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*“Quantitative approach for asymmetric results”*



## Dax: possible upward trend resumed+



With today action, started with a risk-off mood and slowly and silently increased in a more optimistic approach, it is valuable to note that we may be witnessing the moment in which the German index is reverting and resuming into its upward movement, started in late September 2011.

Above you can see the weekly chart of the Dax future, in which are highlighted the signs of this possible reversal.

Important to note that the movement started last year has the strength to be labeled as an impulsive movement and therefore should be characterized by five waves: it is quite easy to spot (probably for a trained eye) five sub waves in each impulsive wave (wave 1 and 3) while corrective waves are formed by three waves (wave 2 and 4).

If the study is correct, then from here should start the last impulsive wave which should lead to a possible new high at around 7,400 future points. It is important to note that there are very few resistances between the current levels and the 7,000 points resistance (blue horizontal lines) suggesting that the movement could be quite strong and breathtaking.

In addition you can see the current divergence between the fast indicator (CCI 8 periods) with the price. Such divergence usually confirms the reversal.

If the primary scenario will not be confirmed, then my alternative scenario would be for a continuation of the downward trend with a first target 6,000 points and then, if broken, 5,500 future points.

# Dax Future . daily chart



In the above chart today's candle represents a bullish piercing line.

Therefore long positions are possible with stop loss below today's minimum.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

#### **Useful Links:**

European Central Bank: [www.ecb.int](http://www.ecb.int)  
Bank for International Settlements: [www.bis.org](http://www.bis.org)  
International Monetary Fund: [www.imf.org](http://www.imf.org)  
Federal Reserve: [www.federalreserve.gov](http://www.federalreserve.gov)  
US CFTC [www.cftc.gov](http://www.cftc.gov)

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