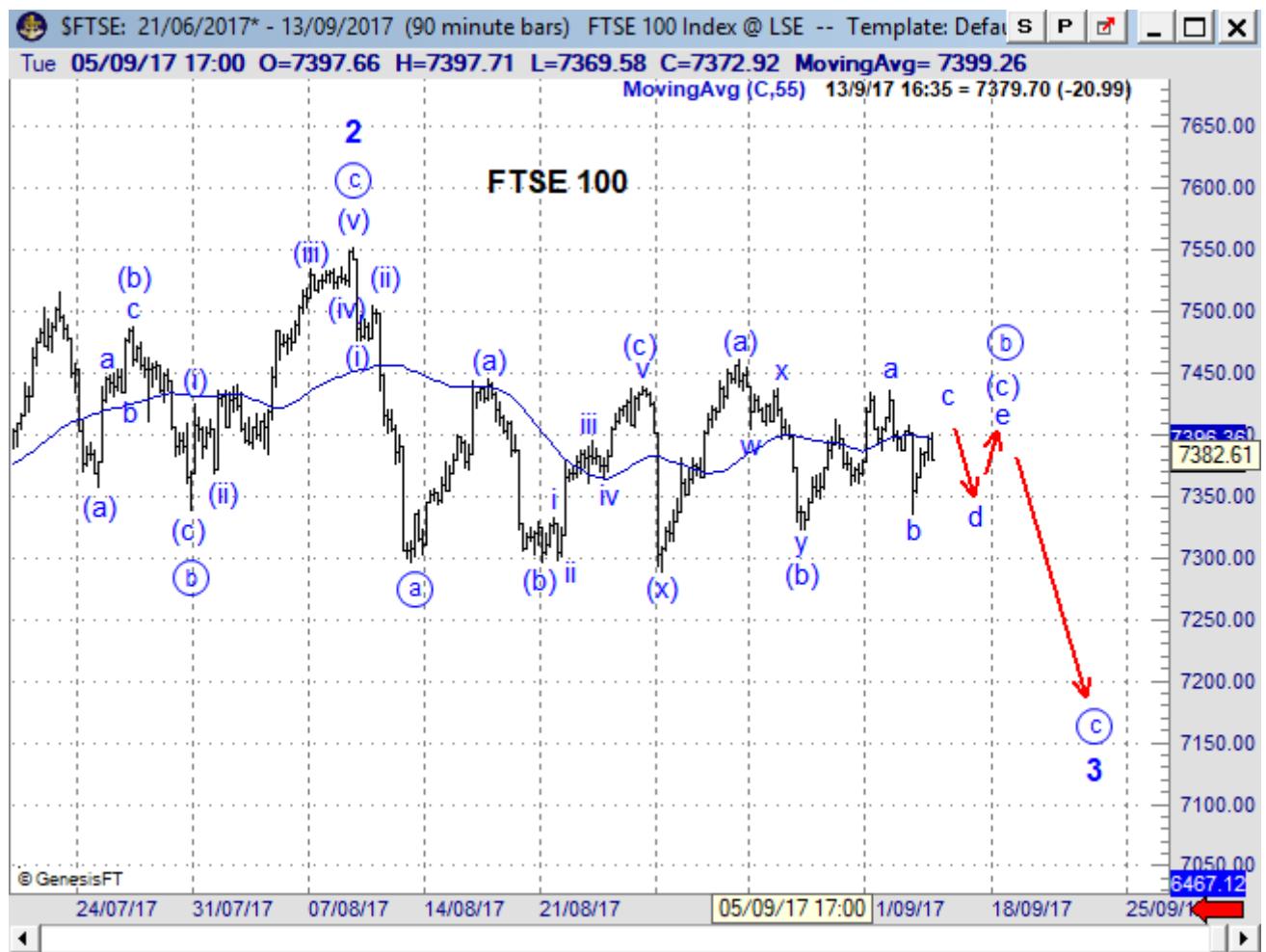


FTSE Short Term Forecast

Thursday 14 September 2017



FTSE short term forecast: Down	BTI: Bullish
a decline to 7200	34-day BTI: Neutral
Selling area: 7400 or higher	13-day BTI: Neutral
Model portfolio exposure: 50% short	Top 20 Differential: Neutral
All levels are for the FTSE 100 cash	Wave count: Bearish
	U.S. markets: Bearish

The BTI turned up on 11 September and is still rising. Sentiment is bullish but the rally is running out of steam and today we have an alternate wave count. What is noticeable is the long sideways move since the bottom of wave a (circle) on 11 August. This move is not impulsive but corrective and when a corrective move occurs after an impulse wave down [wave a (circle)] the odds favour another decline. Basically when the corrective move ends the decline will resume with another impulse wave. Therefore, we have an alternate wave count in which the corrective wave is a "b" wave [wave b (circle)] and the larger pattern is a falling wedge as seen on the daily chart:

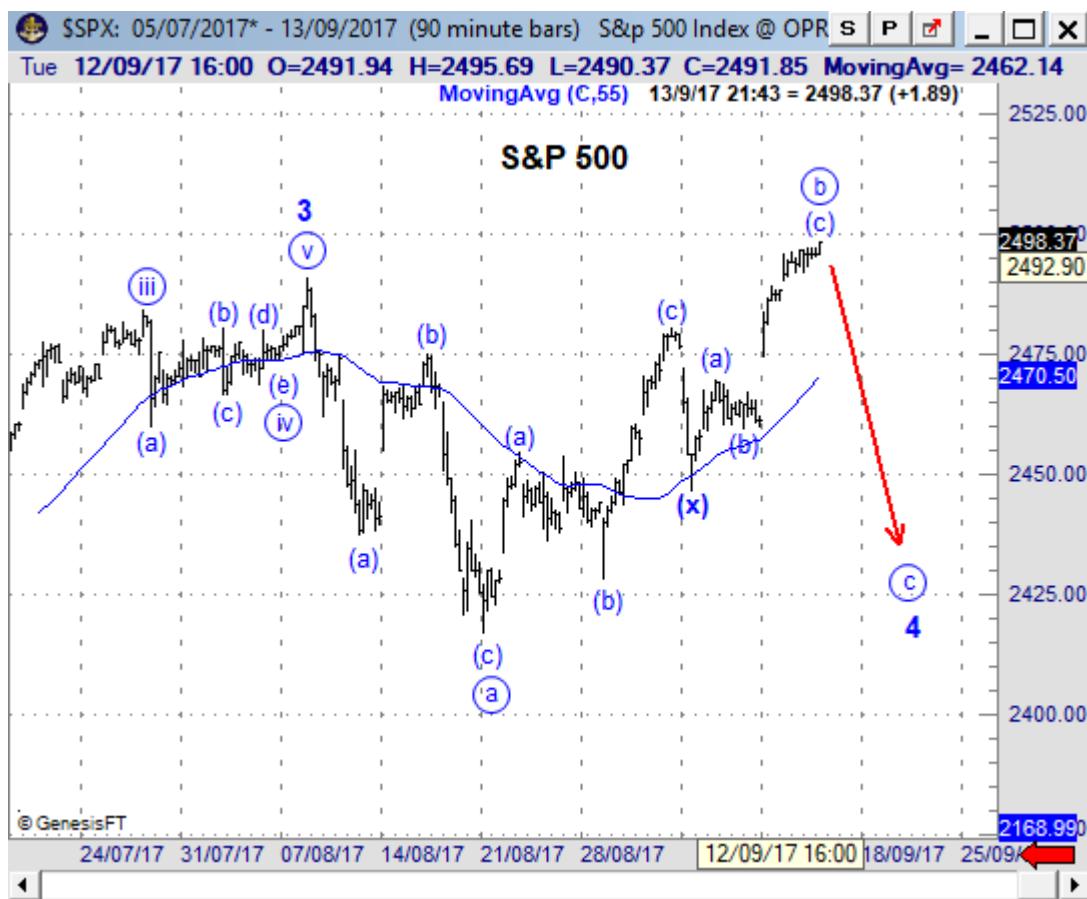


This falling wedge [1,2,3,4,5] is the first wave of the bear market [wave (1)]. We are now in wave 3 this wave is in three waves [a,b,c (circle)]. When wave b (circle) ends near 7400, the decline will resume with wave c (circle), the target is 7200. As you can see on the chart there will be a significant bounce after wave 3, it will be wave 4. The entire falling wedge will end near 7160 in five waves, that will be the bottom of wave (1).

Looking at the top chart [90-min chart] we are now in the final subdivisions of wave b (circle), this wave looks like a double zigzag [(a),(b),(c),(x),(a),(b),(c)] but not textbook because wave (c) of the final zigzag is not an impulse wave by a triangle [a,b,c,d,e]. Yesterday's decline to 7336 was wave b, the current rally is wave c, this move will end near 7425. The next move is wave d down to 7340. The index will continue to move sideways until wave e ends near 7400. This will complete wave b (circle), the next move is wave c (circle) down.

As long as we don't get any adverse news this pattern should play out. A sharp decline in the pound could change this pattern but I think the S&P would have to rally at the same time to push the FTSE higher. Today we have some news that will affect the pound, the Bank of England will release the interest rate decision at 12:00, this will be accompanied by the latest MPC meeting minutes. This news is unlikely to trigger a sharp decline in the pound, on the contrary, the tendency is to raise rates which is bullish for the pound. With inflation accelerating the committee will be thinking higher rates.

S&P 500



The S&P made a new all-time high again, the index has completed a rally in five waves inside wave (c) so wave b (circle) must be over. But the index is not falling, it is supported by hope that tax reform in the US will happen. This is adverse news if you are short. The index is ready to decline to complete wave c (circle) of a running flat inside wave 4 but if talk of tax reform re-surfaces the S&P won't go down. Perhaps the decline will be delayed this would give time to the FTSE to complete wave c,d and e. The next move is wave c (circle) down , the target is 2430.

What is the BTI (Bullish Trend Indicator)?

The BTI is a sentiment indicator used to assess the mood of investors. When the daily change in the BTI is down sentiment is bearish. When the daily change in the BTI is up sentiment is bullish. The BTI is used to assess the near term direction of the market and confirms the Elliott wave count.

Top 20 Differential

The Differential moved down from 0.6% to 0.5%. The Differential is still in the middle of the range. The FTSE is not near a top or bottom.

Epic	Name	Sector	Wave	Differential	Status
AZN	Astrazeneca	Pharmaceuticals	up	9.6%	Overshopped
BARC	Barclays	Banks	down	-7.2%	Trending
BLT	BHP Billiton	Mining	down	-4.8%	Trending
BP	BP	Oil & Gas	up	2.1%	Trending
BATS	Br American Tobacco	Tobacco	up	1.8%	Trending

BT	BT Group	Telecoms	down	-7.9%	Oversold
DGE	Diageo	Beverages	up	-0.0%	Trending
GSK	Glaxosmithkline	Pharmaceuticals	down	-2.1%	Trending
GLEN	Glencore	Mining	up	12.0%	Overbought
HSBA	HSBC	Banks	down	-1.8%	Trending
IMB	Imperial Brands	Tobacco	up	4.8%	Trending
LLOY	Lloyds Banking	Banks	up	2.8%	Trending
NG	National Grid	Utilities	up	2.1%	Trending
PRU	Prudential	Insurance	down	-1.0%	Trending
RB	Reckitt Benckiser	Household Goods	down	-4.9%	Trending
RIO	Rio Tinto	Mining	down	-2.6%	Trending
RBS	Royal Bank of Scotland	Banks	down	-3.5%	Trending
RDSB	Royal Dutch Shell	Oil & Gas	up	1.5%	Trending
SHP	Shire	Pharmaceuticals	up	11.2%	Overbought
VOD	Vodafone	Telecoms	down	-2.3%	Trending

Average 0.5%

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