



## TECHNICAL TUESDAYS

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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- Over the last week, the South Africa 40 cash index continued its near-term retracement to reach a short-term low at 45600
- The new short-term low now becomes an important reference point for clues on possible trend reversal forming
- Should the price reverse before reaching the all-time high at 47160, it would indicate lower significant highs
- Should the price then proceed to trade below the recent low at 45600, we would then have lower lows in conjunction with the lower highs i.e. the building blocks of a downtrend
- This is not yet the case, and trading against the long-term uptrend is considered to have a higher degree of risk over looking for entry in conjunction with the trend
- Warnings that the uptrend may be looking to reverse are however forming
- The linked blue circles on our chart highlight how the recent low has overlapped the previous high
- When this occurs the trend is said to be "creeping" i.e. losing its momentum
- In a "strong" trend the security would be bought back on a retracement before the low reaches the previous high as buyers are more eager to get involved
- A further clue of the uptrend weakening is marked with the red arrows
- Here we see four days' worth of gains erasing only one days' worth of loss
- This in turn has formed what looks (not yet confirmed) to be a bear flag formation (parallel red lines) and suggests that the short-term momentum is negative i.e. strong move down followed by a weak move up



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

EOH Holdings  
Woolworths  
Sappi  
Tongaat Hulett  
Mr Price  
Barclays Africa Group  
Investec PLC  
AVI  
Investec Ltd  
Astral Foods

### SHARES | 52 WEEK LOWS

None

## 3. CONSOLIDATED PATTERNS TO WATCH

### ANGLOGOLD ASHANTI LTD (Daily chart)

The price of AngloGold has broken out of an inverse head and shoulders formation (labelled L, H & R) the pattern suggests a bullish reversal of the preceding downtrend. The pattern predicts a target at 21150 by measuring the height of the formation and projecting an equal distance from the breakout level at 18700. Traders that have missed the initial breakout might wait for a possible retracement towards the breakout level at 18700 for long entry. The price closing below the right shoulder at 17500 (labelled R) would consider the inverse head and shoulders formation to have failed.





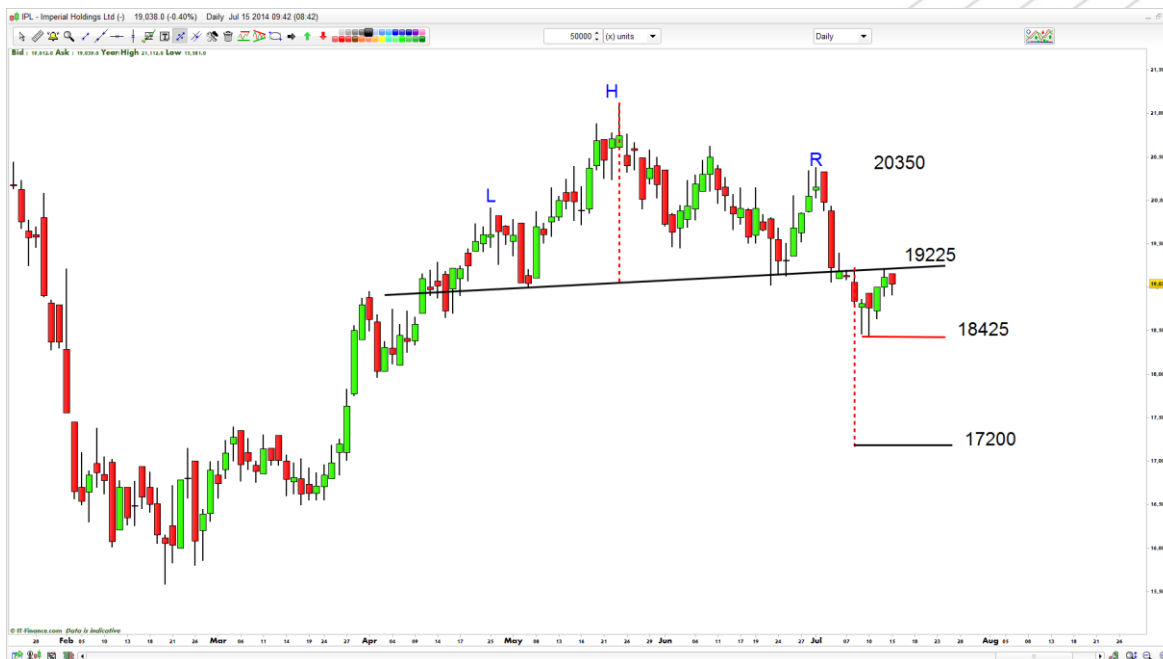
### SHOPRITE HOLDINGS LTD (Daily chart)

The price of Shoprite has broken out of an inverse head and shoulders formation (labelled L, H & R), the pattern suggests a bullish reversal of the preceding downtrend. The pattern predicts a target at 16900 by measuring the height of the formation and projecting an equal distance from the breakout level at 16000. Traders that have missed the initial breakout might wait for a possible retracement towards the breakout level at 16000 for long entry. The price closing below the right shoulder at 15550 (labelled R) would consider the inverse head and shoulders formation to have failed.



### IMPERIAL HOLDINGS LTD (Weekly chart)

The price of Imperial has broken out of a head and shoulders formation (labelled L, H & R) the pattern suggests a bearish reversal of the preceding uptrend. The initial downside target favoured is 18425, also the recent low. The pattern predicts a further target at 17200 by measuring the height of the formation and projecting an equal distance from the breakout level at 19225. The price closing above the right shoulder at 17500 (labelled R) would consider the head and shoulders formation to have failed.





## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### Construction

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



## 4. MARKET OVERVIEW CONTINUED...

### Telecomms

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

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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