

## Morning commentary for December 18, 2024

Good morning,

In view of today's interest rate decision in the USA and the approaching end of the year, yesterday's trading saw a decline in activity and falling turnover. Looking at the hourly chart of the FDAX, it is clear that the dominance clearly came from the shorter-term trading corner, as suitable resistance and support levels could be defined very well over the course of the day, which were traded at in a comprehensible manner. The most striking development in yesterday's trading was the struggle to hold the lower boundary of the recently formed consolidation zone at around 20,287 points, which had already been described in advance as "subordinate".

- as unconfirmed. After initial stretches, as a result of which the FDAX price was repeatedly pushed above the 20,300 mark due to a lack of follow-up orders, prices then slipped more consistently to new daily lows in the course of the afternoon, which led to the price falling below and breaking the lower limit.



FDAX December contract daily chart

From an analytical point of view, the consolidation zone of the last few days has been broken in its previous definition - this scenario was outlined as the most likely - the next lower potential support levels are derived from the areas around 19,802 / 19,747 / 19,666 and below. In addition, the market technicals are now also pointing south. The downward momentum is gaining strength - which can be read from the momentum - the directional filters in their standard setting now predominantly show short set-ups.

At this point, however, I would like to point out that the virtually non-existent order flow makes the entire price trend fragile - on both sides. From a purely analytical point of view, we now have predominantly technically negative interpretable indications in the price trend of the FDAX, from which further price falls could now also be consistently derived in the expectation, but the volume and the momentum are so thin that even the smallest orders can lead to rapid momentum accelerations and momentum changes. If one follows the rules of classical analysis, however, further price falls are currently on the agenda.

"The battle between the weak economy and interest rate speculation continues," said one trader yesterday (Tuesday), outlining what was happening on the market with regard to the fundamental conditions. The Ifo economic index underlined the weakness of the economy once again, falling more sharply than expected in November. In contrast, US retail sales were slightly better than expected. "Investors are continuing to withdraw capital from the broad market in Europe and are instead positioning themselves for a continuation of the bull market on the US stock markets," Reuters quoted a market participant as saying yesterday.

The focus remains on the upcoming decisions by the central banks, above all the US Federal Reserve this Wednesday. A rate cut of 25 bp is firmly expected. It will be more exciting to see what the Fed says about the further interest rate outlook and how the new projections turn out, according to reports.

I wish us a successful trading day! Uwe Wagner

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