



TECHNICAL TUESDAY

Table of contents

1	South Africa 40 index Technical analysis of the local index	2
2	Highs and lows Shares making new highs or lows over 52 weeks	3
3	Equities in focus AngloGold Ashanti Ltd	3
4	Market overview Technical analysis of the local market by sector	5

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 Cash index has managed to hold onto short-term gains over the last week to trade through both resistance levels charted at 43800 and 44550
- The price has found resistance on the 200MA (the long-term gauge of trend used), but now trades firmly above the 20MA and 50MA (the short and medium-term gauges of trend used)
- With this in mind, it is considered that the long-term directional trend remains undecided while the short to medium-term trends shift towards an upward bias
- The red and green arrows on the chart mark significant higher highs and higher lows in the short to medium-term validating the view that these trends are shifting towards the positive
- In line with this trend bias, further upside is favoured with the next level of resistance anticipated at 45350
- A close above this level could open up the possibility for significant further upside towards the 46500 level
- Should the near-term upside fail and the price start trading below 43200 the trend bias in the short to medium-term would once again be considered non-directional



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Village Main Reef Ltd
Mondi Ltd
Lewis Group Ltd
PSG Group Ltd
Shoprite Holdings Ltd
Capitec Bank Holdings Ltd
Standard Bank Group Ltd
Barclays Africa Group Ltd
Nedbank Group Ltd
Naspers Ltd
Mediclinic International

SHARES | 52 WEEK LOWS

Coal of Africa Ltd (SA)
African Oxygen Ltd
Kumba Iron Ore Ltd
Grindrod Ltd
SaciOil Holding Ltd (SA)
PPC Ltd
Invicta Holdings Ltd

3. EQUITIES IN FOCUS

ANGLOGOLD ASHANTI LTD (Daily chart)

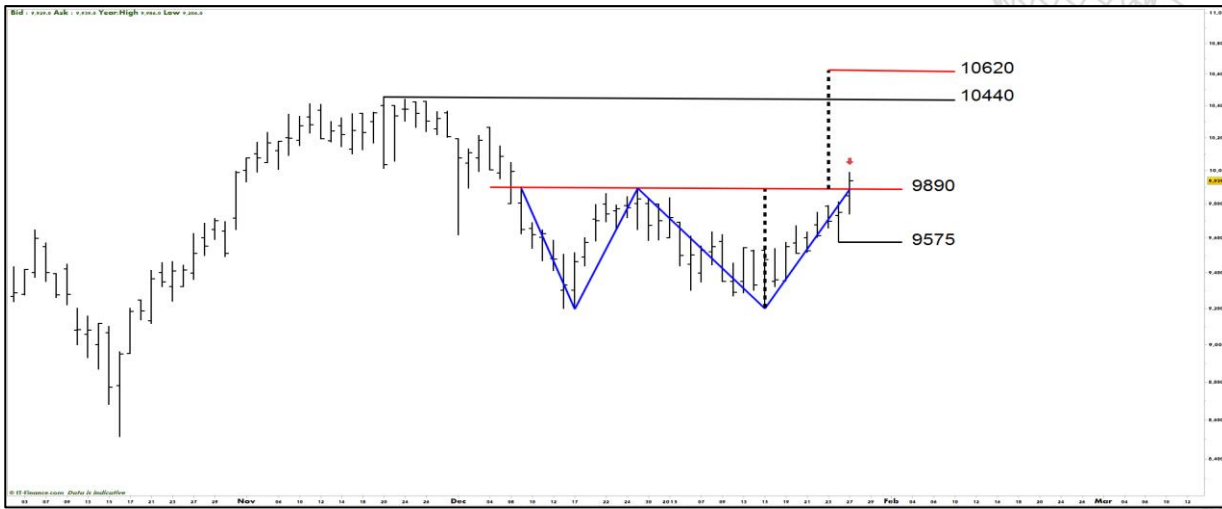
The price of AngloGold Ashanti has formed and validated a double bottom reversal pattern marked with the blue "W" on the chart. This pattern suggests that the preceding downtrend has now reversed into an uptrend. Since rallying from its lows in December 2014 the price has experienced its first significant retrace. Circled blue we have a bullish candle formation suggesting that the retracement has now ended. The short-term high at 13900 is the initial target favoured which if broken considers the projected target from the height of the pattern (dotted red lines) at 14600. Conservative pattern traders may consider a close below initial gap support at 11600 as failure of the bullish indications, while pattern traders with an increased appetite for risk may consider a close below the lower level of gap support at 11340 as an indication of failure.



3. EQUITIES IN FOCUS CONTINUED...

INVESTEC PLC SA (Daily chart)

The price of Investec Plc has formed and is validating a double bottom reversal pattern marked with the blue "W" on the chart. This pattern suggests that the short-term preceding downtrend is now reversing into an uptrend. Should the price manage to close above 9890 the pattern is said to be "in play". In this scenario, the previous high at 10440 becomes the favoured resistance target, a break of which further favours the projected target from the height of the pattern (dotted black lines) at 10620. A price close below 9575 would consider the failure of the short-term bullish indication.



EOH HOLDINGS LTD (Daily chart)

The price of EOH Holdings has broken out of a symmetrical triangle formation with technical indicators Bollinger bands and volume validating the breakout. Bollinger bands expand on an increase in price volatility and a price close above the upper Bollinger (while expanding) is often used as a confirmation of a breakout. This technique is said should help in distinguishing when the price is committing to a directional bias rather than expanding the range bound trading environment. High volume on a price breakout alludes to the sustainability in the directional move and is circled red on the EOH price chart. Furthermore the breakout is in-line with the long-term trend as gauged by the price in relation to 200 day simple moving average, favouring traders with a trend following bias. The price is now experiencing its first pullback since the initial breakout, which affords technical breakout traders of these types of patterns, a second opportunity for long entry. The height of the triangle consolidation projected from the breakout level (11475) arrives at an upside target of 12775. A price close below support at 11240 would consider the failure of the bullish indications.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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