



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	Technical pair to watch Lonmin PLC vs Northam Platinum Ltd	3
4	Consolidation patterns to watch	4
5	Market overview Technical analysis of the local market by sector	5

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 index double-bottom target at 43550 has been realised, and slightly exceeded to make a new high around 43820
- Since then, the price has retraced marginally, providing the first pullback from a new all-time high
- The upward trend bias remains and the recent high at 43820 once again becomes the favoured initial resistance target, which if exceeded further favours the upper trend line resistance at 44100
- The upper and lower trend lines (black lines) shows the price starting to form a rising wedge, giving us an indication that the upward trend has started to creep, i.e. the trend may be losing its momentum
- Although the upward trend remains favoured, the rising wedge provides warning of possible correction in future
- With this in mind should the 44100 level be reached caution is considered, and if support at 42550 is breached a short-term downside target becomes favoured at 41600



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Firststrand
RMB Holdings

SHARES | 52 WEEK LOWS

Petmin
Hulamin
Barloworld
Vodacom Group
Business Connexion

3. TECHNICAL PAIR TO WATCH

LONMIN PLC VS NORTHAM PLATINUM LTD (Daily chart)

The chart considered is that of Lonmin 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 (Lonmin) has been underperforming security 2 (Northam Platinum). 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 Lonmin, short Northam Platinum. 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. Lonmin rising and Northam Platinum falling
2. Lonmin rising faster than Northam Platinum rising
3. Lonmin falling slower than Northam Platinum falling.

Should one of these scenarios play out successfully the expectation would be for a gain of 4.9%. A stop-loss would be considered equal to the anticipated gain of 4.9%.



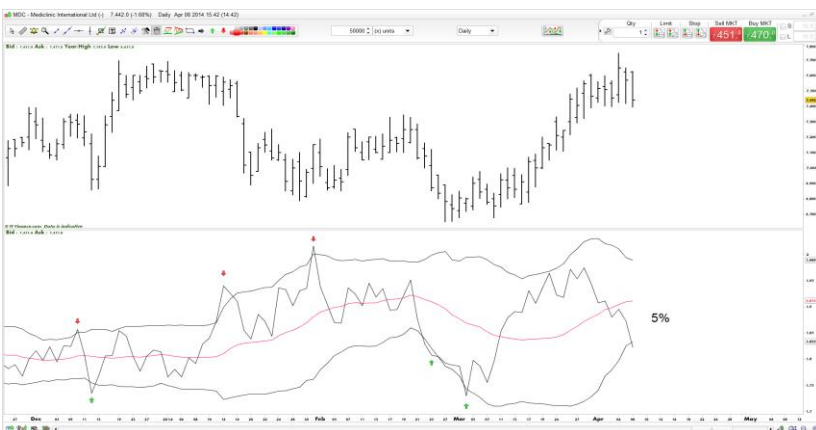
3. TECHNICAL PAIR TO WATCH CONTINUED...

MEDICLINIC LTD VS LIFE HEALTHCARE LTD (Daily chart)

The chart considered is that of Mediclinic (bar chart) 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 (Mediclinic) has been underperforming security 2 (Life Healthcare). 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 Mediclinic, short Life Healthcare. 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. Mediclinic rising and Life Healthcare falling
2. Mediclinic rising faster than Life Healthcare rising
3. Mediclinic falling slower than Life Healthcare falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 5%. A stop-loss would be considered equal to the anticipated gain of 5%.



4. CONSOLIDATION PATTERNS TO WATCH

RICHEMONT (Daily chart)

The price of Richemont has approached the horizontal support level at 9950. The current low volume (circled in blue) is typical of price activity within a consolidation or range bound environment. In the past we have seen strong volume move into Richemont at this support level, suggesting a previous level of accumulation. Range traders would look to accumulate near the aforementioned support level, favouring a move back towards resistance at 10400, using half the range distance projected below entry as a possible stop level.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
MTN	Up	Up	Up	Decreasing	Neutral
Vodacom	Up	Up	Up	Increasing	Overbought
Telkom	Up	Up	Up	Increasing	Overbought

Gold

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

Platinum

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

Resources

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

Industrials

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