



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

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- As mentioned last week the South Africa 40 index has formed a large rising wedge formation, which warns of the potential for downside as the trend loses its momentum and starts to creep
- In the near-term, there is a trading range between levels 42800 and 43640
- Short-term range traders would be looking to accumulate near the support and distribute near resistance, with a break above or below these levels as a signal to exit
- Breakout traders would be waiting for a break of support or resistance as an opportunity to enter in the same direction as the breakout, with the height of the range (840 points) as a projected directional target
- The long-term trend remains up (price firmly above 200MA), although the price activity over the last 4 months (rising wedge) warns of a possible retracement
- It is with this reason that long or short trades are considered relative to the breakout, and range trade opportunities alluded to above



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Sibanye
RMI Holdings
Pick n Pay
Bidvest
Telkom
PSG
MTN
SABMiller
Anglo American Plc

SHARES | 52 WEEK LOWS

N/A

3. CONSOLIDATION PATTERNS TO WATCH

ASPEN PHARMCARE HOLDINGS LTD (Daily chart)

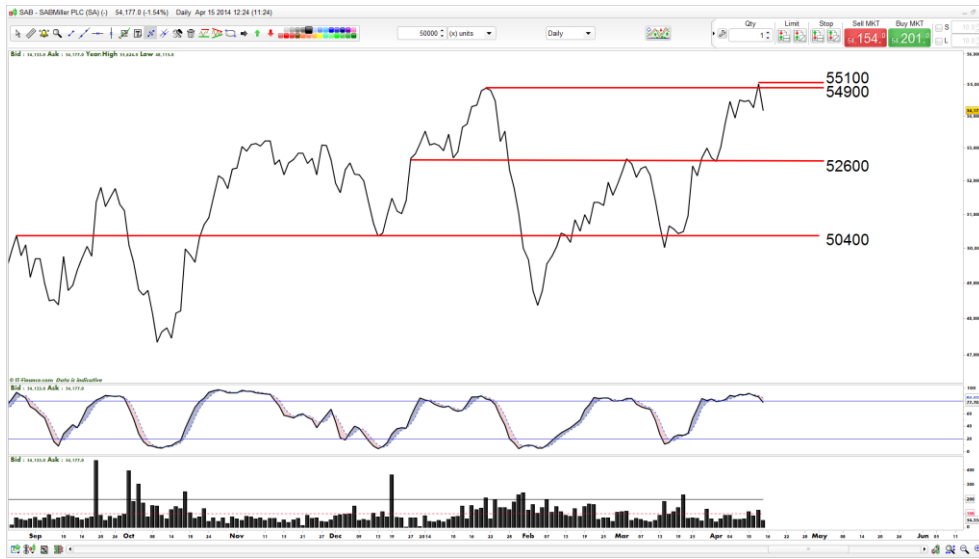
The price of Aspen has broken out of a descending triangle formation. The pattern appears to be acting as a reversal of the preceding uptrend. The height of the pattern projected from the downside breakout level (27350) arrives at a further downside target at 25930. Aggressive breakout traders would have entered short on the initial breakout, while conservative breakout traders would be looking for a short entry as close to the 27350 level as possible on a price pullback, which appears to be happening currently. Should the price close above the upper trend line of the triangle formation (27700), the negative indications would be deemed to have failed.





SABMILLER PLC (Daily chart)

The price of SABMiller has been trading in a non-directional, sideways movement for the last six months. In the near-term, there was a false breakout of the previous closing high at 54900. The price has ultimately found resistance off this level and has started to retrace. The stochastic oscillator is supporting the bearish price action as it moves out of overbought territory. The recent rally to the high has occurred on low volume which is also considered bearish in technical analysis terms. With the above considerations in mind the previous support level at 52600 is favoured, a break of which favours further weakness towards the 50400 level. Should the price close above the 55100 level, it would deem the bearish indications to have failed.



SAPPI LTD (Daily chart)

The price of Sappi has formed a double-top formation which is marked with the blue “M”. The pattern is considered a reversal pattern, as it warns of the preceding uptrend reversing into a near-term down trend. Should the price close below the 3400 support level, as it is trading intraday, the pattern would be said to have triggered. Should this situation occur, a downside target is favoured at 3060. The target is derived by projecting a distance proportionate to the height of the pattern from the breakout level. If the price closes above resistance at 3500, the aforementioned considerations would be deemed to have failed.





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