



# CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

**Risk sentiment** ended the week lower with uncertainty surrounding the financial sector remaining, even after the backstops and bailouts from central banks and governments. Traders were clearly uncomfortable holding risk into the weekend with the situation over Credit Suisse's future still unresolved and the potential for more bad news to break. Stocks, bond yields and the dollar all fell.

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

Friday data: US inflation expectations drop but so does sentiment

- **Michigan consumer sentiment index** fell to 63.4 in March from 67 in February. The biggest drop in 9 months. **Short term inflation expectations** fell to 3.8% from 4.1%.
- It is unclear what will happen to confidence at the next reading which takes into account the recent banking problems.



**US Stock indices** all fell between 1-2.5% on Friday as traders trimmed positions into the weekend. Despite that the US Tech 100 still put in its best weekly performance since November to close at 12,645 (+5.4%) as traders rushed back into growth stocks on hopes the Fed may not be as aggressive at next week's FOMC. **(Page 3 US Tech 100 TA Update)**. **European indices** had their worst week since the start of 2023 with the UK 100 falling 5.1% to close at 7305 and the Germany 40 falling 2.8% to close at 14,922 driven by falls in banking and commodity stocks.

**The US Dollar Index** (closed 103.50, -0.75% on the week) has yet to see the benefit of safe haven buying with traders instead focused on the potential of the Fed slowing or pausing rate hikes in response to the banking crisis. USDJPY fell 2.4% on the week to close at 131.85 on the back of lower US yields. **(Page 4 USDJPY TA Update)**.

**US 10 year yields** fell heavily over the course of the week, from 3.70% to 3.43% at the close, as traders bought US bonds as a safe haven hedge against further bad news from the banking sector and the increased potential for a US recession.



**Gold TA Update:**  
Last week saw sharp acceleration to post the highest trade since April 2022, a move that maintains the positive trend in place since 1615 (Sep'22 low). A short term reaction to latest strength is possible, but such moves appear limited to 1921 (38% retrace Feb/Mar upside) with risks to 1998 (Apr'22 high) even 2070 (Mar'22 extreme).  
  
To the downside, it will be 1921 breaks that point to a deeper decline to 1900 (mid-point) possibly 1879 (62% level).



**Commodities** had a mixed Friday close. Gold rose 6.5% on the week to finish at 1989, its highest level of 2023 so far, while Silver jumped 10% to 22.60. Both outperforming as a safe haven hedge against further problems in the banking sector. **(Above Gold TA Update)**. Elsewhere, Copper dropped to 3.8965 (-3% on week) and Oil to 66.50 (-13% on the week). Both fell as traders cut long positions on the basis that the recent banking upheaval increases the chance for a US recession and the knock on negative impact for demand.

## STEP 2: LOOKING FORWARD TO THE WEEK AHEAD

All times are Greenwich Mean Time (GMT). Please use the key opposite to adjust to your appropriate time zone.

**Key Q4 Earnings next week in table below (Times GMT).**

### Time Zone Key:

|         |             |
|---------|-------------|
| GMT -4  | = New York  |
| GMT     | = London    |
| GMT +1  | = Frankfurt |
| GMT +9  | = Tokyo     |
| GMT +11 | = Sydney    |

| Monday 20th March  | Tuesday 21st March  | Wed 22nd March                       | Thursday 23rd March   | Friday 24th March                         |
|--|---|--------------------------------------|---|---|
| 0600 RWE<br>0900 HUYA<br>Kingfisher                            | 0600 RWE<br>0900 HUYA<br>Kingfisher   | 1100 Petco Health<br>ESR<br>Tencent  | 0600 Nemetschek<br>0700 Inchcape<br>1100 Factset Research         | 0700 Smiths<br>Deutsche Wohnen<br>Meituan |
| <b>Before Market Opens:</b><br>Foot Locker<br>Niu Technologies | <b>Before Market Opens:</b><br>Tencent Music<br>Canadian Solar              | <b>Before Market Opens:</b>          | <b>Before Market Opens:</b><br>Daren Restaurants<br>General Mills | <b>Before Market Opens:</b>               |
| <b>After Market Closes:</b>                                    | <b>After Market Closes:</b><br>2015 Nike<br>2030 Vnet<br>Array Technologies | <b>After Market Closes:</b><br>Chewy | <b>After Market Closes:</b>                                       | <b>After Market Closes:</b>               |

## KEY EVENTS, SPEAKERS AND ECONOMIC DATA

**Monday: 0115 GMT PBOC Interest Rate Decision.** The Chinese central bank cut the reserve requirement ratio (RRR) by 125bps on Friday, which is a form of easing for the local banks meaning nothing is expected at this meeting. So a cut would be a surprise and impact risk sentiment at the open.

**1400 GMT ECB President Lagarde Speech to EU Parliament.** After last week's 50bps hike from the ECB she is likely to be grilled by MEP's over financial stability and will have to defend the decision. This could lead to some market moving headlines.

**Tuesday: 1230 GMT CAD Inflation Data (CPI).** With the Bank of Canada close to pausing rate hikes this release is extremely important and will impact CAD prices.



### US Tech 100 TA Update:

Last week saw a sharp recovery materialise, a move that breached immediate resistance to end within striking distance of 12946 (Feb 2nd high). This will be a focus for the coming week with closing breaks a potential trigger to extend the advance since 10751 (Jan 6th low) suggesting 12981 (Sep 13th high) even 13218 (Aug 26th high) tests.

To the downside, it looks as if breaks of 12428 (38% retrace) can see a deeper sell-off to 12192 (62% level).

**Wednesday: 1230 GMT GBP Inflation Data (CPI).** Pushed back a week due to the UK budget this is a big release just ahead of Thursday's BoE meeting. Further gains in inflation could mean another 50bps hike despite market jitters over banks. GBP is likely to be volatile around this print.

**1800/1830 GMT FOMC Interest Rate Decision and Press Conference.** Will they or won't they hike? The market is expecting only a 25bps increase now so anything else will be a shock. The press conference will be huge as the world is keen to know what Chairman Powell says on financial stability and how it will impact future Fed policy. All markets will be impacted by this event. **(Above US Tech 100 TA Update).**

**Thursday: 0830 GMT SNB Interest Rate Decision.** Recent events regarding the future of Credit Suisse pose the Swiss central bank a problem on how to respond.. The decision on interest rates is made harder after the ECB recently raised 50bps. Implications for USDCHF and EURCHF prices are large around this event.



#### USDJPY TA Update:

Downside looks to be resuming after the January/March recovery, as weakness from 137.91 (Mar 8th high) has breached immediate supports. A focus to start the new week will be 131.31 (62% retrace Jan/Mar strength) with breaks exposing risks towards 129.81 (Feb 10th low) possibly 128.08 (Feb 2nd extreme).

First resistance now stands at 134.09 (38% Mar sell-off) with breaks required to open scope to challenge 135.62 (higher 62% level).

**1200 GMT BoE Interest Rate Decision.** A huge decision for the UK central bank as they face balancing rising wages and a tight labour market with an economy walking the tightrope above recession. After a strong performance last week GBPUSD is delicately poised for its next move.

**2330 GMT JPY Inflation Data (CPI).** The longer new BoJ Governor Ueda is in office, the more markets feel there is a chance that he may change policy. This CPI will certainly be a feeder for that view and if as strong as expected, may see further JPY strength. Big data for the BoJ to consider. **(Above USDJPY TA Update).**

**Friday: 0700 GMT GBP Retail Sales.** This release will update traders on whether or not consumers are willing to continue spending to support the UK economy.

**AUD (Thurs) EUR, GBP, USD (Fri) Global Preliminary PMI Data.** These forward looking releases could provide some extra volatility on Friday as traders assess whether or not manufacturing and services for the major economies are moving back into expansion (above 50), or struggling in contraction (below 50).

## Key levels the Corellian mentors are focused on

#### Germany 40 Support

1st - 14698, Last week's low trade  
2nd - 14237, 38% retrace Oct/Mar  
3rd - 13880, Dec 31st session low

#### Resistance

1st - 15360, Bollinger mid-average  
2nd - 15718, March high trade  
3rd - 15808, Bollinger upper band

#### Oil Support

1st - 65.42, Last week's low  
2nd - 62.45, November 2021 low  
3rd - 57.24, March 2021 extreme

#### Resistance

1st - 71.40, 38% March sell-off  
2nd - 73.20, Mid-point same move  
3rd - 75.15, Bollinger mid-average

#### EURUSD Support

1st - 1.0516, Last week's low trade  
2nd - 1.0462, 38% Sep/Feb upside  
3rd - 1.0393, December 1st low

#### Resistance

1st - 1.0777, Half Feb/Mar sell-off  
2nd - 1.0837, Higher 62% retrace  
3rd - 1.1032, February high trade

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