

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fluctuated and then slipped lower into the Friday close as traders reacted to conflicting headlines regarding President Trump's plans to impose trade tariffs on Canada, Mexico and China as soon as Saturday February 1st (**Update below**). Stock indices all fell, the dollar rallied, and commodities closed with mixed results.

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

Saturday news: Trump hits Canada, Mexico and China with trade tariffs.

- **Bloomberg:** The White House announced plans for 25% tariffs on Canada and Mexico, and 10% on China starting Tuesday.
- Canada responded with 25% tariffs on \$107 billion of US goods. Mexico's President called for retaliatory tariffs, while China also vowed a response.



US Stock indices experienced a volatile week which started with a drop on fears surrounding the impact Chinese AI startup DeepSeek could have on US technology dominance, a mid-week recovery and then a fall into the Friday close on tariff concerns. The S&P 500 traded as high as 6,147 on Friday but reversed its gains and closed down 0.6% at 6,065 (-1% on week), while the Nasdaq 100 briefly touched a weekly high of 21,963 before dropping back to end the day down 0.3% at 21,571 (-1.5% on week).

European indices fell on Friday but still outperformed across the week. The UK 100 printed a new record high at 8,676 on Friday afternoon but succumbed to profit taking, eventually falling 0.2% on the day to close at 8,619 (+1.9% on week). The Germany 40 also registered a new all time high of 21,904 on Friday afternoon but reversed those gains to close down 0.5% on the day at 21,732 (+1.2% on week). (**Page 3 Germany 40 TA Update**).

The US Dollar Index hit a one month low of 106.76 on Monday but then moved higher across the rest of the week, eventually closing, up 1% at 108.33 as traders rebought dollars as a hedge against President Trump's expected weekend tariff announcements. EURUSD fell back from Monday highs at 1.0532 after the ECB cut interest rates 25bps (0.25) on Thursday, to close at 1.0374, while GBPUSD dropped from 1.2522 to end the week at 1.2399 ahead of the BoE rate decision next week. (**Page 4 GBPUSD TA Update**).



Natural Gas TA Update:

Price weakness has now closed below support at 3.110 (mid-point Aug/Jan upside). This suggests deeper declines in Natural Gas prices are possible to support at the 2.976 level (Dec 4th low) then potentially even 2.820 (62% level).

To the upside, breaks of resistance at 3.235 (half sell-off from Jan 26th high) are needed to suggest moves back towards 3.502 (38% retrace Jan weakness).



In commodities, Natural Gas fell 7% across the week to close at a one month low of 3.07 on Friday as traders faced up to the possibility that the peak demand for winter may be over. **(Above Natural Gas TA Update).** Oil touched a five week low at 71.92 before rallying 1.5% on Friday over concerns that US trade tariffs may include Canadian oil. Gold hit a new record high at 2,817 before pulling back to end the week up 1% at 2,798.

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

3.2

TUESDAY

4.2

WEDNESDAY

5.2

THURSDAY

6.2

FRIDAY

7.2

**BEFORE
OPEN**

Julius Baer
IDEXX Laboratories
Tyson Foods

UBS Group
BNP Paribas
PepsiCo
Estee Lauder
Paypal

Novo Nordisk
Santander
Credit Agricole
Uber
Walt Disney

ING
AstraZeneca
Eli Lilly
ConocoPhillips
Hilton

Danske Bank
Ashmore
Newell Brands
Avantor
Kimco Realty

**AFTER
CLOSE**

Newmarket
MGIC Investment
Aecom
Palatntir Technologies
NXP Semiconductors

Alphabet
AMD
FMC
Amgen
Snap

Cognizant
MetLife
Itau Unibanco
ARM
MicroStrategy

Microchip
Amazon
Expedia
Sonos
Pinterest

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1000 GMT EUR Inflation Data (HICP). The trend of Eurozone inflation is important to ECB policymakers and is likely to influence whether they decide to cut interest rates again at their next meeting in early March. This release could influence the direction of EURUSD and European indices at the start of next week. **(Below Germany 40 TA Update).**

1500 GMT USD ISM Manufacturing PMI. US manufacturing activity has been underperforming and this reading has printed below 50, the line divides economic contraction from expansion for nice consecutive months. However, recently activity has been slowly improving, so traders will be keen to see if it can move above 50 into expansion territory, with implications for US stocks and the dollar.

Tuesday: 1500 GMT USD JOLTs Job Openings. This is the first of four updates on the strength of the US labour market across the week. All of which could impact sentiment towards US stocks and the dollar. These include ADP Private Sector Payrolls on Wednesday at 1315 GMT, Initial Jobless claims on Thursday at 1330 GMT, and finish with the very important Non-farm Payrolls release on Friday at 1330 GMT.



Germany 40 TA Update:

New all-highs continue to be posted with risks for further price strength over coming sessions. The latest record high was Friday at 21904. Upside potential remains while closes are seen above support at 21561 (half latest upside move).

However, breaks of this level (21561) suggest risks for a deeper decline towards the next support at 21192 (Jan 27th low), potentially even 21128 (38% retrace Dec/Jan strength).

Alphabet and Amazon Earnings. With trader concerns elevated regarding the threats to the dominance of big US technology stocks from potential AI disruptor DeepSeek, these results from Alphabet, after the close Tuesday and Amazon, after the close Thursday, take on a new level of importance. Earnings are expected to be strong but traders will also want to know about the costs of AI infrastructure.

Wednesday: 1500 GMT USD ISM Services PMI. This is a big release for US stock traders to consider. Services activity (e.g. bars, restaurants etc) has been the driving force behind economic growth in the US economy but there have been some worrying signs recently that it may be starting to slow as consumer confidence edges lower. Traders will be watching to see if this print starts to fall back towards the 50 level, which divides economic expansion from contraction.



GBPUSD TA Update:

A negative pattern of lower highs and lower lows in price continues for GBPUSD. Breaks under support at 1.2365 (38% retrace Dec/Jan upside) can see further declines to 1.2313 (mid-point), then potentially even 1.2263 (62% level).

To the topside, 1.2522 which is the January 27th high is the first resistance level, although 1.2611 (38% retrace Sep/Dec declines) would appear to be a stronger resistance area.

Thursday: 1200 GMT BoE Interest Rate Decision, 1230 GMT BoE Press Conference.

There are hopes that the Bank of England cuts interest rates at this meeting to help support UK economic growth which has been underperforming recently. However, it could be a close call, which means there could be an increased amount of volatility in GBPUSD around the announcement and during the press conference of Governor Bailey which starts 30 minutes later. **(Above GBPUSD TA Update).**

Friday: 1330 GMT USD Non-farm Payrolls.

This is the event of the week. The Fed have paused interest rate cuts party because of uncertainty surrounding the resurgence of inflation and partly to assess the strength of the US economy, including the labour market. While the unemployment rate (currently 4.1%) remains at low levels the Fed are unlikely to resume rate cuts, which could have knock on implications for the direction of US stock indices and the dollar at the end of next week.

Key levels the Corellian mentors are focused on

EURUSD:

Support

- 1: 1.0359, Bollinger mid-average
- 2: 1.0315, 62% retrace
- 3: 1.0265, January 20th low

Resistance

- 1: 1.0444, Half latest sell-off
- 2: 1.0532, Last week's high
- 3: 1.0575, 38% retrace Sep/Jan

Nasdaq 100:

Support

- 1: 21496, Bollinger mid-average
- 2: 21376, Half latest rally
- 3: 21160, Tuesday's low

Resistance

- 1: 21964, Last week's high
- 2: 22092, January 22nd high
- 3: 22449, December all-time high

Gold:

Support

- 1: 2775, Half last week's range
- 2: 2730, Last week's low
- 3: 2718, Bollinger mid-average

Resistance

- 1: 2817, Last week's high
- 2: 2886, 38% Fibonacci extension
- 3: 2945, 62% Fibonacci extension

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