



TECHNICAL TUESDAYS

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

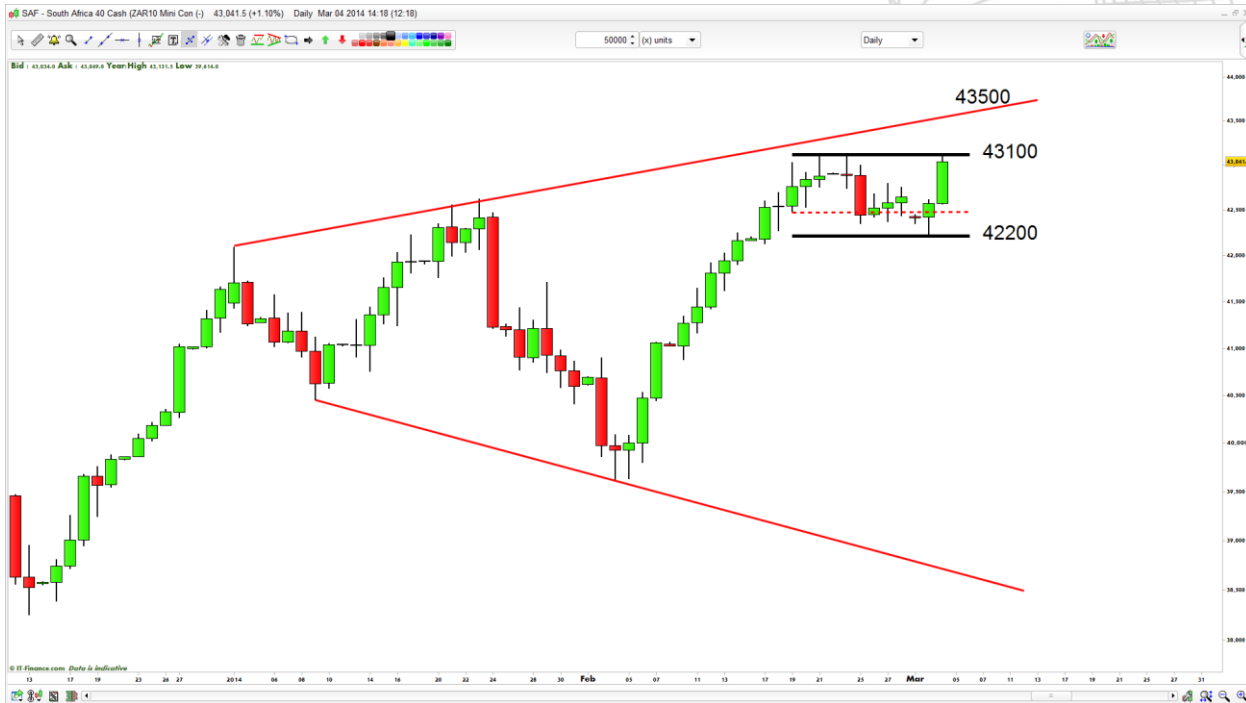
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 index closed marginally below the low of our range (red dotted line), only to close back above the level the next day
- The downside breakout of our range has failed, and the height of the range has now been extended to accommodate the new lows created over the week
- Support of the range is now considered at 42200 with resistance remaining at 43100
- The price is now testing the aforementioned resistance of the range, while the long-term trend remains up
- Trend followers and breakout traders would be waiting for the price to close above the 43100 level, with the next resistance target considered at 43500 (upper trend line from broadening formation)
- The height of the range (900 points) projected would provide a further target should a upside breakout occur at 44000
- Range traders would be weary of shorting off resistance in light of the long-term trend remaining up, but would rather wait for a long entry should the price retrace off resistance

2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Sappi
Old Mutual
Mondi
Steinhoff International

SHARES | 52 WEEK LOWS

JD Group
Aveng
Wilson Bayly Holmes

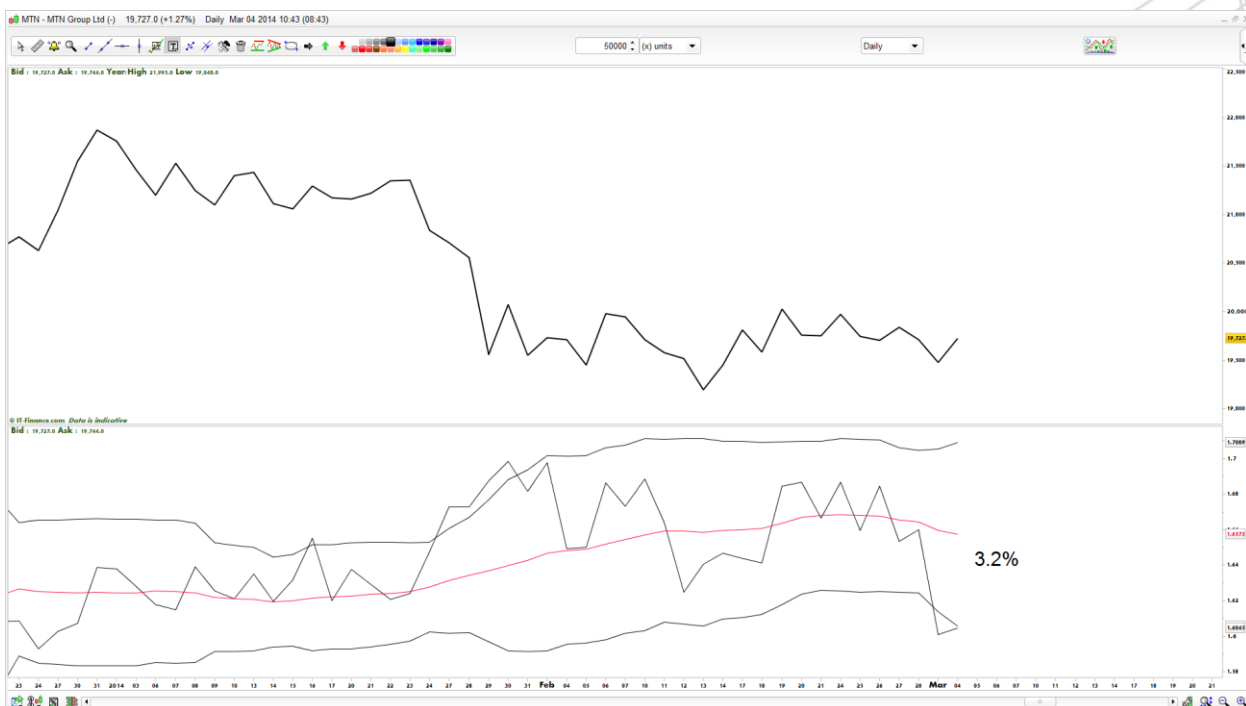
3. TECHNICAL PAIR TO WATCH

MTN VS VODACOM (Daily chart)

The chart considered is that of MTN (candlestick) with a Relative Strength Comparison (RSC) indicator added. The RSC compares the price of one security with that of another in a ratio format. The RSC has experienced a decline in value recently which highlights that security 1 (MTN) has been underperforming security 2 (Vodacom). Bollinger Bands have been added to the RSC and highlight the underperformance of security 1 reaching abnormality relative to the usual relationship of the two securities. It is expected that the relationship between the two securities will revert back to normality favouring a possible pair trade opportunity i.e. long MTN, short Vodacom. The target from the technical indications would be for the RSC to move back towards the 20MA (red line) which is regarded as the mean. This could occur with the price movements of the securities in a number of ways;

1. MTN rising and Vodacom falling
2. MTN rising faster than Vodacom rising
3. MTN falling slower than Vodacom falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 3.2%. A stop-loss would be considered equal to the anticipated gain of 3.2%.

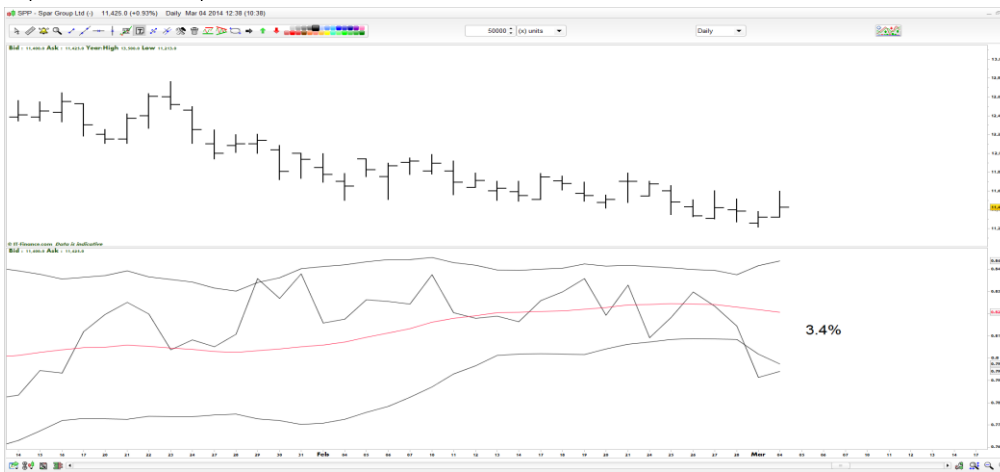


SPAR VS SHOPRITE (Daily chart)

The chart considered is that of Spar (candlestick) with a Relative Strength Comparison (RSC) indicator added. The RSC compares the price of one security with that of another in a ratio format. The RSC has experienced a decline in value recently which highlights that security 1 (Spar) has been underperforming security 2 (Shoprite). Bollinger Bands have been added to the RSC and highlight the underperformance of security 1 reaching abnormality relative to the usual relationship of the two securities. It is expected that the relationship between the two securities will revert back to normality favouring a possible pair trade opportunity i.e. long Spar, short Shoprite. The target from the technical indications would be for the RSC to move back towards the 20MA (red line) which is regarded as the mean. This could occur with the price movements of the securities in a number of ways;

1. Spar rising and Shoprite falling
2. Spar rising faster than Shoprite rising
3. Spar falling slower than Shoprite falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 3.4%. A stop-loss would be considered equal to the anticipated gain of 3.4%.



4. CONSOLIDATION PATTERNS TO WATCH

NETCARE LTD (Daily chart)

The price of Netcare is currently in a sideways consolidation in the form of a triangle pattern. The 2305 level marks the resistance which would need to be broken before a new uptrend is considered, while the 2220 level marks the support to be broken before a new downtrend is considered. Should one of the aforementioned breakouts occur, a target from the pattern is derived from measuring the height of the pattern ($2350 - 2120 = 230$) and projecting that distance from the breakout level.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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