

# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** consolidated gains from the start of the week into a quiet close due to the US Thanksgiving holiday. Friday saw China's central bank add further stimulus to its Covid hit economy, with a cut in the reserve ratio for banks. Overall, traders continue to assess the prospects for less aggressive central bank tightening.

## STEP 1: WHERE DID MARKETS END LAST WEEK AND WHY?

### Friday data: German Economy Remains Robust in Q3

- German Q3 GDP was better than expected at 0.4% (exp. 0.3%) on strong consumer spending
- German economy remains robust but bigger challenges await going forward.



**US Stock indices** drifted on Friday in thin liquidity. The USA 30 Wall Street was the best performer closing at 34,377 (+0.4%), its highest level since April. While the US tech 100 closed down 0.5% at 11790, dragged down by a 2% fall in Apple shares on news of supply issues relating to China lockdowns. **(Page 2 US Tech 100 TA Update).**

**The US Dollar Index** fell nearly 1% on the week as traders digested more dovish commentary from Fed speakers Bostic and Daly, alongside Fed minutes that suggested the FOMC are **considering** a slowing of rate hikes. GBPUSD was the standout performer gaining nearly 2% on the week, to hit a high at 1.2153, before falling back to close at 1.2097. While EURUSD closed at 1.0408, a 0.8% gain on the week. **(Page 4 EURUSD TA Update).**

**US 10 year yields** drifted lower into the Friday close. Falling from highs at 3.85% to close at 3.71%, as traders await the next set of big economic data inputs to the Federal Reserve's decision making process on interest rates next week.





## US Tech 100 Technical Update:

A week of consolidation materialised below 12035 (62% retrace Sept/Oct downside) which remains the important focus next week.

Closing breaks are still required to develop upside but such moves look to extend strength to retest 12981 (Sep 13th high).

To the downside, it remains 11481 (Bollinger mid-average) that is important support, with closing breaks needed to expose 10640 (Nov 4th low).



**Commodities** again struggled to gain any traction as concerns increased over the extent of future demand with China struggling to reopen after an increase in Covid cases. Oil fell 4.3% on the week to close at 76.56, Copper fell 0.5%, Gold managed to finish flat, while only Silver bucked the downtrend surging 2.2% on the week to finish at 21.41.

## STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

All times are Greenwich Mean Time (GMT) Please use the key opposite to adjust to your appropriate time zone.

**Key Q3 Earnings next week in table below (Times GMT)**

### Time Zone Key:

GMT -5	= New York
GMT	= London
GMT +1	= Frankfurt
GMT +9	= Tokyo
GMT +11	= Sydney

Monday 28th Nov	Tuesday 29th Nov	Wednesday 30th Nov	Thursday 1st Dec	Friday 2nd Dec
Arrowhead Pharmaceuticals	Autodesk Hewlett Packard 0700 easy-jet <b>1100 Scotiabank</b>  Intuit NetApp CrowdStrike	0700 Pennon <b>1100 RBC</b> 1200 Leslie's XPeng  Salesforce Snowflake PVH Okta	<b>1100 BMO</b> <b>1130 TD Bank</b> 1300 The Kroger Co. Dollar General  Ylta Beauty Ambarella ChargePoint Veeva Systems	



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 1400 GMT ECB President Lagarde Speech.** Traders want to know whether the ECB are favouring 50bps or 75bps at their December meeting.

**Tuesday: 1500 GMT USD Consumer Confidence.** The consumer is 70+% of the US economy. The longer sentiment stays weak, the greater the chance it will impact spending habits.

**Wednesday: 0130 GMT China PMI Data.** Often a mover of commodity markets trying to gauge future demand based on the strength of the Chinese economy. Factoring in the vast lockdowns this is expected to be a gloomy release. **(Below Oil TA Update).**



### Oil Technical Update::

Last week continued declines to pressure 76.24 (Sep 26th low) from which consolidation emerged as a reaction to downside extremes.

However, negative risks continue, especially while closes are seen below 82.50 (38% retrace Nov downside) with settlements under 76.24 a possible trigger to even lower levels.

It is 82.50 closing breaks that are required for a more extended recovery to 84.65 (mid-point) even 86.80 (62% retrace).

**1000 GMT EUR Preliminary Inflation.** EU inflation is showing no signs of peaking yet, and this number will be a key input into whether the ECB raise rates another 75bps in December, as markets are pricing, or just 50bp. **A big number for EUR.**

**1830 GMT Fed Chairman Powell Speech.** What sort of a message will he want to send to markets before the Fed blackout period on commentary ahead of the December FOMC meeting? **A crucial speech likely to impact all markets.**

**Thursday: 1330 GMT USD PCE Inflation.** This is the Fed's preferred gauge of inflation and all eyes will be on whether this release confirms US inflation is falling. A huge data release that could set the tone for the USD and stocks for the rest of 2022. **(Page 4 EURUSD TA Update).**





#### EURUSD Technical Update:

After a brief setback as a reaction to upside extremes, last week resumed positive activity.

Risks are for the coming week to pressure 1.0479 (Nov 15<sup>th</sup> high) with closing breaks a trigger to challenge 1.0559 (62% retrace Mar/Sep declines) possibly higher if this in turn gives way.

To the downside, breaks below 1.0344 (half last week's range) suggest an extended correction towards 1.0222 (Bollinger mid-average).

**1500 GMT ISM Manufacturing PMI.** Forward looking data that the Fed look at when monitoring the performance of the economy. Traders will be focused on whether the trend is continuing lower into contraction below 50.

**Friday: 1330 GMT Non Farm Payrolls.** This is a big piece of data at the end of a busy week, almost assuring increased volatility into the close. Traders will be focusing more on the path of the unemployment rate. It ticked higher from 3.5% to 3.7% last time. **Was this a blip, or is the trend for higher unemployment in place as the Fed are looking for as a signal to slow hikes?**

## Key levels the Corellian mentors are focused on

#### USA 500:

##### Support

- 1st - 3981, Half latest upside move
- 2nd - 3917, Bollinger mid-average
- 3rd - 3878, Mid-point Nov upside

##### Resistance

- 1st - 4050, November failure high
- 2nd - 4172, September 13<sup>th</sup> high
- 3rd - 4217, August 26<sup>th</sup> extreme

#### USA 30 Wall Street

##### Support

- 1st - 33801, Half latest upside move
- 2nd - 33382, 38% retrace Nov range
- 3rd - 33073, Mid-point same move

##### Resistance

- 1st - 34391, Last week's high trade
- 2nd - 34715, April 22<sup>nd</sup> extreme
- 3rd - 35410, April 21<sup>st</sup> rejection

#### GBPUSD:

##### Support

- 1st - 1.1971, Half last week's rally
- 2nd - 1.1772, 38% Nov strength
- 3rd - 1.1650, Mid-point same move

##### Resistance

- 1st - 1.2153, Last week's high
- 2nd - 1.2276, August 10<sup>th</sup> High
- 3rd - 1.2293, July monthly extreme





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