



Preparing for the week ahead : Corellian 3 Step Process

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

Step 2: What, if anything, is new from the weekend?

Step 3: Looking forward to the week ahead

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

Markets staged an amazing rebound in risk sentiment! It started early in the week with news of constructive talks between Russia and Ukraine appearing to take place, was supported by a very upbeat Fed Chairman Powell on the state of the US economy in the FOMC press conference (**Despite the Fed raising interest rates 25 bps**) on Wednesday, and finished with news that the call between Chinese President Xi and US President Biden on Friday concluded with China less keen than traders had feared to physically support Russia in its war against Ukraine. **With all this said, many unknowns still remain over the tragedy unfolding daily in Ukraine and what Russian President Putin may do next as things don't seem to be going to plan!**

The Friday to Friday market closes still continue to mask the huge inter week volatility!!

Asian stocks had a big up week, but it wasn't all plain sailing. China A50 and HK 50 indices were continuing their heavy falls from the previous week until China's top financial policy body stepped in Wednesday, vowing to ensure stability, support overseas stock listings, resolve property developer risks and complete the crackdown on big tech as soon as possible. 10% falls were quickly reversed leading to 20%+ gains from the lows in HK50. Shares like Alibaba saw huge gains, up around 40%.

See the next page for the HK50 Technical Update.

In Japan news from BoJ Governor Kuroda that they would continue with stimulus even if inflation continues to accelerate sent the Japan 225 soaring 8.8% from the previous Friday's close. **In the US**, technology stocks led gains into Friday's close, ensuring both the USA 500 and US Tech 100 posted their best weeks since November 2020.

The FOMC meeting turned into a buy the rumour (of interest rate hikes), sell the fact, as Wednesday's 25 bps rise and hawkish monetary policy statement marked the top, for now, in the USD. Initial USD gains were reversed on hearing Fed Chairman Powell's upbeat assessment of the US economy's ability to absorb 7 interest rate rises in 2022. This USD sell theme continued into the Friday close, supported by stronger risk sentiment. AUD was a strong performer over the week, while GBP briefly made a high at 1.3210 but struggled to make further gains after the BoE only raised interest rates 25 bps and provided a less aggressive outlook on the path of interest rates for the rest of 2022.

Safe haven commodities of Gold and Silver fell on the week as traders dumped them in favour of buying stocks. Oil's extreme volatility continued as it fell as low as \$93.51 on news of big Covid enforced lockdowns across China, which may impact demand, but managed to stage a strong recovery closing at \$105.02.

Financial Market	Closing Level Friday 11 th March	Closing Level Friday 18 th March	Weekly Change %
Asia Stocks:			
China A50	13618	13978	+2.6%
Japan 225	24910	27106	+8.8%
ASX (Australia) 200	7073	7320	+3.5%
Hong Kong 50	20055	22120	+10.3%
Europe Stocks:			
UK (FTSE) 100	7099	7396	+4.2%
Germany 40	13535	14480	+7.0%
Europe 50	3657	3834	+4.8%
France 40	6200	6633	+7.0%
US Stocks:			
USA 500	4196	4465	+6.4%
USA 30 Wall Street	32843	34700	+5.7%
US Tech 100	13301	14434	+8.5%
USA (Russell) 2000	1979	2086	+5.4%
Financial Market	Closing Level Friday 11 th March	Closing Level Friday 18 th March	Weekly Change %
G10 Currencies:			
EURUSD	1.0911	1.1050	+1.3%
GBPUSD	1.3036	1.3178	+1.1%
EURGBP	0.8370	0.8386	+0.2%
AUDUSD	0.7285	0.7415	+1.8%
USDJPY	117.25	119.13	+1.6%
USD Index	99.10	98.23	-0.9%
Commodities:			
GOLD	1988	1921	-3.4%
Silver	25.87	24.96	-3.5%
Copper	4.6118	4.7180	+2.3%
US Crude Oil	109.08	105.02	-3.7%
Other Markets:			
Bitcoin	38500	41850	+8.7%
US 10 Year Yield	2.00%	2.15%	+7.5%



Individual Stock Update Last Week:

US: **FedEx** missed Q4 earnings estimates but beat revenue forecasts as it was hit by worker shortages from Omicron outbreaks during the quarter. Its shares still ended higher on the week. Housewares retailer **Williams-Sonoma** beat Q4 earnings estimates as it said it was able to navigate supply chain challenges sending its stock 16% higher. US listed Chinese stocks saw big gains on the week, **Alibaba** stock jumped 35%, while e-commerce rival **JD.com** was up 51% and **Baidu** Inc 39% all on the news the of Beijing's pledge to stabilise financial markets.

In Europe, **Accenture** finished up 6% after beating bottom and top line estimates for Q4 and forecasting Q1 22 revenue above analysts forecasts. **VW (+2%)** reported solid results and cash flows despite strong headwinds from the semiconductor shortage, it also reported that some of its electric car models are sold out for the year. **BMW (+2.7%)** reported robust operating returns, even as the war in Ukraine and semiconductor shortage weigh on production.

Step 2: What, if anything, is new from the weekend?

Reuters:

China on the right side of history over Ukraine war, foreign minister says

China's foreign minister clarifies more of what President Xi said in his call with President Biden on Friday. Does this offer traders more reassurance to start next week?

China stands on the right side of history over the Ukraine crisis as time will tell, and its position is in line with the wishes of most countries, Chinese Foreign Minister Wang Yi said.

Wang said the most important message Xi sent was that China has always been a force for maintaining world peace.

Bloomberg:

More than 100 UK listed companies warn on Ukraine war impact

The negative impact of the war in Ukraine on potential future earnings is already being felt in company results. Does this put a cap on how far UK stock indices can rally this year?

More than 100 UK listed companies have warned of negative effects from the war in Ukraine, with few of them so far quantifying the impact on their earnings, according to research by Bowmore Asset Management.

The majority of companies the firm cautioned about effects specific to their businesses in the region, while many others referred to the broader macroeconomic risk generated by the war.

Bloomberg:

ECB's Knot says 2022 rate hike is 'realistic' outlook

The battle between ECB members over how to deal with inflation continues, as KNOT and Holzmann state cases for a Q3 rate rise from the ECB in 2022 in the weekend press. Can this help EUR to gain further traction next week?

European Central Bank Governing Council member Klass Knot said market expectations of an interest rate increase "later this year" are "quite realistic", according to an interview with Les Echos.

Step 3: Looking forward to the week ahead

* **Important events are coloured in bold red**, all times are Greenwich Mean Time (GMT)

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

Time Zone Key:	
GMT -4	= NY Time
GMT	= London Time
GMT +1	= Frankfurt Time
GMT +9	= Tokyo
GMT +11	= Sydney
GMT	= Greenwich Mean Time

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

Headline: US listed Chinese companies are seeing fresh demand, technology stocks are back in fashion. European companies do see an earnings impact from the Ukraine war and are forecasting accordingly.

Monday 21 st March	Tuesday 22 nd March	Wednesday 23 rd March	Thursday 24 th March	Friday 25 th March
HK & China Gas	Kingfisher Xiaomi 1315 GMT Carnival	China Mobile Geely Automobile Tencent First Advantage	China Resources Next Rational 1100 GMT Factset Research	Smiths China Shenhua China Petro. Sinopec
<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>	<u>Before Market Opens:</u>
	HUYA	General Mills Cintas	Kingsoft Cloud Holdings Darden Restaurants	
<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>	<u>After Market Closes:</u>
Tencent Music Entertainment 2015 GMT Nike	Poshmark Adobe	Trip.com Group	NIO Mister Car Wash	

Focus will be on the continued performance of US listed and on-shore Chinese and HK listed stocks next week. In terms of earnings for **Tencent**, traders will want to see the details of plans for cost cutting and job losses and an update on the specific impact of a fresh money laundering fine. **Xiaomi** will need to show if reinvesting heavily in the business is still paying off in terms of earnings growth, and what the future looks like. Elsewhere there are concerns that **Nike** Q4 earnings will disappoint.

Bank Meetings and Key Speakers:

Next week has 2 central banks meetings, 17 Fed speaker events, notable ECB events to follow as well as a UK mini budget. The key events are listed below.

Monday 21 st March	Tuesday 22 nd March	Wednesday 23 rd March	Thursday 24 th March	Friday 25 th March
0115 GMT China PBOC Interest Rate Decision	0100 GMT AUD RBA Governor Lowe Speech	UK Spring Mini Budget	0830 GMT CHF SNB Interest Rate Decision and Monetary Policy Assessment	1645 GMT CAD BoC Gravelle Speech
0730 GMT EUR ECB President Lagarde Speech	1315 GMT EUR ECB President Lagarde Speech	1200 GMT USD Fed Chairman Powell Speech (Digital world)		
1600 GMT USD Fed Chairman Powell Speech (Economic Outlook)		2350 GMT JPY BoJ Monetary Policy Meeting Minutes		

The PBOC and Chinese government have said they will actively support the economy, and this could open up room for a potential rate cut at the **PBOC meeting on Monday**. The Yuan has been strong too and gives them room to move. **HK 50 and China A50 indices** finished strong on Friday, if the PBOC don't act there could be some room for disappointment, while a cut could see another upside boost as they deliver on the promise of support. The economy needs a boost, and if they do act then look for further potential strength in AUD (See next page for AUDUSD Technical Update).

With the ECB yet to move on interest rates, it is unlikely that anything will come from the **SNB meeting Thursday** on policy but it is likely there will be comments on CHF strength and potential information providing details on any intervention that has been conducted to date as EURCHF bounced from its lows just above parity.



In terms of speeches on Monday we get 2 of the most important. First on Monday is ECB President Lagarde, and since the ECB interest rate meeting 'Hawkish pivot' her comments have been rather timid sending signals the ECB are still reluctant hawks, in that they are very late to addressing inflation issues. Traders will watch to see if she suggests anything about ongoing growth concerns or consumers suffering under the weight of higher essential costs. **The EUR may struggle to rally much unless she is far more committed to an interest rate hiking cycle!**

Next up is Fed Chairman Powell, and we have already heard a lot from him at the FOMC press conference last Wednesday. Expectations are he is unlikely to change his tone unless he really wants to drive a theme home. **Still a must listen to!!**
(See below for the USA 500 Technical Update).

On Tuesday, RBA Governor Lowe speaks. This is a speech many traders are waiting to hear as they feel it is time the RBA looked hard at the performance of the Australian economy after its re-opening from Covid lockdowns, and the benefits commodity price rises have provided for the balance of payments. **After a strong close for AUD on Friday, traders will seize on any signs that the RBA are ready to be more aggressive around dealing with inflation.**

Then on Wednesday UK Chancellor Sunak presents his mini spring budget. Traders will be looking at how he plans to tackle the raging cost of living crisis.



Key Economic Data Next Week:

A quiet week in terms of data but there are still a few key events to focus on.

For Monday and Tuesday its German and Canadian PPI data. Factory gate prices are a very important part of the inflation dynamic and expectations are for this to remain elevated. Both countries are major exporters so this data does matter!

Last week, the BoE raised interest rates 25bps and seemed happy to go steady with rises in the future. They feel inflation can cure itself as consumers go on a buying strike due to high prices. These inflation data are still very important with some economists calling for much higher inflation in coming months (See below for the GBPUSD Technical Update).

Monday 21 st March	Tuesday 22 nd March	Wednesday 23 rd March	Thursday 24 th March	Friday 25 th March
0700 GMT EUR (Ger) Inflation Data (PPI)	1230 GMT CAD Inflation Data (PPI)	*0700 GMT GBP* Inflation Data (PPI/CPI)	0030 GMT JPY Manufacturing and Services PMI (Prel)	0001 GMT GBP Gfk Consumer Confidence
2000 GMT NZD Consumer Confidence	2030 GMT USD API Crude Oil Stock Change	1400 GMT USD New Home Sales	0815-0930 GMT Fra, Ger, EUR, GBP Manufacturing and Services PMI (Prel)	0700 GMT GBP Retail Sales
		1430 GMT USD EA Crude Oil Stocks Change		0900 GMT EUR (Ger) IFO Business Survey
		1500 GMT EUR Consumer Confidence	1230 GMT USD Durable Goods Orders and Initial Jobless Claims	1400 GMT USD Pending Home Sales
		2200 GMT AUD Manufacturing and Services PMI (Prel)	1345 GMT USD Manufacturing and Services PMI (Prel)	1400 GMT USD Michigan Consumer Sentiment
			2330 GMT JPY Inflation Data (CPI)	

Wednesday and Thursday sees the preliminary flashes of global PMI data from Australia, Japan, Europe and the US. This will be an interesting health check on the relevant economies that have been dealing with a serious inflation spike and supply issues from sanctions imposed on Russia for invading Ukraine. What do the business leaders and CEO's think about the impact for the rest of 2022. (See next page for the USA 30 Wallstreet Technical Update).

Japan's inflation print Thursday will be important for the BoJ but is unlikely to move markets. Then Friday it's UK retail sales. The BoE have told us they see inflation impacting consumer decision making hard so it will be interesting to see how consumers are responding. Remember this data was collected pre invasion so the full impact may still not be felt!.





Safe Haven Update:

Gold is interesting after a very steep reversal from the highs. At times it is vulnerable to moves in the USD and other times against inflation/ Ukraine concerns. Last week it ignored a weaker USD and sold off as risk sentiment improved and concerns around China's stance towards support for Russia eased. Clearly going forward it will be ultra sensitive to news either way on how Russia's invasion is escalating or if peace talks are gaining traction (**See below for the Gold Technical Update**).



Chart of the week: Oil

Some of the major investment banks are still looking for \$120 in Q3 and they could be right as even with Covid lockdowns in China, which should hit demand, oil has bounced hard from it's lows again last week. It is well off the highs but many countries are exploring other areas from which to buy oil. **It is so crucial to remember** a major exporter has been removed for the west's buyers, an issue not quickly resolved. Oil is extremely volatile now and is not easy to trade and hold. Smaller positions and short term horizons are critical.



Key levels to watch for the week ahead:

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

Equity Indices	Support	Resistance
USA 500	1 st – 4364.65, Friday's session low 2 nd – 4295.18, Bollinger mid-average 3 rd – 4129.28, Tuesday's low trade	1 st – 4483.90, February 15 th rejection point 2 nd – 4538.77, 62% retrace YTD range 3 rd – 4584.02, February 8 th failure high
US Tech 100	1 st – 13966.55, Friday's low trade 2 nd – 13782.35, Bollinger mid-average 3 rd – 12942.18, March 14 th session low	1 st – 14667.42, February 15 th high trade 2 nd – 14804.99, Mid-point Dec 27 th /Mar 14 th 3 rd – 15063.68, February 8 th high trade
USA 30 Wallstreet	1 st – 34102.00, Friday's low trade 2 nd – 33473.00, Bollinger mid-average 3 rd – 32576.00, Tuesday's low trade	1 st – 35056.00, February 15 th high trade 2 nd – 35748.00, February 9 th extreme 3 rd – 36386.00, January 12 th bounce failure
Germany 40	1 st – 13959.78, Bollinger mid-average 2 nd – 13489.80, Half March recovery 3 rd – 13245.10, Deeper 62% retrace	1 st – 14802.17, 62% retrace YTD sell-off 2 nd – 15093.74, Bollinger upper extreme 3 rd – 15532.52, February 16 th session high
UK 100	1 st – 7260.25, Friday's session low 2 nd – 7140.16, 38% retrace March rally 3 rd – 7060.74, Mid-point same move	1 st – 7527.50, February 25 th session high 2 nd – 7582.18, Bollinger upper band 3 rd – 7628.75, February 10 th extreme



FX	Support	Resistance
EURUSD	1 st – 1.1012 , 38% retrace March rally 2 nd – 1.0934 , Deeper 62% retracement 3 rd – 1.0900 , Last weeks low trade	1 st – 1.1151 , Mid-point Feb 10 th /Mar 7 th 2 nd – 1.1232 , Higher 62% retracement 3 rd – 1.1274 , February 25 th high
GBPUSD	1 st – 1.3106 , Mid-point last weeks rally 2 nd – 1.2996 , Last weeks low trade 3 rd – 1.2831 , Mid-point Mar'20/May'21	1 st – 1.3204 , Bollinger mid-average 2 nd – 1.3246 , 38% retrace Feb/Mar range 3 rd – 1.3321 , Mid-point same move
USDJPY	1 st – 118.38 , Thursday's session low 2 nd – 117.58 , 38% retrace March rally 3 rd – 116.47 , Deeper 62% retracement	1 st – 119.39 , Last weeks high trade 2 nd – 121.67 , Jan 2016 failure level 3 rd – 123.66 , Nov 2016 rejection high
AUDUSD	1 st – 0.7322 , 38% retrace last weeks range 2 nd – 0.7292 , Mid-point same move 3 rd – 0.7263 , Deeper 62% retracement	1 st – 0.7441 , March 6 th high trade 2 nd – 0.7470 , November 3 rd failure high 3 rd – 0.7555 , October 27 th extreme
USDCAD	1 st – 1.2591 , Friday's low trade 2 nd – 1.2558 , January 25 th low trade 3 rd – 1.2449 , January 18 th extreme	1 st – 1.2734 , Bollinger mid-average 2 nd – 1.2871 , March 14 th extreme 3 rd – 1.2900 , March 7 th high trade

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