



Morning notes

Thursday, June 6, 2019

INFO and LTF -> **DAX** finished the RTH session with a very small gain, and cash close is higher just 10 points. In US, **SPX** and **NDX** closed with strong gains, providing just a pullback to prev. cash close. (*repetitive setup, and there is a [video about it](#), which I have made in January as answer to a question about importance of the cash close.*) **RUT** closed negative, -0.12%. Asian markets are all up, except Shanghai. So, pretty mixed situation, markets in waiting mode, since the most important news this week are scheduled for today and tomorrow. ECB Monetary Policy Statement and Main Refinancing Rate at 13:45 CET and **ECB Press Conference at 14:30 CET**. When this comes in a time when markets are trying to make a bounce, then those markets **expect** ECB to turn more dovish, and to provide support. Sometimes we get a strong directional move, after such conferences. That kind of move could last just a day or two, and then retrace completely. Sometimes it is a launching point of a bigger up / down leg. Most of the time, it is a non-event, but all of the time markets tends to wait, and to park near some good S/R level, waiting to see are they getting inputs from Mario Draghi to break that level, or just behave technically and make a pullback.



DAX Zones - For trading futures, adjust zones for CFD/futures difference.

Zone changes – Two zones are adjusted from 11,995 to 12,030.

(Small ▲ symbol is on the zones that were updated/adjusted or new)

TRADING PLAN -> As Yesterday, Main zones for today are **S zone /11,915-935/** and **R /12,105-125/**. Reaction is expected on both Main zones. Short term bias is **neutral** between Main zones, and will be changed in case we get a real break above Main R or below Main S.

Market could wait for the ECB Press Conference and first make a pullback to **Main S /11,915-935/**, zone that is now also Yesterday low. Buyers are expected to react there on the first test. Possible false breaks today, since large players use this days to shake short term traders. For me personally, one of the least favorable days for trading, and sometimes it is better to wait and see what will market do **after** the release. Plan remains similar like yesterday. Pmkt R zone /11,995-12,005/ is an aggressive zone of resistance, and can be used as a gauge of market strength, since it is in the middle between Yesterday high and low. Above it, we have Minor R /12,020-030/ and better R – Yesterday high zone **/12,045-060/**, where sellers can react on a first test. Real break above Y high, with good momentum would lead to Main R zone **/12,105-125/**, where sellers will likely react on the first test, and lower zone /12,075-095/, should be skipped. Watch for false breakouts and false breakdowns, as setups that can provide good risk/reward trades. Focus your attention to **better zones**.

We had a stopping day Yesterday, a contraction of the daily range, and a doji on a daily chart, below DMA50. Bulls need to break above that, but for now - today and tomorrow, their task is HODOR. Just to hold above 11,850. Bears on the other hand, have the job of keeping the lower highs sequence (from higher TF, observe 240 min or daily chart), and to hammer this lower. That directionality could be left for next week, since NFP report is tomorrow.

Breakout above Main R and Breakdown below Main S scenarios are the same like Yesterday.

Going above Main Resistance would require a strong and sustained momentum, and for us to stay out of fading less important zones. Next R zone are **/12,155-175/** with unfilled gap at 12,169, then /12,195-210/, /12,235-250/, /12,260-270/ and **/12,300-320/** with unfilled gap at 12,310.

Going below Main Support: Next zone is /11,885-900/ and a **bull/bear zone /11,835-850/** where buyers are expected to defend, since this zone also represents mid-point of Tuesday move. Going below 11,835 puts in question the up move, although buyers could still react on lower zones, like Breakout zone **/11,795-815/**. Going below this would mean a complete failure of the Tuesday breakout.

Choose your entry points carefully, and plot premarket low/high reference lines after the open.