

Preparing for the week ahead : Corellian 3 Step Process

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

Risk sentiment was weak for most of Friday with only a slight improvement in the last few hours as traders reduced positions ahead of a pivotal week for all markets. This reflected the negative mood post the release of stronger than expected US inflation data on Tuesday (August +0.1% v -0.1% expected MoM, 8.3% v 8.1% expected YoY). US inflation isn't falling as many had hoped and that has wide reaching implications.



Friday Data:

- China industrial production, housing, retail sales all better than expectations. **Is government stimulus starting to work?**
- UK Retail sales were awful, falling 1.6% (-0.5% expected). **This release sent GBPUSD to 37 year lows at 1.1350.**
- Michigan consumer sentiment improved slightly but **reflected uncertainty over the future path for the US economy.**

For US stock indices a shock profit warning after the close Thursday from **FedEx**, seen by many as a bellwether for the US economy, weighed on sentiment. **The concern for traders is that more companies will be releasing profit warnings going forward into Q3 earnings.** Indices hit 2 month lows, with the USA 500 finishing Friday down 0.4% (-4.2% on the week), the USA 30 Wall Street -0.48% (-3.7% on the week) and the US Tech 100 -0.4% (-5.7% on the week). Although all indices had been lower during Friday, the technical weekly closes were not encouraging. **The question for all traders now is whether the 2022 lows may be under threat.** (See below for the USA 500 Technical Update).



Early USD weakness flipped on the Tuesday release of US CPI as traders bet on the Fed to remain aggressive in their interest rate approach in order to tame high inflation. GBPUSD which had traded as high as 1.1737 on Tuesday hit fresh lows at 1.1350 Friday before bouncing (Close 1.1425), while AUDUSD hit 2 month lows 0.6670 as risk sentiment soured (Closed at 0.6720). USDJPY hit the highs again just short of 145 which saw Japanese authorities continue their verbal intervention and even 'check rates' with local banks. (See page 4 for the GBPUSD Technical Update).

Commodities had a nervy week as traders weighed up a higher USD, stubborn US inflation and global demand concerns. Gold had a poor week falling to \$1661 as expectations for aggressive Fed rate hikes hurt positioning (Closed at \$1674). (See page 4 for the Gold Technical Update).

US 10 year bond yields hit their 2022 highs at 3.48% again before settling back down to close the week at 3.46%. This 3.50% area will be a big focal point for traders as expectations for higher interest rates send bond prices down and yields up.



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

<p>Bloomberg:</p> <p>France's EDF may halt power exports to Italy for two years</p> <p>As Europe moves into winter it seems the unity of the EU is going to be tested further as individual countries scramble to protect their energy supplies. Will this weigh on a resilient EUR going forward?</p> <p>France may impose a two year halt on power exports to Italy as part of its energy savings plan, according to document sent by EDF to Italian authorities. France is considering the cut as part of its energy saving plan after suspending production at more than half of its nuclear power plants for maintenance work, Italian newspaper La Repubblica said.</p>	<p>BBC News:</p> <p>Ukraine counter offensive won't change Russia's plans - Putin</p> <p>If European equity markets and the EUR received a boost last week from the success of Ukraine's recent counter offensive. Will Putin's weekend comments flip this next week?</p> <p>Ukraine's recent counter offensive will not change Russia's plans, Vladimir Putin has said in his first public comments on the matter. In a rapid counter attack, Ukrainian forces say they captured over 8,000 sq. km in six days.</p> <p>But Mr Putin said he was not in a hurry, and the offensive in Ukraine's Donbas region remains on track. He also noted that Russia had so far not deployed its full forces.</p>	<p>Bloomberg:</p> <p>Goldman cuts US growth forecast for 2023 after rate path change</p> <p>US economic growth, or lack of it is becoming a hot topic again for equity traders ahead of next week's Fed interest rate decision.</p> <p>Goldman Sachs Group cut its US economic growth estimates for 2023 after recently boosting its predictions for Federal Reserve interest rate hikes.</p> <p>US GDP will increase 1.1% in 2023 economists wrote in a note, compared with a forecast of 1.5% previously. The projection for 2022 was left unchanged at 0%. Goldman expects US interest rates to be between 4-4.25% by the end of 2022.</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 19 th September	Tuesday 20 th September	Wednesday 21 st September	Thursday 22 nd September	Friday 23 rd September
	Kingfisher	1200 General Mills	1144 Accenture 1200 Factset Research	Smiths
Before Market Opens: AutoZone	Before Market Opens:	Before Market Opens: RLX Technology	Before Market Opens: Darden Restaurants	Before Market Opens:
After Market Closes:	After Market Closes:	After Market Closes: Lennar Trip.com Group	After Market Closes: 2115 Costco 2115 FedEx	After Market Closes:

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

This week is all about the central banks.

Tuesday: JPY Inflation Data (CPI). This data is usually ignored but now that traders are focused on JPY weakness, and what it is doing to import prices in Japan, it could be a market mover. With potential intervention looming in USDJPY and a BoJ Interest rate meeting Thursday markets are very sensitive to these types of releases right now.

China PBOC Interest Rate Decision. Chinese authorities are desperately struggling to encourage growth across their economy. After Friday's more positive data releases the shoots of recovery maybe appearing so economists are divided on whether more stimulus is incoming at this meeting. **Likely to have a limited impact on sentiment before the Fed the following day.**

RBA Meeting Minutes. The RBA is in focus as they have suggested they may be closer to reducing the speed of hikes, and traders will be keen to see what hints are hidden in the minutes of the last meeting. **Could impact a struggling AUD.**

CAD Inflation Data (CPI). Very important for the BoC as this is something that will impact their policy decisions. They have indicated more hikes are incoming but traders will want to anticipate the size.

ECB President Lagarde Speech. Traders have not heard from Lagarde a great deal this summer and, for now, the hawks seem to be in control at the ECB. It will be interesting to hear what she has to say after the 75bps hike at the last meeting. Is this the only 'jumbo hike' from the ECB or are more big moves likely? **With EURUSD oscillating around parity, markets want to know what next!**



Monday 19 th September	Tuesday 20 th September	Wednesday 21 st September	Thursday 22 nd September	Friday 23 rd September
	<p>*0030 BST JPY* Inflation Data (CPI)</p> <p>*0230 BST China* PBOC Interest Rate Decision</p> <p>0230 BST AUD RBA Meeting Minutes</p> <p>*1330 BST CAD* Inflation Data (CPI)</p> <p>*1800 BST EUR* ECB President Lagarde Speech</p>	<p>*1900 BST USD* FOMC Interest Rate Decision</p> <p>*1930 BST USD* FOMC Press Conference</p>	<p>*0400 BST JPY* BoJ Interest Rate Decision</p> <p>*0700 BST JPY* BoJ Press Conference</p> <p>*0830 BST CHF* SNB Interest Rate Decision</p> <p>*1200 BST GBP* BoE Interest Rate Decision</p>	<p>0000 BST AUD Manufacturing and Services PMI (Preliminary)</p> <p>0001 BST GBP Gfk Consumer Confidence</p> <p>0815-0930 BST Fra, Ger, EUR and GBP Manufacturing and Services PMI (Preliminary)</p> <p>1445 BST USD Manufacturing and Services PMI (Preliminary)</p>

Wednesday: FOMC Interest Rate Decision and Press Conference. This is a huge event and the markets are pricing in another 75bps hike, which Chairman Powell seems willing to deliver. What comes next is an open question due to the lack of forward guidance given by the Fed currently. There is a danger that this is a hawkish hike and markets take stocks lower and the USD even higher. That scenario has huge implications for other central banks going forward. The expectation is for high volatility in all markets post this decision. **(See below for the USA 30 Wall Street Technical Update).**



Thursday: BoJ Interest Rate Decision and Press Conference. This is a pivotal meeting. Usually traders get the same old comments, and the BoJ sticking to its policy of controlling the yield curve (YCC). However, now the Ministry of Finance (MoF) is pushing hard to talk the JPY up and there is a chance of intervention. This seems difficult with YCC policy as it is and so the question is, **do the BoJ shift policy and strengthen the JPY or leave policy unchanged** and see USDJPY back to 145.00 or 150, where the MoF may draw a line in the sand regarding intervention. **A policy shift would be a big market mover.**

SNB Interest Rate Decision. The SNB shocked markets at its last meeting in June by hiking 50bps in front of the ECB. The SNB has far fewer meetings than most central banks, and so may shock markets again after seeing last week's 75bps hike from the ECB. There seems to be an acceptance of a stronger CHF these days from the SNB, **so watch out for a surprise.**

BoE Interest Rate Decision. Another key meeting for traders. Bank of England policy maker Catherine Mann recently called for "forceful" action to contain inflation, a signal she may support more 'Jumbo' increases in interest rates as soon as this week. The BoE, after having their meeting postponed, has had a chance to see more data. Inflation remains very strong but hard data like retail sales has been dire. Balancing the goal of fighting inflation and keeping growth intact seems a tough, if not impossible task. **This release will move GBP! (See page 4 for the GBPUSD Technical Update).**



Friday: GBP Gfk Consumer Confidence. Less important so close to the BoE decision the day before, but this release will impact how investors feel about the prospects for the UK economy going forward. **Right now it is negative and getting worse daily!**

Global Preliminary Manufacturing and Services PMI. These releases will be taken very seriously and give traders a great insight into the health of the economies across the developed world. Many are moving into contraction as growth stalls. **Expect these to have an impact on stock market sentiment and GBP, EUR and AUD.**

Commodity Focus, Gold: A disappointing week for Gold as it fell to fresh 2 year lows. The prospect of more aggressive hikes from the Fed to cool inflation are weighing heavily, as are rate increases from other developed central banks. Rising bond yields and a higher USD are also negative factors. Much now depends on the FOMC meeting next week as Gold hovers below technical support. Gold currently acts less as an inflation hedge and more as a risk contagion/ geo-political risk hedge. While these remain on the sidelines there is increased potential for Gold to struggle. **(See below for the Gold Technical Update).**





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

Support	Resistance	Support	Resistance
USA 500:		EURUSD:	
1 st - 3853 , Last week's low	1 st - 3976 , 38% last week's sell-off	1 st - 0.9945 , Last week's low trade	1 st - 1.0198 , Last week's high trade
2 nd - 3821 , July 18 th session low	2 nd - 4015 , Mid-point same move	2 nd - 0.9863 , September 6 th low	2 nd - 1.0247 , 38% retrace May/Aug
3 rd - 3724 , July 14 th recovery	3 rd - 4052 , Higher 62% retrace	3 rd - 0.9615 , Channel lower limits	3 rd - 1.0348 , Mid-point same
US Tech 100:		GBPUSD:	
1 st - 11778 , Last week's low	1 st - 12241 , 38% last week's sell-off	1 st - 1.1350 , Last week's rally point	1 st - 1.1585 , Bollinger mid-average
2 nd - 11480 , July 13 th low trade	2 nd - 12384 , Mid-point same move	2 nd - 1.0952 , Long term trendline	2 nd - 1.1714 , 38% retrace Aug/Sep
3 rd - 11350 , June 30 th extreme	3 rd - 12519 , Higher 62% retrace	3 rd - 1.0366 , Feb'86 rally point	3 rd - 1.1825 , Mid-point same move
USA 30 Wallstreet:		USDJPY:	
1 st - 30636 , Last week's low	1 st - 31549 , 38% retrace Aug/Sep	1 st - 141.07 , Bollinger mid-average	1 st - 144.99 , September high
2 nd - 30107 , July 14 th session low	2 nd - 31704 , Mid-point same move	2 nd - 139.45 , 38% retrace Aug/Sep	2 nd - 147.33 , 38% Feb'85/Oct'11
3 rd - 29640 , June 16 th hold level	3 rd - 31962 , Higher 62% retrace	3 rd - 137.73 , Mid-point same move	3 rd - 147.61 , August 1998 failure
Germany 40:		AUDUSD:	
1 st - 12710 , Last week's extreme	1 st - 12983 , Bollinger mid-average	1 st - 0.6670 , Last weeks low	1 st - 0.6811 , Bollinger mid-average
2 nd - 12599 , September 1 st low	2 nd - 13379 , Bollinger upper band	2 nd - 0.6659 , Jun2 2020 hold level	2 nd - 0.6849 , 38% Aug/Sep sell-off
3 rd - 12366 , July monthly low	3 rd - 13565 , Last week's high	3 rd - 0.6469 , 62% Mar'20/Feb'21	3 rd - 0.6904 , Mid-point same move
UK 100:		USDCAD:	
1 st - 7232 , Last week's low	1 st - 7349 , Bollinger mid-average	1 st - 1.3169 , 38% last week's range	1 st - 1.3306 , Last weeks failure high
2 nd - 7133 , September 1 st low	2 nd - 7516 , Last week's high trade	2 nd - 1.3127 , Mid-point same move	2 nd - 1.3337 , Half Mar'20/May'21
3 rd - 6955 , July 15 th session low	3 rd - 7537 , Aug 25 th bounce failure	3 rd - 1.3085 , Deeper 62% retrace	3 rd - 1.3419 , Sept'20 rejection

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