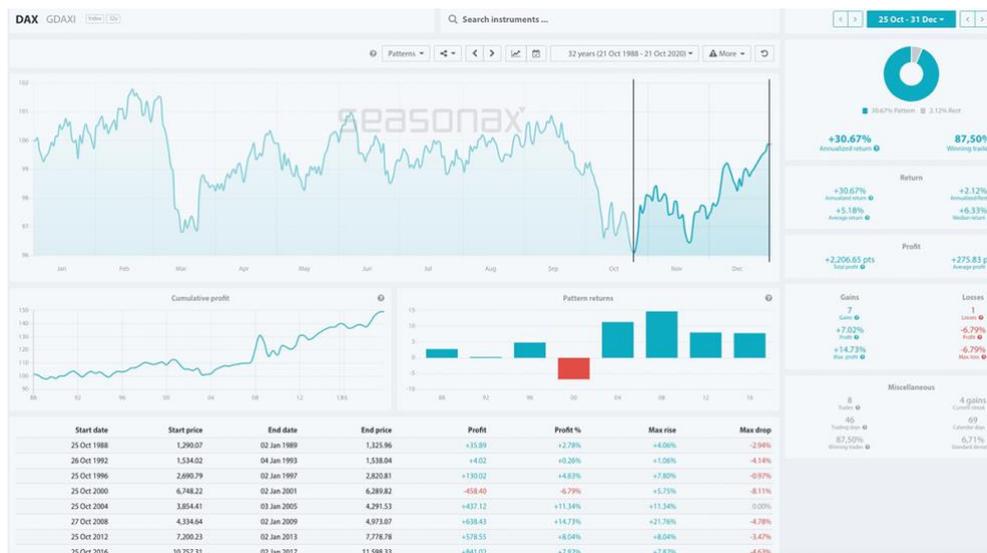
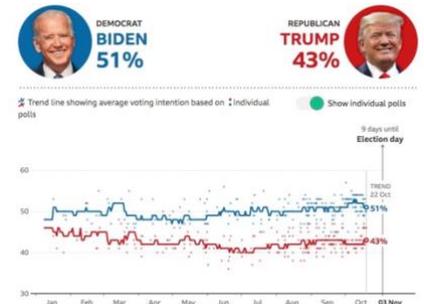


Technical Markets Germany Week 44 2020

DAX® & Co. - seasonal behavior in the previous week of the US election 🇺🇸.

So briefly before the US elections on 03 November it becomes exciting to uncomfortable at the stock markets, one could think. Two large topics will occupy the markets in the next weeks: The outcome of the election for the next US president and the corona infection event combined with possible lockdowns in different stages. The last point puts the capital markets under pressure only in the short term at the moment. So let us turn our attention to the US election.

If one believes the current poll results (see chart 2), Joe Biden is still ahead of Trump. After the last TV duel last Thursday, however, Trump can catch up again. Biden's slip-up is likely to unsettle a good 10 million US citizens whose jobs are directly dependent on the oil industry. If not already done, they will probably think twice about where to put their cross. Perhaps this issue will become the tip of the scales that decides the outcome of the election. I maintain: Due to the peculiarities of the US electoral system, the current forecasts must be treated with caution.



It is interesting to look at the seasonal behavior of the stock markets in election years. Chart 1 shows us the average annual performance of the DAX® in the US election years over the last 32 years. A strong pattern can be observed from October 25 to December 31 of each year. Now one can believe in seasonal patterns or not. The fact is, however, that the leading German index has made

seven gains averaging 7% (in just over two months) and only one loss in these eight years. According to these statistics, the DAX® has some upside potential again and would leave the index at the turn of the year with a neutral performance.

This also fits in with the current chart picture in Chart 3, where the leading German index was able to defend its position for the third time by 12,350.



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HPM Hanseatische Portfoliomanagement GmbH

Fährhausstraße 8

22085 Hamburg

Phone: +49 40 303755 0

Fax: +49 40 303755 29

E-mail: info@hpm-hamburg.de

Managing Directors: Wolfgang von Malottky, Christoph Michaelis, Jörg Kaminski

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