

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment was initially mixed on Friday as stock traders digested some relatively positive economic data alongside the release of earnings from the big US banks that provided some warning signs of a shakier US economy in the months ahead. Eventually however, positivity won out with stock indices and commodities rallying while the dollar fell into the close.

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

Friday data: US Consumer sentiment rises while one year inflation expectations fall

- Preliminary Michigan consumer sentiment index rose to a 9 month high at 64.6 (60.5 Expected). Up from 59.7 in December.
- 1 year consumer inflation expectations fell to a 2 year low at 4% (4.4% Expected). All positive news for stock market bulls.



US Stock indices fell initially on seeing the forward looking updates from the major US banks but staged a strong recovery into the close. The USA 500, which had fallen 1% to a low of 3961, gained ground throughout the afternoon to eventually finish up 0.4% at 4018. **(Page 2 USA 500 TA Update)**. **European indices** continued to perform well across the week. The UK 100 closed at 7844, just 0.5% from its 2018 all time high of 7885.

The US Dollar Index struggled to find any significant buyers across the whole week as it registered a 1.7% loss to close around its lows at 101.90. USDJPY was the G10's worst performer, dropping 3.2% on the week to 127.88, its lowest level since the end of May 2021. **(Page 3 USDJPY TA Update)**.

US 10 year yields registered new lows at 3.43%, just ahead of support from September 2021 (3.40%), and bounced back to 3.50% at the close. With a US holiday on Monday traders were reluctant to carry increased risk into a long weekend, and in front of a week loaded with a number of Fed speakers.



USA 500 Technical Update:

Initially, Friday saw correction themes as a reaction to latest strength, but this soon found fresh support and the week ended at new highs. This doesn't rule out corrective themes next week, but while closes are seen above 3937 (38% retrace) potential is for limited downside and pressure on 4089 (Dec 14th high) with breaks opening scope to challenge 4174 (Dec 13th extreme). To the downside, closes below 3937 first retracement suggests a deeper decline towards 3881 (62% retrace).



Most commodities had another solid day on Friday, capping strong gains across the week. Gold closed up 1.22% at 1920 (Highest since April 2021), Silver finished up 2% at 24.25, while Copper closed at 4.2180, up 7.5% on the week and at 7 month highs. **(Page 4 Copper TA Update.)** Oil reversed the falls from the week before to close at 80.05, a gain of 8.6% on the week, supported by increased optimism of demand from China as it commits to a growth mandate.

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 16th Jan | Tuesday 17th Jan | Wednesday 18th Jan | Thursday 19th Jan | Friday 20th Jan |
|------------------------------------|--|--|---|---|
| <div>United Microelectronics</div> | <div>1000 Signature Bank</div> <div>1230 Morgan Stanley</div> <div>1230 Goldman Sachs</div> <div>United Airlines</div> | <div>1130 PNC Financial</div> <div>Charles Schwab</div> <div>J.B. Hunt</div> <div>First Horizon</div> <div>Alcoa</div> <div>Prologis</div> <div>Discover Financial</div> | <div>1130 Fifth Third Bancorp</div> <div>1200 Fastenal</div> <div>Truist Financial</div> <div>P&G</div> <div>Northern Trust</div> <div>2100 Netflix</div> <div>2100 SVB Financial</div> | <div>0600 Ericsson</div> <div>0700 Sandvik</div> <div>0715 Investor</div> <div>1230 State Street</div> <div>HBAN</div> <div>Regions Financial</div> <div>ICICI Bank</div> |

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: Davos economic forum starts and runs all week. A gathering of finance ministers, central bankers and business leaders to discuss the world economy. Strong chance of headlines on global inflation, growth and Ukraine that could impact all markets.

Tuesday: 0200 GMT China Industrial Production, GDP and Retail Sales. This data is starting to matter again as the administration focus on growth and not Covid. Retail sales will provide an update on the Chinese consumer after reopening, while industrial production will give traders an insight into the state of global demand. There is room for this data to impact commodities and risk sentiment. **(Page 4 Copper TA Update).**

0700 GMT GBP Employment Data. After the stronger than expected GDP data on Friday, traders will be keen to see if the UK labour market is still tight and if wages are still rising. The start of a busy week for UK economic data.



USDJPY Technical Update:

Reaction to latest US CPI data was JPY bullish, prompting reacceleration of USDJPY downside, a move that broke and closed below 130.41 (mid-point Aug'21/Oct'22 upside). This maintains negative themes, with risks to test 126.36 (May'22 low) possibly 125.70 (deeper 62% retrace).

To the upside, breaks above 132.87 (last week's high) are needed for a more extended retracement to 134.77 (Jan failure high) then 137.23 (38% retrace).

1330 GMT CAD Inflation Data (CPI). This release is meaningful for CAD traders as the BoC are expected to be one of the first central banks to pause rate hikes at their next meeting. **Can the recent CAD strength continue?**

Wednesday: 0300/0700 GMT BoJ Interest Rate Decision and Press Conference. Reports of a potential change in policy at this meeting sent USDJPY falling 3.2% last week. Traders will want to see if they will widen their YCC band or even abandon it altogether. There is a very high chance of JPY volatility into and after this event. **(Above USDJPY TA Update).**

0700 GMT GBP Inflation Data (PPI/CPI). A big deal for the BoE and for GBP traders. Has UK inflation started to trend lower, like in other developed economies, or will the BoE need to be more aggressive on rates in order to regain control?



Copper Technical Update:

January has seen a sharp acceleration higher, a move that on Friday closed above important 4.1872 resistance (62% retrace Apr 18th to Jul 15th downside).

This looks to maintain the push higher towards 4.4602 (Jun 7th high) then if this gives way on to 4.5680 (Jun 2nd extreme).

This doesn't rule out a reactive correction after latest strength but closes below 4.0337 (38% retrace of Jan upside) are needed for a deeper decline.

1330 GMT USD Retail Sales. If the US is to have a "soft landing" for their economy, they need a consumer continuing to spend, but not at a pace that pushes up inflation.

Thursday: 0030 GMT AUD Employment Data. A tight labour market and rising wages may force the RBA to do more with interest rates at their upcoming meetings in early 2023. **This release is likely to have a big impact on a surging AUD.**

1030 GMT Thursday/ 1000 GMT Friday. ECB President Lagarde Speech. After the news of the EU escaping recession and growth forecasts being raised what Madame Lagarde says will have a big impact on EUR and soaring European indices.

1815 GMT Fed Vice Chair Brainard Speech. Traders will want to know her thoughts on the recent easing of financial conditions and what she feels on the inflation outlook and market expectations for future Fed interest rate moves.

Friday: 0115 GMT PBOC Interest Rate Decision. The Chinese administration are now focused on growth and the push to prop up the economy is well and truly on. Whether we get some help from the central bank is unclear but it cannot be ruled out.

Key levels the Corellian mentors are focused on

US Tech 100:

Support

1st - 11289, 38% retrace Dec/Jan
2nd - 11186, Mid-point same move
3rd - 11089, Deeper 62% retrace

Resistance

1st - 11618, Last week's high
2nd - 12069, December 14th high
3rd - 12383, Dec 13th spike high

Germany 40:

Support

1st - 14960, Half last week's rally
2nd - 14712, 38% retrace Jan rally
3rd - 14551, Mid-point same move

Resistance

1st - 15212, Last week's high trade
2nd - 15730, Feb'22 bounce failure
3rd - 16272, Jan'22 upside extreme

UK 100:

Support

1st - 7757, Half last week's rally
2nd - 7641, 38% retrace Dec/Jan
3rd - 7574, Mid-point same move

Resistance

1st - 7851, Last week's high
2nd - 7886, May'18 all-time high
3rd - 7900, Psychological point

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