



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment finished the week with a slightly more negative tone as traders digested the much stronger than expected US non farm payrolls release, which seemed to defy recession fears and add pressure on the Fed to keep raising interest rates. Stocks and commodities fell while the dollar and US bond yields rallied strongly.

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

Friday data: US hiring surged unexpectedly in January shocking markets

- Headline non farm payrolls +517k versus +185k expected.
- Unemployment rate fell to 3.4% versus 3.6% expected. A 53 year low.
- Average hourly earnings (YoY) 4.4% versus 4.3% expected.
- A very strong release for markets to digest.



US Stock indices all finished down on Friday, giving back some of the strong gains made earlier in the week after the Fed rate decision. The USA 500 fell 1% to close at 4145, which still left it a respectable +1.5% on the week. **(USA 500 TA Update Page 2).** **In Europe** the UK 100 was the star of the show. Briefly trading to its all time at 7886 (May 2018), before settling slightly lower at 7875 with a 1% gain on the day.

The dollar was rampant on Friday supported by the payrolls release. The US Dollar Index, which had traded to fresh lows at 100.66 on Thursday, soared 1.25% Friday to close at 102.80. GBPUSD fell 2.7% on the week to close at 1.2050, while AUDUSD fell 2.6% to close at 0.6923, only 48 hours after registering a new 9 month high at 0.7156. **(AUDUSD TA Update page 3).**

US 10 year yields, which were trading back at January lows around 3.32%, spiked aggressively post the data release to close the week up 18bps at 3.52%, as traders reassessed their expectations for a US recession in 2023.



USA 500 Technical Update:

A resistance is 4172/74 (Sep 13th and Dec 13th highs) an area that was pressured last week but held on a closing basis. This will be a focus next week with confirmed breaks opening 4217 (Aug 26th extreme) and if this gives way on a closing basis towards 4327 (Aug 16th failure high).

To the downside, first support is marked by 4092 (38% retrace) and it seems closing breaks are needed to expose a deeper decline towards 4019 (62% retrace).



Commodities had a very weak session on Friday impacted significantly by strong dollar gains. Gold fell 2.5% to 1865, while Silver dropped 4.8% to 22.35, both hurt by the increased potential for higher Fed interest rates. **(Silver TA Update Page 4)**. Oil also fell 3.5% as concerns about growing US inventories and weaker than expected demand from China outweighed the positives of better US economic data.

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 Q4 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 6th Feb	Tuesday 7th Feb	Wednesday 8th Feb	Thursday 9th Feb	Friday 10th Feb
0600 Aurubis 1100 Fabege Loews Before Market Opens: ON Semiconductor Tyson Foods After Market Closes: 2105 Chegg UDR Activision Blizzard	0600 BNP Paribas 0700 BP Fidelity Before Market Opens: Fiserv Jacobs Engineering After Market Closes: 2005 Western Union Illumina Atmos Energy	0530 Societe Generale 0600 ABN AMRO 0700 Total Before Market Opens: Bunge Uber After Market Closes: MGM Walt Disney Sonos	1100 PepsiCo 1300 Kellogg Ralph Lauren Before Market Opens: Hilton TELUS After Market Closes: 2101 Expedia 2105 Lyft PayPal	1100 Newell Brands 1130 Spectrum Brands Honda Before Market Opens: IQVIA Holdings W.P. Carey After Market Closes: Mettler-Toledo

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1800 GMT ECB President Lagarde Speech. Despite indicating last week that the ECB was ready to raise interest rates another 50bps at their next meeting in March, traders were left wondering how committed to this aggressive hiking plan they actually are, leading to a fall in EURUSD. President Lagarde could use this event to clarify any market misunderstanding, adding to market volatility.

Tuesday: 0330 GMT RBA Interest Rate Decision. Markets are expecting another 25bp hike from the Australian central bank after inflation rose to a 33 year high last month. However, things may not be that simple with recent economic data signaling reduced consumer spending and a plunging housing market. **This event will impact AUD prices. (Below AUDUSD TA Update).**

1015 GMT BoE Chief Economist Pill Speech. GBP took a big fall last week straight after the BoE hiked rates 50bps to 4%! It seems traders believe that the UK central bank is close to pausing its tightening cycle over fears it could push the economy in to a deeper recession. Any further insight BoE's Pill provides on this could be seized on for further GBP selling.



AUDUSD Technical Update:

Deterioration emerged to end the week, as new highs were rejected seeing sharp declines, a move that breached both 0.6979 (38% retrace of YTD strength) and 0.6925 (mid-point). The coming week could see pressure build on 0.6894 (62% level) with closing breaks a catalyst towards 0.6722 (Jan 6th low).

To the upside, focus is on 0.7043 (half last weeks sell-off) with this giving way, opening 0.7157 (Feb 2nd high).

1740 GMT Fed Chairman Powell Speech. There is a suggestion that traders misinterpreted what Powell said in his press conference last Wednesday and so this event will be followed closely to see if he walks back any of the positive market reaction to what he initially said. **This event could impact all markets. (Silver TA Update Page 4).**

1745 GMT BoC Governor Macklem. CAD traders will be keen to hear if the Governor still sees a pause on the horizon from the BoC and whether he feels more hikes will be necessary later in 2023.

Friday: 0130 GMT China Inflation Data (PPI/CPI). Possibly too soon for this data to be impacted by the recent reopening but that won't stop traders looking for any insight into whether or not the anticipated demand surge is building momentum.



Silver Technical Update:

Recent sideways activity was resolved to the downside, which looks to expose a deeper retracement of September to February strength. Risks are evident to test 21.939 (38% retrace) even on to 21.109 (mid-point) if this gives way.

A short term reaction to last weeks decline is possible, but it looks as if only settlements above 23.174 (38% retrace last weeks range) opening 23.742 retests (62% retrace).

0700 GMT GBP GDP Data. The state of the UK economy is a hot topic for traders currently and is creating a surge in GBP volatility. With the IMF reporting last week that it sees the UK as the worst performing economy in the G7 over the next 2 years, any hint of a negative release will create market moving headlines.

1330 GMT CAD Employment Data. This release will be closely monitored by the Canadian central bank (BoC) who are at a crossroads for deciding whether to pause hiking or not. **CAD prices are likely to move on this update.**

1500 GMT USD Preliminary Michigan Consumer Confidence. This release contains vital news on the inflation expectations of US consumers going forward as well as their confidence in the current economic climate. **At the end of a quiet data week this update could influence all markets in to the close.**

Key levels the Corellian mentors are focused on

**USA 30 Wall Street
Support**

1st - 33579, Last week's low
2nd - 32943, January low trade
3rd - 32684, Dec 20th extreme

Resistance

1st - 34404, Last week's high
2nd - 35206, Dec 13th rejection high
3rd - 35410, April 21st 2022 high

**US Tech 100
Support**

1st - 12441, 38% latest upside
2nd - 12282, Mid-point same move
3rd - 12117, Deeper 62% retrace

Resistance

1st - 12946, Last week's high trade
2nd - 13218, August 26th high
3rd - 13739, August 16th extreme

**EURUSD
Support**

1st - 1.0759, Half Jan/Feb upside
2nd - 1.0695, Deeper 62% retrace
3rd - 1.0482, January low trade

Resistance

1st - 1.0914, Half last weeks range
2nd - 1.1033, Thursday's high
3rd - 1.1185, March 31st 2022 high

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