



CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment struggled to recover on Friday from a nasty bout of risk aversion the day before as traders continued to weigh the impact for all markets of the Fed's signal that interest rates were likely going to stay higher for longer, supported by two Fed officials speaking Friday that said at least one more rate hike was possible. Stocks ended with small losses, while the dollar and commodities rose.

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

Friday data: US business activity stagnates on subdued services demand in September

- **Preliminary US PMI Composite:** 50.1, 7 month low
Services PMI: 50.2, 8 month low
Manufacturing PMI: 48.9, 2 month high
Above 50 = expansion, Below 50 = contraction
- This release will likely add to concerns about the direction of US growth.



US Stock indices all limped into the close, capping a negative week across the board. The USA 500 closed down 0.25% at 4,362, a fall of 2.8% over the five trading days, while the US Tech 100 ended Friday flat at 14,874, a drop of 3% across the week. **In Europe** it was a similar story with the Germany 40 closing down 0.5% at 15,645, a weekly loss of 2.3%. **(Page 3 Germany 40 TA Update)**.

The US Dollar Index ended the week on six month highs at 105.26, supported by the threat of another rate hike from the Fed at its November meeting. GBPUSD was the week's worst performer, dropping 1.1% to close at 1.2238, levels last seen in March. EURUSD hit fresh 3 month lows at 1.0614, but regained some ground to finish flat on the week at 1.0646. **(Page 4 EURUSD TA Update)**.

US 10 Year Yields broke to fresh 2023 highs, rallying 18bps at one point to 4.51% before profit taking on Friday ensured a close at 4.45%, levels last seen 15 years previously.



Oil TA Update:

After the mid-August setback, fresh support has developed, a move that has seen closing breaks of 90.08 (Nov 13th high) increasing risks for extension of the positive trend. Next main resistance stands at 93.72 (Nov 7th extreme). To the downside, while a limited short term reaction is possible to start the new week, only breaks under 88.36 (last week's low) suggest a deeper decline to 86.75 (38% retrace Aug 24th to Sep 19th upside).



In commodities, Oil consolidated gains above \$90 as traders weighed up a surprise Russian export ban on diesel, which added to supply concerns, against generally weaker risk sentiment, which capped gains. **(Above Oil TA Update).** Elsewhere, Silver rallied 2.3% on the week to close at 23.55, while Gold couldn't sustain an early rally which saw it trade to highs at 1947 before falling back to close the week flat at 1925. Copper fell 2.6% on demand fears and risk aversion to close at 3.6940.

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 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 25th Sept	Tuesday 26th Sept	Wednesday 27th Sept	Thursday 28th Sept	Friday 29th Sept
0700 Smiths 1145 Ferguson Aurora Cannabis	0700 Smiths 1145 Ferguson Aurora Cannabis	0700 H&M 1330 Paychex Helvetia	1150 CarMax Carnival	
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens:
	Cintas		Jabil Circuit Accenture	
After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:	After Market Closes:
Thor Industries	2115 Costco	Jefferies Financial Micron	2115 Nike 2205 Blackberry	

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Tuesday: 1500 BST USD Consumer Confidence. With the US consumer accounting for about 70% of the economy this data matters. The recent trend has been for sentiment to fall as the outlook for employment weakens and another Fed interest rate hike looms on the horizon. **This release could impact general risk sentiment.**

Wednesday: 0230 BST AUD Monthly CPI. Last week's RBA minutes informed traders that the Australian central bank had discussed a hike but decided to hold for the third meeting in a row at the start of September. This release will influence the RBA's next decision on interest rates so any deviation from expectations will likely have an impact on AUDUSD and the Australia 200.

Thursday: 0230 BST AUD Retail Sales. This release so soon after the CPI update the day before will keep traders on their toes. It will be interesting to see if Australian consumers are reducing spending as higher interest rates start to slow demand, or if demand remains robust, which maybe a concern for the RBA.

1300 BST German Preliminary CPI. With economic growth weak in Germany as higher energy costs and slowing exports to key markets like China hurt the country's major industrial companies, a higher inflation print could suggest that Germany is in a stagflation phase which could be a problem for stock prices. **(Below Germany 40 TA Update).**



Germany 40:

Corrective themes have continued, a move that is on-course to retest 15535 (38% retrace Dec 20th to Jul 31st upside) which also links with the July/August/September lows. Closes below this level looks set to extend downside, exposing 15197 (deeper mid-point).

To the upside, closes above 15830 (Bollinger mid-average) are needed to suggest strength to challenge 16070 (mid-point Jul/Aug declines).

1330 BST USD GDP. With US recession fears growing again amongst traders after last week's confirmation from the Fed of its higher interest rates for longer policy, this release could garner some market moving headlines for stock indices, commodities, and the dollar depending on whether it indicates weakening growth or a more robust outlook. **(Page 2 Oil TA Update).**



EURUSD TA Update:

Downside pressure continues to build with any rally limited by the declining Bollinger mid-average. While 1.0743 (38% retrace Aug 30th/Sep 22nd sell-off) remains intact weakness is a potential to test 1.0614 (Friday's low) then on to 1.0516 (Mar 15th extreme).

To the upside, only breaks of 1.0743 suggest a rally to 1.0781 (higher mid-point level).

Friday: Quarter End Rebalancing. After a busy Q3, with some big moves in bond and equity markets, portfolio rebalancing by major fund managers into the end of the quarter could have a significant impact across all global markets.

0030 BST JPY Tokyo CPI. No change from the BoJ at their meeting last Friday saw USDJPY rise to new highs for 2023. Any deviation from expectations in this release could see a market reaction by FX traders sensitive to inflation updates from Japan.

1000 BST EUR Preliminary CPI. Since the hike from the ECB two weeks ago, committee members have been telling markets that the ECB's next move will not be a cut in interest rates. Traders aren't sure whether to believe them or not and this release could go some way to clarifying the situation. **(Above EURUSD TA Update).**

1330 BST USD PCE Inflation. After the Fed suggested a November hike maybe required at their meeting last week, traders will be sensitive to any reading above or below expectations to decide on their next moves for the dollar and US stock indices.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.693, Bollinger mid-average
- 2nd - 2.594, September 21st low
- 3rd - 2.498, September 7th low

Resistance

- 1st - 2.909, Last week's high
- 2nd - 3.016, August monthly high
- 3rd - 3.024, March 5th extreme

Gold:

Support

- 1st - 1900, September 14th low
- 2nd - 1885, August monthly low
- 3rd - 1871, March 13th extreme

Resistance

- 1st - 1947, Last week's failure high
- 2nd - 1953, September 3rd extreme
- 3rd - 1959, 38% retrace May/Aug

US Tech 100:

Support

- 1st - 14753, August 27th low
- 2nd - 14609, August monthly low
- 3rd - 14446, 38% retrace Mar/Jul

Resistance

- 1st - 15398, Bollinger mid-average
- 2nd - 15718, September 17th high
- 3rd - 15915, July 31st session high

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