



TECHNICAL TUESDAYS

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

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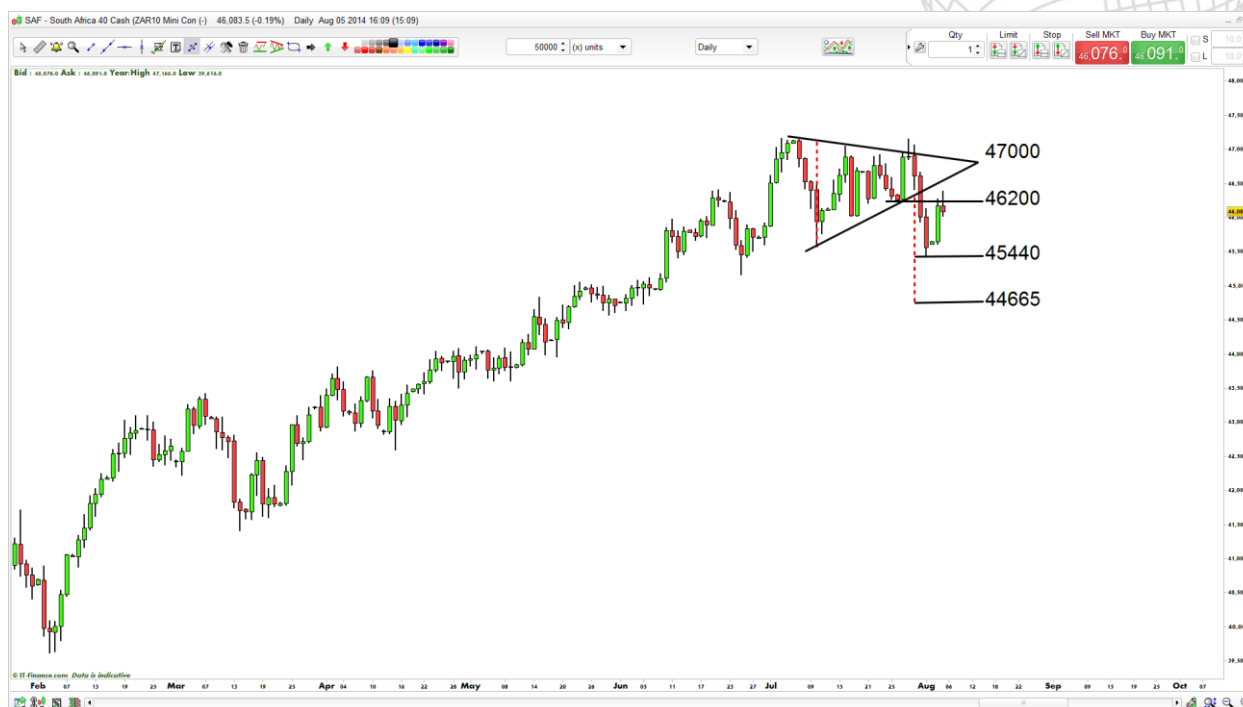
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1. SOUTH AFRICA 40 INDEX



- South Africa 40 cash index has confirmed a downside breakout of our triangle formation and traded through the initial target at 45600 before rebounding to test resistance at 46200
 - The pattern break is acting as a near term reversal pattern and favours further downside with the recent low at 45440 providing the initial downside target
 - Should the price break this support level, the height of the triangle projected from the breakout level arrives at a further downside target of 44665
 - The long term trend does still remain up and trading short does carry a high degree of risk as it is a contrarian view
- Conservative traders trading the triangle formation as a reversal pattern might use a close above the 46200 as an indication of the failure thereof, while those contrarian traders with a higher risk appetite might use triangle resistance at 47000 as broader indication of failure



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Telkom
Naspers
The Foschini Group
Consolidated Infrastructure Group
Firstrand
Mr Price

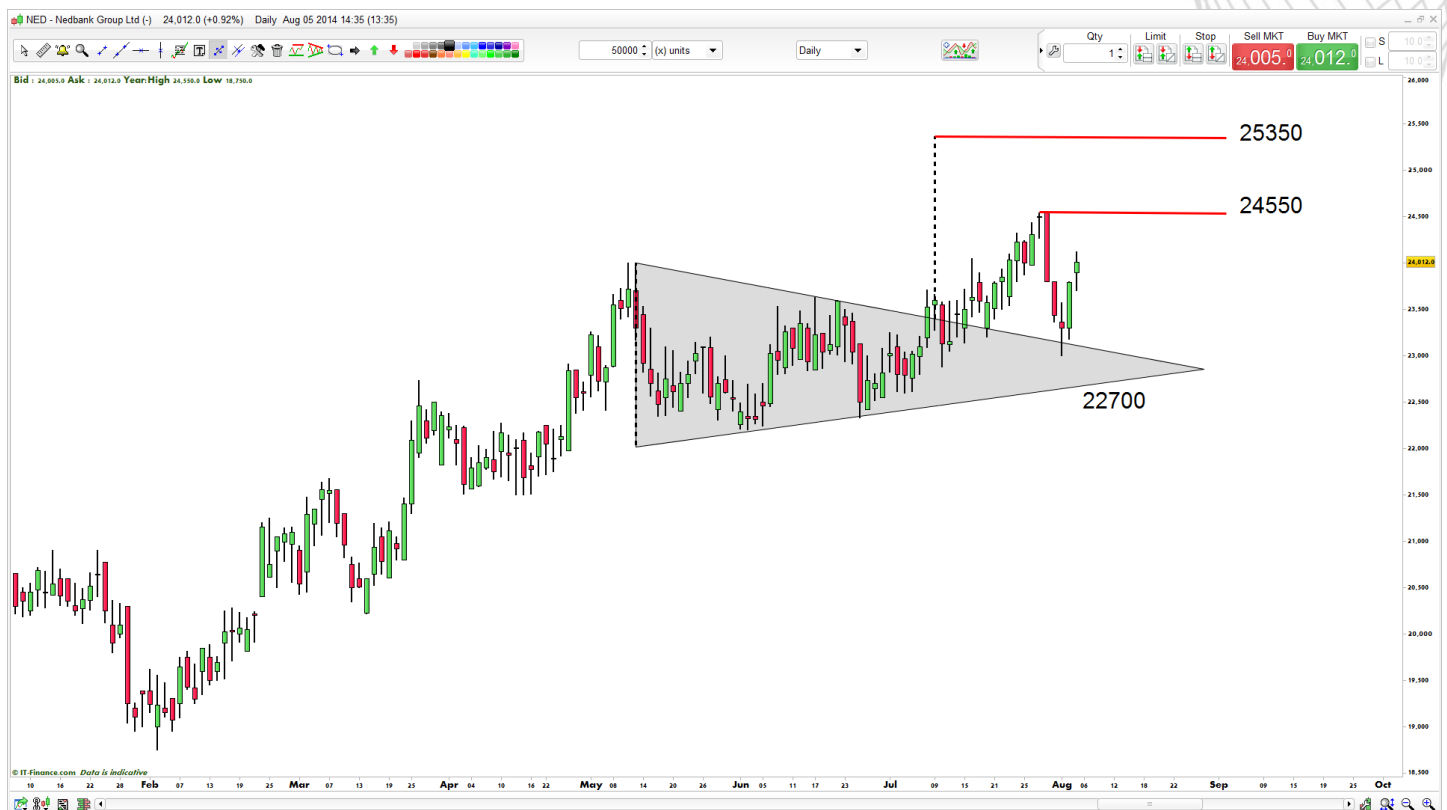
SHARES | 52 WEEK LOWS

Coal of Africa
Ellies Holdings

3. CONSOLIDATION PATTERNS TO WATCH

NEDBANK GROUP LIMITED (Daily chart)

The price of Nedbank has broken out of a triangle consolidation and returned to retest the breakout level. The price now looks to be resuming the preceding uptrend with initial resistance favoured at 24550. A break of this further favours a move to 25350. This level is derived by measuring the height of the pattern and projecting a proportionate distance from the breakout level (dotted black lines). The price trading below the triangles support level at 22700 would indicate the failure of the bullish indication.





NETCARE LIMITED (Daily chart)

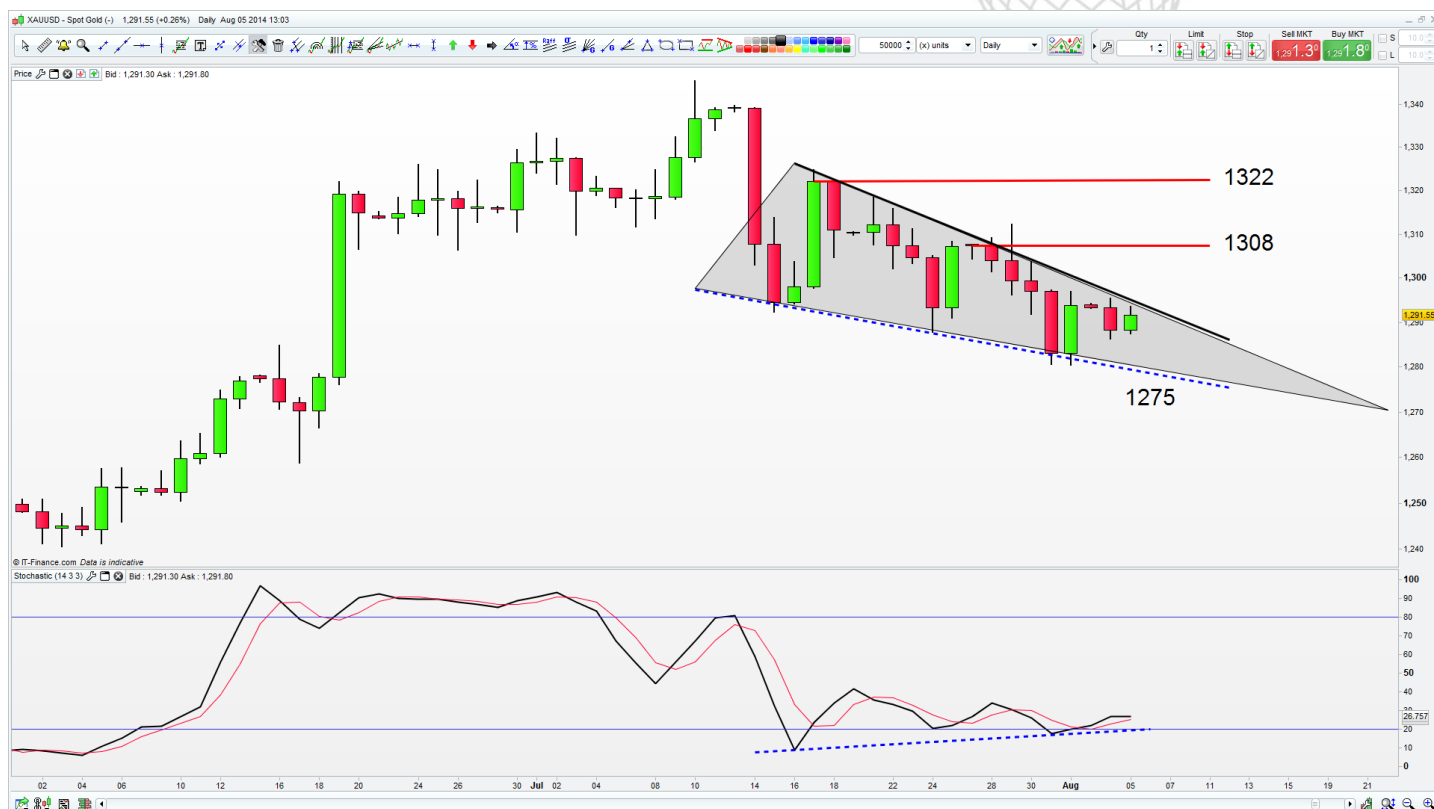
The price of Netcare has formed a triangle consolidation. These patterns are generally considered continuation patterns as they have a habit of occurring before the continuation of the preceding trend, which in this situation is up. It is however prudent to wait for a breakout to occur rather than pre-empting the direction. When a breakout does occur we measure the height of the pattern (95c) and project the same distance from the breakout area to arrive at a proportionate directional target. For a downside breakout to occur the price would need to close below triangle support at 3015, while for an upside breakout the price would need to close above triangle resistance at 3125.





SPOT GOLD (Daily chart)

The price of spot gold has formed a falling wedge chart pattern (shaded area). The pattern suggests a weak move down after a strong move up alluding to the price momentum remaining positive. The Stochastic oscillator is moving out of oversold territory and displaying a positive divergence (dotted blue lines on price and indicator) supporting the price action. These considerations are bullish favouring near term upside. The initial wedge resistance target is located at 1308, which if broken further favours a move towards 1322. The price closing below wedge support at 1275 would consider the bullish indications to have failed.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
MTN	Sideways	Down	Up	Flat	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	Up	Up	Flat	Oversold
Goldfields	Up	Up	Sideways	Decreasing	Neutral
Harmony	Sideways	Up	Sideways	Decreasing	Neutral

Platinum

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

Resources

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

Industrials

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