

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

**Risk sentiment** eventually ended a rollercoaster day on a firmer footing. Traders chose to focus on the higher than expected US unemployment rate as a very early sign that the US labour market could be turning in a direction that will allow the Fed to pull back on the reins of policy tightening.



**Friday data: Non Farm Payrolls and Unemployment Rate**

- **Headline non farm payrolls at +261k was above expectations (+200k expected)**
- **Unemployment rate rose from all time lows at 3.5% to 3.7% (3.6% expected)**

This report is unlikely to push the Fed off of hiking at least 50bps in December.

**Stock indices experienced extreme volatility** after the release of the US employment report. Early strong gains were quickly eradicated, before short covering into the weekend ensured the USA 500 halted a 4 day slide, rising 1.21% as traders now await the release of US CPI next week. All major US indices fell on the week, the US Tech 100 was the worst hit, falling 6.3%, as Apple and Amazon shares underperformed.

**(See below for the US Tech 100 Technical Update).**

Elsewhere the UK and European indices fared better. The UK 100 was the standout performer up 3.8% on the week, bolstered by a late Friday surge in commodity prices.

**Q3 US Earnings season next week** continues with big names from a variety of different sectors (Page 2).



**US Tech 100 Technical Update:**

With consistent failure to breach 11737 (mid-point Sep/Oct sell-off) weakness has materialised, a move that has broken under the declining Bollinger mid-average.

This can be a negative, pointing to 10485 (Oct 13<sup>th</sup> low) retests even further if this gives way towards 10302 (July 2020 extreme).

For potential to turn towards 11727 retests, closes above 11153 (mid-average) are required.

**The USD** which had been riding the wave of a 7 day up move fell aggressively on Friday. The US Dollar index, that had hit highs at 113.03 on Thursday, fell 2% Friday to close the week flat, as US bond yields reversed gains from Wednesday's FOMC 75bps hike and Chairman Powell's press conference.

**(See page 3 for the EURUSD Technical Update).**

**Commodities** had a big Friday, with large gains across industrial metals and energy. Copper saw its biggest gains since 2009 rising 7.6% to close at 3.7000, as optimism about a relaxation of China's Covid policies and a steep fall in the dollar helped boost a market already facing tight supply. **(See page 4 for the Copper Technical Update).**

**US 2 year yields**, which are more sensitive to imminent Fed policy moves, initially touched fresh 15 year highs at 4.75% after the employment data, but failed to follow through, reversing to close 4.65% (Still up 24bps on the week). This move back lower helped to support stocks and commodities, while assisting the fall in the USD.



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

<p><b>Reuters:</b> China vows to continue with 'dynamic-clearing' Covid strategy</p>	<p><b>Bloomberg:</b> Tax hike leaks frustrate city bosses ahead of UK budget</p>	<p><b>BBC News:</b> Biden rejects claims Democrats in midterms trouble</p>
<p><b>With China/HK stocks surging last week on hopes China would relax restrictions, could this make for a nervy Monday open?</b></p> <p>China will persevere with its "dynamic clearing" approach to Covid 19 cases as soon as they emerge, health officials said Saturday. Asked if there would be a change of policy in the near term, disease control official Hu Xiang said China's measures are "completely correct, as well as the most economical and effective".</p>	<p><b>Can GBP regain further upside momentum next week as negativity persists around the UK and its new government?</b></p> <p>Business leaders have become frustrated by the leaks surrounding the UK government's delayed budget, including reports that Chancellor Jeremy Hunt could increase taxes on dividends and capital gains.</p> <p>The potential measures are part of a bid to plug a £50 billion black hole in the public finances.</p>	<p><b>What will Tuesday's US mid term elections mean for stock markets and the USD next week?</b></p> <p>President Biden tells donors outside Chicago that he's "not buying the notion that we're (democrats) in big trouble". His comments come as polling suggests the Republicans could wipe out the Democrat's slender majorities in the House of Representatives and the Senate.</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):**

<b>Time Zone Key:</b>	
GMT -5	= New York
GMT	= London
GMT +1	= Frankfurt
GMT +9	= Tokyo
GMT +11	= Sydney

See the top of page 3 for the USA 500 Technical Update.

Monday 7th November	Tuesday 8th November	Wed 9th November	Thursday 10th November	Friday 11th November
1000 BioNTech 1100 Coloplast	Lucid Group <b>Toyota</b> 0630 Bayer 0630 Munich Re	<b>Honda</b> Marks & Spencer <b>Commerzbank</b> <b>0600 ABN Amro</b>	3i Plug Power 0600 Merck 0600 Alliance	Ubiquiti ERG 0500 Vopak 0630 Richemont
<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>	<b>Before Market Opens:</b>
NRG Energy Palantir Technologies	First Advantage Coty	<b>Roblox</b> Wendy's Company	1300 Ralph Lauren Paysafe	Cellnex Polestar Automotive
<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>	<b>After Market Closes:</b>
<b>Activision Blizzard</b> Mosaic <b>Lyft</b> Certara	Occidental Clean Energy Fuels Walt Disney 2135 Lemonade	<b>Rivian</b> Atmos Energy Root Bumble	Poshmark Flowers Foods Mister Car Wash Aurora Cannabis	

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

**Monday: China Imports, Exports and Trade Balance.** China data has been disappointing recently, caused, to a large extent, by continued Covid related lockdowns. However, China/ HK stocks soared last week on growing optimism that the nation maybe about to ease its zero tolerance approach. Markets would love to see better trade data from China and so this release will be a big sentiment indicator to start the week.

**Tuesday: GBP BRC Retail Sales.** After the BoE moves last week, and comments about a lengthy recession, UK data will continue to matter. A battered consumer is feeling pressure from all sides, and this data is extremely important for an economy so heavily reliant on their continued spending.

Monday 7th November	Tuesday 8th November	Wed 9th November	Thursday 10th November	Friday 11th November
<b>*0200 GMT China* Imports, Exports and Trade Balance</b>	<b>0001 GMT GBP BRC Retail Sales</b>  <b>*US Mid Term Elections*</b>  <b>2330 GMT AUD Consumer Confidence</b>	<b>0130 GMT China Inflation Data (PPI/CPI)</b>	<b>*1330 GMT USD* Inflation Data (CPI)</b>  <b>*1605 GMT CAD* BoC Governor Macklem Speech</b>	<b>0700 GMT GBP Gross Domestic Product</b>  <b>1500 GMT USD Michigan Consumer Sentiment Index (Preliminary)</b>



**USA 500 Technical Update:**

Last week failed to build on the previous weeks sharp rally as a sell-off materialised into latest payrolls.

While this data prompted a recovery, risks are for this to prove limited while 3818 (half latest weakness) remains intact.

Breaks under 3705 (last weeks low) maintain corrective themes towards 3632 (Oct 11<sup>th</sup> low) possibly then 3502 (Oct 11<sup>th</sup> extreme). To the upside, closes above 3818 suggest 3914 (Oct 28<sup>th</sup> high) retests.

**Tuesday Continued ..... US Mid Term Elections.** A huge issue in some respects and it could impact the USD to some degree, depending on the outcome. Heavy losses for Biden and the Democrats may mean they struggle to get any policies through in the final 2 years in office and vice versa.

**AUD Consumer Confidence.** The RBA is concerned about the consumer and their exposure to housing. AUD traders will want to see what the impact of rate hikes and record inflation is doing to the person on the street.

**Wednesday. China Inflation Data (PPI/CPI).** Important data for sure, especially for the Chinese currency (CHN/ Yuan). Chinese authorities are still concerned about weak domestic demand leading to low inflation.

**Thursday: USD Inflation Data (CPI). The BIG event of the week,** after the FOMC last week and NFPs Friday. This will set the tone for the USD and all risk assets. The Fed still views inflation as way too high and want to see a significant slide to even consider shifting their policy stance. **Peak inflation is one thing but a fall to 2% is another!** (See below for the **EURUSD Technical Update**).

**EURUSD Technical Update:**

After failure of latest strength, choppy conditions have materialised with Friday's post payroll recovery ending the week above the Bollinger mid-average.

A more balanced range is building between 0.9730 (last weeks low) and 1.0093 (Oct 27<sup>th</sup> failure high).

Settlements above 1.0093 suggest a more extended recovery towards 1.0113 (Sep 9<sup>th</sup> high) while closes under 0.9730 point to 0.9632 (Oct 13<sup>th</sup> low) possibly further.



**BoC Governor Macklem Speech.** The Bank of Canada unexpectedly slowed the pace of interest-rate hikes at its last meeting, as the nation's economy flirts with recession. Although sustained inflation meant it still expects to raise borrowing costs again. The focus will be on what update Governor Macklem wants to give markets in this speech. While officials retained relatively hawkish language in the statement around combating inflation, the surprise move will raise questions about Macklem's appetite to impose further damage on Canada's economy. **A must watch for CAD traders.**



**Friday: GBP Gross Domestic Product.** The BoE said last week the UK will experience a very long and painful recession. This data will grab headlines as traders watch for how much damage the BoE's aggressive rate hikes are doing to the economy. **Can GBP shrug off the negatively and regain its upward momentum?**

**USD Preliminary Michigan Consumer Confidence.** Packed with information on the US consumer, including components reflecting inflation expectations which moved markets last time out.

**Commodity Chart of the Week: Copper.** After a huge Friday rally, has Copper turned the corner as physical supplies remain in short supply?

**Copper Technical Update:**

Friday's sharp acceleration breached 3.5918 (Oct 6<sup>th</sup> high) which represented upper extremes of the recent choppy sideways activity, then 3.6867 (38% retrace Jun/July sell-off).

This can trigger a more extended recovery to test 3.7818 (Aug 28<sup>th</sup> high) even 3.8590 (higher mid-point).

To the downside, it looks as if closes below 3.5389 (half latest upside) are needed for downside pressure to build.



**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> - 3705, Last week's low trade 2 <sup>nd</sup> - 3642, October 21 <sup>st</sup> low trade 3 <sup>rd</sup> - 3502, October low trade	1 <sup>st</sup> - 3818, Half last week's sell-off 2 <sup>nd</sup> - 3927, Last week's high 3 <sup>rd</sup> - 4012, 62% retrace Aug/Sep	<b>EURUSD:</b> 1 <sup>st</sup> - 0.9730, Last week's low trade 2 <sup>nd</sup> - 0.9705, October 21 <sup>st</sup> low 3 <sup>rd</sup> - 0.9632, October monthly low	1 <sup>st</sup> - 0.9975, Last week's high 2 <sup>nd</sup> - 1.0093, October 27 <sup>th</sup> extreme 3 <sup>rd</sup> - 1.0113, September 9 <sup>th</sup> high
<b>US Tech 100:</b> 1 <sup>st</sup> - 10640, Last week's low trade 2 <sup>nd</sup> - 10485, October low trade 3 <sup>rd</sup> - 10302, July 2020 extreme	1 <sup>st</sup> - 11156, Bollinger mid-average 2 <sup>nd</sup> - 11737, Mid-point Sep/Oct 3 <sup>rd</sup> - 12032, Higher 62% retrace	<b>GBPUSD:</b> 1 <sup>st</sup> - 1.1149, 38% retrace Sep/Oct 2 <sup>nd</sup> - 1.0944, Mid-point same move 3 <sup>rd</sup> - 1.0842, Deeper 62% retrace	1 <sup>st</sup> - 1.1378, Bollinger mid-average 2 <sup>nd</sup> - 1.1564, Wednesday's high 3 <sup>rd</sup> - 1.1644, October high trade
<b>USA 30 Wallstreet:</b> 1 <sup>st</sup> - 31738, Thursday's low trade 2 <sup>nd</sup> - 31408, 38% retrace Oct rally 3 <sup>rd</sup> - 31160, Bollinger mid-average	1 <sup>st</sup> - 33102, Last week's high trade 2 <sup>nd</sup> - 33441, August 26 <sup>th</sup> extreme 3 <sup>rd</sup> - 34244, August 16 <sup>th</sup> high	<b>USDJPY:</b> 1 <sup>st</sup> - 144.82, 62% retrace Sep/Oct 2 <sup>nd</sup> - 143.52, October monthly low 3 <sup>rd</sup> - 143.20, September 26 <sup>th</sup> low	1 <sup>st</sup> - 148.57, Half latest sell-off 2 <sup>nd</sup> - 149.70, October 24 <sup>th</sup> high 3 <sup>rd</sup> - 151.94, October monthly high
<b>Germany 40:</b> 1 <sup>st</sup> - 13036, Thursday's low trade 2 <sup>nd</sup> - 12898, 38% October retrace 3 <sup>rd</sup> - 12698, Mid-point same move	1 <sup>st</sup> - 13565, Sept monthly high 2 <sup>nd</sup> - 13777, August 18 <sup>th</sup> failure 3 <sup>rd</sup> - 13969, August monthly high	<b>AUDUSD:</b> 1 <sup>st</sup> - 0.6272, October 24 <sup>th</sup> extreme 2 <sup>nd</sup> - 0.6170, October monthly low 3 <sup>rd</sup> - 0.5988, April 2020 low trade	1 <sup>st</sup> - 0.6493, Last week's high 2 <sup>nd</sup> - 0.6544, Mid-point Sep/Oct 3 <sup>rd</sup> - 0.6632, Higher 62% retrace
<b>UK 100:</b> 1 <sup>st</sup> - 7227, Half Thurs/Fri upside 2 <sup>nd</sup> - 7122, 38% retrace Oct/Nov 3 <sup>rd</sup> - 7012, Bollinger mid-average	1 <sup>st</sup> - 7376, Last week's high trade 2 <sup>nd</sup> - 7516, September 13 <sup>th</sup> high 3 <sup>rd</sup> - 7574, August 19 <sup>th</sup> extreme	<b>USDCAD:</b> 1 <sup>st</sup> - 1.3467, Mid-point Sep/Oct 2 <sup>nd</sup> - 1.3408, Sept 22 <sup>nd</sup> extreme 3 <sup>rd</sup> - 1.3226, Sep 20 <sup>th</sup> session low	1 <sup>st</sup> - 1.3641, Half latest decline 2 <sup>nd</sup> - 1.3807, Last week's failure 3 <sup>rd</sup> - 1.3977, October monthly high



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