

# Why is the DAX ticking so strangely now?

Relatively unnoticed by the public, the Deutsche Börse subsidiary Stoxx has adjusted the calculation method of the DAX and other indices from the DAX family. Day traders in particular have been confused since March 18th because opening and closing prices are now calculated differently than before.



**Oliver Baron**

Investment strategy expert

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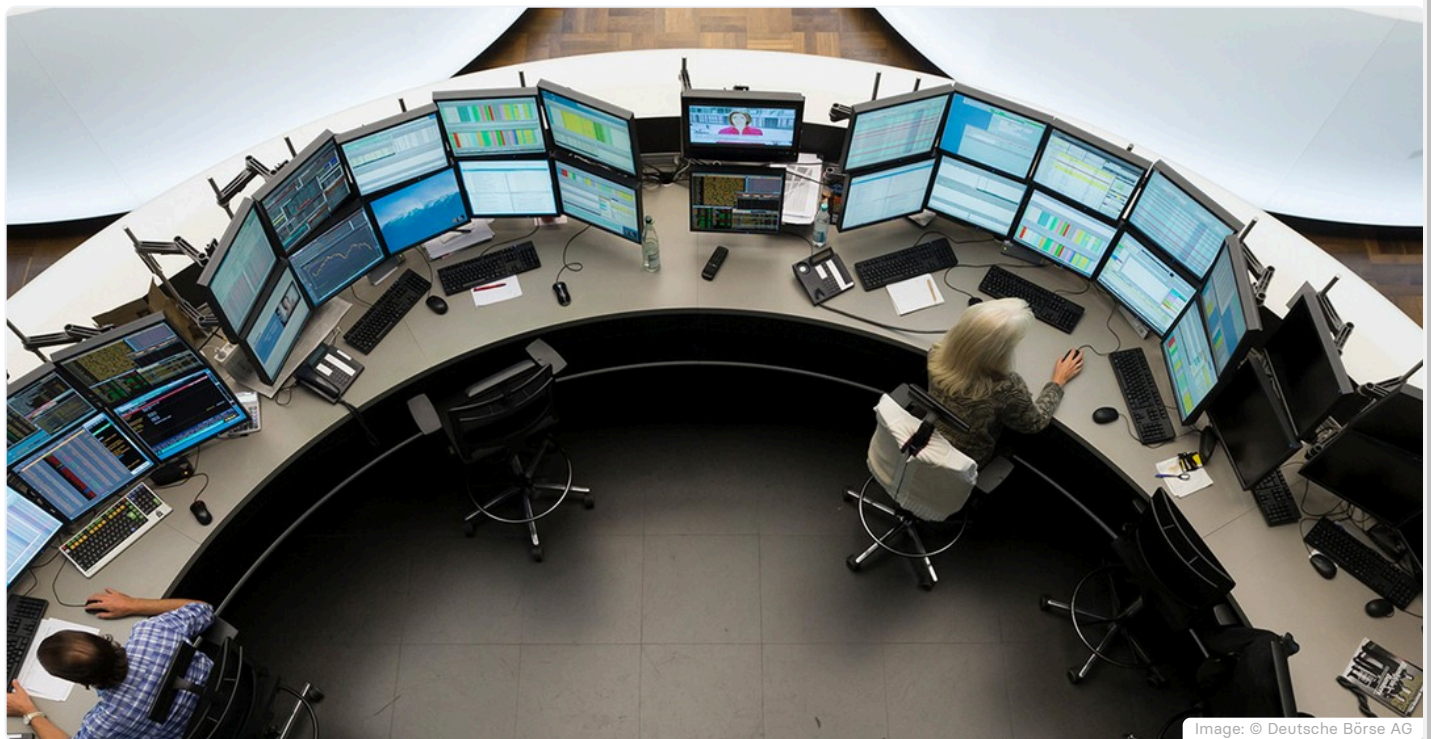


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This article is exclusively about what changed in the opening and closing prices of the official Xetra-DAX and other indices in the DAX family as of March 18th. Many private traders have noticed changes here, which are examined in more detail in this article. There were further adjustments in the DAX family indices. Information about this can be found in a YouTube video from Deutsche Börse, which is linked at the end of this article.

## The opening price, which is no longer one

The DAX is an index that is determined from the prices of the 40 stocks included in the DAX based on Xetra spot trading. Spot trading consists of the auctions (opening, midday and closing auctions) as well as the continuous trading that takes place between auctions. (In addition to the official Xetra-DAX, there are of course numerous unofficial DAX indications as well as the DAX future. This article is exclusively about the official Xetra-DAX).

There has now been a significant change, particularly in the calculation of the first price of the DAX and other indices in the DAX family. Previously, the DAX opening price was calculated when a price was set for all 40 DAX shares in the opening auction. This took a certain amount of time, which is why the first DAX price was usually only determined a few minutes after 9:00 a.m.

**Since March 18, the first DAX price on Xetra has been calculated after 9:00 a.m. as soon as a price is set for one of the 40 shares in the opening auction. For the 39 other shares, the Xetra closing price of the previous day is used in the DAX calculation until a new price is determined here too. As a result of this change, the first Xetra DAX price of the day now corresponds (almost) exactly to the closing price of the previous day, because the previous day's closing prices are predominantly used for the calculation as long as no new prices are available. This also means that there are no or only very small gaps (i.e. price gaps) between the daily candles of the DAX and related indices.**

**Important: Even if the pre-market indications show, for example, that the DAX is likely to start significantly higher or lower, the first official Xetra DAX price of the day will usually be very close to the closing price of the previous day! This is also relevant for leverage certificates, for example, which can easily be knocked out here. Shortly after the start of trading, when the prices of other DAX stocks are gradually incorporated into the index calculation, the Xetra-DAX will usually quickly return to the pre-market level.**

You can also see the strange opening behavior in the tick chart of the **XDAXDAX**, which combines the X-DAX (with the over-the-counter prices of the DAX shares) and the DAX with the official Xetra prices. Today the XDAXDAX stood at 18,265.30 points at the end of premarket trading. With the start of Xetra trading, the price shot up to the first DAX price at 18,318.51 points (green arrow). **However, this first DAX price was largely based on the closing prices of the previous day. The DAX and XDAXDAX then fell back towards 18,270 points within 30 seconds, roughly back to the pre-market level.** Such behavior can now be observed regularly, but despite its predictability it cannot be exploited by private traders because the issuers of derivatives or market makers are of course also aware of this behavior and take it into account when setting the price or suspend it briefly.



To complete the confusion, there is still an official opening price ("Open Quotation"), which is now only calculated and distributed at 10:30 a.m., around an hour and a half after the start of Xetra trading. This price (like the previous opening price, which was available shortly after 9:00 a.m.) is derived from the first price of all DAX components. In fact, this course is usually set shortly after 9:00 a.m. However, it is not calculated and distributed until 10:30 a.m.

### There are also changes to the closing price

The official DAX closing price, which is significantly more important than the opening price, was usually set shortly after 5:35 p.m. and before 5:45 p.m. at the latest, when all DAX shares had ended their closing auction. It was then possible to trade at the closing price until 5:55 p.m.

Now the DAX closing price is only calculated at 5:55 p.m., based on the last price of the closing auction of all DAX shares. These closing prices for the individual DAX shares are still available at 5:45 p.m. at the latest. **The official closing price is not distributed at 5:55 p.m., but only at 6:00 p.m., when the closing prices of all other Stoxx indices are also disseminated.**

There is now a clear time gap between the closing prices of the individual DAX shares, which are included in the DAX calculation, and the DAX closing price, which is only published more than 15 minutes after the end of the closing auction.

This behavior is also likely to confuse many private traders and investors and present issuers, brokers and market makers with the problem of how to price DAX products at the appropriate times.

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## **Conclusion: Who came up with that?**

It is clear that Deutsche Börse did not have private traders and investors and certainly not day traders in mind when making its changes, but rather institutional investors. Among other things, it was important to Deutsche Börse that the calculation be adjusted to comparable international indices. In particular, the fact that the first DAX price was only available when there were prices for all DAX components sometimes caused confusion. Here, a missing price could hold up the calculation of the entire index.

However, the adjustment that has now been made to the calculation of opening and closing prices is unlikely to provide more clarity, but rather more confusion. Above all, the fact that the first price is usually very close to the closing price of the previous day, even if a completely different price level was seen before the trading session, is probably difficult for many market participants to understand.

Further information can be found in [an information video from Deutsche Börse](#) . It also addresses other aspects that have recently changed and will partly change in the DAX and other indices in the DAX family.