



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** finished the week reflecting a neutral tone as traders awaited fresh news inputs to provide a clearer picture on what is currently at the forefront of their minds, namely, inflation, the potential for a US recession and what is next from the Federal Reserve and European Central Bank on interest rates. Stocks, bonds and the dollar all ended Friday relatively unchanged.

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

Friday data: Services continue to drive economic growth in Europe and US

- **EU Services PMI (April):** 54.4 versus 53.7 expected  
**EU Manufacturing PMI:** 45.5 versus 48 expected  
**US Services PMI:** 53.5 versus 52.8 expected  
**US Manufacturing PMI:** 50.4 versus 49 expected  
**PMI:** Below 50 = contraction. Above 50 = Expansion
- Concern that improving readings could reignite inflationary pressures



**US Stock indices** all reversed early falls on Friday amid mixed corporate earnings and uncertainty about the next directional move. The USA 500 and US Tech 100 both ended the day unchanged at 4,153 and 13,076 respectively, as traders readied themselves for some key earnings releases next week. **(Page 3 US Tech 100 TA Update)**. **European Indices** all registered small gains on Friday, with the Germany 40 closing up 0.65% at 16,035. Its fifth up week in a row.

**FX markets had a quiet week.** The US Dollar Index made early gains on Monday with a high at 101.92 before drifting back lower to close at 101.46 on Friday. With so much economic data to digest GBPUSD was one of the more volatile FX pairs, but after making a fresh 2 week low at 1.2352, it rallied back on Friday to close at 1.2445, as traders struggled to balance inflationary pressures and weaker consumer spending.

**US bond yields** fluctuated throughout the week. The 2 year yield (4.28%) and 10 year yield (3.64%) both rose at the start of the week to fresh 1 month highs but drifted lower into Friday's close as Fed speakers discussed their thoughts on future interest rate policy. The 2 year yield closed the week at 4.18% and the 10 year yield ended at 3.58%.





### Gold TA Update:

Friday's extension of recent weakness saw closes under Bollinger mid-average support (1994), reflecting deterioration and risks of a more extended retracement. This can see tests of 1949/57 (combination of Apr 3rd low & 38% retrace Feb/Apr upside) possibly further if this gives way.

To the upside, breaks above 2015 (Apr 17th high) are needed to resume strength to challenge 2048 (Apr 13th extreme).



**In commodities**, lingering inflation and fears about a US recession hit sentiment. Gold and Silver both fell 1% on the week to 1982 and 25.09 respectively, Copper fell 3.2% to close at 3.9855, while oil dropped 5.6% to 77.93, filling in some of the gap move generated from the OPEC+ production cut. **(Above Gold TA Update)**. Natural Gas was the standout performer as forecasts for a colder end to April and beginning of May spurred buying. After hitting a high at 2.541 (Wed), it closed at 2.397 (+11%).

## 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 24th April	Tuesday 25th April	Wednesday 26th April	Thursday 27th April	Friday 28th April
0600 Philips 1155 Coca Cola Crane <b>Before Market Opens:</b> Icade  <b>After Market Closes:</b> 2105 Whirlpool 2215 Hexcel Brown & Brown	<b>0545 UBS Group</b> <b>1100 UPS</b> <b>1200 McDonald's</b> <b>Before Market Opens:</b> <b>Northern Trust</b> Spotify <b>After Market Closes:</b> Visa <b>Microsoft</b> <b>Alphabet</b>	1100 Hilton 1230 Boeing GlaxoSmithKline <b>Before Market Opens:</b> ADP NScorp <b>After Market Closes:</b> <b>2105 Roku</b> 2105 eBay <b>2105 Meta</b>	0600 BASF <b>1130 Caterpillar</b> 1200 American Airlines <b>Before Market Opens:</b> Comcast Mastercard <b>After Market Closes:</b> <b>2101 Amazon</b> <b>2110 Snap</b> <b>Intel</b>	1100 Aon 1130 ExxonMobil Mercedes-Benz <b>Before Market Opens:</b> Chevron Gentex <b>After Market Closes:</b>



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: Bulk of USA 500 companies report this week.** This includes the economic bellwethers UPS and Caterpillar, as well as the important 'Mega Tech' companies Microsoft, Alphabet, Meta and Amazon. **(Below US Tech 100 TA Update).**

**Tuesday: 1330 BST USD Consumer Confidence.** With consumer demand for services such as eating out at restaurants, hotel rooms and holidays increasing in the latest PMI releases (Friday), traders will be looking to see if this release supports the view that the positive trend may continue or if, post the banking crisis, consumers are more nervous about the future and may cut back on spending plans. This print could impact general risk sentiment.

**Wednesday: 0230 BST AUD Inflation Data (CPI).** The minutes of the RBA's last monetary policy meeting showed that despite their recent pause in hiking, they were prepared to raise interest rates again if the economic data deemed it necessary, and therefore this release is central to the RBA's next decision on rates. This print should have a big impact on AUDUSD volatility.



### US Tech 100 TA Update:

Further consolidation activity has materialised since 13348 (Apr 4th high), a move that has now closed under Bollinger mid-average support (13105). This increases potential for a more extended setback that can see 12925 (Apr 13th low) even 12767 (38% retrace Mar/Apr strength) tests.

To the upside, settlements back above 13105 (Bollinger mid-average) opens scope to 13348 (Apr 4th high) possibly towards 13739 (Aug 16th extreme) if breached.

**Thursday: 1330 BST USD GDP.** With traders across all financial markets fixated on whether the US economy is trending down towards a recession this release is likely to generate some market moving headlines.

**Friday: Month End Rebalancing.** Rebalancing of portfolios is never easy to call, and are usually bigger at the end of a quarter, but the danger is that some "left field" one off trades hit the market, potentially distorting moves in what could be a rather illiquid and choppy end to April, especially with so many data points into the close.

**0400/0700 BST BoJ Interest Rate Decision and Press Conference.** With Japanese inflation rising, especially in the core readings, traders are keen to hear what Governor Ueda says at his first meeting in charge. While no change is expected, there are some economists suggesting the BoJ could adjust its ultra dovish YCC policy, which would increase USDJPY volatility dramatically, if it happened.





#### EURUSD TA Update:

While last week saw consolidation, downside was held by the rising Bollinger mid-average (1.0934), which looks to be resuming upside potential. Risks are for retests of 1.1075 (Apr 13th high) with breaks a trigger to 1.1184 (late Mar'22 bounce failure).

To the downside, closes below 1.0934 (Bollinger mid-average) suggest a deeper retracement to 1.0868 (38% level) even 1.0803 (mid-point).

**0900 BST SNB Chairman Jordan Speech.** Economists expect the SNB to complete its interest rate tightening cycle in June. The question is whether or not Governor Jordan agrees with this outlook, especially after the banking turmoil caused by the downfall of Credit Suisse. Anything he says will likely impact USDCHF and EURCHF prices.

**1000 BST EUR GDP.** European indices have steadily increased during 2023 as the growth outlook for the EU has improved. This reading will confirm if the trend for improving performance is still in place or not. If it is then it may embolden the ECB to be more aggressive in hiking rates to control inflation, which will have a knock on impact on the EUR. **(Above EURUSD TA Update).**

**1330 BST USD PCE Inflation.** This is the Fed's preferred gauge of inflation so it is very relevant data for the central bank and also for traders as it's release will likely impact across all markets, ensuring a busy end to the week.

## Key levels the Corellian mentors are focused on

#### Natural Gas:

##### Support

- 1st - 2.331, 38% April strength
- 2nd - 2.267, Mid-point same move
- 3rd - 2.203, Deeper 62% retrace

##### Resistance

- 1st - 2.541, Last week's high trade
- 2nd - 2.621, 62% retrace Mar/Apr
- 3rd - 2.672, March 14th extreme

#### Oil:

##### Support

- 1st - 76.25, 38% retrace Mar/Apr
- 2nd - 73.97, Mid-point same move
- 3rd - 71.73, Deeper 62% retrace

##### Resistance

- 1st - 78.31, Bollinger mid-average
- 2nd - 79.35, 38% April sell-off
- 3rd - 80.16, Mid-point same move

#### Germany 40:

##### Support

- 1st - 15839, Last week's low trade
- 2nd - 15731, Bollinger mid-average
- 3rd - 15519, 38% Mar/Apr range

##### Resistance

- 1st - 16063, Last week's high trade
- 2nd - 16262, Bollinger upper band
- 3rd - 16273, YTD high trade



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