

BN) Stoxx 600 to Gain If Peak Hit on More Volume: Technical Ana lysis

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Stoxx 600 to Gain If Peak Hit on More Volume: Technical Analysis
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By Adria Cimino

Aug. 22 (Bloomberg) -- The Stoxx Europe 600 Index will retain its gains from this summer's rally if it breaks above its 2012-high resistance level while volume returns to pre-June levels for at least three days, according to a technical analyst at Day By Day in Paris.

"That is where we have to verify the solidity of the rally," Valerie Gastaldy, technical strategist and partner at the research company, said in a telephone interview today. "We have to see confirmation from more investors that we should keep buying."

The average daily volume of trading in the Stoxx 600 was 15 percent lower from June to today than it was during the period of January through May, according to data compiled by Bloomberg.

The benchmark index has gained 15 percent since its June 4 low on optimism that the European Central Bank will announce stimulus measures and leaders will act to protect lenders. The gauge reached a high of 272.83 on Aug. 17 and Gastaldy expects it to touch the 273 resistance level within the next two months.

Before that, she said it could fall to about 260, a support that represents about a 36 percent retracement of gains since June.

"There could be a period of consolidation in the coming weeks and that is when it's time to buy European stocks to play 2013," she said. "I think the market will price in the worst economic news."

In technical analysis, investors and analysts study charts of trading patterns and prices to predict changes in a security, commodity, currency or index.

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