

Preparing for the week ahead : Corellian 3 Step Process

Step 1: Where did markets end last week and why?

Markets finished Friday regaining much of their losses after a stronger than expected Retails Sales from the US and Citi bank beating earnings up 13.2%. Earnings will be in focus again next week. The stand out data was Wednesday's US CPI 9.1% (8.8% expected), sparking rumours of a 100 bp hike at the next FOMC meeting sending equities lower. This move was further compounded by a higher than expected US PPI 11.3%. However, testimony from the Fed's Waller Thursday suggesting 75 bps could be enough "depending on incoming data" and the market was "getting ahead of itself" saw a reversal and the USA500 rallying from a low of 3724, finishing up 1.92% at 3863 at the weekly close.



Global bond yields fell, notably the US 10yr yields finished the week at 2.928% off from last weeks 3.099 close, suggesting a slowdown or worse for the US, with continued yield curve inversion hyping fears of a possible recession. FX Traders will be watching as USDJPY is closely attached to moves in the US 10yr, and any further widening of Japanese Bonds and US yields could see further upward pressure on USDJPY, which closed the week strongly at 138.60.

Traders took advantage of equity volatility this week using last Friday's strong close to further reduce longs before the CPI data. The US Tech 100 was down 4.19% by Thursday, but fresh buying although light in volume, saw a mere 0.63% decline on the week. (See page 2 for the US Tech 100 Technical Update).

Financial Market	Closing Level Friday 8 th July	Closing Level Friday 15 th July	Weekly Change %	Financial Market	Closing Level Friday 8 th July	Closing Level Friday 15 th July	Weekly Change %
Asia Stocks:				G10 Currencies:			
China A50	14685	14015	-4.5%	EURUSD	1.0178	1.0083	-0.9%
Japan 225	26802	26976	+0.6%	GBPUSD	1.2031	1.1867	-1.4%
ASX (Australia) 200	6600	6558	-0.6%	EURGBP	0.8460	0.8496	+0.4%
Hong Kong 50	21740	20329	-6.5%	AUDUSD	0.6850	0.6795	-0.8%
Europe Stocks:				Commodities:			
UK (FTSE) 100	7135	7125	-0.1%	USDJPY	136.06	138.54	+1.8%
Germany 40	12955	12850	-0.8%	USD Index	106.70	107.81	+1.0%
Europe 50	3486	3473	-0.4%	Other Markets:			
France 40	6011	6041	+0.5%	GOLD	1742	1709	-1.9%
US Stocks:				Silver			
USA 500	3906	3867	-1.0%	Copper	3.5182	3.2462	-7.7%
USA 30 Wall Street	31352	31256	-0.4%	US Crude Oil	104.80	94.45	-9.9%
US Tech 100	12161	12019	-1.2%	Bitcoin			
USA (Russell) 2000	1770	1746	-1.4%	Bitcoin	21830	21137	-3.2%
				US 10 Year Yield	3.08%	2.93%	-4.9%

Step2:What is new, if anything, from the weekend?

Bloomberg:

Will Europe need to ration natural gas?

Fears are growing that Moscow will not turn the Nord Stream 1 pipeline back on this coming Thursday after routine maintenance, in retaliation to European sanctions over Russia's invasion of Ukraine.

"If Nord Stream 1 doesn't come back on line ,it's inevitable. We will definitely see rationing in Europe"

According to Vice-Chancellor Habeck ,"Germany could be independent from Russia natural gas by summer 2024". But until then if gas supplies were totally cut " the consequences would be devastating for German industry".

Bloomberg:

Italian Markets face more turmoil.

Italian markets are set for a turbulent week ahead, as the political crisis deepens just ahead of the ECB readying to raise rates for the first time in a decade. How bad is this for the EUR and how will it impact indices?

Last weeks coalition collapse saw bonds capitulate, before stabilising Friday after Draghi's resignation was rejected.

However, more volatility is likely as Draghi has to now forge a tough compromise with in the coming days with the populists in his government to avoid a total collapse of the coalition.

Bloomberg:

Rishi Sunak-ex Chancellor under Boris Johnson takes early lead .

The former Finance Minister took a narrow lead over close rival Ms Mordaunt after Friday's debate.

With the rate of inflation at 9.1% and the BoE warning it could rise further , this has become his main priority "I want to get a grip of inflation....before cutting taxes".

Ms Mordaunt wants to cut taxes "immediately", and make the UK more competitive.

Next week will see the candidates cut to 2 from 5, and whoever should win the leadership , will has a huge job turning the economy round.



Step 3: Looking forward to the week ahead

Important events are coloured in bold red, all times are British Summer Time (BST)

Please use the key opposite to adjust to your appropriate time zone

Individual Share Update (Some of the key earnings next week in the chart below):

Time Zone Key:	
BST -5	= NY Time
BST	= London Time
BST +1	= Frankfurt Time
BST +8	= Tokyo
BST +9	= Sydney
BST	= British Summer Time

The USA 500 saw risk sentiment improve through Friday after stronger than expected retail sales data from the US. With consumer confidence on it's knees this data was surprising, but after the economists adjusted for inflation they were still pointing to a levelling off in spending. The low trading volumes indicate possible short covering rather than bargain hunting. Will traders look to lighten up long positions on a move towards 4000, both a psychological level and just ahead of 4020, the 38% retracement ? (see page 3 for the USA 500 Technical Update).

The Germany 40 continues to perform poorly being weighed down this week by a very disappointing German investor confidence (ZEW) print, the worst since the debt crisis of 2011. Prospects of Europe's largest economy heading into recession continue, as risks of Russia cutting off energy supplies mount. Will the ECB surprise and be more aggressive to combat out of control inflation, or will Italian bond yields, which are rising and threatening stability in the zone take precedent? (see page 3 for Germany 40 Technical update)

Next weeks earning focus: Very busy.

Monday 18 th July	Tuesday 19 th July	Wednesday 20 th July	Thursday 21 st July	Friday 22 nd July
<p>Bank of America Goldman Sachs Group</p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> IBM</p>	<p>Haliburton Co Hasbro Inc Johnson & Johnson Lockheed Martin Corp</p> <p><u>Before Market Opens:</u> Novartis AG</p> <p><u>After Market Closes:</u> Netflix</p>	<p>Nasdaq Inc</p> <p><u>Before Market Opens:</u></p> <p><u>After Market Closes:</u> Alcoa Tesla Inc United Airlines</p>	<p>American Airlines AT&T Blackstone Group Philip Morris Int Sonoco Products co</p> <p><u>Before Market Opens:</u> Nokia</p> <p><u>After Market Closes:</u> Capital One Financial</p>	<p>Twitter American Express</p> <p><u>Before Market Opens:</u> Verizon Comms</p> <p><u>After Market Closes:</u></p>



Central Bank Meetings and Key Central Bank Speakers:

Another important week ahead, with an increased likelihood of volatility from central bank decision and headline risks.

Monday 18th July	Tuesday 19th July	Wednesday 20th July	Thursday 21st July	Friday 22nd July
	<p>*0230 BST AUD * RBA Meeting Minutes</p> <p>0300 BST AUD RBA Bullock Speech</p>	<p>*0010 BST AUD* RBA Governor Love Speech</p> <p>*0230 BST China* PBOC Interest Rate Decision</p>	<p>*0400 BST JPY* BOJ Interest Rate Decision</p> <p>0700 BST JPY BoJ Governor Kuroda Speech</p> <p>*1315 BST ECB* Interest Rate Decision</p>	

Tuesday: RBA Meeting Minutes and Governor Low speech: After especially strong unemployment data last week, the RBA are now expected to move ahead with more hikes and the market has 50bps priced in at the next meeting, this speech will be closely followed.





Thursday:The BoJ meeting is usually a non-event but markets will be keen to hear what Kuroda has to say on JPY weakness and current policy. Any hint that Yield Curve Control policy is being tweaked or abandoned would see the JPY spiraling higher and USDJPY falling hard.

The big meeting this week is the ECB where they will **FINALLY** raise rates with 25 bps fully priced in. Traders will be looking for any signs of a commitment of a larger hike in September, and want to hear what the plans are for capping Italian yields as they start hiking rates. Will Lagarde deliver this time with a forward looking press conference or just more of the same?

A big meeting for the EUR (see below EURUSD technical update).



Key Economic Data Next Week:

A few key data points to focus on for traders this week.

Monday 18 th July	Tuesday 19 th July	Wednesday 20 th July	Thursday 21 st July	Friday 22 nd July
2100 BST USD TIC Flows	*0700 BST GBP* ILO Unemployment Rate	*0050 BST JPY Merchandise Trade Balance	1330 BST USD Initial Jobless Claims	*0001 BST GBP* Gfk Consumer Confi- dence
	1330 BST USD Housing Starts	*0700 BST GBP* Inflation Data (CPI)		0130 BST JPY PPI
	2130 BST USD API Weekly Crude Oil Stock	0700 BST GBP PPI		*0700 BST GBP* Retail Sales
		1500 BST USD Existing Home Sales		1330 BST CAD Retail Sales
		1530 BST CAD Inflation Data (CPI)		

Tuesday: GBP Unemployment data is vitally important now, as the BoE try and balance roaring inflation against a weakening economy and data now matters. Earnings in particular will be monitored by traders and the BoE.

Wednesday: **GBP CPI.** All inflation data matters and investors are looking for any sign of a peak in inflation. In the UK, the issue seems worse than in many other economies and still have a tight labour market with rising wages.

Friday: **GBP Retail sales.** Another important set of data that will feed into the BoE thinking on rates. But Bailey has been more aggressive in his comments about fighting inflation. UK data this week, if weak, could challenge that.





Friday: GBP GFK Consumer confidence

UK consumer confidence couldn't fall much further but it may stay weak for some time as rates look set to rise further and prices remain elevated. The consumer in the UK is getting it from all sides and higher energy bills are coming. GBP looks weak, especially against the USD and may stay that way. Charts suggest a look at 1.1500!!

Commodity Focus: Oil and Gold

Oil is volatile and we have seen some steep falls as demand fears grip markets but the oil market remains tight. West Texas Intermediate rose to trade above \$98 a barrel, capping another hugely volatile week of trading, which saw prices at one point wipe out all of their gains since Russia invaded Ukraine. Attention will turn to OPEC+'s next production moves in early August.

Gold has really struggled with a strong \$ this week dipping below \$1700. Even the US CPI print wasn't enough for gold to really rally, is gold no longer a hedge against inflation?

(see below for the Oil and Gold Technical Update).



Below are key levels in Stocks and G10 FX the Corellian mentors are focused on.

Support	Resistance	Support	Resistance
USA 500: 1 st – 3734, Last weeks low trade 2 nd – 3639, June monthly extreme 3 rd – 3596, Late December 2020 low	1 st – 3950, June 28 th failure high 2 nd – 4020, 38% Mar/Jun sell-off 3 rd – 4136, Mid-point same move	EURUSD: 1 st – 0.9952, Thursday's correction low 2 nd – 0.9882, November 2002 extreme 3 rd – 0.9608, September 2002 hod level	1 st – 1.0200, 38% retrace latest downside 2 nd – 1.0276, Mid-point same move 3 rd – 1.0351, Higher 62% retracement
US Tech 100: 1 st – 11786, Bollinger mid-average 2 nd – 11350, June 30 th low trade 3 rd – 11068, June monthly extreme	1 st – 12261, Jun 27 th session high 2 nd – 12687, 38% retrace Mar/Jun sell-off 3 rd – 12944, June failure high trade	GBPUSD: 1 st – 1.1760, Last weeks correction low 2 nd – 1.1408, March 2020 spike low 3 rd – 1.0366, February 1985 extreme	1 st – 1.1966, Wednesday's bounce failure 2 nd – 1.2058, Bollinger mid-average 3 rd – 1.2164, July monthly upside extreme
USA 30 Wallstreet: 1 st – 30107, July 6 th correction low 2 nd – 30005, June 21 st low trade 3 rd – 29316, Late December 2020 low	1 st – 31865, 38% retrace Apr/Jun sell-off 2 nd – 32539, Mid-point same move 3 rd – 33214, Higher 62% retracement	USDJPY: 1 st – 136.20, Bollinger mid-average 2 nd – 134.43, 38% retrace May/Jul upside 3 rd – 132.89, Mid-point same move	1 st – 139.39, Last weeks new recovery high 2 nd – 139.83, September 1998 extreme 3 rd – 147.33, 38% retrace Feb'85/Oct'11
Germany 40: 1 st – 12336, July 6 th correction low 2 nd – 12177, Mid-point Mar'20/Jan'22 3 rd – 11495, November 2020 extreme	1 st – 12911, Bollinger mid-average 2 nd – 13264, 38% retrace June/July sell-off 3 rd – 13363, June 28 th session failure high	AUDUSD: 1 st – 0.6681, Last weeks low trade 2 nd – 0.6659, June 2020 monthly extreme 3 rd – 0.6469, 62% retrace Mar'20/Feb'21	1 st – 0.6839, Bollinger mid-average 2 nd – 0.6895, July 5 th session high 3 rd – 0.7069, June 15 th bounce failure
UK 100: 1 st – 6953, July 6 th correction low 2 nd – 6908, June monthly extreme 3 rd – 6723, March 8 th rally point	1 st – 7174, Last weeks high trade 2 nd – 7224, Last weeks failure high trade 3 rd – 7308, June 29 th bounce failure level	USDCAD: 1 st – 1.2949, Bollinger mid-average 2 nd – 1.2872, Mid-point Jun/Jul upside 3 rd – 1.2818, June 28 th session extreme	1 st – 1.3223, Last weeks recovery high 2 nd – 1.3337, Mid-point 2020/2022 range 3 rd – 1.3419, September 2020 failure

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