

## Morning Commentary for February 06, 2025

Good morning,

For long stretches of yesterday's FDAX trading on Wednesday, it looked as if the 21,600 / 21,650 level would actually act as a technical hurdle, slowing down a further rally in the futures price and thus keeping it in a consolidation expected in advance. At the close, the demand side finally asserted itself more dominantly and even pushed the FDAX towards 21,750, which meant that the low probability of a continuation of Monday's downward momentum, which had already been assumed in advance from a statistical point of view, fell to ZERO for the current fractal.

It remains interesting to note the arguments that are still predominant in trading: too much was sold "in the hole" on Monday, what we are seeing now are coverages that should be exhausted quickly, followed by a renewed downturn.



FDAX March contract daily chart

Market observers also remain cautious on fundamental grounds. According to the press, trading participants are not overestimating the upward movement, as fears of an escalation of the trade conflict between the US and China continue to dominate. It is also said that after the USA imposed punitive tariffs of 10% on imports from China Beijing responded on Tuesday with punitive tariffs of 15% on imports of certain raw materials and goods from the USA. However, observers also reportedly described the Chinese reaction as moderate overall. Investors are now eagerly awaiting talks between US President Trump and his Chinese counterpart Xi Jinping, for which no date has yet been set.

If we look at the price development of the FDAX on a daily basis, the possibility of the formation of a shoulder-head-shoulder comes into view with regard to a classic formation, whereby the right shoulder could currently be in development. However, it should be pointed out that (a) such a complex formation is one of the best known and most "seen" / interpreted price formations in general and (b) there are

there are no seriously reliable statistical evaluations of the hit rate and reliability of this formation (with the exception of published evaluations in various specialist books, which do not follow any strict statistical rules but contain large components of discretionary elements). Nevertheless, we do not want to ignore such a possible formation. The potential neckline would be the area around

21,197 / 21,194 and a (validity) condition is that the head at the all-time high is not exceeded.

In terms of market technology, the recent stabilization in the FDAX price trend has at least the directional filter level somewhat, and at least the neutral set-up directions are "stabilizing" here as well.

Momentum, on the other hand, as an indicator measuring momentum, continues to

weaken. I wish us all a successful trading day!

Uwe Wagner

For those interested in short-term trading:



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