



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.

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 cash Index has formed and confirmed a double bottom reversal pattern (blue "W")
- Double bottom formations warn of bullish intent after a downtrend
- These patterns highlight the first point at which the price starts to make a series of higher highs following a series of lower highs
- The height of the pattern projected from the breakout level predicts an upside target at 44 000
- Should the price close below the 42000 level the bullish reversal would be considered to have failed



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

EOH Holdings Ltd

SHARES | 52 WEEK LOWS

Harmony Gold
AngloGold Ashanti
Impala Platinum
Allied Electronics Corp
Reunert Ltd
Gijima Group
Basil Read Holdings

3. PAIRS TO WATCH

PICK N PAY STORES LTD VS SPAR GROUP LTD (Daily chart)

The chart considered is that of Pick n Pay (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 (Pick n Pay) has been underperforming security 2 (Spar). 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 Pick n Pay, short Spar. 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. Pick n Pay rising and Spar
2. Pick n Pay rising faster than Spar
3. Pick n Pay falling slower than Spar

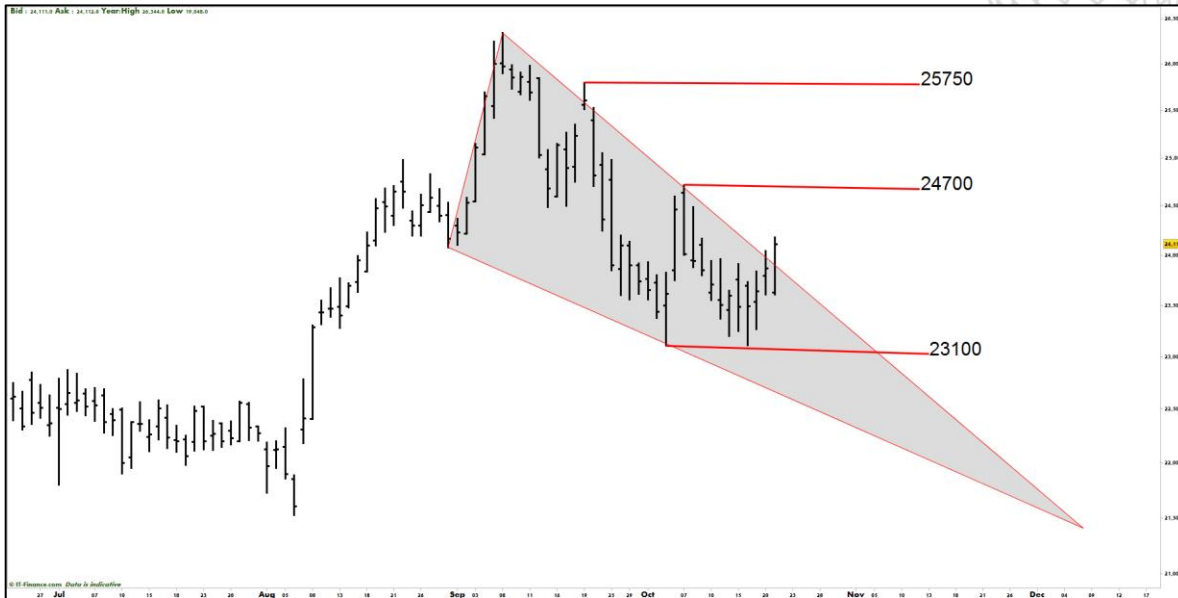
Should one of these scenarios play out successfully the expectation would be for a net gain of 4.3%. A stop-loss would be considered equal to the anticipated gain of 4.3%.



4. EQUITIES TO WATCH

MTN Group Ltd (Daily chart)

The price of MTN is currently breaking out of a falling wedge formation. The pattern highlights a slow cumbersome move down after an aggressive move up, alluding to the momentum remaining bullish. The initial upside wedge resistance at 24 700 is favoured, which if broken further favours a move towards resistance at 25 750. The price closing below support at 23 100 would consider the failure of the bullish indication.



Tongaat Hulett Ltd (Daily chart)

The price of Tongaat Hulett has formed a bullish engulfing (circled black) at the support of the 200 day simple moving average (blue line). Furthermore the reversal is supported by the Stochastic crossing out of oversold territory. These indications are considered short-term bullish favouring a move towards resistance at 15 300. A price close below the recent low at 13 670 would consider the failure of the above bullish indications.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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