



# **Trading Dow Jones EURO STOXX 50® Index Futures with Fibonacci Retracement Techniques**

Prepared and Presented by Daniel Gramza

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**Daniel Gramza is currently completing two books:**

**TRADING IN THE EYE OF THE STORM**

**THE HANDBOOK OF JAPANESE CANDLE TRADING STRATEGIES**

**You can be notified when these books are available by contacting Daniel Gramza.**

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# **AGENDA**

**Eurex Overview**

**Fibonacci Retracements**

Concepts

Strengths

Weaknesses

**Trading Applications**

**Q&A**



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**Are the *Eurex Equity Index Futures* right for YOU?**

Are you making the most effective use of your trading capital?

Have you diversified your investments beyond US corporate stocks?

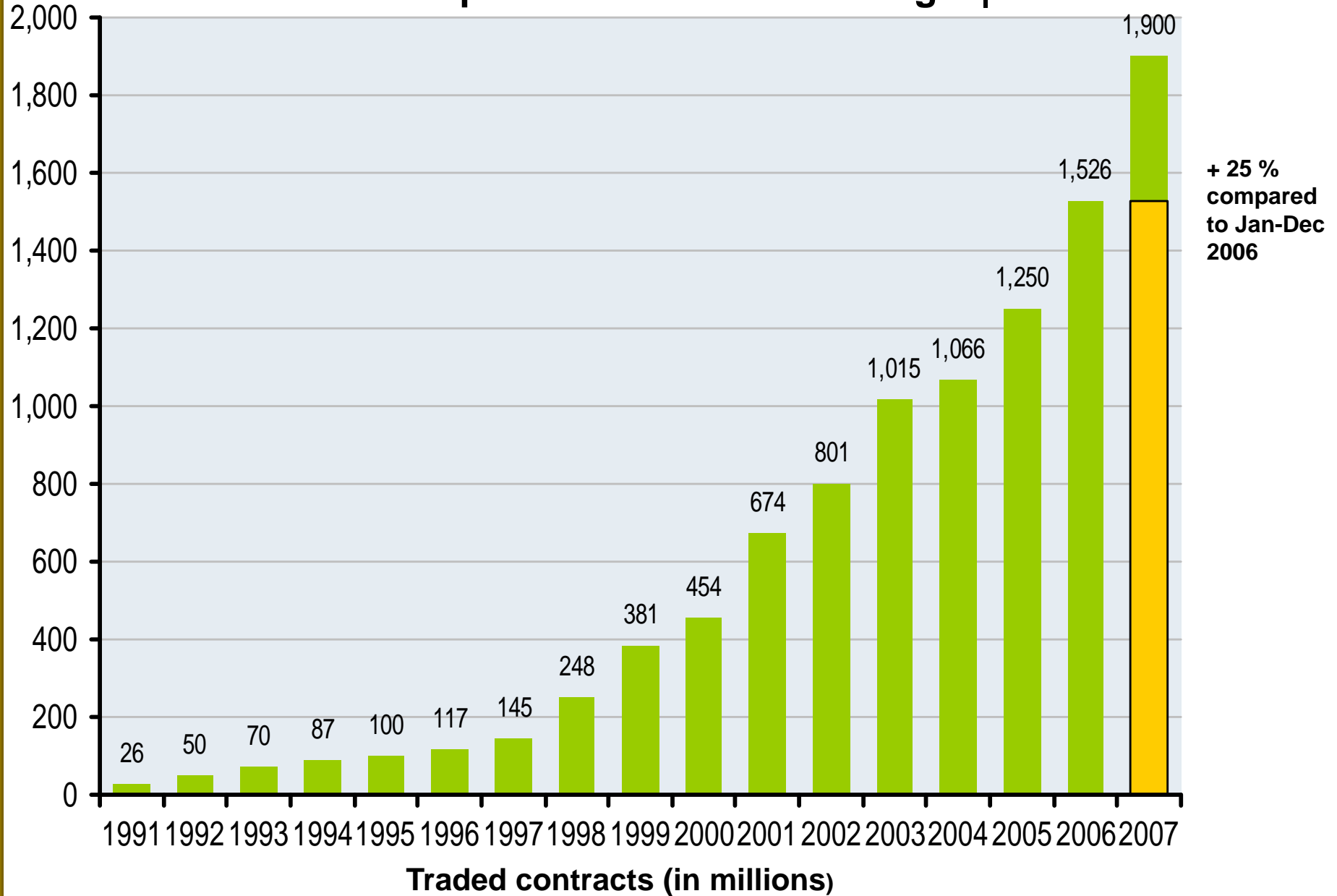
Have you diversified your investments beyond the US?

Are you taking direct advantage of the European market movement?

Do you hedge or protect your portfolio from adverse price movement?

# Strong Growth in Contract Volume

Eurex – The European Derivatives Exchange | Products



## **Dow Jones Euro STOXX 50® - Underlying Index**

- Benchmark equity index
- Tracks the development of the European economy
- Focus on the Euro zone countries that have adopted the Euro as their currency
  - Austria, Belgium, Finland, France, Germany, Greece,
  - Ireland, Italy, Luxembourg, the Netherlands,
  - Portugal and Spain
- Captures approximately 95% of the free float market capitalization of the represented countries

## **Dow Jones Euro STOXX 50<sup>®</sup> - Underlying Index**

- Index of 50 European Blue-chips firms

Companies that are included in the index:

Banco Santander, Carrefour, L'Oreal, Nokia, Renault, etc.

Calculated by STOXX Ltd., created in 1998



# Dow Jones EURO STOXX 50<sup>®</sup> Index

## Futures → Cash Settlement

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### **Trading hours:**

7:50AM – 10:00PM CET    12:50AM – 3:00PM CST

### **Minimum tick size:**

1 index point = €10 / \$14.50\*

### **Multiplier:**

10

### **Contract size:**

at 4,400 index level = €44,000 / \$63,800\*

### **Contract months:**

The 3 nearest quarterly months of Mar, Jun, Sep, Dec

### **Expiration:**

The 3<sup>rd</sup> Friday of the maturity month at 12:00PM CET / 5:00AM CST

\*EUR/USD = 1.4500

## **Reasons to trade on Eurex**

Trade different time zones

Trading hours are from 12:50 AM CST - 3:00 PM CST.

Many moves that begin in Asia and Europe carry over into similar domestic USA products.

Diversification

New opportunities and product offerings in foreign markets

Decrease market exposure to US Corporate stock market

Large volume

Large open interest

Depth of market

Good movement / volatility

## **Reasons to trade on Eurex**

Access to the European equity and debt markets

Benefit from the leverage effect of futures contracts

Lower transaction costs in futures

Hedge

Take foreign exchange risk

Euro-denominated contract



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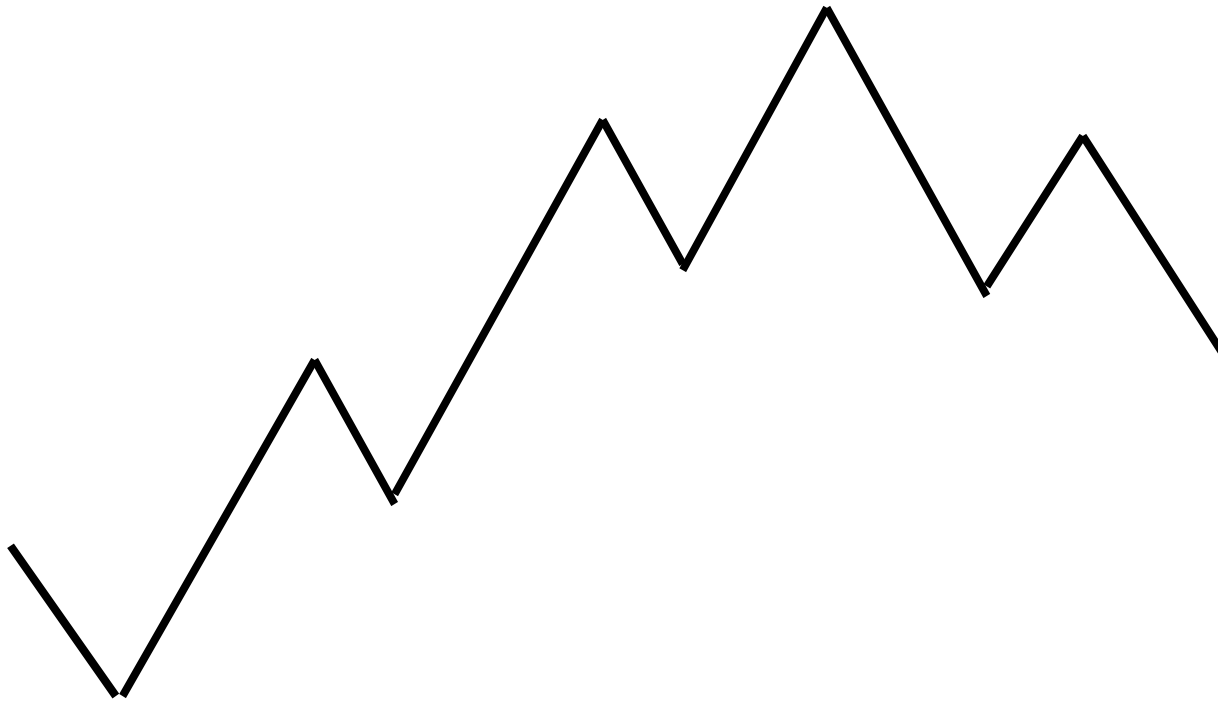
**Q&A**

# Market Retracement

Market Retracement is the return of a market to previously traded prices during an upward or downward trend.

Markets rarely trend straight up or straight down.

Typically, they retrace part of the direction of the trend before continuing.



# Market Retracement

These retracement measurements are common to the Dow, Gann and Fibonacci theories.

Leonardo Fibonacci, was an Italian mathematician in the 1200's.

He created a numerical sequence of numbers.

Each number is determined by the sum of the previous two numbers.

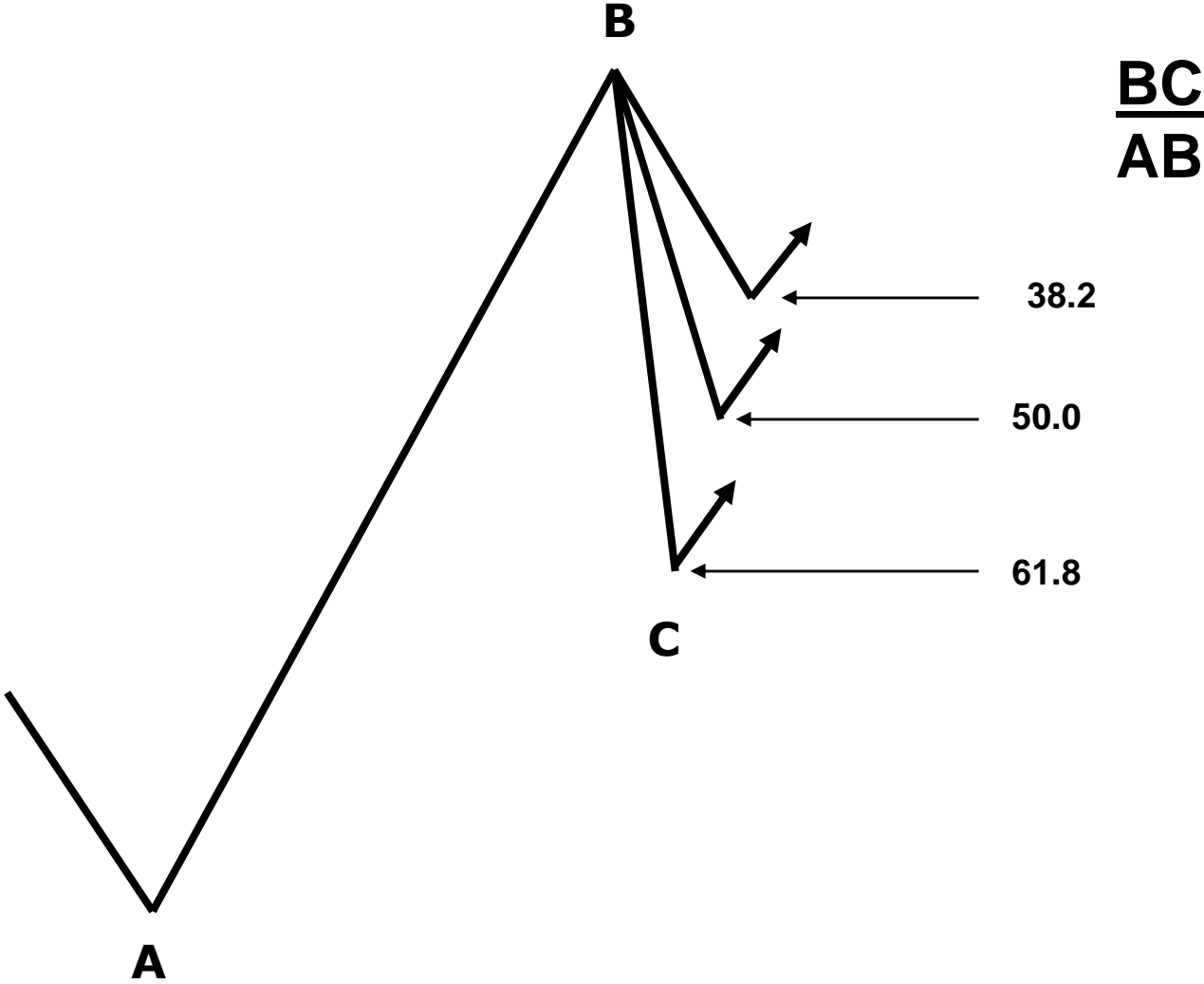
1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377,...

The ratio of any number to the next higher number approaches a constant value of .618 ( $8/13 = .612$ ,  $55/89 = .612$ )

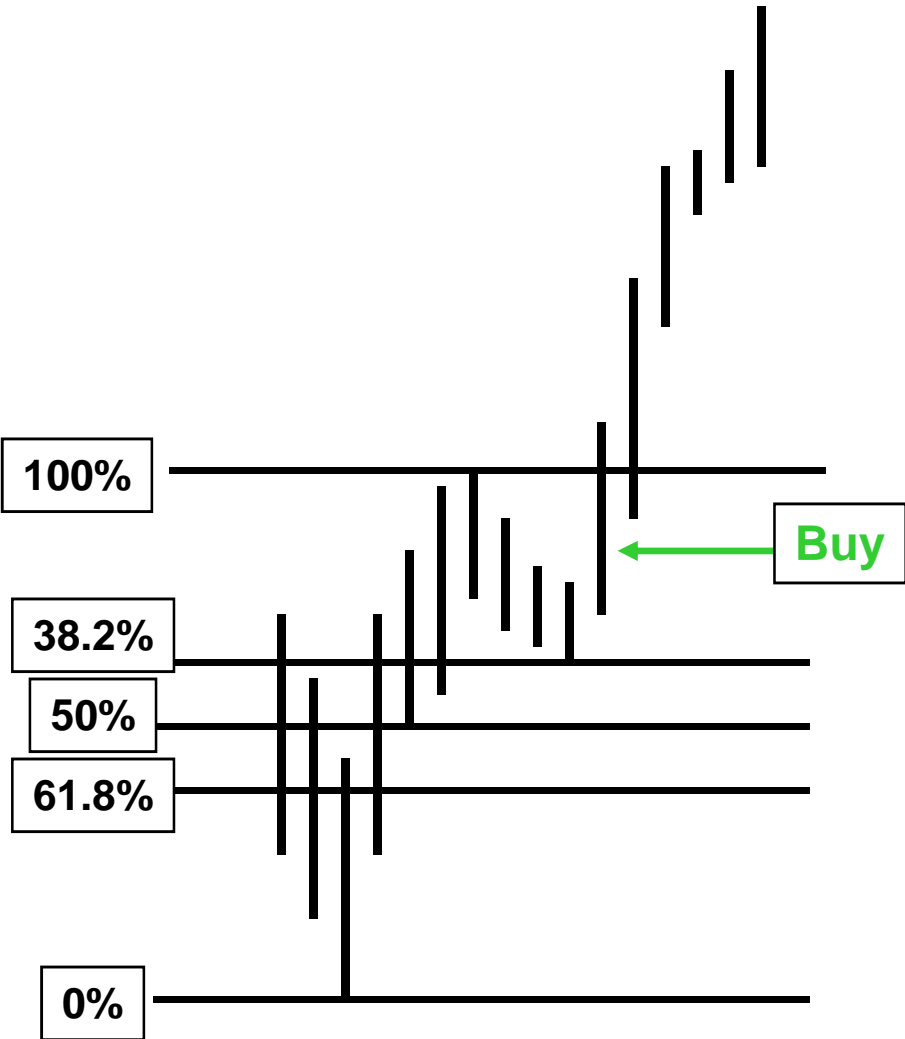
The ratio of any number to the number occurring two places higher approach a constant .382 ( $8/21 = .382$ ,  $55/144 = .382$ ).

.382 is the inverse of .618 ( $1 - .618 = .382$ ).

# Market Retracement

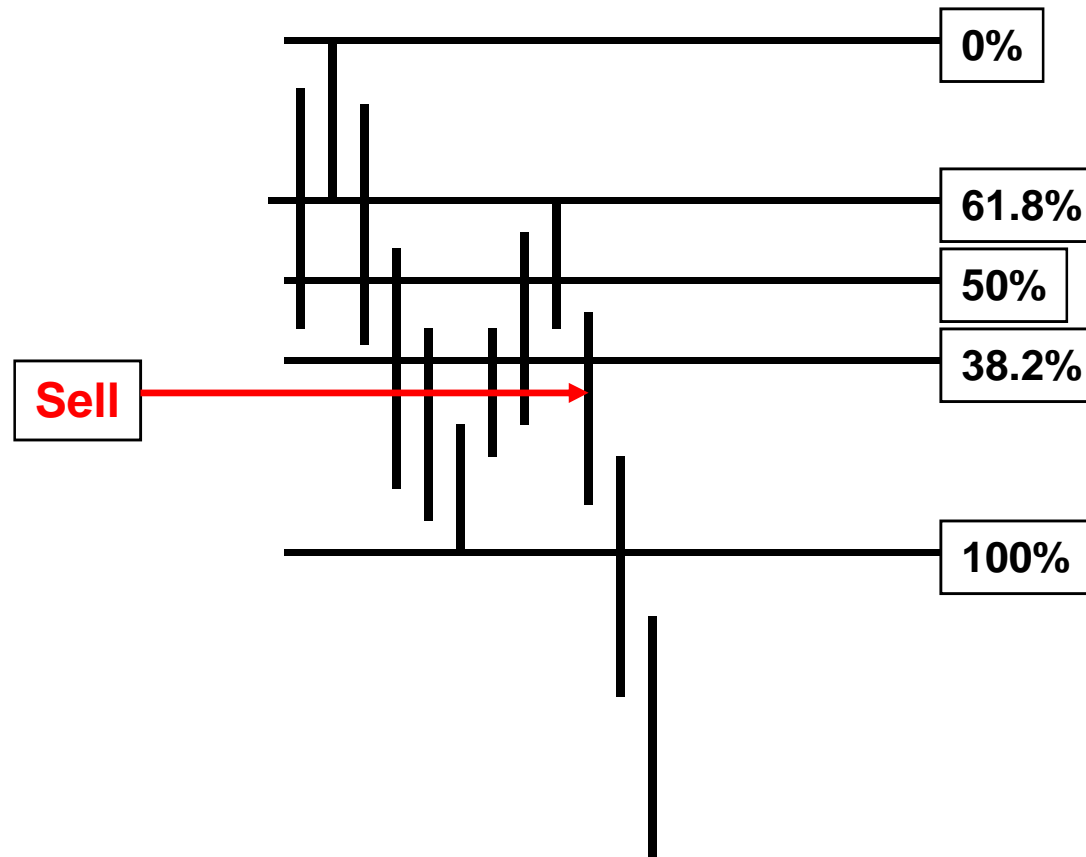


# Market Retracement





# Market Retracement





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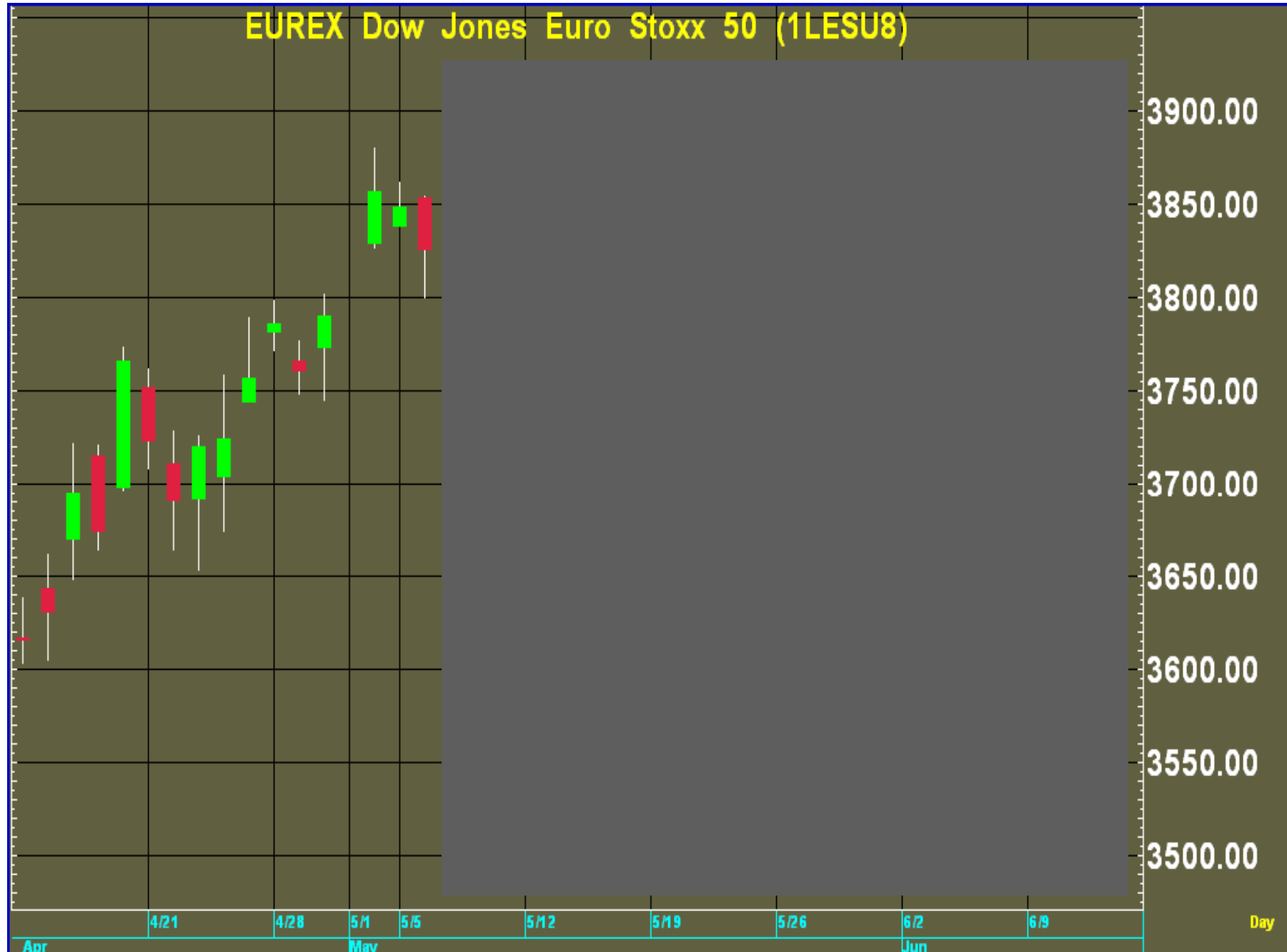
Strengths

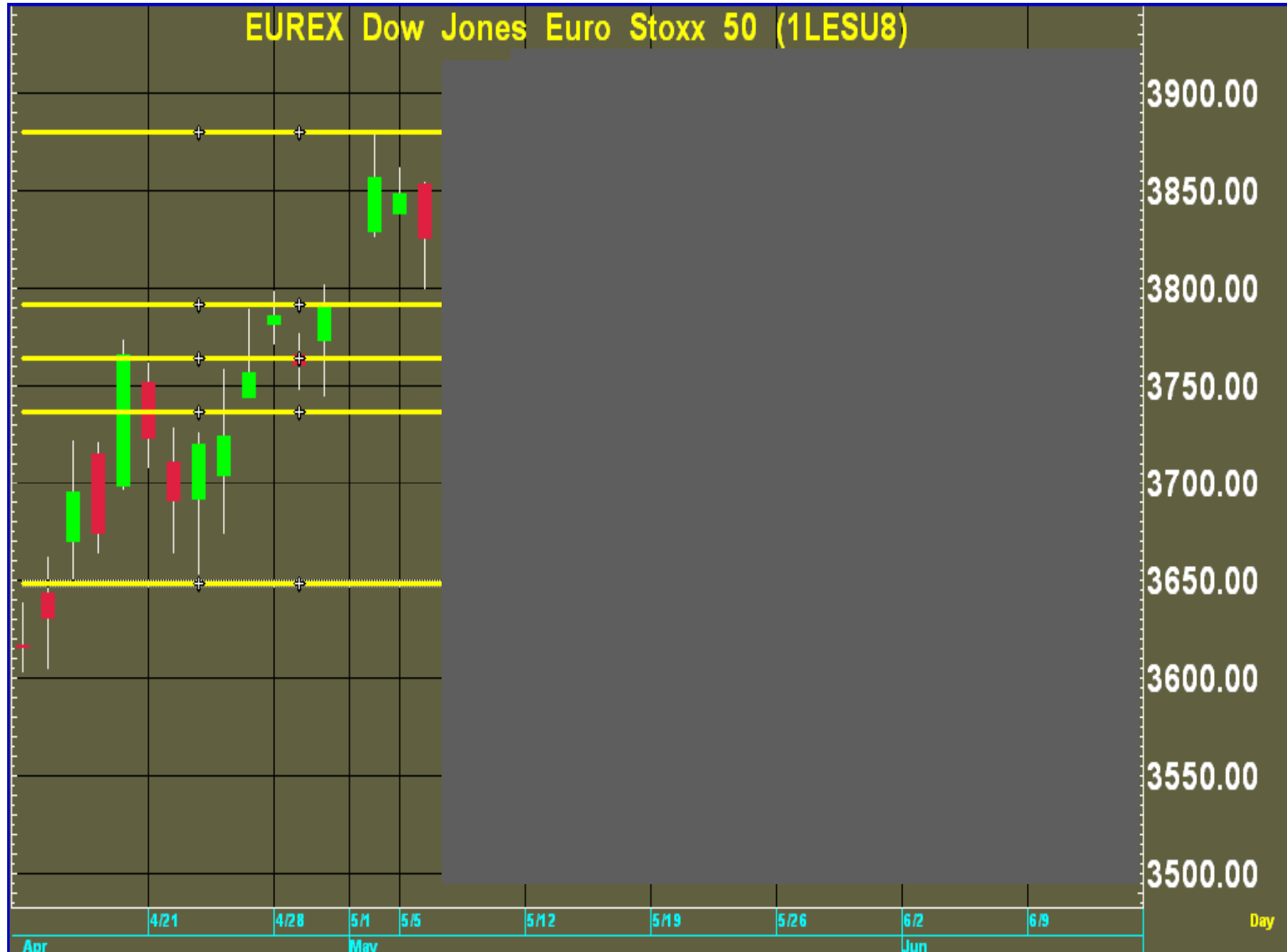
Weaknesses

**Trading Applications**

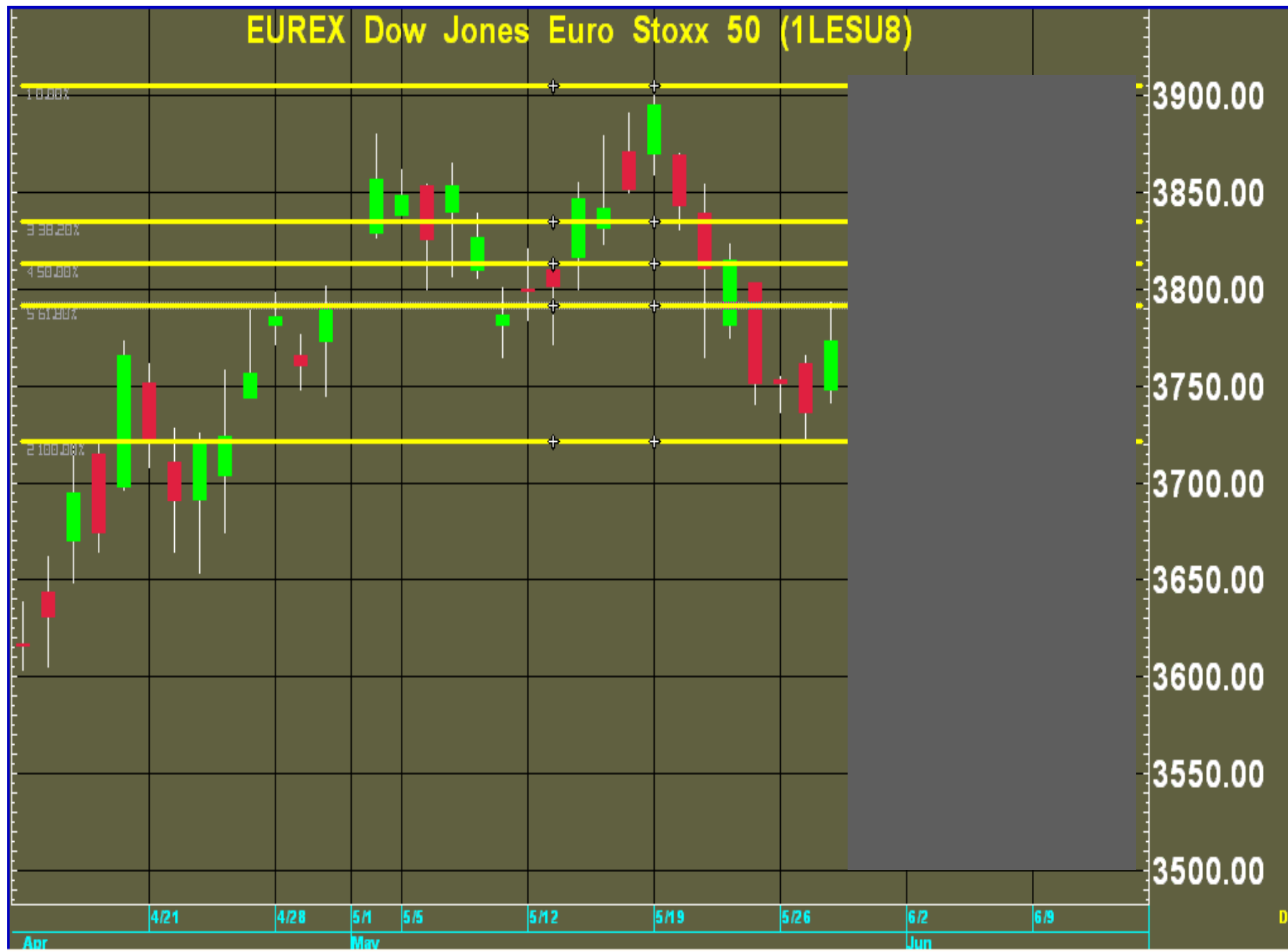
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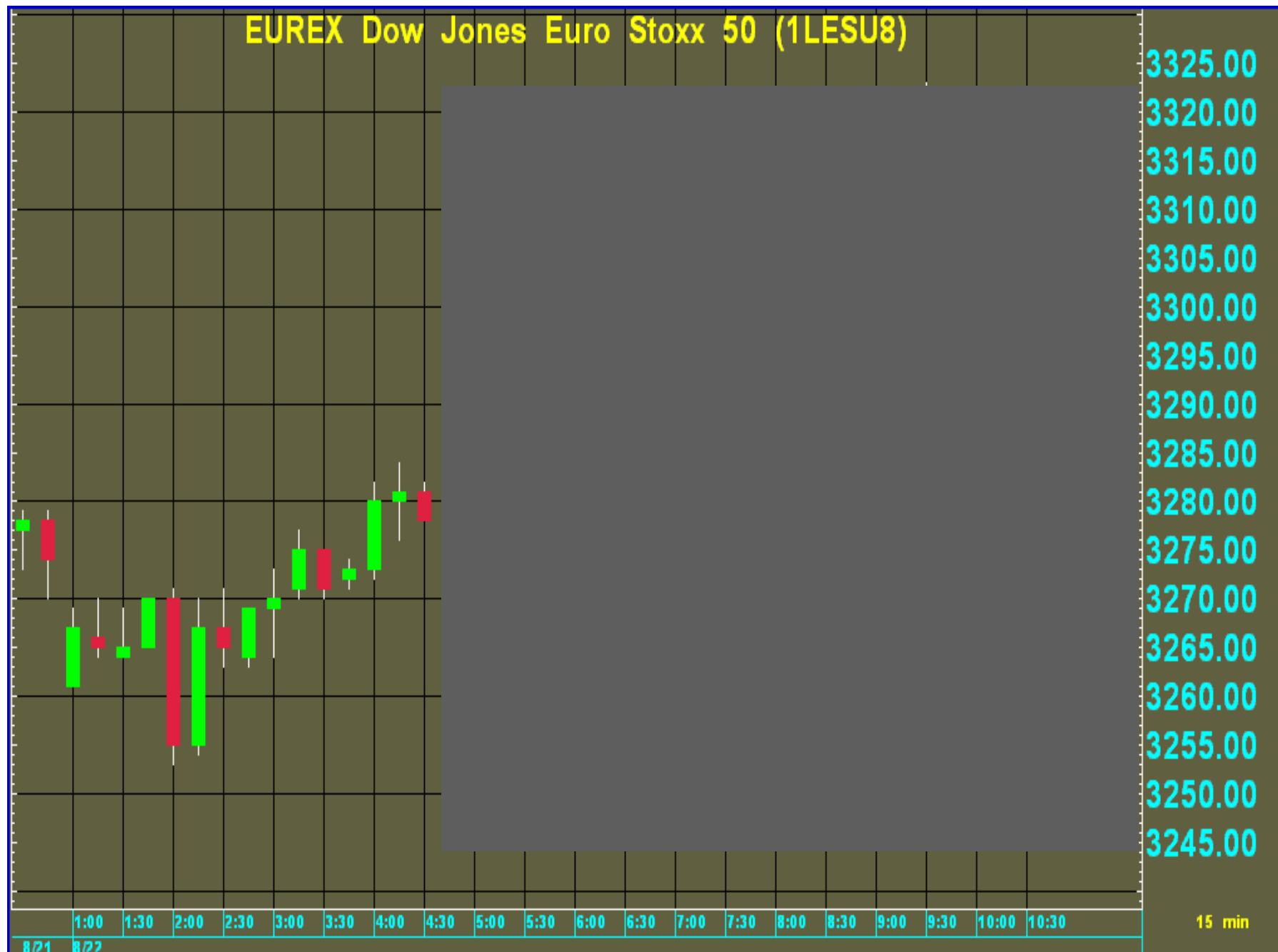
# EUREX Dow Jones Euro Stoxx 50 (1LESU8)

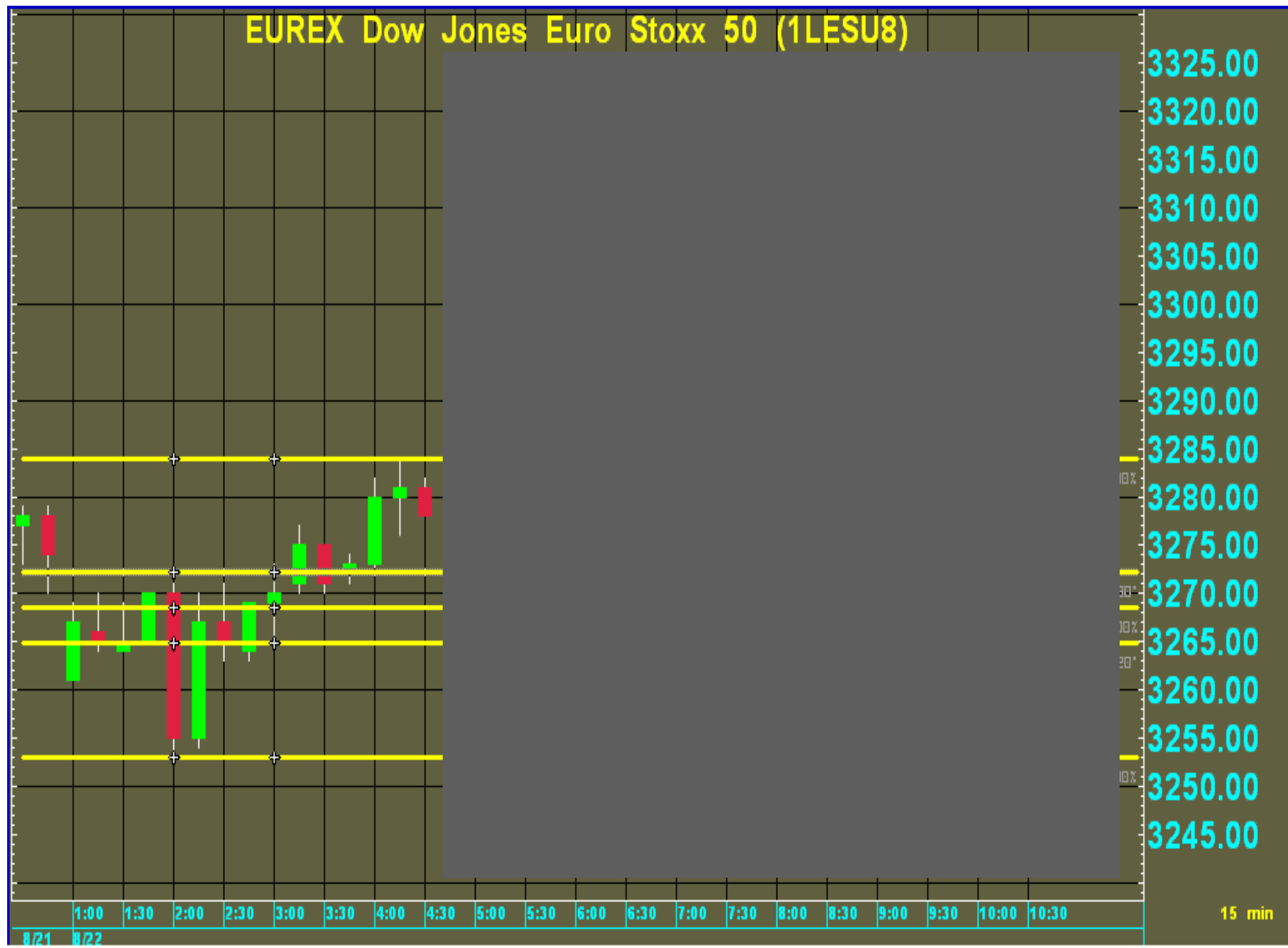




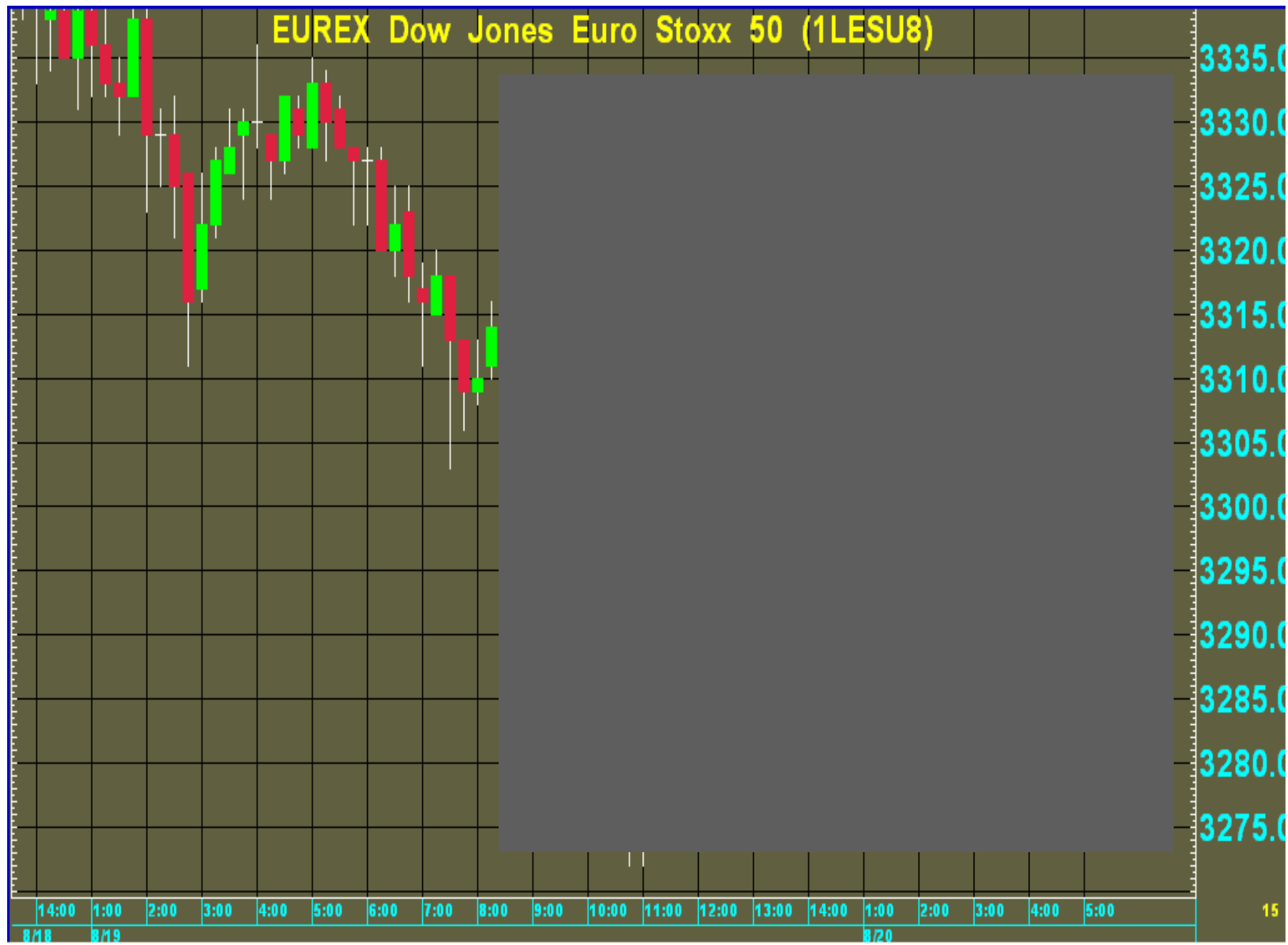


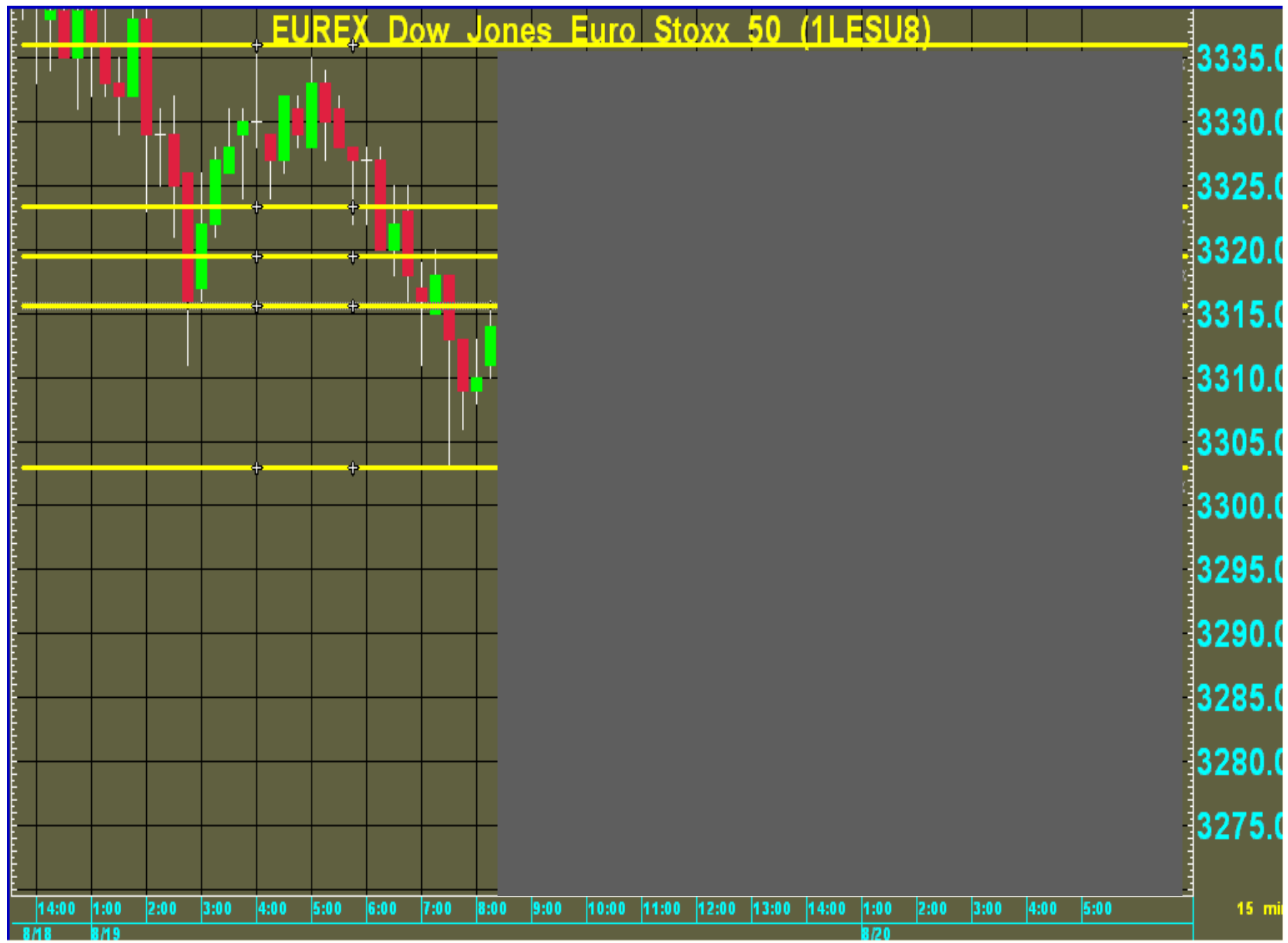


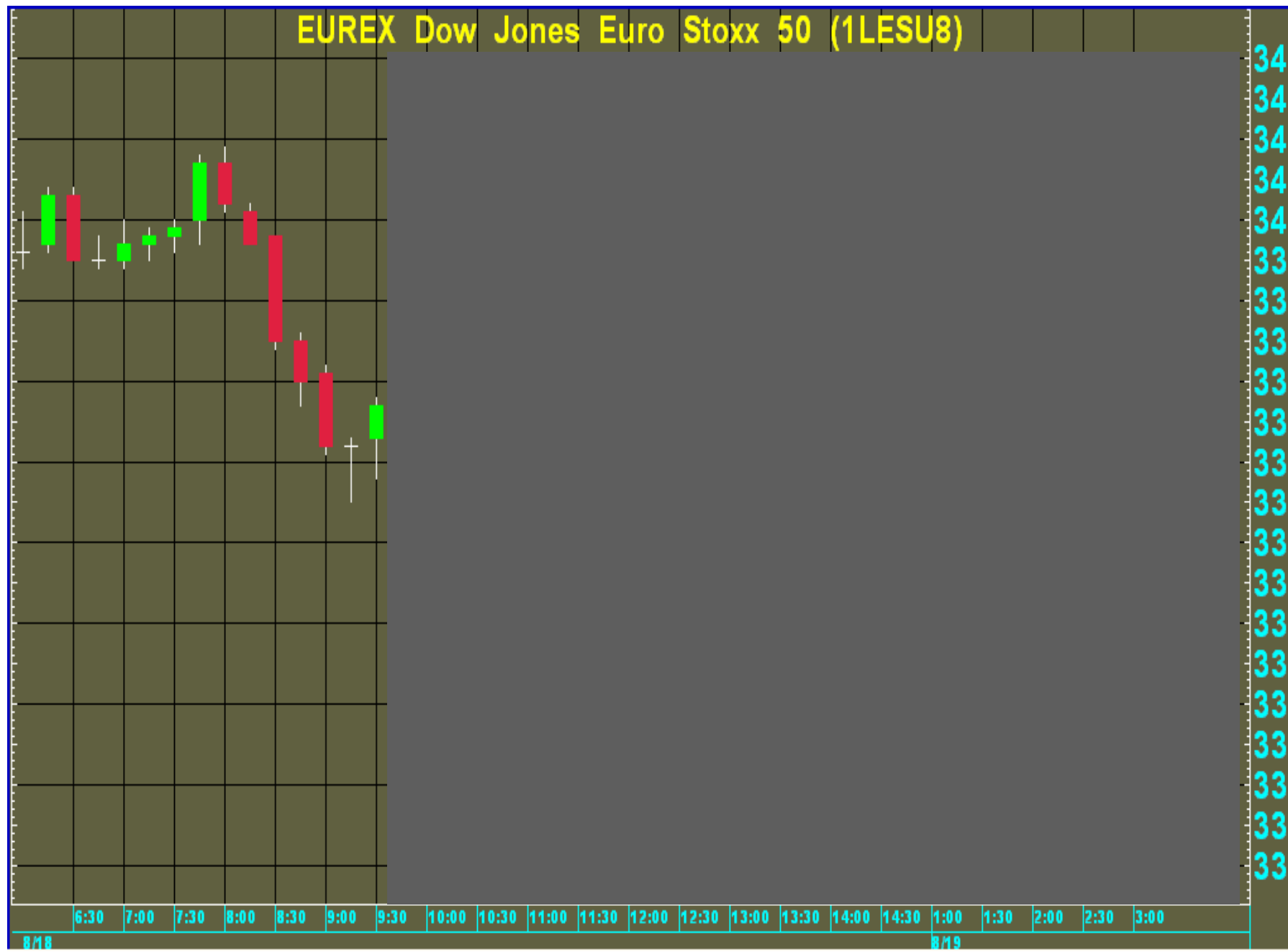


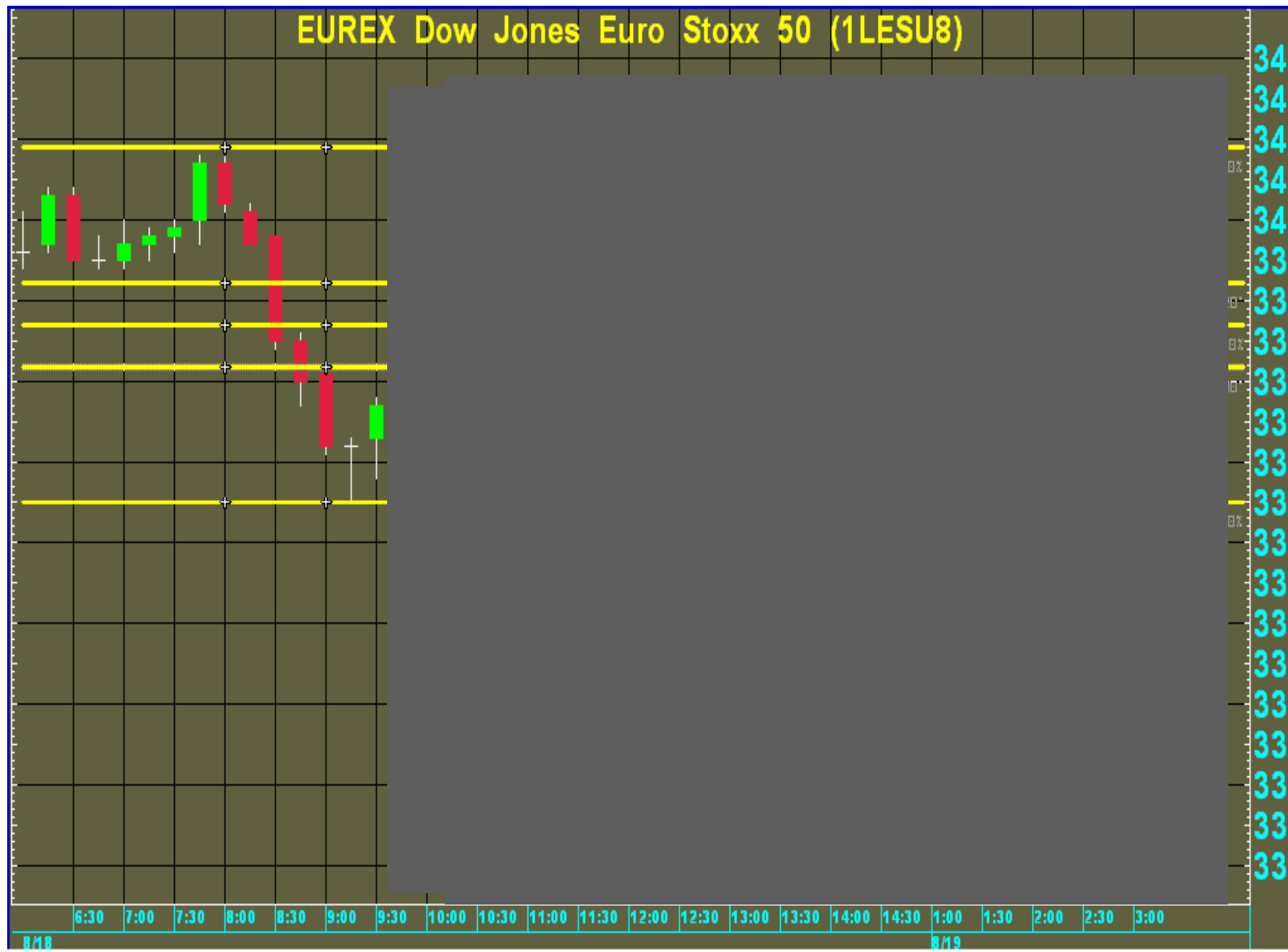


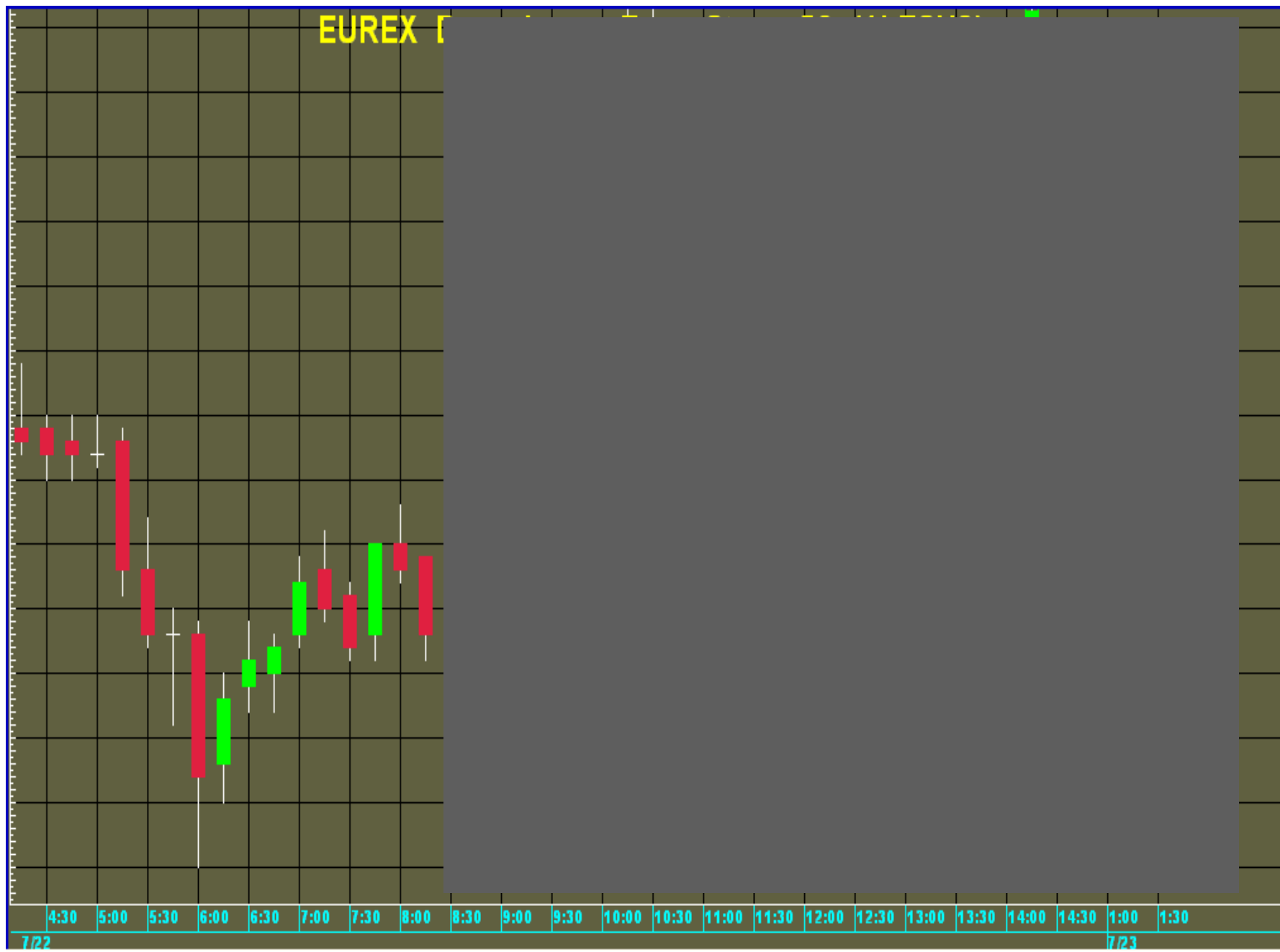


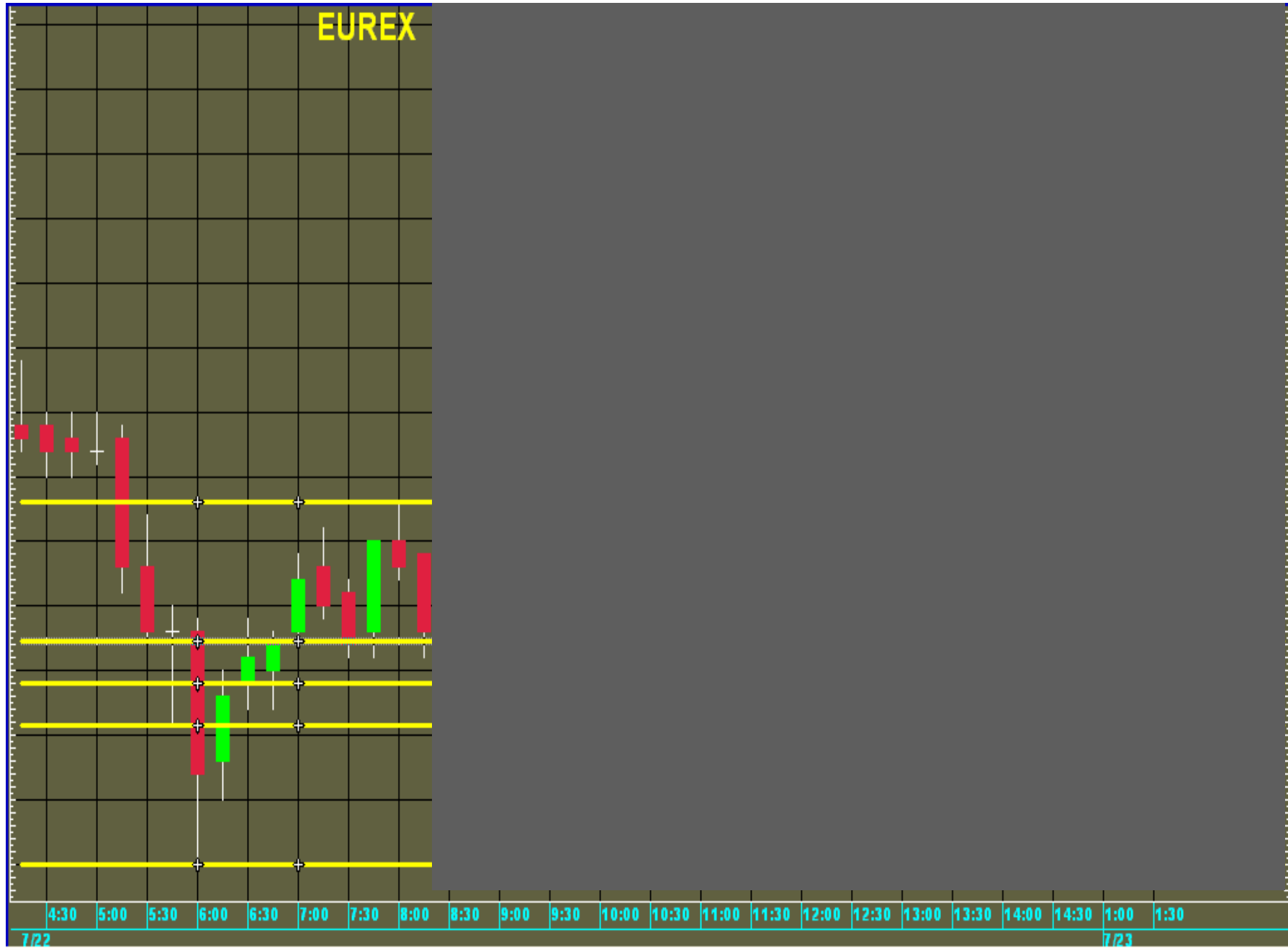














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