



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** weakened Friday as traders began to worry that a pause from the Federal Reserve at its next rate meeting in June was not a given after a number of officials suggested that another hike maybe necessary to finally control inflation. That news combined with concerns over the stand off in Congress over the US debt ceiling to send stocks and commodities lower and the Dollar higher.

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

Friday data: US consumer sentiment drops and long term inflation expectations hit 12 year high

- **Preliminary Michigan Consumer Sentiment (May):**  
57.7 versus 63 expected. A six month low.  
**5 Year consumer inflation expectations:**  
3.2% versus 3% expected. A 12 year high.
- US Consumers are worried about the economic outlook and their expectations for higher long term inflation may concern the Fed.



**US Stock indices** eventually only registered minor falls on Friday after a late short covering rally into the close. The US Tech 100, that has been a popular trade amid the recent upheaval over regional banks and the debt ceiling stand off, initially fell 1%, touching a days low at 13,310 before recovering to close at 13,369. **(Page 4 US Tech 100 Update)**. **European Indices** closed the week out with small gains. The Germany 40 rose 0.4% to finish at 15,964.

**The US Dollar Index** had its best week since the middle of February, rising 1.7% to 102.52 as it benefited from safe haven flows and more hawkish Fed speak. EURUSD fell 1.5% to end the week at 1.0852 as traders cut long positions after another failed attempt to hold early week gains above 1.1030. **(Page 3 EURUSD TA Update)**. GBPUSD also fell 1.5% to 1.2451 as traders took profits on the recent rally to a 1.2679 high (Wed), after the BoE raised interest rates another 25bps on Thursday.

**US 10 year yields** fluctuated between 3.35% and 3.53% across the week. Eventually closing on Friday with a small 3bps weekly gain at 3.47%, as traders embraced the small potential for another 25bps hike from the Fed in June.





**Natural Gas TA Update:**  
Last week continued to see trades above 2.0300 (May 5th low) and Friday's strength produced closes around mid-average resistance (2.286), suggesting risks to higher levels could be emerging. This can open scope to challenge 2.541 (Apr 19th high) possibly as far as 3.024 (Mar 3rd extreme) if this is in turn breached.

**To The downside,** breaks below 2.0300 suggest there could be potential to retest, even break under 1.944 (Apr 14th extreme).



**In commodities,** Natural Gas jumped 4% on Friday to close at 2.276 after a report was released showing the US natural gas industry is pulling back on exploration at the fastest pace in seven years. **(Above Natural Gas TA Update)**. Elsewhere the news wasn't so positive. Oil fell 1.2% to 70.08, as traders continue to worry about the potential for falling demand from China and the US as their economies slow. In precious metals, Silver fell 1% to 23.97, a fall of 6.5% on the week, as traders banked profits and cut weak longs into the weekend.

## 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 15th May	Tuesday 16th May	Wednesday 17th May	Thursday 18th May	Friday 19th May
Porsche Automobil	0700 Vodafone 1000 HUYA <b>1100 Home Depot</b>	0600 Siemens 0630 Munich Re <b>1130 Target</b>	0700 BT <b>1200 Walmart</b> Alibaba	<b>1145 Deere</b>
<b>Before Market Opens:</b>	<b>Before Market Opens:</b> <b>Baidu</b> Paysafe	<b>Before Market Opens:</b> RLX Technology The TJX Companies	<b>Before Market Opens:</b> Grab Canadian Solar	<b>Before Market Opens:</b> <b>Footlocker</b>
<b>After Market Closes:</b> Interpump Group BRF S.A	<b>After Market Closes:</b> 2101 Doximity 2105 Keysight	<b>After Market Closes:</b> 2105 Cisco StoneCo	<b>After Market Closes:</b> 2100 Applied Mat. 2115 DXC Technology	<b>After Market Closes:</b>



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Tuesday: 0230 BST RBA Meeting Minutes.** After the RBA surprised AUDUSD traders with a hike 2 weeks ago, all eyes will be on these minutes for an idea of what comes next. Many economists are looking for a further 25bps hike but global growth is slowing, commodities are struggling and that has negative implications for Australia. **This and the China data release soon after should impact AUDUSD.**

**0300 BST China Industrial Production, Unemployment and Retail Sales.** The Chinese economy is struggling to sustain its growth path set by the government. These releases cover the domestic economy and demand side of the global economy, so there should be implications for local equity markets, commodities, AUDUSD and EURUSD, **(See Below EURUSD TA Update).**



### EURUSD TA Update:

Deterioration emerged last week, as selling pressure gathered pace to see closes below the last correction lows (1.0909) and 1.0875 (38% retrace Mar/Apr upside). This points to a risk of a deeper retracement to 1.0807 (mid-point) even on to 1.0739 (62% level) if this gives way.

**To the upside**, breaks above 1.0994 (Bollinger mid-average) are required to open scope back towards 1.1095 (Apr 26th high).

**0700 BST GBP Employment Data.** The BoE hiked 25bps last week and GBPUSD sold off to finish with a weak close. This release could hold the key to whether the move continues lower or bounces to recover lost ground. If the labour market remains tight and wage growth stubbornly high the BoE may be forced to hike again.

**1330 BST USD Retail Sales.** The US consumer is back in the spotlight again with this release. After sentiment fell on Friday, worries about a US recession are firmly back in play. Traders want to see if consumers are continuing to spend to support the economy. This will also be the focus when **Home Depot (Tues), Target (Wed) and Walmart (Thurs)** report earnings for Q1 2023 and the CEO's provide forward guidance for the rest of 2023. This has implications for all US stock markets.

**Wednesday: 0200 BST AUD Wage Price Index.** Vital data for the RBA to consider as wages are a key component of their interest rate setting agenda.

**1050 BST BoE Governor Bailey Speech.** With the BoE's credibility in question what he says about the economy, potential for further hikes and inflation are likely to have a big impact on the direction of GBPUSD and EURGBP next week.





#### US Tech 100 TA Update:

Friday did see a sell-off but this appears a limited reaction to the latest strength, as a new recovery high was posted earlier in the day (13492). This suggests the downside could be limited while 13196 (Bollinger mid-average) remains intact, with scope to 13739 (Aug 16th high).

**Only closes** below 13194 suggest a deeper decline is on the cards towards a test of 13001 (May 4th low), possibly further.

**Thursday: 0230 BST AUD Employment Data.** Taken with the wages update the day before this release could confirm whether or not AUDUSD can sustain another bounce or is about to continue its Friday move lower.

**Friday: 1600 BST USD Fed Chairman Powell Speech.** Traders are very sensitive to any indication of whether or not the Fed is likely to pause or hike another 25bps in June. So anything he says on rates or the need to act against stubborn inflation could have an out sized impact on US stock markets and the dollar. **(Above US Tech 100 TA Update).**

**2000 BST ECB President Lagarde Speech.** Coming so late in the day on Friday this could mean a volatile end to the week for EURUSD traders. Expectations will be for her to continue to be hawkish and talk tough on inflation. Anything else would be a shock. **(Page 3 EURUSD TA Update).**

## Key levels the Corellian mentors are focused on

#### Gold:

##### Support

- 1st - 2007, Bollinger mid-average
- 2nd - 1977, 38% retrace Feb/May
- 3rd - 1949, April 3rd low trade

##### Resistance

- 1st - 2079, May monthly high
- 2nd - 2113, 100% Fib extension
- 3rd - 2171, Higher 138% extension

#### Oil:

##### Support

- 1st - 68.82, Half latest upside
- 2nd - 67.17, Bollinger lower band
- 3rd - 63.61, May 4th extreme

##### Resistance

- 1st - 73.85, Last week's high trade
- 2nd - 74.66, Bollinger mid-average
- 3rd - 76.90, April 30th high trade

#### Germany 40:

##### Support

- 1st - 15753, May 5th session low
- 2nd - 15626, April monthly extreme
- 3rd - 15559, 38% Mar/May range

##### Resistance

- 1st - 16124, April monthly high
- 2nd - 16273, Jan'22 high trade
- 3rd - 16293, Nov'21 extreme



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