

# CORELLIAN 2 STEP PROCESS BREAKING DOWN THE WEEK AHEAD

**Risk sentiment** slipped lower at the start of the week as traders adopted a cautious approach in response to President Trump's newest tariff threats aimed at the EU and Mexico announced on Saturday (**See below**). US and European stock indices fell, while the dollar and gold edged higher.

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

### Weekend news: President Trump threatens EU and Mexico with 30% tariffs

- **Bloomberg:** President Donald Trump declared a 30% tariff rate for Mexico and the European Union, to take effect on Aug. 1 if better terms are not negotiated.

In response, European Commission President Ursula von der Leyen said the EU will take necessary steps to safeguard its interests, including adopting proportionate countermeasures if required.



## 0700 BST: CURRENT MARKET STANDINGS

**Asian indices** all fell to start the week but then edged back higher again. The China A50 rebounded from an initial low of 13,729 to trade +0.4% at 13,825 supported by stronger than expected June export data. The Hong Kong 50 rose from a low at 24,046 to trade +0.2% at 24,205 and the Japan 225 moved from lows of 39,189 to trade +0.2% at 39,587.

**European and US indices** dropped on the open as President Trump's tariff threat increased concerns for a new trade war between the US and EU. The Germany 40 fell 0.7% to trade at 24,171, while the Europe 50 dipped 0.6% to 5,360. The UK 100 opened with a fall to 8,924 but then recovered back to opening levels at 8,940.

The S&P 500 fell 0.6% on the open to register a low of 6,265 but recovered slightly to trade at 6,272 (-0.4%). The Nasdaq 100 traded -0.4% at 22,862, while the USA 30 was -0.4% at 44,419. (**Page 3 USA 30 TA Update**).

**Major FX Markets:** The US Dollar Index opened the week higher, trading +0.2% at 97.74. EURUSD slipped to an initial low of 1.1659 but rebounded slightly to trade -0.2% at 1.1667. GBPUSD 1.3465 (-0.2%), AUDUSD 0.6565 (-0.2%), USDJPY 147.50 (+0.1%) and USDCHF 0.7979 (+0.2%). (**Page 4 USDJPY TA Update**).





#### Oil TA Update:

After a sharp sell-off from the June 23rd high at 78.05 down to the June 24th low at 63.98, a price recovery has materialised. However, this move still remains below resistance at 69.43 (38% retracement). Closing breaks above this level are required to open tests of the next resistance at 71.07 (50% retracement).

While below the 69.43 level, breaks below support at 66.52 (half latest price rally) are possible to open retests of 63.98 (June 24th low).

**In commodities,** Oil opened the week with a move to a high of 68.88 before dipping slightly to trade +0.2% at 68.60, with traders focused on US demand at the start of the important driving season and key China GDP and industrial production data released tomorrow. **(Above Oil TA Update).**

Natural Gas opened with a 4% spike higher to trade 3.454, while Gold gained 0.2% to 3362 on safe haven demand and Silver increased 1.7% to 39.05. Copper traded -0.9% at 5.5560.

## 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**  
14.7

**TUESDAY**  
15.7

**WEDNESDAY**  
16.7

**THURSDAY**  
17.7

**FRIDAY**  
18.7

**BEFORE  
OPEN**

Orkla  
Fastenal

BNY Mellon  
JP Morgan  
Wells Fargo  
State Street  
Citigroup

ASML  
Bank of America  
J & J  
Morgan Stanley  
Goldman Sachs

Volvo  
PepsiCo  
Abbott  
Manpower  
General Electric

Telenor  
Danske Bank  
3M  
**AMEX**  
**HBAN**

**AFTER  
CLOSE**

Omnicom  
J.B. Hunt

United Airlines  
Synovus Financial  
SL Green Realty  
Alcoa  
Kinder Morgan

**Netflix**



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

### **Tuesday: 0230 BST China Q2 GDP, Industrial Production, Retail Sales, Employment Data.**

An important data series for traders to consider which will provide updates on the growth of the Chinese economy during the initial Q2 tariff rollercoaster period, as well as on global demand for Chinese goods and domestic consumption. This release could impact risk sentiment towards the China A50, Hong Kong 50 and global commodities.

**US Q2 Earnings.** Earnings season gets into full swing with the major US banks reporting on Tuesday and Wednesday. Bank share prices have seen a strong performance since their April lows and traders will be focused on whether the actual results support this. What the CEO's say about future revenue, bad debts and the US economy will also be in focus.

**1330 BST USD Inflation Data (CPI).** Traders are very sensitive to US inflation data as they search for signs that President Trump's tariffs are starting to push up prices. So, this CPI reading and the PPI update released on Wednesday (1330 BST) are likely to be important. Any number deviating from expectations, especially if it is higher, could have an outsized impact on US stock indices and the dollar. **(Below USA 30 TA Update).**

### **USA 30 TA Update:**

Resistance continues to be found at the February 2nd all-time high of 45224 from which a sell-off in price is developing. However, while support at the 44021 level (38% retracement) remains intact risks are to close above 45224 and then move to higher levels.

Closes below support at 44021 would suggest a deeper decline is possible to test 43658 (50% retracement), even 43295 (62% retracement).



**Wednesday: 0700 BST GBP Inflation Data (CPI).** Traders are expecting the Bank of England to cut interest rates for the UK at their next meeting on August 7th to support a weaker growth backdrop. However, this CPI print and the UK employment data release on Thursday (0700 BST) could provide updates that either support or undermine that outlook, with implications for the direction of GBPUSD and the UK 100.

**Thursday: 0230 BST AUD Employment Data.** This release takes on more significance for traders after the Australian central bank (RBA) surprised everyone last week by leaving interest rates unchanged and not cutting by 25bps (0.25%) as expected, citing a tight labour market as part of the reason for their decision. Any deviation from expectations in this release could increase AUDUSD and ASX 200 volatility into the weekend.





#### USDJPY TA Update:

A strong rally has developed from 142.68 (July 1st low), a move that is now nearing resistance at 147.80 (downtrend). Closing breaks above 147.80 might suggest a more extended recovery is possible to 149.44 (50% retracement), even 151.20 (March 29th high).

To the downside, breaks below 145.42 (mid-average) suggests risks of a deeper decline to 142.68.

**1330 BST USD Retail Sales.** This is a volatile piece of data and can influence the direction of US stock indices and the dollar depending on how far it deviates from market expectations. Traders are sensitive to economic updates which provide insight into whether the US consumer is continuing to spend, which would be a positive for earnings moving forward.

**Friday: 0030 BST JPY Inflation Data.** The direction of Japanese inflation is central to decision making on whether the Bank of Japan (BoJ) feel they are able to raise interest rates again. Lacklustre consumer spending and trade tariffs have seen the BoJ adopt a more cautious approach, however a higher than expected CPI release could change that, with implications for the direction of USDJPY. **(Above USDJPY TA Update).**

**1500 BST USD Preliminary Michigan Consumer Sentiment.** Sentiment has started to recover from multi-year lows but remains fragile as US consumers remain concerned about higher prices and job security. So, this update and the inflation expectations component could impact the direction of US indices and the dollar into the Friday close.

## Key Levels for CFDs Corellian mentors are focused on

#### GBPUSD:

##### Support

- 1: 1.3370, June 23rd low
- 2: 1.3251, 50% retracement
- 3: 1.3121, 62% retracement

##### Resistance

- 1: 1.3608, Bollinger mid-average
- 2: 1.3631 Half latest sell-off
- 3: 1.3788, July 1st high

#### Nasdaq 100:

##### Support

- 1: 22781, Last week's low
- 2: 22610, Bollinger mid-average
- 3: 22203, 38% retracement

##### Resistance

- 1: 23100, July 3rd high
- 2: 23326, 162% Fibonacci extension
- 3: 23461, Upper weekly Bollinger band

#### Natural Gas:

##### Support

- 1: 3.148, Last week's low
- 2: 3.094, Lower daily Bollinger band
- 3: 2.954, April 22nd low

##### Resistance

- 1: 3.531, 38% retracement
- 2: 3.572, Bollinger mid-average
- 3: 3.649, 50% retracement



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