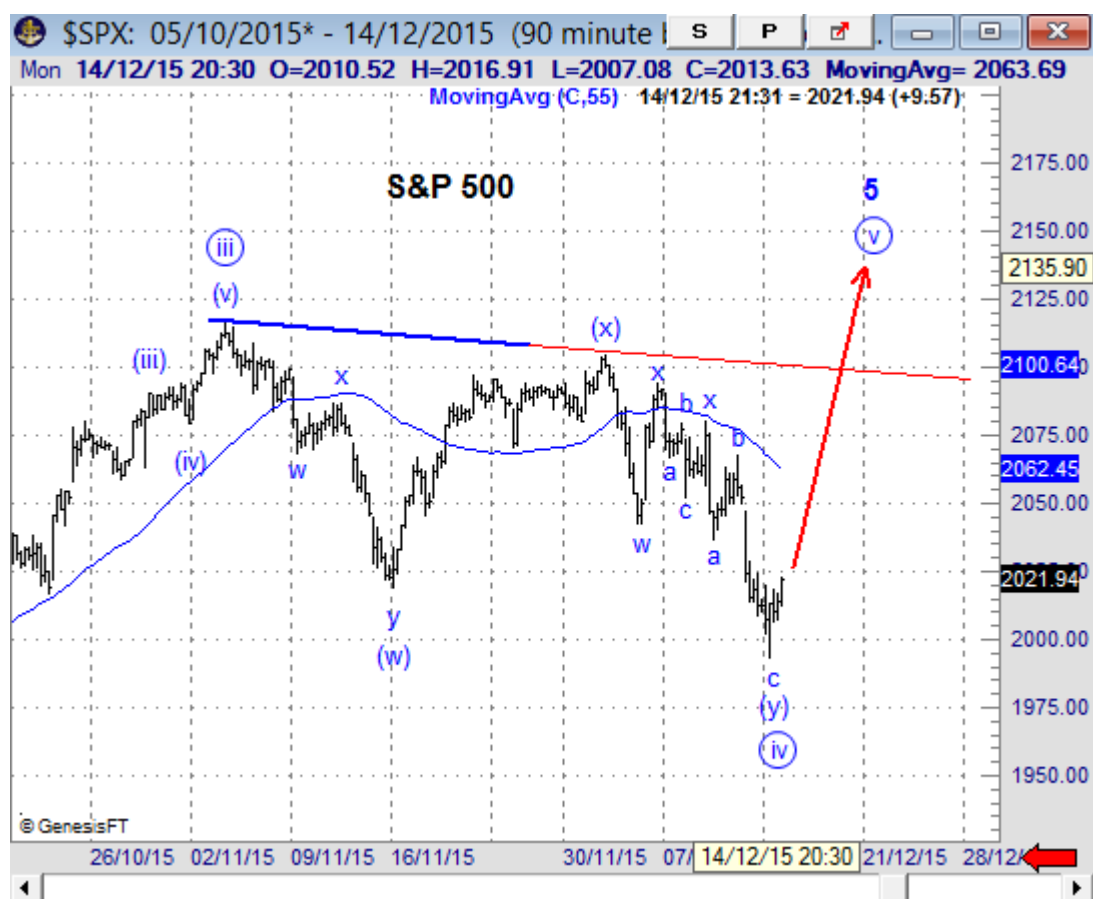




The BTI turned down on 10 December and is still declining. Sentiment is bearish but the 13-day BTI is oversold below -400, a bounce is imminent. This indicator is like the Top 20 Differential, when oversold there is a good chance the FTSE will rally in the short term. The Top 20 Differential is not oversold but very close to oversold, the indicators declined to -2.4%. Sentiment has turned bearish but I think it will turn bullish in the next two weeks which is a favourable period for stocks. Nevertheless we must be prepared for an adverse move in the stock market, negative events can occur at any time including December. Tomorrow's US interest rate decision could be one of them, other potential pitfalls include a continued slide in commodity prices and the Chinese Yuan.

Asian stocks were firmer this morning as crude oil stabilised. The decline in commodity prices has been relentless, but as we have often seen in the past, even in a bear market prices will experience some large rebounds. I expect a large rebound in commodity prices but I can't say when, the timing of such a move is not easy to forecast. If we see some more positive data from China commodity prices will bounce back. The decline since 2 December is in five waves however, there are various ways to label the waves inside wave i (circle). It is also possible we have an extension inside wave i (circle), if this extension is not complete the FTSE will decline below yesterday's low [5872]. I suspect wave i (circle) ended at 5872 because the S&P retraced to the maximum level last night. If the S&P is not going to return to 1993.5 the FTSE is unlikely to return to 5872. Furthermore the 13-day BTI is oversold which is bullish, I suspect the rally is underway this morning and the question is, will it come to an abrupt end tomorrow after the FOMC meeting announcement? I hope not, the longer the FTSE stays below 6000 the more my call options lose value. An initial target is 6300.

S&P 500



The S&P declined to the top of wave i (circle), the actual low was 1993.26 on my technical analysis platform. The top of wave i (circle) is 1993.48. The difference in price is so small that we can't say with certainty wave iv (circle) has overlapped wave i (circle). Normally I'd like to see at least half point or more below the level to conclude the top of wave i (circle) has been breached. As a result I continue to assume that the latest move down is wave iv (circle) and

this move is over. The S&P cannot return below yesterday's low. The bullish reversal day yesterday following a deep retracement is an indication that the next rally is underway. This move is wave v (circle) and the target is 2120.

### 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 -1.6% to -2.4%. The Differential is still near oversold, BLT and RIO are weighing on the Differential.

Epic	Name	Sector	Trend	Wave	Differential	Status
AZN	Astrazeneca	Pharmaceuticals	N	down	1.5%	Trending
BARC	Barclays	Banks	N	down	-1.5%	Trending
BG.	BG Group	Oil & Gas	down	down	-4.2%	Trending
BLT	BHP Billiton	Mining	down	down	-35.6%	Oversold
BP	BP	Oil & Gas	down	down	-7.4%	Trending
BATS	Br American Tobacco	Tobacco	up	down	-0.2%	Trending
BT	BT Group	Telecoms	up	down	-0.1%	Trending
DGE	Diageo	Beverages	N	down	1.4%	Trending
GSK	Glaxosmithkline	Pharmaceuticals	N	down	1.8%	Trending
HSBA	HSBC	Banks	down	down	0.0%	Trending
LLOY	Lloyds Banking	Banks	N	down	1.3%	Trending
NG	National Grid	Utilities	N	down	1.0%	Trending
PRU	Prudential	Insurance	N	down	0.6%	Trending
RB	Reckitt Benckiser	Household Goods	up	down	2.8%	Trending
RIO	Rio Tinto	Mining	down	down	-10.7%	Oversold
RBS	Royal Bank of Scotland	Banks	down	down	-0.5%	Trending
RDSB	Royal Dutch Shell	Oil & Gas	down	down	-7.5%	Trending
SAB	SabMiller	Beverages	up	down	7.3%	Trending
ULVR	Unilever	Food Producers	up	down	3.8%	Trending
VOD	Vodafone	Telecoms	N	down	-1.0%	Trending
Average					-2.4%	

### 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 © 2015 e-yield