

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

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

**Risk sentiment** took a big hit on Friday after the UK unveiled its massive autumn spending package which fuelled concerns of higher inflation, higher interest rates for longer and stoked traders fears of a potential global recession.

**Friday PMI Data releases didn't help the mood:** EU Manufacturing (48.5 v 48.9 exp) and services (48.8 v 49 exp) PMI's saw **steepening contractions** for the third straight month in a row. While US Manufacturing (51.8 v 51.1 exp) and services (49.2 v 45) PMI's improved, showing the US economy is stronger than most, but is still in contraction below 50.



**Central banks keep hiking interest rates:** Fed 75bps, SNB 75bps and BoE 50bps last week. The BoJ were unchanged but intervened to strengthen the JPY.

**Stocks had a bad week**, and many indices hit fresh 3 month lows Friday. The USA 500 fell 1.57% to close at 3708, but had traded as low as 3660. The US Tech 100 traded to 11228, a level not seen since 15th June before recovering to finish 1.53% down at 11388. (See below for the **US Tech 100 Technical Update**).



**In Europe** the Germany 40 fell 1.83% closing at 12323 (**Fresh 2022 closing lows**).

**The USD was very strong into the end of the week** with the USD Index soaring 3.1% to finish at 112.82 (2022 highs). GBP was the weeks worst performer, falling a huge 3.5% on Friday alone (-4.9% on the week), as it traded to 1.0839, a level not seen for 37 years. EUR and AUD also performed poorly hitting fresh 2022 lows at 0.9668 and 0.6511 respectively. (See page 4 for the **EURUSD Technical Update**).

**Commodities were sold aggressively Friday** with Oil falling 5% to close below \$80 for the first time in 8 months. Gold fell 1.6%, Copper fell 3.5% and Silver 3.7% as traders focused on the threat of falling demand due the increasing potential of a global recession. (See page 4 for the **Oil Technical Update**).

**Global yields continue to trade higher** spurred on by aggressive central bank interest rate hikes. **The US 10 year** closed up 25bps on the week at 3.70%, after trading to a new 2022 high at 3.83% earlier in the day.



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

<p><b>Bloomberg:</b></p> <p><b>Calls mount for 'assertive and hawkish' BoE response to tax cuts</b></p> <p>Will the BoE react to the UK government's tax cutting spree with an extra interest rate hike? What would that do to a very weak GBP?</p> <p>Bank of England Governor Andrew Bailey is under intensifying pressure to serve as a line of defence for rattled financial markets amid calls to hike interest rates aggressively, perhaps as soon as this week, after the new government's tax cutting spree.</p> <p>An analyst at Deutsche Bank said the central bank needed to act in coming days "to regain credibility with the market".</p>	<p><b>BBC News:</b></p> <p><b>Italy votes as far right Meloni looks for victory</b></p> <p>Could a big majority vote for Italy's right wing bloc create a negative surprise for EU Indices and the EUR on the open?</p> <p>Italians are deciding whether to choose their most right wing government since World War Two, in an election being followed closely across Europe.</p> <p>Giorgia Meloni is the favourite to win. She leads the far right Brothers of Italy party and is aiming to become the country's first female prime minister. Almost 51 million Italians have the right to vote until 2200 BST tonight.</p>	<p><b>Bloomberg:</b></p> <p><b>Fed finally vanquishes stocks from asset allocation throne</b></p> <p>Do higher Fed interest rates mean there are better alternatives for investors? Will this continue to weigh on stock indices next week?</p> <p>For years, asset allocators had it easy: Buy the biggest American tech companies and watch the returns rack up.</p> <p>Those days are gone, buried under a crush of central bank rate hikes that are rewriting the play books for investment managers across Wall Street. TINA – the mantra that investors had no alternatives to stocks – has given way to a panoply of actual choices.</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):**

<b>Time Zone Key:</b>	
BST -5	= NY Time
BST	= London Time
BST +1	= Frankfurt Time
BST +8	= Tokyo
BST +9	= Sydney
BST	= British Summer Time

Monday 26 <sup>th</sup> September	Tuesday 27 <sup>th</sup> September	Wednesday 28 <sup>th</sup> September	Thursday 29 <sup>th</sup> September	Friday 30 <sup>th</sup> September
	1150 Ferguson		Next Carnival	
<b>Before Market Opens:</b>	<b>Before Market Opens:</b> Jabil Circuit	<b>Before Market Opens:</b> Thor Industries Paychex Cintas	<b>Before Market Opens:</b> Carmax Micron	<b>Before Market Opens:</b>
<b>After Market Closes:</b>	<b>After Market Closes:</b> Blackberry	<b>After Market Closes:</b> Jeffries Financial	<b>After Market Closes:</b> 2115 Nike	<b>After Market Closes:</b>

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

**Monday: German IFO Survey.** German PMI data was poor on Friday, especially services. The outlook for Germany's economy is weak and has been for a while. Another poor IFO release could hit sentiment further for the Germany 40.

**ECB President Lagarde Speech (Also Tuesday/Wednesday).** The EU economy looks increasingly likely to be falling into recession so traders will want to hear how Lagarde sees the ECB balancing weak growth and very high inflation. Headlines from these speeches could impact the EUR.

**Tuesday: BoE Chief Economist Pill Speech.** After the Friday rout in UK markets, this speech from Pill will draw focus for any hints of potential intra BoE meeting interest rate hikes, how he thinks the huge government spending plans will impact inflation, and whether it will positively impact UK growth going forward.

**USD Consumer Confidence.** Traders have seen steep confidence falls in countries outside of the US. Is the US consumer feeling as negative or are they sheltered from many of the nasty effects by the recent strength of the USD?

**Wednesday: BoJ Meeting Minutes.** The BoJ were unchanged on Thursday but was there any descent among officials on the committee? If there was, it could create further JPY volatility in a market reeling from recent intervention.



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<p><b>0900 BST Ger (EUR)</b> <b>IFO Business Survey</b></p> <p>1400 BST EUR ECB President Lagarde Speech</p>	<p>1200 BST GBP BoE Chief Economist Pill Speech</p> <p><b>*1500 BST USD*</b> <b>Consumer Confidence</b></p>	<p>0050 BST JPY BoJ Meeting Minutes</p> <p>0230 BST AUD Retail Sales</p> <p>0815 BST EUR ECB President Lagarde Speech</p>	<p><b>*1300 BST Ger (EUR)*</b> <b>Preliminary Inflation Data (CPI)</b></p> <p><b>*1330 BST USD*</b> <b>Gross Domestic Product</b></p>	<p><b>*Month and Quarter* end Rebalancing</b></p> <p><b>*0200 BST China*</b> <b>NBS Manufacturing and Non-Manufacturing PMI</b></p> <p><b>*0700 BST GBP*</b> <b>Gross Domestic Product</b></p> <p><b>*1000 BST EUR*</b> <b>Preliminary Inflation Data (HICP)</b></p> <p><b>*1330 BST USD*</b> <b>PCE Inflation and Personal Income and Spending</b></p>

**Thursday: Preliminary German CPI.** All inflation data is important and this is the precursor to the EU print on Friday. It could impact German stocks and the EUR. **(See below for the Germany 40 Technical Update).**

**US Gross Domestic Product (GDP).** Traders are hyper sensitive to US growth expectations. **This release could garner some negative headlines if worse than expected!**



**Friday: Month/Quarter end rebalancing.** With some huge moves in bonds and stock indices recently, rebalancing could bring further volatility into all markets as asset managers adjust their existing holdings to benchmarks. **Be ready for unexpected volatile moves in FX markets into the European close.**

**China Manufacturing and Non Manufacturing PMI Data.** Recent economic data releases from China have showed signs that government and central bank stimulus maybe starting to underpin demand. These PMI releases will either confirm or dent those recovery hopes and will have a big impact on risk sentiment going into the weekend.

**UK Gross Domestic Product (GDP).** All UK markets are uber-sensitive right now to anything to do with the state of the economy and anything either side of expectations could spook them further. **So be careful around this release.**

**EUR Preliminary HICP Inflation.** Markets are pricing in another 225bps of hikes from the ECB by June next year so this number will be watched closely. The higher the inflation reading is, the more problems for the central bank to deal with. **EUR will move on this! (See page 4 for the EURUSD Technical Update).**

**USD PCE Inflation.** Massive data as it is the inflation measure used by the Fed. It cannot be ignored and all markets will move on this release. Higher inflation means higher rates for longer, and an increased chance of a US recession. **Watch out!**



**Commodity Focus, Oil:** Oil registered its longest run of weekly losses in 2022 as it fell 7% last week. Not only that, WTI dropped and closed below \$80 for the first time since January. The reasons are clear. As central banks around the world step up the fight against inflation at the cost of economic growth, fears for a hard landing for the global economy are impacting demand expectations for oil going forward. In the short term this issue doesn't look like it will resolve itself, despite production cuts from OPEC+. (See below for the Oil Technical Update).





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

Support	Resistance	Support	Resistance
<b>USA 500:</b>		<b>EURUSD:</b>	
1 <sup>st</sup> - 3660, Friday's session low	1 <sup>st</sup> - 3783, Friday's failure high	1 <sup>st</sup> - 0.9668, Last week's low trade	1 <sup>st</sup> - 0.9762, Half Friday's range
2 <sup>nd</sup> - 3639, June monthly low	2 <sup>nd</sup> - 3861, 38% retrace Sept range	2 <sup>nd</sup> - 0.9529, Channel lower limits	2 <sup>nd</sup> - 0.9874, 38% retrace May/Sep
3 <sup>rd</sup> - 3596, Dec'20 hold level	3 <sup>rd</sup> - 3937, Bollinger mid-average	3 <sup>rd</sup> - 0.9305, June 2002 extreme	3 <sup>rd</sup> - 0.9962, Bollinger mid-average
<b>US Tech 100:</b>		<b>GBPUSD:</b>	
1 <sup>st</sup> - 11228, Friday's extreme	1 <sup>st</sup> - 11599, Friday's failure high	1 <sup>st</sup> - 1.0839, Last week's low trade	1 <sup>st</sup> - 1.1066, Half Friday's sell-off
2 <sup>nd</sup> - 11068, June 16 <sup>th</sup> rally point	2 <sup>nd</sup> - 11909, 38% retrace Sep range	2 <sup>nd</sup> - 1.0689, Trend back to 2009	2 <sup>nd</sup> - 1.1186, 38% Sept sell-off
3 <sup>rd</sup> - 10945, Feb'21 low trade	3 <sup>rd</sup> - 12140, Bollinger mid-average	3 <sup>rd</sup> - 1.0457, Mar'85 hold level	3 <sup>rd</sup> - 1.1289, Mid-point same move
<b>USA 30 Wallstreet:</b>		<b>USDJPY:</b>	
1 <sup>st</sup> - 29313, Friday's session low	1 <sup>st</sup> - 30327, Friday's failure high	1 <sup>st</sup> - 142.65, Bollinger mid-average	1 <sup>st</sup> - 145.29, Bollinger upper band
2 <sup>nd</sup> - 29119, Nov'20 extreme	2 <sup>nd</sup> - 30658, 38% retrace Sep range	2 <sup>nd</sup> - 140.02, 38% retrace Aug/Sep	2 <sup>nd</sup> - 145.90, Thursday's rejection
3 <sup>rd</sup> - 27514, Half Mar'20/Jan'22	3 <sup>rd</sup> - 31289, Bollinger mid-average	3 <sup>rd</sup> - 138.22, Mid-point same move	3 <sup>rd</sup> - 147.33, 38% Feb'85/Oct'11
<b>Germany 40:</b>		<b>AUDUSD:</b>	
1 <sup>st</sup> - 12198, Last week's low trade	1 <sup>st</sup> - 12722, 38% September sell-off	1 <sup>st</sup> - 0.6574, Last weeks low	1 <sup>st</sup> - 0.6586, Half Friday's sell-off
2 <sup>nd</sup> - 12124, Half Mar'20/Nov'21	2 <sup>nd</sup> - 12850, Bollinger mid-average	2 <sup>nd</sup> - 0.6520, May'20 extreme	2 <sup>nd</sup> - 0.6669, 38% Sept sell-off
3 <sup>rd</sup> - 11495, Nov'20 monthly low	3 <sup>rd</sup> - 13049, Higher 62% retrace	3 <sup>rd</sup> - 0.6469, 62% Mar'20/Feb'21	3 <sup>rd</sup> - 0.6716, Mid-point same move
<b>UK 100:</b>		<b>USDCAD:</b>	
1 <sup>st</sup> - 6985, Last week's low	1 <sup>st</sup> - 7188, 38% retrace Sept range	1 <sup>st</sup> - 1.3408, Thursday's low trade	1 <sup>st</sup> - 1.3611, Last weeks failure high
2 <sup>nd</sup> - 6955, July 15 <sup>th</sup> session low	2 <sup>nd</sup> - 7279, Bollinger mid-average	2 <sup>nd</sup> - 1.3361, 38% retrace Sep range	2 <sup>nd</sup> - 1.3639, 62% 2020/2021 range
3 <sup>rd</sup> - 6908, June 2022 rally point	3 <sup>rd</sup> - 7313, Higher 62% retrace	3 <sup>rd</sup> - 1.3283, Mid-point same move	3 <sup>rd</sup> - 1.3715, Jun'20 rejection

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