

Preparing for the week ahead : Corellian 3 Step Process

Step 1: Where did markets end last week and why?

Risk sentiment remained upbeat throughout the week, despite Fed Chairman Powell suggesting on Monday he was supportive of a 50 bps interest rate rise if it was required to dampen US inflation. **On Friday**, President Biden met with US troops in Poland, while Russia's military said it was focusing on taking full control of Ukraine's eastern Donbas region. The statement offered a signal that the Kremlin may be backing away from more ambitious military gains after a month of fighting.

China and HK stocks had a bad Friday close, amid continued concern over tech sector earnings and fears of local firms being kicked off American exchanges. **Japan 225** stocks outperformed as a weaker JPY was seen as supportive of the big international exporters in the index. **Technology stocks outperformed in the US** despite big gains in US government bond interest rate yields, which only weeks ago would have sent them falling hard.



Financial Market	Closing Level Friday 18 th March	Closing Level Friday 25 th March	Weekly Change %
Asia Stocks:			
China A50	13978	13560	-3.0%
Japan 225	27106	28007	+3.3%
ASX (Australia) 200	7320	7416	+1.3%
Hong Kong 50	22120	21643	-2.2%
Europe Stocks:			
UK (FTSE) 100	7396	7465	+0.9%
Germany 40	14480	14404	-0.5%
Europe 50	3834	3809	-0.7%
France 40	6633	6578	-0.8%
US Stocks:			
USA 500	4465	4536	+1.6%
USA 30 Wall Street	34700	34750	+0.1%
US Tech 100	14434	14751	+2.2%
USA (Russell) 2000	2086	2075	-0.5%
G10 Currencies:			
EURUSD	1.1050	1.0983	-0.6%
GBPUSD	1.3178	1.3181	0.0%
EURGBP	0.8386	0.8332	-0.6%
AUDUSD	0.7415	0.7515	+1.3%
USDJPY	119.13	122.05	+2.5%
USD Index	98.23	98.86	+0.6%
Commodities:			
GOLD	1921	1958	+1.9%
Silver	24.96	25.52	+2.2%
Copper	4.7180	4.6932	-0.5%
US Crude Oil	105.02	112.64	+7.3%
Other Markets:			
Bitcoin	41850	44580	+6.5%
US 10 Year Yield	2.15%	2.48%	+15.3%

The USD bounced with US yields on expectations of faster interest rate rises from the Fed, against all G10 FX except the commodity currencies (AUD, NZD, CAD). **USDJPY** continued to race higher up 2.5% on the week as BoJ Governor Kuroda continued to talk down any chances of tweaks to their huge stimulus program.

Oil ended the week with a 7% gain after another missile attack by Yemen's Houthi rebels on a Saudi oil depot Friday. **While Gold and Silver** found demand as hedges against inflation up 1.9% and 2.2% respectively on the week.

Step 2: What is new, if anything, from the weekend?

Bloomberg:

China economy faces worst slowdown since pandemic

China Covid infections rose by 1 million last week. China and HK shares had a weak Friday close after a huge bounce of the low. Where is the promised government support?

China's economy faces its worst downward pressure since the spring of 2020 when it was hit by the first wave of Covid, according to Nomura, as they cut their economic growth forecast.

With the outbreaks suppressing a wide range of sectors, including in person services, construction and some manufacturing, "its getting harder for Beijing to achieve its 'around 5.5% GDP target for 2022."

Bloomberg:

German industry powerhouse shaken to core by war in Ukraine

With Germany's big exporters facing serious headwinds can the Germany 40 continue to sustain current levels?
(See page 2 for Germany 40 Technical Update)

Germany's industrial base, just emerging from pandemic and unprecedented supply chain challenges, is taking another beating with Russia's war on Ukraine hitting its powerhouse car, chemical and precision machinery manufacturers.

As conflict pushes energy costs to new heights and a wave of inflation builds, scores of companies including BMW, BASF, ThyssenKrupp have warned earnings will slip.

Reuters:

Biden says Putin 'cannot remain in power' in fiery speech on Ukraine war.

In a visit to Poland Biden talks tough on Putin and the war in the Ukraine, but what next and how will financial markets respond?
(See page 4 for USA 500 Technical Update)

US President Biden said on Saturday that Russia's leader, "cannot remain in power" in a fiery speech pushing the world's democracies to unite to support Ukraine, though the White House later said Biden was not calling for regime change.

Asked about Biden's comment, Kremlin spokesman Dmitry Peskov told Reuters: "That's not for Biden to decide. The president of Russia is elected by Russians".



Step 3: Looking forward to the week ahead

Important events are coloured in bold red, all times are British Summer Time (BST)

Please use the key opposite to adjust to your appropriate time zone

Individual Share Update (Some of the key earnings next week in the chart below):

Earnings updates are light next week

Time Zone Key:

BST -5	= NY Time
BST	= London Time
BST +1	= Frankfurt Time
BST +8	= Tokyo
BST +10	= Sydney
BST	= British Summer Time

Monday 28 th March	Tuesday 29 th March	Wednesday 30 th March	Thursday 31 st March	Friday 1 st April
Marathon Digital Holdings Jeffries Financial Before Market Opens: Xpeng After Market Closes:	Bellway Porsche H&R Block Before Market Opens: After Market Closes: Micron PVH Chewy	MSC Exor Sportrader Group Before Market Opens: Aercap Paychex After Market Closes: Uipath Vnet	Deutsche Wohnen Blackberry Walgreens Before Market Opens: After Market Closes:	Array Technologies Sodexo Before Market Opens: After Market Closes:

Marathon Digital holdings shares, have been hit hard in recent months as Bitcoin fell from its 10th November high at \$69,000 to lows at \$33,000 in January, but have seen a bounce in recent weeks as Bitcoin staged a 20% rally post Russia's invasion of Ukraine. **Has their recent capital raising shored up the balance sheet and do they think the crypto winter is over? How badly have energy price rises impacted their crypto mining margins?**

Jeffries Financial have seen earnings downgrades in the last 3 months after disappointing traders with a weaker than expected Q4 2021 report. With their shares just above 9 month lows, have earnings improved in Q1 2022?

Porsche is selling its EV cars quicker than it can make them with 2022 production already allocated and 2023 waitlists filling up. However German exporters have been hit hard by semi conductor chip shortages, rising manufacturing costs and the Ukraine war. **Can the share price sustain its recent 20% gains in March?**

Central Bank Meetings and Key Central Bank Speakers:

Next week has no central bank meetings but does have the BoE Governor (Mon), ECB President (Wed) and ECB Chief economist (Thur) speaking, as well as a couple of other FED, BoE and SNB members.

Monday 28 th March	Tuesday 29 th March	Wednesday 30 th March	Thursday 31 st March	Friday 1 st April
1200 BST GBP BoE Governor Bailey Speech 1730 BST EUR ECB Enria Speech	1400 BST USD Fed Williams Speech	0910 BST GBP BoE Broadbent Speech 0900 BST EUR ECB President Lagarde Speech 1515 BST EUR ECB Panetta Speech	0900 BST GBP BoE Cleland Speech 1000 BST EUR ECB Lane Speech 1400 BST USD Fed Williams Speech 1500 BST CHF SNB Maechler Speech	

BoE Governor Bailey speaks on Monday after some very disappointing economic data from the UK last week, with both consumer and business sentiment falling which fed into weak retail sales data on Friday. **Are more spending declines from UK consumers on the horizon as they face a cost of living crisis mainly driven by energy price rises?** This all raises serious questions on how aggressive the BoE want to be on fighting inflation, he may shed some light on this. **Watch GBP Monday!!**

Time is running out for the ECB, who need to address inflation and soon, but fears over the impact on growth from Russia's invasion are still there. Will Lagarde be more hawkish on Wednesday? **If not, and with the massive rise in US yields, the EUR may start to fall again (See below for the EURUSD Technical Update).** Similar story for Chief ECB economist Lane on Thursday.



Key Economic Data Next Week:

Nothing worth noting on Monday but **Tuesday's US Consumer Confidence** will be interesting. It has been trending lower as inflation proves more stubborn but, unlike in the UK, weaker sentiment hasn't yet impacted consumer spending, **is that about to change?** (See next page for USA 500 Technical Update).



Monday 28 th March	Tuesday 29 th March	Wednesday 30 th March	Thursday 31 st March	Friday 1 st April
1330 BST USD Wholesale and Retail Inventories	0030 BST JPY Unemployment Rate 0130 BST AUD Retail Sales 0700 BST EUR (Ger) Gfk Consumer Confidence 1400 BST USD Housing Price Index 1500 BST USD Consumer Confidence 2130 BST USD API Weekly Crude Oil Stock	0050 BST JPY Retail Sales 0100 BST NZD Business Confidence 1000 BST EUR Consumer, Business and Industrial Confidence *1300 BST EUR (Ger)* Inflation Data (CPI) *1315 BST USD* ADP Employment Change 1330 BST USD Gross Domestic Product 1530 BST USD EIA Crude Oil Stocks Change	*Month/Quarter End Rebalancing* *0200 BST China* NBS Manufacturing and Non-Manufacturing PMI 0700 BST GBP Gross Domestic Product 0855 BST EUR (Ger) Unemployment Rate 1330 BST USD Initial Jobless Claims *1330 BST USD* Inflation Data (PCE) and Personal Income and Spending 2300 BST AUD Manufacturing PMI (Final)	0050 BST JPY Tankan Survey 0730 BST CHF Inflation Data (CPI) 0850-0930 BST Fra, Ger, EUR, GBP Manufacturing PMI (Final) *1000 BST EUR* Inflation Data (HICP) *1330 BST USD* Non Farm Payrolls, Unemployment Rate and Average Hourly Earnings 1445 BST USD Manufacturing PMI (Final) *1500 BST USD* ISM Manufacturing PMI and Employment Index

Wednesday sees the German CPI print. German inflation is probably still very elevated but at the same time we had a significantly weak IFO survey (Business confidence) from Germany last week. Weak growth and spiralling inflation is not something they can deal with as monetary policy is set by the ECB, **but traders will be watching for any EUR impact.**

US ADP Employment, is private sector employment and is something of a pre-cursor for the Non-farm payrolls data due Friday. **Worth paying attention to this as it has impacted stock markets and the USD in previous months!!**

Thursday is month/ quarter end, and after some huge moves in global bond and equity markets over the last 3 months there should be some big flows to be executed in the FX space, as portfolio managers rebalance portfolios. **Expect extended moves into the 4pm benchmark fix!!!**

Also on Thursday, is the release of China PMI data. The world needs a recovering China, but they are in the midst of a resurgence of Covid infection, but because of this expectations are lower. If the data beats expectations we may see a positive impact on risk sentiment and a further boost for AUD and NZD, and vice versa if the data disappoints.



US PCE inflation and personal income/ spending prints are big data points for the US economy and the Fed. In the last few weeks the Fed has been pretty clear about the path for US yields (higher), and this has been reflected in bond markets which has seen big gains for USDJPY (See the chart below for the **USDJPY Technical Update**). Expectations are for another high print so there is room for disappointment which could further boost technology stocks (See below for the **US Tech 100 Technical Update**) and see a pullback in USDJPY gains.



Friday is the big data day.

EUR HICP Inflation is up first and with the ECB rather reluctant to shift policy, **this print could have huge directional importance for bond markets and the EUR.** The ECB has a very strong inflation mandate and they will not be able to continue to ignore higher readings indefinitely.

Then it's the US Employment data. The Fed has ticked the full employment box and moved on but this data remains market moving. The unemployment rate, average hourly earnings and the participation rate are more important than the headline, **so watch for this data to dictate sentiment into next Fridays close!**



Commodity Focus: Oil

There is an ongoing chase for commodities, which continue to oscillate at higher levels. Wheat and corn may be in short supply for a while, and copper and other climate sensitive commodities should stay bid for some time. If ever there was a time for massive investment in alternative or renewable energy it is now and so expect this to become a **big story in coming weeks**.

Oil is central to the global economy. With missile attacks from Yemen into Saudi Arabia now becoming a regular occurrence and Russian sanctions unlikely to be lifted anytime soon, there are many fundamental reasons to see further upside bias as the geopolitical risk remains high and constraints on supply continue. That said liquidity/ volatility remain central to further upside.



Below are key levels in Stocks and G10 FX the Corellian mentors are focused on.

Equity Indices	Support	Resistance
USA 500	1 st – 4414.78, Last weeks low trade 2 nd – 4345.12 Bollinger mid-average 3 rd – 4129.28, March 14 th extreme	1 st – 4538.77, 62% retrace YTD range 2 nd – 4584.02, February 8 th failure high 3 rd – 4739.15, January 11 th extreme
US Tech 100	1 st – 14183.42, Last weeks low trade 2 nd – 13971.69, Bollinger mid-average 3 rd – 12942.18, March 14 th session low	1 st – 15063.68, Feb 8 th high trade 2 nd – 15246.81, 62% retrace Dec/Mar sell-off 3 rd – 16007.80, January 11 th high trade
USA 30 Wallstreet	1 st – 34214.00, Last weeks low trade 2 nd – 33746.00, Bollinger mid-average 3 rd – 32576.00, March 14 th low trade	1 st – 35056.00, February 15 th high trade 2 nd – 35748.00, February 9 th extreme 3 rd – 36386.00, January 12 th bounce failure
Germany 40	1 st – 13920.76, Bollinger mid-average 2 nd – 13520.31, Half March recovery 3 rd – 13268.41, Deeper 62% retrace	1 st – 14809.45, 62% retrace YTD sell-off 2 nd – 14980.39, Bollinger upper extreme 3 rd – 15532.52, February 16 th session high
UK 100	1 st – 7331.50, Last weeks low trade 2 nd – 7245.40, Bollinger mid-average 3 rd – 7189.98, 38% retrace Mar upside	1 st – 7527.50, February 25 th session high 2 nd – 7589.68 Bollinger upper band 3 rd – 7628.75, February 10 th extreme

FX	Support	Resistance
EURUSD	1 st – 1.0973, Half of March rally 2 nd – 1.0934, Deeper 62% retracement 3 rd – 1.0900, March 11 th low trade	1 st – 1.1069, Last weeks high trade 2 nd – 1.1151, Mid-point Feb 10 th /Mar 7 th 3 rd – 1.1232, Higher 62% retracement
GBPUSD	1 st – 1.3150, Mid-point latest rally 2 nd – 1.2996, March 14 th low trade 3 rd – 1.2831, Mid-point Mar'20/May'21	1 st – 1.3298, Last weeks high trade 2 nd – 1.3319, Bollinger upper extreme 3 rd – 1.3396, 62% retrace Feb/Mar sell-off
USDJPY	1 st – 120.95, Thursday's session low 2 nd – 119.44, 38% retrace March rally 3 rd – 118.52, Mid-point same move	1 st – 122.43, Last weeks high trade 2 nd – 123.66, Nov 2015 rejection high 3 rd – 125.82, June 2105 high trade
AUDUSD	1 st – 0.7449, Wednesday's session low 2 nd – 0.7395, 38% retrace latest upside 3 rd – 0.7351, Mid-point same move	1 st – 0.7538, 62% retrace May'21/Jan'21 2 nd – 0.7555, October 27 th extreme 3 rd – 0.7616, June 25 th failure high trade
USDCAD	1 st – 1.2466, Friday's low trade 2 nd – 1.2449, January 18 th extreme 3 rd – 1.2390, November 10 th rally point	1 st – 1.2552, Friday's session high trade 2 nd – 1.2632, 38% retrace March downside 3 rd – 1.2685, Bollinger mid-average

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