

FTSE 100 Focus

May 24, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

25YR: Up to sideways. Rally from 2009 lows. Support 6120. Resistance 6875 (2013 highs), then 1999 all-time highs 6950
3MO: Uptrend. Support 6670 prior week consolidation lows then 3-month rising trendline 6600. Resistance 6720, 6750 and 6875
1MO: Uptrend. Support 6670, then 6600. Resistance 6720, 6750, 6780 and 6875
1WK: Sideways. Support 6670. Resistance 6720, 6760, 6780 then 6875.

Major Support & Resistance (pivot points - explained): Pivot: 6720; Support: 6647, 6583, 6510; Resistance: 6784, 6857, 6921

A 3.2% drop is hard to stomach but must be taken in context with 10% gains, to near all-time highs and on very loose global monetary policy. The rally from last June is intact, with gains of 14% to Sept and another 16% to Mar both digested via 5% pullbacks. If this is correction #3 of rally #3, a revisit of 6,550 can't be ruled out. Markets terrified of Fed cutting QE3 on better US data (and a slowing China) but an end to QE3 is unlikely soon. Data mixed and Fed can increase/decrease the current \$85bn/month intervention depending. Until we see the extent of the first taper, concerns may be overdone. Are we to fear just \$80bn/month? One bad NFP/GDP figure could mean it returns to \$85bn or increases to \$90bn. It's still early days for the end of QE3, but the healthy market correction may have legs.

Graph: FTSE 100 (Futures), 25-year, 1 month intervals

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com



- Solid Green line**
Possible resistance
- Solid Red line**
Possible resistance
- Dashed Green line**
200-day moving average
- Dashed Black line**
100-day moving average
- Dashed Blue line**
50-day moving average
- Dashed Red line**
20-day moving average

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Graph: FTSE 100 (Futures), 3-month, 1 hour intervals



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Graph: FTSE 100 (Futures), 1-month, 15 min intervals



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Graph: FTSE 100 (Futures), 1-week, 5 min intervals



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