



Morning notes

Tuesday, October 8, 2019

INFO and LTF -> **DAX** closed positive, with +0.70% gain, while US indices closed negative, and with **SPX** under resistance. *Check additional charts.* Asian markets are all in the green, "ahead of high-level trade talks between US and China" and despite China services sector growth falls to 7-month low. **DAX** is at inflection point, price tested Main Resistance zone, which is around 12,150 bull/bear level yesterday in afterhours, and today in premarket. For last few days, price is moving inside up sloping channel, and this is where sellers need to step in. Holding above 12,150 would put buyers in charge and threaten to negate those two trend down days. Again, in short term trading, when market is moving like this, technically and with no strong momentum, trader can make money on both sides, but on good location. Late buyers from afterhours yesterday, had ~12,080 as support. Both sellers and buyers could make ~40 points in low hanging fruit trades, like in this example (only 1/10 left, rest closed).



Tomorrow is FOMC Meeting Minutes, and today we have German Industrial Production m/m at 08:00, US Core PPI m/m and PPI m/m at 14:30 and again FED Chair Powell speaking, at 19:50. All times are CET.

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

Zone changes – Five changes. Three zones between 11,970 and 12,090 are adjusted. Reference level 11,950 added. Zone 12,100-115 deleted
(Small ▲ symbol is on the zones that were updated/adjusted or new)

TRADING PLAN -> **Main zones for today are: Main Resistance /12,130-160/ and Main S is Yesterday low zone /11,970-985/. Bias is neutral** - Trades can be two sided today.

How will market react to the Previous cash close /12,097/ and first two zones above and below it, will give us some clues. **Main R zone /12,130-160/** was already tested twice, and require some caution, but was not tested in Regular Trading Hours. Watch for possible false breakout of this zone. Especially since there is a lot of open space to the next R zone. Market can reject price from **Main R zone**, or make a false breakout, and both would be bearish setups. Strong upside momentum from the open is required for price to break higher. In case of real breakout, broken resistance could act as support. Sellers can react on R /12,220-235/ and especially on **R /12,270-300/**, with unfilled gap at 12,264, a zone which can cap upside move. For going higher than 12,300 – we would need to see a very strong market.

S zone /12,075-090/ which is a zone around 12,080 level, has seen some action also. Buyers can react from there again, on the first test. Watch for tempo and momentum there, since stronger downside move could easily go lower. Losing this zone, can open road to test lower supports, like S /12,020-035/ and lower trendline of the trading channel. Better support zone is **Yesterday low zone /11,970-985/**, which is Main S zone for today and a place where buyers reaction is expected. Going there would require a full daily ATR move, meaning that for lower prices than Yesterday low, we need to see strong and sustained downside momentum, and trend down day to get to lower better support zones.

Market could just consolidate today, and make an inside day.

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