Your index quote is your broker's, and it is not the index

> **DERIVED INDEX QUOTE**
>
> The price a retail platform shows for an index product. It is the broker's own quote, usually derived from the relevant futures contract rather than from the published index level, adjusted and spread by the broker. It will not match the number on the news, and it is not meant to.

Here is the mistake, and it is a good one to have made early rather than late. You open a platform, see the FTSE 100 at a level, glance at a news site showing a different level, and conclude the platform is wrong.

It is not wrong. You are looking at two different objects.

What your platform is actually quoting

Most retail index products are not priced off the published index. They are priced off the futures contract, because that is where continuous, dealable liquidity lives - especially outside the cash session, when the published index has stopped entirely.

So the chain is: constituents make a futures price, the futures price informs your broker's quote, and your broker adds its spread. The published index is a sibling of your quote, not its parent.

Why the numbers differ even in the session

A future prices the index at a future date, so it embeds financing and expected dividends. It is not supposed to equal the cash level. Your broker's quote has a spread around whatever it derives from, and that spread is theirs to set. Different brokers derive from different contracts, at different times, with different adjustments.

The practical consequence is direct: two brokers can show the same index at different levels simultaneously, and neither is lying. What each is offering is a contract with them, at their price.

What this means for a chart

Your chart is a record of your broker's quotes. Support and resistance levels you draw are levels in that series - not in the index, and not necessarily in another broker's series.

For most purposes the difference is small enough not to matter, and the shape is the same. It stops being small around the open, around expiry, and whenever your broker's derived contract rolls to a new one.

The check worth doing once

Compare your platform's level against the published index during the cash session, and note the difference. Then compare again overnight when the cash index is frozen, and note that the difference is now whatever the future has done since the close.

Ten minutes of that, done once, permanently fixes the wrong mental model - which is worth more than reading about it, including reading this.

Check your understanding

1. Why does a retail index quote usually derive from the futures contract rather than the published index?

a. Futures prices are cheaper to license
b. That is where continuous dealable liquidity is, including outside the cash session
c. The published index is only available to institutions

Answer: b. The published index stops when its constituents stop trading. A broker quoting around the clock needs something that is still moving, and the future is a real market rather than a calculation.

2. Two brokers show the same index at slightly different levels. What follows?

a. One of them is misquoting and should be reported
b. Each is quoting its own contract, derived and spread differently, and both can be legitimate
c. The index provider has published two levels

Answer: b. What you deal on is a contract with that broker at their price. Different derivations, different spreads, different adjustments - no one is obliged to match anyone else.

3. What are the levels you draw on your platform's chart levels in?

a. The published index
b. Your broker's own quote series
c. The constituent shares' combined order book

Answer: b. The chart records your broker's quotes. Usually the shape matches closely enough not to matter - but not around the open, around expiry, or when the derived contract rolls.