



TECHNICAL TUESDAYS

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

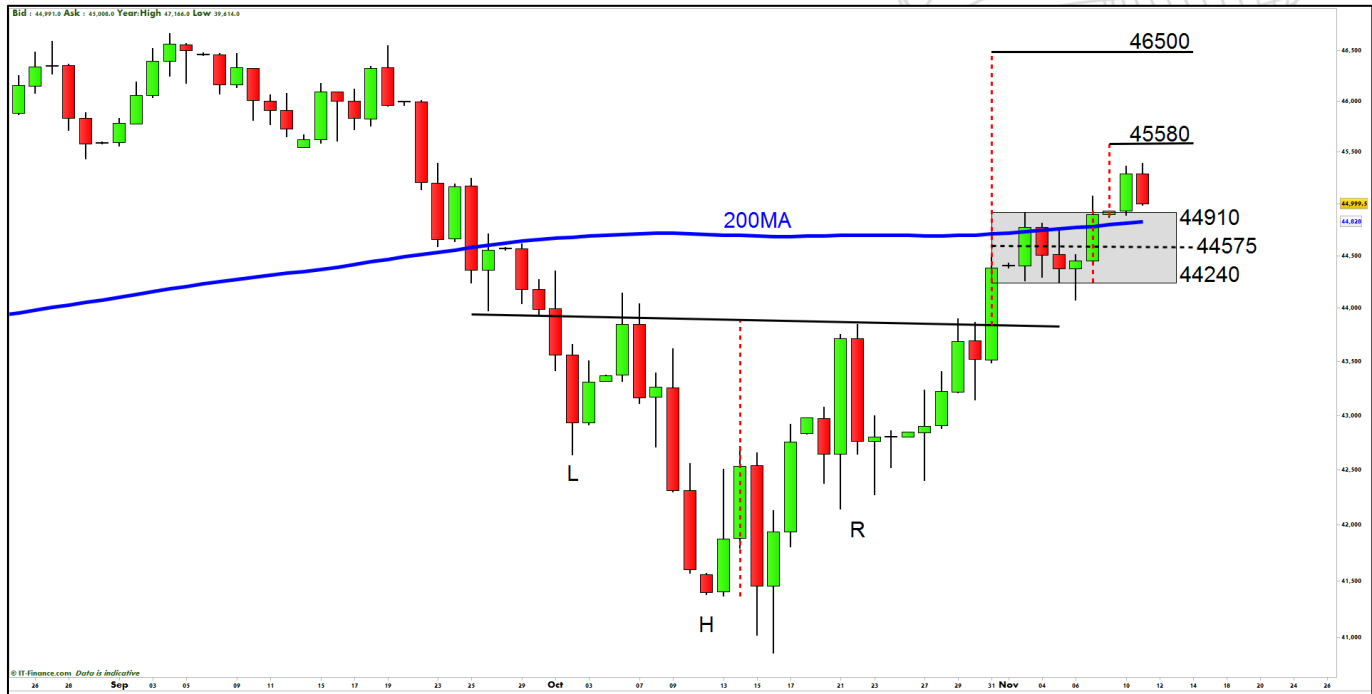
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- South Africa 40 cash index has formed a trading range over the last week between levels 44240 and 44910 (grey box)
- The price has now broken the resistance of this range before starting to retrace back towards this level
- Breakout traders might look for long entry in the current pullback targeting 45580 as an upside target
- This target is derived by measuring the height of the short-term consolidation and projecting an equal distance from the breakout level
- Failure of this short-term breakout would be considered should the price close below the midpoint of the consolidation at 44575
- The price now trades above the 200 day simple moving average (200MA) suggesting a longer-term bullish bias may be forming
- The inverse head and shoulders pattern (labelled L,H & R) remains relevant with a longer-term target projected from the pattern at 46500



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Telkom
Discovery Ltd
Clicks Group
Sanlam
Aeci
Investec Plc
Reinet Investments
Mr Price Group
RMI Holdings
Remgro

SHARES | 52 WEEK LOWS

Allied Electronics Corp
Aveng Ltd

3. EQUITIES TO WATCH

NEDBANK GROUP LTD VS BARCLAYS AFRICA GROUP LTD (Daily chart)

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

Should one of these scenarios play out successfully the expectation would be for a net gain of 3%. A stop-loss would be considered equal to the anticipated gain of 3%.





3. EQUITIES TO WATCH CONTINUED

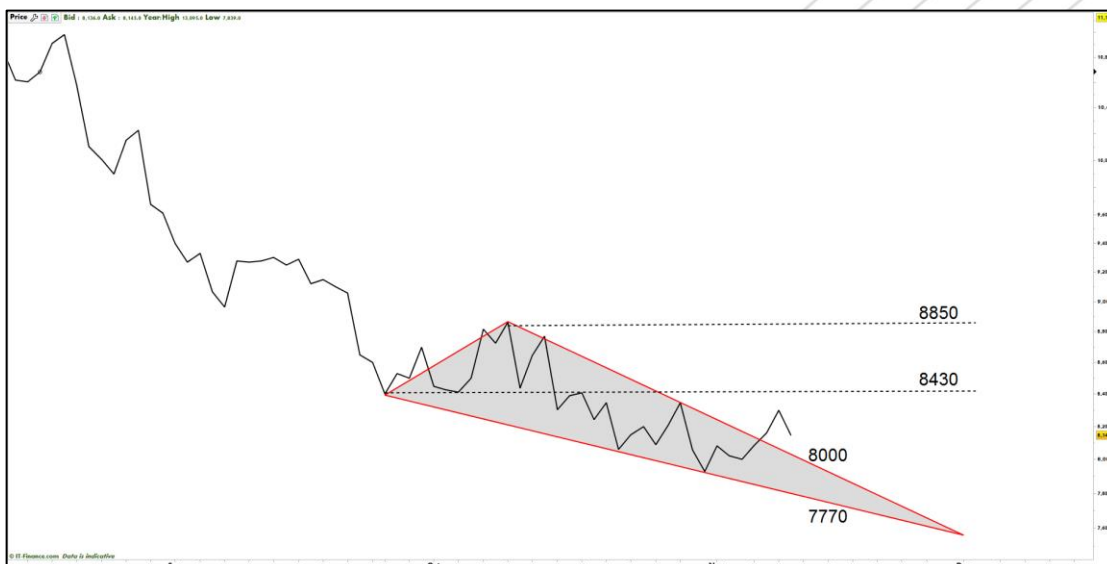
MTN GROUP LTD (Daily chart)

The long-term trend of MTN remains up and the share price has started to reverse off the support of the 200 day simple moving average (Blue line). The stochastic has crossed through its trigger line in oversold territory and is displaying a positive divergence (dotted black lines) with the price. These are bullish indications in technical analysis and a move towards resistance at 24750 is favoured. A price close below gap support at 21930 would consider the failure of these bullish indications.



IMPALA PLATINUM HOLDINGS LTD (Daily chart)

The price of Impala Platinum has broken out of a falling wedge formation. A falling wedge in a downtrend alludes to the loss of downward momentum and suggests a possible short-term rebound in price. The price looks to be returning to the 8000 level which was previous wedge resistance. Conservative breakout traders waiting for the first retrace in price after a breakout might look to this level for long entry. A move towards resistance at 8430 is favoured which if broken further favours a move towards the 8850 level. A price close below wedge support at 7770 would consider the failure of the wedge formation's bullish indications.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aveng	Down	Down	Down	Increasing	Neutral
Group Five	Down	Down	Down	Increasing	Neutral
M & R	Down	Down	Down	Increasing	Oversold
WBHO	Down	Down	Down	Increasing	Oversold



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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