



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fell on Friday as traders reacted to a stronger than expected US employment report (**See below**) and a big rise in US consumer inflation expectations. Stock indices fell, while the dollar and commodities rallied as hopes of a Federal Reserve rate cut in the first half of 2025 disappeared.

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

Friday data: Strong US jobs report sees stocks fall as Fed unlikely to cut interest rates soon

- **Non Farm Payrolls:**
+256k versus +160k expected. Most since March.
Unemployment Rate:
4.1% versus 4.2% expected.
Average Hourly Earnings (Year on Year):
3.9% versus 4% expected.
- The strength of this release is likely to support the Fed's cautious approach to cutting interest rates in 2025.



US Stock indices all fell hard on Friday, leaving them down on the week, as traders faced the reality of no Fed rate cuts at the start of 2025. The S&P 500 fell 1.6% to close at 5,861, wiping out all of its gains from the start of 2025, while the Nasdaq 100 slipped 1.4% to finish at 20,997. The USA 30 dropped 1.4% to end at 42,212 and the USA 2000 small cap index dipped 2.2% to close at a 3 month low of 2,197. **(Page 4 S&P 500 TA Update).**

European indices followed US markets lower on Friday but outperformed across the week. The UK 100 closed down 0.7% on Friday at 8,261, but was still up 0.4% on the week, helped by a big drop in GBPUSD. The Germany 40 slipped 0.3% on Friday to finish the week at 20,382, however, was still up 2.2% on the week as traders clung on to hopes that the ECB would continue to cut interest rates at the start of 2025.

The US Dollar Index closed the week up 0.6% at 109.45, which was a new 26 month high. EURUSD touched a new low for 2025 at 1.0213 on Friday after the US employment data before finishing the week slightly higher at 1.0244 (-0.6% on week). GBPUSD fell 1.7% on the week to close at 1.2207, a new 1 year low as traders worried about the sustainability of the UK government debt burden. **(Page 3 GBPUSD TA Update).**



Cocoa TA Update:

A downside correction has developed after hitting the all time high at 12912 on December 18th. After further weakness last week the risks are to test lower support levels. The first level is at 10334 (Jan 8th low) and if this gives way, the next support is 9822 (Dec 27th low).

To the upside, closes above 11322 (Bollinger mid-average) are needed to resume upside strength towards 11857 (Jan 6th high).



In commodities, Cocoa fell 7.4% on the week to close at 10,570 as traders reduced long positions at the start of 2025. **(Above Cocoa TA Update).** Gold saw fresh demand as a hedge against debt sustainability and inflation concerns. It rallied 1.9% on the week to close at 2,690. Silver also had a good week, jumping 2.7% to end at a 14 day high of 30.41, while Copper also performed well, rallying 5.3% to close at a 1 month high at 4.2905.

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

GMT -5	= New York
GMT	= London
GMT +1	= Frankfurt
GMT +11	= Sydney

All times are Greenwich Mean Time (GMT). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

MONDAY
13.1

TUESDAY
14.1

WEDNESDAY
15.1

THURSDAY
16.1

FRIDAY
17.1

**BEFORE
OPEN**

BNY Mellon
JPMorgan
Wells Fargo
Goldman Sachs
Citigroup

United Health
PNC Financial
Bank of America
US Bancorp
Morgan Stanley

Regions Financial
Fastenal
State Street
Truist Financial
HBAN

**AFTER
CLOSE**

Synovus Financial

J.B. Hunt

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1330 GMT USD Inflation Data (PPI). US inflation updates are now important again to traders as the Fed have said interest rates are on hold until they receive more data to support it is trending back down to target. This release is focused on prices of goods sold at the factory gates and has moved US stock indices before as it has been a more volatile number in recent months.

Wednesday: 0700 GMT GBP Inflation Data (CPI). Concerns are growing that the UK economy is about to enter a period of stagflation, where the economy struggles to grow and inflation stays stubbornly high, meaning its tough for the Bank of England to cut interest rates. For this reason this release is likely to influence the direction of GBPUSD, which hit new 9 month lows last week. **(Below GBPUSD TA Update).**

GBPUSD TA Update:

Downside acceleration in GBPUSD prices posted new lows at 1.2191 on Friday to extend the bearish trend since hitting highs at 1.3433 on September 26th. This points to a potential retest of support at 1.2041 (Oct 2023 low), even 1.1902 (mid-point Sep'22 to Sep'24 strength).

To the upside, breaks of resistance at 1.2341 (38% retrace Jan declines) are needed to open up fresh scope to 1.2386 (mid-point), even 1.2432 (higher 62% level).



Large US Banks Earnings. The new US earnings season gets fully underway next week with the major US banks reporting their most recent results (See page 2). Traders of US stock indices will be looking at the strength of earnings from JP Morgan, Citigroup and Bank of America, as well as bad debt provisions, and what the CEOs say about future earnings and the current state of the US economy.

1330 BST USD Inflation Data (CPI). This is the data event of the week and its outcome could well decide whether the Federal Reserve pauses rate cuts for a longer period of time due to a higher inflation reading, which could be seen as a negative for US stock indices, or could start to cut rates sooner than expected, due to a lower print, which may be seen as a positive. **(Page 4 S&P 500 TA Update).**

Thursday: AUD Employment Data. An important release for the Australian central bank to consider, given that they shifted their stance in December to consider the possibility of rate cuts if inflation starts trending lower and the economy continues to weaken. This release could impact the direction of AUDUSD and the ASX 200 next week.



S&P 500 TA Update:

Downside risks are emerging after Friday's payrolls release saw fresh weakness and closes under the trend support drawn from the November 19th low at 5855. The risks are for a deeper retracement towards the 38% Fibonacci level at 5766 and if this gives way, on to the next support at 5724 (Nov 4th low).

To the upside, breaks above 5936 (38% retrace Jan weakness) are needed to open retests of 5987 (62% level), even 6068 (Jan 6th highs).

0700 GMT GBP Gross Domestic Product. This update on the direction of growth within the UK economy will be important for GBPUSD and UK 100 traders next week. Depending on the CPI reading from the day before, a weaker growth reading could help convince the Bank of England to cut interest rates, while a higher reading may be welcomed as a positive surprise amongst the recent gloom surrounding the UK.

1330 GMT USD Retail Sales. Bullish stock traders will be hoping that US consumer spending over the Christmas period remained strong enough to keep the economy ticking along and support corporate earnings. Any disappointment could ring some alarm bells at the start of 2025.

Friday: 0200 GMT China Gross Domestic Product, Industrial Production and Retail Sales. It's been a bad start to the year for the China A50 and Hong Kong 50 indices as worries about a trade war with the US and its implications for future growth weigh heavily on sentiment. Could these updates bring some much needed positivity or will their under performance increase calls for fresh stimulus from Chinese authorities?

Key levels the Corellian mentors are focused on

Gold:

Support

- 1: 2655, 38% retrace Dec/Jan
- 2: 2636, Bollinger mid-average
- 3: 2629, Deeper 62% retracement

Resistance

- 1: 2726, December 12th high
- 2: 2750, November 5th high
- 3: 2790, October all-time high

Nasdaq 100:

Support

- 1: 20879, Last week's low
- 2: 20511, 38% retrace Aug/Dec
- 3: 20383, November 19th low

Resistance

- 1: 21371, Friday's high
- 2: 21631, Bollinger mid-average
- 3: 21895, January monthly high

USDJPY:

Support

- 1: 157.12, Bollinger mid-average
- 2: 156.23, Last week's low
- 3: 155.01, 38% retrace Dec/Jan

Resistance

- 1: 158.85, Last week's high
- 2: 159.40, Upper daily Bollinger band
- 3: 161.80, Mid-July high

Sunday 12th January 2025

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