

## TECHNICAL TUESDAYS

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### Table of contents

1	<a href="#">South Africa 40 index</a> Technical analysis of the local index	2
2	<a href="#">Highs and lows</a> Shares making new highs or lows over 52 weeks	3
3	<a href="#">Consolidated patterns to watch</a>	3
4	<a href="#">Market overview</a> Technical analysis of the local market by sector	5

## SHAUN MURISON

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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

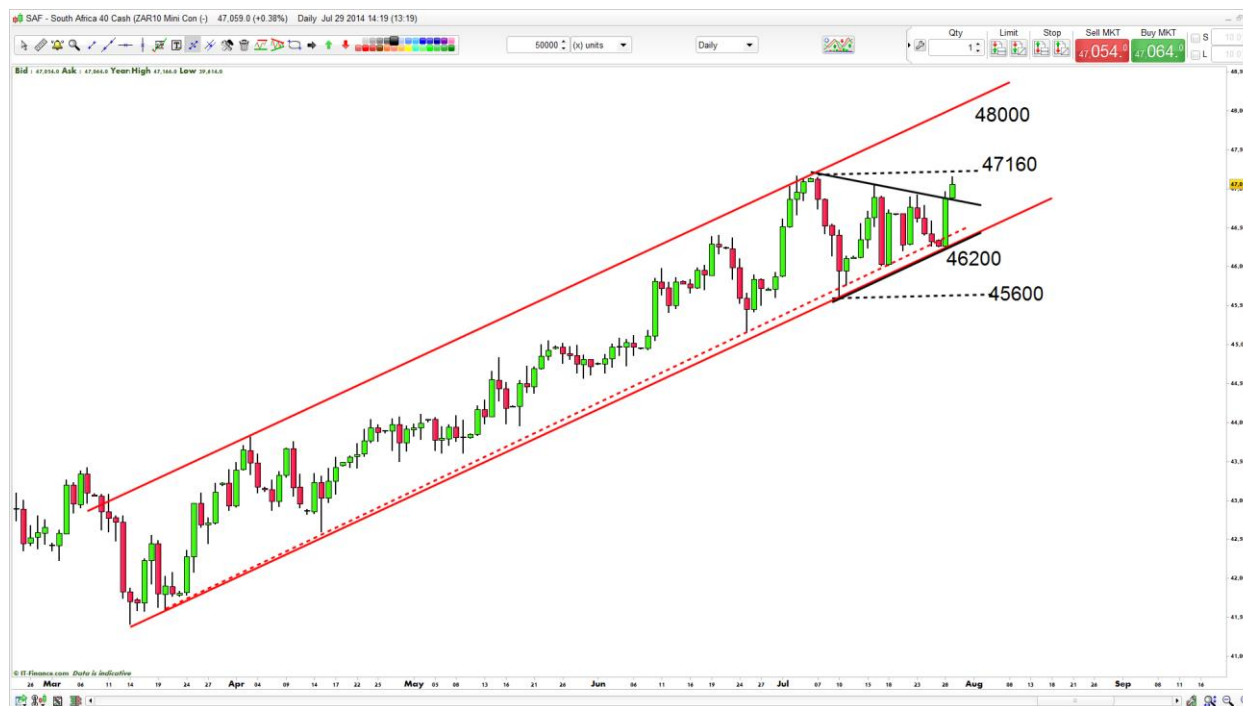
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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- South Africa 40 cash index produced a false break of the lower channel support (dotted red line) and triangle pattern
- The lower channel line has now been moved to accommodate the false breakout
- In congruence with the lower channel trend line, the new downside breakout level has been raised to 46200
- The long-term trend remains up and a long bias remains favoured among trend followers
- The price has now experienced an upside breakout of the triangle formation
- As guided to last week, the close proximity of all-time high resistance at 47160 provides the true breakout level considered rather than the triangle resistance
- A close above this high favours further upside with channel resistance providing a near-term target at 48000
- Should a downside breakout occur below the 46200 level, a wait and see approach is preferred to trading against the long-term uptrend
- Only if the price starts trading below the significant low at 45600 will a trend reversal or near-term downtrend be considered

## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Firstrand  
 RMB Holdings  
 Merafe Resources  
 Mediclinic  
 Barclays Africa Group  
 Mr Price  
 Tiger Brands  
 Pick n Pay  
 Astral Foods  
 Nedbank Group  
 Anglo American Plc  
 BHP Billiton  
 AVI Ltd  
 Capitec Bank

### SHARES | 52 WEEK LOWS

Ellies  
 Stefanutti Stocks

## 3. CONSOLIDATED PATTERNS TO WATCH

### CIE FINANCIERE RICHEMONT (Daily chart)

The price of Richemont has reversed off historical support at 10100. The Stochastic oscillator is moving out of oversold territory supporting the price action. Strong volume has accompanied the reversal suggesting investor enthusiasm at this level. These considerations are bullish favouring a further rebound in the price. The initial resistance target is located at 10700, which if broken further favours a move towards 10950. The price closing below trend line support at 10100 would indicate failure of the bullish indications.



### RMI HOLDINGS (Daily chart)

The price of RMI Holdings has formed a falling wedge chart pattern (red lines) as well as a bullish engulfing candle pattern (circled blue). The Stochastic oscillator is moving out of oversold territory supporting the price action. Strong volume (circled red) has accompanied the reversal suggesting investor enthusiasm at this level. These considerations are bullish favouring a continuation of the preceding uptrend. The initial wedge resistance target is located at 3310, which if broken further favours a move towards 3390. The price closing below the low of the bullish engulfing reversal pattern at 3140 would indicate failure of the bullish indications.



### CLICKS GROUP LTD (Daily chart)

The price of the Clicks Group has formed a triangle consolidation. These patterns are generally considered continuation patterns as they have a habit of occurring before the continuation of the preceding trend, which in this situation is up. However it is prudent to wait for a breakout to occur rather than to pre-empt the direction. When a breakout does occur we measure the height of the pattern (360), and project the same distance from the breakout area to arrive at a proportionate directional target. For a downside breakout the price would need to close below triangle support at 6600, while for an upside breakout the price would need to close above triangle resistance at 6780. Should a breakout occur in either direction, failure would be considered should the price pullback half the height of the consolidation (180).



## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### Construction

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

## 5. MARKET OVERVIEW CONTINUED...

### Telecomms

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

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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