



Morning notes

Wednesday, August 7, 2019



INFO and LTF -> DAX closed -0.78%, while US indices all closed positive. ASX200 is up, Shanghai flat, and the rest of Asian markets are down for around -0.40%. New subject of media interest will now be PBOC fix of yuan, since “Every night at 9 p.m. ET, the People’s Bank of China fixes a level at which the yuan will trade against the dollar within China.” Sentiment will be gauged with the info is it weaker or stronger than expected. What we can clearly see on our LTF charts is that **this leg down is much faster and stronger looking than**

the previous one from May. Likely more downside to come. Observe on the *additional DAX Cash index chart* how top of large gaps provided support for a long time. We have one now also, and bottom of it is at 11,526. This is likely going to be filled. *Bears go down with the elevator* – the saying is, but not because bears like elevators, it is because bulls often go higher without making good supports, and those structures, gaps, holes, and one day huge moves, can be negated with the same ease. Panic makes moves faster.

News: German Industrial Production m/m at 08:00 CET, and FOMC Member Evans Speaks right at US open, at 15:30 CET (this was scheduled for yesterday, as mistake in economic calendar). DAX Components E.ON SE, Wirecard AG and Continental AG reporting earnings today.

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

Zone changes – Five changes: zones from 11,550 to 11,750 adjusted / changed.
(Small ▲ symbol is on the zones that were updated/adjusted or new)

TRADING PLAN -> Main zones are Main Support zone /11,450-470/ and Main Resistance /11,730-750/. Reaction is expected on both Main zones. **Bias is neutral-bearish.**

Calm premarket session. Note the blue channel – that in a case of stronger bullish move can be a bear flag on higher time frames, since for now – we have a higher low. Markets don’t go down in a straight line, so we can have rips. First support of interest is /11,550-570/ with the prev. cash close at 11,568. Buyers can react there on a first test. Minor zone /11,600-615/ is not for fading – use as a gauge of market strength or entry on a pullback, once the zone is broken. Going higher, we have /11,645-665/ resistance zone, where sellers can react on a first test. Weak reaction, or no reaction at all there, would mean that market wants to go higher into better R zones, like /11,700-715/ and **Main R zone /11,730-750/.** Sellers reaction is expected there. Breakout above Main R could lead to **/11,780-800/**, /11,820-840/ and **Important R /11,860-880/** with the unfilled gap at 11,872. IF we get such a move, into **860-880**, that would be a automatic short for us. Watch for momentum, as said before – rallies can be sharp, no need to fade strong momentum, wait until it is exhausted, and add only on positive trades. Adjust your money management to this conditions, and place stop behind the invalidation point.

Neutral market would not be able to go much higher than **Main R zone**, and **weak market** could roll over from /11,645-665/ or even in front of it. Breakdown below S zone 550-570 would lead to filling the gap at 11,526 and S zone /11,500-520/. Buyers can react there on a fist test, but this is not a strong zone, and in case we get strong and sustained downside momentum, market could easily tag **Main S zone /11,450-470/**, where buyers reaction is expected on a first test. Trend down day is required to go lower than that, into minor S zone /11,415-430/ with the unfilled gap at 11,428 and S zones **/11,370-390/** and **LTF S /11,270-390/.** Note the 100 points hole between these two zones.

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