



TECHNICAL TUESDAYS

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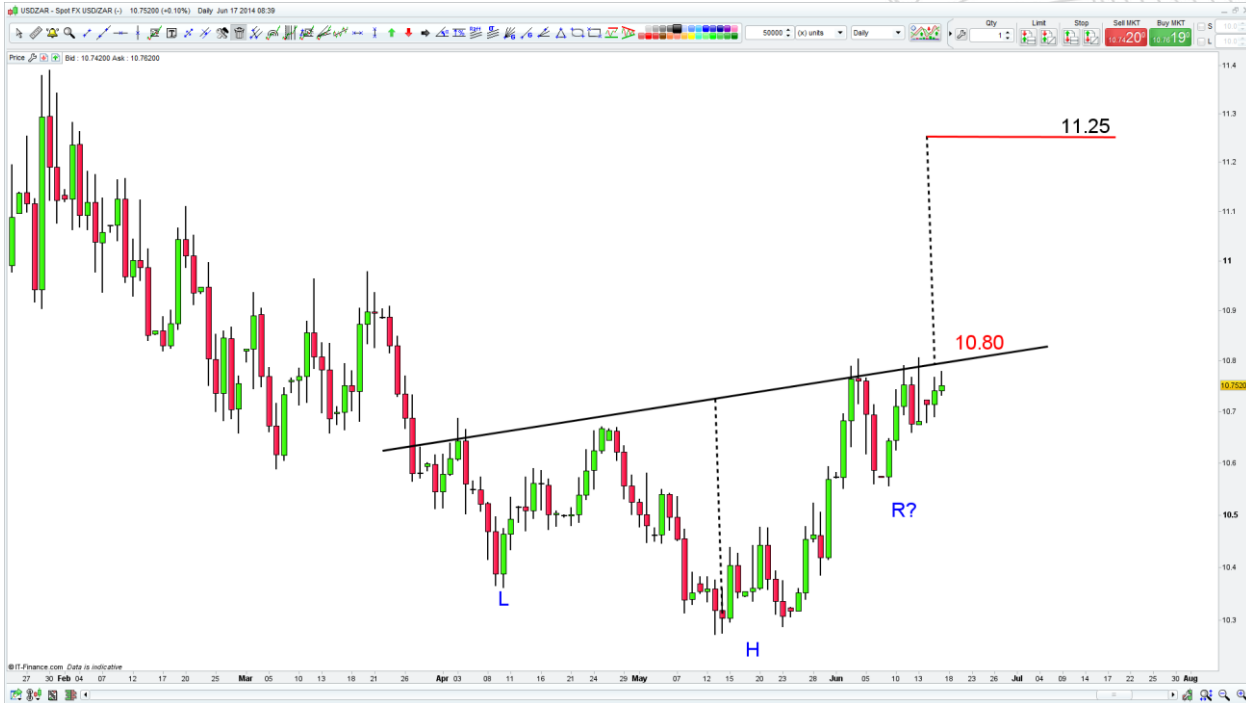
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1. SOUTH AFRICA 40 INDEX



- South Africa 40 cash index has traded to and exceeded last week's channel resistance target, making a new high at 45980
- The pullback from the high has reached a low of 45400
- The short term price activity has been to trade within these levels
- It is for this reason that a consolidation or trading range is once again considered between 45400 and 45980
- The long term trend remains firmly intact favouring a long bias to trades considered
- With this in mind range traders would look to accumulate near the support of the range with the recent high as a target to exit
- Breakout traders would look for a confirmed close above 45980 for a long entry with channel resistance at 46350 becoming the favoured target
- A downside breakout would be reviewed for signs of directional change rather than used as an opportunity to trade against the long term uptrend

2. USD/ZAR



The USD/ZAR appears to be forming (not yet complete) an inverse head and shoulders reversal pattern. These patterns are considered reversal patterns as they have a habit of resulting in a change in trend direction. A price close above 10.80 would complete the pattern.

Should this occur the height of the pattern (dotted black line) projected from the breakout out level would suggest an upside target of 11.25.

3. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Wesizwe
 Firstrand Ltd
 Telkom SA SOC Ltd
 Sasol Ltd
 Peregrine Holdings
 Aspen Pharmicare
 SABMiller Plc

SHARES | 52 WEEK LOWS

Bell Equipment



4. TECHNICAL PAIRS TO WATCH



OLD MUTUAL VS LIBERTY HOLDINGS (Daily chart)

The chart considered is that of Old Mutual (candlestick) with a Relative Strength Comparison (RSC) indicator added. The RSC (blue line) 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 (Old Mutual) has been underperforming security 2 (Liberty). 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 Old Mutual Short Liberty. 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;

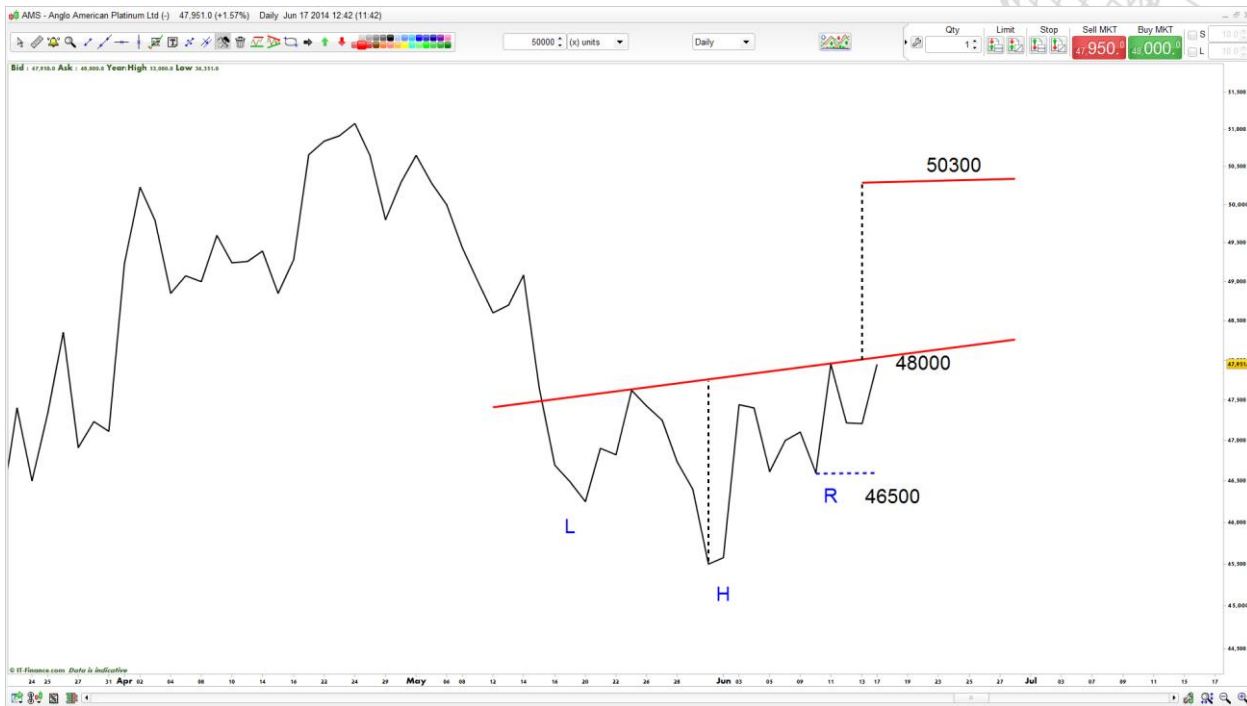
1. Old Mutual rising and Liberty falling
2. Old Mutual rising faster than Liberty rising
3. Old Mutual falling slower than Liberty falling

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%.

5. CONSOLIDATION PATTERNS TO WATCH

ANGLO AMERICAN PLATINUM (Daily chart)

Anglo American Platinum appears to be forming (not yet complete) an inverse head and shoulders reversal pattern. These patterns are considered reversal patterns as they have a habit of resulting in a change in trend direction. A price close above 480 would complete the pattern. Should this occur the height of the pattern (dotted black line) projected from the breakout level would suggest an upside target of 50300. The price closing below the right shoulder at 46500 would consider this pattern to be no longer valid.





6. 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	Increasing	Overbought
USD/ZAR	Up	Up	Up	Decreasing	Neutral
Spot Gold	Sideways	Down	Sideways	Decreasing	Neutral

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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