

DAX IQ • CORE STRATEGY & INDICATOR

VER. 2.0

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By continuing to read this document you acknowledge all the information above.

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3. Introduction to the DAX Index
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FOREWORD

Important information, do NOT skip!

- This document is a **summary of my knowledge and expertise** in the DAX index.
- It does NOT provide a magic strategy or pattern, so **don't expect a holy grail**.
- Actually, **patterns themselves are worthless without understanding the context** in which a certain market operates at a specific point in time.
- This document helps you frame the proper DAX context on an intra-day basis, BEFORE even looking for lower timeframe patterns or entries. This is crucial in trading!
- Truth is NO course, book or teacher can make you a profitable trader. They CAN guide you on the right path, but **nothing beats years of experience** trading an asset. Over time, you will start observing market behavior and developing an intuition.
- Any person claiming they can turn you into a profitable trader after watching their course or subscribing to their service is a **fraud**. Trading as a profession cannot be taught overnight, only concepts, ideas, examples and correct thought processes.
- Unfortunately, I am not able to include 100% of my own know-how and intuition into this document because that's a 'sixth sense' you develop over time on your own. Instead, I can only provide some meaningful dots for you to connect.
- Inside this document you are going to find useful **DAX institutional concepts and data** that can complement your own strategy or learning curve. **It's your job to invest the time** necessary to see all of these concepts in action and create an action plan.
- Apart from the official DAX (Eurex & Xetra) terms, **all concepts are original**, not being taught anywhere else as far as I know. Nothing was "borrowed" from someone else. I am referring to the OA-R® and IDA-R® concepts. I hope you're going to enjoy my work!
- Also, you are going to get a TradingView indicator that plots these levels automatically on your FDAX (DAX futures), so that you operate in a neutral and objective environment on a daily basis and remove your opinions from the analysis.
- Please DO NOT share this document or the concepts and links with anyone! Thank you!

PRIMARY GOALS

So, what are the main goals of our upcoming discussion?

- As mentioned earlier, the primary goal is to learn to **assess the intra-day & intra-session market context** so that you know which direction to trade the DAX key-levels.
- Also, it's crucial to understand when are the big boys – **the institutions** – operating in the DAX market on a daily basis. You have to **know your enemy** and learn its habits.
- Before making any trading decision, there are 3 main elements to take into consideration: the **WHEN**, the **WHERE** and the **WHY** of each setup. These are the pillars that make up the foundation of each entry, be it a profitable or losing trade.
- The **WHEN**: I am going to dissect all the intra-day DAX sessions, including **my own custom trading time windows**, along with the best spots on the chart to look for entries.
- Based on my own experience, I will also provide advice on **when NOT to trade** and what are the **caveats of trading certain sessions** of the day or certain days of the month. Knowing what dangers lie ahead can make your trip smoother.
- The **WHERE**: We're going to discuss each of DAX's main institutional key-levels.
- The **WHY** aspect of each trading decision should never be omitted. Why make a detailed vacation plan without first knowing what's the destination? Makes sense? Why hunt for a long position if the intra-day **context** is not favorable? This is key to properly understanding and using the institutional key-levels of the DAX.

INTRODUCTION TO THE DAX INDEX

First steps towards understanding the DAX index.

- The German DAX index is traded at an institutional level via the Frankfurt Stock Exchange (Deutsche Börse) and consists of 40 major blue-chip companies in Germany.
- The Deutsche Börse operates both Eurex and Xetra. **Eurex** is a **derivatives market** for futures and options. **Xetra** is primarily an equity market for shares, ETFs, bonds etc.
- Therefore, institutions trade the DAX futures via **Eurex**, and the DAX constituents (shares) via **Xetra**.
- **Important!** The entire discussion will refer only to the DAX futures chart (symbol **FDAX1!** on TradingView, provided by Eurex), **not** CFD broker charts.
- **Important!** All time references are only **CET (Central European) times**. So, wherever you live, make sure to have your TradingView chart timezone set to **Berlin time**.
- The DAX can be traded by retail traders as futures contracts via **FDAX** (€25/pt), **FDXM** (mini-DAX, €5/pt) or **FDXS** (micro-DAX, €1/pt), or as a **CFD** on most brokers (symbols DE40, GER40, GDAXI or similar, depending on the broker).
- To trade the DAX futures on TradingView, you're going to need to refer to the specific / current contract using the correct month code (**H** for **March** contract, **M** for **June** contract, **U** for **September** contract, **Z** for **December** contract).
- Therefore, as an example, to trade the **FDAX** March futures contract of 2025 you need to search for the **FDAXH2025** symbol in TradingView.
- Similarly, the **FDXM** June contract for 2025 is going to be referred as **FDXMM2025** for example, whilst the **FDXS** contract for December 2025 is going to be **FDXSZ2025**. A bit complicated at first, but you'll get used to it, I promise 😊
- On the other hand, if you trade regular **CFDs** you don't have to worry about contracts. **Nevertheless, your daily analysis should always take place on the FDAX1! chart.**

INSTITUTIONAL DAILY ROUTINE

How and when are the big boys operating in the DAX market?

- What very few people talk about in trading is **TIME** from an institutional standpoint. We hear all kinds of fancy words about time and related major price levels, but almost no one tells you about the reason for properly timing the market as a day trader.
- First and foremost, you need to learn **WHEN** to hunt for trades and **WHEN NOT** to. Some time intervals are way more likely to provide trade setups and real moves during the day than others. Of course, time is not the only factor to consider but it comes first. Most of the time, there is absolutely no reason to hunt for setups during illiquid sessions, lunch hours, right before or during major news events etc.
- Moreover, there are certain **days of the month** when the chances of clean setups and smooth price action are usually way lower. But more on that later.
- Based on the trading schedule of institutions in the DAX index and its individual components (shares), as well as based on the experience you develop over the years focusing on this instrument alone, you can **derive a roadmap of WHEN and WHERE to look for trades** and also when to expect lower probability trade setups.
- Let's dissect the **day-to-day routine of the institutions** trading the DAX index and its constituents. And this is public data from Xetra's documentation by the way, not out of my azz. But few people know where to look and what to look for. Let's talk about **Auctions!**

WHAT ARE AUCTIONS?

Let's familiarize ourselves with this term, first and foremost.

- Officially, the trading methodology that takes place on **Xetra** each and every day is called "**Continuous trading with auctions**".
- Auctions are small, well-defined **windows of time** during which institutional traders and investors place and match their orders for buying or selling DAX shares in the T7 trading platform (the official platform where the "big boys" are placing their trades on the Deutsche Börse).
- These orders might be of type market, limit, stop, OCO, AAO, CAO, Iceberg, as well as other more advanced types which are outside the scope of our discussion.
- These auctions are performed electronically/algorithimically, and their main purpose is to **concentrate liquidity and allow for the submission of high-volume institutional orders in an organized and supervised manner**.
- This is when **investment funds, pension funds, banks, trading desks** or other large players are focused on placing their orders. And this is important for us, too.
- The rest of the day, outside these small windows of time, is called **continuous trading**.
- Next, we're going to discuss **the 3 main daily auctions**.

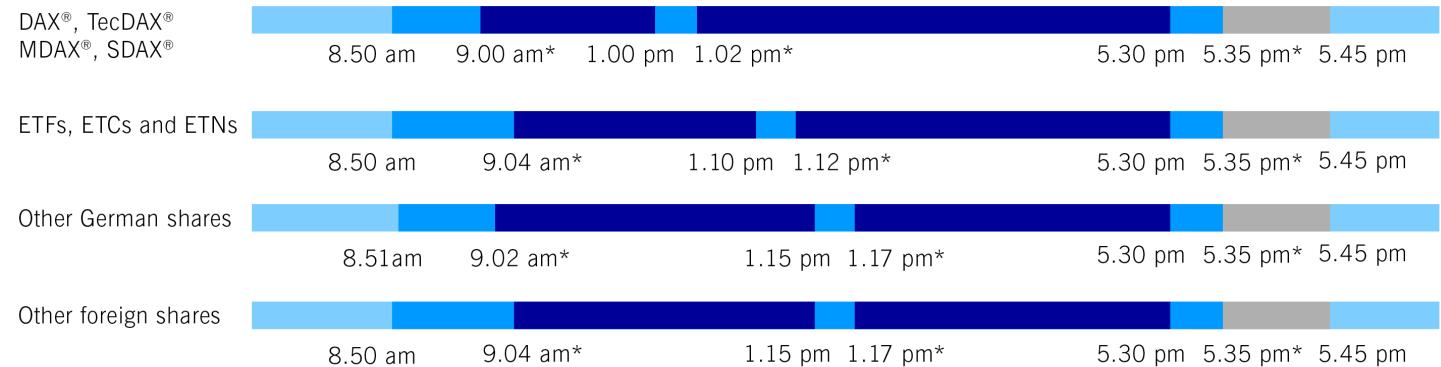
XETRA AUCTION TIMES

Let's get down to the nuts and bolts of this, shall we?

- **8:50–9:00 CE(S)T – Opening auction** – This auction determines the opening price of the day via an algorithmic procedure. London open follows at 9:00 AM CE(S)T.
- **13:00–13:02 CE(S)T – Intra-Day Auction (IDA for short)** – Mid-day auction introduced in recent years to allow a new time window for institutions to inject liquidity into the market. This auction ends with an algorithmic procedure that lasts between 13:02:00 and 13:02:30 CE(S)T.
- **17:30–17:35 CE(S)T – Closing auction** – This auction determines the closing/settlement price of the day via an algorithmic procedure. The Daily Settlement Price is derived from the VWAP of the prices of all trades executed during the last minute before 17:30 CET and it is a reference price for institutions to calculate their short-to-medium-term portfolio returns / unrealized profits / losses etc.
- **17:35–17:45 CE(S)T – Trade-at-Close phase** – Immediately follows the Closing auction and allows institutional traders to place their last orders of the day based on the closing price.
- **Important!** In my own analysis, I treat the Closing auction and Trade-at-Close phases as a singular phase between **17:30–17:45 CE(S)T**. But I don't trade it.
- Before 9:00 AM, the **Pre-trading phase** can also be traded, but I also prefer not to. After 17:45, the DAX is still traded in the **Post-trading phase** until 22:00 CE(S)T, but that is usually irrelevant for me as well, unless for days with good NY volatility and clear direction.
- See Figure 1 (1st row) for the entire Auction flow and all of DAX's trading phases.

AUCTION TIMES

Continuous trading with three auctions



One-Auction-Only



- Figure 1 - Auction flow and all of DAX's daily trading phases. Credits to xetra.com

CUSTOM TRADING SESSIONS

From the information discussed previously, I derived my own daily trading times.

- As a direct result of the schedule above, I have defined **4 intra-day sessions** for my own analysis, 3 of which I usually care about for actually executing trades.
- **Frankfurt Opening Session (FOS), 8:00-9:00 CE(S)T** – Preferably, I like to see the London Opening Session manipulate this session's high or low. I don't usually trade the Frankfurt session, but it can prove to be a good reference for the London open price action. Usually, the volume during this session is quite low, so better just skip.
- **London Opening Session (LOS), 9:00-11:00 CE(S)T** – This is the first intra-day session during which I actively look for setups, most of the time. More on this later.
- **Intra-Day Session (IDA), 13:00-15:30 CE(S)T** – I trade this in certain scenarios, but sometimes not the best session to trade mainly due to US major news releases around 14:30 CET in most days. More on how I trade this session later.
- **New York Overlap Session (NYO), 15:30-17:45 CE(S)T** – I trade this session as well, but not on a daily basis simply because I'm not a robot. But I'm going to touch on this session's characteristics a bit later, too.
- The time between 11:00 and 13:00 is usually less active, let's call it the "**Lunch Hours**". There are some exceptions around 11:00 – 11:15 when reversals or deep retracements of the morning's intra-day trend may occur, or just consolidations.
- **Important!** You can use the **LuxAlgo Sessions** indicator to set these custom sessions on your **FDAX chart**. Make sure to check **Use Exchange Timezone** in its settings!
- See Figure 2 on the next page for my customized intra-day DAX Sessions.
- **At the end of this document you're going to find my LuxAlgo indicator settings.**



• Figure 2 – My customized intra-day trading sessions



THE SETTLEMENT PRICE (SP)

What is the Settlement Price?

- CME (cme.com) says it better than I can: “**Daily settlement prices reflect the fair market value of the underlying commodity or financial instrument, as determined by buyers and sellers during the settlement period or “close”. Settlement prices are used to mark traders’ positions to market daily, determining profits or losses. Daily settlement prices play a key role in facilitating price discovery, risk management, and market integrity.**”
- Eurex (eurex.com) explains how it’s being determined: “**The daily settlement prices for the current maturity month are derived from the volume-weighted average of the prices of all transactions during the minute before 17:30 CET, provided that more than five trades transacted within this period.**”
- So, notice that the SP is definitely a key institutional level to watch on the charts
- You can get yesterday’s SP on your FDAX chart in any of these 4 ways:
 - You can use the Eurex official website, go to Statistics and pick the correct date. See **D. Settle** on the 1st row. Mark it on your chart using a horizontal line.
 - <https://www.eurex.com/ex-en/markets/idx/dax/DAX-Futures-139902>
 - You can use the "Settlement price" indicator on TradingView. It’s free.
 - You can mark the close of yesterday’s Daily candle (have **SET** on in TradingView).
 - Or, you can just use the **DAX IQ indicator** that I’m about to share with you later on.
- See Figure 3 on the next page to see the Settlement Price on my chart (in red).



• Figure 3 – The SP on my FDAX chart using the Settlement Price indicator



THE OPENING AUCTION RANGE (OA-R©)

When is the OA-R© formed?

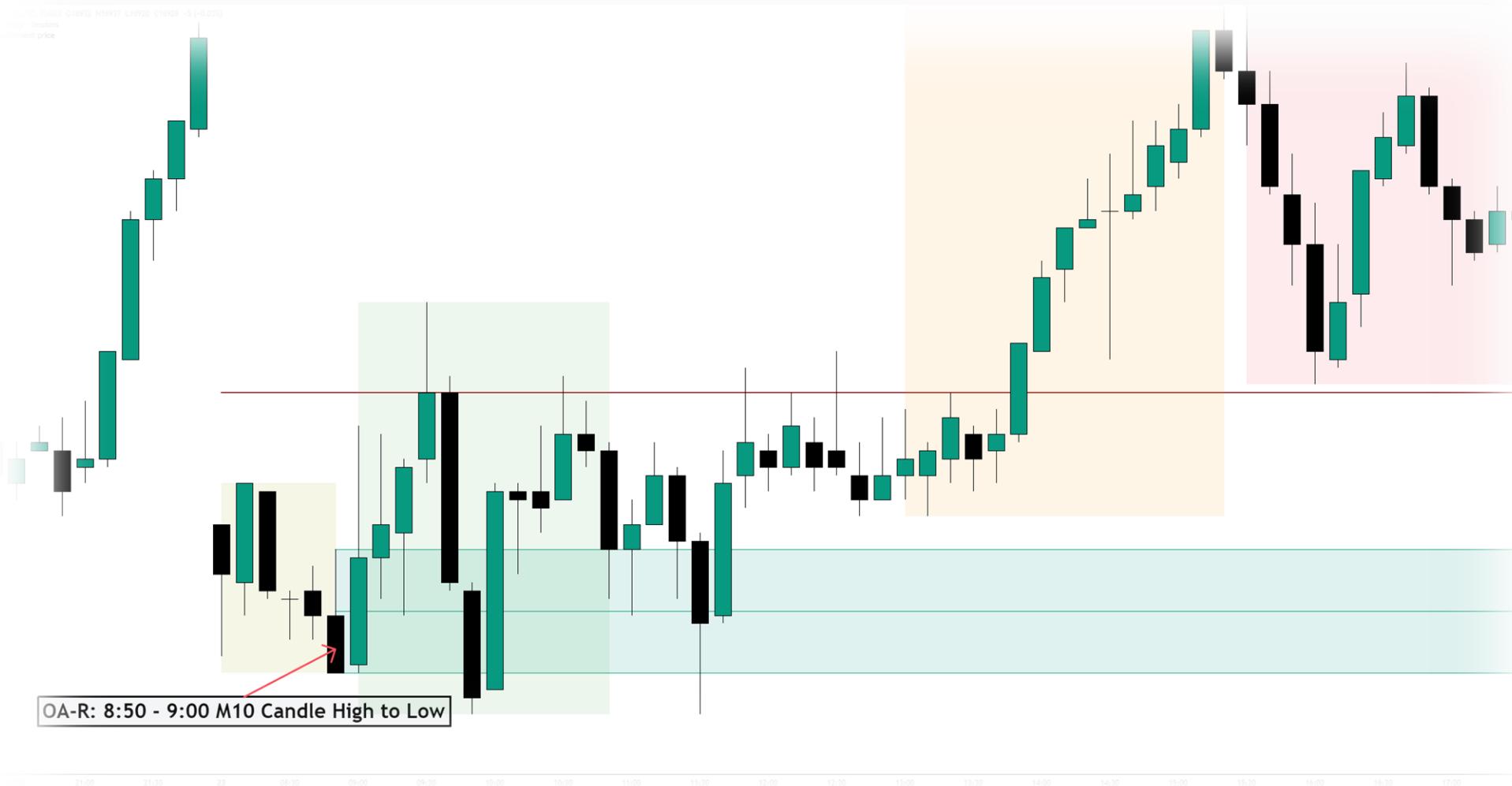
- Quick recap from earlier: 8:50 – 9:00 CE(S)T – Opening auction on Xetra
-

Now, how to draw the OA-R©?

- Knowing it's a 10-minute time window, switch to the **M10 timeframe** on the chart.
- As soon as 9:00 hits and we get the London Open, mark **the High and Low of the previous M10 candle** (8:50 – 9:00) either with a Fib tool or with a rectangle.
- If you choose to use a Fib tool, make sure only the 0, 0.5 and 1 levels are enabled, so that you can see the two extremes and the mid point of the OA-R©.
- On the other hand, you can just simply use the **DAX IQ indicator** which is going to automatically plot the current day's and previous day's OA-Rs on your chart.
- See Figure 4 on the next page to see the correct way of drawing the OA-R©.

Important!

- The T7 [documentation](#) differentiates between **Xetra's Opening Auction at 8:50 AM** for shares (and cash instruments in general) and **Eurex's Opening Auction at 7:50 AM** for futures (and FDAX).
- In my strategy, I have always considered Xetra's OA as a **key-level** for bridging technical levels on FDAX to a **critical institutional flow period** happening on Xetra for the DAX's 40 constituents.



• Figure 4 – Marking the Opening Auction Range (OA-R®)

TRADING THE IDA SESSION

This is the session following the Intra-Day Auction and preceding the NY Open.

- Quick recap from earlier: **13:00 – 13:02 CE(S)T – Intra-Day Auction (IDA for short).**
- The Intra-Day Auction on Xetra enables a new time window for institutions to **inject liquidity** into the market during the day.
- This session is a transition phase between the morning London session and the New York session which starts at 15:30 CET (9:30 NY Time).
- To quote **Miroslav Budimir, Senior Vice President, Deutsche Börse AG:**
- „*A Xetra Intraday Auction is initiated by a two-minute call period (or at least five minutes on Eurex Settlement days), followed by a “random end” phase which can last up to 30 seconds. This phase is required in order to prevent gaming of the auction price.*“
- „*[...] the intraday auction offers institutional investors an opportunity to execute large blocks at fair and reliable prices*“
- „*Deutsche Börse expects a strong growth for its Intraday Auction. With other markets picking up this trading form more and more market participants will almost certainly adapt the idea of intraday auctions and start participating, eventually creating a virtuous circle of liquidity.*“
- **Source:** The Xetra intraday auction: Growing potential for strong price discovery, Best Execution | Winter 2014/2015 ([LINK](#)).

THE INTRA-DAY AUCTION RANGE (IDA-R®)

The process for determining the IDA-R® is similar to the one I use for the OA-R®.

- Again, the IDA takes place during this 2-minutes interval: **13:00 – 13:02 CE(S)T**.
- Switch to the **M2 timeframe** and mark the High and Low of the **M2 candle** that opened at 13:00 and closed at 13:02 (see Figure 5 for an example). I use a Fib tool or an orange rectangle to mark the IDA-R®. Also, I usually call it “IDA Open”. Don’t ask me why 😊
- If you choose to use a Fib tool, make sure only the 0 and 1 levels are enabled, so that you can see the two extremes of the IDA-R®. Unlike with the OA-R®, I don’t mark the mid point of the IDA-R® because it usually is smaller in size (points) than the OA-R®, so having an inner level doesn’t bring too much value.
- On the other hand, you can just simply use the **DAX IQ indicator** which is going to automatically plot the current day’s and previous day’s IDA-Rs on your chart.



• Figure 5 – Marking the IDA-R® (IDA Open)

CAVEATS OF TRADING THE IDA SESSION

This session can be a great time to trade, but it also comes with a few caveats.

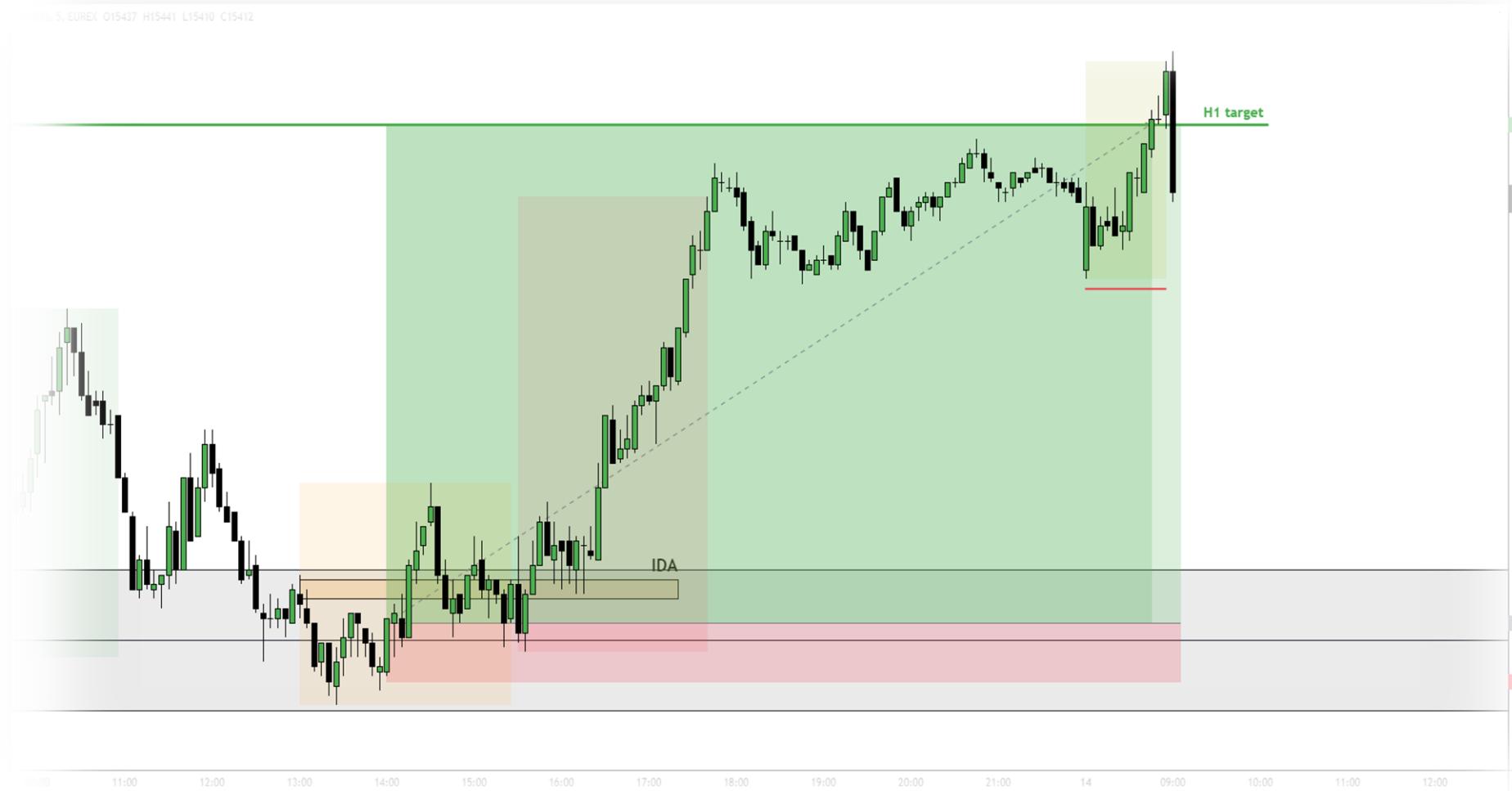
- Although the IDA Session is a transition period between the London Opening Session and the New York Overlap Session, this **doesn't** mean that it will provide a continuation of the morning London move. Consolidation or trend retracements may occur between the London morning and the NY Sessions.
- Often times, **the IDA Session includes a major US news release** (always check the forexfactory.com website at the beginning of each day!). Given the strong correlation with the US indices (S&P500, Dow Jones, Nasdaq), the DAX also reacts to red US news, sometimes being very volatile (e.g. news such as NFP, CPI, PPI, GDP), with moderate moves during other types of news (Unemployment Claims, Retail Sales, Consumer Sentiment, Consumer Confidence, Job Openings, Hourly Earnings, Core Price Index etc.)
- Whenever there's a major US news release (at 14:15 or 14:30 CET), the IDA Session usually provides one of following two types of price action:
 - **Consolidation** before the news, which can become very choppy and usually revolves around the IDA-R©. Not the best environment to trade your regular size.
 - **Manipulation** before the news in the opposite direction to the upcoming news release price action. This also can be quite choppy at times, with low volume.
- Also, I've noticed over the years that many times the news release price action tends to interact with the IDA-R© one way or another. However, it's quite difficult to predict the amplitude of the move and how far beyond the IDA-R© will price travel before resuming the main direction dictated by the news release itself.
- My advice is to either not trade the IDA Session at all if there's a major news release scheduled, or just wait for the news to hit and only then look for any clear setups when the dust settles. Or just wait a bit and trade the NY Session.

TRADING THE NY OVERLAP SESSION

I rarely trade during the NY Overlap session, simply because I can't trade all day.

- However, if you'd like to trade this session, remember it starts at 15:30 CET.
- Expect a bearish manipulation move at/after 15:30 CET (9:30 NY Time) if you're bullish or a bullish manipulation move if you're bearish. The first 30 minutes of the NY Overlap Session is usually when this kind of manipulation moves occur.
- Best case scenario, the manipulation move should revisit key institutional levels, such as the current or previous day's OA-R© or IDA-R and generate a LTF reaction.
- Luckily, the **DAX IQ indicator** has you covered and plots the previous day's and current day's OA-R© and IDA-R© automagically for you, so you can just relax.
- Moreover, you're going to notice that the indicator will also plot the most relevant (potential) targets that you can aim at with your trades:
 - Settlement Price
 - Overnight Gap
 - Asia Session High & Low
 - Previous Day's High & Low
 - Previous Week's High & Low

DAX, 5, EUREX: O15437 H15441 L15410 C15412



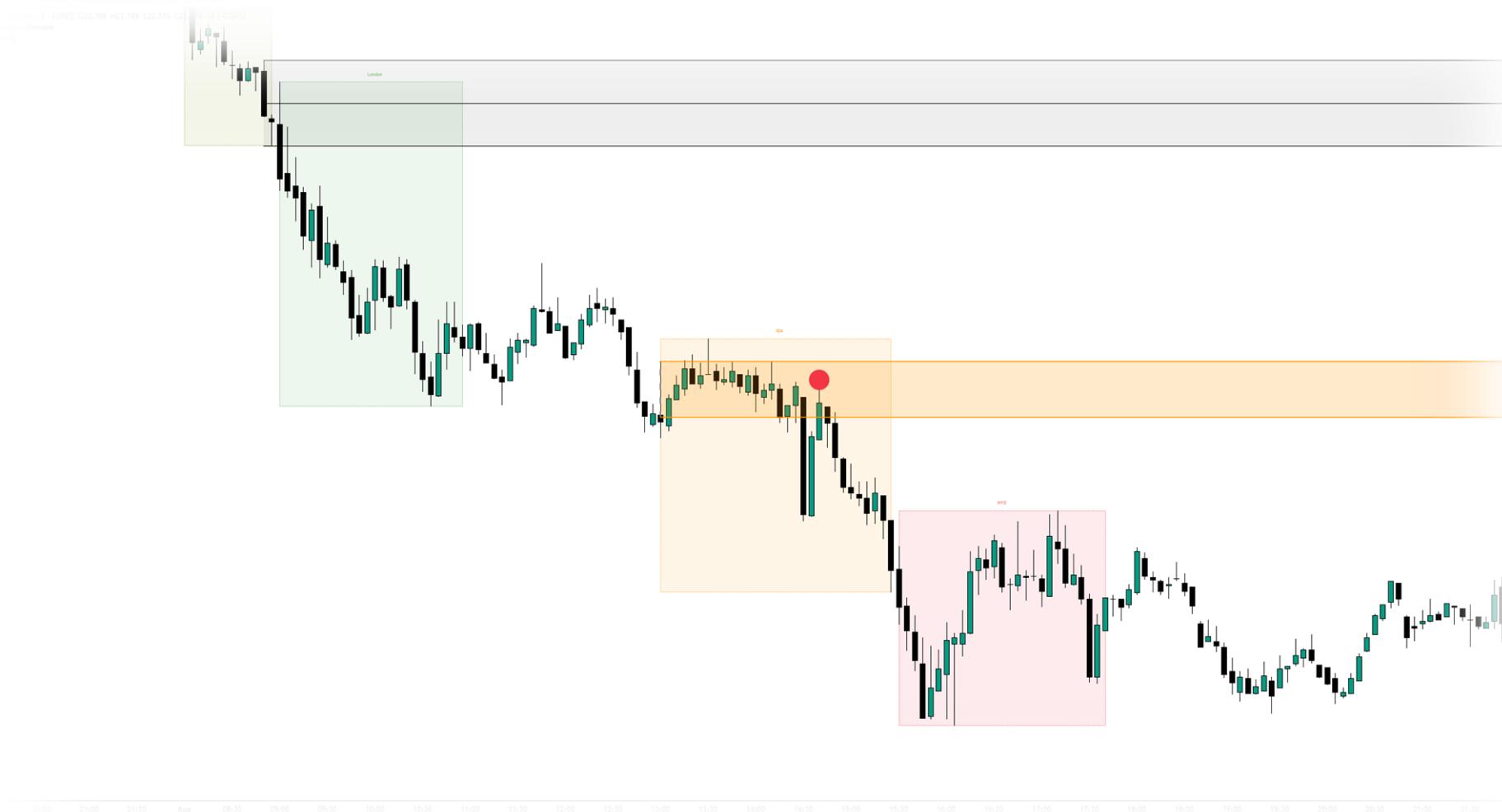
• Figure 6 – Long setup during the NY Overlap Session



CAVEATS OF TRADING THE NY OVERLAP SESSION

This session can be a great time to trade, but it also comes with a few caveats.

- The most obvious caveat is the fact that starting at 15:30 CET the reign of the DAX is becoming less powerful, as **the US indices take the driver's seat**. Therefore, it's always a good idea to keep an eye on the movement of the ES or NQ futures chart to better assess the short-time direction of the DAX index.
- Another thing to keep in mind is that the manipulation we expect to take place between 15:30 and 16:00 CET might not occur at all. Instead, sometimes the NY Open simply quickly takes out the high or low of the IDA Session and then runs without looking back. Or you can see a straight continuation of the IDA Session flow. What to do in those cases? Me, personally? **I don't do anything. I just walk away.** My setup isn't there, so why would I bother? I'm a one-trick pony, and not gonna search for reasons to enter the market if I don't see what I need to see.
- Check out Figure 7 for an example of "nothing to see here, just move on".
- An additional caveat about the NY Overlap Session is when there's a **major US news release at 15:45 or 16:00 CET**. This can be preceded by a deeper-than-expected manipulation after 15:30. Also, the news release itself can "mess up" the price action and any expected moves, depending on the contents of the release.
- In case of a news release at 15:45 or 16:00 CET, the **absolute best approach is to WAIT for the news to pass**, then evaluate the pre-news and during-news price behavior, and finally look for any coherent setups **IF the context is still clear!**



• Figure 7 – Nothing for me to trade here during NY Overlap Session



RECAP OF DAILY KEY PRICE & TIME KEY-LEVELS

So, let's do a short recap of all the main institutional price & time levels in the DAX:

- Opening Auction Range (OA-R©)
- Intra-Day Auction Range (IDA-R©)
- The previous day's OA-R©
- The previous day's IDA-R©
- Settlement Price (SP)

Best times to look for valid entries (always having the intra-day context in mind!):

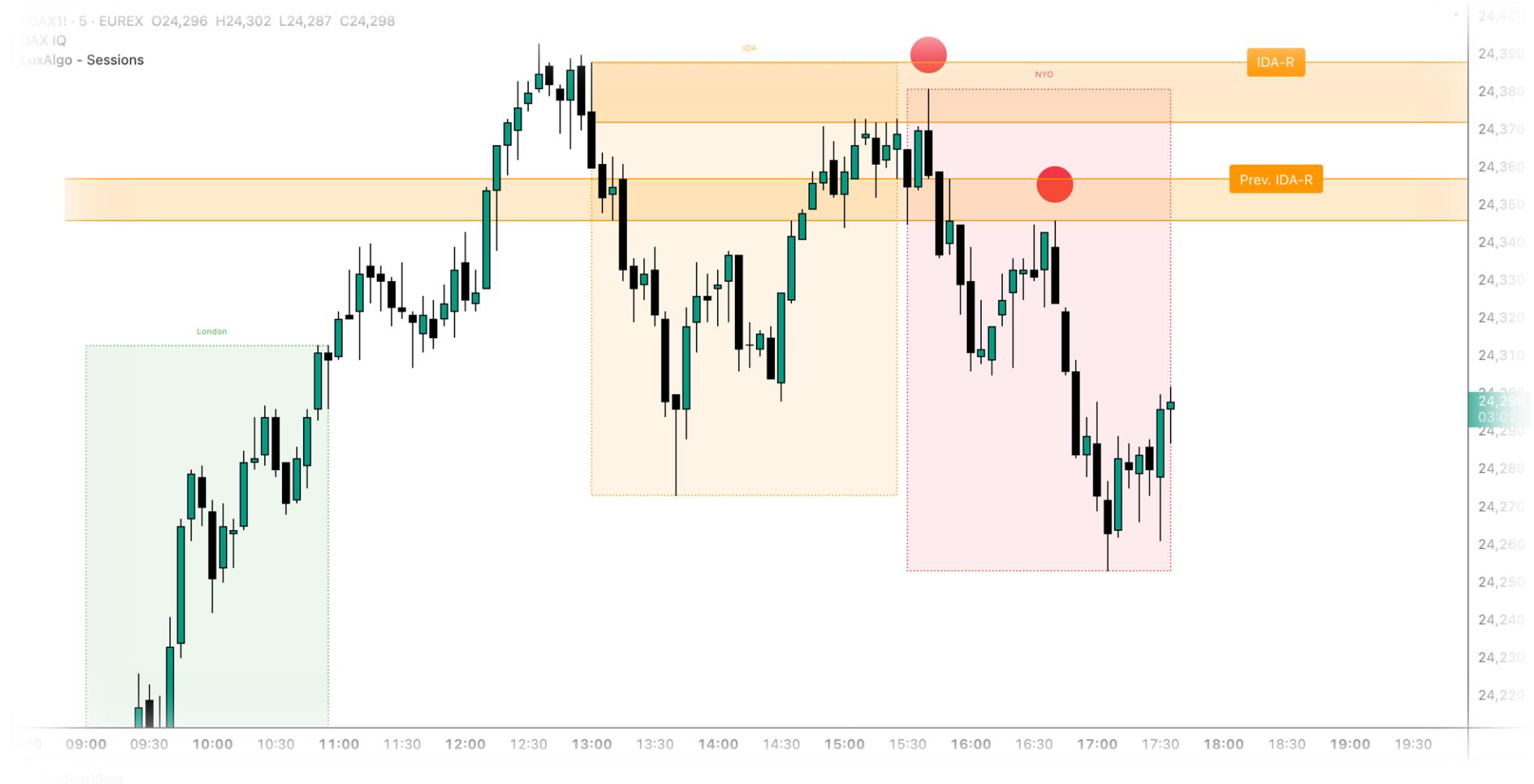
- London Open Session, around 9:30 CET
- London Open Session, around 10:00 CET
- IDA Session, after 13:02 CET (& after news releases, if any)
- NY Overlap Session, after 16:00 CET (& after news releases, if any)

Created with TradingView.com, Jul 29, 2020 17:30 UTC+2

DAX! · 5 · EUREX O24,296 H24,302 L24,287 C24,298

DAX IQ

LuxAlgo - Sessions

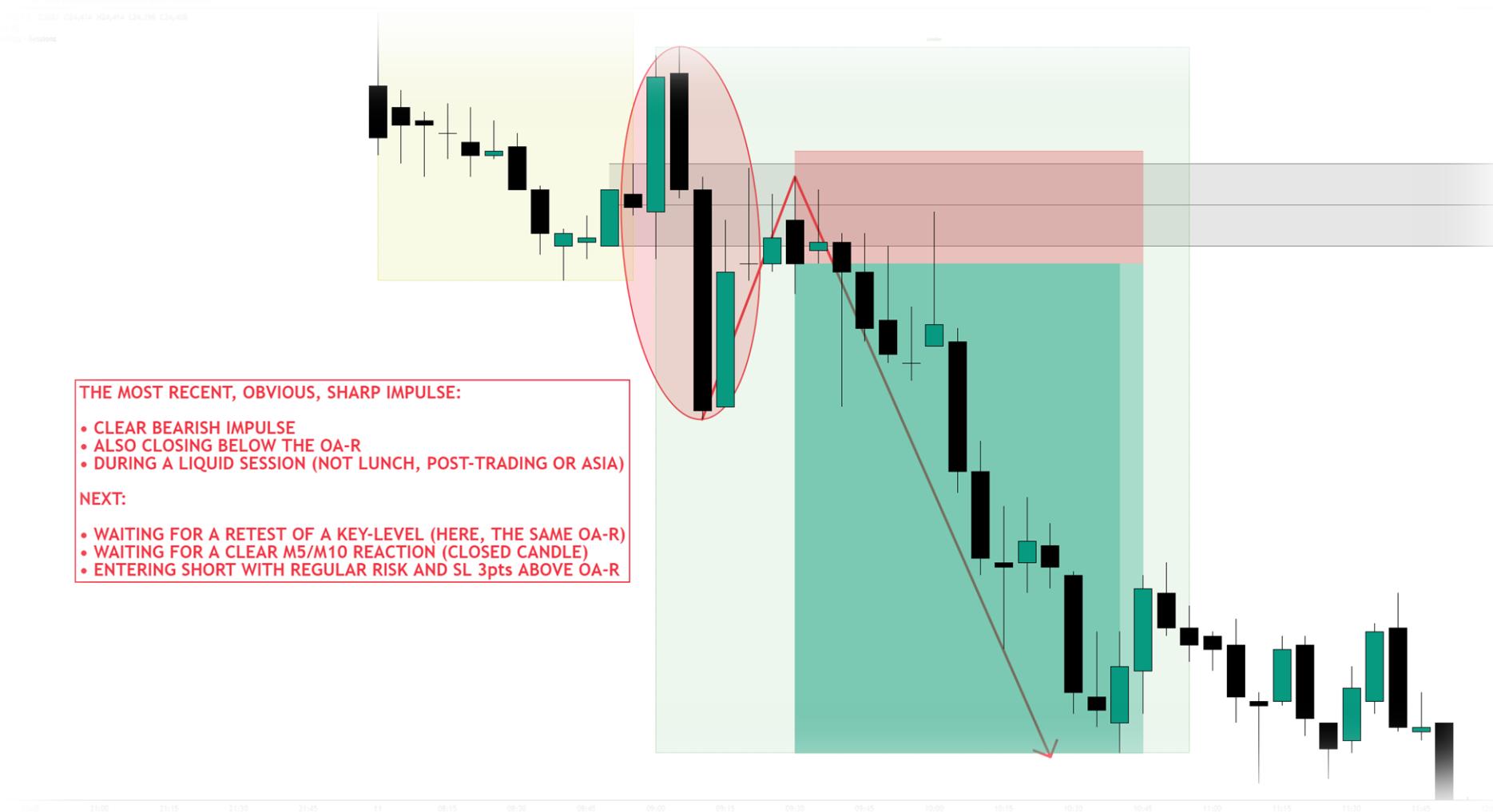


• Figure 8 – Example of reactions at today's and yesterday's IDA-R©

THE MARKET CONTEXT: INTRA-DAY/SESSION

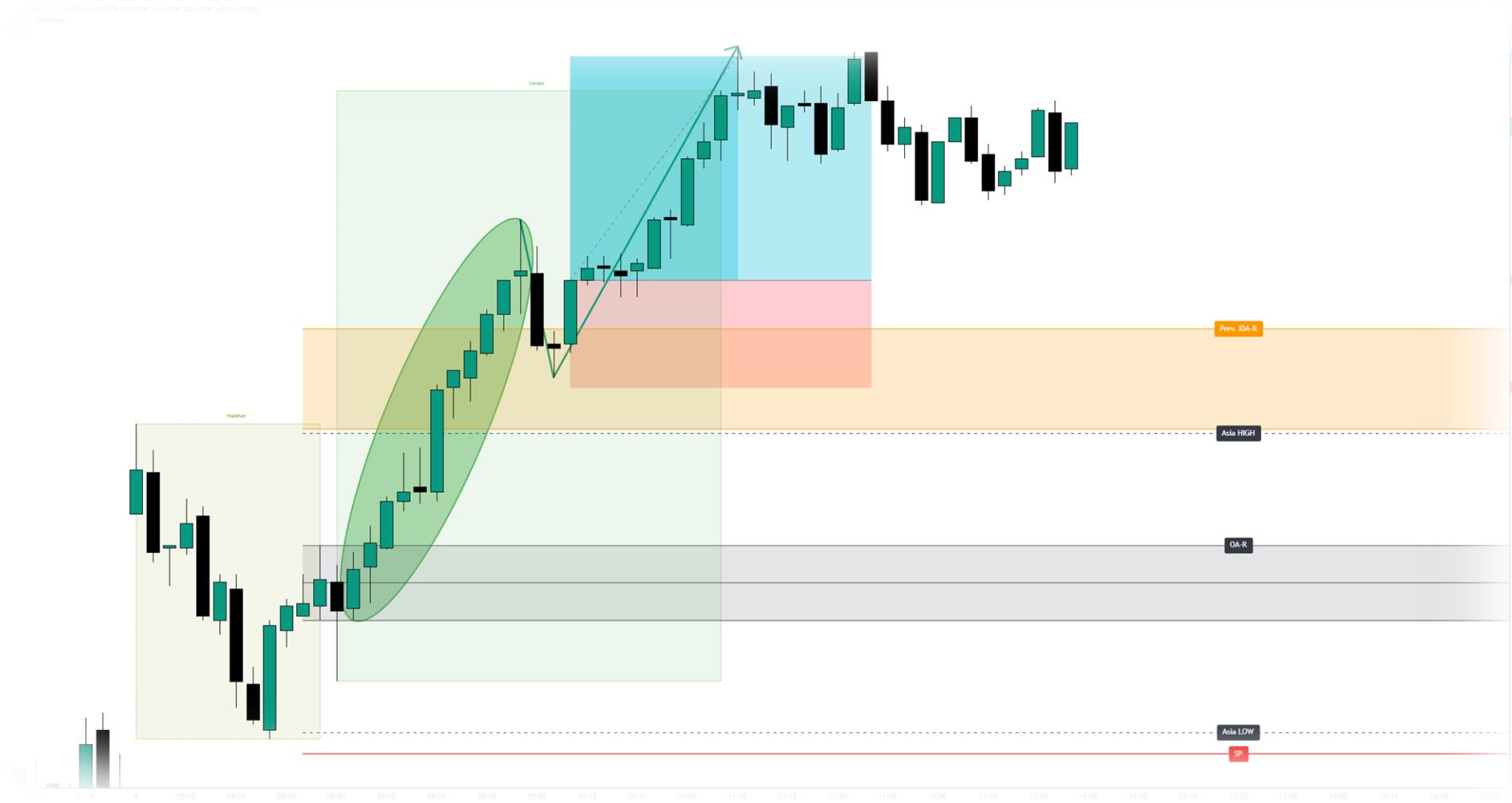
Assessing the intra-day or intra-session context is ABSOLUTELY CRUCIAL!

- Even if you understand, mark and use the DAX key-levels as described in this document, before considering an entry as a reaction from a certain key-level you **NEED** to determine **the market context** before pulling the trigger.
- Keep in mind that the market can change direction (bias) once or multiple times during the day. For example, perhaps the London Opening Session is predominantly bearish today, the Lunch Hours may bring some consolidation before a news event scheduled during the IDA Session, whilst the NY Overlap session might completely reverse the trend for that day.
- For this reason, you **NEED** to constantly monitor the price action during the day and each sub-session of the day, and assess if the current, most recent bias is clearly bearish, clearly bullish, or not clear at all.
- To make this assessment, always ask yourself one question:
“What is the MOST RECENT, OBVIOUS, SHARP impulse of today?”
- Has the market recently made an obvious, sharp **BULLISH** impulse?
 - Then I will wait to see a bullish LTF reaction from a key-level, for a LONG.
- Has the market recently made an obvious, sharp **BEARISH** impulse?
 - Then I will wait to see a bearish LTF reaction from a key-level, for a SHORT.
- Has the market recently been in a consolidation, a tight range with no bias?
 - Then I will wait for an OBVIOUS, SHARP impulse either during this sub-session, or any of the upcoming sub-sessions. Btw, if there's no clean bias or setup during a certain day, there's no shame in taking ZERO trades, ok?



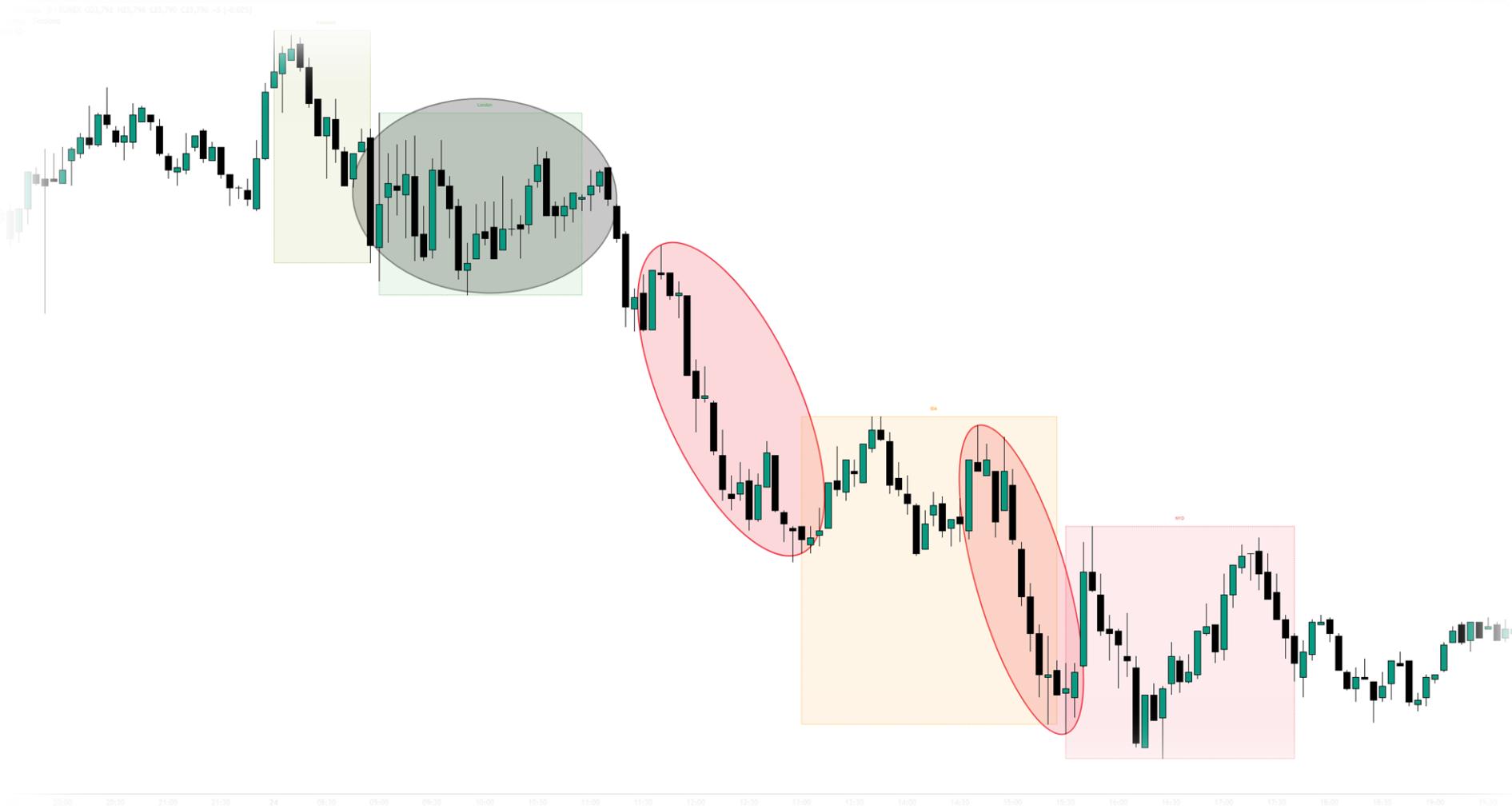
• Figure 9a – Example of valid (bearish) market context and trade execution





• Figure 9b – Example of valid (bullish) market context and trade execution





• Figure 9c – Example of no clear market context during London Opening Session

LOWER TF ENTRIES & TAKE PROFIT LOGICAL TARGETS

Once I have assessed the market context, how do I handle my LTF entries?

- LTF entries/setups/patterns and take profit targets are **very subjective**, depending on each trader's personality, risk tolerance, fear, greed and experience.
- If I have the **WHEN, WHERE & WHY** all present at the same time, my entry can be any (but not limited to) of the following:
 - M10 strong bullish/bearish candle or engulfing candle
 - M5 candle closing below previous candle / above previous candle
 - M2 structural break followed by a small 'retest and go'
 - M2 double top or double bottom inside a key-level
- Entries are entirely up to each trader to evaluate and execute, no matter if you just use an engulfing candle as a signal, or more advanced entry techniques.
- Now, when it comes to Take Profit targets, again there are no rules set in stone here. This also depends on technical factors (such as the actual price action during that particular trade), as well as mental factors such as fear and greed.
- Personally, I usually tend to go for 2 TP logical targets (details on the next page), or scale out of the trade(s) as I see fit during that particular price action.
- And since I know someone's going to ask:
 - TP1 is usually 50-80% of my initial position size, then I bring my SL to BE
 - Basically, I see TP1 as my salary for the day, and TP2 as a performance bonus ☺

TAKE PROFIT LOGICAL TARGETS (CONT.)

I've mentioned logical targets as TP targets a few times already, so...

- As I previously mentioned, I usually tend to go for 2 TP logical targets and take partials at these levels. So, let's see what qualifies as a logical target.
- **TP1** might be any of the following:
 - Fixed R:R ratio, such as 1:2 or 1:3 (I'm letting go of this slowly, over time)
 - The mid level of the OA-R© or the closest IDA-R© extreme
 - The Overnight Gap (fill)
 - The Settlement Price (SP)
 - Asia High/Low (if not already liquidated)
 - Any nearby Previous Day or Week High/Low
 - Previous day's OA-R© or IDA-R©
- **TP2** might be any of the following:
 - Obvious lows/highs from yesterday's London Opening/IDA/NY session
 - Obvious nearby lows/highs that I might notice on the D or W charts
 - Any unfilled overnight gaps from the previous days
 - Any nearby untouched Settlement Price
 - Any obvious H1 swing lows/highs
 - Previous day's OA-R© or IDA-R©
- That's basically it. What actually matters is identifying clear, logical, obvious institutional levels that might act as a magnet for price, in line with the overall intra-day market trend (context). **Don't be a hero, never ignore the context!**

ADVANCED DAX TIPS: TRADING THE “LUNCH HOURS”

Is it worth trading DAX during the Lunch Hours?

- Short answer: No.
- DAX’s Lunch Hours are **11:00 to 13:00 CET**
- As discussed earlier, some measure of volatility can sometimes occur right after 11:00 CET, however volatility and volume tend to decline until 13:00 CET.
- During this time, you can expect one of several scenarios to unfold:
 - Sharp retracement of the London morning (9:00 to 11:00) move.
 - Medium-term reversal of the London morning move if this move was an expected counter-trend manipulation (happens quite rarely).
 - Some form of sideways price action / consolidation before the IDA Session, especially if there’s major news scheduled in this session.
- **TIP:** Best option is to just wait for the IDA Session to search for potential setups, if the London morning session hasn’t provided any good trades.
- **TIP:** If you enter a position during the London Opening Session and it unfolds as you expected, **consider taking partial profits and moving your Stop Loss to Break-Even for the remaining size right before 11:00 CET** to avoid any fuckery.
- **TIP:** The Lunch Hours can also be a great opportunity to take a break, clear your mind and reassess the market’s behavior on the Medium and Higher timeframes. Don’t be a monkey pressing buttons all day long!
- Figure 10 is an example of shitty price action during the Lunch Hours of three consecutive days. Great times to give back the profits you made!



• Figure 10 – Why it's smart to avoid the Lunch Hours

ADVANCED DAX TIPS: TRADING THE POST-TRADING PHASE

Is it worth it trading DAX during the Post-Trading phase?

- Short answer: No.
- DAX's Post-Trading phase is **17:45 to 22:00 CET**
- Again, volatility and volume tend to decline during this time, too.
- Actually, as discussed earlier, the probability of finding great setups declines drastically after 16:30 CET (10:30 NY Time), as the DAX is slowly heading to the Closing Auction time.
- During Post-Trading, you can expect the following scenarios:
 - The DAX closely follows the moves of the US indices, usually at a much smaller scale (amplitude / volatility). You're better off trading the NQ, tbh.
 - Low-volume movement until around 18:00 CET.
 - Very low-volume movement between 18:00 and 19:30 CET.
- **TIP:** Trading during the 18:00 to 19:30 CET window is like watching the grass grow, it's just boring, frustrating and painful to watch, better stay away!
- **TIP:** Some measure of short-term volatility may return into the DAX for about 30 minutes or so, after 19:30 CET during the New York afternoon session. Again, this is based purely on the correlation with the US indices.
- **TIP:** I would strongly advise against letting trades run overnight. Lots of unpleasant stuff can happen in the CFD market during the Asian session.
- Figure 11 is an example of shitty price action during the Post-Trading phase of three consecutive days. Great times to give back the profits you made!



• Figure 11 – Why it's smart to avoid the Post-Trading phase



ADVANCED DAX TIPS: WORST DAYS TO TRADE THE DAX

Knowing when NOT to trade is equally important as knowing when to trade!

- Based on my own experience and observations, the **absolute worst days** to trade the DAX as a positional trader – meaning the days when you're likely to give back the profits you've made during good days – are the following:
 - FOMC day & the previous day
 - NFP day
 - CPI day
 - During or around Fed Chair Speeches
- During the news release days (FOMC, ECB, NFP, CPI, Fed Chair Speech), trades may be executed only **AFTER** the news release, with respect to the other criteria mentioned in this document.
- During the 2 days prior to FOMC, NFP or CPI, you can usually expect one of two scenarios unfolding:
 - **Consolidation** on the medium timeframes (worst time to insist on entering positional trades, but can be a decent environment for scalping).
 - **Counter-trend manipulation**, with the expectation that the news release will push the price action in tune with the overall market trend (again, scalping).
- All of this takes place in the DAX solely due to the high degree of correlation with the US indices.
- Expect high volatility during these 3 news releases, but **do NOT trade them!**
- See figures 12 and 13 for examples of days when to avoid positional trading.



- Figure 12 – Pre-FOMC days: CONSOLIDATION



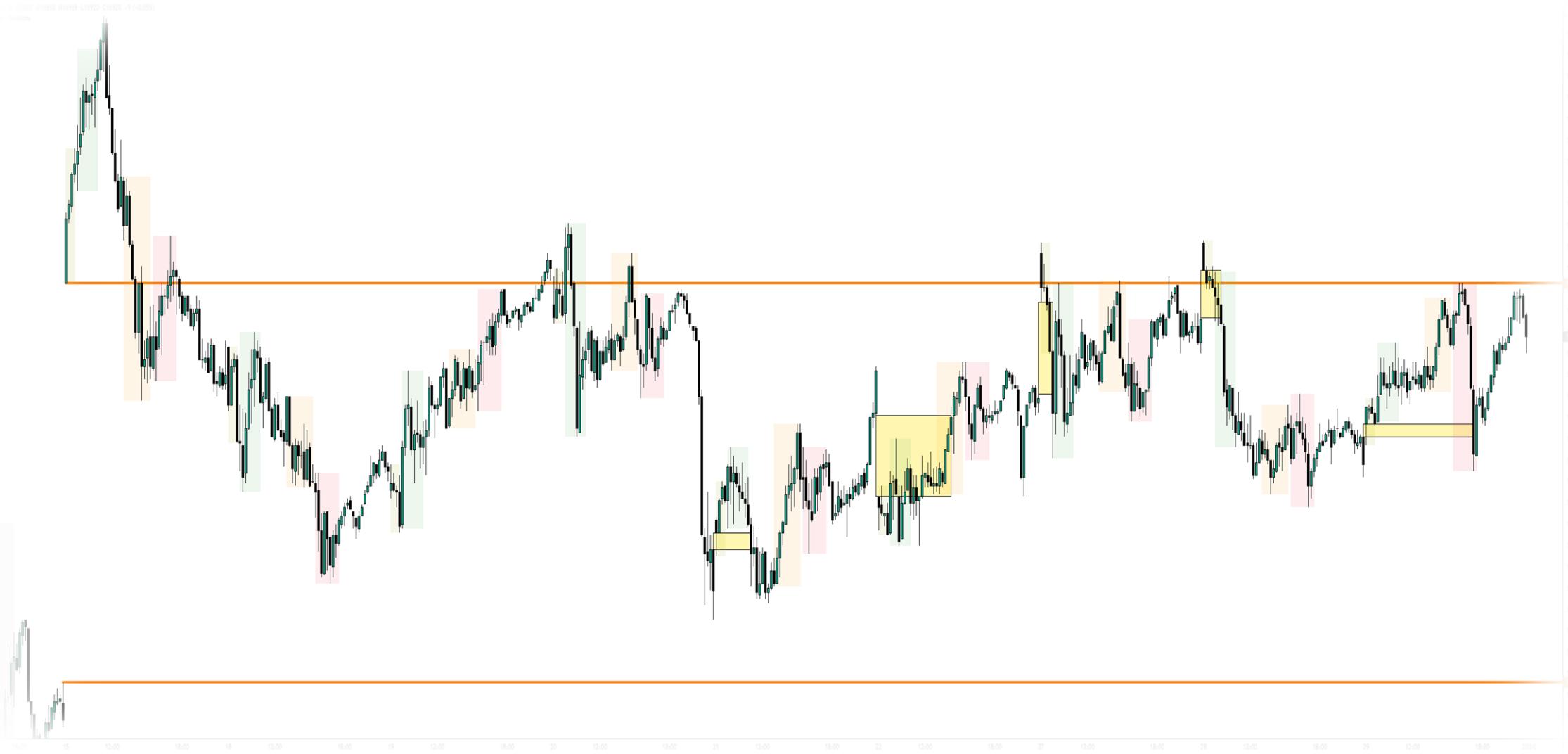


• Figure 13 – Pre-CPI days: MANIPULATION

BONUS MINI-TIPS FOR SPECIAL DAX OCCASIONS

Ok, let's see what else can I share from my experience in trading the DAX.

- **Overnight gaps:** Depending on their size and also the market context, overnight gaps may get filled during the same day (a large percentage of them), they may get partially filled and remain that way for several days, or they can be totally left behind for weeks or months if the trend is aggressive. Yes, you can target the overnight gap as one of your TP levels, however, make sure to also assess the **market context** of that day, as well as the **size of the gap**. In **Figure 14** you'll notice small overnight gaps (in yellow) being filled the same day, whilst the large gap (orange lines) hasn't been completely filled for more than 2 weeks.
- **News candles:** The high of a bearish candle formed during a major news release whilst in a bullish context becomes a target. The low of a bullish candle formed during a major news release whilst in a bearish context becomes a target. In **Figure 15**, notice the bearish CPI candle created in an overall bullish context (DAX was making a new ATH every day). Whilst most traders saw the CPI price action as a trend reversal signal, if you would've known what to look for, then a LTF bullish setup would've had the high of the CPI candle as a potential TP target. Next day, boom, hit!

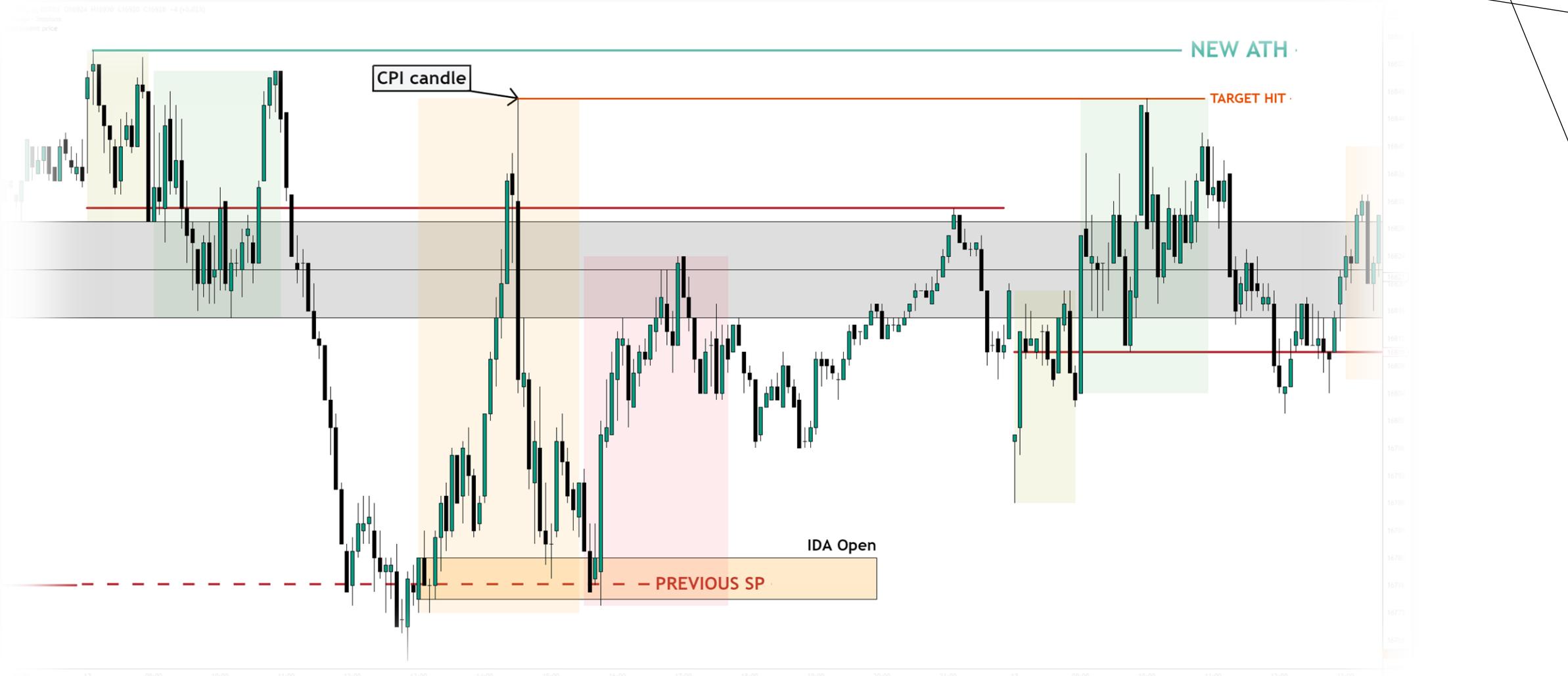


• Figure 14 – Overnight Gaps

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• Figure 15 – News Candles vs. Market Context

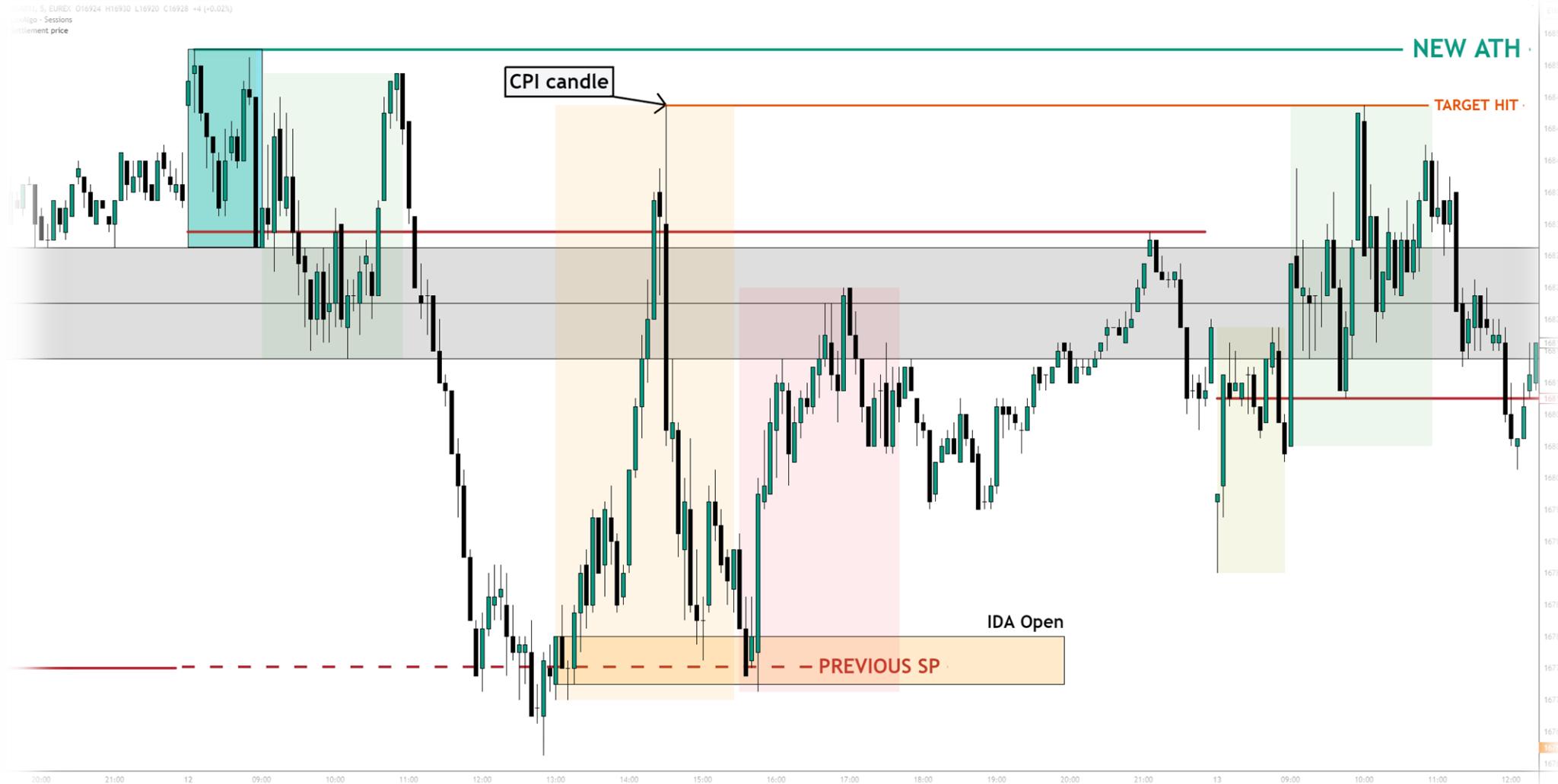


BONUS MINI-TIPS FOR SPECIAL DAX OCCASIONS (CONT.)

Ok, let's see what else can I share from my experience in trading the DAX...

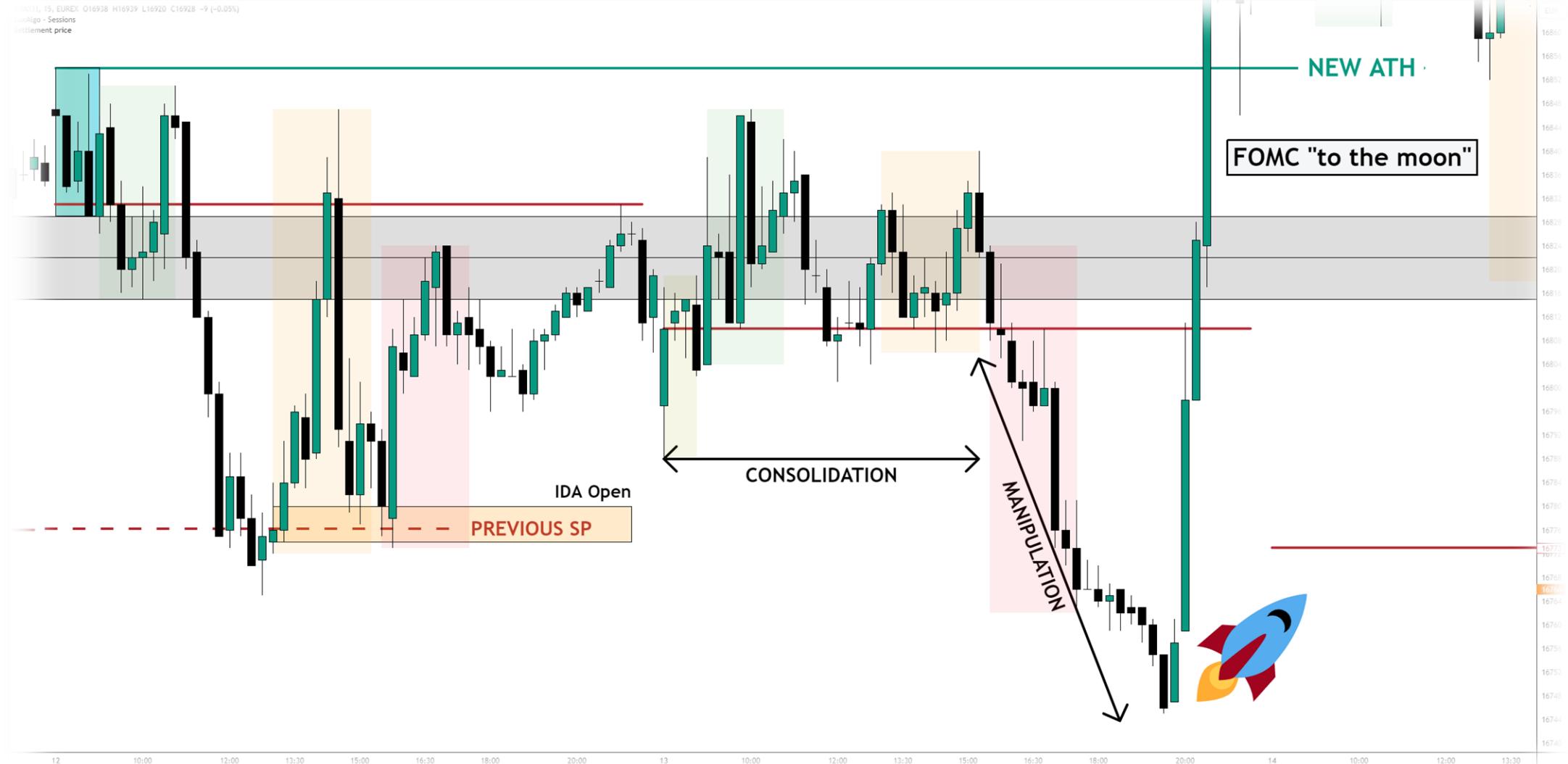
- **HTF trend reversals:** Following up on the setup in Figure 15, many people on X argued that the CPI price action of December 12th, 2023 was the signal for a market reversal in the DAX. Basically, a lower timeframe bearish move, whilst DAX was making a fresh new ATH each and every day for over a month – *I know, people are weird, that's how accounts are blown.* Back to the point now. What none of these traders realized is that the current ATH at that point in time was the Frankfurt Opening Session high, which I've labeled as NEW ATH in Figure 16 and which I was expecting to be surpassed once again. Why did I expect that? Basically, my experience in the DAX. I challenge you to go back through all of DAX's history and see how many times did a major HTF reversal (swing high or low) occurred during a low-volume session. Probably 99% of the major reversals took place in the London Opening or NY Session. So, the probability of that high being the top of a trend reversal was very slim. See Figure 17 where I highlighted in blue the F.O.S. **Nothing beats experience!**
- **FOMC News:** FOMC is by far the most volatile news release of them all. Nothing beats the volume and amplitude of the FOMC moves, nor the degree of pre-news manipulation. As mentioned earlier in the document, the pre-FOMC PA might be either **tight consolidation or counter-trend manipulation.** Or, following up on the same chart, both. On December 13th, 2023 we had FOMC. Up until the NY Session, the DAX had been consolidating in a 50p range. Then the NY Session was entirely dedicated to counter-trend manipulation. The climax was, of course, bullish, because the Frankfurt Opening Session high from the day before was still a target and the overall trend was still bullish. Moral of the story: **expect MAX PAIN on FOMC days!**

2021-01-11, 5, EUREX D16924 H16930 L16920 C16928 +4 (+0.02%)
Algo - Sessions
Settlement price



- Figure 16 – Understanding the context is crucial!





- Figure 17 – Expect max pain before and during FOMC



UPDATE: OPTIMAL STOP LOSS PLACEMENT VS. KEY LEVELS

Where do I place my Stop Loss in regards to the Key-Levels, when Day Trading?

- First of all:

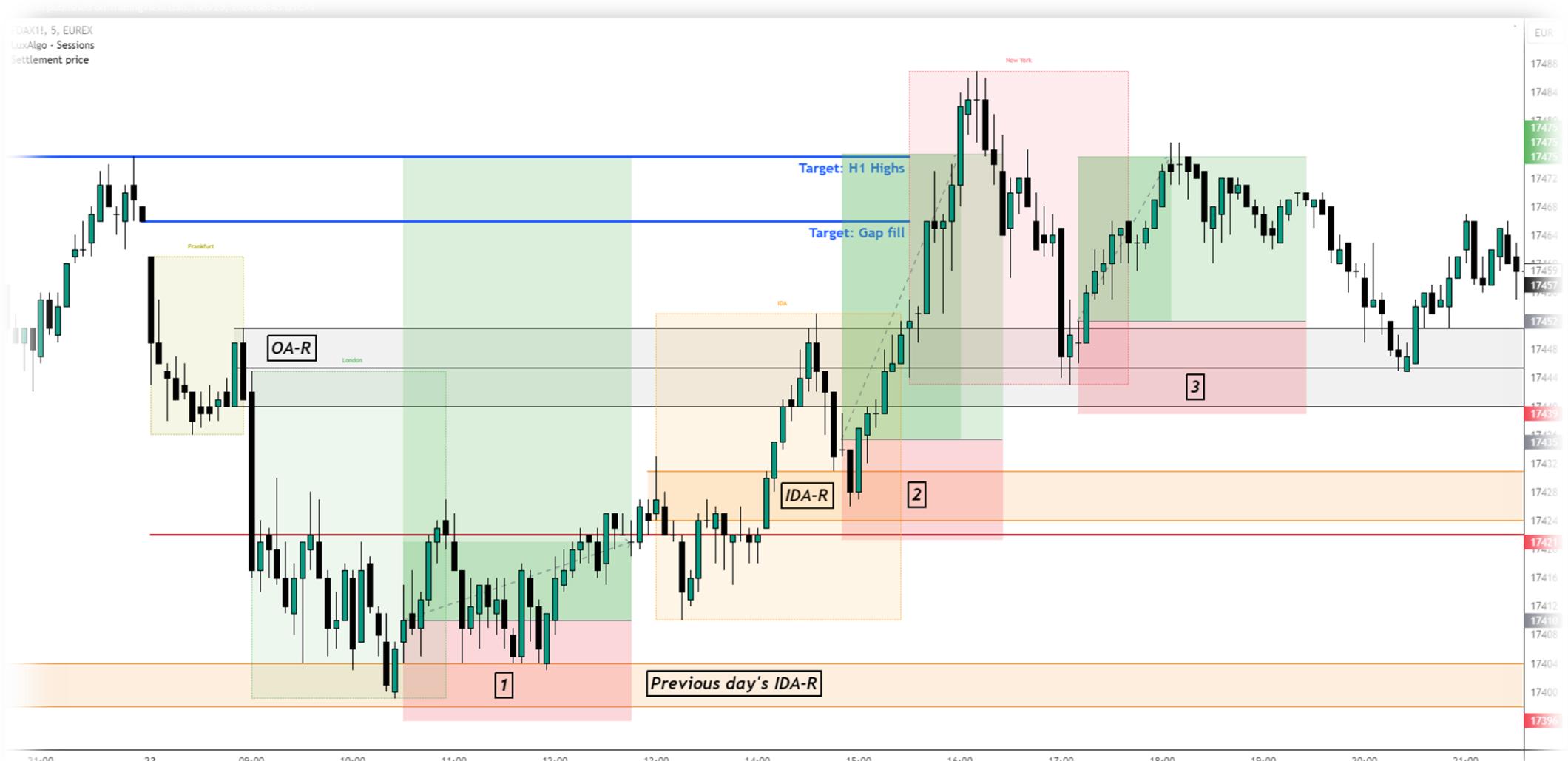
- I know we all want to have very tight Stop Loss levels for every trade, like we see on Instagram or TikTok. That's usually unrealistic and risky.
- The late **Dr. David Paul** once said: "*The stop needs to be where the stop needs to be.*", meaning the SL of every trade should always be placed at a coherent level that clearly invalidates your trade idea, and not based on a greed, fear, opinions or anywhere randomly.
- Needless to say, you **HAVE** to have a SL in place for every trade. Stats show that around 60% of (so-called) traders don't even use a SL, so.. 😞

- Now, regarding our DAX Key Levels:

- Assuming all the trade criteria are met as discussed thus far, if I enter a Long trade from a Key Level, my SL is usually going to be 2-3 points below that level, to allow some breathing space for the trade to unfold and not get stopped out way too early. Similarly, for a Short position, my SL is usually 2-3 points above the Key Level. Coherent SL level!

- In Figure 18 on the next page, notice my SL placement for each trade:

- **Trade 1:** Bullish overall context, price below the OA-R©, LTF reaction from previous day's IDA-R©, Stop Loss at 2 points below that key level.
- **Trade 2:** Bullish overall context, price retested current day's IDA-R© after a bearish manipulation, Stop Loss 2 points below the IDA-R©.
- **Trade 3:** Bullish overall context, price retested the OA-R© Mid level in the NYO Session, Stop Loss placed 1 point below the OA-R© Low.



- Figure 18 – Optimal and coherent Stop Loss placement



UPDATE: TIME-BASED EXITS FROM DAX TRADES

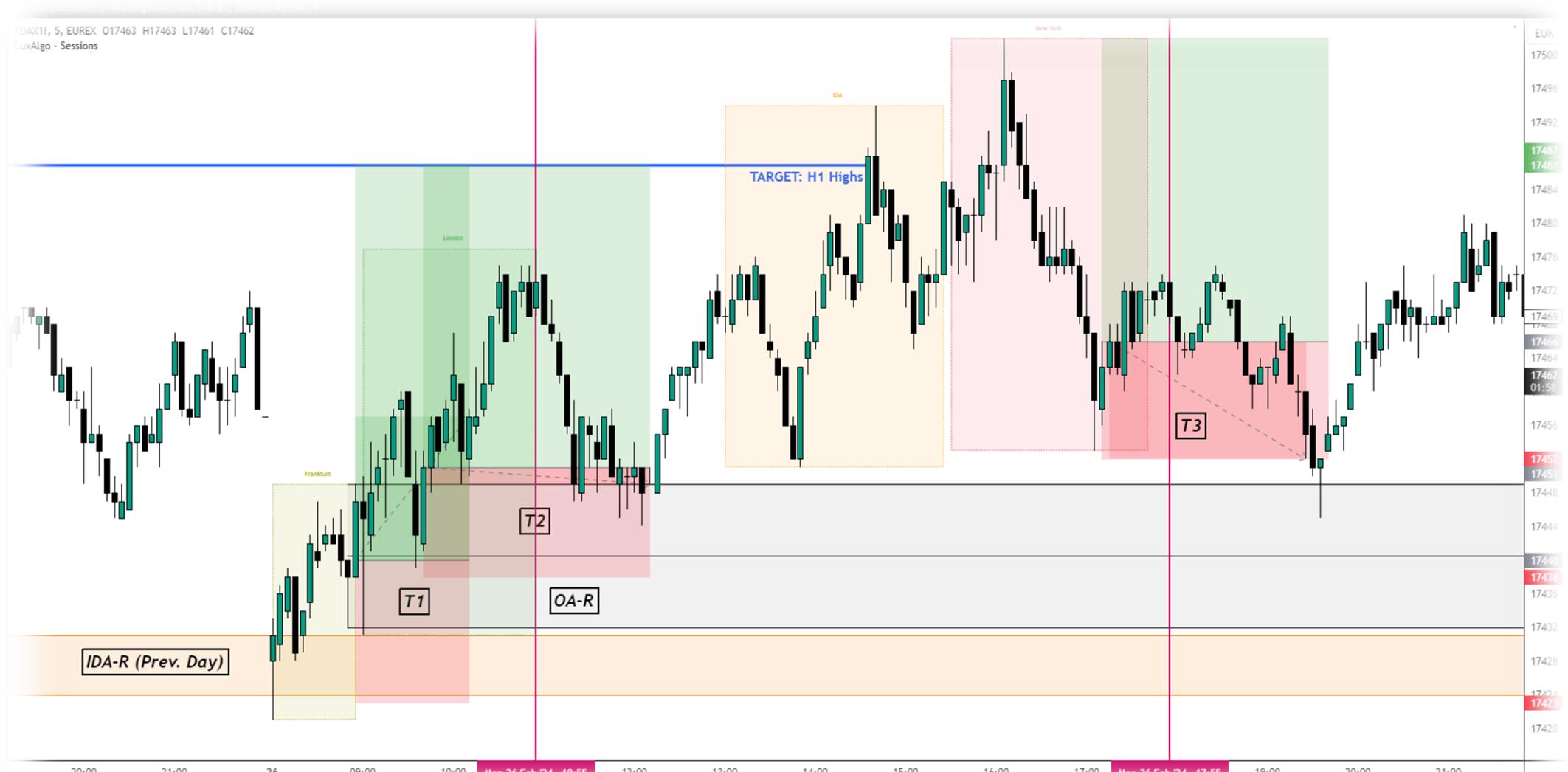
Another aspect that I want to emphasize is the importance of time-based exits.

- I already mentioned earlier that trading the DAX during the Lunch Hours or the Post-Trading phase is, most of the time, counter-productive and even frustrating.
- However, there are times when we find ourselves in a running, profitable trade at 11:00 CET or around 17:45 – 18:00 CET. Perhaps these are trades which were executed much earlier in the day, and they've been running according to our plan, but have yet to reach the logical targets we've identified when placing the trade.
- The **absolute best approach** in this case, is to execute a full or partial time-based exit from the trade, since we already know that the chances of a temporary retracement or prolonged consolidation are pretty high right after 11:00 until the IDA Session, or after 18:00 CET during Post-Trading.
- If you choose to completely exit the trade and you're satisfied with the profits it generated, there's nothing wrong about that. You've already proven that your trade idea was correct, the market delivered, and you book profits.
- The alternative approach would be to **partially close your trade** – maybe take 50-75% off the table a few minutes before these times, **place the Stop Loss to Break-Even** for the remaining size and let the market do its thing.
- Whichever approach you choose, always be aware that a **time-based exit** will save you a lot of headaches and stress whilst managing your trades.

UPDATE: TIME-BASED EXITS FROM DAX TRADES

Let's see what I mean in greater detail...

- In Figure 19, there are 3 trades highlighted, let's see how time can ruin them.
- **Trade T1**, perfectly valid entry, in an overall bullish context, price sharply dropped a few points below the OA-R and into the previous day's IDA-R (or IDA Open). If you would've took this trade, everything went well until 10:55 CET and you were watching profits grow. Then, at 11:00 the market started dropping almost to your entry. Although frustrating, the market would've eventually reached your final TP target. That's the best-case scenario.
- Now, imagine you took **trade number 2** (T2), also valid as a reaction from the OA-R Mid Level. The trade worked great until 11:00 (see the first red vertical line), however, if you would've already placed your SL to BE by that time, the Lunch Hours retracement would've closed your trade at BE, thus ruining a perfectly good trade idea.
- Next, imagine taking **trade number 3** (T3), let's say as a bullish continuation trade (technicals are not important here, time is). Now, watch the second red vertical line. That's 5 minutes before 18:00 CET. At that time, your trade would've been in a small profit, but as soon as 18:00 dropped, the price started consolidating and then dropping as well. Bad time for trading, again!
- Now, of course that these scenarios are not happening each and every day, however for me, personally, they happened so many times that is started to hurt, seeing so many good trade ideas and executions being ruined.



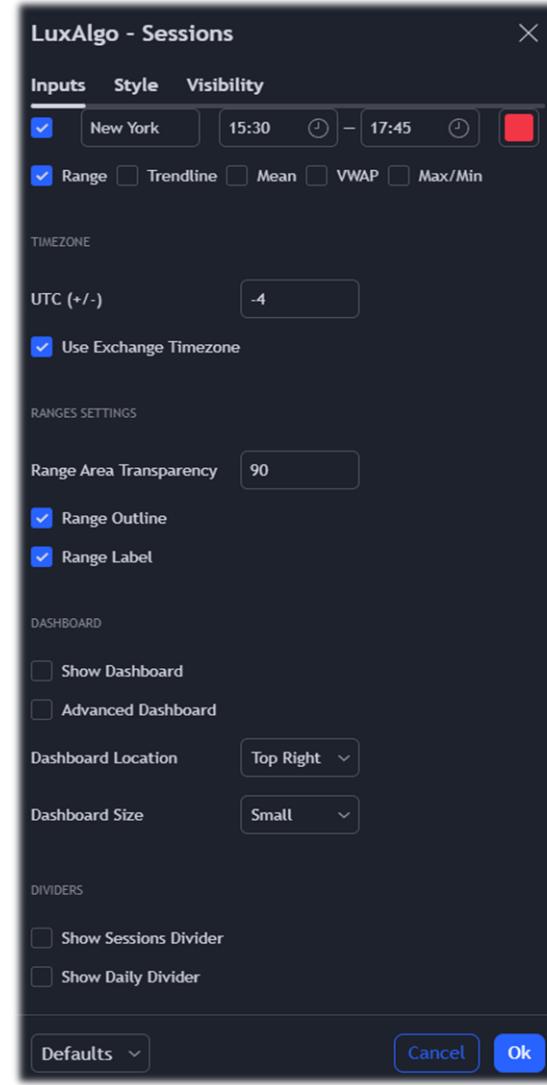
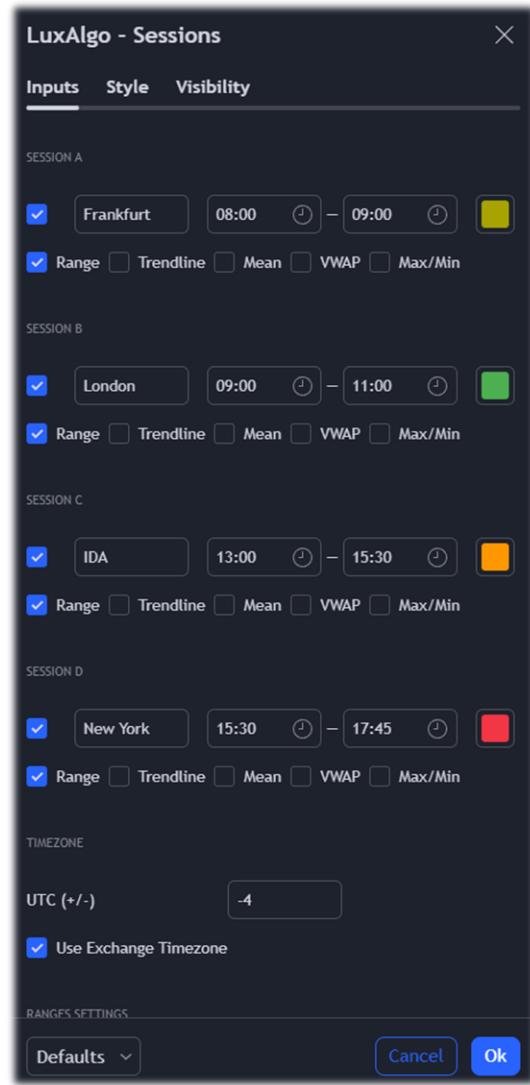
• Figure 19 – Time-based trade exits in the DAX



UPDATE: OPTIMAL SETTINGS FOR YOUR FDAX CHART

Let's summarize some essential settings and enhance your FDAX chart...

- Firstly, no matter if you trade Futures or CFDs, always use the **FDAX1!** chart for your analysis and key-levels, especially now with your new indicator 😊
- Secondly, to have **access to real-time data**, subscribe via TradingView. Go to your account, then Account & Billing – Products – Market Data – Select country: European Union – Eurex Exchange. It's just a couple of bucks/mo.
- Additionally, use the **LuxAlgo – Sessions** indicator on your chart to mark the intra-day sub-sessions: Frankfurt, London OS, IDA Session, NYO Session.
- In the settings of the LuxAlgo – Sessions indicator, make sure to:
 - Have all the correct session times configured and checked
 - Have the Range checkbox checked as well, to show the sessions
 - Have “Use Exchange Timezone” checked
 - Set the Range Area Transparency to about 90
 - Have “Range Outline” checked to clearly mark each custom session
 - Have “Range Label” checked to easily identify each custom session
 - In the Style and Visibility tabs, everything must be checked
- See Figure 20 on the next page to get all the **settings** that I use.
- Credits to [LuxAlgo](#) for such an amazing indicator!



• Figure 20 – DAX custom sessions using the LuxAlgo indicator



MINDSET RESOURCES THAT HELPED ME EVOLVE AS A TRADER

I have no affiliation with these products, authors or YouTube channels.

- 3 **books** that I think every trader must read and understand:
 - [Trading in the Zone](#)
 - [Best Loser Wins](#)
 - [Phantom of the Pits](#)
- 10 **videos** or playlists to meet very experienced traders
 - <https://www.youtube.com/watch?v=V9mf7dzoij4>
 - https://www.youtube.com/watch?v=g_1jWwYzib8
 - <https://www.youtube.com/watch?v=TzN-zNK68qq>
 - <https://www.youtube.com/watch?v=YJQDIk6VFI4>
 - <https://www.youtube.com/watch?v=MGglyvc8d58>
 - https://www.youtube.com/watch?v=_UTbzIOvhTw
 - <https://www.youtube.com/watch?v=rD5nQzbm0iI>
 - <https://www.youtube.com/watch?v=EkRw6NC0Jew>
 - <https://www.youtube.com/watch?v=1FMX4qRBMWY&list=PLnSelbHUB6GR24-88XjiUTFaybVRQLW8f>
 - <https://www.youtube.com/watch?v=pKQSVC8kHvo&list=PL7BbDF6SP86KMcBk81ueQyK9NrTzfF4uA>
- Enjoy! ☺

THE DAX IQ INDICATOR – INFORMATION & LINK

Please read the information below BEFORE using the DAX IQ indicator!

- The indicator works **only** on the DAX Futures chart, symbol **FDAX1!**. This is where you perform your analysis, however you can execute your trades on futures or on CFDs.
 - The indicator works only on the **M10 timeframe and all timeframes below M10**, since it is meant to be used for day trading and/or scalping.
 - The indicator works with either **RTH** (Regular Trading Hours) or **Frankfurt Trading Hours** (this is a setting that you can find on your chart, in the lower right corner).
 - I always recommend you keep your chart on Frankfurt Trading Hours, permanently.
 - The indicator will display all key-levels and potential targets **every day at 9:00 AM CET** (London Open), and then the current day's IDA-R at 13:02 CET.
 - To have access to **real-time FDAX data**, subscribe via TradingView. Go to your account, then Account & Billing – Products – Market Data – Select country: European Union – Eurex Exchange. It's just a couple of bucks/mo.
 - You can change the **colors** of any line or key-level in the indicator's settings.
 - Rest assured, you will be notified via e-mail for **any future upgrades of this indicator**.
 - **This is NOT a holy grail or magical indicator, it just helps you mark the key-levels.**
-
- **LINK TO THE DAX IQ INDICATOR:**

<https://www.tradingview.com/script/IQFGZoJb-DAX-IQ/>

FINAL CONSIDERATIONS

Go through this document at your own pace, as many times as you need. Take notes. There are many moving parts in trading, many nuances, and you need time to develop experience and intuition.

Stop jumping from strategy to strategy for f*ck's sake! Stop learning patterns and dreaming of magic pills and holy grails. I'm talking to you as a friend would. I've been there, I know it hurts, I know it's frustrating.

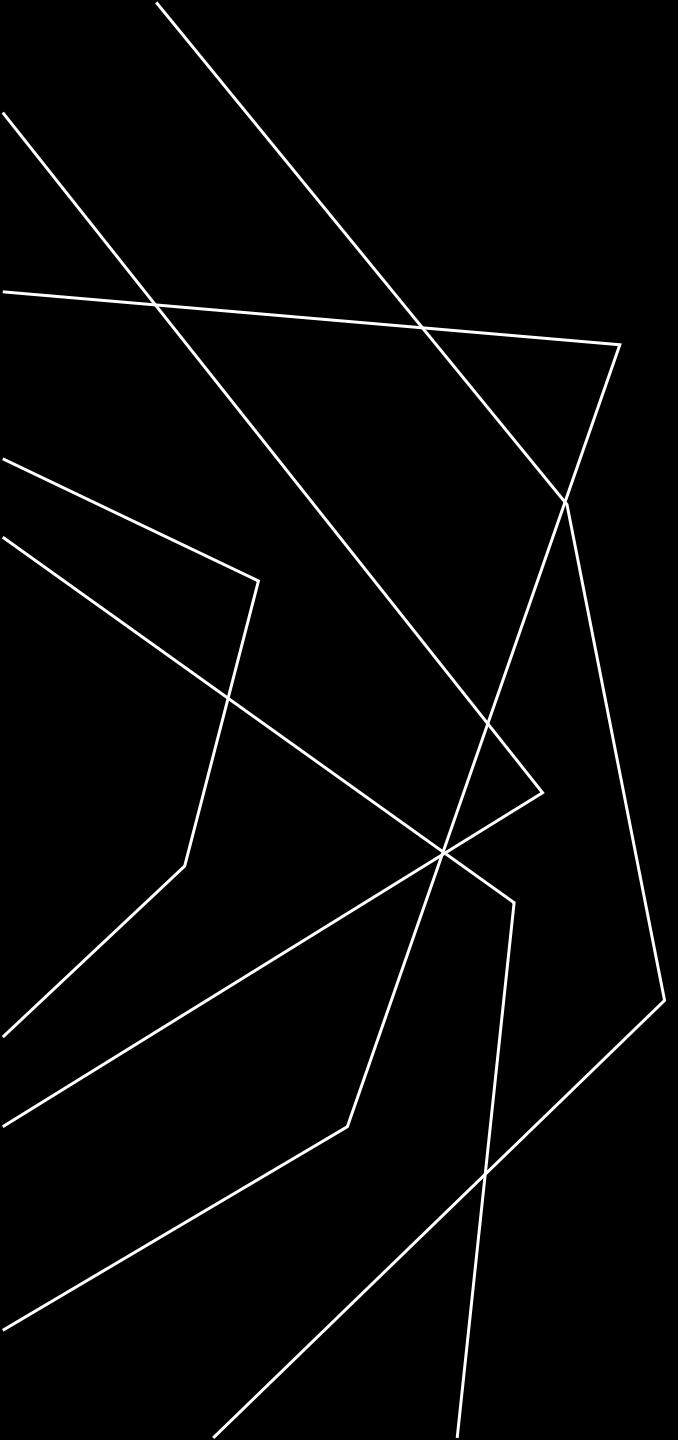
Make your only goal to understand the asset that you're trading as profoundly as possible. Become a specialist, not a jack of all trades. Stop listening to random bozos online, most of them know f*ck all about trading. Be independent, be a critical thinker, be yourself!

One great analogy that always stays in the back of my mind is chess.

In chess, most pieces on the table are pawns. They have a limited lifespan in the game, usually being eliminated fairly quickly.

Only in rare cases, and with the right moves and strategy, does a pawn manage to promote, exceed its own condition and leave the crowd behind.

Trading is the same.



THANK YOU

TraderFDAX

@trader_fdax1 on X

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