



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment fell in a nervous end to the week as traders adjusted positions to account for the potential impact on the US economy from a strike by Detroit autoworkers, as well as to prepare for the Federal Reserve, Bank of England and Bank of Japan interest rate meetings in the week ahead. Stocks indices fell, US bond yields and commodities rose, while the dollar ended flat.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US inflation expectations fall to lowest level in two years

- **Preliminary Michigan Consumer Sentiment:**
Fell to 67.7 versus 69.1 expected.
- **5 Year Consumer inflation expectations:**
Fell to 2.7% versus 3% expected.
- The fall in inflation expectations is likely to be seen as a positive development by the Fed.



US Stock indices all fell into Friday's close, with a massive options event adding to market volatility. The USA 500 fell 1.2% to close at 4,499, hurt by falls in Meta and Nvidia stocks. The US Tech 100 fell 1.85% to end the week at 15,383. **(Page 3 USA 500 TA Update)**. **European Indices**, gave up some of the strong gains made after the ECB interest rate decision on Thursday, with the Germany 40 closing up just 0.4% at 16,037, back down from its high at 16,151, and the France 40 closing up 0.6% at 7,381.

The US Dollar Index ended the week back at 6 month highs around 105.00, with traders uncertain of what to expect from Chairman Powell at next week's Fed interest rate decision. USDJPY closed the week back at its high for 2023 at 147.85, supported by stronger US 10 Year Yields, ignoring any concerns of policy change from the BoJ at next Friday's interest rate meeting. **(Page 4 USDJPY TA Update)**.

US 10 Year Yields rallied 11bps at the back end of the week to close at 4.33%, a high close for 2023 and a level last seen way back in 2007, as traders prepared for fresh updates from the Fed next Wednesday on their interest rate outlook for the rest of 2023.



Natural Gas TA Update:
Choppy conditions have emerged of late with support being found around 2.483 (mid-point Apr/Aug upside) from which a strong bounce developed previously.

However, upside has so far failed below 2.862 (Aug 31st high) resistance, and if downside now closes under 2.640 (Bollinger mid-average) risks can shift again towards retests of 2.483 .



In commodities, Natural Gas had another volatile week initially jumping 8% to post highs at 2.821, before falling back to close at 2.642 (+1.5% on week) after an EIA report ,on Thursday, showed more gas in storage than was expected for the weekly period. **(Above Natural Gas TA Update)**. Oil had a strong week, rallying 4.2% to close above \$90 for the first time in 2023 as supply constraints for refined oil products like diesel and jet fuel, pushed up prices.

STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

All times are British Standard Time (BST). Please use the key opposite to adjust to your appropriate time zone.

Key Earnings next week in table below (Times BST).

Time Zone Key:	
BST -5	= New York
BST	= London
BST +1	= Frankfurt
BST +8	= Tokyo
BST +9	= Sydney

Monday 18th Sept	Tuesday 19th Sept	Wednesday 20th Sept	Thursday 21st Sept	Friday 22nd Sept
Phoenix Group	0700 Renishaw 0700 Hargreaves L. 0700 Kingfisher	0600 Baloise 1200 General Mills	0700 Next 1200 Factset Research 1200 Darden	
Before Market Opens:	Before Market Opens: Autozone	Before Market Opens:	Before Market Opens:	Before Market Opens:
After Market Closes:	After Market Closes:	After Market Closes: 2115 FedEx	After Market Closes:	After Market Closes:



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 0230 BST RBA Meeting Minutes. These will be interesting reading as the RBA decision to do nothing on interest rates two weeks ago was deemed to be a close call, and many analysts expect another 25bps hike at some stage in 2023.

1330 BST CAD Inflation Data (CPI). The BoC will be watching this data closely. The current view of the market is that the Canadian central bank have finished hiking, so a higher than expected print here could increase USDCAD volatility next week.

Wednesday: 0215 BST PBOC Interest Rate Decision. Nothing is expected here as the Chinese central bank cut the RRR requirement for banks only last week to help support lending in the wider economy.

0700 BST GBP Inflation Data (PPI/CPI). A big release for the UK which has seen economic growth data start to fall and GBPUSD follow it lower, to close at 1.2385 on Friday. With the BoE interest rate meeting the next day this release could create some mid week volatility for GBPUSD and the UK 100.

1900/1930 BST FOMC Interest Rate Decision and Press Conference. This is the data event of the week for all traders. Markets are now leaning towards a pause to aggressive rate hikes at this meeting, for the Fed to further assess the lagged impact recent moves have had on the US economy. What Fed Chairman Powell says at the press conference regarding the chances for a hike in November, and what probability he gives to the central bank achieving a soft landing for the economy will also be important. **(Below USA 500 TA Update).**



USA 500 TA Update (Weekly): Having seen recent downside find fresh support from 4353 (mid-point Apr/Jul upside & Bollinger mid-average) positive themes continue to be evident. While closes are seen above 4464 (half latest upside), potential is for limited corrections and tests of 4634 (July highs).
To the downside, breaks below 4464 suggest a deeper sell-off to 4408 (Bollinger mid-average), even 4353.

Thursday: 0830 SNB Interest Rate Decision. After last week's 25bps hike from the ECB this meeting takes on a little more significance for USDCHF and EURCHF traders. Will the SNB follow the ECB with a hike, and what stance will they take on the strength of the Swiss franc? The answers to these questions could increase volatility for these currencies next week.



USDJPY TA Update:

Positive themes have continued to emerge, maintaining a bullish trending condition. Setbacks have been held by the rising mid-average which has provided fresh support to breach latest highs, opening the way for potential moves to 148.84 (Oct 31st high) then 151.93 (Oct'22 extreme).

Only if 146.64 (38% retrace September upside) is breached, will risks turn towards a deeper retracement to 145.83 (62% level).

Thursday: 1200 BST BoE Interest Rate Decision. BoE Governor Bailey recently suggested UK inflation is about to fall steeply and the UK central bank could be close to ending their recent hiking cycle, but its going to be a close call and is still reliant on the data. Expectations are for another 25bps hike at this meeting but traders will want to know what comes next. A big meeting for GBPUSD and UK indices.

Friday: 0400/0700 BST BoJ Interest Rate Decision and Press Conference. Expectations are for the BoJ to maintain their current ultra loose policy stance, but after recent comments from Governor Ueda that change could be on the way, traders are on high alert for surprises. With USDJPY closing at 2023 highs at 147.85 last week markets are also on high alert for possible intervention to strengthen the JPY. It could be a volatile Friday for FX traders. **(Above USDJPY TA Update).**

AUD, JPY, EUR, GBP and USD Preliminary PMI Data Throughout the Day. Traders are focused on growth, or lack of it, and these forward looking data releases provide key insight into the direction individual economies are currently moving.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

- 1st - 15369, Bollinger mid-average
- 2nd - 15176, Mid-point Aug/Sep
- 3rd - 15040, Deeper 62% retrace

Resistance

- 1st - 15541, Half Friday's range
- 2nd - 15718, Last week's high
- 3rd - 15915, July 31st session high

GBPUSD:

Support

- 1st - 1.2378, Last week's low
- 2nd - 1.2367, June 5th low
- 3rd - 1.2310, May monthly low

Resistance

- 1st - 1.2518, 38% retrace latest
- 2nd - 1.2561, Mid-point same move
- 3rd - 1.2604, Higher 62% retrace

Germany 40:

Support

- 1st - 15867, Half latest upside move
- 2nd - 15815, Bollinger mid-average
- 3rd - 15741, Thursday's low

Resistance

- 1st - 16151, Last week's high
- 2nd - 16305, August 2nd high
- 3rd - 16614, July monthly high

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