



TECHNICAL TUESDAYS

Table of contents

1	South Africa 40 index Technical analysis of the local index	2
2	Highs and lows Shares making new highs or lows over 52 weeks	3
3	Consolidation patterns to watch	3
4	Market overview Technical analysis of the local market by sector	5

SHAUN MURISON

Shaun has worked in financial markets for over seven years, and previously ran IG's KZN branch before moving to Johannesburg.

As market analyst he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, making contributions to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



You can follow Shaun on Twitter at [@ShaunMurison_IG](#) for regular market updates and insight.

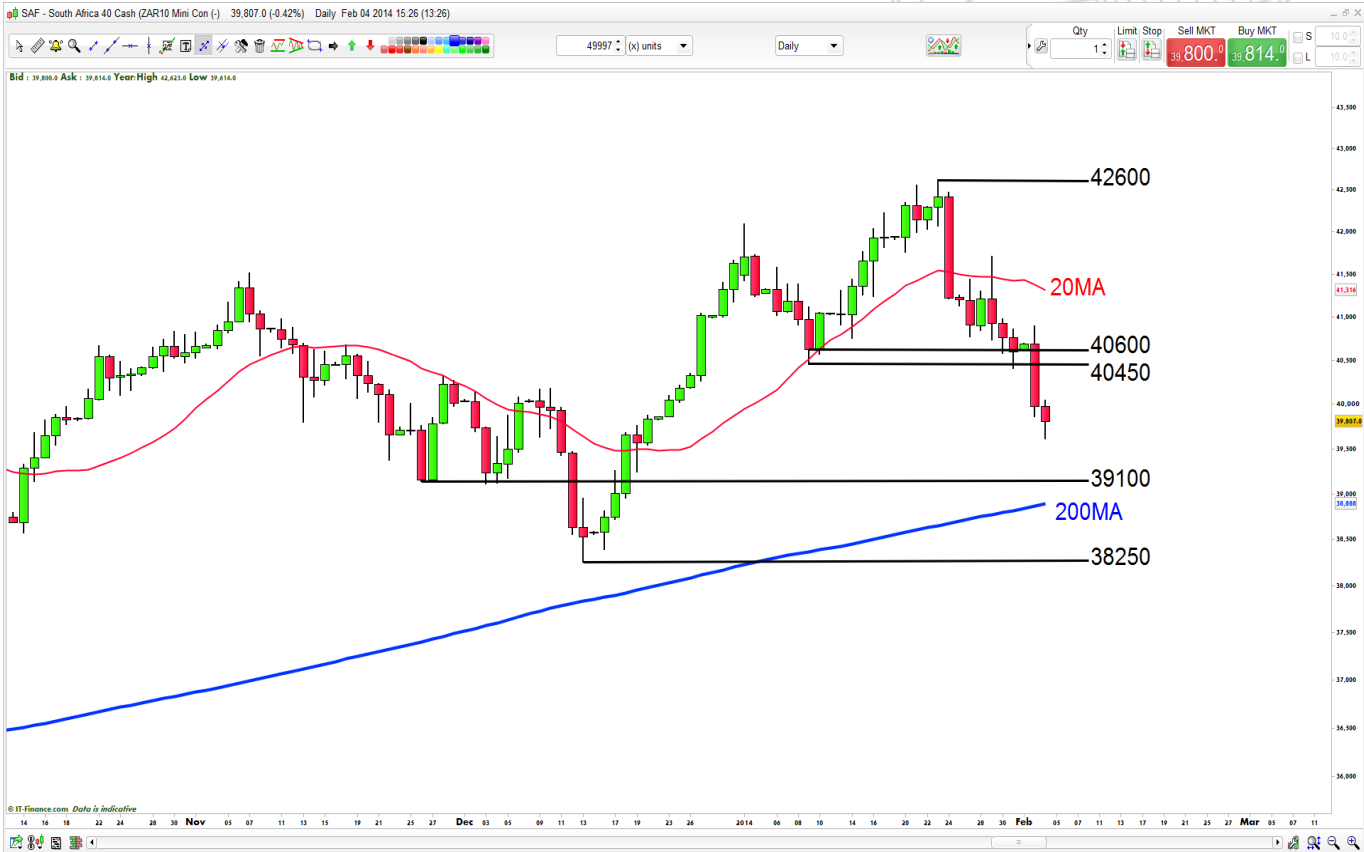
GET STARTED WITH IG

Our online webinars are a great place to start if you're new to IG.

INTRODUCTION TO IG AND CFD TRADING | 12 FEB | [Register](#)

USING THE IG TRADING PLATFORM | 12 FEB | [Register](#)

1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The SA40 index has broken support at 40450 with the short-term trend confirmed as down, while the price trades firmly below our 20 day simple moving average (20MA)
- Continued short-term weakness favours a move towards support at 39100, a break of which anticipates the next support level at 38250
- The long-term trend remains up, however should the short-term weakness continue and the aforementioned levels be broken the long-term trend direction will be questioned
- 40450 - 40600 is anticipated as resistance and the short-term downtrend will be favoured, unless this resistance is broken by the price closing above the level



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Merafe Resources Ltd
Hulamin Ltd
Sappi Ltd

SHARES | 52 WEEK LOWS

Wilson Bayly Holmes-Ovcon Ltd
Illovo Sugar
Foschini Group
Truworths Int Ltd
Massmart Holdings Ltd
Reunert Ltd
Imperial Holdings Ltd

3. CONSOLIDATION PATTERNS TO WATCH

SASOL (Daily chart)

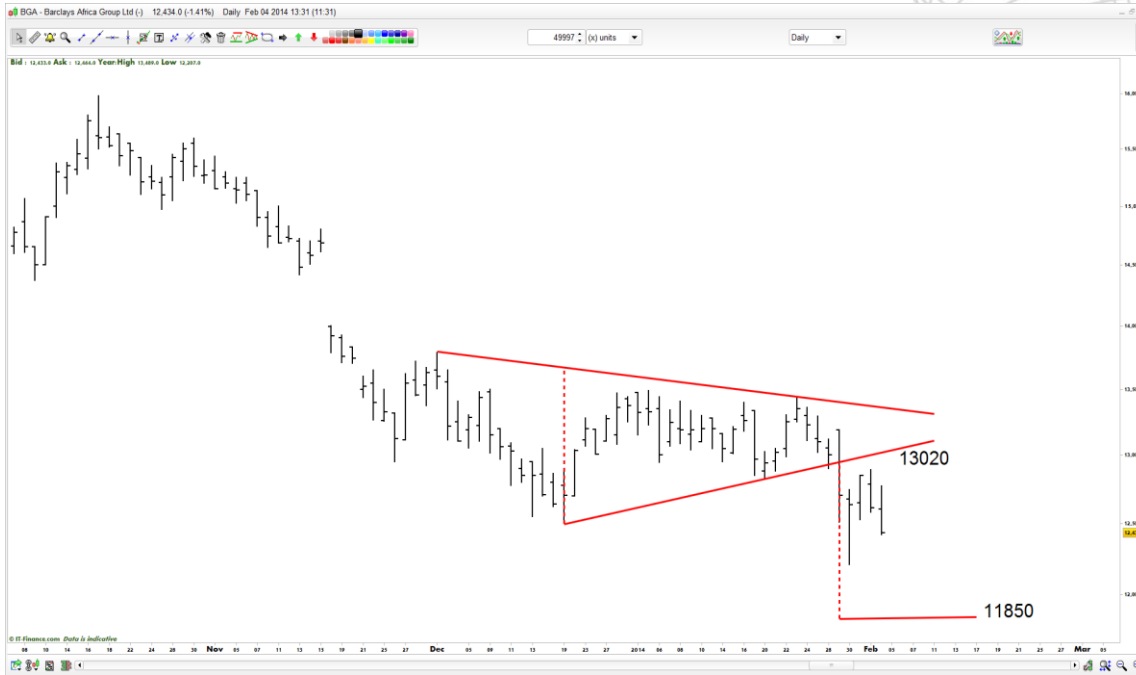
The price of Sasol has retraced off recent highs, and looks to be finding support on the previous resistance (dotted blue line). The move down shows the price in a falling wedge formation (black lines encompassing price). In the current context, the formation highlights a slow cumbersome move down after a strong move up suggesting that the momentum remains bullish. With this in mind, the pattern favours a move back to resistance at 54200, a break of which predicts further gains towards the recent high at 56000. The price closing below wedge support at 51650 would consider the bullish indications to have failed.





BARCLAYS AFRICA GROUP (Daily chart)

The price of Barclays has broken out of a triangle formation and looks to be continuing the preceding downtrend. The height of the triangle formation projected from the breakout level predicts a target at 11850, while the price closing back above the 13020 level would indicate the failure thereof.



FIRSTRAND (Daily chart)

The price of Firstrand has broken out of a double top formation ("M" shape above 3220). The double top is considered a reversal pattern in that it warns of the preceding uptrend reversing. The height of the pattern projected from the breakout area at 3220 predicts a further downside target at 2890. Often after the initial breakout the price will rebound towards the breakout area before resuming weakness. A rebound could offer those trading this type of pattern a better short entry price, thereby improving the risk of the trade relative to the expected reward. Provided the price does not close above 3220, the projected target at 2890 remains favoured.





4. MARKET OVERVIEW

Key Indicators

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
S&P 500	Down	Down	Up	Increasing	Oversold
South Africa 40	Down	Up	Up	Increasing	Oversold
USD/ZAR	Up	Up	Up	Decreasing	Neutral
Spot Gold	Sideways	Up	Down	Flat	Neutral

Banks

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Barclays Africa	Sideways	Down	Down	Increasing	Neutral
FirstRand	Down	Down	Up	Increasing	Oversold
Nedbank	Down	Down	Up	Increasing	Oversold
Standard Bank	Down	Down	Up	Increasing	Oversold

Financial

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Investec (inl)	Down	Down	Up	Increasing	Neutral
Investec (inp)	Down	Sideways	Up	Increasing	Neutral
Liberty Holdings	Down	Down	Down	Increasing	Oversold
Old Mutual	Down	Sideways	Up	Increasing	Oversold

Food Retailers

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Pick 'n Pay	Down	Down	Up	Flat	Oversold
Shoprite	Down	Down	Down	Flat	Oversold
Spar	Down	Down	Sideways	Decreasing	Oversold

Retailers

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Compagnie Richemont	Sideways	Sideways	Up	Increasing	Oversold
Foschini	Sideways	Down	Down	Decreasing	Neutral
JD Group	Sideways	Sideways	Down	Flat	Neutral
Mr Price	Down	Down	Up	Increasing	Oversold
Steinhoff	Sideways	Up	Up	Flat	Neutral
Truworths	Sideways	Down	Down	Increasing	Neutral
Woolworths	Down	Down	Sideways	Increasing	Oversold

Construction

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aveng	Down	Down	Down	Flat	Neutral
Group Five	Sideways	Down	Sideways	Flat	Neutral
M & R	Down	Down	Sideways	Increasing	Oversold
WBHO	Sideways	Down	Down	Flat	Neutral



4. MARKET OVERVIEW CONTINUED...

Telecomms

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
MTN	Down	Sideways	Up	Increasing	Oversold
Vodacom	Down	Down	Up	Increasing	Oversold
Telkom	Sideways	Up	Up	Decreasing	Oversold

Gold

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Anglogold	Up	Up	Sideways	Flat	Overbought
Goldfields	Up	Down	Down	Increasing	Overbought
Harmony	Up	Sideways	Down	Flat	Neutral

Platinum

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Angloplat	Up	Up	Up	Flat	Overbought
Impala	Sideways	Sideways	Up	Flat	Oversold
Lonmin	Sideways	Up	Up	Flat	Neutral
Northam	Sideways	Sideways	Up	Flat	Oversold

Resources

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
African Rainbow	Up	Up	Up	Decreasing	Overbought
Anglo American Plc	Up	Up	Up	Flat	Overbought
BHP Billiton	Up	Up	Up	Flat	Neutral
Exxaro	Sideways	Up	Down	Increasing	Neutral
Kumba	Up	Up	Down	Flat	Neutral
Sasol	Up	Up	Up	Decreasing	Neutral

Industrials

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aspen	Down	Down	Up	Flat	Neutral
Barloworld	Up	Up	Up	Decreasing	Neutral
Bidvest	Down	Sideways	Up	Increasing	Oversold
Discovery	Down	Down	Down	Increasing	Oversold
Imperial	Down	Down	Down	Increasing	Oversold
Naspers	Sideways	Up	Up	Flat	Neutral
Remgro	Down	Down	Sideways	Increasing	Oversold
Reunert	Down	Down	Down	Increasing	Oversold
SABMiller	Down	Down	Sideways	Increasing	Oversold
Tigerbrands	Sideways	Down	Down	Flat	Neutral