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FTSE holds near 2013 peak, propped up by miners

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- * FTSE 100 flat, 2013's peak of 6,875 in sight
- * Miners strong, Citi lifts position on sector to "bullish"
- * Index seen making all-time high in January - analysts

By Tricia Wright

LONDON, Jan 16 (Reuters) - Britain's top shares steadied near last year's peak on Thursday, propped up by steep gains from miners on optimism over the global economy and upbeat analyst comment.

Miners added the most points to the FTSE on Thursday. The FTSE 350 Mining Index rose 3.3 percent while Rio Tinto firmed 2.6 percent after reporting big increases in production.

The blue-chip FTSE 100 index, which on Wednesday had closed at an eight-month high, was off 3.96 points, or 0.1 percent, at 6,815.90 points by 1552 GMT - hovering close to its 2013 high of 6,875.

The UK benchmark has broken out of a technical analysis pattern called a "bullish flag", sending a positive signal, with the index now not far off its record high.

"This (the break out of the flag pattern) should take it to its all-time high at 6,950 in January. It will be helped by mining stocks which are in a position to gain some 9 percent over the same period," Valerie Gastaldy, head of technical analysis firm Day-By-Day, said.

Despite strength seen already in equities, analysts remain positive given encouraging signs from the world's largest economy, with data on Thursday showing a drop in U.S. jobless claims suggesting a sharp step-down in job growth in December was likely to be temporary.

Question marks remain over whether the overall market justifies such high valuations after a bumper 2013, but a significant underperformance seen from the miners last year has restored value to the sector.

"If you are to make an investment case for the FTSE I think, almost by definition now, that involves being more upbeat and more positive on the resources plays," Ian Richards, head of equity strategy at Exane BNP Paribas, said.

The mining sector was the worst-performing equity sector in 2013, dogged by concerns over a possible slowdown in economic growth in China, which is the world's biggest metals consumer.

It trades on a 12-month forward price/earnings ratio of 11.1 times, against the FTSE 100 on 12.9 times, according to Thomson Reuters Datastream.

Analysts at U.S. bank Citigroup on Thursday published an upbeat note on the sector.

Citi upgraded its rating on the sector to "bullish" from "neutral" - marking the first time it had taken such a position on the mining industry in three years.

The U.S. bank said an upturn in the European and U.S. economies could offset any slowdown in China.

"Improvements in European and U.S. growth are supportive for commodities and weakening commodity currencies are providing a fillip for the miners," it wrote in a note.

The FTSE 100 rose 14.4 percent in 2013 to post its best annual gain since 2009. The index has gained around 1 percent since the start of 2014.

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