

## Preparing for the week ahead : Corellian 3 Step Process

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

After a choppy week for financial markets, Friday was a 'risk off' session after the **US Non Farm Payrolls** data beat economists predictions at +390k jobs created, versus +318k expected. Traders have been hoping that weaker US data may mean the Fed pauses its aggressive interest rate rises in September to assess their impact. **This release put a dent in those hopes, and places more emphasis on key data next week.**

**US 10 year bond yields** rose directly from the weekly open at 2.74% to close at 2.94%, boosted by Fed Vice Chair Brainard saying it's 'very hard to see the case' for the Fed pausing rate hikes.

**Major US and European Stock indices** which had made new 4 week highs at the start of the week all reversed and finished down, as the US employment data suggested the labour market remains robust enough for the Fed to raise interest rates quickly to battle runaway inflation. Tech stocks under performed again with the US Tech 100 falling 2.67% Friday to close at 12550 (-1.3% on the week). **See the next page for the US Tech 100 Technical Update.**

**The USD** ended the week strongly boosted by negative risk sentiment and the strong rally in US yields. USDJPY was the standout performer, up 2.9% on the week, closing at 130.85, just 50 pips from its May 2022 highs at 131.35.

**Commodities were performing strongly ahead of the US payroll data**, with Gold making a new 4 week high at \$1873, silver at \$22.46 and copper at \$4.5755. This all reversed as the stronger USD hit sentiment. Only oil finished the week strongly, at its highs at \$120, as traders remain concerned over a widening supply deficit.



Financial Market	Closing Level Friday 27 <sup>th</sup> May	Closing Level Friday 3 <sup>rd</sup> June	Weekly Change %	Financial Market	Closing Level Friday 27 <sup>th</sup> May	Closing Level Friday 3 <sup>rd</sup> June	Weekly Change %
<b>Asia Stocks:</b>				<b>G10 Currencies:</b>			
China A50	13323	13520	+1.5%	EURUSD	1.0734	1.0721	-0.1%
Japan 225	27144	27571	+1.6%	GBPUSD	1.2630	1.2498	-1.0%
ASX (Australia) 200	7274	7208	-0.9%	EURGBP	0.8498	0.8578	+0.9%
Hong Kong 50	20865	21251	+1.8%	AUDUSD	0.7159	0.7210	+0.7%
<b>Europe Stocks:</b>				USDJPY	127.13	130.85	+2.9%
UK (FTSE) 100	7574	7544	-0.4%	USD Index	101.68	102.18	+0.5%
Germany 40	14490	14482	-0.1%	<b>Commodities:</b>			
Europe 50	3812	3785	-0.7%	GOLD	1853	1850	-0.2%
France 40	6509	6478	-0.5%	Silver	22.08	21.92	-0.7%
<b>US Stocks:</b>				Copper	4.3220	4.4785	+3.6%
USA 500	4167	4110	-1.4%	US Crude Oil	115.03	120.31	+4.6%
USA 30 Wall Street	33226	32912	-0.9%	<b>Other Markets:</b>			
US Tech 100	12714	12550	-1.3%	Bitcoin	28750	29600	+3.0%
USA (Russell) 2000	1892	1882	-0.5%	US 10 Year Yield	2.74%	2.94%	+7.3%

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

#### Bloomberg:

Australia inflation accelerated further from 5.1%, Chalmers says

Could the RBA be the next central bank to go 50bps to curb soaring inflation at their meeting next week? (See page 3 for the AUDUSD Technical Update).

Australian consumer prices have accelerated from the 5.1% recording in the first 3 months, **Treasurer Jim Chalmers said**, intensifying pressure on households and suggesting further interest rate increases ahead.

Chalmers told News Corp. in an interview Sunday, **he'll likely raise the forecast in next month's economic statement to parliament.**

#### Bloomberg:

Johnson is taking Tories to heavy loss in special election: Poll

Speculation continues to build over UK PM Johnson's future. As the GBP rally soured last week, what does more negative news for the PM mean for GBP next week?

Boris Johnson's Conservative Party is heading for a thumping defeat in this month's special election in Wakefield, according to a poll published in the Sunday Times, a result that would heighten speculation over the PM's long term future.

#### Bloomberg:

'No longer sure bets': Tech giants are dropping bad news daily

Technology stocks have been benefitting from a relief rally recently but the bad news has continued to flow from all corners. Is the bounce already over? (See page 2 for the US Tech 100 Technical Update).

A grim new reality is setting in across the tech landscape: **a heady, decades long era of rapid sales gains, boundless jobs growth and ever soaring stock prices is coming to an end.** The malaise is damaging employee moral, affecting the industry's ability to attract talent, and has wide ranging implications for US economic growth and innovation.



### 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

The first big news last week was Microsoft's warning on Thursday of currency headwinds impacting its future earnings. The world's largest software maker cut its profit forecast for Q2 2022 by \$460 million due to the surging strength of the USD. The impact was felt significant enough to announce it in a rare mid season revision, which took traders by surprise. **Will this news mean other global US companies will suffer the same fate in future earnings reports?**

The second piece of news out Thursday was from Tesla CEO Elon Musk who in a mail to executives said he had a "super bad feeling" about the economy and needs to cut about 10% of salaried jobs at the electric carmaker. This announcement on jobs follows the trend of other major technology companies like META, SNAP, LYFT and Coinbase. **Will this be a drag on future US economic growth and potential recession?**

Then finally Friday, American Airlines, shares fell over 7% as investors looked past the carrier's upbeat revenue forecast and focused instead on its warning of a hit from higher fuel costs and staffing problems.

**Next weeks earnings focus** for next week is quiet with a variety of companies reporting across different sectors. (See page 5 for the USA 500 Technical Update).

Monday 6 <sup>th</sup> June	Tuesday 7 <sup>th</sup> June	Wednesday 8 <sup>th</sup> June	Thursday 9 <sup>th</sup> June	Friday 10 <sup>th</sup> June
<p><b>Before Market Opens:</b> Futu Holdings</p> <p><b>After Market Closes:</b> 2105 Gitlab</p>	<p><b>Before Market Opens:</b> J M Smucker</p> <p><b>After Market Closes:</b></p>	<p><b>Before Market Opens:</b> 1215 Campbell Soup Thor Industries Kingsoft Cloud Holdings Full Truck Alliance</p> <p><b>After Market Closes:</b></p>	<p><b>Before Market Opens:</b> Tate &amp; Lyle FuelCell Energy NIO Bilibili</p> <p><b>After Market Closes:</b> Docusign</p>	<p><b>Before Market Opens:</b></p> <p><b>After Market Closes:</b></p>

### Central Bank Meetings and Key Central Bank Speakers:

Next weeks trading focus is all about the 2 central banks, with specific focus on the ECB Thursday.

Monday 6 <sup>th</sup> June	Tuesday 7 <sup>th</sup> June	Wednesday 8 <sup>th</sup> June	Thursday 9 <sup>th</sup> June	Friday 10 <sup>th</sup> June
	<b>*0530 BST AUD*</b> <b>RBA Interest Rate Decision and Rate Statement</b>		<b>*1245 BST EUR*</b> <b>ECB Interest Rate Decision and Policy Decision Statement</b>  <b>*1330 BST EUR*</b> <b>ECB Press Conference</b>  <b>1600 BST CAD</b> <b>BoC Governor Macklem Speech</b>  <b>1600 BST CAD</b> <b>BoC Rogers Speech</b>	<b>1445 BST EUR</b> <b>ECB Lagarde Speech</b>

**Tuesday: RBA Interest Rate Decision.** Short-end Australian bond yields climbed to a three-week high as traders bet the central bank will ramp up its pace of tightening (Currently 0.35%), after a similar aggressive move by the Bank of Canada last week. Three-year yields soared as much as 11.5 basis points to 3.007%, the highest since May 9. Overnight index swaps suggest the Reserve Bank of Australia will deliver a 40-basis point hike on June 7 and it is a strong argument after the weekend news that Australian inflation has moved significantly above the 5.1% reported for Jan to March 2022. This announcement and forward guidance will have a significant impact on AUD.  
(See below for the AUDUSD Technical Update).



**Thursday: ECB Interest Rate Decision and Press Conference.** This is a big meeting for the ECB and for traders. There is huge pressure on the ECB to start the fight against inflation, with some economists even calling for a shock interest hike at this meeting. So far July is the expected lift-off month but even there traders are starting to price a 50bp hike, **something Lagarde nor Lane have communicated (They have said smaller 25bps moves)**. Will this meeting be the one where they open up the possibility of 50bp incremental hikes? If so, it has big implications for the EUR, stocks and bonds.

**They certainly should talk about it.** The ECB seems to be helplessly behind everyone else and need to regain some credibility. Signalling 25bps in July may have a negative impact on the EUR and it is unlikely they want that now. But recent economic data like retail sales and PMIs have been weak. EU Apr Retail Sales missed: -1.3% m/m vs 0.3% cons, 3.9% y/y vs 5.4% cons last week. (See page 4 for the EURUSD Technical Update).





**Also Wednesday: BoC Macklem Speech.** Last week markets had a 50bps hike from the BoC and received hawkish forward guidance for the rest of the year. This speech is likely to underline this stance. CAD **could rally further, consolidating last weeks gains, especially after oil rose.** It will be interesting to see if he goes further on the aggressive stance against inflation as BoC's Beaudry even suggested BoC actions could involve bigger moves than 50bps! **Will he support this view?**

#### Key Economic Data Next Week:

The Central bank events are the most important events next week but there is still some key economic data.

Monday 6 <sup>th</sup> June	Tuesday 7 <sup>th</sup> June	Wednesday 8 <sup>th</sup> June	Thursday 9 <sup>th</sup> June	Friday 10 <sup>th</sup> June
0245 BST China Caixin Services PMI	0001 BST GBP BRC Retail Sales	0050 BST JPY Gross Domestic Product	0300 BST China Imports, Exports and Trade Balance	0050 BST JPY Inflation Data (PPI)
	0700 BST EUR (Ger) Factory Orders	0645 BST CHF Unemployment Rate	1330 BST USD Initial Jobless Claims	*0230 BST China* Inflation Data (PPI/CPI)
	0930 BST GBP Services PMI (Final)	0700 BST EUR (Ger) Industrial Production	2345 BST NZD Retail Sales	*1330 BST USD* Inflation Data (CPI)
	1330 BST USD Imports, Exports and Trade Balance	1000 BST EUR Employment Change and Gross Domestic Product		1330 BST CAD Net Change in Employment, Unemployment Rate and Average Hourly Wages
	1330 BST CAD Imports, Exports and Trade Balance	1500 BST USD Wholesale Inventories		1500 BST USD Michigan Consumer Sentiment Index
	2000 BST USD Consumer Credit Change	1530 BST USD EIA Crude Oil Stocks Change		
	2130 BST USD API Weekly Crude Oil Change			

**Monday: Caixin Services PMI.** Markets are very sensitive to China data as they take baby steps to reopening and to be honest, the data so far has been better than expected and this non-official version of PMI is an interesting release. We could see a bounce in risk sentiment and the likes of AUD if it beats expectations or vice versa.

**Tuesday: BRC UK Retail sales:** Not often noticed as it comes out so late at night but this is crucial data for the UK. The BoE will be monitoring data closely as the UK economy seems extremely vulnerable, and hiking rates may make things even harder for the consumer. Facing massive rises in essential costs, can the consumer keep spending? **There is a danger that the BoE decide a change to current policy of hiking if growth is seriously stalling and that has huge implications for Gilts and GBP.**

**Wednesday: German Industrial Production.** Will be an indicator of how weak the German economy is becoming even as inflation continues to soar. The ECB will be very concerned if the largest economy in the zone is faltering. **The Germany 40 has continued to outperform its US peers recently, can this continue? (See below for the Germany 40 Technical Update).**

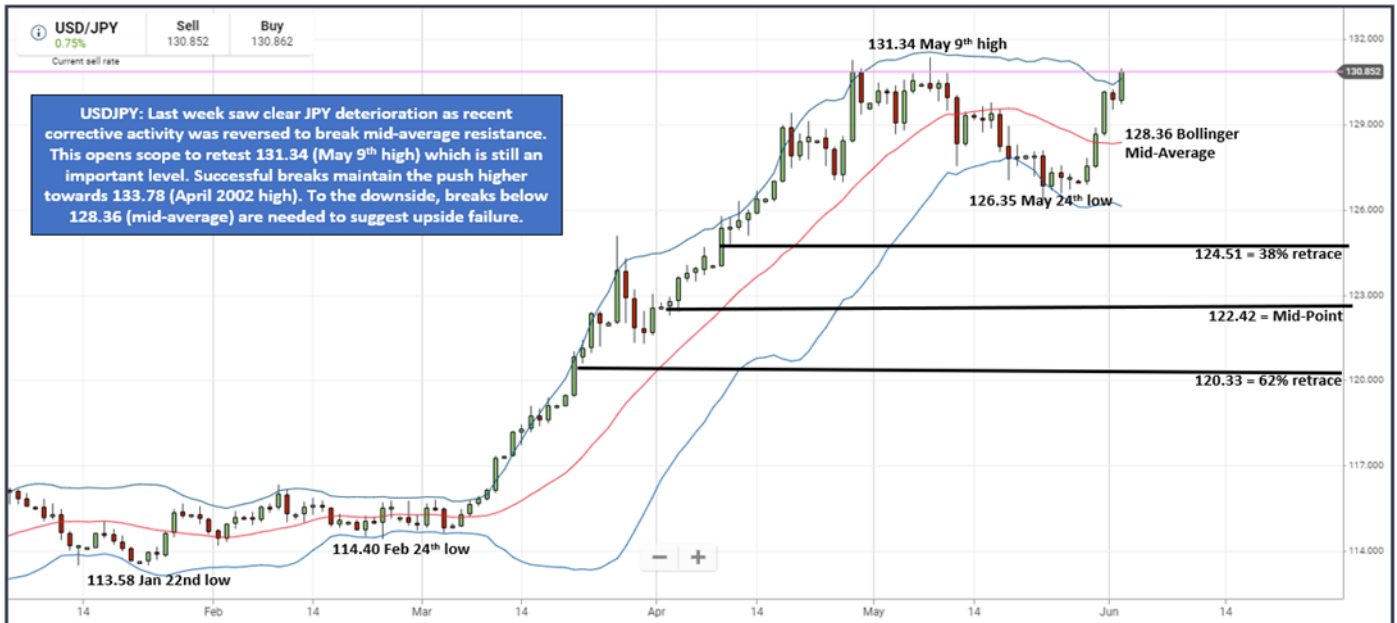


**Thursday: China Trade Data.** The world is looking at Chinese data for any signs of a recovery as it would give global growth forecasts a much needed boost, but most of China is still locked down and this data may still reflect that. Expectations are low so there is room for an upside surprise, like the recent PMI data last week. **Can this data give risk sentiment a fresh boost?**



**Friday: China Inflation Data (PPI/CPI).** Inflation data is always a key piece of data and Chinese CPI is no different, but the lockdowns have distorted data so much it is difficult to know how to take this release. Keep an eye on USDCNY and CNH after the data.

**Also Friday. US Inflation Data (CPI)** Another big data point for traders at the end of a busy week. Inflation is starting to bite in the US as gasoline prices climbed to yet another record, the latest blow to motorists at the start of the summer driving season. Costs of many things are rising and the consumer is borrowing to maintain living standards for now, but the Fed could become even more aggressive if inflation is not showing signs of topping out. The data will be closely monitored by the Fed, especially the core CPI data after the easing seen in Core PCE data recently. **Traders are looking for signs inflation has peaked so they can extend the relief rally, will they be disappointed?** A higher print will likely push US 10 year yields higher and could support a fresh challenge of the highs in USDJPY. (See below for the USDJPY Technical Update).



### Commodity Focus: Chart of the week, Oil

Oil finished last week on its highs at \$120, despite OPEC+ Thursday agreeing to a production hike. The reality is this OPEC+ hike only amounts to 0.4% of global demand in the coming months, and there are lingering doubts over whether these new targets can even be met as producers struggle to ramp up production. Coming into key driving season in the US, with US economic data still far from collapsing into recession, China slowly unlocking and European holiday makers keen to get away on breaks, the concerns around a supply deficit are still strong and keeping prices supported on dips. (See below for the Oil Technical Update).







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

Support	Resistance	Support	Resistance
<b>USA 500:</b> 1 <sup>st</sup> – 4056.55, 38% retrace latest upside 2 <sup>nd</sup> – 3963.63, Deeper 62% retracement 3 <sup>rd</sup> – 3807.40, May 20 <sup>th</sup> low trade	1 <sup>st</sup> – 4221.32, Mid-point Mar/May sell-off 2 <sup>nd</sup> – 4317.10, Higher 62% retracement 3 <sup>rd</sup> – 4508.18, April 20 <sup>th</sup> failure high	<b>EURUSD:</b> 1 <sup>st</sup> – 1.0611, Bollinger mid-average 2 <sup>nd</sup> – 1.0522, 62% retrace May upside 3 <sup>rd</sup> – 1.0349, May 13 <sup>th</sup> low trade	1 <sup>st</sup> – 1.0787, 38% retrace Feb/May sell-off 2 <sup>nd</sup> – 1.0922, Mid-point same move 3 <sup>rd</sup> – 1.0935, April 21 <sup>st</sup> session high
<b>US Tech 100:</b> 1 <sup>st</sup> – 12270.00, Bollinger mid-average 2 <sup>nd</sup> – 11490.92, May 20 <sup>th</sup> low trade 3 <sup>rd</sup> – 10944.58 Oct'20 monthly low	1 <sup>st</sup> – 12960.62, Bollinger upper band 2 <sup>nd</sup> – 13553.55, May monthly high trade 3 <sup>rd</sup> – 14296.30, April 20 <sup>th</sup> bounce failure	<b>GBPUSD:</b> 1 <sup>st</sup> – 1.2411, Half latest upside 2 <sup>nd</sup> – 1.2329, May 17 <sup>th</sup> hold level 3 <sup>rd</sup> – 1.2155, May 13 <sup>th</sup> session low	1 <sup>st</sup> – 1.2590, 38% retrace Mar/May sell-off 2 <sup>nd</sup> – 1.2637, May bounce failure 3 <sup>rd</sup> – 1.2726, Mid-point same move
<b>USA 30 Wallstreet:</b> 1 <sup>st</sup> – 32345.00, 38% retrace latest rally 2 <sup>nd</sup> – 31695.00, Deeper 62% retrace 3 <sup>rd</sup> – 30588.00, May 19 <sup>th</sup> low trade	1 <sup>st</sup> – 33580.00, 62% retrace latest downside 2 <sup>nd</sup> – 34018.00, May 4 <sup>th</sup> session high 3 <sup>rd</sup> – 35410.00, April 20 <sup>th</sup> rejection point	<b>USDJPY:</b> 1 <sup>st</sup> – 129.50, Thursday's session low 2 <sup>nd</sup> – 128.36, Bollinger mid-average 3 <sup>rd</sup> – 126.35, May 24 <sup>th</sup> low trade	1 <sup>st</sup> – 130.97, Last weeks upside extreme 2 <sup>nd</sup> – 131.34, May upside extreme 3 <sup>rd</sup> – 133.78, April 2002 high trade
<b>Germany 40:</b> 1 <sup>st</sup> – 14130.48, 38% retrace May/June 2 <sup>nd</sup> – 13807.54, Deeper 62% retrace 3 <sup>rd</sup> – 13269.71, May 10 <sup>th</sup> extreme	1 <sup>st</sup> – 14635.76, June 3 <sup>rd</sup> high trade 2 <sup>nd</sup> – 14805.50, 62% retrace Jan/Mar sell-off 3 <sup>rd</sup> – 14942.95, March 29 <sup>th</sup> session high	<b>AUDUSD:</b> 1 <sup>st</sup> – 0.7115, 38% retrace Apr/Jun upside 2 <sup>nd</sup> – 0.7075, Bollinger mid-average 3 <sup>rd</sup> – 0.7007, Deeper 62% retracement	1 <sup>st</sup> – 0.7282, Last weeks high trade 2 <sup>nd</sup> – 0.7347, 62% retrace Apr/May sell-off 3 <sup>rd</sup> – 0.7457, April 19 <sup>th</sup> session high
<b>UK 100:</b> 1 <sup>st</sup> – 7423.84, Bollinger mid-average 2 <sup>nd</sup> – 7215.75, May 19 <sup>th</sup> extreme 3 <sup>rd</sup> – 7129.75, May monthly low	1 <sup>st</sup> – 7634.00, April 8 <sup>th</sup> upside extreme 2 <sup>nd</sup> – 7685.49, Bollinger upper band 3 <sup>rd</sup> – 7758.19, August 2018 failure high	<b>USDCAD:</b> 1 <sup>st</sup> – 1.2552, Last weeks low trade 2 <sup>nd</sup> – 1.2457, April 20 <sup>th</sup> session extreme 3 <sup>rd</sup> – 1.2404, April monthly low trade	1 <sup>st</sup> – 1.2685, Thursday's rejection high 2 <sup>nd</sup> – 1.2754, 38% retrace May/Jun sell-off 3 <sup>rd</sup> – 1.2782, Bollinger mid-average

## Disclaimer:

Corellian Global Investments (Corellian or The Firm) is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority. Information contained in this document is intended for the use of the addressee only and is confidential. Any dissemination, distribution, copying or use of this document without prior permission of the addressee is strictly prohibited.

All opinions and judgements expressed in this presentation/document and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.

Prior performance is not indicative of future results, and there can be no guarantee with respect to whether the financial objectives of the investments by Corellian may be achieved in the future. As a result, investors must form their own independent view as to such opinions, judgements, projections, forecasts or statements.

The information herein is based on factual information obtained from sources believed to be reliable, but Corellian does not represent or warrant that it is accurate and complete or that the services herein are appropriate for any person. This presentation is for informational purposes only and is not, and may not be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer of any security or service.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or actual performance of the services offered herein may differ materially from those reflected or contemplated in such forward-looking statements.

As a result, the recipient should not rely on such forward-looking statements in making its decisions to pursue the services or products offered herein. No representation or warranty is made as to future performance or such forward-looking statements. All opinions and judgements expressed in this presentation and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.