

Germany 40 Daily Update

Tuesday 10th December 2024

Germany 40 Fundamental Analysis:

The Germany 40 briefly printed a new all time high at the start of this week. After opening on Monday at 20,416 the index quickly rallied to a new all time high of 20,504, as traders reacted to headlines that China's top leaders signalled more rate cuts in 2025 to support the country's economy, which could be good news for German exporters. However, the move was met by fresh selling and the index drifted down to a low of 20,286 early on Tuesday morning.



Looking forward, this is the start of a big 2 week period for stock indices as the world's major central banks all meet to decide their next moves on interest rates. This week, the two most important events for the direction of the Germany 40 index are likely to be the **ECB Rate Announcement at 1315 GMT on Thursday**, which is then closely followed by the **ECB Press Conference led by Madame Lagarde at 1345 GMT**. Traders fully expect a 25bps (0.25%) rate cut at this meeting, so anything else would be a surprise. If a 25bps cut is announced, then the tone of comments from Madame Lagarde at the press conference will be important. If she indicates that further rate cuts are likely in the first quarter of 2025 this may help to boost the Germany 40 to fresh highs, while if she is more cautious in her approach, it could lead to disappointment and profit taking on the recent move to new all time highs.

Germany 40 Technical Analysis:



Daily Analysis:

After a period of consolidation between 19798 (Oct 17th high) and 18868 (Nov 19th low) fresh buying has materialised, which saw new all-time highs posted at 20504. Now, while trades develop above support at 20228 (Thursday's low) the potential is for further strength towards 20739 (100% Fib extension of Oct/Nov sell-off).

To the downside, breaks below 20228, while not an outright negative, can see tests of 19893 (38% retrace Nov/Dec upside).



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