



Morning notes

Friday, August 2, 2019

INFO and LTF -> After “Tariff man” performance yesterday... what to say. When you see US markets make a 100% U-turn, then IMO today will be very important to see are they going to hold below those lows from yesterday, as stronger markets. **DAX** was nuked because it is weaker. **TRUMPED**. Disappointment staking - ECB, FED, US-China trade talks. Asian markets are in the sea of red, with Nikkei and Hang Seng down more than 2%. All of that coming when US markets are at ATHs. Scenario already seen in previous years. Strong markets will not go down on their own, on technical reasons, on “overbought” or “high valuations”. They can grind higher for a long time, they **need** a fundamental push to make a correction. Is this it? Lets see US markets and VIX today. We have **NFP report at 14:30 CET** and German earnings - **Allianz and Vonovia**. Allianz is 5th biggest DAX component.



DAX hit ~11,900 in premarket session. Logical would be to first see a good bounce, I am writing this at 07:05 CET and we have some bounce from 12k. So, sentiment on **DAX** is pretty clear, went from bad to worse. Keep in mind big picture, daily chart and US markets. Weekly close could be important for next period.

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

Zone changes – Ten (10) changes: from 11,775 to 12,265 are adjusted, one deleted.
(Small ▲ symbol is on the zones that were updated/adjusted or new)

TRADING PLAN -> **Main zones are Main Support zone /11,910-930/ and Main Resistance /12,085-105/**. Reaction is expected on both Main zones. **Bias is neutral-bearish**.

Open could be influenced by earning reports. Market is short-term oversold, but already got a 150 points bounce. Previous cash close is all the way back at 12,253 – inventory correction, or up move first would be normal to see. Lack of it would mean very weak market. Aggressive R zone /12,040-055/ is the gauge of market strength. Very weak market would be below it. Sellers are expected to react on **Main R zone /12,085-105/** on a first test. In case of break of Main R, expectation is reaction on higher zones. Down move would be invalidated above 12,200.

Moving bellow **/11,980-12,000/** support zone would target 11,953 unfilled gap – which can be filled only in RTH session, like all cash index gaps. Below that we have **Main S zone /11,910-930/** which is a premarket low also, and buyers reaction is expected there on a first test. In case of strong downside momentum, and breakdown of Main S zone, avoid longs (only on exhaustion) and use lower zones as targets. Find lower zones down to 11,600 on zones chart.

We could get a bit of consolidation today, since for more downside after all of this, market needs to be extremely weak. But, we saw what one tweet can do.

On larger timeframes, if bearish momentum prevails, and that means **HOLDING** below 12,000, not just poking below it - logical next target would be a move into 11,600 support zone. For now, sellers just need to hold the price below DMA50 and sell the rips. Inflection points now are 12,000 and 12,200.

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