



TECHNICAL TUESDAYS

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- South Africa 40 cash index has moved closer to last week's projected target (44000) from the double bottom reversal pattern (blue "W")
- The 44000 levels remains the favoured target although initial resistance is considered at 43750 (recent turning point)
- Should the price manage to close above the 43750 level a larger reversal pattern in the form of an inverse head and shoulders (labelled L, H & R) becomes relevant
- Should this occur the pattern would predict significant upside (more than 2000 points)
- Failure of both the double bottom and possible inverse head and shoulders formations would be considered should the price close below the 42150 level (or 42640 on a line graph)



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Aspen
Kap Industrial Holdings
Argent Industrial

SHARES | 52 WEEK LOWS

Illovo Sugar
Northam Platinum
BHP Billiton
Anglogold Ashanti
Harmony Gold
Exxaro Resources
Assore Ltd
Stefanutti Stocks
Gijima Group

3. BREAKOUT PATTERN TO WATCH

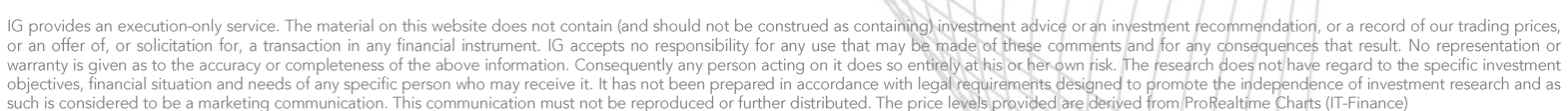
REMGRO LTD (Daily chart)

The price of Remgro has formed an inverse head and shoulders formation. This pattern alludes to the reversal of the preceding downtrend and is considered a bullish indication in technical analysis terms. The recent high at 25600 is the resistance target favoured, which if broken, a move towards the projected target from the pattern is considered at 26100. Conservative breakout traders might wait for a pullback towards 23850 for long entry, while the price closing below support at 22800 would consider the failure of the bullish indication.





The price of MMI Holdings has formed an inverse head and shoulders formation. This pattern alludes to the reversal of the preceding downtrend and is considered a bullish indication in technical analysis terms. The height of the pattern projected from the breakout level (dotted red lines) arrives at an upside target of 2860. Conservative breakout traders might wait for a pullback towards 2685 for long entry. The close proximity of the right shoulder labelled "R" considers a close below the 200MA (2580) as perhaps a better level for an indication of failure, allowing the technical setup a little more breathing room.





4. CONSOLIDATION PATTERNS TO WATCH

NORTHAM PLATINUM LTD (Daily chart)

The price of Northam Platinum looks to reversing off support of a falling wedge. A falling wedge in a downtrend alludes to the loss of downward momentum and suggests a short term rebound in price. At wedge support, the price is displaying a positive divergence with the Stochastic oscillator as the indicator crosses out of oversold territory. At these lower levels we have also seen a surge in volume suggesting a capitulation into weakness. These indications are considered short term bullish and favour a move towards initial resistance at 3540, which if broken further favours a move towards the 3630 level. A price close below wedge support at 3140 would consider the failure of these bullish indications.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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

Gold

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

Platinum

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

Resources

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

Industrials

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