



FTSE 100, February 10th

FTSE 100	Next few days	Target: 5800 (Future 5749)												
Trend	Up	Best risk/reward trade:												
Action	Buy	Buy in the range 5513.5-5640 for a move to 5800												
Risk of trend reversal	High	Why?												
Stop loss		Indicators are mostly bearish and the Elliott wave is wave (ii) up. As the previous rally failed to retrace 50% of the previous decline, that move is unlikely to be a second wave. It is more likely to be a fourth wave inside the wave of larger degree which is wave (i). This wave (i) down is still unfolding but nearing an end. The next move should be wave (ii) up. A 50% upward retracement would take the FTSE to 5856, the 62% retracement is at 5917. But too many indicators are bearish, the risk of a trend reversal is high.												
FTSE 100 cash	below 5513	Strong support between 5513 (pivot S2) and 5572.5 (pivot S1).												
FTSE 100 March	below 5462													
<p>The trend is likely to reverse when the risk of a trend reversal is high. A breach of a key reversal level implies a neutral position.</p> <p>Forecast Indicators (120-min chart)</p> <table border="1"> <tr> <td>Elliott wave</td> <td>Bullish</td> </tr> <tr> <td>Sentiment</td> <td>Bearish</td> </tr> <tr> <td>MACD</td> <td>Bearish</td> </tr> <tr> <td>DMI</td> <td>Bearish</td> </tr> <tr> <td>RSI</td> <td>Neutral</td> </tr> <tr> <td>M/A crossover</td> <td>Bearish</td> </tr> </table>			Elliott wave	Bullish	Sentiment	Bearish	MACD	Bearish	DMI	Bearish	RSI	Neutral	M/A crossover	Bearish
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FTSE 100	Next few weeks	Target: 5400 (Future 5349)												
Trend	Down	Best risk/reward trade:												
Action	Sell	Sell in the range 5820-6115 for a move to 5400												
Risk of trend reversal	Low	Why?												
Stop loss		Indicators are mostly bearish and the Elliott wave is wave iii (circle) down. Wave ii (circle) ended at 6115 after completing a complex pattern [(w),(x),(y)], wave iii (circle) should be in five waves [(i),(ii),(iii),(iv),(v)] and today's decline is still wave (i). The decline should resume from higher levels as a bounce is expected for wave (ii).												
FTSE 100 cash	above 6115	Strong resistance between 6115 (previous high) and 6067 (resistance line).												
FTSE 100 March	above 6064													
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Trade Alert

Contract: FTSE 100 March

Trade: We buy at 5500, target 5750. Stop loss 5400

Key levels & Events

Key levels	Cash	Future	Main events (UK time):		
Elliott wave resistance	7122.5	7071.5			
Previous support line (1)	6613	6562.0	Today	09:30	UK industrial production
Elliott wave resistance	6488	6437.0	Today	15:00	Fed chair Yellen testifies
Elliott wave resistance	6447.5	6396.5			
200-day MA	6397	6346.0			
Elliott wave resistance	6314.5	6263.5			
Resistance line (2)	6241	6190.0			
Previous high	6115	6064.0			
Resistance line	6067	6016.0			
Pivot R2	5799	5748.0			
Pivot R1	5715.5	5664.5			
Pivot point	5656	5605.0			
Support line (3)	5620	5569.0			
Pivot S1	5572.5	5521.5			
Pivot S2	5513	5462.0			
Support line	5496	5445.0			

(1) Drawn from the lows on 9 August 2011 and 16 October 2014
(2) Drawn from the highs on 29 May and 2 December
(3) Drawn from the lows on 24 August and 20 January

Events that could change the forecast

If UK industrial production higher than expected – **Bullish**, lower than expected – **Bearish**

Fed chair Yellen testifies at 15:00

2-hour chart



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