

**Corellian 3 Step process to prepare for next week**  
**Step 1: Where did markets end last week and why?**

**Risk sentiment at the Friday close:**

A poor end to the week and the quarter with risk assets all under pressure as global growth fears rise. Friday's economic data releases point to the likelihood of further aggressive action from central banks to tame inflation.



**Friday data:**

- **EU Sept CPI was higher than expected at 10%.** Adding pressure on the ECB to continue to act strongly on interest rates.
- **US Core PCE inflation was also above expectations,** while consumer spending ticked up, indicating a resilience among American households in the face of rising prices across the economy. This release does nothing to suggest the Fed will slow the pace of rate hikes anytime soon.

**Stocks indices were rattled** by news from Apple on Thursday that an expected surge in demand for the new iPhone 14 had failed to materialise, which saw its share price fall 6% to \$137. This hit the USA 500 Friday, as it fell 1.35% to finish at 3600, a new closing low for 2022. **(See below for the SP 500 Technical Update).** It also impacted the US Tech 100 which fell 1.72%, finishing the week at 11032 (2022 low). Rising interest rates are making it harder to finance current debt levels and fund growth for technology companies.



**SP 500 Index Technical Update:**

After initial attempts at recovery last week, fresh selling pressure materialised seeing new correction lows and first closes below 3639 (Jun 17<sup>th</sup> low).

This reflects deterioration and potential for extension of the downtrend towards 3496 (half Mar'20/Jan'22 upside) which represents long term support.

To the upside, closes above 3751 (Wednesday's high) are needed to trigger a more sustained rally.

**The USD sold off at the back end of the week,** which is unusual considering the poor close for stocks. The US Dollar Index finished the week at 112.10. 2.5% lower from its 114.72 Wednesday high. It seems quarter end rebalancing and profit taking on the recent strong rally were the reasons for the minor reversal. Emphasising the volatility in FX markets, GBPUSD which had traded 1.0340 (All time lows) Monday ended the week at 1.1165 a bounce of 8%.

**Commodities had a mixed week.** Gold (+1% on week) benefitted from a weaker USD and concerns over what next in the Ukraine conflict as President Putin annexed 4 captured regions to Russia. Oil and Copper struggled into the Friday close, as recession fears dominate sentiment. **(See page 4 for the Nymex Crude Technical Update).**

**Global yields remain firm.** The US 10 year yield traded at 4.01% Wednesday, a new high for 2022 and a level not seen for 15 years. It drifted lower from that point to close at 3.82% up 12bps on the week. **Higher inflation and further hawkish commentary from Fed speakers continue to support US yields.**

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

<p><b>Reuters: Swiss franc not highly valued, Swiss National Bank Chairman says</b></p>	<p><b>Bloomberg: Can't go forward, won't go back. Truss's government hits buffers</b></p>	<p><b>Reuters: Japan spent record of nearly \$20 billion on intervention to support yen</b></p>
<p><b>In a world of high inflation a strong currency is king. Can the CHF franc continue to outperform against its G10 peers next week?</b></p>	<p><b>After a meltdown and small retracement of UK markets last week, what next for UK stocks and GBP?</b></p>	<p><b>\$20 billion spent on intervention and USDJPY sits just 1% below its 24 year highs at 145.90. Are the Ministry of Finance (MOF) going to be tested again next week?</b></p>
<p>The Swiss franc is not highly valued despite its nominal rise, Swiss National Bank Chairman Thomas Jordan told a Swiss newspaper, adding the central bank intended to be deliberately vague about how it sees the safe haven currency.</p> <p>"In the past, we referred to the Swiss franc as being highly valued or even significantly overvalued in order to give a signal regarding the need for intervention. At the moment, the Swiss franc's valuation is no longer clearly high".</p>	<p>New UK leader struggles to regain authority after market roiling missteps that have angered both the British electorate and Conservative MPs.</p> <p>For a British prime minister in modern times, things have never gone so wrong, so fast. Less than a month in 10 Downing Street, Liz Truss and her team have already adopted an us against the world mentality, after a brutal reaction to her economic plans triggered the humiliation of a central bank rescue.</p>	<p>Japan spent a record 2.8 trillion yen (\$19.7 billion) intervening in the foreign exchange market last week to prop up the yen, Ministry of Finance data showed. Draining nearly 15% of funds it has readily available for intervention.</p> <p>"Recent sharp, one sided yen declines heighten uncertainty by making it difficult for companies to set business plans. Its therefore undesirable and bad for the economy" said BoJ Governor Kuroda.</p>

**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	= New York
BST	= London
BST +1	= Frankfurt
BST +8	= Tokyo
BST +9	= Sydney

Monday 3rd October	Tuesday 4th October	Wednesday 5th October	Thursday 6th October	Friday 7th October
	1100 Acuity Brands	Tesco	1230 Con Agra Foods	EMS
<b>Before Market Opens:</b>				
		RPM	McCormick	1200 Tilray Brands
<b>After Market Closes:</b>				
	NovaGold Resources		Constellation Brands	
			2110 Levi Strauss	

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

**Monday: USD ISM Manufacturing PMI and Employment Index.** Traders are much more sensitive to US economic data right now and surprisingly it could be a stronger release that weighs on equity indices as it would solidify the Fed's stance on aggressive hikes to fight stubborn inflation.

**Tuesday: RBA Interest Rate Decision.** This is an important meeting for FX traders. The RBA has hiked interest rates by 2.25% since May, but at their last meeting the central bank signalled that they may need to slow the speed of hikes soon, which would be a first from major central banks. This statement has been a factor weighing on AUD. Will they back this up with a smaller hike or will they stand firm with another 50bps. **Either way AUD volatility is to be expected! (See page 3 for the AUDUSD Technical Update).**

**ECB President Lagarde Speech.** On the back of Friday's preliminary inflation print hitting double digits at 10% Lagarde will be quizzed on whether the ECB will need to continue with 'jumbo' 75bp hikes to cool inflation. Her responses will impact EUR and EU bond markets.

**Wednesday: RBNZ Interest Rate Decision.** New Zealand's central bank still has some work to do to tame inflation but the bulk of the heavy lifting is behind it, Governor Orr said last week. The RBNZ has raised the Official Cash Rate (OCR) from 0.25% to 3% over the past year, and last month forecast it will rise to at least 4% by early 2023. Economists predict the OCR will need to peak at 4.75% next year to sufficiently cool the economy and curb price pressures. **So how aggressive will they be?**

Monday 3rd October	Tuesday 4th October	Wednesday 5th October	Thursday 6th October	Friday 7th October
<p>Tory Party Conference 2nd-5th Oct</p> <p>0730 BST CHF Inflation Data (CPI)</p> <p>*1500 BST USD* ISM Manufacturing PMI and Employment Index</p>	<p>*0430 BST AUD* Interest Rate Decision</p> <p>1000 BST EUR Inflation Data (PPI)</p> <p>*1600 BST EUR* ECB President Lagarde Speech</p>	<p>*0200 BST NZD* RBNZ Interest Rate Decision</p> <p>OPEC+ Meeting</p> <p>*1315 BST USD* ADP Employment Change</p> <p>*1500 BST USD* ISM Services PMI and Employment Index</p>	<p>1230 BST EUR ECB Meeting Minutes</p> <p>*1330 BST USD* Initial Jobless Claims</p> <p>*1635 BST CAD* BoC Governor Macklem Speech</p>	<p>*1330 BST USD* Non Farm Payrolls, Unemployment Rate and Average Hourly Earnings</p> <p>1330 BST CAD Net Change in Employment and Unemployment Rate</p>

**Wednesday continued ...USD ADP Employment Change.** ADP is the private sector employment number and is the first release of the employment data leading into the Non-farm payrolls data due Friday. **For that reason it can move markets.**

**USD ISM Services and employment index.** ISM data is vitally important and the services release is a good insight into the strength of the consumer who is spending discretionally rather than through necessity. Hotels, restaurants etc are the services. This data matters and carries an important employment component that traders will monitor.

**Thursday: ECB Meeting Minutes.** The minutes could be interesting to see how hawkish members of the ECB governing council actually are. **Watch out for headlines impacting EUR.**



**AUDUSD Technical Update:**

Friday was a bearish session that looks to be resuming negative themes.

Focus will be how well 0.6363 (Sep 28<sup>th</sup> low) is defended on a closing basis, as this giving way suggests a deeper decline towards 0.6253 (mid-Apr'20 low) possibly even 0.5981 (Mar'20 recovery level).

To the upside, breaks above 0.6531 (Wednesday's high) are required to suggest a more extended retracement to 0.6576 (38% retrace) even 0.6648 (Bollinger mid-average).

**BoC Governor Macklem Speech.** The BoC has been extremely hawkish and is one of the most aggressive central banks out there. It will be interesting for USDCAD traders to see what the Governor says on how this has impacted the Canadian economy and how he sees the future interest rate path going forward.

**USD Initial jobless claims.** This data is becoming more important as the tight labour market is keeping the Fed hiking in larger increments than normal and further falls could see yields rally further and stocks fall.

**Friday: USD Non farm payrolls (NFP).** Huge data for all financial markets with the unemployment data, NFPs and average hourly earnings. Certainly a market mover especially as traders are very sensitive to how strong the US labour market is right now. **(See page 4 for the USA 30 Wall Street Technical Update).**

**CAD Employment.** This data is often forgotten as it gets overshadowed by the US data released at the same time, but for that reason can have an immediate impact on USDCAD. With Canadian inflation weaker at the last print and higher unemployment numbers, the impact on the BoC's next interest rate decision could be notable.

**USA 30 Wall Street Technical Update:**

No end to the downtrend evident as yet, with last week seeing further new correction lows, following recent settlements under 29640 (Jun 16<sup>th</sup> low).

This maintains potential for further weakness, with next main support marked by 27514 (half Mar'20/Jan'22 upside).

The resistance focus next week is 29880 (Wednesday's high) with closing breaks needed for a more sustained rally.



**Commodity Focus: Oil is** so hard to predict but there is an OPEC+ meeting on Wednesday next week and there have been calls from some members, led by Russia for further production cuts to counter balance the falling demand dynamic. News from the weekend (Bloomberg) suggests production cuts of up to 1 million barrels per day will be discussed. If true, it shows the depth of concern about recent oil price action amongst OPEC+ members.

A 2% fall Friday as EU and US inflation readings printed higher than expectations shows the tough backdrop facing those trying to buy dips below \$80. High inflation, fuels higher interest rates and hurts economic growth further.

**Expect further volatility next week. (See below for the Nymex Crude Technical Update).**



**Oil Technical Update:**

Negative themes continue to dominate as strength once again ran into selling pressure following Bollinger mid-average tests.

Focus shifts to 76.24 (Sep 26<sup>th</sup> low) with closing breaks a trigger for lower levels towards 74.27 (Jan 3<sup>rd</sup> low).

To the upside, closes above 83.69 are needed to suggest retests of 87.08 (mid-point) even 89.64 (62% retrace).

Below are the 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> - 3596, Dec'20 hold level 2 <sup>nd</sup> - 3496, Half Mar'20/Jan'22 3 <sup>rd</sup> - 3243, Nov'20 extreme	1 <sup>st</sup> - 3751, Wednesday's high trade 2 <sup>nd</sup> - 3818, 38% retrace Sept range 3 <sup>rd</sup> - 3859, Bollinger mid-average	<b>EURUSD:</b> 1 <sup>st</sup> - 0.9698, Half last week's rally 2 <sup>nd</sup> - 0.9536, Last weeks low trade 3 <sup>rd</sup> - 0.9443, Channel lower limits	1 <sup>st</sup> - 0.9854, Last week's high 2 <sup>nd</sup> - 0.9890, Bollinger mid-average 3 <sup>rd</sup> - 0.9947, 62% Sept Sell-off
<b>US Tech 100:</b> 1 <sup>st</sup> - 11024, Last week's extreme 2 <sup>nd</sup> - 10945, Feb'21 low trade 3 <sup>rd</sup> - 10511, 62% Mar'20/Nav'21	1 <sup>st</sup> - 11611, Wednesday's high 2 <sup>nd</sup> - 11763, 38% retrace Sep range 3 <sup>rd</sup> - 11885, Bollinger mid-average	<b>GBPUSD:</b> 1 <sup>st</sup> - 1.1025, Friday's low trade 2 <sup>nd</sup> - 1.0903, 38% last week's rally 3 <sup>rd</sup> - 1.0796, Mid-point same move	1 <sup>st</sup> - 1.1266, Bollinger mid-average 2 <sup>nd</sup> - 1.1460, Sept 20 <sup>th</sup> high 3 <sup>rd</sup> - 1.1738, Sept 13 <sup>th</sup> extreme
<b>USA 30 Wall Street:</b> 1 <sup>st</sup> - 28766, Wednesday's low 2 <sup>nd</sup> - 28630, Bollinger lower band 3 <sup>rd</sup> - 27514, Half Mar'20/Jan'22	1 <sup>st</sup> - 29880, Wednesday's extreme 2 <sup>nd</sup> - 30309, 38% retrace Sep range 3 <sup>rd</sup> - 30686, Bollinger mid-average	<b>USDJPY:</b> 1 <sup>st</sup> - 143.59, Bollinger mid-average 2 <sup>nd</sup> - 141.76, Sept 23 <sup>rd</sup> low trade 3 <sup>rd</sup> - 140.02, 38% retrace Aug/Sep	1 <sup>st</sup> - 145.20, Bollinger upper band 2 <sup>nd</sup> - 145.90, Sept 22 <sup>nd</sup> rejection 3 <sup>rd</sup> - 147.33, 38% Feb'85/Oct'11
<b>Germany 40:</b> 1 <sup>st</sup> - 11878, Last week's low trade 2 <sup>nd</sup> - 11495, Nov'20 monthly low 3 <sup>rd</sup> - 11313, Oct'20 Hold level	1 <sup>st</sup> - 12433, Last week's high 2 <sup>nd</sup> - 12527, 38% September sell-off 3 <sup>rd</sup> - 12678, Bollinger mid-average	<b>AUDUSD:</b> 1 <sup>st</sup> - 0.6363, Last week's hold level 2 <sup>nd</sup> - 0.6253, Mid-April'20 extreme 3 <sup>rd</sup> - 0.5981, Mar'20 rally point	1 <sup>st</sup> - 0.6531, Last week's failure 2 <sup>nd</sup> - 0.6576, 38% Sept sell-off 3 <sup>rd</sup> - 0.6648, Mid-point same move
<b>UK 100:</b> 1 <sup>st</sup> - 6827, Last week's hold level 2 <sup>nd</sup> - 6804, March 8 <sup>th</sup> session low 3 <sup>rd</sup> - 6723, March 7 <sup>th</sup> extreme	1 <sup>st</sup> - 7051, Thursday's rejection 2 <sup>nd</sup> - 7090, 38% retrace Sept range 3 <sup>rd</sup> - 7182, Bollinger mid-average	<b>USDCAD:</b> 1 <sup>st</sup> - 1.3595, Thursday's low trade 2 <sup>nd</sup> - 1.3497, 38% retrace Sep range 3 <sup>rd</sup> - 1.3392, Mid-point same move	1 <sup>st</sup> - 1.3832, Last weeks failure high 2 <sup>nd</sup> - 1.4007, Late May'20 extreme 3 <sup>rd</sup> - 1.4173, May'20 rejection

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