

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment pushed higher into the Friday close as traders choose to focus on solid earning releases from the big US banks rather than a stronger than expected US factory gate inflation (PPI) release and a weaker than expected US consumer sentiment reading. Stock indices rose while the dollar ended flat.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Saturday news: China flags more stimulus but leaves out key details on size

- **Reuters reported:** China pledged on Saturday to 'significantly increase' debt to revive its sputtering economy.
- However, authorities left traders guessing on the overall size of the stimulus package which could mean a volatile open on Monday for local stock indices and key commodities.



US Stock indices rallied on Friday. The S&P 500 closed up 0.4% at 5,853, led higher by strong gains in Wells Fargo and JP Morgan stocks. This was the fifth straight weekly gain for the index and a new all time closing high. The USA 30 rose 0.8% to finish at 43,105 and record its first ever close above 43,000. The USA 2000 was Friday's outperformer rising 2% to end at 2,247, while the Nasdaq 100 closed flat at 20,412.

European indices also closed higher led by the Germany 40 which jumped 0.9% to finish at 19,522. The Europe 50 rose 0.7% to end the week at 5,027, while the France 40 rallied 0.6% to close at 7,588, and the UK 100 gained 0.3% to end a disappointing week at 8,300. **(Page 3 Germany 40 TA Update).**

The US Dollar Index rallied for a second week in a row to close at 102.70 on Friday, a two month high. USDJPY performed strongly again, touching a new 10 week high at 149.54 before closing slightly lower at 149.13 (+0.4% on the week), while EURUSD traded to its lowest level since early August at 1.09 before bouncing to close at 1.0933 (-0.4% on the week). **(Page 4 EURUSD TA Update).**



Gold TA Update:
A correction developed last week as a reaction to recent strength, but this was held by support at 2605 (38% retrace Sept strength). While this level remains intact there is potential to resume upside, especially after Friday's break back above 2645 (half latest sell-off) which opens up moves to 2685 (Sep 26th high) and further.

Closes under 2605, while not an outright negative, can see tests of 2579 (mid-point).



In commodities, Gold recovered from a sell off at the start of the week to lows at 2,603 with a 1% rally on Friday to close back at 2,657 (+0.2% on the week), as traders sought out safe haven protection into the weekend in case of any escalation in the Middle East. **(Above Gold TA Update).** Oil prices dipped 0.5% to 75.46 on Friday but still gained 1% on the week as traders balanced Middle East concerns against the potential of further stimulus from China over the weekend.

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 14.10	TUESDAY 15.10	WEDNESDAY 16.10	THURSDAY 17.10	FRIDAY 18.10
BEFORE OPEN		PNC Financial Bank of America J&J Goldman Sachs Citigroup	ASML Whitbread Morgan Stanley Abbott First Horizon	Rentokil Initial M&T Bank KeyCorp Manpower HBAN	Volvo Regions Financial Fifth Third Bancorp P&G Comerica Inc
AFTER CLOSE		LVMH Omnicom J.B.Hunt United Airlines	Discover Financial Crown Castle Equifax CSX Alcoa	Netflix Crown Cork & Seal Intuitive Surgical	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0400 BST China Imports, Exports and Trade Balance. Coming so soon after Saturday's briefing on fiscal policy from China's finance minister this data release will be closely watched to determine whether the recent volatility in China A50 and Hong Kong 50 indices will continue in the week ahead.

Tuesday: 0700 BST GBP Employment Data. This is the first of two key UK data releases that could decide whether the Bank of England is able to cut interest rates again at its next meeting on November 7th. Traders will be closely watching if unemployment has started to rise again and if wage gains are continuing to slow, with implications for the direction of GBPUSD and the UK 100 next week.

1330 BST CAD Inflation Data (CPI). A big update given that the Canadian central bank is still expected to cut interest rates at all of its meetings into the end of 2024. Any print higher than expectations could see traders reconsider this outlook which could increase USDCAD volatility next week.

2245 BST NZD Inflation Data (CPI). After last week's 50bps (0.5%) rate cut from the RBNZ which resulted in NZDUSD hitting 2 month lows, this inflation update could help to decide whether the move continues lower or a rebound is seen.



Germany 40 TA Update:

Last week's downside move found support around 19115 (38% retrace Sept upside and Bollinger mid-average) from which strength developed. The bounce back higher has now closed above 19438 (62% retrace Sep/Oct declines) which can open 19660 (Sep 27th all time high) and further.

Breaks under 19198 (mid-average) are needed to suggest a deeper sell-off to 18940 (mid-point).

Wednesday: 0700 BST GBP Inflation Data (CPI). Governor Bailey's recent comments that the UK central bank could be more aggressive cutting interest rates if inflation continues to fall will be put to the test with this update. Any disappointment could lead to a reversal of GBPUSD's 300 point fall from highs above 1.34 only two week's ago.

Thursday: 1315 BST ECB Interest Rate Decision, 1345 ECB Press Conference. Traders are fully expecting another 25bps (0.25%) cut at this meeting as Eurozone inflation and growth have continued to under perform. The key question will be what message ECB President Lagarde wants to send about future cuts in 2024 when she speaks in the press conference with implications for European indices and EURUSD. **(Above Germany 40 TA Update).**



EURUSD TA Update:

The failure to close above 1.1200 (Aug 24th high) in late September resulted in weakness, which tested 1.0908 (mid-point of YTD strength). This support level is the focus in the week ahead, with closing breaks lower exposing potential tests of 1.0836 (62% level).

To the upside, moves above 1.0997/1.1021 (Oct 8th high & 38% retrace Sept/Oct declines) are needed to open 1.1055 (mid-point) even 1.1094 (62% level).

Thursday: 1330 BST USD Retail Sales. An important update for FX traders to consider given how a recent string of better than expected US economic data readings have helped the dollar to squeeze higher against other major currencies. Any deviation from expectations in this update could have implications for the direction of EURUSD next week, especially as it comes out just before the ECB press conference starts. **(Above EURUSD TA Update).**

Friday: 0030 BST JPY Inflation Data (CPI). The new Japanese Prime minister and BoJ Governor Ueda have both stated they need more inflation readings before deciding if another rate hike is possible, so this update is important and will have implications for the direction of USDJPY and the Japan 225 next week.

0300 BST China GDP, Industrial Production and Retail Sales. The relative strength or weakness of these updates will be critical for the direction of local indices and key commodities like Oil and Copper into the Friday close next week.

Key levels the Corellian mentors are focused on

Oil:

Support

- 1: 71.72, Bollinger mid-average
- 2: 70.37, 62% retrace Sep/Oct
- 3: 66.32, October monthly low

Resistance

- 1: 76.20, Thursday's high
- 2: 78.43, Last week's high
- 3: 80.14, August 12th high

Nasdaq 100:

Support

- 1: 20113, Bollinger mid-average
- 2: 19818, October monthly low
- 3: 19694, 38% retrace September

Resistance

- 1: 20537, September monthly high
- 2: 20795, July 15th high
- 3: 20982, July 2024 all-time high

Natural Gas:

Support

- 1: 2.587, 38% retrace Aug/Oct
- 2: 2.504, September 19th low
- 3: 2.451, Mid-point same move

Resistance

- 1: 2.724, Bollinger mid-average
- 2: 2.757, 38% retrace
- 3: 2.806, Mid-point same move

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