

# CORELLIAN 2 STEP PROCESS BREAKING DOWN THE WEEK AHEAD

**Risk sentiment** reflected a cautious outlook to start the week with traders still focused on the conflict in the Middle East between Israel and Iran, while also looking forward to a busy week of events dominated by central bank interest rate decisions and a G7 meeting. Stock indices opened with mixed results, the dollar edged slightly lower and energy commodities gained.

## STEP 1: AHEAD OF THE US MARKET OPEN WHERE DID MARKETS START THE WEEK AND WHY?

Monday news: Attacks between Israel and Iran extend into fourth day with no deal to stop looking likely

- **Bloomberg:** Open hostilities between Israel and Iran entered a fourth day on Monday with no sign of easing, stoking fears of a wider war in the oil-rich region. Iran fired several waves of drones and missiles, while Israel hit the Islamic Republic's capital, Tehran.



## 0700 BST: CURRENT MARKET STANDINGS

**Asian indices** reversed early losses to start the week. The Japan 225 outperformed, trading from an initial weekly opening low of 37,780 to register a gain of 0.9% at 38,256, helped by a weaker Japanese yen. The China A50, which had touched a low at 13,218 recovered back to flat after the release of better than expected Chinese retail sales data, while the Hong Kong 50 reversed from a low of 23,680 to trade at 23,900 (+0.2%).

**European and US indices** moved within tight ranges to start the week as traders considered their next moves. The UK 100 traded between a low of 8,832 and a high at 8,854, while the Germany 40 bounced between 23,407 and 23,509. The Europe 50 stayed between 5,28 and 5,288.

The S&P 500 opened with a drop to a low of 6,000 before rising to trade back at 6,050 (+0.3%), while the Nasdaq erased an early fall to 21,731 to trade at 21,950 (+0.4%), and the USA 30 rallied from 42,230 up to 42,623 (+0.3%). **(Page 4 S&P 500 TA Update).**

**Major FX Markets:** The US Dollar Index initially opened higher at 97.93 before reversing to trade back down to 97.62 (-0.1%). EURUSD: +0.1% at 1.1560 (Range 1.1522-1.1562), GBPUSD: Flat at 1.3570 (Range 1.3532-1.3575), AUDUSD: +0.2% at 0.6500 (Range 0.6466-0.6501), USDJPY: Flat at 144.03 (Range 143.92-144.73). **(Page 3 USDJPY TA Update).**





Silver TA Update:

A consolidation in price has developed after the recent sharp advance, but support at 35.290 (38% retracement May 29th to June 8th upside) remains intact. While this holds on a closing basis the potential is to break resistance at 36.896 (June 8th high) and open moves to 37.448 (upper daily Bollinger band), possibly further.

Closes under the 35.290 support, would suggest further price declines to 34.799 (50% retracement).

**In commodities,** Oil remains volatile with moves directly impacted by events in the Middle East between Israel and Iran. Prices opened the week at a high of 75.32 after news that Israel had targeted Iran’s energy infrastructure, however these gains could not be sustained and Oil has moved back down to 71.59 (+0.5%).

Gold opened on Monday at a new 6 week high of 3,452 but has since reversed to trade back at 3,415 (-0.5%). Silver moved 0.4% higher to 36.45 in early Monday trading, while Copper gained 0.2% to 4.8230 and Palladium rose 0.5% to 1,048. **(Above Silver TA Update).**

STEP 2: EARNINGS AND EVENTS

LOOKING FORWARD TO THE WEEK AHEAD

- Time Zone Key:

BST -5 = New York

BST = London

BST +1 = Frankfurt

BST +9 = Sydney

All times are **British Standard Time (BST)**. Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

|             | MONDAY<br>16.6 | TUESDAY<br>17.6          | WEDNESDAY<br>18.6 | THURSDAY<br>19.6 | FRIDAY<br>20.6  |
|-------------|----------------|--------------------------|-------------------|------------------|---|
| BEFORE OPEN |                | Ashtead<br>Jabil Circuit | Aurora Cannabis   |                  | Accenture<br>CarMax<br>Darden Restaurants<br>The Kroger Co. |
| AFTER CLOSE | Lennar         |                          |                   |                  |   |



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday: 0400 BST JPY BoJ Interest Rate Decision, 0730 BST BoJ Press Conference.** No change to interest rates is expected from the Japanese central bank at this meeting, so anything else would be a surprise. The focus for traders is likely to be on what Governor Ueda says in the press conference regarding future rate hikes, inflation and growth, all of which could impact the direction of the Japan 225 and USDJPY in the week ahead. **(Below USDJPY TA Update).**

**1330 BST USD Retail Sales.** This release could influence the direction of US stock indices depending on how far it deviates from market expectations. It will be interesting to see if weaker sentiment and concerns about inflation, tariffs and the economy are impacting household spending decisions.

### USDJPY TA Update:

A consolidation is developing between support at 142.11 (May 6th price low) and resistance at 146.27 (May 28th price high). A closing breakout of either side is required to suggest the direction of the next move. Closes above 146.27 opens potential to 148.64 (the May 12th high), even 149.42 (50% retracement January 11th to April 22nd weakness), while closes below 142.11 suggest risks back down to 139.88 (the April 22nd price low).



**Wednesday: 0700 BST GBP Inflation Data (CPI).** Coming after weaker UK employment, earnings and economic growth updates last week, this is an important inflation release that could have an outside chance of influencing the Bank of England's decision on interest rates when they meet on Thursday. The outcome of this CPI print is likely to impact the direction of the UK 100 and GBPUSD.

**1900 BST USD Fed Interest Rate Decision, 1930 BST Fed Press Conference.** This is the main event of the week and while no change to interest rates is expected, traders will be eagerly anticipating the comments of Fed Chairman Powell on the impact of tariffs on US inflation, growth and future interest rate decisions. Remember this all comes against a back drop of increasing pressure for rate cuts from President Trump and is likely to impact sentiment towards US stock indices and the dollar. **(Page 4 S&P 500 TA Update).**

**Thursday: 0230 BST AUD Employment Data.** The direction of Australian employment is an important component in the RBA's decision making process on whether to cut interest rates again at their next meeting in early July. Any deviation above or below market expectations could have knock on implications for the direction of AUDUSD and the ASX 200, which hit a fresh all time high at 8649 last week.





#### S&P 500 TA Update:

Support offered by 5978 (38% retracement May 25th to June 12th strength) held Friday's price sell-off. While this level holds on a closing basis the potential is for moves back up to resistance at 6104 (Thursday's high), and if this gives way to 6166 (February 19th high).

To the downside, closes under support at 5978 suggest a deeper price decline to 5895 (62% retracement), even 5757 (May 25th low).

**0830 BST CHF SNB Interest Rate Decision, 0900 BST SNB Press Conference.** The SNB are expected to cut interest rates 25bps (0.25%) to help support a slowing economy and stem demand for the Swiss Franc (CHF) which is making exports uncompetitive.

**1200 BST GBP BoE Interest Rate Decision.** No change to UK interest rates is expected at this meeting with policymakers split over whether to cut rates to support growth or raise rates to control inflation. Whatever the decision they eventually decide upon at this meeting, GBPUSD and UK 100 prices are likely to be impacted.

**Friday: 0030 BST JPY Inflation Data (CPI).** Traders are sensitive to Japanese inflation data, and depending on Governor Ueda's comments at his Tuesday press conference, the outcome of this release could take on greater significance and impact domestic markets.

**0215 BST China PBOC Interest Rate Decision.** While no fresh moves are expected from the PBOC, they are often hard to predict. With a new framework for future trade discussions with the US now agreed, they may be more inclined to provide fresh stimulus support.

## Key Levels for CFDs Corellian mentors are focused on

#### GBPUSD:

##### Support

- 1: 1.3527, Bollinger mid-average
- 2: 1.3449, 38% retracement
- 3: 1.3391, 50% retracement

##### Resistance

- 1: 1.3643, February 2022 high
- 2: 1.3748 January 2022 high
- 3: 1.3834, October 2021 high

#### Nasdaq 100:

##### Support

- 1: 21595, Bollinger mid-average
- 2: 21073, June 1st low
- 3: 20728, May 25th low

##### Resistance

- 1: 22200, Last week's high
- 2: 22318, February 18th high
- 3: 22449, December 16th high

#### Oil:

##### Support

- 1: 70.09, 38% retracement
- 2: 68.82, 50% retracement
- 3: 66.68, 62% retracement

##### Resistance

- 1: 77.55, Friday's high
- 2: 80.74, January 15th high
- 3: 84.50, June 2024 high



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