

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment fell into the weekend after Fed Chairman Powell seemed to confirm, in a speech late Thursday, that the Fed would raise interest rates 50 bps at their meeting on 4th May.

US yields soared once again on this news, as forward looking markets started to price 3 50bp hikes at consecutive FOMC meetings. The big move was in US 2 year yields which rose from 2.45% to close at 2.71%.

Higher bond yields sent global equity indices lower, with the USA 30 Wall Street index dropping over 900 points on Friday, while the USA 500 closed down, 3.17% and the US Tech 100 down 3.02%. These were very weak closes and it seems equity investors are waking up to just how aggressive the Fed may be in fighting inflation. (See page 2 for the USA 30 Wall Street Technical Update).



Financial Market	Closing Level Friday 15 th April	Closing Level Friday 22 nd April	Weekly Change %	0	Financial Market	Closing Level Friday 15 th April	Closing Level Friday 22 nd April	Weekly Change %
Asia Stocks:					G10 Currencies:			
China A50	13908	13375	-3.8%		EURUSD	1.0809	1.0793	-0.1%
Japan 225	26922	26705	-0.8%		GBPUSD	1.3063	1.2828	-1.8%
ASX (Australia) 200	7508	7324	-2.5%		EURGBP	0.8274	0.8414	+1.7%
Hong Kong 50	21355	20363	-4.6%		AUDUSD	0.7395	0.7240	-2.1%
Europe Stocks:					USDJPY	126.38	128.54	+1.7%
UK (FTSE) 100	7567	7460	-1.4%		USD Index	100.30	101.12	+0.8%
Germany 40	14112	14079	-0.2%		Commodities:			
Europe 50	3751	3741	-0.3%		GOLD	1974	1932	-2.1%
France 40	6463	6456	-0.1%		Silver	25.66	24.14	-6.0%
US Stocks:					Copper	4.7205	4.5825	-2.9%
USA 500	4389	4251	-3.1%		US Crude Oil	106.50	101.70	-4.5%
USA 30 Wall Street	34390	33611	-2.3%		Other Markets:			
US Tech 100	13891	13314	-4.2%		Bitcoin	40100	39600	-1.2%
USA (Russell) 2000	2001	1929	-3.6%	US 10 Year Yield	2.83%	2.90%	+2.5%	

After a blip lower mid week, the USD recovered strongly to maintain its uptrend. GBPUSD fell heavily Friday to fresh 2 year lows at 1.2822, after economic data suggested the UK's economic recovery is stalling badly as UK consumers face a cost of living crisis. AUD also fell over the week (-2.1%) on general risk off sentiment and sinking commodity prices.

The higher USD weighed heavily on commodities with oil down 2% Friday (-4.5% on the week), as China lockdowns continued to weigh on the demand outlook. Silver had a very poor week, down 6%, as precious metals capitulated into the Friday close.

Independent:

Macron compares potential Le Pen victory to Brexit as he urges people to vote

It would be an unlikely victory for Le Pen but it's a binary risk event. Potential EUR and EU Stock Indices implications early Monday.
(See page 5 for EURUSD Technical Update)

Emmanuel Macron has said a Brexit style victory is still possible for Marine Le Pen, urging the French public to vote to ensure it does not happen.

The French Presidential election run off vote is tomorrow with Macron 12 points up in recent polls.

Reuters:

Russia to deploy Sarmat missiles by Autumn in 'historic' nuclear upgrade

Russia seems determined to put on a show of strength for the west. Could this see a rush to safe havens again on Monday?
(See page 6 for Gold Technical Update)

Russia said on Saturday it plans to deploy its newly tested Sarmat intercontinental ballistic missiles, capable of mounting nuclear strikes against the US, by autumn.

This week's test marks a show of strength by Russia at a time when the war in Ukraine has sent tensions with the US and its allies soaring to their highest levels since the 1962 Cuban missile crisis.

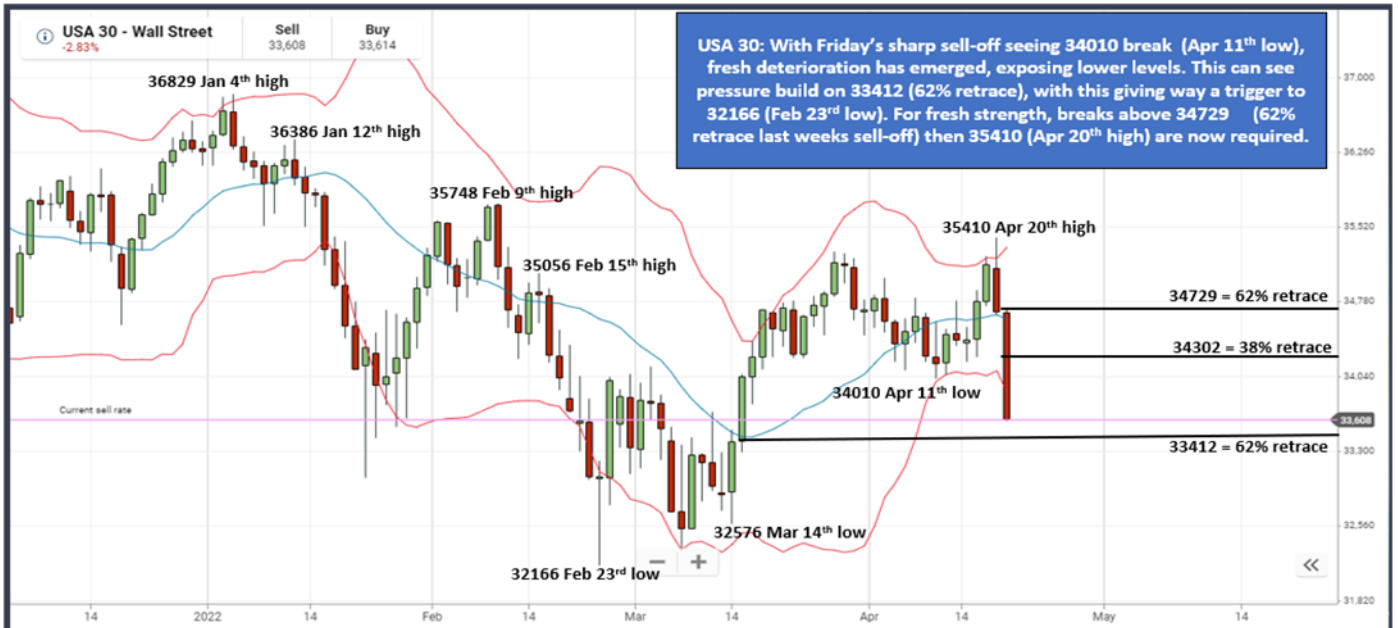
Bloomberg:

Cathie Wood says Fed won't hike as much as market priced in

Have markets gone too far and priced in too many Federal Reserve interest rate rises?
(See page 3 for the USA 500 Technical Update)

The strategies of ARK investment Management where Wood is founder and CEO, have struggled recently amid fear of inflation. The firm's flagship ARK Innovation ETF is down 45% YTD

Wood expects inflation to end its spike and then decline in "dramatic" fashion, she said. Such a scenario might give the Fed leeway to boost rates less aggressively than is currently seen.



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

Next week is a big week for earnings in Europe and the US. In Europe over 140 companies report earnings with questions remaining over whether cost pressures can be passed onto consumers reeling from cost of living increases. This includes consumer giants **Nestle** and **Danone**. While leading banks, **Deutsche**, **HSBC**, **Barclays** and **UBS** report against a backdrop of recession concerns and potential rising bad loan provisions.

In the US nearly 180 companies representing half of USA 500's value report results. After the 36% collapse of Netflix's share price last week, it's a big week for the 'mega cap' tech companies, **Apple**, **Microsoft**, **Amazon** and **Alphabet**, who make up **20% of USA 500 index value**. Earning expectations for these companies are low but still extremely important. Netflix last week showed that stock traders are ready to pounce aggressively on any sign of weakness.

Outside of technology stocks, oil giants **Chevron** and **Exxon Mobil** report, as well as consumer companies **Coca Cola**, **PepsiCo** and **McDonalds**. (See page 3 for the USA 500 Technical Update).

Monday 25 th April	Tuesday 26 th April	Wednesday 27 th April	Thursday 28 th April	Friday 29 th April
Cadence Design Systems Zions Bancorporation Lufax Holding 0600 Philips 1230 Activision <u>Before Market Opens:</u> Lennox Coca Cola <u>After Market Closes:</u> Ameriprise Financial Crane SBA Communications	Whitbread 3M Alphabet 0500 HSBC 1100 PepsiCo UPS <u>Before Market Opens:</u> Northern Trust General Electric Raytheon Technologies <u>After Market Closes:</u> Microsoft Visa General Motors	United Microelectronics Boeing Deutsche Bank Amgen 0600 Mercedes-Benz 1200 NY Bancorp <u>Before Market Opens:</u> BOK Financial ADP Spotify <u>After Market Closes:</u> PayPal Qualcomm Meta	Comcast Mastercard Samsung Baidu 0515 Standard Chartered 0700 Barclays <u>Before Market Opens:</u> Twitter Merck Wex <u>After Market Closes:</u> Roku 2101 Amazon 2130 Apple	Caixabank Philips 66 Sony Bbva 0600 BASF 0700 NatWest <u>Before Market Opens:</u> Chevron ExxonMobil Honeywell <u>After Market Closes:</u>



Central Bank Meetings and Key Central Bank Speakers:

With much of last weeks volatility created by Fed speakers they now enter a blackout period ahead of the FOMC meeting on 4th May but there are still things to watch out for.

Wednesday: ECB President Lagarde speech will be a focus. The markets are pricing 75bps of interest rate hikes from the ECB for 2022, which seems to be ahead of ECB rhetoric, although some ECB speakers do seem to be more hawkish of late.

Ultimately it is what Lagarde has to say which is important.

Surely it is time for the ECB to guide markets to fully appreciating the ECB need to act. Markets are already there but is Lagarde?

Thursday's BoJ interest rate meeting and press conference is usually a non-event but with USDJPY trading a new high last week at 129.40, up 10% in 6 weeks, traders will be looking for any commentary on the JPY. Japan are importing inflation by following such a dovish approach to monetary policy. **Can the BoJ continue to maintain this approach?**

(See page 4 for the USDJPY Technical Update).

Friday: SNB Chairman Jordan Speech. The SNB is waiting for the ECB to move and will do nothing until they do, however traders will be looking to hear more on the SNB 's commitment to intervening against a strong CHF. **It could add to CHF volatility at the end of what could be an increasingly volatile week.**

Monday 25 th April	Tuesday 26 th April	Wednesday 27 th April	Thursday 28 th April	Friday 29 th April
Fed Speakers in Blackout Period ahead of FOMC on May 4 th	1355 BST CAD BoC Lane Speech	1700 BST EUR ECB President Lagarde Speech	*0400 BST JPY* BoJ Interest Rate Decision *0700 BST JPY* BoJ Press Conference 1400 BST EUR ECB McCaul Speech 1500 BST EUR ECB Elderson Speech	Month End Rebalancing 0900 BST CHF SNB Chairman Jordan Speech
1800 BST EUR ECB Panetta Speech				



Key Economic Data Next Week:

Tuesday: USD Consumer Confidence is always an interesting insight into the minds of the US consumer and any weakness in this data could be an early signal of a US consumer pulling back on spending, stoking recession fears, as has happened in the UK recently!!

Wednesday: Australian CPI. This is vital data for a central bank on the brink of pulling the trigger on the start of an interest rate hiking cycle, and could have a **major impact on the direction of AUD next week.** Interest rates in Australia are currently 0.1%, with NZ at 1.5%, Canada at 1%. Once the RBA move on interest rates there is potentially a long way to catch up to their other commodity currency peers.

Thursday: German CPI. Inflation is running wild in Germany and the EU as a whole and so these data are very important. Bond markets are jumping well ahead of current ECB guidance. **Is EURUSD going to make new lows next week below 1.0750, or is another nasty squeeze on the cards? (See page 5 for the EURUSD Technical Update).**

Monday 25 th April	Tuesday 26 th April	Wednesday 27 th April	Thursday 28 th April	Friday 29 th April
0900 BST EUR (Ger) IFO Business Survey	0030 BST JPY Unemployment Rate	*0230 BST AUD* Inflation Data (CPI)	0050 BST JPY Industrial Production and Retail Sales	*0230 BST AUD* Inflation Data (PPI)
	1330 BST USD Durable Goods	0700 BST EUR (Ger) Gfk Consumer Confidence	1000 BST EUR Consumer and Business Sentiment	0245 BST China Caixin Manufacturing PMI
	1400 BST USD House Price Index	1500 BST USD Pending Home Sales	*1300 BST EUR (Ger)* Inflation Data (CPI)	0700 BST EUR (Ger) Gross Domestic Product
	1500 BST USD New Home Sales	1530 BST USD EIA Crude Oil Stocks Change	1330 BST USD Gross Domestic Product and Initial Jobless Claims	1000 BST EUR Gross Domestic Product
	1500 BST USD Consumer Confidence	2345 BST NZD Imports, Exports and Trade Balance	2300 BST NZD Consumer Confidence	*1000 BST EUR* Inflation Rate (HICP)
	2130 BST USD API Crude Oil Stock Change			1330 BST CAD Gross Domestic Product
				1330 BST USD Income, Spending and PCE Inflation
				1500 BST USD Michigan Consumer Sentiment



Friday: The US data at the end of this week is massive and will be on the Fed watchlist. US PCE data is the Fed's preferred inflation gauge and so this is vital to note, with the FOMC meeting around the corner on 4th May. Has US inflation reached its peak as many are predicting/ hoping? If so there could be a reversal in US yields, USD strength and stock market weakness, especially in technology stocks. **(See below for the US Tech 100 Technical Update).**

Also Friday is US personal income and spending and Michigan consumer sentiment. What is the current health of the US economy which is driven by the US consumer. Are they continuing to spend, digging into savings or reeling from ever higher price of essential goods. Any hint of a pullback in spending and weaker sentiment will be taken to stoke recession fears.



Commodity Focus: Chart of the week, Gold

On a macro basis, there are still many positives for commodities, but in the short term a rising USD is the main concern for traders. For a while last week it could be said, precious metals had held well against a rising USD but they finally capitulated towards the end of the week with gold retreating back towards \$1925 putting it firmly back in its trading range and silver having a very poor finish to the week, down over 2% Friday alone. **(See chart below for the Gold Technical Update).**

Macro wise, supply issues remain with talk of containers stacking up at Chinese ports due to lockdowns, re-enforcing the supply/demand dynamic that adds potential for commodity demand on dips.

Oil: is really difficult to call from here but traders need to be cognisant of the demand slowdown from China as lockdowns continue. This also has implications for global supply chains and inflation across the globe. Oil could be in danger of a slump but it is a tough trade. Traders also have no idea what Putin may do regards supply to the EU, and whether the EU will push the likes of Germany to accept an energy embargo on Russia. **Either would be a game changer!**



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

Support	Resistance	Support	Resistance
USA 500: 1 st – 4129.28, March 14 th low trade 2 nd – 4101.52, February 23 rd extreme 3 rd – 4003.25, May 2021 hold level	1 st – 4322.83, Half last weeks sell-off 2 nd – 4396.91, 38% retrace Mar/Apr sell-off 3 rd – 4486.98, Higher 62% retracement	EURUSD: 1 st – 1.0757, April 13 th low trade 2 nd – 1.0729, April 2020 rally point 3 rd – 1.0640, March 2020 extreme	1 st – 1.0935, April 20 th high 2 nd – 1.1050, Bollinger upper band 3 rd – 1.1184, March 30 th high trade
US Tech 100: 1 st – 12942.18, March 14 th extreme 2 nd – 12914.55, May 12 th 2021 low 3 rd – 12609.42, March 24 th 2021 low	1 st – 13805.01, Half last weeks sell-off 2 nd – 14062.29 38% retrace Mar/Apr sell-off 3 rd – 14531.67, Higher 62% retracement	GBPUSD: 1 st – 1.2822, Last weeks low trade 2 nd – 1.2752, Late Sep 2020 extreme 3 rd – 1.2678, September monthly low trade	1 st – 1.2934, Half Friday's range 2 nd – 1.3012, 38% retrace Mar/Apr range 3 rd – 1.3089, April 20 th session high
USA 30 Wallstreet: 1 st – 33412.65, 62% retrace Feb/Apr 2 nd – 32576.78, Mar 14 th session low 3 rd – 32166.76, Feb 23 rd extreme	1 st – 34302.11, 38% retrace latest sell-off 2 nd – 34729.54, Higher 62% retracement 3 rd – 35410.54, April 20 th high trade	USDJPY: 1 st – 127.46, April 19 th low trade 2 nd – 126.32, 38% retrace April upside 3 rd – 125.24, Bollinger lower band	1 st – 129.40, Last weeks high 2 nd – 133.78, April 2002 high trade 3 rd – 135.14, January 2002 extreme
Germany 40: 1 st – 13898.51, April 12 th low trade 2 nd – 13698.13, Half March recovery 3 rd – 13401.27, Deeper 62% retrace	1 st – 14327.99, Bollinger mid-average 2 nd – 14747.35, Bollinger upper band 3 rd – 14942.95, March 29 th session high	AUDUSD: 1 st – 0.7234, 62% retrace Feb/Apr upside 2 nd – 0.7165, March 14 th session low 3 rd – 0.7094, February 23 rd extreme	1 st – 0.7322, 38% retrace last weeks range 2 nd – 0.7375, Higher 62% retracement 3 rd – 0.7457, April 19 th session high
UK 100: 1 st – 7424.69, Bollinger lower band 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 – 7719.22, Weekly Bollinger upper band 3 rd – 7758.19, August 2018 extreme	USDCAD: 1 st – 1.2571, Bollinger mid-average 2 nd – 1.2452, Bollinger lower band 3 rd – 1.2401, April monthly low trade	1 st – 1.2725, Last weeks failure high 2 nd – 1.2871, March 14 th session high 3 rd – 1.2900, March 7 th extreme



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