

Preparing for the week ahead : Corellian 3 Step Process

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

Last week was dominated by news of the Fed's plan for aggressive monetary policy tightening going forward in 2022 which sent US 10 year bond yields racing to new 3 year highs (2.71%), and hit risk sentiment, which was looking for new direction after the end of Q1. Ukraine was not the dominant story into the end of the week but risks remain as Putin is not going home and sanctions remain in place.

Global equities ended the week nursing losses as traders grappled with the Fed's campaign against elevated price pressures, Russia's grinding war in Ukraine and China's Covid travails. Technology and small cap stocks fared the worst due to higher interest rate expectations (US Tech 100), and increased fears of recession (USA 2000), leaving the UK 100 as the stand out overachiever, up 1.3%. (See page 2 for the US Tech 100 Technical Update).



Financial Market	Closing Level Friday 1 st April	Closing Level Friday 8 th April	Weekly Change %
Asia Stocks:			
China A50	13990	13890	-0.7%
Japan 225	27700	27010	-2.5%
ASX (Australia) 200	7488	7482	-0.1%
Hong Kong 50	22160	21873	-1.3%
Europe Stocks:			
UK (FTSE) 100	7525	7620	+1.3%
Germany 40	14490	14242	-1.7%
Europe 50	3845	3761	-2.2%
France 40	6702	6508	-2.9%
US Stocks:			
USA 500	4536	4484	-1.2%
USA 30 Wall Street	34702	34632	-0.2%
US Tech 100	14851	14328	-3.5%
USA (Russell) 2000	2087	1992	-4.6%
G10 Currencies:			
EURUSD	1.1048	1.0878	-1.5%
GBPUSD	1.3114	1.3034	-0.6%
EURGBP	0.8424	0.8346	-0.9%
AUDUSD	0.7504	0.7458	-0.6%
USDJPY	122.54	124.35	+1.5%
USD Index	98.53	99.80	+1.3%
Commodities:			
GOLD	1926	1948	+1.1%
Silver	24.62	24.77	+0.6%
Copper	4.7072	4.7278	+0.4%
US Crude Oil	99.50	97.88	-1.6%
Other Markets:			
Bitcoin	46500	42820	-7.9%
US 10 Year Yield	2.39%	2.66%	+11.3%

In FX, the USD was the top performer on the week, strengthening against all of G10, as traders reacted to the more aggressive approach to monetary policy from the Fed, compared to other G10 central banks. USDJPY traded as high 124.67 before settling lower to close at 124.35. AUDUSD, which had traded to new highs at 0.7661 on the RBA's more hawkish tilt at their interest rate meeting Tuesday, succumbed to USD strength closing back down on the week at 0.7458.

Commodities were mixed, with oil down 1.6% on a demand hit from China's covid outbreak and a supply increase from strategic reserve releases. While precious metals all strengthened into the week's close, Palladium up 8% on Friday alone.

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

<p>Reuters:</p> <p>Shanghai Covid cases keep rising, food supply problems persist</p> <p>China's zero tolerance covid policy means Shanghai's 26 million people remain locked down. Could risk sentiment be hit if more cities face a similar situation? Bad news for oil?</p> <p>Residents of China's most populous city voiced complaints over food and basic supplies and concern spread that more cities may soon be in the same situation.</p> <p>The city has become a test bed for China's elimination strategy, which seeks to test, trace and centrally quarantine all Covid positive people to stem the spread of the virus.</p>	<p>Sky News:</p> <p>European markets jittery as France's right-wing gather steam ahead of elections</p> <p>French citizens vote Sunday in the first round of Presidential elections. Its getting very tight between Macron and Le Pen. Potential impact on France 40, EUR and risk sentiment on Monday. (See page 3 for France 40 Technical Outlook)</p> <p>For months it seemed Mr Macron was a shoo-in to be re-elected. But the cost of living crisis in France has increased the desire among some voters for change. Mark Dowding, CIO of Bluebay Asset Management said "Policymakers in Berlin, Frankfurt, Brussels and elsewhere across Europe will all be praying that Le Pen (Far right candidate) does not create a shock.</p>	<p>Reuters:</p> <p>S&P cuts Russia's foreign currency rating to 'selective default'</p> <p>As Russia continues to face waves of sanctions from the western allies, how long before they start to default, and what does that do to risk sentiment in nervous stock markets? (See page 4 for USA 500 Technical Update)</p> <p>S&P on Saturday lowered Russia's foreign currency ratings to "selective default" on increased risks that Moscow will not be able and willing to honour its commitments to foreign debtholders. Russia could face its first sovereign external default in over a century.</p>
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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

US Q1 2022 earnings season starts again next week with a focus on the major US banks. Expectations are for bank earnings to show a steep decline from a year ago, when they benefitted from strong dealmaking and trading revenue. Traders will want to know the bosses views on US economic prospects, Ukraine war impacts and Fed's aggressive monetary tightening plans.

Monday 11 th April	Tuesday 12 th April	Wednesday 13 th April	Thursday 14 th April	Friday 15 th April
	Capitec Bank Evotec	Tesco Infosys JP Morgan Fastenal	Wells Fargo PNC Financial Goldman Sachs Morgan Stanley Citigroup State Street	
	<u>Before Market Opens:</u> Carmax	<u>Before Market Opens:</u> Delta Air Lines Blackrock First Republic Bank	<u>Before Market Opens:</u> United Health US Bancorp	

Central Bank Meetings and Key Central Bank Speakers:

A big week for central banks starts with the RBNZ (NZD) interest rate decision on Wednesday. Last month they raised interest rates by 25 bps to 1% but said they had considered taking a more aggressive 50 basis-point step as inflation hit a 30-year high of 5.9%. A majority of bank economists expect a steady pace of tightening (25 bps) through 2022, but some are forecasting two 50 bps point hikes in April and May, which would be a shock and move the NZD.

Also on Wednesday is the Bank of Canada. Last Friday, the Canadian jobless rate fell to 5.3%, the lowest in monthly records dating back to 1976, down from 5.5% in February. This is another indication Canada's economy is running up against labour-force capacity, and will stoke expectations for aggressive BoC interest rate hikes in coming months starting with a 50 bps increase at this meeting. Expect further volatility in CAD next week!!

Monday 11 th April	Tuesday 12 th April	Wednesday 13 th April	Thursday 14 th April	Friday 15 th April
<p>*0200 BST JPY* BoJ Governor Kuroda Speech</p> <p>1430 BST USD Fed Bowman and Bostic Speech</p> <p>1740 BST USD Fed Evans Speech</p>	<p>*1710 BST USD* Fed Vice Chair Brainard Speech, 'Discussion on the Economy'</p>	<p>*0715 BST JPY* BoJ Governor Kuroda Speech</p> <p>*0300 BST NZD* RBNZ Interest Rate Decision and Rate Statement</p> <p>*1500 BST CAD* BoC Interest Rate Decision and Rate Statement</p> <p>*1615 BST CAD* BoC Press Conference</p>	<p>*1245 BST EUR* ECB Interest Rate Decision and Monetary Policy Decision Statement</p> <p>*1330 BST EUR* ECB Press Conference</p>	

On Thursday it's the turn of the ECB. This meeting will be a formative meeting for the EUR and EU bonds as it is likely the ECB will have to lay out plans for forthcoming interest rate hikes. Inflation in the EU is just not abating and the ECB has a clear mandate to deal with it. The Lagarde press conference is a major part of the forward guidance so expect elevated volatility across all markets. **(See below for the France 40 Technical Update and page 5 for the EURUSD Technical Update).**



In terms of speakers, BoJ Governor Kuroda speaks twice next week. With USDJPY closing Friday just 80 pips from its 125.10 March spike high, traders will be watching for any concerns about JPY weakness, or for further confirmation the BoJ will remain the most dovish of all G10 central banks. **Does USDJPY have the potential to break 125.10 and make further gains next week?**

On Tuesday, Fed Vice Chair Brainard speaks again. Her very hawkish outlook moved all markets last week. Expect a similar 'hawkish' tone again, but traders will be hanging on her every word and so headlines will move stocks and the USD. **Her words on the resilience of the US economy will be noted to either confirm or deny fears of a US recession on the horizon.**

Key Economic Data Next Week: It's a busy one!!

Monday: China inflation (PPI/CPI) data remains critically important to what the PBOC does with interest rates. Many traders expect further monetary easing and this data will show what scope the central bank has to back this up. **Expect it to have an impact on the China A50 and HK50 indices.**

Monday 11 th April	Tuesday 12 th April	Wednesday 13 th April	Thursday 14 th April	Friday 15 th April
<p>Sunday: 2345 BST NZD Retail Sales</p> <p>*0230 BST China* Inflation Data (PPI/CPI)</p> <p>0700 BST GBP Gross Domestic Product, Trade Balance and Industrial Production</p> <p>1600 BST USD Consumer Inflation Expectations</p> <p>US Q1 2022 Earnings Season Begins</p>	<p>0050 BST JPY Inflation Data (PPI)</p> <p>*0700 BST GBP* Claimant Count, Unemployment Rate and Average Earnings</p> <p>*0700 BST EUR (CPI)* Inflation Data (CPI)</p> <p>1000 BST EUR and Ger ZEW Economic Survey</p> <p>*1330 BST USD* Inflation Data (CPI)</p> <p>2130 BST USD API Weekly Crude Oil Stock</p>	<p>0130 BST AUD Consumer Confidence</p> <p>0300 BST China Imports, Exports and Trade Balance</p> <p>*0700 BST GBP* Inflation Data (PPI/CPI)</p> <p>1330 BST USD Inflation Data (PPI)</p> <p>1530 BST USD EIA Crude Oil Stocks Change</p> <p>2230 BST NZD Business PMI</p>	<p>0200 BST AUD Consumer Inflation Expectations</p> <p>0230 BST AUD Employment Change and Unemployment Rate</p> <p>0530 BST JPY Industrial Production</p> <p>1330 BST USD Initial Jobless Claims</p> <p>*1330 BST USD* Retail Sales</p> <p>*1500 BST USD* Michigan Consumer Confidence</p>	<p>Good Friday</p> <p>0230 BST China House Price Index</p> <p>0300 BST China Unemployment Rate</p> <p>1415 BST USD Industrial Production</p>

Tuesday: UK unemployment data, and the inflation (PPI/CPI) on Wednesday are extremely important to the BoE. It seems wages are still rising fast in many sectors, especially for starter salaries. The BoE is trying to decide the path of more interest rate hikes and markets are pricing them into bond markets. Is there a chance of a surprise? These data points are likely to stir increased volatility in a stumbling GBP in the coming week. **(See below for the EURGBP Technical Update).**

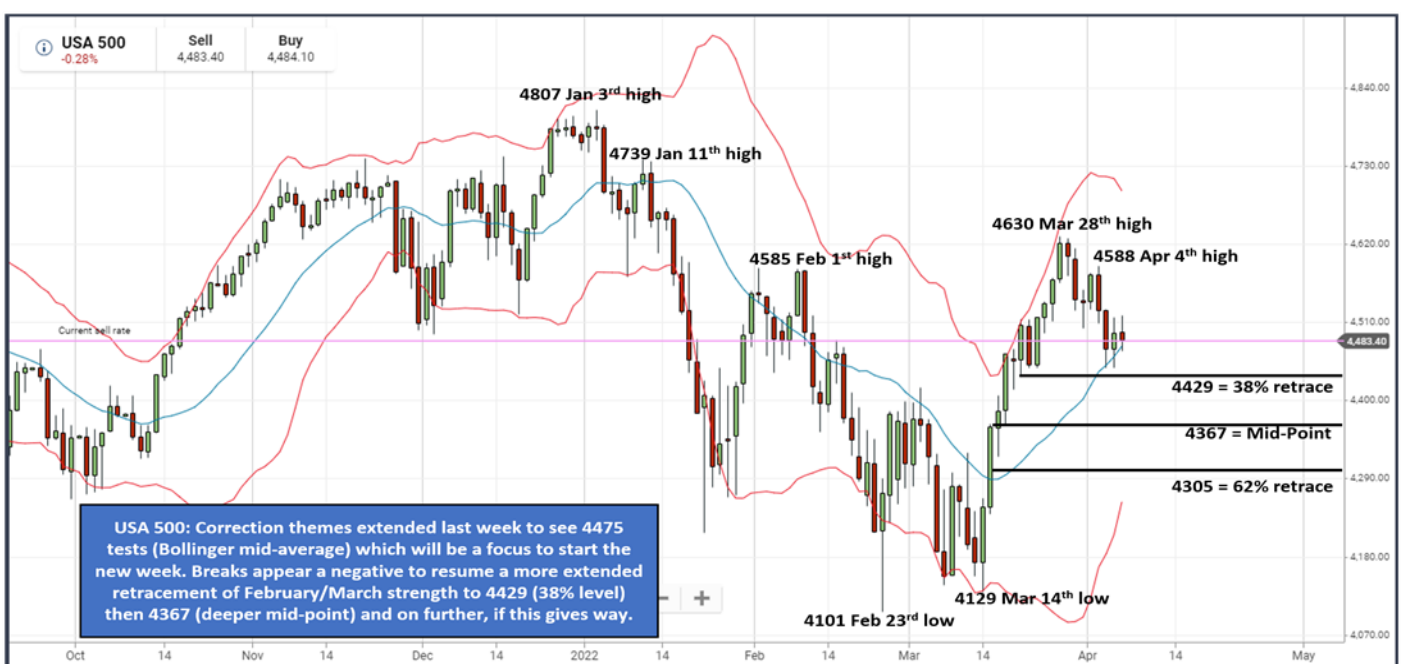


Tuesday's US CPI print is a huge piece of data. After last week's Fed minutes, traders are on red alert for anything that will impact interest rate expectations. **How high is it? What is the trend? Where next? This data will impact all markets!!** (See below for the EURUSD Technical Update).



Thursday: Australian unemployment is low and the labour market is tightening which may see wages start to rise quicker than traders have seen so far. The RBA, last week, were more hawkish with regards to rate hikes in the future and wages remain a key element in their thinking, **so this data could make a difference to AUD's direction from here.**

Later in the day, **US retail sales and Michigan Consumer Sentiment** are a good insight into what the US consumer is thinking. Sentiment has been crushed recently due to rising costs but it hasn't yet hit spending. **Will this be the month reality hits? It could lead to increased fears of a recession in the US.** (See below for the USA 500 technical Update).



Commodity Focus: Chart of the week, Palladium

Precious metals are interesting with a clear push for Palladium at the end of last week (Up 8%). Essential commodities like palladium and copper could and probably will do well in coming weeks, but a higher USD is weighing on gold and silver demand. Inventories across metal exchange's warehouses have dropped to perilously low levels, raising the threat of further spikes in everything from aluminium to zinc. The available stockpiles across the six main contracts on the London Metal Exchange have plunged to the lowest on record, in data going back to 1997. Goldman Sachs recently warned that copper is "sleepwalking towards a stockout," while freely available zinc inventories shrank by more than 60% in less than three weeks as Trafigura Group booked out large volumes. **Commodities have potential for big break outs, timing remains the issue!**



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

Support	Resistance	Support	Resistance
USA 500: 1 st – 4475.79, Bollinger mid-average 2 nd – 4428.76, 38% retrace latest upside 3 rd – 4367.23 Mid-point same move	1 st – 4588.02, Last weeks high trade 2 nd – 4630.52, March 28 th high trade 3 rd – 4694.66, Bollinger upper band	EURUSD: 1 st – 1.0806, March 6 th low trade 2 nd – 1.0729, April 2020 rally point 3 rd – 1.0640, March 2020 extreme	1 st – 1.1004, Bollinger mid-average 2 nd – 1.1184, March 30 th high trade 3 rd – 1.1232, 62% retrace Feb 10 th /Mar 7 th
US Tech 100: 1 st – 14111.79, Mid-point March upside 2 nd – 13840.08, Deeper 62% retrace 3 rd – 13450.47, Bollinger lower limit	1 st – 14802.99, Half latest downside 2 nd – 15322.63, 62% retrace Dec/Mar sell-off 3 rd – 15597.01, Bollinger upper band	GBPUSD: 1 st – 1.2981, Last weeks low trade 2 nd – 1.2857, November 2020 hold level 3 rd – 1.2831, Mid-point Mar'20/May'21	1 st – 1.3133, Bollinger mid-average 2 nd – 1.3243, Bollinger upper extreme 3 rd – 1.3298, March 22 nd session high
USA 30 Wallstreet: 1 st – 34474.00, Bollinger mid-average 2 nd – 34094.00, Last weeks low trade 3 rd – 33420.00, Bollinger lower extreme	1 st – 35012.00, Last week high trade 2 nd – 35277.00, March 28 th session extreme 3 rd – 35527.00, Bollinger upper band	USDJPY: 1 st – 123.45, Wednesday's session low 2 nd – 121.91, Bollinger mid-average 3 rd – 121.27, March 30 th low trade	1 st – 125.09, March 27 th session high 2 nd – 125.82, June 2015 high trade 3 rd – 129.07, May 2002 rejection point
Germany 40: 1 st – 13940.54, Bollinger lower band 2 nd – 13698.13, Half March recovery 3 rd – 13401.27, Deeper 62% retrace	1 st – 14620.07, last week's high 2 nd – 14807.84, Bollinger upper extreme 3 rd – 14942.95, March 29 th session high	AUDUSD: 1 st – 0.7426, Friday's session low 2 nd – 0.7397, 38% retrace Feb/Apr upside 3 rd – 0.7315, Mid-point same move	1 st – 0.7545, Half latest correction move 2 nd – 0.7579, Bollinger upper band 3 rd – 0.7660, April 4 th failure high trade
UK 100: 1 st – 7439.39, Bollinger mid-average 2 nd – 7235.18, 38% retrace Mar/Apr 3 rd – 7202.84, Bollinger lower band	1 st – 7634.00, Last weeks high trade 2 nd – 7675.93, Bollinger upper band 3 rd – 7758.19, August 2018 extreme	USDCAD: 1 st – 1.2536, 38% retrace latest upside 2 nd – 1.2483, Deeper 62% retracement 3 rd – 1.2404, April 5 th low trade	1 st – 1.2618, Friday's session high trade 2 nd – 1.2652, Mid-point Mar/Apr downside 3 rd – 1.2711, Higher 62% retracement



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