

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment faded quickly after a buoyant start to the US session on Friday. Traders reduced risk as they contended with a likely US government shutdown over the weekend, escalation of auto worker strikes and commentary from New York Fed President John Williams that suggested rate hikes maybe done but the central bank will need to keep rates elevated to bring inflation back to its 2% target. Stocks reversed early gains, commodities fell and the dollar ended flat.

STEP 1:

WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: Fed's preferred inflation measure posts smallest monthly rise since late 2020

- **Core PCE (MoM):** 0.1% versus 0.2% expected
Core PCE (YoY): 3.9% as expected
Personal Income (MoM): 0.4 as expected
Personal Spending (MoM): 0.4% as expected
- Potential good news for traders hoping the Fed will not hike again in November.



US Stock indices gave up early gains made after the lower PCE inflation release (**above**). The USA 30 Wall Street fell from session highs at 34,126 to close down 0.5% on the day at 33,752. It was a similar story for the US Tech 100 which briefly hit 15,059 before closing lower, flat on the day at 14,891. **(Page 4 USA 30 Wall Street TA Update)**. **It was a similar story for European indices**, with the Germany 40 closing at 15,483, a gain of just 0.5% on the day and well off its session highs at 15,645.

The US Dollar Index closed a volatile day on Friday, which was impacted heavily by quarter end rebalancing flows, at 105.86, its eleventh up week in a row. EURUSD ended up 0.6% on Friday, but still down 0.7% on the week at 1.0574, after testing its 2023 lows at 1.0488 on Wednesday.

US 10 Year Yields rallied hard at the start of the week to hit fresh 16 year highs at 4.67% on Thursday but then hit a wave of quarter end rebalancing supply which saw them drifting back lower to close the week at 4.58%, a gain of 13bps.



Gold TA Update:

Last week saw further selling pressure after a break of 1885 (Aug 17th low), extending negative themes. Downside risks continue while closes are seen below 1885 (38% retrace Sept sell-off), with breaks below 1846 (Sept 29th low) a catalyst for tests of 1805 (Feb 28th extreme).

To the upside, moves back above 1885 can see a more extended recovery to 1909 (higher 62% retrace).



In commodities, Gold had a tough week falling 4% to close Friday at 1848 as traders cut weak long positions in the face of higher global bond yields. **(Above Gold TA Update)**. Elsewhere, Silver suffered a similar fate, falling 5.8% on the week to close at 22.18, while Copper bounced from recent lows to close at 3.7340 (+1.1% on the week). Oil hit fresh 2023 highs at 95.00 on Thursday but couldn't sustain the move, falling back lower to close Friday at 90.74. While Natural Gas closed at 6 week highs at 2.928.

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 2nd October	Tuesday 3rd October	Wed 4th October	Thursday 5th October	Friday 6th October
1130 McCormick	1130 McCormick	0700 Tesco 1100 Acuity Brands 1145 RPM	0600 Gerresheimer 1230 ConAgra Foods	IndustriVarden
Before Market Opens:	Before Market Opens:	Before Market Opens:	Before Market Opens: Constellation Brands	Before Market Opens:
After Market Closes:	After Market Closes: NovaGold Resources	After Market Closes:	After Market Closes: Levi Strauss	After Market Closes:



KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 1500 BST USD ISM Manufacturing PMI. US Manufacturing activity has been struggling in contraction throughout 2023 but in recent months, there have been signs it maybe starting to rebound making this an important release for the Fed. Any deviation from expectations could impact stock indices and the dollar, given that traders are back focused on US economic growth.

Tuesday: 0430 BST RBA Interest Rate Decision. This could be another close call for the Australian central bank after the country's monthly inflation gauge accelerated again last week, after three months of slowing price gains. With the RBA firmly in data dependent mode New Governor Michele Bullock will have much to consider. The market remains divided on whether there will be one more 25bps hike in 2023, so the the decision will likely increase volatility for the Australia 200 index and AUDUSD next week. **(Below AUDUSD TA Update).**

1500 BST USD JOLTs Job Openings. US employment data is taken very seriously by markets in this current environment and this JOLTs release is the first of four important releases culminating with Non Farm Payrolls on Friday. JOLTs is a volatile piece of data but will have traders attention at the start of the week.



AUDUSD TA Update:

A strong recovery materialised Thursday/early Friday, as the USD entered a correction from over-extended conditions. However, 0.6511/22 resistance (Aug 30th and Sep 20th highs) held prompting weakness into the close. Support offered by 0.6413 (Bollinger mid-average) will be watched, as breaks can extend declines to 0.6397 (62% retrace) even 0.6364 (Aug 17th low). **To the upside**, moves above 0.6511/22 are needed to open scope to 0.6614 (mid-point Jul/Aug sell-off).

Wednesday: 0200 BST RBNZ Interest Rate Decision. A while back the RBNZ told markets that they had finished hiking as interest rates hit 5.5% and so far they have kept to that promise, however, New Zealand's economy grew at twice the pace of economists expectations in Q2, so this rate decision is back in focus. Another pause is expected meaning anything else would be a shock and influence NZDUSD prices.

1315 BST USD ADP Employment Change. This is the second US employment release of the week and focuses on the private sector. While not a good predictor of Friday's Payrolls number it has moved markets in the past when its deviated substantially above or below market expectations.



USA 30 Wall Street Update:
Extension of the downside last week saw tests of 33755 (mid-point Mar/Jul upside) which held on a closing basis and helped see a bounce to end the week. **However,** while closes are seen below 34250 (38% retrace September declines) risks are for continued tests and closing breaks to expose 33544 (Sep 27th low) then 33259 (deeper 62% retrace). **To the upside,** closes above 34250 suggest a more extended rally to 34458 (higher mid-point) even 34677 (the 62% level).

1500 BST USD ISM Services PMI. One of the most important data releases for the month as service activity has been supporting the US economy throughout 2023 and last month this release jumped unexpectedly, well above analysts predictions. Will that be the case this time? With traders extremely sensitive to updates on the US economy, this release could have a big impact on the direction of US stock indices. **(Above USA 30 Wall Street TA Update).**

Friday: 1330 BST USD Non Farm Payrolls. Without doubt this is the big data release of the week for traders. The focus will likely be on the trend in the unemployment rate, which rose to 3.8% last month. Another rise could suggest that the Fed's hikes are working and reduce the need for a November hike, and vice versa. It's likely going to be a volatile end to the first week of trading in October.

1330 BST CAD Employment Data. This release is important to the Bank of Canada. Coming at the same time as US Payrolls it can have an out sized impact on USDCAD.

Key levels the Corellian mentors are focused on

Natural Gas:

Support

- 1st - 2.777, 38% retrace Aug/Sep
- 2nd - 2.734, Bollinger mid-average
- 3rd - 2.644, Deeper 62% retrace

Resistance

- 1st - 3.016, August monthly high
- 2nd - 3.024, March 5th extreme
- 3rd - 3.297, January 21st high

US Tech 100:

Support

- 1st - 14828, Half latest recovery
- 2nd - 14585, Last week's low
- 3rd - 14436, Mid-point May/Jul

Resistance

- 1st - 15037, 38% retrace Sept sell-off
- 2nd - 15170, Mid-point same move
- 3rd - 15254, Bollinger mid-average

Oil:

Support

- 1st - 89.37 Bollinger mid-average
- 2nd - 88.18, September 26th low
- 3rd - 86.34, Mid-point Aug/Sep

Resistance

- 1st - 95.00, Last week's high trade
- 2nd - 97.63, August 2022 high
- 3rd - 101.83, July 2022 extreme

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