



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** finished the week on a high after markets reacted positively to the release of the US PCE Index for May, which is the Fed's preferred gauge of inflation. Traders chose to focus on the part of the report that showed inflation moderating, rather than dwell on lower consumer spending which could point to weaker growth ahead. The dollar fell, while stock indices, bond yields and commodities all rallied.

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

Friday data: May US inflation cools, spending stagnates as economy loses steam

- **Core PCE Index (MoM):** 0.3% versus 0.4% expected  
**Core PCE Index (YoY):** 4.6% versus 4.7% expected  
**Personal Income:** 0.4% versus 0.4% expected  
**Personal Spending:** 0.1% versus 0.2% expected
- Rate hikes seem to be impacting consumer spending which could mean weaker growth ahead



**US Stock indices** all rallied strongly on Friday. The US Tech 100 closed up 1.43%, at 15,316, to notch its best ever 6 month performance (+39%), supported by gains in 'mega tech' stocks, particularly Apple, which became the first company to close with a \$3 trillion market capitalisation. The USA 500 also closed up 1%, at 4,483, its highest close since April 2022, as the broader market also found strong buying demand. **(Page 3 USA 500 TA Update)**. **European Indices** followed the US's lead with a 1% gain in the UK 100 (7,558) and a 1.3% gain for the Germany 40 (16,307).

**The US Dollar Index** fell 0.4% to 102.60 Friday, which left it flat across the week. EURUSD hit 3 week lows at 1.0835 on Friday but rallied strongly to close back at 1.0912, while USDJPY touched 145.07 for the first time since November 2022 before profit taking saw it fall back to close at 144.27. **(Page 4 EURUSD TA Update)**.

**US 10 Year Yields** rallied 10bps across the week to close at 3.84%, as traders responded to more hawkish commentary from central bankers, notably Fed Chairman Powell, who said he wouldn't take the possibility of back to back 25bps hikes off the table at the July and September FOMC meetings.





## Oil TA Update (weekly):

Choppy conditions continue to build, as support develops above 63.61 (May'23 low trade) with important resistance marked by 73.92 (Bollinger mid-average).

**A closing breakout** from this range is required, with moves to the upside opening scope back to 83.51 (Apr'23 high) while settlements below 63.61 expose risks to 54.41 (62% retrace Apr'20/Mar'22 upside).



**In commodities,** Oil had a roller coaster week initially falling to the base of its recent range at 67.04 on fears of higher interest rates and weakening manufacturing demand from China, before rebounding to close at 70.41 as traders received news of sharp declines in US inventories. **(Above Oil TA Update)**. Elsewhere, Natural Gas briefly hit 3 month highs at 2.932 before succumbing to profit taking which saw it close at 2.773, down 2% on the week. Gold briefly fell to 3 month lows at 1892 before recovering to end the week flat at 1919.

## 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 3rd July	Tuesday 4th July	Wednesday 5th July	Thursday 6th July	Friday 7th July
			0600 Gerresheimer 0700 Chr. Hansen Industrivarden	0630 Faberge
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes: Levi Strauss	After Market Closes:



## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0730 BST CHF Inflation Data (CPI).** This release is important for the direction of USDCHF and EURCHF next week given that SNB Chairman Jordan has been saying recently that further hikes may be required by the Swiss central bank to subdue inflation in the country.

**1500 BST USD ISM Manufacturing ISM.** This release is a key barometer on US growth and could move stock markets and the dollar if it comes out higher or lower than expectations. US manufacturing, like many other nations, has been in a slump recently and this print has been in contraction below 50 for a while. **(Below USA 500 TA Update).**

**Tuesday: 0530 BST RBA Interest Rate Decision.** This is a very close call on whether the RBA hikes or not. Inflation fell recently but retail sales and employment data has been strong. This release will have a big impact on the direction of AUDUSD which had a strong rebound from its lows below 0.66 last week.



### USA 500 TA Update:

While a correction materialised from 4493 (Jun 18th high) this did little more than test Bollinger mid-average support at 4396. Upside from here retested the 4493 failure level again, and if closing breaks higher materialise next week, it will appear as a potential trigger for a push onwards to 4588 (Apr 2022 extreme). **To the downside**, falls below 4434 (half latest upside) suggest retests of the mid-average and potentially further falls towards 4368 (Jun 26th low) if this gives way.

**Wednesday: 1900 BST FOMC Meeting Minutes.** With the Fed skipping a hike at the last meeting and markets pricing in a 25bps hike in July traders will be keen to see the discussion on why they made the decision they did. Fed speakers have continued to be hawkish in their commentary recently, if this isn't reflected in the minutes it could create some volatility across all financial markets.

**Thursday: 1315-1500 BST USD ADP Employment Change, Initial Jobless Claims and Jolts Job Openings.** These releases are very important feeders into Friday's non-farm payrolls and unemployment data which are central to Fed policy. Traders will be looking for directional signals on the strength of the US labour market and impact current Fed interest rate hikes to date have had on the economy.

**1500 BST USD ISM Services PMI.** Services activity has been the key driver of US growth in 2023, so this release is critical for traders, especially given that last month's number was dangerously close to falling into contraction below 50.





#### EURUSD TA Update:

Corrective themes have materialised from 1.1011 (Jun 22nd high) a move that is threatening 1.0868 support (38% retrace May/June strength). Having already seen this give way on a closing basis, potential is for a deeper decline to test 1.0824 (mid-point) even 1.0779 (the 62% level).

**To the upside**, closing breaks of 1.0924 (half latest declines) are needed to open scope back towards 1.1011.

**Friday: 1330 BST USD Non Farm Payrolls.** With the headline number being so volatile, traders will be focused on the path of the unemployment rate and direction of average hourly earnings. Last month the unemployment rate ticked higher from 3.5% to 3.7%, was this an anomaly or start of a trend back higher, which is what the Fed want to see? **This release will create some volatility at the end of next week across all markets. (Above EURUSD TA Update).**

**1330 BST CAD Employment Data.** This release is a big part of the decision making process on interest rates at the Bank of Canada. Being that it is released at the same time as non farm payrolls it can create an outsized impact on USDCAD prices into after after the releases.

**1745 BST ECB President Lagarde Speech.** The path of inflation is uneven across the EU and that has created uncertainty amongst traders on future ECB policy. Basically, **will they actually deliver all the hikes that are currently priced?** For this reason what Madame Lagarde says could have an impact on the direction of EURUSD next week.

## Key levels the Corellian mentors are focused on

#### Natural Gas: Support

1st - 2.614, Last week's low  
2nd - 2.529, Bollinger mid-average  
3rd - 2.459, 62% retrace Jun upside

#### Resistance

1st - 2.932, Last week's high  
2nd - 3.024, March monthly high  
3rd - 3.297, January 24th high

#### US Tech 100: Support

1st - 15006, Bollinger mid-average  
2nd - 14853, June 26th session low  
3rd - 14730, 62% retrace Jun upside

#### Resistance

1st - 15375, Last week's high  
2nd - 15474, June monthly extreme  
3rd - 16008, Mid-January'22 high

#### USDJPY: Support

1st - 144.06, Half last week's upside  
2nd - 142.94, Last week's low trade  
3rd - 142.54, 38% retrace Jun upside

#### Resistance

1st - 145.06, Last week's high  
2nd - 145.67, Bollinger upper band  
3rd - 145.56, Early November high



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