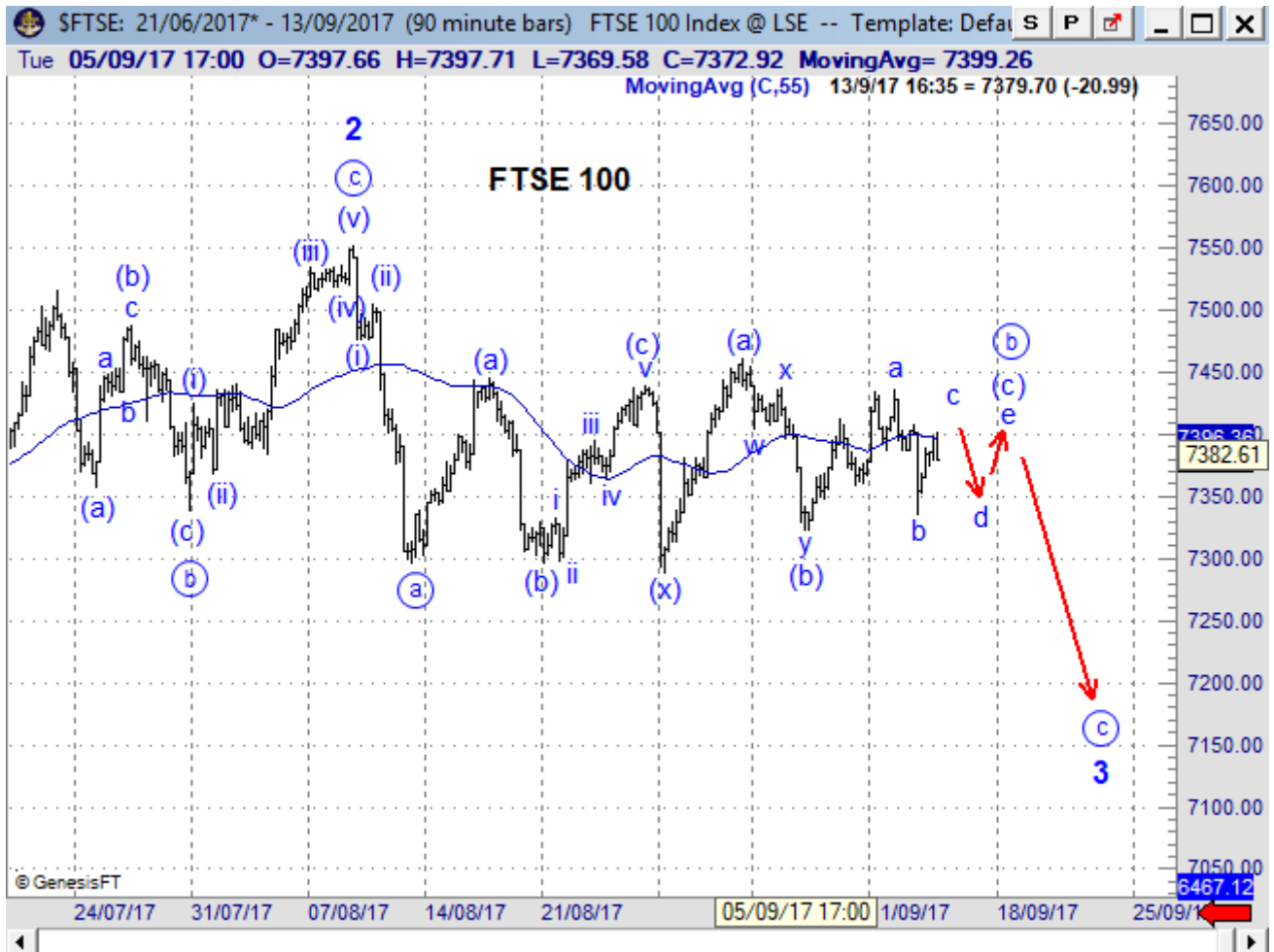




## FTSE Short Term Forecast

Thursday 14 September 2017



FTSE short term forecast: **Down**

**a decline to 7200**

Selling area: **7400 or higher**

Model portfolio exposure: 50% **short**

All levels are for the FTSE 100 cash

BTI: **Bullish**

34-day BTI: **Neutral**

13-day BTI: **Neutral**

Top 20 Differential: **Neutral**

Wave count: **Bearish**

U.S. markets: **Bearish**

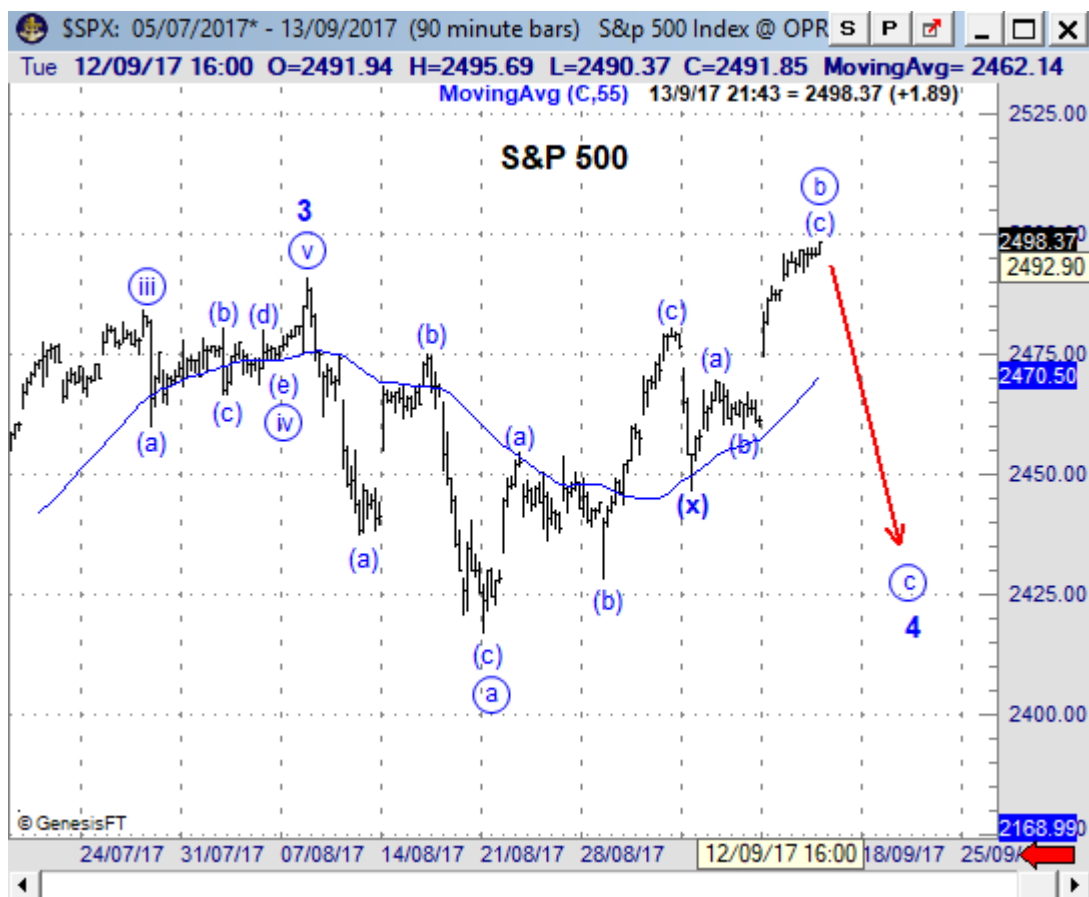
The BTI turned up on 11 September and is still rising. Sentiment is bullish but the rally is running out of steam and today we have an alternate wave count. What is noticeable is the long sideways move since the bottom of wave a (circle) on 11 August. This move is not impulsive but corrective and when 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.



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%         | Overbought |
| 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%

#### Disclaimer

I understand that these pages are copyright-protected products of e-yield. It is illegal to forward or re-transmit these pages or allow an unauthorised person to view part or all of these pages without written authorisation. I agree that if I break these restrictions I will accept full financial liability to pay the annual subscription price for all additional readers or recipients.

e-yield does not make any personal recommendations. The information in the FTSE short term forecast is provided solely to enable investors to make their own investment decisions and does not constitute a recommendation to buy, sell or otherwise deal in investments. If you have any doubts, you should seek advice from an independent financial adviser.

All opinions and content in this report constitute general market commentary and does not constitute investment advice. Content and research is subject to change without notice. e-yield and the author of e-yield does not accept responsibility for any investment decision made by a user on the basis of our research.

The price and value of investments and the income derived from them can go down as well as up, and you may not get back the amount you invest. Changes in the rate of exchange may have an adverse effect on the value, price and income of investments in a currency other than your own. Past performance is not necessarily a guide to future performance.

Quotes and research data provided on the e-yield website are obtained from sources which we believe to be reliable, but we cannot guarantee the accuracy, timeliness or completeness of such information for any particular purpose and shall not under any circumstances be held liable for any consequent loss or damage whatsoever arising from the use of the information provided on the site.

Copyright © 2017 e-yield