

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

Risk sentiment Friday improved across the board in equity markets, but was mixed elsewhere as the US PCE inflation reading accelerated in September, although not by as much as economists expected. It seems it may still be too early to expect the Fed to signal a more dovish stance next week.



Friday data: US PCE Inflation, Personal Income and Spending

- Core PCE rose 0.5% MoM (as expected) and 5.1% YoY (5.2% expected)
- Consumer spending remained resilient and savings fell to just above their lowest reading since 2008.

Stock indices on Friday were led higher by Apple which closed up 7.5% on the day, after reporting solid earnings following the market close on Thursday. They were the one bright spot for FAANG stocks which **underperformed** the overall USA 500 by more than 10% over the week, shedding \$477 billion in total value. In contrast, rotation out of tech stocks, ensured big gains for the USA 30 Wall Street (+5.8% on the week), and USA 2000 (+6.2% on the week). (See below for the USA 30 Wall Street Technical Update).



USA 30 Wall Street Technical Update:

The strong relative performance continues as the sharp acceleration higher extended last week.

This saw closing breaks of 32799 (Sep 13th high) maintaining constructive themes and potential to retest 33441 (Aug 26th high) possibly 34244 (Aug 16th high) if this is in turn breached.

To the downside, first support is Friday's 31884 low, with this giving way, pointing to 31338 (38% retrace).

The USD bounced after the inflation reading, against AUD and EUR in particular. However the **US Dollar Index** still lost 1.1% on the week to close at 110.55, as traders clung to hopes the Fed may signal a slowing of rate hikes at its interest rate meeting next Wednesday, and recent US economic data signals a slowing economy. GBPUSD had a good week, closing back above 1.1600, up 2.8% over the 5 days. (See page 3 for the GBPUSD Technical Update).

Commodities all fell on Friday, as US yields and the USD rebounded. Gold fell 1.1%, Silver -1.74% and Copper -2.44%. **Oil fell -0.8%**, but managed a 3.4% weekly gain as US fuel stockpiles hit critical levels, signalling robust demand despite recent bearish economic trends. (See page 4 for the Oil Technical Update).

US 10 year yields parred some of their weekly losses on Friday post the PCE data. Recovering from lows at 3.91% to close back at 4.01% as traders await fresh inputs from the Fed next week.



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

<p>Bloomberg: Oil giants face backlash for handing record profits to investors</p>	<p>Bloomberg: UK's growth plan is dead as Sunak pivots toward spending cuts</p>	<p>Bloomberg: Record buybacks could be over and investors might be relieved</p>
<p>With Q3 earnings in full swing, big oil companies continue to walk the tightrope of politics by choosing to give their vast profits back to shareholders. What will next week's results bring?</p> <p>The controversy this week was not so much about the gargantuan dollar amounts earned but what the world's largest energy companies chose to do with them.</p>	<p>As the UK's new PM prepares for a delayed budget on the 17th November, is he now going too far the other way?</p> <p>Britain's plan for growth is dead for now. PM Rishi Sunak's government is focusing instead on filling a deep hole in the public finances caused by rising interest rates, rocketing inflation and a likely recession, all of which have exhausted the resources available for stimulating the economy, an official with knowledge of the matter said.</p>	<p>Are companies finally getting their priorities right and preparing to weather the storm of higher interest rates?</p> <p>The global buyback binge looks to be drawing to a close, and investors are unlikely to mourn the end of the record repurchase push.</p> <p>That's because executives would be well advised to keep their powder dry, given rising interest rates, jittery consumers and mounting recession fears.</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 -4	= New York
BST	= London
BST +1	= Frankfurt
BST +9	= Tokyo
BST +11	= Sydney

Monday 31st October	Tuesday 1st November	Wed 2nd November	Thursday 3rd November	Friday 4th November
Berkshire Hathaway 1145 Sonoco	Marathon Petroleum 0600 Sony 0700 BP 1025 Eli Lilly	iRobot Lumen Technologies Trip.com Group GlaxoSmithKline	Petrobras 0500 BNP Paribas 0700 Sainsbury's 1030 Marriott	Alibaba 0530 Société Generale 1000 Huntsman 1100 Draft Kings
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
Lowes ON Semiconductor	Pfizer Uber	Estee Lauder CVS Health	Fidelity ConocoPhillips	AMC Networks Dominion
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
Flowserve SBA Communications Herbalife Nutrition	Mercury Systems Caesars Entertainment MicroStrategy 2001 Electronic Arts	eBay Roku Robinhood MGM	Starbucks PayPal Expedia Coinbase	

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

Monday: Month End Rebalancing. There is potential for distortions in FX markets on Monday as funds rebalance portfolios against global benchmarks. **It could mean a volatile start to the week.**

China PMI Data. An early risk sentiment indicator. The world is waiting to see if China's economy is recovering, and a lot is at stake. If this release is poor, then global equities could fall and China dependents like AUD and EUR could come under pressure, and vice versa if the data is strong.

EUR Preliminary Inflation Data. This release will attract a lot of attention after the ECB raised 75bps last week but President Lagarde sounded less than hawkish in the press conference. The ECB are looking for a sign inflation is peaking to avoid having to hike rates aggressively for a third time in a row. **They are likely to be disappointed.**

Monday 31st October	Tuesday 1st November	Wed 2nd November	Thursday 3rd November	Friday 4th November
Month End Rebalancing	*0330 GMT AUD* RBA Interest Rate Decision	*1800 GMT USD* FOMC Interest Rate Decision	*0730 GMT CHF* Inflation Data (CPI)	*1230 GMT USD* Non Farm Payrolls, Unemployment Rate and Average Hourly Earnings
0100 GMT China Manufacturing and Non Manufacturing PMI	*0820 GMT AUD* RBA Governor Lane Speech	*1830 GMT USD* FOMC Press Conference	*1200 GMT GBP* BoE Interest Rate Decision	1230 GMT CAD Net Change in Employment, Unemployment Rate and Average Hourly Wages
1000 GMT EUR Inflation Data (Prel. HICP)	*1400 GMT USD* ISM Manufacturing and Employment Index PMI		*1230 GMT GBP* BoE Press Conference	
			1400 GMT USD ISM Services and Employment Index PMI	



Tuesday: RBA Interest Rate Decision. This could be a big event with the RBA reducing the speed of hikes in September, only to find out last week, that inflation had shot back up again. There is a very good chance that the AUD moves on the statement attached to the announcement, and/or Governor Lowe's speech later in the day.

USD ISM Manufacturing and Employment Index. This release gives a good insight into the health of the US economy and stock traders are very sensitive to any fresh economic updates. The trend recently has been lower.

Wednesday: FOMC Interest Rate Decision and Press Conference. The main event of the week. The last thing traders heard from Fed speakers (before the reporting blackout) was that they may be considering slowing the pace of hikes. **Remember, 75bps is fully priced by markets and anything else would be a shock.** However, will Chairman Powell hint at a slower rate of hikes going forward? (See below for the USA 500 Technical Update).



USA 500 Technical Update:

A strong end to the week that saw 3916 (mid-point Aug/Oct sell-off) closing breaks suggesting further upside retracement is possible.

Tests of 4012 (62% retrace) can develop within the current set-up, even 4172 (Sep 13th high) if this gives way.

To the downside, 3732 (Bollinger mid-average) marks first support with closing breaks pointing to risks of downside resumption.

Thursday: CHF Inflation Data (CPI). This data can move the CHF, as it is a vital component for the central bank.

BoE Interest Rate Decision and Press Conference. After the FOMC, this is the next big event of the week. Traders want to hear just how committed the BoE is to fighting inflation. A huge 75bps hike is already fully priced in. It is unlikely they will disappoint, as they are still some way behind the curve but the press conference is a must listen to. This will determine if GBP continues its squeeze higher, or starts to roll back over to the downside. Expect increased volatility into, during, and after the release. (See below for the GBPUSD Technical Update).

GBPUSD Technical Update:

Last weeks extension of strength maintains constructive themes, especially as weekly closes materialised above 1.1495 (Oct 5th high).

This represented the last failure high of latest declines, suggesting continued retracement of YTD weakness. Next resistance stands at 1.1738 (Aug 26th high) and if this gives way 1.1908 (Aug 26th high).

It will be breaks below 1.1277 (Bollinger mid-average) that points to a deeper retracement of strength towards 1.1149 (38% retrace).



USD ISM Services and employment index. Just like the ISM manufacturing, the services ISM is vital data for traders and the Fed. The issue is that services relate to consumer spending at restaurants, holidays, travel and entertainment. It is a very insightful look at the economy and any negativity may be seized on as further proof the aggressive Fed rate hikes are slowing the economy.



Friday: USD Non farm payrolls. The headline is always tough to call (+200k expected), but the unemployment rate will be watched closely. The Fed has been clear that they want this rate back above 4%. **Expect volatility!**

CAD Employment. Big data for the BoC to digest after they slowed the pace of hikes at their meeting last week (50bps). This data may move USDCAD.

Commodity Chart of the Week: Oil. Can it shake off a negative outlook from China and the global economy?

Oil Technical Update:

Latest activity suggests a potentially constructive tone is emerging now 81.31 (Oct 18th low) appears as a 'weak test' of September extremes, reflecting buying interest developing at a higher level.

However, these themes will need to be developed by 94.38 (38% retrace) closing breaks, opening scope towards 97.63 (Aug 30th high) even 99.98 (mid-point).

Breaks below 85.64 (half latest strength) while not an outright negative, could trigger 81.31 (Oct 18th low) retests.



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 - 3732, Bollinger mid-average	1 st - 4012, 62% retrace Aug/Sep	1 st - 0.9918, 38% October upside	1 st - 1.0094, Last week's high
2 nd - 3642, October 21 st low trade	2 nd - 4172, September 12 th high	2 nd - 0.9864, Mid-point same move	2 nd - 1.0198, Sept 12 th high
3 rd - 3502, October low trade	3 rd - 4217, August 26 th extreme	3 rd - 0.9821, Bollinger mid-average	3 rd - 1.0268, August 10 th extreme
US Tech 100:		GBPUSD:	
1 st - 10926, Thursday's extreme	1 st - 11737, Mid-point Sep/Oct	1 st - 1.1277, Bollinger mid-average	1 st - 1.1644, Last week's high trade
2 nd - 10485, October low trade	2 nd - 12032, Higher 62% retrace	2 nd - 1.1149, 38% retrace Sep/Oct	2 nd - 1.1737, September 13 th high
3 rd - 10302, July 2020 extreme	3 rd - 12266, Sept 14 th failure high	3 rd - 1.0944, Mid-point same move	3 rd - 1.1900, August 26 th failure
USA 30 Wallstreet:		USDJPY:	
1 st - 31884, Friday's low trade	1 st - 33441, August 26 th extreme	1 st - 144.82, 62% retrace Sep/Oct	1 st - 148.57, Half latest sell-off
2 nd - 31338, 38% retrace Oct rally	2 nd - 34244, August 16 th high	2 nd - 143.52, October monthly low	2 nd - 149.70, October 24 th high
3 rd - 30825, Mid-point same move	3 rd - 35410, April monthly high	3 rd - 143.20, September 26 th low	3 rd - 151.94, October monthly high
Germany 40:		AUDUSD:	
1 st - 13067, Friday's low trade	1 st - 13372, Last weeks extreme	1 st - 0.6334, Bollinger mid-average	1 st - 0.6544, Mid-point Sep/Oct
2 nd - 12785, 38% October retrace	2 nd - 13565, Sept monthly high	2 nd - 0.6272, October 24 th extreme	2 nd - 0.6632, Higher 62% retrace
3 rd - 12665, Bollinger mid-average	3 rd - 13777, August 18 th failure	3 rd - 0.6170, October monthly low	3 rd - 0.6670, Sept 22 nd high trade
UK 100:		USDCAD:	
1 st - 6949, 38% October rally	1 st - 7096, Last weeks high trade	1 st - 1.3496, October 5 th low trade	1 st - 1.3719, Bollinger mid-average
2 nd - 6902, Mid-point same move	2 nd - 7113, Oct 6 th high trade	2 nd - 1.3467, Mid-point Sep/Oct	2 nd - 1.3854, October 21 st high
3 rd - 6856, Deeper 62% retrace	3 rd - 7254, Sept 22 nd extreme	3 rd - 1.3226, Sep 20 th session low	3 rd - 1.3977, October monthly high



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