

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment slipped into the Friday close as traders focused their attention back on inflation after Federal Reserve Governor Waller said he favoured more rate hikes to reduce persistently high prices, and a report showed consumers expect prices in the next year to climb by the most since 2021. Stocks stalled, while US bond yields and the dollar rose. Commodities remained mixed.

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

Friday data: US Michigan consumer sentiment rose but so did inflation expectations

- **Preliminary headline Michigan consumer sentiment** rose from 62 in March to 63.5 in April.
- **One year inflation expectations** jumped from 3.6% in March to 4.6% in April. Biggest spike in 2 years.
- Sentiment wasn't impacted by the recent bank collapses but consumers feel financially less secure due to higher prices.



US Stock indices initially came under pressure as traders reacted negatively to the news of more potential rate hikes from the Fed than had been expected. The interest rate sensitive US Tech 100 briefly fell 1% to 13,057 but recovered some lost ground to close down just 0.2% at 13,198, relatively flat on the week. **(Page 3 US Tech 100 TA Update)**. **European indices** all posted Friday gains of around 0.5%. The Germany 40 closed at 15,945, its highest level since January 2022.

The US Dollar Index posted 12 month lows at 100.45 on Friday but recovered strongly to end the week down only 0.9% at 101.26. EURUSD put in another strong performance, managing to break above its February peak (1.1033) to hit new highs at 1.1075 on Thursday. Only for momentum to stall Friday as prices fell back to register just a solid 0.8% weekly gain at 1.0996.

US yields spiked as traders rushed to price in the potential of not one, but two more 25bps Fed interest rate hikes in May and June. The rate sensitive 2 year yields jumped 13bps to close at 4.10% (2 week highs), while 10 year yields rallied 7bps to close at 3.52%.



Natural Gas TA Update:

Once again, it has been the declining Bollinger mid-average that held and turned price activity lower, a move that posted new 1.944 (14th April) correction lows. This maintains a negative trend with risks for a continuation that in time could even see retests of 1.7940 (Sept 2020 extreme), possibly further if this level is breached.

To the upside, breaks above 2.169 (Bollinger mid-average) are needed for a recovery towards 2.236 (38% level).



In commodities, Natural Gas posted its first positive weekly close since early March at 2.106 (+4.6%). This was after it rebounded strongly from fresh 30 month lows at 1.944 (Friday), caused by a report which confirmed US gas storage had risen substantially. **(Above Natural Gas TA Update)**. Elsewhere Oil rose 2.7% to finish at 82.66 as traders became concerned over dwindling US inventories, and Gold fell \$40 from fresh highs at 2047 as rising US yields and a stronger Dollar hurt long positioning.

**STEP 2:
LOOKING FORWARD TO
THE WEEK AHEAD**

All times are British Standard Time (BST). Please use the key opposite to adjust to your appropriate time zone.

Key Q4 Earnings next week in table below (Times BST).

Time Zone Key:

- BST -5 = New York
- BST = London
- BST +1 = Frankfurt
- BST +8 = Tokyo
- BST +9 = Sydney

Monday 17th April	Tuesday 18th April	Wednesday 19th April	Thursday 20th April	Friday 21st April
1230 State Street	1130 BNY Mellon	0600 ASML	1200 AMEX	0600 SAP
	1145 Bank of America	1200 NASDAQ	1230 Manpower	1100 Regions Financial
	1230 Goldman Sachs	1230 Morgan Stanley	American Airlines	1155 P&G
Before Market Opens:				
Charles Schwab		US Bancorp	AT&T	FCX
			Virtu Financial	HCA Healthcare
After Market Closes:				
J.B. Hunt	2100 Netflix	2108 IBN	2101 CSX	
M&T Bank	2105 First Horizon	2330 Rio Tinto	2116 Valmont	
	United Airlines	Tesla	Seagate	



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1800 BST ECB President Lagarde Speech. It still appears that the ECB as a whole are hawkish and see a need to raise rates further, but traders are not sure of how big the next hike may be and this speech from Lagarde could be informative.

Tuesday: 0300 BST China GDP, Industrial Production and Retail Sales. Economic performance in China has been mixed since the economy reopened but much is still expected for the rest of 2023. This data could impact not only risk sentiment for stock markets locally and in Europe, but also have knock on implications for commodities such as oil and copper, and for AUDUSD and EURUSD in FX markets.

0700 BST GBP Employment Data. This release is important to policy setting for the Bank of England going forward. Traders will be keen to see just how tight the labour market is and what is happening with wages, especially as strikes over increased pay demands from many UK public sector workers are still yet to be settled.

1330 BST CAD Inflation Data (CPI). After leaving the door open to hike again at their meeting last week this release will be central to Bank of Canada decision making in the run up to the next meeting. USDCAD should move into and after this data.

Q1 2023 Technology stock earnings start with Netflix (Tues) and Tesla (Wed). Expectations are low so there is potential for an upside surprise but any forward guidance will also have a big impact. **(Below US Tech 100 TA Update).**



US Tech 100 TA Update:

Further consolidation activity has materialised since 13348 (Apr 4th high) although positive themes remain in place. This suggests extension of the uptrend pattern is possible, with next significant resistance marked by 13739 (Aug 16th high) possibly further if this gives way.

13020 (Bollinger mid-average) reflects the first support and it appears closing breaks of this could expose a deeper retracement to 12767 (38% level) even 12588 (mid-point).

Wednesday: 0700 BST GBP Inflation Data (CPI). After a surprise rise to 10.4% in February the BoE are hoping for a much lower release in March. With many traders looking for the the central bank to end its hiking cycle after one more rise at the next meeting, this update will be pivotal to GBP's direction next week. **(Page 4 GBPUSD TA Update).**

1000 BST EUR Inflation Data (Final HICP). While a final reading, this is likely to grab some market moving headlines, especially if it deviates from the initial release.



GBPUSD TA Update:

While last week ended with correction activity, a positive trending backdrop remains. First support is marked by 1.2380 (Bollinger mid-average) and while intact, potential is for attempts at an extension to challenge 1.2546 (Friday's high). Successful closing breaks open scope towards 1.2664 (May 27th 2022 high).

Falls below the mid-average point to a deeper retracement, with the next key support at 1.2270 (38% Mar/Apr strength).

2345 BST NZD Inflation Data (CPI). After hiking rates another 50bps 2 weeks ago to contain inflation, it is clear the RBNZ are an aggressive central bank. Is their approach working? NZDUSD should move around this update.

Thursday: 0215 BST PBOC Interest Rate Decision. There are suggestions the Chinese central bank may provide more stimulus next week to bolster domestic demand and help the economic to achieve its 5% 2023 growth target. Whether this happens remains to be seen but any additional central bank support should help local stocks and boost general market risk sentiment.

Friday: Global Preliminary Manufacturing and Services PMI's. These are important real time indicators of business conditions at a time when concerns are building again for a potential US or Global recession. Manufacturing has been weak recently, while services have remained strong. If services were to start falling again it could be a negative for global indices.

Key levels the Corellian mentors are focused on

Gold:
Support
1st - 1989, Bollinger mid-average
2nd - 1957, 38% retrace Feb/Apr
3rd - 1934, March 22nd low trade

Resistance
1st - 2048, Last week's high
2nd - 2070, March 2022 high
3rd - 2075, August 2020 extreme

Oil:
Support
1st - 78.98, April 3rd session low
2nd - 76.30, 38% retrace Mar/Apr
3rd - 74.03, Mid-point same move

Resistance
1st - 83.51, Last week's high trade
2nd - 87.11, 38% Jun'22/Mar'23
3rd - 90.08, December 1st high

EURUSD:
Support
1st - 1.0886, Bollinger average
2nd - 1.0862, 38% Mar/Apr upside
3rd - 1.0795, Mid-point same move

Resistance
1st - 1.1075, Last week's high
2nd - 1.1185, Mar'22 failure high
3rd - 1.1276, 62% Jan'21/Sep'22

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