



TECHNICAL TUESDAY

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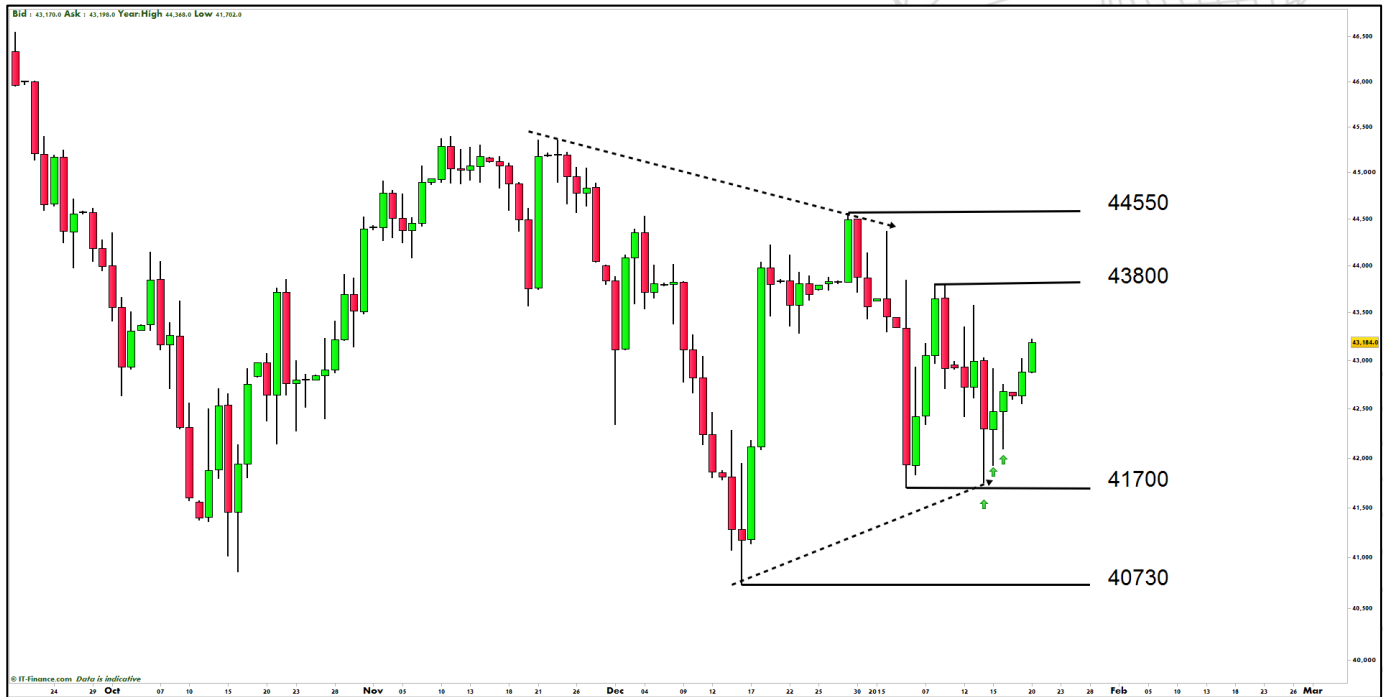
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 Cash Index trades at more or less the same level as last week while the index continues to search for a longer-term direction
- The bullish engulfing referred to last week failed in providing a short-term bullish impetus, as the price fell to the next level of support guided at 41700
- The green arrows highlight the long lower wicks on the three candles near 41700 and indicate that the price of the index is being rejected at these lower levels as buyers support the price
- This adds credence to a short term bullish momentum now in place and a move towards resistance at 43800 is once again favoured in the near-term
- The medium and long-term outlook remains unclear at this stage and patience should be considered until the price starts to commit to a directional bias



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Gijima Group Ltd
 Spar Group Ltd
 Massmart Holdings Ltd
 Sibanye Gold Ltd
 Mediclinic International Ltd
 Growthpoint Properties
 Emira Property Fund
 NewGold Issuer Ltd
 Discovery Ltd
 Redefine Properties
 Hyprop Investments Ltd

SHARES | 52 WEEK LOWS

Coal of Africa Ltd (SA)
 ArcelorMittal South Africa Ltd
 Adcock Ingram Holdings Ltd
 Grindrod Ltd
 Barloworld Ltd

3. PAIRS TO WATCH

FIRSTSTRAND LTD VS STANDARD BANK GROUP LTD (Daily chart)

The chart considered is that of Firstrand with a Relative Strength Comparison (RSC) indicator added. The RSC 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 (Firstrand) 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 Firstrand, 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. Firstrand rising and Standard Bank falling
2. Firstrand rising faster than Standard Bank rising
3. Firstrand falling slower than Standard Bank falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 3.1%. A stop-loss would be considered equal to the anticipated gain of 3.1%.



4. EQUITIES TO WATCH

JSE LTD (Daily chart)

The chart of JSE Ltd is forming (needs to confirm at close) a bullish engulfing candle pattern (circled blue) following the recent pullback from its all-time high. A bullish engulfing suggests that the short-term move down may be complete and suggests a possible resumption of the longer-term uptrend. The strong increase in volume (circled red) at the short-term low confirms the price action suggesting that short-term selling may have climaxed. The Stochastic oscillator looks to be moving out of oversold territory whilst displaying a positive divergence with the price (black trend lines below price and indicator). These indications are considered bullish in technical analysis terms and favour a move towards recent resistance at 12140. A close below 11000 would consider the failure of the bullish indications.



PPC LTD (Daily chart)

The price of PPC has formed a bullish price reversal (circled blue) after the recent downtrend alluding to a possible short-term rebound in its share price. The Stochastic oscillator is crossing out of oversold territory and displaying a reverse divergence with the price (black trend lines on indicator and price). These indications are considered bullish and favour a short term rebound in price. Recent resistance at 2600 is the initial target favoured, while a close below the lower trend line support at 2270 considering the failure of the bullish indications.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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