

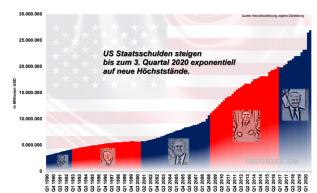
## **Technical Markets Germany Week 04 2021**

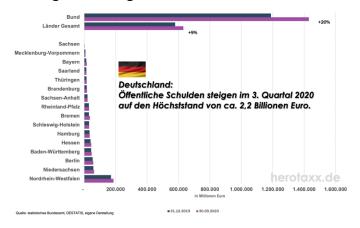
## Next stage of national debt

Since 2020, a major (economic) side effect of the Corona pandemic has been the exponentially increasing national debt in most economies. The question of - how much government is actually necessary - is therefore becoming louder and louder.

The USA is known for its high national debt. As the last 30 years show (chart 1), it is almost irrelevant whether a Democratic or Republican administration is in office. With George W. Bush, the pace of new debt

increased continuously from the 2000s onward. Even if the financial market crisis ushered in the next ignition stage of debt ratios from 2008 onward, it cannot be compared with the measures





taken to combat the Corona pandemic, at least according to the figures. We have seen an exponential increase in public debt in the U.S. since the last quarters of 2020. Large segments of the population rely on monthly checks from the government. If these fail to materialize in the near future, many face the threat of eviction or foreclosure. And this in a scenario where U.S. interest rates have started to turn upward. Against this backdrop, the money tap would have to be turned on even more strongly. Is the USA now mutating from a free to a social market economy? In any case, the state's interference

has become more and more obvious since 2008. Many aid recipients have long since become accustomed to the system. As with a drug withdrawal program, it is therefore becoming increasingly difficult to withdraw the drug state aid as time goes on.

In Germany, too, we see a substantial increase in public debt in 2020. This is the first increase in new debt since 2012, bringing the total debt of the public budget (federal, state and local governments and all social security funds) to just under EUR 2,200 billion as of Q3 2020 (chart 2). This does not even take into account the measures of the current lockdown. Government involvement is also increasing strongly here (see TUI, Deutsche Lufthansa, etc).

The DAX®, on the other hand, tried its hand at the 14,000 mark again last week. At the moment, the "big figure" is still difficult to crack. In chart 3, the target regions on the upper and lower side are marked. Accordingly, we also see the potential quite up to 15,000 (possibly also 15,500). On the downside, a GAP is still open at approx. 12,600 points on a weekly basis. Paired with the important moving averages, the first support should hold here.





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