



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment ended the week (and month) with a more positive tone as traders chose to follow stronger than expected corporate earning releases and not dwell on concerns over regional US banks or sticky inflation. Stocks rose, commodities and bond yields fell, while the dollar fluctuated, ahead of a very busy event period next week.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US Inflation pressures continue to linger

- **US Core PCE Index (YoY)(March):**
4.6% versus 4.5% expected.
Employment Cost Index (Q1):
1.2% versus 1.1% expected.
- Small deviation from expectations but potentially increases the likelihood for a 25bps hike next Wednesday.



US Stock indices shrugged off the negative news of tighter regulation for US regional banks and fears that First Republic Bank may go into FDIC receivership to close up Friday. The USA 500 rose 0.9% to 4,190, boosted by better earnings from Exxon Mobil and Intel, it's highest closing level of 2023 so far. **(Page 3 USA 500 TA Update)**. **In Europe**, stock indices also had a positive end to the month. The Germany 40 closed up 1% at 16,065, after registering a marginally new high for 2023 at 16,076.

The dollar had a mixed end to Friday. USDJPY rallied 2% to close at 136.24 after the BoJ held Japan's monetary policy unchanged earlier in the day, at New BoJ Governor Ueda's first meeting in charge, while GBPUSD bounced 0.8% to finish the week at 1.2567, a new high close for 2023 so far.

US 10 year yields had a disappointing week, falling 9bps on Friday to close at 3.43%. Concerns over the US regional banking sector weighted on yields despite the US PCE inflation reading increasing market expectations for a 25bps hike from the Fed next week.



Natural Gas TA Update:

Mid-April breaks of mid-average resistance triggered a more extended rally, only for 2.501 (mid-point Mar/Apr declines) to hold on a closing basis and see weakness emerge. This places focus on support at 2.242 (Bollinger mid-average), where closing breaks could resume declines, exposing potential to retest 1.944 (Apr 14th low) possibly further. To the upside, closes above 2.501 suggest further strength to challenge 2.623 (62% retrace) even 3.024 (Mar 3rd high) if this level gives way.



In commodities, Natural Gas ended April with a 2% rally Friday to close at 2.398, a 9% gain on the month. Cooler temperatures than normal for this time of year and a slower inventory build than expected helped to support prices. **(Above Natural Gas TA Update)**. Elsewhere, Oil bounced 2.5% Friday after hitting fresh 2 week lows at 73.92, as slowing global demand and potential recession fears continues to hurt sentiment. Gold had a quiet week closing at 1989.

**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 1st May | Tuesday 2nd May | Wednesday 3rd May | Thursday 4th May | Friday 5th May |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1052 KBR | 0700 BP | 0600 BNP Paribas | 1200 ConocoPhillips | 0630 Adidas |
| 1100 Loews | 1145 Pfizer | 1155 Hyatt | Volkswagen | 1200 AMC Networks |
| 1300 ON Semiconductor | HSBC | 1200 Kraft Heinz | BMW | 1230 Dominion |
| Before Market Opens: |
| Global Payments | Uber | Avient | Peloton | CIGNA |
| | Ecolab | NiSource | Kellogg | Enbridge |
| After Market Closes: |
| 2115 MGM | 2105 Western Union | 2105 Etsy | 2130 Apple | |
| MicroStrategy | AMD | 2115 MetLife | Expedia | |
| Chegg | Starbucks | 2135 Lemonade | Coinbase | |



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Manufacturing PMI. This is a trading week stacked with event risk and this PMI release will have an early influence on risk sentiment. Manufacturing activity has been in contraction territory (below 50) for a while and has been signaling the US economy may be heading into a recession. **Is the weakness continuing?**

Tuesday: 0530 BST RBA Interest Rate Decision. Slowing inflation data released last week suggests the RBA will pause interest rate moves again at this meeting as they await more updates on the economy. Market expectations are for no change, but the tone of the accompanying statement will be key to future AUDUSD moves.

1000 BST EUR Preliminary Inflation (HICP). This is a vital release ahead of the ECB meeting on Thursday. The issue is that core inflation remains firm across the EU and that is what the ECB is concerned with returning to its 2% target (currently 5.7%).

1500 BST USD Jolts Job Openings. Traders are focused on whether or not the US labour market is beginning to weaken which may signal a pause to hikes from the Fed after the FOMC meeting on Wednesday. A lower number of openings than expected may have a positive impact for risk sentiment and vice versa.



USA 500 TA Update:

Having seen a correction following failure to breach 4208 (Feb 2nd high) fresh support has emerged above 4064 (38% retrace Mar/Apr upside). This is threatening to resume positive themes, although 4208 remains an important focus with closing breaks required to trigger an extension towards 4327 (Aug 16th extreme). To the downside, falls below 4131 (half latest upside) suggest further corrections to retest 4064, possibly further if this gives way.

Wednesday: 1500 BST USD ISM Services PMI. Services activity is what is supporting the US economy currently, and to some extent keeping inflation higher. Last month's reading dropped unexpectedly and it is expected to move higher again this month. If this isn't the case then it could have a negative impact on US stock markets like the USA 500. **(Above USA 500 TA Update).**

1900/1930 BST FOMC Interest Rate Decision and Press Conference. This is a big event for all traders, especially as some feel this maybe the last meeting at which the Fed hike. Markets are pricing another 25bps increase so anything else would be a shock. What Chairman Powell says at the press conference will be important, particularly on the state of the economy, inflation and the regional banking crisis.



EURUSD TA Update:
The support focus continues to be 1.0971 (Bollinger mid-average) a level tested within Friday's corrective move. Closing breaks lower, below this level, reflect deterioration and risks of a more extended retracement towards 1.0875 (38% retrace Mar/Apr upside) which should prove a stronger support zone.

To the upside, it seems as if breaks of 1.1095 (Apr 26th high) are needed to resume extension towards 1.1184 (Mar'22 extreme).

Thursday: 1315/1345 ECB Interest Rate Decision and Press Conference. Another big meeting for traders to deal with. All eyes initially will be on whether the ECB hike 25bps or 50bps, but then focus will shift to what President Lagarde says at the press conference. The ECB have been seen as one of the most hawkish central banks in G10 recently so anything that dents this image will potentially have a negative effect on EURUSD which sits at range highs above 1.10 currently, and vice versa. **(Above EURUSD TA Update).**

Friday: 1330 BST USD Non Farm Payrolls. While the headline number is often volatile and unpredictable, traders will mainly be focused on the unemployment rate (currently 3.5%) and average hourly earnings, for the inflationary impact. While the unemployment rate remains at record low levels there is a concern amongst traders that the Fed may want to hike more in 2023, so any uptick on this number will likely be welcomed by markets, although not too much of a jump, as that may stoke recession warnings. **A big release for all markets.**

Key levels the Corellian mentors are focused on

US Tech 100:
Support
1st - 13073, Half last week's range
2nd - 12924, Bollinger lower band
3rd - 12770, 38% Mar/Apr upside

Resistance
1st - 13347, April monthly high
2nd - 13533, August 21st 2022 high
3rd - 13739, August 2022 extreme

Oil:
Support
1st - 74.03, Mid-point Mar/Apr
2nd - 71.79, Deeper 62% retrace
3rd - 66.81, March 24th extreme

Resistance
1st - 77.55, 38% April sell-off
2nd - 78.71, Mid-point same move
3rd - 79.24, Bollinger mid-average

Germany 40:
Support
1st - 15799, Last week's low trade
2nd - 15626, April monthly extreme
3rd - 15519, 38% Mar/Apr range

Resistance
1st - 16076, April monthly high
2nd - 16130, Bollinger upper band
3rd - 16273, Jan'22 high trade



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