

Germany 40 Daily Update Wednesday 23rd August 2023

Germany 40 Fundamentals:

The Germany 40, which hit a fresh 4 month low at 15,510 on Friday, has recovered some of the lost ground to start this week. After hitting a brief low at 15,603, early on Monday morning, a more positive sentiment has supported prices, driven first by the release of lower than expected German factory gate inflation, which gave a boost to the big industrial stocks within the index, and then by renewed demand for technology stocks, led by fresh buying of the US company Nvidia, ahead of its much anticipated earnings release after hours tonight. All of which helped the Germany 40 reach a high of 15,838.



Despite these gains, Germany 40 traders remain very sensitive to any news on China, the state of the German and European economy and the direction of US and European interest rates. With that in mind, this morning sees the release of the **German (0830 BST) and EU (0900 GMT) Preliminary PMI's for August**. The release of this data sparked a sell off last month as manufacturing and service activity fell more than expected, elevating fears for a more severe recession. **Could this create further volatility this time as well?** Then on Thursday traders will shift focus to news headlines from the **Jackson Hole Symposium**, more specifically the speech of **Fed Chairman Powell at 1505 BST on Friday**, where stock market sentiment will be heavily impacted by his updates on the next move for US interest rates.

Germany 40 Technicals:

Daily Technicals:

Corrective themes have continued off of a move that tested 15535 (38% retrace Dec 20th to Jul 31st upside) which also linked with the July low and rally point. A reactive recovery is materialising from this area, which shows potential to challenge 15940 (38% retrace Aug declines). However, only closing breaks of this higher level suggest a more sustained recovery towards 16202 (higher 62% retrace). **Until that break above 15940**, risks remain for further downside pressure and tests of 15353 support. Breaks below here can lead to a deeper decline towards 15197 (mid-point).



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