

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment finished the week with a more negative tone, after hopes the PBOC would adjust monetary policy were dashed, although they did reduce the RRR, giving China's banks a modest cash boost.

Covid infection rates are climbing in China and spreading to other major cities, the war in Ukraine is set to escalate after Ukraine sunk Russia's flagship vessel of its Black Sea Fleet, seeing Kyiv brace for retaliation, and Fed speakers continue to talk aggressively about tightening monetary policy to deal with Inflation.

Last week: US 10 year yields made new 3 year highs at 2.83%, after US inflation for March printed at a new 40 year high at 8.5%, and this dominated risk sentiment throughout the week, as yields closed at the highs!!

The USA 500 (-2.1%) and US Tech 100 (-3%) took the brunt of equity investors gradually understanding that the Fed is very serious about inflation and dealing, with it is going to see them take a more aggressive stance to monetary policy.

Remember: Higher interest rates hurts technology stocks more as they borrow more to grow.



Financial Market	Closing Level Friday 8 th April	Closing Level Friday 15 th April	Weekly Change %	Financial Market	Closing Level Friday 8 th April	Closing Level Friday 15 th April	Weekly Change %
Asia Stocks:				G10 Currencies:			
China A50	13890	13908	+0.1%	EURUSD	1.0878	1.0809	-0.6%
Japan 225	27010	26922	-0.3%	GBPUSD	1.3034	1.3063	+0.2%
ASX (Australia) 200	7482	7508	+0.3%	EURGBP	0.8346	0.8274	-0.9%
Hong Kong 50	21873	21355	-2.4%	AUDUSD	0.7458	0.7395	-0.8%
Europe Stocks:				USDJPY	124.35	126.38	+1.6%
UK (FTSE) 100	7620	7567	-0.7%	USD Index	99.80	100.30	+0.5%
Germany 40	14242	14112	-0.9%	Commodities:			
Europe 50	3761	3751	-0.3%	GOLD	1948	1974	+1.3%
France 40	6508	6463	-0.7%	Silver	24.77	25.66	+3.6%
US Stocks:				Copper	4.7278	4.7205	-0.2%
USA 500	4484	4389	-2.1%	US Crude Oil	97.88	106.50	+8.8%
USA 30 Wall Street	34632	34390	-0.7%	Other Markets:			
US Tech 100	14328	13891	-3.0%	Bitcoin	42820	40100	-6.4%
USA (Russell) 2000	1992	2001	+0.5%	US 10 Year Yield	2.66%	2.83%	+6.4%

The USD had another strong week, tracking US yields higher, while also gaining support from a weaker risk sentiment. USDJPY continues to be the standout traders favourite, posting a new high at 126.68 as yield differentials dominate FX moves.

Commodities in general remain firm, supported despite a rising USD. Oil bounced back strongly after talks between Russia/Ukraine finished without a successful resolution. While Gold and Silver caught a bid as traders look to hedge inflation risks.

BBC News:

Russia warns US to stop arming Ukraine or face 'unpredictable consequences'.

Desperation and/or potential for escalation. Either way after the sinking of the Russia flagship vessel, Moskva, it seems the next ugly face of the Ukraine war is going to begin. Could hit risk sentiment on the open.

Russia has formally warned the US, and other allied nations, against supplying weapons to Ukraine.

The warning came in a formal diplomatic note from Moscow, a copy of which has been reviewed by media outlets in the US.

Reuters:

Japan's cenbank is not aiming to manipulate currency, PM says

With interest rate differentials creating volatility in G10 FX markets, is JPY weakness going to extend further next week? (See page 2 for the USDJPY Technical Update)

Japanese PM Kishida said the central banks monetary policy is aimed at achieving its 2% inflation target, not at manipulating currency rates, brushing aside the view the country must end an ultra-low interest rate policy to stem sharp yen declines. **He also said** the recent rise in domestic inflation was due mostly to a global spike in crude oil and raw materials costs, rather than the weak yen.

Reuters:

Apple, others face shipment delays as China COVID curbs squeeze suppliers

Apple is due to report earnings on 28th April. How much of a problem is it, and will it impact under pressure tech shares next week? (See page 3 for the US Tech 100 Technical Update).

Shipments of some Apple products, as well as Dell and Lenovo laptops are likely to face delays if China's Covid lockdowns persist, analysts said.

China's race to stop the spread of Covid has jammed highways and ports, stranded workers and left countless factories awaiting government approval to reopen.



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 continues next week. After Citigroup, Goldman and Morgan Stanley performed at the higher end of expectations last week, **BNY Mellon** and **Bank of America** are first up Monday. How do their earnings stack up? Is the increased market volatility helping the investment banking side of **BoA's** business, like its peers? Are bad debt provisions increasing to balance US recession fears?

We get the start of technology company earnings with **Netflix** and **Tesla** reporting. Are Netflix subscriber numbers significantly impacted by its pull out from Russia? How much of a threat are new streaming entrants to Netflix's dominance? **Tesla** traders will want to know how badly are lockdowns in China hitting production and delivery of new cars, and how quickly will its Shanghai factory be back on line and up to full speed. (See page 3 for the US Tech 100 Technical Update).

Monday 18 th April	Tuesday 19 th April	Wednesday 20 th April	Thursday 21 st April	Friday 22 nd April
1130 BNY Mellon 1145 Bank of America	Haliburton 1130 Fifth Third Bancorp 1145 Johnson & Johnson	United Airlines 0600 ASML 1200 Proctor & Gamble	American Airlines Philip Morris NextEra Energy	SAP 1200 AMEX 1230 Verizon
Before Market Opens: Charles Schwab	Before Market Opens: Signature Bank Manpower	Before Market Opens: M&T Bank Abbott	Before Market Opens: AT&T KeyCorp	Before Market Opens: Regions Financial HCA Healthcare
After Market Closes: JB Hunt	After Market Closes: 2100 Netflix IBM	After Market Closes: Alcoa Tesla	After Market Closes: SVB Financial SNAP	After Market Closes: ICICI Bank



Central Bank Meetings and Key Central Bank Speakers:

Tuesday's RBA Minutes will be important for AUD traders after a clear 'Hawkish tilt' at their interest rate meeting on 5th April sent AUDUSD to its recent highs at 0.7661, against Fridays weak close at 0.7395. Traders will be looking for more detail on how hawkish and when will they be raising interest rates.

Wednesday's PBOC meeting could be make or break for Chinese/ HK equities that have been hanging on for more stimulus from China's central bank. If the central bank eases interest rates then a relief rally can be anticipated, if they maintain the status quo, it could mean a nasty downside move for stocks, and a knock on impact for risk sentiment elsewhere.

Monday 18 th April	Tuesday 19 th April	Wednesday 20 th April	Thursday 21 st April	Friday 22 nd April
	0230 BST AUD RBA Meeting Minutes	*0215 BST China* PBOC Interest Rate Decision	1100 BST USD Fed Chairman Powell Speech	1400 BST EUR ECB President Lagarde Speech
			1300 BST USD Fed Chairman Powell Speech 'The Global Economy'	1530 BST GBP BoE Governor Bailey Speech
			1730 BST GBP BoE Governor Bailey Speech	

With International Monetary Fund (IMF) meetings throughout next week, all major central bankers are in Washington to discuss the global economy. Dealing with inflation, supply chain disruptions due to China lockdowns and the Ukraine war will be hot topics so get ready for headlines from **Fed Chairman Powell and BoE Governor Bailey on Thursday** , then **ECB President Lagarde and BoE Bailey again Friday.**

- What impact will the tone of their discussions have on stock markets
- Could a strong USD, or weaker EUR or JPY be part of the discussions also?

(See the next page for the USA 500 Technical Update)

(See page 5 for the EURUSD Technical Update)



Key Economic Data Next Week:

Monday: A raft of China data will give a reality check on the world's second biggest economy. There are still signs of real weakness and so far the PBOC have not been as aggressive as expected in providing support. These data points are extremely important for the global outlook and risk sentiment next week.

Monday 18 th April	Tuesday 19 th April	Wednesday 20 th April	Thursday 21 st April	Friday 22 nd April
0300 BST China Gross Domestic Product, Industrial Production, Unemployment Rate and Retail Sales	0530 BST JPY Industrial Production 1315 BST CAD Housing Starts 1330 BST USD Housing Starts 2130 BST USD API Crude Oil Stock Change	0050 BST JPY Imports, Exports and Trade Balance 0700 BST EUR (Ger) Inflation Data (PPI) 1000 BST EUR Industrial Production *1330 BST CAD* Inflation Data (CPI) 1500 BST USD Existing Home Sales 1530 BST USD EIA Crude Oil Stocks Change *2345 BST NZD* Inflation Data (CPI)	0230 BST AUD Retail Sales *1000 BST EUR* Inflation Data (CPI) 1330 BST USD Initial Jobless Claims and Philadelphia Fed Index 1500 BST EUR Consumer Confidence	0000 BST AUD Composite PMI (Prel) 0030 BST JPY Inflation Data (CPI) 0130 BST JPY Composite PMI (Prel) 0700 BST GBP Retail Sales 0815-0930 BST Fra, Ger, EUR, GBP Composite PMI (Prel) 1330 BST CAD Retail Sales and Inflation Data (PPI) 1445 BST USD Composite PMI (Prel)

On Wednesday: CAD and NZD inflation prints will impact FX markets. Both their central banks hiked interest rates an aggressive 50 bps last week to stem inflation gains and more aggressive hikes are priced in for the rest of 2022. The BoC talked at their press conference about being more aggressive in coming months, so a higher than expect CAD print could see CAD demand. NZD has struggled for gains since the RBNZ hike, is inflation topping out or could this print start fresh NZD demand?

Thursday: The RBA are in focus and the **AUD retail sales data** could underline the RBA needs to hike interest rates and soon, especially if the consumer is still spending in an economy that is booming.



Thursday's Flash EUR Inflation print could have a big impact on EUR direction. Many traders were amazed at how weak the ECB's commitment to fighting inflation came across, in the ECB statement and Lagarde press conference last week. It appears they are more concerned with growth and peripheral yields than inflation which could cripple the EU. The EUR bounced from the new recent lows set Thursday at 1.0757, but it still seems vulnerable as the divergence between the ECB and the Fed, BoE, RBNZ and BoC is huge. **Is the ECB attempting to follow the Japanese, dovish model?**

Friday: Sees a big health check on the main western economies in the form of forward looking **PMI data**. How much are inflation, China lockdowns, recession fears and Ukraine war hurting demand, impacting costs and denting the outlook of major company bosses looking forward in 2022?

UK Retail sales will be important for GBP direction at the end of the week. Many economists think the UK is going to be the hardest hit from headwinds hitting the global economy. After a 7% inflation print last week, meaning essential prices for UK consumers are rising fast. **Is the consumer paring back on spending? What would that do to thinking at the BoE?** (See below for the GBPUSD Technical Update).



Commodity Focus: Chart of the week, Oil

Oil prices are hard to predict, especially with lockdowns in the biggest importer of oil in China. Demand could be curtailed for a while but demand/supply dynamics over the longer term are still an issue. Interestingly, renewable energy prices are rising in Europe as companies turn to green energy to cut emissions and hedge against rising fossil-fuel prices, but are still a fraction of wholesale power market rates. But Oil notched a weekly gain as traders weighed a global supply deficit, a potential ban on Russian oil from the European Union and China's latest virus lockdowns. West Texas Intermediate settled near \$107, rising 8.8% for the week. Oil rallied Thursday afternoon after a report that the European Union is moving toward adopting a phased-in ban on Russian oil. In the U.S., crude stockpiles jumped more than 9 million barrels last week, with over a third of the build attributed to the shift of strategic oil reserves to commercial inventories.



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

Support	Resistance	Support	Resistance
USA 500: 1 st – 4380.30, Mid-point latest upside 2 nd – 4320.87, Deeper 62% retracement 3 rd – 4120.84, March 14 th low trade	1 st – 4498.99, Bollinger mid-average 2 nd – 4588.02, Apr 4 th high trade 3 rd – 4628.03, Bollinger upper band	EURUSD: 1 st – 1.0757, Last weeks low trade 2 nd – 1.0729, April 2020 rally point 3 rd – 1.0640, March 2020 extreme	1 st – 1.0950, Bollinger mid-average 2 nd – 1.1134, Bollinger upper band 3 rd – 1.1184, March 30 th high trade
US Tech 100: 1 st – 13847.43, 62% retrace Mar upside 2 nd – 13417.68, March 15 th session low 3 rd – 12942.18, March 14 th extreme	1 st – 14597.99, Bollinger mid-average 2 nd – 14743.56, 62% retrace Mar/Apr sell-off 3 rd – 15267.80, March 28 th failure high	GBPUSD: 1 st – 1.2972, Last weeks low trade 2 nd – 1.2857, November 2020 hold level 3 rd – 1.2831, Mid-point Mar'20/May'21	1 st – 1.3146, Last weeks high trade 2 nd – 1.3193, Bollinger upper band 3 rd – 1.3298, March 22 nd session high
USA 30 Wallstreet: 1 st – 34010.00, Last weeks low trade 2 nd – 33741.00, Half Feb/Mar recovery 3 rd – 33378.00, Deeper 62% retrace	1 st – 35012.00, April 4 th high trade 2 nd – 35135.00, Bollinger upper band 3 rd – 35277.00, March 28 th session extreme	USDJPY: 1 st – 125.09, Thursday's session low 2 nd – 123.64, Bollinger mid-average 3 rd – 121.27, March 30 th low trade	1 st – 126.67, Last weeks high trade 2 nd – 129.07, May 2002 rejection point 3 rd – 133.78, April 2002 high trade
Germany 40: 1 st – 13898.51, Last weeks low trade 2 nd – 13698.13, Half March recovery 3 rd – 13401.27, Deeper 62% retrace	1 st – 14352.94, Bollinger mid-average 2 nd – 14769.48, Bollinger upper band 3 rd – 14942.95, March 29 th session high	AUDUSD: 1 st – 0.7397, 38% retrace Feb/Apr upside 2 nd – 0.7315, Mid-point same move 3 rd – 0.7235, Deeper 62% retracement	1 st – 0.7483, Bollinger mid-average 2 nd – 0.7528, Half of April sell-off 3 rd – 0.7566, Bollinger upper band
UK 100: 1 st – 7497.78, Bollinger mid-average 2 nd – 7289.98, 38% retrace Mar/Apr 3 rd – 7182.15, Mid-point same move	1 st – 7634.00, April 8 th high trade 2 nd – 7721.55, Weekly Bollinger upper band 3 rd – 7758.19, August 2018 extreme	USDCAD: 1 st – 1.2507, 62% retrace latest upside 2 nd – 1.2435, Bollinger lower band 3 rd – 1.2401, April monthly low trade	1 st – 1.2675, Last weeks failure high 2 nd – 1.2711, 62% retrace Mar/Apr range 3 rd – 1.2871, March 14 th session high



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