



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 Cash Index has consolidated over the last week into a range, with short-term support and resistance considered at 45100 and 45925 respectively
- The price is currently testing the resistance of this range
- Should the price manage to close above this level of resistance a short-term move towards 46500 is favoured
- Should the price reverse off this level, range traders might look for long entry near support (45100) favouring a move back towards resistance
- A bullish bias remains favoured in both scenarios while the underlying trends remain positive (as alluded to in previous weeks)
- The long-term targets as per the weekly chart from last week remain at 47150 and 49840 respectively



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Sun International
Peregrin Holdings
City Lodge Hotels
PSG Group Ltd
Old Mutual PLC
Steinhoff International Holdings
Sappi Ltd
Spur Corp Ltd
MMI Holdings
Mediclinic International Ltd
RMI Holdings

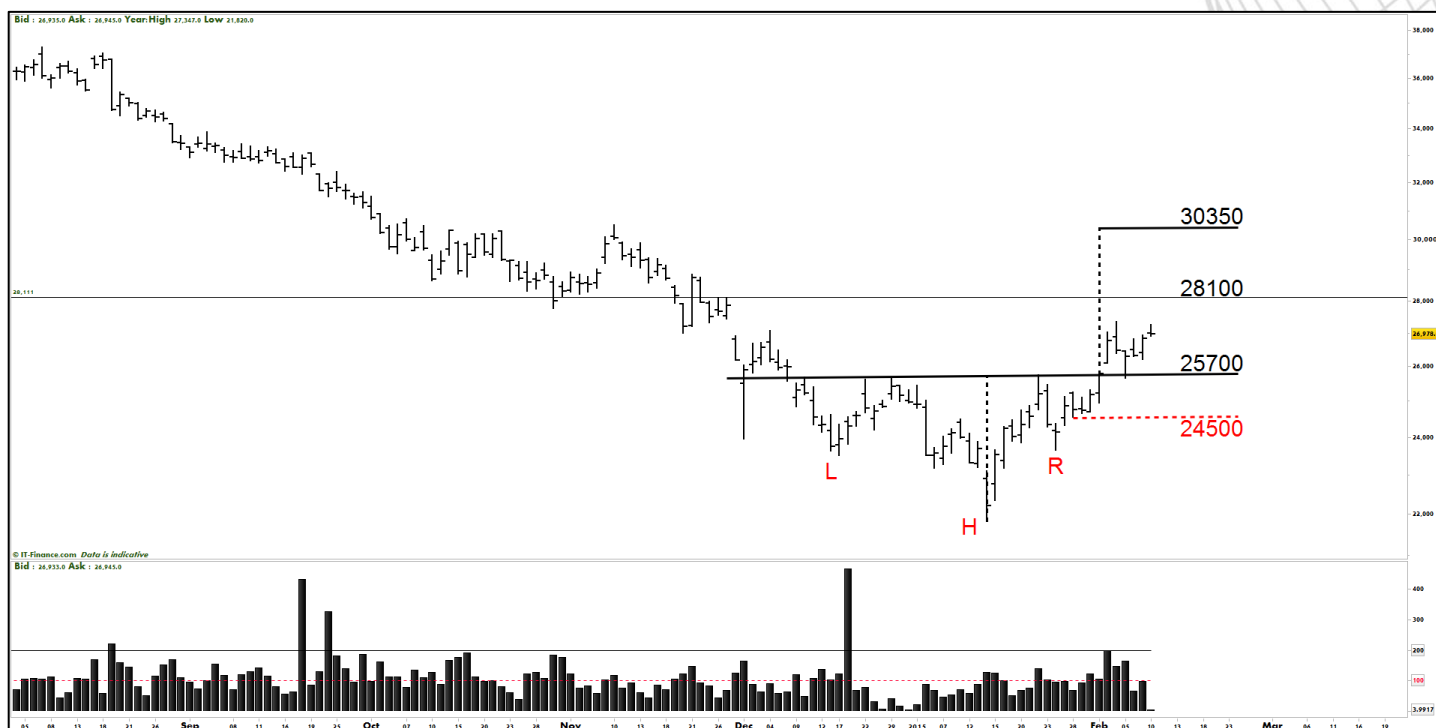
SHARES | 52 WEEK LOWS

Coal of Africa Ltd

3. EQUITIES TO WATCH

BHP BILLITON PLC (SA) (Daily chart)

The price of BHP Billiton has broken out of an inverse head and shoulders pattern. The pattern alludes to the preceding downtrend starting to reverse into a near-term uptrend. An increase in volume has supported the breakout alluding to the sustainability of the upward move. The initial resistance target favoured is considered at 28100. The height of the pattern projected from the breakout level (25700) arrives at a further upside target of 30350. A price close below 24500 would consider the failure of the bullish indication.





3. EQUITIES TO WATCH CONTINUED...

NEDBANK GROUP LTD VS OLD MUTUAL GROUP PLCA (SA) (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 (Old Mutual). 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 Old Mutual 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 Old Mutual falling
2. Nedbank rising faster than Old Mutual rising
3. Nedbank falling slower than Old Mutual falling

Should one of these scenarios play out successfully the expectation would be for a net gain of 3.7%. A stop-loss would be considered equal to the anticipated gain of 3.7%.





4. ETF TO WATCH

NEWGOLD ISSUER LTD (Daily chart)

The price of NewGold Issuer has reversed off support at 13650. The Stochastic is displaying a positive divergence with the price (red lines on indicator and price) and is crossing out of oversold territory.

These indications are considered bullish and a retest of recent resistance at 14375 is favoured. A price close below support at 13440 would consider the failure of the bullish indications.





5. 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	Up	Decreasing	Overbought
USD/ZAR	Sideways	Sideways	Up	Flat	Neutral
Spot Gold	Sideways	Up	Sideways	Increasing	Oversold

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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