



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** had a very poor week. Traders were already nervous after Fed Chairman Powell testified to congress on Tuesday that interest rates may have to rise higher than current expectations and this negativity was compounded further on news that Silicon Valley Bank (SVB), the 16th largest bank in the US, had collapsed sparking contagion fears. Stocks fell and, surprisingly, so did the dollar.

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

Friday data: February US employment release provides mixed signals

- **Non farm payrolls (Feb)** +311k versus +205k expected. **Unemployment rate** jumped to 3.6% versus 3.4% expected. **Average hourly earnings (YoY)** 4.6% versus 4.7% expected.
- This data provides mixed signals as the Fed considers whether to raise 25bps or 50bps.



**US Stock indices** tried to rally initially after the US payrolls release but it didn't last. The USA 500 fell 1% on the day and 4% on the week to close at 3914, after bouncing from fresh 2 month lows at 3880. Banking stocks led the falls after the SVB collapse. **It was a similar story in Europe**, where the Germany 40 fell 1.6% to close at 15,300, after briefly hitting a new 2023 high at 15,718 on Tuesday. **(Page 4 Germany 40 TA Update)**.

**The US Dollar Index** made a new high at 105.83 on Wednesday after Chairman Powell's testimony to congress but couldn't sustain the gains into the end of the week (104.22 close) despite the increasingly negative risk sentiment. EURUSD and GBPUSD recovered from fresh lows at 1.0524 and 1.1802 to end the week flat, while AUDUSD fell 2.8% after a dovish hike from the RBA on Tuesday to close at 0.6577. **(Page 3 GBPUSD TA Update)**.

**US bond yields** fell hard on Thursday and Friday as traders rushed to buy US bonds as a safe haven against any potential contagion fall out from the SVB collapse. 10 year yields closed at 3.70%, down 23bps, while 2 year yields fell 32bps to close at 4.59%.





Oil TA Update:

Once again, recent strength has failed below the 81.95/83.31 resistance range (mid-point of Nov/Dec declines up to Nov 30th high) from which weakness emerged. Last week this saw mid-average support give way, suggesting risks to retest 73.80 (Feb 22nd low) even 72.24 (Feb 6th extreme).

To the upside, closes above 77.87 (half latest declines) suggest retests of 80.92 (Mar 7th rejection high).



Commodities

in general had a relatively quiet week pulled around by moves elsewhere in the dollar and risk sentiment. Gold recovered strongly from weekly lows at 1809 to close at 1868 on safe haven demand. Oil also recovered well on Friday with a 1.2% gain to close at 76.66. Natural gas couldn't sustain its recent 2 week up trend and fell 4% Friday and 12% on the week, to finish at 4.34, after reports showed stocks remain well above their 5 year average. **(Above Oil 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 Q4 Earnings next week in table below (Times GMT)

Time Zone Key:

GMT -4

= New York

GMT

= London

GMT +1

= Frankfurt

GMT +9

= Tokyo

GMT +11

= Sydney

<b>Monday 13th March</b> 0700 Direct Line 0700 Phoenix Group Porsche AG <b>Before Market Opens:</b>     <b>After Market Closes:</b> 2005 Gitlab	<b>Tuesday 14th March</b> 0600 Fraport Volkswagen Wacker <b>Before Market Opens:</b>     <b>After Market Closes:</b> 2005 StoneCo 2010 SentinelOne	<b>Wednesday 15th March</b> 0600 E.ON 1100 Oatly BMW <b>Before Market Opens:</b> Chinadata Group    <b>After Market Closes:</b> Array Technologies UiPath Adobe	<b>Thursday 16th March</b> 0600 TAG Immobilien 1055 Dollar General Rheinmetall <b>Before Market Opens:</b> Jabil Circuit    <b>After Market Closes:</b> <b>2015 FedEx</b>	<b>Friday 17th March</b> Vonovia     <b>Before Market Opens:</b> Wendel XPeng <b>After Market Closes:</b>
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## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 2330 GMT AUD Consumer Confidence.** After last week's 25bps hike from the RBA was accompanied by a dovish statement it is clear the Australian central bank are concerned by the impact their recent hikes are having on the consumer. AUDUSD traders will want to know whether this is backed up by the data.

**Tuesday: 0700 GMT GBP Employment Data.** This release is vital as markets move closer to the next BoE interest rate meeting at the end of the month (23rd March). Traders want to know how tight the labour market is and whether wages are still rising. There is a big split amongst BoE decision makers on what to do next, so this data matters. **(Below GBPUSD TA Update).**



### GBPUSD TA Update:

Reaction to the latest payrolls was for USD corrections, although GBPUSD was held by 1.2126/42 (mid-point YTD declines/Feb 28th high) confirming this as an important focus this week. While it remains intact, potential is to resume what is still a downtrend pattern since January 23rd extremes, with 1.1965 (half latest upside) breaks suggesting moves towards 1.1802 (Mar 8th low) possibly further. To the upside, closes above 1.2126/42 can open scope to retest 1.2204 (higher 62% retrace).

**1230 GMT USD Inflation Data (CPI).** Released an hour earlier than usual due to North America's move to Daylight Savings Time, this is an important number and will likely move all markets, especially stock indices. Traders want to know if inflation still remains elevated and may necessitate the Fed to hike 50bps at its next meeting on 22nd March, as markets are now pricing.

**Wednesday: 0200 GMT China Industrial Production and Retail Sales.** With risk sentiment starting to come under further pressure any evidence in this data to show that China's recovery is gaining steam will be welcomed, especially by commodity traders. **(Page 2 Oil TA Update).**

**1230 GMT GBP Spring Budget.** This statement is eagerly awaited by markets to see how UK Chancellor Hunt balances keeping the public finances steady while supporting growth and not destabilising GBP or Gilt markets, as happened in September 2022.

**1400 GMT USD Retail Sales.** With fears resurfacing of the Fed hiking the US economy back into recession this release will be keenly watched to see whether the US consumer is still spending as rates and costs rise.





#### Germany 40 TA Update:

Even though last week saw a new 15718 recovery high there has been a slowing in upside momentum and a sell-off developed to break 15481 (Bollinger mid-average). However, defense of 15160 (Mar 2nd last correction low) is watched as breaks suggest a deeper retracement to 14983 (38% retrace Dec 20th/Mar 7th upside) even 14751 (mid-point). To the upside, settlements above 15481 (mid-average) will be constructive, although 15718 (Mar 7th high) breaks are needed to trigger more sustained strength.

**Thursday: 0030 GMT AUD Employment Data.** A crucial release for AUDUSD traders after the big fall of the last 5 trading days. Traders will want to see whether the recent weakness, which saw the RBA talk less hawkish on rate hikes last Tuesday, remains, supporting the central bank's outlook, or vice versa.

**1315/1345 GMT ECB Interest Rate Decision and Press Conference.** A 50bps hike is widely anticipated at this meeting but traders are unsure on what comes next. ECB President Lagarde's press conference will be a big event to see whether she flags further jumbo hikes or maintains a more wait and see approach. Either way what she says will impact European indices, bonds and the EUR. **(Above Germany 40 TA Update).**

**Friday: 1400 GMT USD Preliminary Michigan Consumer Sentiment.** Moved back a week, this release provides a regular update on how the US consumer is responding to rate hikes and their thoughts on inflation going forward. It could provide a nervous end to the week.

## Key levels the Corellian mentors are focused on

#### US Tech 100

##### Support

- 1st - 11926, Last week's low trade
- 2nd - 11862, Mid-point YTD upside
- 3rd - 11605, Deeper 62% retrace

##### Resistance

- 1st - 12249, Bollinger mid-average
- 2nd - 12492, Last weeks high trade
- 3rd - 12791, February 16th high

#### USA 500

##### Support

- 1st - 3881, Last week's low trade
- 2nd - 3857, Mid-point Oct/Feb
- 3rd - 3819, January 6th low

##### Resistance

- 1st - 3983, Half last week's sell-off
- 2nd - 4029, Bollinger mid-average
- 3rd - 4082, Last week's high

#### EURUSD

##### Support

- 1st - 1.0524, Last week's low trade
- 2nd - 1.0462, 38% Sep/Feb upside
- 3rd - 1.0393, December 1st low

##### Resistance

- 1st - 1.0700, Last week's high
- 2nd - 1.0782, Mid-point Feb/Mar
- 3rd - 1.0842, Higher 62% retrace





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