



TECHNICAL TUESDAYS

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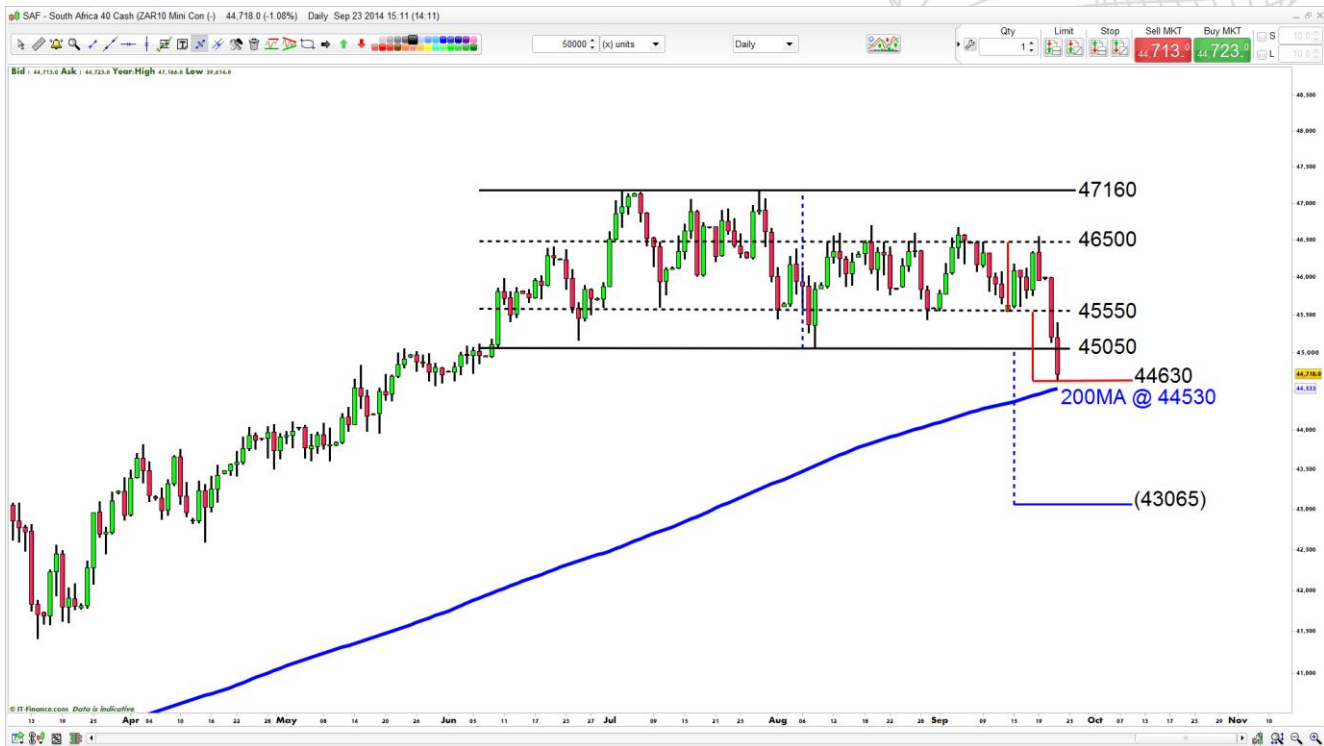
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- South Africa 40 cash index has broken through support at 45550 and realised a projected target from the height of the range at 44630
- The larger range between levels 45050 and 47160 has experienced an intraday break of support although not yet confirmed with a close
- Should the breakout confirm with a close, the height of the pattern projected from the breakout level arrives at a downside target at 43065 (graph uses log scale not linear therefore target not exactly point size of range)
- Should this breakout scenario play out, the price would be firmly below the 200MA and the long trend will no longer be considered as up although not yet confirmed as down
- Short to medium-term trends are confirmed as down



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Astral Foods

SHARES | 52 WEEK LOWS

Richemont
Aquarius Platinum
Lonmin
African Rainbow Minerals
Impala Platinum
Exxaro Resources
Assore
Northam Platinum
Kumba Iron Ore

3. PAIRS TO WATCH

BARCLAYS AFRICA GROUP LTD VS STANDARD BANK GROUP LTD (Daily chart)

The chart considered is that of Barclays Africa Group (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 (Barclays Africa Group) has been underperforming security 2 (Standard Bank). 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 Barclays Africa Group, short Standard Bank. 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. Barclays Africa Group rising and Standard Bank falling
2. Barclays Africa Group rising faster than Standard Bank rising
3. Barclays Africa Group falling slower than Standard Bank falling

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.1%. A stop-loss would be considered equal to the anticipated gain of 4.1%.





3. PAIRS TO WATCH CONTINUED...

The chart considered is that of Kumba Iron Ore (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 (Kumba Iron Ore) has been underperforming security 2 (African Rainbow Minerals). 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 Kumba Iron Ore, short African Rainbow Minerals. 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. Kumba Iron Ore rising and African Rainbow Minerals falling
2. Kumba Iron Ore rising faster than African Rainbow Minerals rising
3. Kumba Iron Ore falling slower than African Rainbow Minerals falling

Should one of these scenarios play out successfully the expectation would be for a net gain of 3.4%. A stop-loss would be considered equal to the anticipated gain of 3.4%.





4. CONSOLIDATIONS TO WATCH

BIDVEST GROUP LTD (Daily chart)

The price of Bidvest is trading towards the support of the range between levels 28040 and 29865. Excluding the high volume from last week Thursday, due to futures close out, the move from the top of the range towards support has been on relatively low volume. This is indicative of a share that is in a range or consolidation rather than committed to a new directional downtrend. We have seen strong volume accumulation (circled red) at this level (28040) in the past before the price proceeded to rebound. With this in mind, the range trading opportunity is considered with the range resistance at 29245 favoured as the initial target, a break of which, further favours a move towards 29865. The failure level for the above consideration is a price close below 27470. This level is derived by using the Average True Range (ATR) value subtracted from the current trading price. ATR shows the price volatility of the share and using this as a stop distance would be considered a volatility stop loss methodology.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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