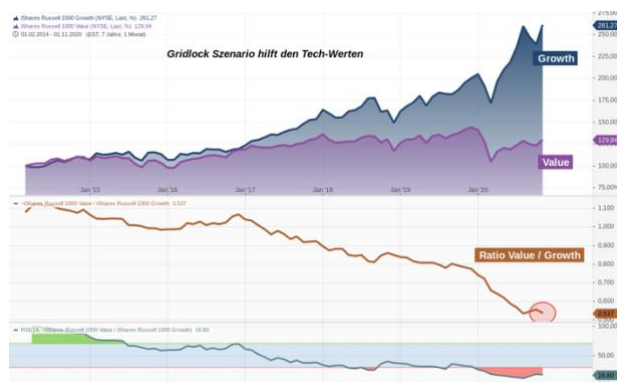
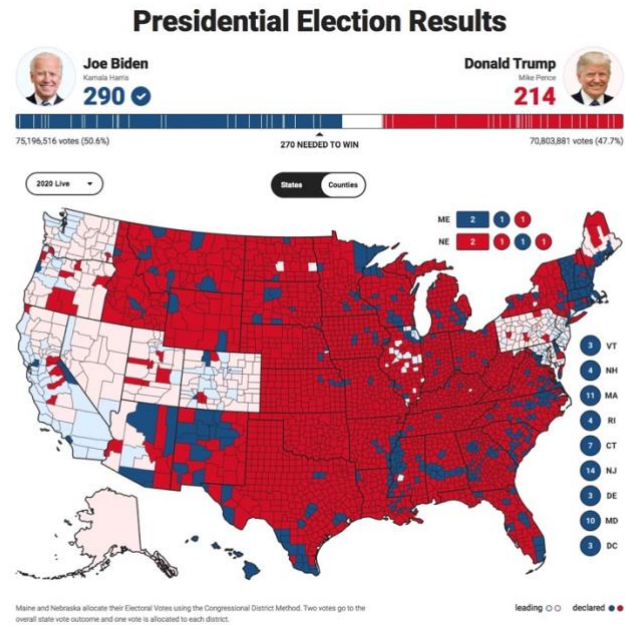


Technical Markets Germany Week 46 2020

DAX® & Co. - 🤖 Liquidity is Trump(f)? - Gridlock scenario in the USA

Joe Biden is the 46th President of the United States of America. This seems to be an irritating topic for many off the table. Nevertheless it remains so. The USA is a divided country. On the map in graph 1, the shortcomings of the 200-year-old American electoral system are clearly visible. Zooming in on the county level, there is a lot of red and some blue.

Even though the horror scenario of the election outcome with a neck-and-neck race, a tough election thriller, and a continued fighting trump has been fully realized, the stock markets are not crashing. On the contrary: since November 3, the DAX® has gained a good 6%. Why? The Senate and House of Representatives form the Congress of the United States of



America. Usually both houses have a majority of the same party of the new president. This is different in this election. With a tie, the Senate remains in the hands of the Republicans for the time being. The House of Representatives goes to the Democrats. This so-called gridlock scenario prevents important decisions that have to go through Congress. A stalemate situation. In the US state of Georgia there will be a by-election on 05.01.2021, because neither of the two senators got more than the required 50% of the votes. Until then the victory of Joe Biden will not be a "real" election success. For the stock

markets, this does not initially mean that they are threatened by higher taxes on corporate profits, as demanded by the Democrats. Technology stocks in particular were able to profit in the corona crisis and increase their profits. Hence the disproportionately high surge in growth stocks in chart 2. So for the stock market, everything will initially continue as before.

The DAX® (Chart 3) was able to easily take the 200-day line on its way up last week. The gap of 10/26/20 was closed again. At the current level of 12,480, the 76.4% Fibonacci line is at 76.4%, which has often served as support since summer and must first be overcome. The price markers of the red rectangle in chart 3 thus remain in place.



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