



## TECHNICAL TUESDAYS

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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- The SA40 index moved towards the favoured target at 42600 and is now finding resistance
- The small red arrow highlights a "Doji" candle intraday, which marks a point of indecision
- At this point of indecision and resistance, the Stochastic oscillator is crossing its trigger line in overbought territory
- In summation, these indications are considered short-term bearish but are against the prevailing short and long-term trends which are up
- With the aforementioned in mind, should weakness occur in the near-term, trend followers would wait for entry in line with the prevailing uptrend considering levels of support as opportunity
- Alternatively should resistance at 42600 be broken, a move towards the upper trend line of the broadening formation at 43325 is favoured



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Naspers  
Sibanye Gold  
Group Five  
BHP Billiton  
EOH Holdings  
Pan African Resource  
African Rainbow Minerals  
Investec Ltd  
Assore  
Mondi Ltd

### SHARES | 52 WEEK LOWS

Astral Foods  
Massmart Holdings  
Datatec Ltd

## 3. CONSOLIDATION PATTERNS TO WATCH

### MMI HOLDINGS LTD (Daily chart)

The price of MMI Holdings has formed a rising wedge (red lines) in the near-term downtrend. The pattern highlights a slow cumbersome move up after an aggressive move down, suggesting that momentum remains down. The declining volume (blue arrow) on the price rebound shows a lack of enthusiasm on the buy side, supporting the bearish price indication. The support from the wedge provides a favoured target at 2315, a break of which anticipates the next support level at the recent low 2280. Should the price close above resistance at 2500, the bearish indications would be deemed to have failed.





## NEDBANK GROUP LTD (Daily chart)

The price of Nedbank has formed a bear flag (parallel black lines) in the near-term downtrend. The pattern highlights a slow cumbersome move up after an aggressive move down, suggesting that the momentum remains down. The declining volume (blue arrow) on the price rebound shows a lack of enthusiasm on the buy side, supporting the bearish price indication. For the bear flag to trigger an action, the price would need to break below the 19750 support in which case the support level at 19000 would be favoured. Should the 19000 level be breached, 18750 would be the next anticipated support target. The price closing above our downward trend line at 20550 would indicate failure of the aforementioned bearish indications.



## TELKOM SA SOC LIMITED (Daily chart)

The price of Telkom looks to be reversing its recent short-term decline near support at 2880. The Stochastic has recently moved out of oversold territory and is displaying a positive divergence (dotted blue lines) with the price. Positive divergence occurs when the lows of an indicator fail to confirm the lows of the price, this is considered short-term bullish in technical analysis terms. Swing traders will often buy into the first pullback from a recent high as is the case with Telkom. In this situation a move towards resistance at 3250 is favoured, while the price closing below 2880 would consider failure of the aforementioned bullish indications.







## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Discovery	Sideways	Sideways	Up	Flat	Neutral
Investec (inl)	Sideways	Sideways	Up	Flat	Overbought
Investec (inp)	Sideways	Sideways	Up	Flat	Overbought
Liberty Holdings	Sideways	Down	Down	Decreasing	Neutral
Old Mutual	Down	Sideways	Up	Decreasing	Overbought

### Food Retailers

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

### Retailers

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

### Construction

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



## 4. MARKET OVERVIEW CONTINUED...

### Telecomms

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
MTN	Down	Down	Up	Decreasing	Neutral
Vodacom	Down	Down	Up	Decreasing	Neutral
Telkom	Down	Sideways	Up	Flat	Neutral

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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