.

- **Personal Spending:**

0.2% versus 0.3% expected.

- This release shows the US economy is slowing, fuelling the debate about the size of the Fed's next rate cut.



US Stock indices struggled for a clear direction on Friday. The S&P 500, which had hit a new all time high at 5,830 on Thursday, fell 0.3% to close at 5,786 (+0.5% on the week), weighed down by falls in Nvidia after a report stated China is urging local companies to refrain from using its chips. This news also hit the US Tech 100, which finished down 0.75% at 20,192 (+1% on the week). (**Page 4 S&P 500 TA Update**).

European indices all outperformed on Friday and across the week, supported by the unveiling of China's biggest economic stimulus package since the 2020 pandemic, a major positive for Europe's key export market. The Germany 40 closed up 1% at 19,567 (+3.5% on the week), a new all time closing high, while the Europe 50 rallied 0.5% to 5,080 (+3.6% on the week), and the France 40 finished up 0.4% at 7,787 (+3.5% on the week).

The US Dollar Index wiped out all of its 2024 gains as it closed down 0.3% on the week at 100.13, its lowest level since July 2023. AUDUSD outperformed, finishing 1.4% higher on the week at new 2024 highs of 0.6905, while USDJPY fell back from Friday highs at 146.48 to end the week down 1.2% at 142.14 after the ruling Japanese parliamentary party unveiled a new Prime Minister that is supportive of further BoJ rate hikes.



Oil TA Update:
As impressive as the latest recovery appeared, this failed just under resistance at 72.63 (38% retrace Jul/Sep sell-off), from which a sharp decline has been seen. This saw closes below 68.04 (62% latest upside) which opens up the potential to extend the longer term downtrend below 65.26 (Sep 10th low), and possibly further.

To the upside, fresh moves back above 69.69 (half latest weakness) are needed to see retests of 72.63 again.



In commodities, Oil had a bad week after the Financial Times reported that Saudi Arabia was keen to increase production in December. Oil prices fell 3.8% on the week to close at 68.65. **(Above Oil TA Update).** Gold continued its uptrend with a weekly gain of 1.4% to finish at 2,658, while Silver, which touched a new 2024 high at 32.70 on Thursday, slipped back lower on Friday to close at 31.40, and register its own weekly gain of 1.4%.

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 30.9	TUESDAY 1.10	WEDNESDAY 2.10	THURSDAY 3.10	FRIDAY 4.10
BEFORE OPEN	Carnival	Acuity Brands McCormick Paychex	RPM ConAgra Foods	Tesco Constellation Brands	
AFTER CLOSE		Nike	NovaGold Resources Levi Strauss		

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0230 BST China PMI Surveys. Two important updates on the current health of the Chinese economy given the recent rallies in the China A50, Hong Kong 50 and key related commodities last week after the PBOC unveiled its extensive stimulus package. A weaker reading could weigh on the risk rally, while a stronger release could see the move extend. **(Page 2 Oil TA Update).**

Tuesday: 1000 BST EUR Preliminary Inflation (HICP). This release is likely to move EURUSD next week given the ECB are currently sending mixed signals about when they may cut rates again due to concerns over stubborn inflation. If this print shows inflation is still trending lower it could see traders increase their expectations for further ECB rate cuts in 2024 which could see EURUSD fall, while a higher reading could push EURUSD to new highs. **(Below EURUSD TA Update).**

EURUSD TA Update:

Wednesday saw attempts to break higher, although this move failed to close above 1.1200 (Aug 24th high) as a rejection materialised. Weakness tested support at 1.1133 (38% retrace Sept upside) which is the focus this week. While this support remains intact, the potential is to retest the latest highs, with closing breaks above 1.1200 a positive.

Falls back below 1.1133 while not an outright negative can see retests of support at 1.1107 (mid-point).



1500 BST USD ISM Manufacturing PMI. US manufacturing activity has been in economic contraction for the last five months which is a concern for those hoping that the US economy can avoid a recession. Traders will be looking for any signs of improvement in this newest update, with implications for US stock indices, the dollar and commodities.

1500 BST USD JOLTs Job Openings. The Federal Reserve have clearly stated that supporting employment is now their main focus guiding interest rate decisions, and this release is the first of four US labour market updates across the week, including **ADP private sector payrolls released at 1315 on Wednesday, Initial Jobless Claims at 1330 on Thursday**, all leading up to the Non-farm payrolls release on Friday. Any deviations from expectations could move all markets next week.

Thursday: 0730 BST CHF Inflation Data (CPI). After last week's surprise interest rate decision from the Swiss central bank (SNB), this release could be important in determining the next moves in USDCHF and EURCHF moving forward into October.



S&P 500 TA Update:

New all-time highs were posted last week, as bullish themes continue. While support at 5745 (last week's low) remains intact, evidence points to further upside towards 5946 (138% extension of Jul/Aug correction).

To the downside, breaks under 5745, while not an outright negative can see tests of 5663 (38% retrace Sept upside).

1500 BST USD ISM Services PMI. The US service sector (e.g. Bars and restaurants) has been driving economic growth for the whole of 2024 so this release is important. Any signs that activity is stalling with a print moving back to, or below 50, into contraction could see traders start to sell US stocks as recession fears resurface. **(Above S&P 500 TA Update).**

Friday: 1330 BST USD Non-farm Payrolls. This is the big event of the week. The unemployment rate (Currently 4.2%) will be a key focus for traders as the Fed have clearly stated they have started cutting interest rates due to their concerns about the speed at which this number is rising. The reaction of traders to this release could set the tone of risk sentiment towards stock indices and the dollar into the end of 2024.

1330 BST CAD Employment Data. The Bank of Canada have cut interest rates to help support employment in the country so USDCAD traders will be keen to see if these cuts are starting to have an impact, if not, more cuts maybe required at future meetings.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1: 2.718, Last week's low
- 2: 2.581, 38% Fibon retrace
- 3: 2.473, Mid-point same move

Resistance

- 1: 2.930, Last week's high
- 2: 2.946, June 20th failure high
- 3: 3.088, June 13th high

Germany 40:

Support

- 1: 19263, Half last week's range
- 2: 19105, 38% Fibon retrace
- 3: 18940, Mid-point same move

Resistance

- 1: 19660, Last week's all-time high
- 2: 20070, 100% Fibon extension
- 3: 20538, 138% Fibon extension

Gold:

Support

- 1: 2650, Half last week's range
- 2: 2614, Last week's low
- 3: 2605, 38% Fibon retrace

Resistance

- 1: 2685, Last week's all-time high
- 2: 2695, 238% Fibon extension
- 3: 2803, 262% Fibon extension

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