

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment: The week ended poorly for equities and commodities, while the USD was the weeks stand out winner, supported by rising US yields. Disappointing China data at the start of last week reminded investors of the potential for a global economic slowdown, which was backed up by disappointing data out of the US, signaling a “housing recession”, as sentiment plunged to fresh 2 year lows. Mixed messages from Fed speakers on the path of future rate hikes couldn’t stop the USD rally, and with continued geopolitical risks and deteriorating data in Europe, the pressure on the EUR mounts.



Friday’s UK data were mixed. **GfK Consumer Confidence** was worse than expected at -44 (-42 expected), the worst reading since 1974, then later in the morning **Retail Sales** (MoM) were a slight upside surprise up 0.3% (-0.2% expected), but it was (YoY) figures down -3.4% (-3.3% expected) which, coupled with an already buoyant USD, saw GBP slide further on the week, closing at 1.1828, down 0.85% on the day. **Is there more downside ahead for GBP next week?**

Stocks ended the week down on mixed earnings and profit taking: Wall Street started the week strongly with both Walmart and Home Depot beating earnings, but Target disappointed traders with a big miss. The USA 500 tried rallying through Thursday, but a failure to break back above 4300 combined with Friday’s expiration of \$2 trillion in options ensured short sellers, and profit taking dominated, leading to the first weekly loss in over a month. **Is the bear market rally over?** (See below for the USA 500 Technical update)

US Equities: Earnings Q2 season is slowly wrapping up, but a few names to look out for next week are **Zoom, Macy’s, Nvidia, Nordstrom and GAP.** (See page 2 for the earnings table)



The USD ended the week strong at Friday’s close: The USD ruled this week making significant gains against G10 FX, with commodity currencies like AUD and CAD hit hard. The EUR also took a plunge, closing down over 2% down on the week, just above parity at 1.0038. The EUR is looking vulnerable. With plenty of data out next week, any bad EUR release (or good USD) could see a quick selloff through parity! **Is 95 cents on the cards? (see page 4 for the EURUSD technical update).**

Commodities. A bad week for commodities across the board, as investors were reminded of a potential global slowdown after disappointing China data. Silver was a big mover falling nearly 9% on the week,, WTI crude down 1.5% on the week ,Copper down 0.26% , while Gold made new lows every day last week closing down nearly 3%, as the strengthening dollar continues to weigh heavily. (See page 4 for the Gold technical update).

Bonds: Another wild week for US Yields, with the market taking note of St. Louis Fed President Bullard saying “he was in favour of the Fed raising rates and “would prefer 75 bps at Septembers policy meeting”, reiterating the Fed’s stance of getting inflation under control. The US 10yr closed Friday at 2.98%, up from last weeks close of 2.84%. **Fed Chairman Powell has been confirmed to speak at the Jackson Hole Symposium next Friday, and what he says will impact bond markets!**



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

<p>Bloomberg: In 'truly alarming' sign, surging UK yields fail to rescue pound</p> <p>Friday saw a weak close for GBP. If risk sentiment sours further how much further is this down move likely to run?</p> <p>The pound just can't catch a bid as the UK's bleak economic outlook eclipses any benefit the currency stands to receive from rapidly rising interest rates.</p> <p>Another record inflation readout last week spurred money market traders to bet the Bank of England will more than double its key rate to 3.75% by March from 1.75% currently. Rather than buy sterling though, investors sold it.</p>	<p>Bloomberg: ECB's Nagel wants more rate hikes, says German recession likely</p> <p>The ECB is going to have to make tough decisions. Inflation pressures, soaring energy costs and recession fears are key to the direction of EU indices and the EUR next week.</p> <p>The European Central Bank should continue increasing rates, according to Bundesbank Chief Joachim Nagel, who warned Germany faces a recession if the energy situation escalates.</p> <p>"Given high inflation, further interest rate hikes must follow, Nagel told Rheinische Post in an interview, declining to put a number on what he expects for the next decision in September.</p>	<p>Bloomberg: US economy flashes signals of hope and concern in mixed data</p> <p>Much of the recent stock rally has been based on receding fears of an imminent US recession. After last week it seems the US economy may not be in the clear quite yet.</p> <p>Data last week generated a mixed report card of the US economy, showing both resilience in the face of high inflation and signs of troubles ahead. Consumers continue to spend, albeit with less gusto, and applications for unemployment benefits remain historically low. The once booming housing market is deteriorating fast, while the manufacturing sector is losing momentum, but not as quickly as fears.</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

Monday 22 nd August	Tuesday 23 rd August	Wednesday 24 th August	Thursday 25 th August	Friday 26 th August
<p>Before Market Opens:</p> <p>After Market Closes:</p> <p>Palo Alto Networks Zoom 2130 Nordson</p>	<p>Sasol Medtronic Macy's 1230 Dick's Sporting Goods Before Market Opens:</p> <p>JD.com XPeng After Market Closes:</p> <p>Toll Brothers Nordstrom Intuit</p>	<p>Williams-Sonoma Autodesk 1100 RBC Before Market Opens:</p> <p>After Market Closes:</p> <p>NVIDIA Snowflake Salesforce</p>	<p>Dollar Tree Dollar General 1100 Canadian Imperial 1130 TD Bank Before Market Opens:</p> <p>Peloton Burlington After Market Closes:</p> <p>Ulta Beauty Gap Dell Technologies</p>	<p>Ubiquiti Meituan Before Market Opens:</p> <p>Jinko Solar After Market Closes:</p>

Central Bank Meetings, Key Central Bank Speakers and Important Economic Data:

Monday: China-PBoC Interest Rate Decision. The PBOC surprised markets when they lowered the rates on 1 year loans last week and are widely expected to reduce 1 to 5 year loan rates on Monday. The problem is that demand to borrow is simply not materialising, causing major headaches for the government on what to do next to stimulate the economic outlook.

Tuesday: AUD-Manufacturing and Services PMI. It is worth paying close attention to all PMIs this week! Australia is the first of the major economies to report. This is forward looking data and a great insight into the health of the Australian economy.

EUR-Manufacturing and Services PMI. This is vitally important for EU investors and the ECB, and could set the tone for markets through the week. The EU economy is looking fragile, recession fears are mounting and it will be interesting to get the insights from the businesses on the front line. **(See the next page for the Germany 40 Technical Update).**

GBP-Manufacturing and Services PMI. It will be interesting to see how the services component of this release is holding up in this data, and if consumers are shifting from goods to services, or if both are falling. The UK economy is weakening by the day, and this data will likely impact both the direction of GBP and UK bonds.

USD-Manufacturing and Services PMI: This release will impact risk sentiment next week. Traders will want to know, how far is manufacturing rolling over and are consumers still spending on events and experiences. If the services component underperforms then concerns could mount for the US economy, **which wouldn't be good news for stocks.**

Tuesday continued: USD-New Home Sales. Housing data is becoming more important as there has been some deterioration in recent releases, which feeds into consumer confidence and more importantly inflation. **The Federal Reserve will be paying close attention and so that makes this release important for stock, FX and commodity traders alike.**

Monday 22 nd August	Tuesday 23 rd August	Wednesday 24 th August	Thursday 25 th August	Friday 26 th August
<p>*0230 BST China* PBOC Interest Rate Decision</p>	<p>*0000 BST AUD* Manufacturing and Services PMI (Prel)</p> <p>*0130 BST JPY* Manufacturing and Services PMI (Prel)</p> <p>*0815-0930 BST* Fra, Ger, EU, GBP Manufacturing and Services PMI (Prel)</p> <p>*1330 BST USD* Manufacturing and Services PMI (Prel)</p> <p>1500 BST USD New Home Sales</p>	<p>1330 BST USD Durable Good Orders</p> <p>1500 BST USD Pending Home Sales</p>	<p>0700 BST EUR (Ger) Gross Domestic Product</p> <p>0900 BST EUR (Ger) IFO Business Survey</p> <p>1230 BST EUR ECB Meeting Minutes</p> <p>1330 BST USD Gross Domestic Product</p> <p>*1500 BST USD* Jackson Hole Symposium</p>	<p>*1330 BST USD* PCE Inflation, Personal Income and Spending</p> <p>*1500 BST USD* Fed Chairman Powell Speech at Jackson Hole Symposium</p>

Wednesday: USD-Durable Goods. US durable goods data is rather volatile and can be difficult to read but consumer spending on goods maybe slowing as prices rise and consumers are pushed to spend on what they need rather than what they want.

Thursday: EUR-German GDP & IFO Survey. IFO is another piece of survey data that gives good insight into the health of the German economy and gives traders a view of sentiment from businesses. Germany is facing some tough times ahead with an energy crisis and rising inflation and this may show up in this data. **This could add to any negative EUR sentiment.**

ECB-Meeting Minutes. There maybe a message in them, although Lagarde holds such long press conferences most things are covered. The markets are sensitive to any rate hike snippets, **so keep an eye out for any headlines which could impact EUR.**

USD-GDP (Preliminary). Although a preliminary reading it does have some status as markets are sensitive to any updates on US economic growth. **Traders expect a resilient US economy, any release shedding doubts on this view will move markets.**

Start of the Jackson Hole Symposium (3 day event): This is a big event with central bank leaders from around the world gathering and discussing policy. Traders are expecting an update from Fed Chairman Powell Friday on rate hikes, the US economy and any potential quantitative tightening (QT). **It could be a very volatile end to the week.**





Friday: USD-Core Personal Consumption Expenditure. PCE is the Fed's preferred gauge of inflation, especially the core reading which excludes food and energy. Traders also get personal income and spending releases at the same time and that too is noteworthy. Markets will be monitoring this almost as closely as the Fed. This release has the potential to impact all markets. **Has inflation peaked or not? (See below for the EURUSD Technical Update).**



Commodity Focus Gold: Last week, Gold had its first weekly decline after 4 consecutive up weeks. Surprisingly it fell alongside stocks, showing that its direction is currently driven more by Fed interest rate policy and a higher USD, than general safe haven considerations. **Remember: Gold pays no interest rate, and seems to jump higher on geo-political concerns or serious market fear and contagion risks, which are currently not a market focal point.** Next week's speech from Fed Chairman Powell at the Jackson Hole Symposium and the PCE Inflation release are likely to see Gold have a volatile end to next week. While the bias seems to see for further weakness after the failure to break and hold above \$1800 things change fast in these illiquid markets. **(See below for the Gold Technical Update).**



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

Support	Resistance	Support	Resistance
USA 500: 1 st – 4204, Half August rally 2 nd – 4161, Bollinger mid-average 3 rd – 4080, August monthly low	1 st – 4327, Tuesday's session high 2 nd – 4509, Apr 21 st session extreme 3 rd – 4588, Apr 5 th bounce failure level	EURUSD: 1 st – 1.0032, Last weeks low trade 2 nd – 1.0003, July 15 th extreme 3 rd – 0.9952, July monthly low trade	1 st – 1.0199, Bollinger mid-average 2 nd – 1.0370, Mid-point May/Jul sell-off 3 rd – 1.0469, Higher 62% retracement
US Tech 100: 1 st – 13145, Bollinger mid-average 2 nd – 12963, August 9 th low trade 3 rd – 12729, 38% retrace Jun/Aug upside	1 st – 13739, Last week's high trade 2 nd – 14296, April 20 th extreme 3 rd – 15267, March 28 th session high	GBPUSD: 1 st – 1.1792, Last weeks low trade 2 nd – 1.1760, July monthly low trade 3 rd – 1.1409, March 2020 extreme	1 st – 1.1968, Half last weeks sell-off 2 nd – 1.2107, Bollinger mid-average 3 rd – 1.2276, August 10 th failure high
USA 30 Wallstreet: 1 st – 33301, Half August advance 2 nd – 33006, Bollinger mid-average 3 rd – 32341, August monthly low	1 st – 34244, May 4 th failure point 2 nd – 34715, April 22 nd session high 3 rd – 35410, April 21 st rejection level	USDJPY: 1 st – 134.02, Bollinger mid-average 2 nd – 131.71, Last weeks low and rally point 3 rd – 130.41, August 2 nd session low trade	1 st – 137.46, July 27 th extreme 2 nd – 138.87, July 21 st failure point 3 rd – 139.39, July 14 th high trade
Germany 40: 1 st – 13367, 38% retrace July/August 2 nd – 13171, Mid-point Jul/Aug upside 3 rd – 12984, Deeper 62% retracement	1 st – 13761, Half last weeks sell-off 2 nd – 14128, June 11 th rejection point 3 rd – 14416, June 10 th bounce failure level	AUDUSD: 1 st – 0.6855, 62% retrace Jul/Aug upside 2 nd – 0.6720, July 15 th hold level 3 rd – 0.6681, July 14 th session low	1 st – 0.6988, Bollinger mid-average 2 nd – 0.7040, August 16 th bounce failure 3 rd – 0.7136, August monthly high trade
UK 100: 1 st – 7443, Last weeks low trade 2 nd – 7423, Bollinger mid-average 3 rd – 7338, 38% retrace Jul/Aug upside	1 st – 7574, Last weeks high trade 2 nd – 7645, June 7 th failure level 3 rd – 7664, July 2019 upside extreme	USDCAD: 1 st – 1.2856, Bollinger mid-average 2 nd – 1.2727, August monthly low trade 3 rd – 1.2680, June 10 th session extreme	1 st – 1.3024, July 18 th bounce failure 2 nd – 1.3135, July 15 th extreme 3 rd – 1.3223, July 14 th rejection point

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