

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week on a high as traders adjusted positions in response to renewed hopes of a Federal Reserve rate cut in the first 6 months of 2025 and prepared for Donald Trump taking office as President on Monday. Stock indices and the dollar rallied while commodities were mixed.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: UK retail sales fall in December, highlighting economic growth concerns

- **UK Retail Sales (Month on Month):**
-0.3% versus +0.4% expected.
UK Retail Sales (Year on Year):
+3.6% versus +4.2% expected.
- This poor performance during the key Christmas period highlights consumer caution due to higher prices and decreasing confidence in the economy.



US Stock indices all rallied strongly to end the week. The S&P 500 rose 1% to close at a two week high of 6,032 (+3.6% on week), while the Nasdaq 100 jumped 1.6% to finish at 21,589 (+2.9% on week) both led higher by gains in Nvidia, Tesla and Intel stocks. The USA 30 gained 0.7% on Friday to end the week at 1 month highs of 43,675 (+3.2% on week), while the USA 2000 rallied 0.4% to close at 2,288 (+4.3% on week). **(Page 3 USA 30 TA Update).**

European indices also made strong gains on Friday. The UK 100 jumped 1.4% to post a new all time closing high at 8,503 (+3% on week) supported by a weaker GBPUSD exchange rate, while the Germany 40 rallied 1.3% to register its own new all time closing high at 21,019 (+3.2% on week), and the France 40 rose 1.1% to finish at 7,742.

The US Dollar Index climbed 0.4% on Friday to close the week at 109.25 as traders reloaded dollar longs ahead of Trump taking office on Monday. GBPUSD fell for the third week in a row, closing down 0.6% at 1.2170 on Friday, after the release of a much weaker than expected retail sales update **(See above)**. USDJPY dropped to 1 month lows at 154.97 early on Friday morning, before recovering to finish the week back at 156.15, as traders adjusted positions ahead of next week's BoJ rate decision. **(Page 4 USDJPY TA Update).**



Gold TA Update:

Price strength tested resistance at 2726 last week (Dec 12th high), which capped the move. Looking forward, closing breaks of this level are needed to extend moves further to the upside, which could lead to a challenge of the all time high at 2790 (Oct 30th high).

To the downside, breaks below 2691 (half latest upside) can prompt a deeper decline towards 2670 (38% retrace Dec/Jan strength), even 2649 (Bollinger mid-average).



In commodities, Gold rose for the third week in a row, touching a one month high at 2,724 on Thursday before pulling back to close at 2,702, up 0.4% on the week. **(Above Gold TA Update)**. Oil hit a 6 month high at 80.74 on Wednesday but fell back to close at 77.36, which was still a gain of 1.9% on the week, as traders balanced tight supply against the uncertainty of what US sanctions against Russia and Iran could be when Donald Trump takes office on Monday.

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 20.1 **TUESDAY** 21.1 **WEDNESDAY** 22.1 **THURSDAY** 23.1 **FRIDAY** 24.1

**BEFORE
OPEN**

KeyCorp
3M
D.R.Horton
Prologis
Charles Schwab

J&J
Halliburton
P&G
Abbott
Comerica Inc

TAL Education
Elevance Health
American Airlines
General Electric
Northern Trust

Ericsson
AMEX
Verizon
NextEra Energy
HCA Healthcare

**AFTER
CLOSE**

United Airlines
Netflix
Seagate
Capital One

Discover Financial
Hexcel
Kinder Morgan
Alcoa
Steel Dynamics

CSX
Texas Inst.
Intuitive Surgical
SLM

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0115 GMT PBOC Interest Rate Decision. The Chinese central bank (PBOC) made comments in December stating they stand ready to do more to help support the economy and Chinese consumers. After some disappointing data readings to start 2025, China A50 and Hong Kong 50 traders will be watching closely to see if they add fresh stimulus at this meeting.

President Trump Inauguration. While this is a ceremony, it marks the official start of Donald Trump's Presidency and US stock traders will be keen to hear updates from him and his team on the actual size of initial trade tariffs on key trading partners, Canada, China, Mexico and the EU, as well as the mechanics of how he intends to fund his pro growth campaign promises. **(Below USA 30 TA Update).**



USA 30 TA Update:

Price strength for the USA 30 index is now back to resistance at 43743 (Dec 26th high), with closing breaks of this level needed to open moves to higher levels. A break of 43743 could see resistance at 43973 tested (62% retrace Dec/Jan decline) and if that gives way, then 44727 (Dec 12th high).

To the downside, breaks under 43147 (38% retrace Jan strength) could see tests of 42702 (62% level).

Tuesday: 0700 GMT GBP Employment Data. Coming hot on the heels of last week's surprise inflation (CPI) reading, this UK employment update is crucial to decision making for the next interest rate move at the Bank of England. For this reason it is likely to have an impact on the direction of the UK 100 and GBPUSD next week.

1330 GMT CAD Inflation Data (CPI). This release will help determine whether the Bank of Canada continues to cut interest rates at the start of 2025. As it seeks to provide the economy a further boost in the face of potential trade tariffs from the US. This print could influence the direction of USDCAD next week.

2145 GMT NZD Inflation Data (CPI). With NZDUSD trying to stage a rebound from touching 2 year lows under 0.56 last week, traders will be closely following this release to determine if New Zealand's central bank may consider cutting interest rates again at its next meeting, which could stop the NZDUSD recovery in its tracks.



USDJPY TA Update:

Breaks under the Bollinger mid-average support at 157.34 has seen a deeper sell-off to test 155.01 (38% retrace Dec/Jan strength). Breaks below here could see a deeper decline towards 153.79 (mid-point), even 152.61 (62% level).

To the upside, breaks above 157.34 (Bollinger mid-average) are needed to open up retests of resistance at 158.85 (Jan 11th high).

Thursday: 2330 GMT JPY Inflation Data (CPI). With the Bank of Japan interest rate decision just hours later, this inflation reading could determine whether the Japanese central bank raise rates or remain unchanged, with implications for the direction of USDJPY and the Japan 225.

Friday: Preliminary Global PMI Data, JPY, EUR, GBP and USD. These forward looking survey releases take place all across the day. Readings above 50 indicate economic expansion, while readings below 50 indicate economic contraction. The surveys for the Eurozone and the UK are likely to be the most relevant for traders who are becoming increasingly concerned about stalling economic growth.

0300 GMT BoJ Interest Rate Decision, 0600 GMT BoJ Press Conference. There is uncertainty about whether the BoJ hike interest rates again at this meeting or remain on hold, and this has volatility implications for USDJPY and the Japan 225 going into and after these events. **(Above USDJPY TA Update).**

Key levels the Corellian mentors are focused on

EURUSD:

Support

- 1: 1.0266, Half last week's rally
- 2: 1.0177, Last week's low
- 3: 1.0000, Psychological level

Resistance

- 1: 1.0352, 38% retrace Dec/Jan
- 2: 1.0405, Mid-point same move
- 3: 1.0436, January 6th low

Nasdaq 100:

Support

- 1: 21191, Half latest upside
- 2: 20879, Last week's low
- 3: 20694, 38% retrace Aug/Dec

Resistance

- 1: 21675, Friday's high
- 2: 21895, January monthly
- 3: 22110, December 26th high

Oil:

Support

- 1: 76.92, Thursday's low
- 2: 75.40, 38% retrace Nov/Jan
- 3: 73.67, Bollinger mid-average

Resistance

- 1: 80.74, Last week's high
- 2: 83.08, July 17th high
- 3: 83.72, July 14th high

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