Dax Outlook Week 05

No new lines added to the chart this week, as it seems we have enough lines on the chart .

Last week the uptrend continued and even got slightly steeper (when looking at the lows). The Dax broke through the resistance at 6484 and went straight towards the 38% Fibonacci level at 6597, which derives from May to September downmove in 2011.

The VDAX dropped further to 21, RSI got even more overbought and the MACD is a little less bullish.

For week 05 I would like to see a little correction to take some heat out of the market. Technically the Dax should fall back to around 6300 as a pullback in the recent uptrend. The EMA also signal a more bullish outlook for the medium term. On the other hand I think the whole debt crisis is not over yet and we could see a couple of sharp breakdowns. There are also signs of slowing world economy and then the markets could only rise further with more QE packages.

I think the market is at an interesting decision point now and we will see the market pointing out the longer trend in the coming 2 months.

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