



Morning notes

Thursday, August 22, 2019

INFO and LTF -> Yesterday, **DAX** was strong from the start of premarket session. Right from the open, when price breached above 11,675-690 zone, it was showing good upside momentum. As written yesterday about 740-760, zone was *already tested previous day, and fading it, requires some caution*. Move ended just a few points below Main R. So, it was not an easy day to trade, catching the up move was hard, and later selling those exhaustion tops near Main R was not so rewarding. It is not so easy for new traders to recognize **in time** the change in market behavior, change in tempo, and when to **step in front of the train** to fade it, **when to skip such an idea**, or when to **jump in the move**, with larger stop. There was plenty of easier setups in previous days, and by just concentrating on low(er) hanging fruit should be enough. Both **DAX** and **SPX** trade in the range, and you could also define a pretty good triangle on **SPX** (*check additional charts*). On both indices we have a very well defined **top of the range**, and that is inflection point to watch for breakout attempt or failure. **DAX** closed for +1.30% gain, US indices closed green also. On Asian markets, only ASX 200 is positive, Nikkei is flat, and the rest down.

Jackson Hole Symposium will start today. Besides that we have a lot of PMI news today: **German Flash Manufacturing PMI and German Flash Services PMI at 09:30**; **EU Flash Manufacturing PMI and Flash Services PMI at 10:00**; **ECB Monetary Policy Meeting Accounts at 13:30**; **US Flash Manufacturing PMI at 15:45**. All times CET. Note that **Flash releases comes first, and thus carries more weight than Final version**.

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

Zone changes – Three changes: Two zones from 11,805 to 870 adjusted, and level 11,515 deleted.
Some labels are updated also.
(Small ▲ symbol is on the zones that were updated/adjusted or new)

TRADING PLAN -> **Main zones are Main Support /11,620-635/ and LTF R zone – INFLECTION POINT - /11,840-870/ as Main R**. Reaction is expected on both Main zones. **Bias is neutral between Main zones**. Previous cash close is at 11,803.

Very strong market would hold above Aggressive S /11,740-760/, or make a false b/down of this zone, and move higher. How the market will react to this zone upon the open, will help us in determining our intra-day bias. Expectation is that market will react on German Flash Manufacturing PMI, scheduled at 09:30 CET. Note the **ECB Monetary Policy Meeting Accounts** at 13:30 CET also, and **headline risk** from statements of **Jackson Hole Symposium** participants. *Not to mention the tweets from “Tariff man”, or should I say the “Chosen One”*.

Market is very near important inflection point, and from NYSE Open, we will closely monitor SPX also. Losing Aggressive S zone early in the session, could lead to S /11,675-690/ where buyers can react upon a first test, and better S zone is below unfilled gap 11,653 at **Main S /11,620-635/**, where buyers reaction is expected. Main Support zone represent lows from Aug 20 and 21, and losing it would lead to minor S zone /11,580-595/ - *check the additional Cash Index chart* – and below that we have **S /11,540-560/** and unfilled gap at 11,563. Buyers are expected to defend 540-560 and this zone should be able to cap downside movement, since for more downside we would need to see strong and sustained downside momentum – a trend down day.

IF Aggressive S holds, OR we get a false b/down below 11,740 and an up move later – Note that everything from ~11,800 to 11,872 is resistance. First we have Y high zone /11,805-825/ with prev. cash close at 11,803 – sellers reaction on a first test is expected, and IF we see just a small reaction there, it would mean market wants to make a breakout attempt above **Main R zone /11,840-870/** with unfilled gap at 11,872. Sellers reaction here is expected also. **Strong and sustained momentum is required to break higher**. Such a move would be decisive and with shallow pullbacks. In case of

real breakout, R /11,910-930/ should be skipped for fading, and market would likely test **LTF R /11,980-12,000/** where sellers are expected to defend. This zone should be able to cap the up move.

False break above 11,870 could end at or near /11,910-930/ and head back trough Main R lower. Confirmation of false breakout would be price below Yesterday high.

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