



Central banks should be 'data dependent'

Take a look at UK and US numbers yesterday

Yesterday morning the Confederation of British Industry published its August distributive trades survey; it was very negative indeed. From July's -16 reading, it slumped to -49, retail sales collapsing at the fastest rate since December 2008's -55 record low. For a series going back to 1984, previous bearish readings in the 1990's were no lower than -11 and in the 2000's -13. In the US August Markit sentiment readings, with a far shorter history, saw the manufacturing sector move into contraction at 49.9 for the first time since the financial crisis, services slip from 53.0 to 50.9 and the composite from 52.6 to 50.9 also.

Yesterday Indonesia's central bank trimmed its key rate by 25 basis points to 5.5 per cent, a surprise to many. Governor Perry Warjiyo told CNBC "this is a pre-emptive move to support our growth momentum and to anticipate the possibility of downward risks on the global economic outlook". He also suggested there may be more cuts in the pipeline, here and in other Asian countries, as Indonesian inflation should remain within its target range of 2.5 to 4.5 per cent per annum.

Nicole Elliott



DAX 30



IG Index chart

Stuck on trend line resistance but retreating from 38 per cent Fibonacci retracement resistance. Today the Financial Times reports that French lender BNP Paribas will assume control of Deutsche Bank's prime brokerage unit. Depending on how clients react up to 800 staff at the German lender will be transferred, saving on redundancy costs.

SHORT TERM TRADER: Short at 11645; stop above 11865. Next target 11200.

POSITION TAKER: Short at 11835; stop well above 11865. First target 11000.

SUPPORT	RESISTANCE
11700	11865
11600	11900
11540	11960
11400	12125



FTSE 100



IG Index chart

The MACD is no longer bearish as we hover at 7100 with a series of marginally lower daily highs.

SHORT TERM TRADER: Small short at 7145; stop above 7300. Target 6850.

POSITION TAKER: Short at 7570; stop above 7325. Target 7000, maybe 6865.

SUPPORT	RESISTANCE
7100	7185
7070	7230
7015	7300
6900	7375



S&P 500



IG Index chart

Zero momentum as we remain stuck under 2940. Many members of the Fed delivering speeches this afternoon at Jackson Hole, Wyoming.

SHORT: Small short at 2910; stop above 2970. Target 2820.

POSITION TAKER: Short at 2915; stop above 2970. First target 2820.

SUPPORT	RESISTANCE
2900	2933
2870	2944
2855	2970
2815	3015



BRITISH POUND/US DOLLAR



IG Index chart

Perking up a little, popping above the 1.2200 parapet for the first time this month. Gaining against the euro too to £0.9035 this morning. A weekly close above 1.2200 completes a very gentle rounded base.

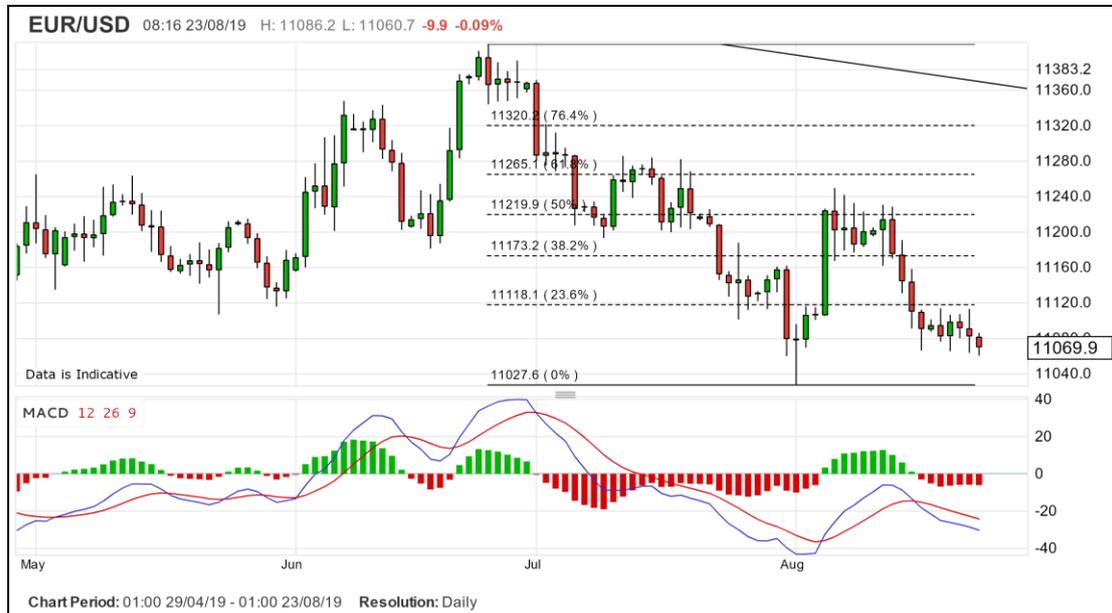
SHORT TERM TRADER: Small long at 1.2135; stop below 1.2000. Target 1.2400.

POSITION TAKER: Will buy cable on a close above 1.2200 tonight.

SUPPORT	RESISTANCE
1.2100	1.2215
1.2065	1.2270
1.2000	1.2300
1.1900	1.2380



EURO/US DOLLAR



IG Index chart

Lifeless, but let's see what happens over the weekend in Biarritz and the Spanish border.

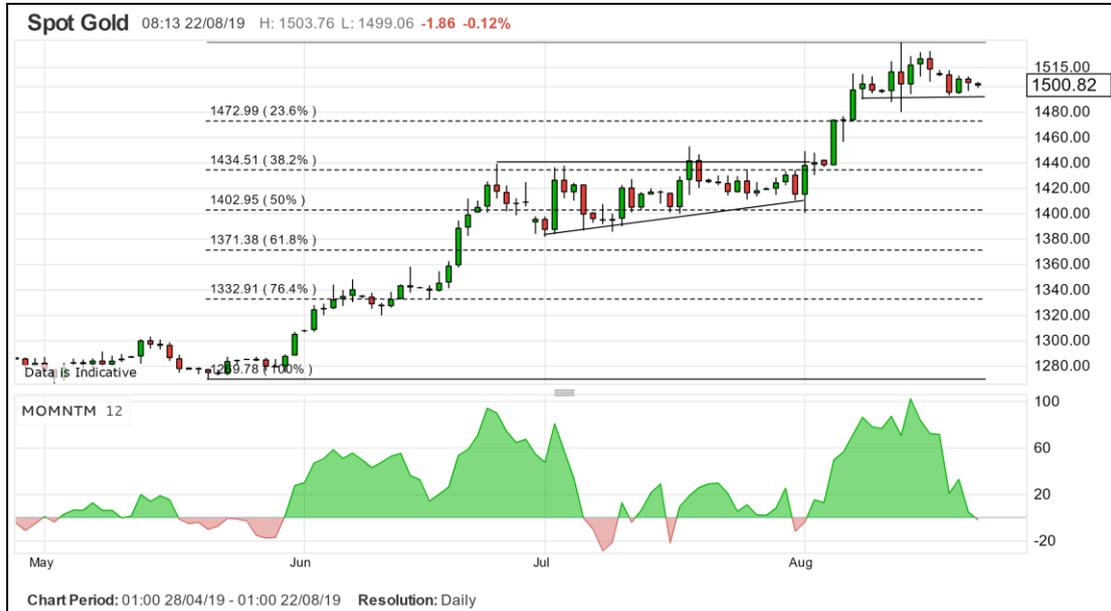
SHORT TERM TRADER: Small long at 1.1165; stop below 1.1060. Target 1.1340.

POSITION TAKER: Square.

SUPPORT	RESISTANCE
1.1060	1.1120
1.1025	1.1175
1.0990	1.1220
1.0900	1.1290



GOLD



IG Index chart

Still holding above the bottom edge of an inverted V-shaped pattern.

SHORT TERM TRADER: Small short at 1500; stop above 1535. Target 1440.

POSITION TAKER: Square.

SUPPORT	RESISTANCE
1493	1515
1480	1535
1472	1550
1455	1560



Nicole Elliott is a long-standing member and Fellow of the Society of Technical Analysts and has taken over the IC's trading coverage. She is regularly interviewed and quoted by the financial media, is a conference speaker, and author of several books on charting.

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