



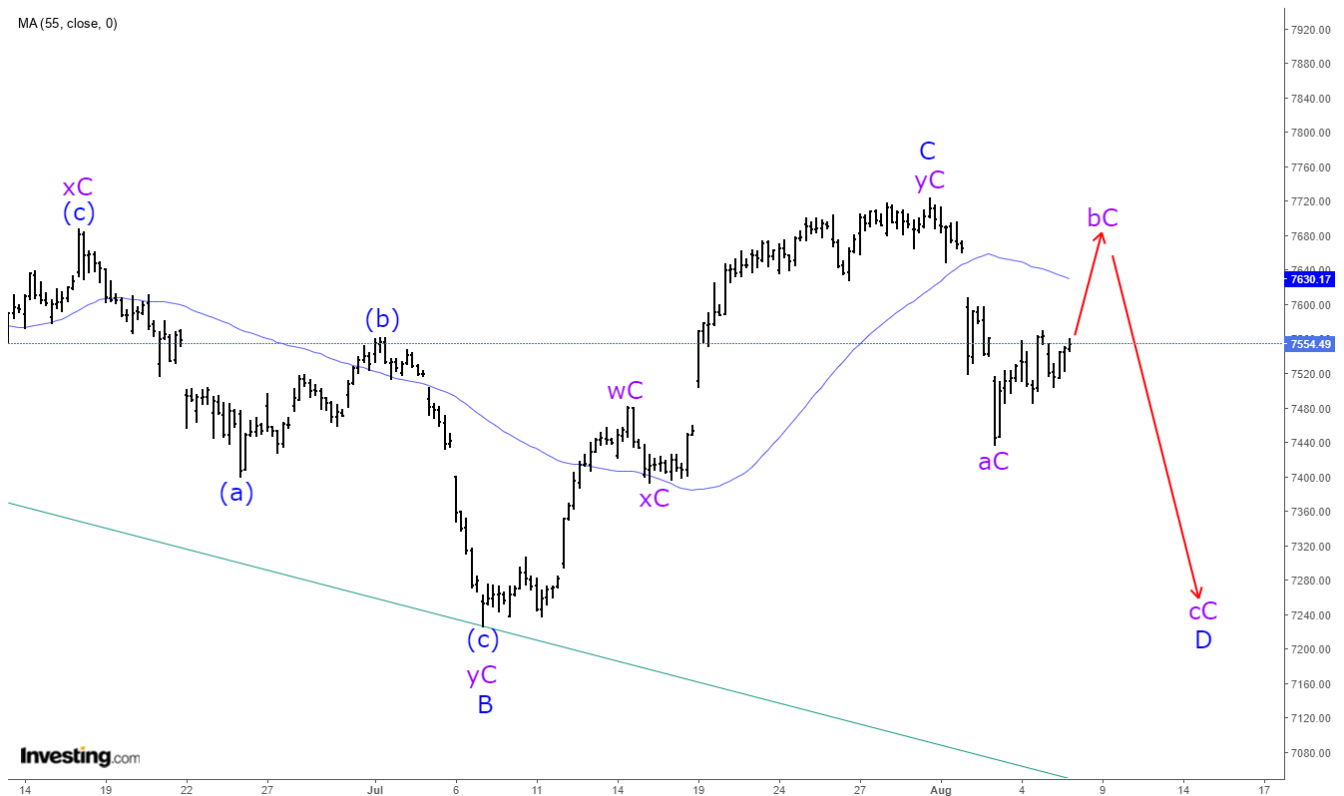
FTSE Short Term Forecast

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FTSE 100, United Kingdom, London(CFD):UK100, 120

MA(55, close, 0)



FTSE short term forecast: **Down**

First a rally to 7680 then a decline to 7240

Selling area: **7670 or higher**

Model portfolio exposure: **0%**

All levels are on the FTSE 100 cash

BTI: **Bullish**

34-day BTI: **Neutral**

13-day BTI: **Neutral**

Top 20 Differential: **Bullish**

Wave count: **Bullish**

U.S. markets: **Bullish**

The BTI turned up on 19 July and is still rising. The FTSE is rebounding following an oversold Top 20 Differential, that is the normal pattern, when the top 20 Differential is oversold we get a short term bounce. The same thing occurs with an oversold 34-day BTI but with this indicator the rebound lasts longer, like several weeks. The 34-day BTI is now at 67, the overbought level is 400. I am not sure it will become overbought before the next major decline starts, that's because there is not enough upside. The FTSE is going down to complete wave D, then it will rally below the top of wave C to complete wave E. No new high is expected, this means limited upside. The next major decline will occur after wave E.

China continues to show weak economic activity, will this impact global inflation? It is possible to have high inflation and low growth, this condition has been observed in the UK. The next measure of US inflation will be released on Thursday with the CPI. It seems market participants have taken profits ahead of the CPI numbers, a strong number would send markets lower. I believe the trend in the US has turned down and the decline in the FTSE is wave D in three waves [aC,bC,cC]. Wave bC is still unfolding, the FTSE should rally further to complete wave bC near 7680. The next move is wave cC down, the target is 7240.

S&P 500

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S&P 500, United States, NYSE(CFD):US500, 120

MA (55, close, 0)



The S&P is rebounding after declining in five waves [i,ii,iii,iv,v]. I think this decline is wave (i) of a larger five-wave decline [(i),(ii),(iii),(iv),(v)]. The trend has turned down and the bounce is wave (ii) expected to end near 4580. The next move is wave (iii) down, the target is 4300.

Top 20 Differential

The Differential moved down from -3.1% to -3.2%. The Differential is oversold below -2.5%, the FTSE should rally.

Epic	Name	Sector	Wave	Differential	Status
AZN	Astrazeneca	Pharmaceuticals	up	4.2%	Trending
BARC	Barclays	Banks	down	-6.6%	Trending
BHPB	BHP Group	Mining	down	-4.0%	Trending
BP	BP	Oil & Gas	up	2.1%	Trending
BATS	Br American Tobacco	Tobacco	down	-2.8%	Trending
BT	BT Group	Telecoms	down	-8.8%	Trending
DGE	Diageo	Beverages	down	-2.4%	Trending
GSK	GSK	Pharmaceuticals	down	-2.0%	Trending
GLEN	Glencore	Mining	down	-3.5%	Trending
HSBA	HSBC	Banks	up	3.4%	Trending
LLOY	Lloyds Banking	Banks	down	-7.1%	Trending
NG	National Grid	Utilities	down	-7.3%	Trending
NWG	Natwest Group	Banks	down	-7.4%	Trending
PRU	Prudential	Insurance	down	-4.9%	Trending
RKT	Reckitt Benckiser	Household Goods	down	-3.0%	Trending
REL	RELX	Publishing	down	-1.6%	Trending
RIO	Rio Tinto	Mining	down	-6.1%	Trending
SHEL	Shell	Oil & Gas	down	-1.1%	Trending
ULVR	Unilever	Household products	down	-1.3%	Trending
VOD	Vodafone	Telecoms	down	-4.6%	Trending
Average				-3.2%	

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, it confirms the Elliott wave count.

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