

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

The **negative risk sentiment** that materialised on the back of extremely hawkish commentary from the Fed and ECB at their interest rate meetings on Wednesday evening and Thursday afternoon, continued into the Friday close. The central banks sent a clear message to markets that more hikes were coming to combat inflation, even if that means weaker growth. This sent stocks and commodities lower, bond yields and the dollar higher.

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

Friday data: Global preliminary PMI's still in contraction, showing slower growth

- US business activity contracted in December for the 6th month, matching its lowest level since mid 2020 (44.6 vs 46.8 expected).
- UK (49 v 48 expected) and EU (48.8 v 48 expected) PMI's showed improvement but still stayed in contraction increasing fears of an extended recession in 2023.



US Stock indices all fell Friday, for the third day in a row, ensuring a poor finish to a volatile week. The USA 500, which had traded as high as 4174 on Tuesday after some positive US CPI data, ended Friday down 1.41% at 3872 (-2.3% on the week). **(Page 2 USA 500 TA Update)**. **European stock indices** suffered a similar fate with the Germany 40 closing the week down 2.4% at 13986.

The US Dollar Index found buyers off its lows at 103.07 as traders sought out safe havens on Friday in a negative risk environment (closing up 0.24% at 104.45). While the USD gained the upper hand against most of G10 FX it struggled against the EUR which continued to be heavily supported after Thursday's ECB meeting confirmed more rate hikes are on their way in 2023. **(Page 3 EURUSD TA Update)**.

US 10 year yields traded in a tight weekly range between 3.63% and 3.42%, eventually closing at 3.49% (down 10bps) on the week. Traders struggled to balance hawkish Fed commentary and the potential for a higher than expected peak for US interest rates against an increasing likelihood of a US recession.



USA 500 Technical Update:

Initial upside last week saw tests of 4172 (Sep 13th high) from which a rejection materialised over the balance of the week.

This broke 3918 (38% retrace & last low) reflecting a negative sentiment shift to expose lower levels. Next support stands at 3837 (mid-point Oct/Dec upside) then 3758 (62% retrace) potentially further if this gives way.

To the upside, breaks above 3979 (38% retrace) are needed for a more extended recovery.



Commodities had a mixed market close. Oil which had performed well earlier in the week with a rally from \$70 to \$77, fell 2.1% on Friday to \$74.47, as uncertainty grew over what future demand may look like if the central banks hike the global economy into recession. In the precious metals space Friday, Gold rallied 0.91%, Silver 0.6% and Copper 0.2%, while Palladium was the stand out underachiever falling 5.78%. **(Page 4 Gold TA Update).**

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 19th Dec	Tuesday 20th Dec	Wednesday 21st Dec	Thursday 22nd Dec	Friday 23rd Dec
HEICO	1200 Factset Research General Mills FuelCell Energy FedEx Blackberry 2115 Nike	0600 Aurubis Carnival 1330 Toro Cintas Micron	Paychex CarMax	

KEY EVENTS, SPEAKERS AND ECONOMIC

Tuesday: 0030 GMT RBA Meeting Minutes. The RBA said at their last meeting that more hikes may be needed to control inflation. Since then Australian employment, released last week, increase more than 3 times estimates heaping further pressure on the central bank to act again in early 2023. **Could be an AUD mover in thin Christmas liquidity.**

0115 GMT PBOC Interest Rate Decision. There is a small chance of further stimulus from the Chinese central bank, although they have been adding liquidity to the market in the past week to support the economy in its transition to reopening. **Any cut or stimulus could provide a boost for risk sentiment.**

0300/0600 GMT BoJ Interest Rate Decision and Press Conference. Interest rates are certain to remain unchanged at this meeting but Governor Kuroda's comments on rising inflation and the success of intervention to strengthen the JPY will be interesting to note.



EURUSD Technical Update:

Continued upside developed last week to extend the positive pattern materialising since 0.9536 (Sep 28th low).

This has seen 1.0615 (Jun 27th high) give way, opening scope to challenge 1.0786 (May 29th high) which appears a stronger resistance focus.

To the downside, breaks below 1.0541 (38% retrace) suggest upside failure and deeper declines towards 1.0420 (62% level).

Wednesday: 1330 GMT CAD Inflation Data (CPI). This release is important as there is a belief amongst traders that the BoC is close to ending its rate hiking cycle. A below expectation release will help confirm that view, while a higher print may mean they have to hike further to contain inflation. **A must watch for CAD traders.**

1500 GMT USD Consumer Confidence. After weak retail sales data last week, there is a danger that the consumer is pulling back on spending which is bad news for the US economy. Another low reading on this release may support that fear, and have a knock on effect for stocks and the USD, which is still struggling to gain an upper hand against a surging EUR. **(Above EURUSD TA Update).**



Gold Technical Update:

The new week starts with focus on 1774 support (Bollinger mid-average) as while intact, risks are for fresh attempts to clear 1824 (Dec 13th session high).

Closes above this suggest retests of 1842 (mid-point Mar/Sept downside) possibly higher if this gives way.

Closes below 1774 suggest increasing downside potential to test 1746 (38% retrace Nov/Dec upside).

Thursday: USD GDP Data. While this is backward looking data, in a low liquidity environment where economists and traders are increasing their belief in the likelihood of a US recession, this release will grab headlines. A weaker number could negatively impact stocks, commodities and the USD, and vice versa.

2330 GMT JPY Inflation Data (CPI). JPY weakness throughout 2022 has seen imported inflation rise dramatically across the year. This reading could start to influence a change in decades long monetary policy in Japan in 2023.

Friday: USD PCE Inflation Data. Huge data for the Fed just as markets head into the full festive season and trading conditions will be tough with liquidity drained. This data is the Fed's preferred gauge of inflation and is therefore hugely important. Markets will be sensitive to this release, meaning it could be a very nervous end to the week. This has the potential to impact all financial markets. **(Above Gold TA Update).**

Key levels the Corellian mentors are focused on

**US Tech 100:
Support**

1st - 11224, 62% Oct/Dec upside
2nd - 10822, Nov 9th session low
3rd - 10485, October monthly low

Resistance

1st - 11747, Bollinger mid-average
2nd - 12383, Last week's rejection
3rd - 12981, September extreme

**USA 30 Wall Street
Support**

1st - 32694, 38% retrace Oct/Dec
2nd - 31917, Mid-point same move
3rd - 31139, Deeper 62% retrace

Resistance

1st - 33764, 38% latest sell-off
2nd - 34014, Bollinger mid-average
3rd - 34314, Higher 62% retrace

**Germany 40
Support**

1st - 13888, Last week's low trade
2nd - 13592, 38% retrace Oct/Dec
3rd - 13257, Mid-point same move

Resistance

1st - 14199, 38% latest sell-off
2nd - 14381, Higher 62% retrace
3rd - 14680, Last week's high

**Disclaimer:**

Corellian Global Investments (Corellian or The Firm) is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority. Information contained in this document is intended for the use of the addressee only and is confidential. Any dissemination, distribution, copying or use of this document without prior permission of the addressee is strictly prohibited.

All opinions and judgements expressed in this presentation/document and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.

Prior performance is not indicative of future results, and there can be no guarantee with respect to whether the financial objectives of the investments by Corellian may be achieved in the future. As a result, investors must form their own independent view as to such opinions, judgements, projections, forecasts or statements.

The information herein is based on factual information obtained from sources believed to be reliable, but Corellian does not represent or warrant that it is accurate and complete or that the services herein are appropriate for any person. This presentation is for informational purposes only and is not, and may not be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer of any security or service.

Certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue," "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or actual performance of the services offered herein may differ materially from those reflected or contemplated in such forward-looking statements.

As a result, the recipient should not rely on such forward-looking statements in making its decisions to pursue the services or products offered herein. No representation or warranty is made as to future performance or such forward-looking statements. All opinions and judgements expressed in this presentation and all projections, forecasts and statements concerning future events or possible results achieved by Corellian are personal opinions, judgements, projections, forecasts and statements of Corellian and result from the interpretation by Corellian of the information that was in its possession at the date of preparation of this introductory presentation.