



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** cooled into the Friday close as traders digested weaker than expected US economic data readings and looked to lock in some profits on recent moves after seeing President Trump's first week in office. The dollar fell, stock indices drifted lower, and commodities closed with mixed results.

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

Friday data: Bank of Japan raises interest rates to their highest level since 2008

- **Bank of Japan** raised interest rates by 25bps (0.25%) to 0.5% as expected by economists.
- This third rate hike in less than 12 months alongside comments from Governor Ueda that more hikes could be made depending on the data may help to support the Japanese yen moving forward.



**US Stock indices** all fell on Friday but still registered gains on the week as traders responded positively to President Trump's less aggressive approach to imposing trade tariffs than was initially feared a week ago. The S&P 500 dipped 0.3% on Friday to close the week at 6,131 (+1.7% on week), while the Nasdaq 100 ended down 0.6% at 21,907 (+1.6% on week). The USA 30 dropped 0.4% to finish at 44,588 (+2.1% on week), while the USA 2000 fell 0.3% to close at 2,320. **(Page 3 Nasdaq 100 TA Update).**

**European indices** also all fell on Friday. The UK 100, which printed a new all time high at 8,581 on Wednesday, dropped 1% on Friday to end the week back at 8,474 (-0.3% on week), while the Germany 40 pulled back from its registering its own new all time high at 21,643 on Friday to close down 0.3% at 21,479 (+2.3% on week).

**The US Dollar Index** registered its biggest weekly fall since July 2024. It fell 1.9% across the week to close at 107.25, as traders closed long positions after seeing President Trump's actions during his first week in office. USDJPY initially fell to a 1 month low of 154.76 on Friday in response to the BoJ raising interest rates **(see above)**, before rebounding to close at 155.90 (-0.3% on week). EURUSD rallied 2.2% on the week to close at a 1 month high of 1.0496 ahead of the ECB rate decision next week. **(Page 4 EURUSD TA Update).**



Oil TA Update:

The latest price weakness has broken below support at 75.31 which is the 38% retracement of the Nov/Jan upside move. This suggests a more extended sell-off towards 73.64 (mid-point), even 71.93 (62% level) is possible.

To the upside, breaks back above resistance at 76.66 (38% retrace Jan weakness) are needed to resume strength towards 78.19 (62% level), possibly 80.74 (Jan 15th high).



**In commodities,** Oil had a bad week as traders cut stale long positions in response to President Trump’s executive order to boost domestic production. Oil dropped 4% on the week to close at a 2 week low of 74.57. **(Above Oil TA Update)**. Gold jumped 2.5% on the week to finish at 2,771, just short of its all time high of 2,790 from late October. Traders looked to buy Gold due to a weaker dollar and as a safe haven against future economic upheaval.

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   | TUESDAY  | WEDNESDAY                                  | THURSDAY  | FRIDAY  |
|-------------|--|--|--|---|---|
|             | 27.1   | 28.1   | 29.1                                       | 30.1  | 31.1  |
| BEFORE OPEN | Sofi Technologies<br>AT&T                              | SAP<br>General Motors<br>Kimberly Clark<br>Boeing<br>SYSCO | ASML<br>Lennox<br>V.F.<br>T-Mobile<br>Teva | BBVA<br>UPS<br>Caterpillar<br>Comcast<br>Mastercard | Aon<br>Chevron<br>ExxonMobil<br>Colgate-Palmolive<br>AbbVie |
| AFTER CLOSE | Nucor<br>Graco<br>Brown & Brown<br>Crane<br>Alexandria | LVMH<br>F5<br>Chubb<br>Starbucks<br>Ashland                | Tesla<br>Microsoft<br>Meta<br>IBM<br>Dolby | Intel<br>Apple<br>Visa<br>HIG<br>Eastman Chemical   |   |

## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0130 GMT China Manufacturing and Non-Manufacturing PMIs.** Traders are looking for clear signs that the stimulus measures deployed by Chinese authorities at the back end of last year are starting to produce positive results for growth in the country's economy. These surveys will be closely watched and are likely to impact the direction of the China A50 and Hong Kong 50 indices next week.

**Wednesday: 0030 GMT AUD Inflation Data (CPI).** The Australian central bank (RBA) have shifted their stance towards considering the possibility of an interest rate cut in early 2025, if inflation continues to trend lower. For that reason, this release will have implications for the direction of the ASX 200 and AUDUSD next week.

**Mega Technology Earnings.** The focus for US stock traders shifts to the earnings from 4 of the 7 Magnificent Seven companies next week, with Microsoft, Meta and Tesla reporting after the close on Wednesday, while Apple reports after the close on Thursday. Expectations are high so there maybe some room for volatility in the individual stocks and Nasdaq 100. **(Below Nasdaq 100 TA Update).**



### Nasdaq 100 TA Update:

The latest upside strength is testing resistance at 22110 which is the December 26th high. Closing breaks above this level suggest the potential for continued upside moves to challenge 22449 (Dec 16th high), possibly further.

To the downside, breaks below support at 21576 (38% retrace Jan strength) suggest further price weakness towards 21411 (mid-point), even 21246 (62% level).

**1445 GMT BoC Interest Rate Decision, 1530 GMT BoC Press Conference.** With Canadian inflation back to target, the economy weakening and the threat of US trade tariffs looming, there is a strong case for the BoC to cut interest rates again at this meeting. Whether they do or not will likely influence the direction of USDCAD.

**1900 GMT Fed Interest Rate Decision, 1930 GMT Fed Press Conference.** The Fed are expected to keep rates unchanged at this meeting, which shifts the focus to comments from Fed Chairman Powell at the press conference. Will he renew trader hopes for a potential Fed rate cut in the first half of 2025 if economic data supports it, which could be positive for US stocks, or will he say its just too soon to tell.

**Thursday: 1000 GMT EUR Gross Domestic Product (Preliminary).** This update on the trend of growth within the Eurozone economy could influence the direction of EURUSD and European indices ahead of the ECB rate decision later in the day.



#### EURUSD TA Update:

The latest price strength has broken above the 1.0457/72 resistance range (Dec 30th, Jan 22nd highs and 38% retrace Nov/Jan sell-off). This opens the potential for further upside towards 1.0560 (mid-point), even 1.0650 (62% level).

To the downside, breaks back below support at 1.0390 (38% retrace Jan strength) are needed to resume weakness towards 1.0309 (62% level).

**1315 GMT ECB Interest Rate Decision, 1345 GMT ECB Press Conference.** Traders expect another 25bps (0.25%) interest rate cut from the ECB at this meeting, so anything else would be a surprise. However, there is some uncertainty about what comes next in the months ahead given Eurozone inflation has started to tick back higher again. This makes the comments of Madame Lagarde in the press conference critical to the direction of EURUSD next week. **(Above EURUSD TA Update).**

**1330 GMT USD Gross Domestic Product (Preliminary).** US economic out performance has been a theme of the last few months and this growth update could impact the direction of US stock indices and the dollar next week.

**Friday: 1330 GMT USD PCE Index.** This is the Fed's preferred gauge of inflation. Its direction will be crucial in helping Fed policymakers decide whether they can cut interest rates in early 2025. Any deviation from expectations will likely impact US stocks and the dollar.

## Key levels the Corellian mentors are focused on

#### Gold:

##### Support

- 1: 2738, Half last week's range
- 2: 2709, 38% retrace Dec/Jan
- 3: 2682, Bollinger mid-average

##### Resistance

- 1: 2786, Last week's high
- 2: 2790, October all-time high
- 3: 2802, 262% Fibonacci extension

#### Germany 40:

##### Support

- 1: 21241, Wednesday's low
- 2: 21002, Last week's low
- 3: 20961, 38% retrace Dec/Jan

##### Resistance

- 1: 21643, Last week's all-time high
- 2: 21683, 262% Fibonacci extension
- 3: 21950, 300% extension level

#### AUDUSD:

##### Support

- 1: 0.6222, Bollinger mid-average
- 2: 0.6164, January 18th low
- 3: 0.6131, January 13th low

##### Resistance

- 1: 0.6330, Friday's high
- 2: 0.6345, 38% retrace Nov/Jan
- 3: 0.6382, December 16th high

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