



## Morning notes

Friday, July 12, 2019

**INFO and LTF** -> **DAX** closed negative yesterday, with -0.33%, and US indices had the mixed session, with **SPX** positive, **RUT** negative, **NDX** pretty much flat. Asian markets are mostly up, with only ASX 200 down. **Chinese Trade Balance is yet to be released today**, and that news can be important not only for Asian markets, but for other stock markets also.

DAX now has 5 days in a row with cash index closing negative, and 6 days in a row that futures closed negative. It is also STILL inside a support field on a daily chart (*Note the additional Daily chart*), and with bullish divergence notable on 240 min. We have to read market tells today very carefully, note also a possible falling wedge on zones chart, that you can draw on 240 min and lower timeframes (*also in Additional charts*). Selling so far was pretty controlled and either with smaller daily range or within the current ATR moves. More downside would require decisive breakdown of ~12,300 and expansion of the range. IF that happens – more downside to come, and that doesn't have to happen today, **or at all**. Two simple scenarios for following days are now in front of us:

- 1) Additional weakness leads to breakdown below 12,300 and we go lower, making a move above 460 a false break
- 2) What we already saw these days is a pullback of a larger bullish move, and DAX starts to catch up for SPX

*Other news for today: EU Industrial Production m/m at 11:00, ECOFIN Meetings, US PPI m/m and Core PPI m/m at 14:30. All times CET, and all of these news are low impact for stock markets.*

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

**Zone changes** – New and adjusted zones, 4 of them, between 12,300 and 12,430.  
(Small ▲ symbol is on the zones that were updated/adjusted or new )

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**TRADING PLAN** -> **Main zones are Main S zone /12,305-320/ and Main R /12,460-480/**. Reaction is expected on both Main zones. **Bias is neutral** between Main zones.

As written above, DAX had several down days, and it need additional weakness to go lower today. So, there could be possible up move or sideways consolidation. For intraday bias and to navigate market movements today, we will use **/12,385-400/** zone as a micro bull/bear zone. So, IF a price is firmly above 400 – that could mean a possible test of **Main R /12,460-480/**. IF the price is firmly below 385 – that could mean a possible test of the **Main Support /12,305-320/**, which is also a Yesterday low.

Again, **we are going to watch PA for false breaks**, and note that today is a light day news wise, and IF no additional information is given to markets, like “Tariff man” tweets 😊 – DAX could stay between Main zones. Note the prev. cash close at 12,332. So, above 12,400 – likely market path is to test /12,420-430/ and /12,440-450/ - sellers can react there on the first test, BUT **better zone of resistance is Main R**, where sellers reaction is expected, upon a first test.

Moving below 385 targets Minor S zone /12,345-355/, prev. cash close and **Main S /12,305-320/**, where buyers reaction is expected. Keep in mind current ATR, and for larger moves, above Main R OR below Main S, we would need to see strong and sustained momentum in that particular direction. Zones that can cap lower odds larger moves, would be /12,540-550/ to the upside, and **LTF S /12,190-210/** to the downside.

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

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**I will be offline today, on the road. Stay safe, Recap video for today could be on Saturday. Weekly video on Sunday.**

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