



TECHNICAL TUESDAYS

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SHAUN MURISON

Shaun has worked in financial markets for over seven years, and previously ran IG's KZN branch before moving to Johannesburg.

As market analyst he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, making contributions to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



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

TRADING STRATEGY AND MARKET UPDATE

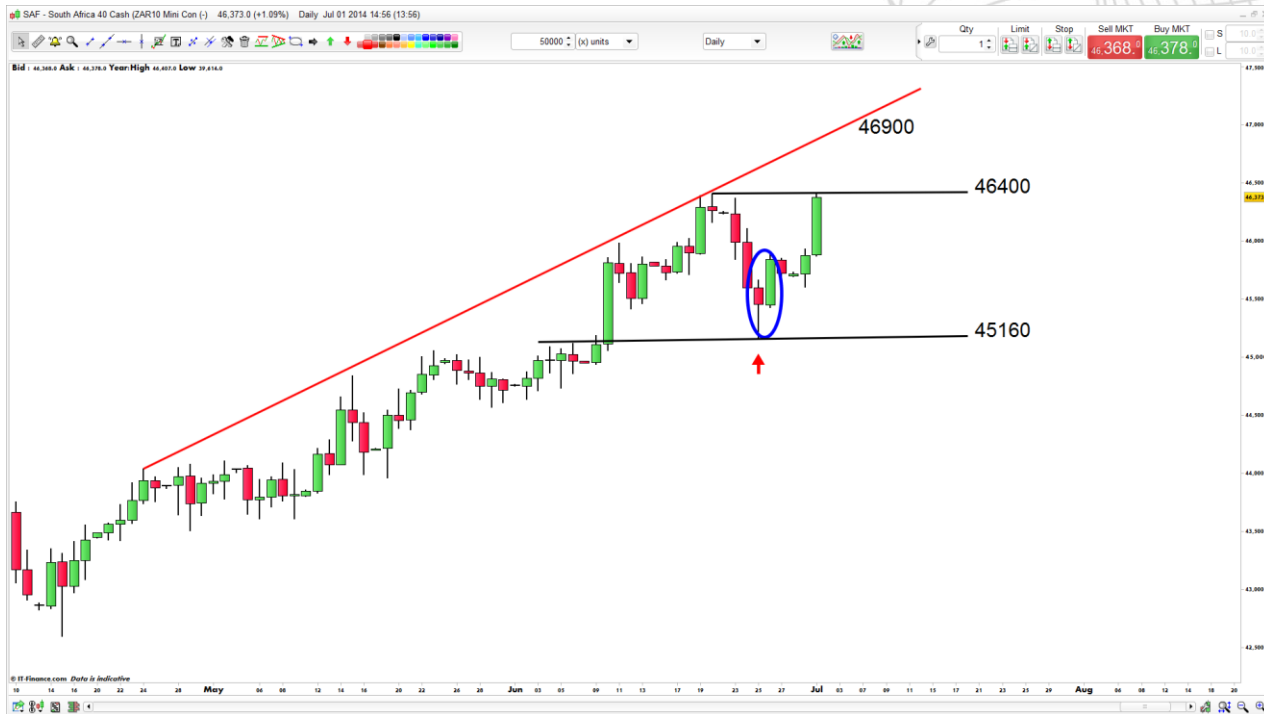
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The retrace which was experienced last week ended with a bullish hammer candle formation, marked with a red arrow
- Circled in blue we see the start of the reversal confirmed with a bullish engulfing candle formation
- The price has now returned to test all-time high resistance at 46400
- A confirmed close above this level favours further gains towards the upper trend line resistance at 46900
- The guidance remains in favour of the long-term uptrend which remains firmly in place
- Trend followers would look for long entry if the aforementioned breakout occurs or alternatively near support at 45160 in the event of a short-term retrace off resistance
- The low marked at 45160 becomes important for those looking for signs of a change in directional trend from bullish to bearish and will be monitored in the event of a price pullback
- If the price starts to trade below this level it would indicate that (in the near-term at least) we are now starting to make significant lower lows, a building block for a downtrend
- However this has not yet occurred and as a result, the upward trend bias is given preference



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Sibanye Gold
Mr Price Group
Steinhoff International Holdings
Woolworths Holdings
Iliad Africa
Astral Foods
Super Group
Remgro
Sun International
Resilient Property Income Fund
Investec PLC
Investec Ltd

SHARES | 52 WEEK LOWS

Bell Equipment
Adcock Ingram Holdings
Wilson Baily Holmes-Ovcon
ArcelorMittal South Africa

3. CURRENCIES TO WATCH

EUR/ZAR (Daily chart)

The price action has formed an inverse head and shoulders formation which warns of a possible bullish reversal, which would equate to further rand weakening. The pattern is however not yet complete, as the price has not yet closed above the neckline resistance at R14.70. Should this occur, the pattern favours a move towards R15.35 while the price closing below the right shoulder labelled "R" at 14.40 would render the pattern to have failed or lost its validity.





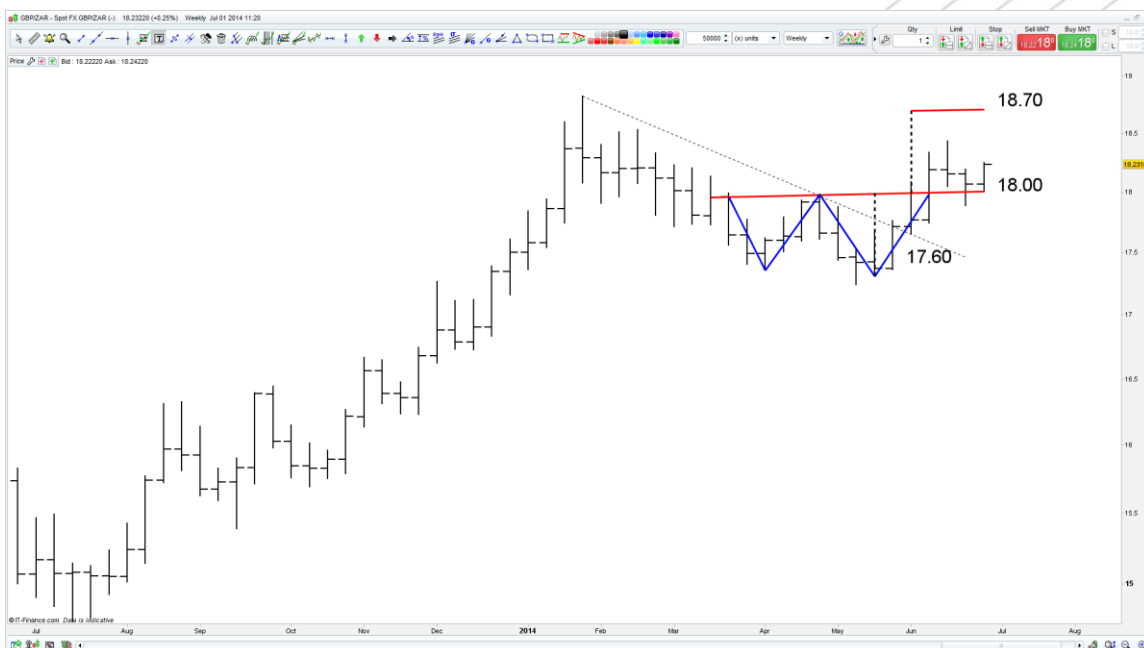
USD/ZAR (Daily chart)

The price action has formed an inverse head and shoulders formation which warns of a possible bullish reversal alluding to further rand weakening. The price has technically broken out, validating the formation before moving in the opposite direction to test the right shoulder labelled "R" at R10.55. Those questioning the validity of this initial breakout would wait for confirmation of a close once again above neckline resistance at R10.80. The pattern favours a move towards R11.25 while the price closing below the right shoulder would render the pattern to have failed.



GBP/ZAR (Weekly chart)

The weekly price action of the GBP/ZAR shows a double bottom formation alluding to further rand weakness. The pattern has completed with a break of resistance at R18.00, followed by a retest of the level as support. The height of the pattern projected from the breakout level projects an upside target at R18.70 while the price trading below trend line support at R17.60 would indicate the failure of the double bottom formation.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

| | Near trend | Intermediate trend | Primary trend | Volatility | OB/OS |
|---------|------------|--------------------|---------------|------------|------------|
| MTN | Sideways | Up | Up | Flat | Oversold |
| Vodacom | Sideways | Sideways | Up | Flat | Neutral |
| Telkom | Up | Up | Up | Decreasing | Overbought |

Gold

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

Platinum

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

Resources

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

Industrials

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