



TECHNICAL TUESDAYS

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 Exxaro Resources Shoprite Holdings | 3, 4 |
| 4 | Pair to watch Impala Platinum vs Anglo American Platinum | 5 |
| 5 | Market overview Technical analysis of the local market by sector | 6, 7 |

SHAUN MURISON

Shaun has worked in financial markets for over seven years, and previously ran IG's KZN branch before moving to Johannesburg.

As market analyst he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, making contributions to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



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

GET STARTED WITH IG

Attend one of our free seminars to refine your trading strategy, with the help of our experts.

FREE FACE-TOFACE SEMINARS IN FEBRUARY:

TRADING STRATEGY AND MARKET UPDATE | EAST LONDON | PORT ELIZABETH | DURBAN [Register here](#)



1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 Cash Index has traded through the resistance target from last week at 46500 and looks well on track to test all-time high territory at 47150
- The Stochastic oscillator has been in overbought territory for an extended period of time, but as this signal is against the underlying bullish trends, it alludes to a profit taking opportunity near the all-time highs, rather than an indication to trade against the trend
- Should a pullback from resistance at 47150 occur, previous resistance levels (46500, 45925) are anticipated as support level opportunities for long entry in line with the underlying bullish trends
- Should the price not retrace and manage to close above all-time high resistance, the blue channel resistance provides a short term upside target at 47950



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Woolworths Holdings Ltd
Sun International Ltd
JSE Ltd
Capitec bank Holdings Ltd
Remgro Ltd
Old Mutual Ltd
RMB Holdings Ltd
Liberty Holdings
Nedbank Group Ltd
Lewis Group Ltd
Sanlam Ltd
Mediclinic International Ltd
Redefine International PLC

SHARES | 52 WEEK LOWS

Aveng Ltd
Murray & Roberts Holdings
Wilson Bayly Holmes-Ovcon Ltd

3. EQUITIES IN FOCUS

EXXARO RESOURCES (Daily chart)

Exxaro 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 (as marked by the red arrow on the chart). This technique is said to should help in distinguishing when the price is committing to a directional bias rather than expanding the range bound trading environment.

High volume has supported the short term directional move and is circled red on the Exxaro price chart.

The price has experienced first pullback since the initial breakout (blue arrow) and now looks to be continuing the upside move. The height of the triangle consolidation projected from the breakout level arrives at an upside target of 12130.

A price close below support at 10300 would consider the failure of the bullish indications.





SHOPRITE HOLDINGS (Daily chart)

The price of Shoprite has formed a falling wedge formation. The pattern highlights a weak move down after a relatively strong move up, suggesting that the price momentum remains bullish. The Stochastic has moved into oversold territory, supporting the price action and alluding to the short term weakness nearing the end of its cycle. These indications are bullish and in line with the long term trend (price trading above the blue line a 200MA). Wedge resistance at 18150 is the initial target favoured, a break of which further favours a move towards 19150. A close below horizontal support at 16870 would consider the failure of these bullish indications.





4. PAIR TO WATCH

IMPALA PLATINUM VS ANGLO AMERICAN PLATINUM (Daily chart)

The chart considered is that of Impala (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 (Impala) has been underperforming security 2 (Anglo American Platinum). 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 Impala Short Anglo American Plc. 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. Impala rising and Anglo American Platinum
2. Impala rising faster than Anglo American Platinum
3. Impala falling slower than Anglo American Platinum

Should one of these scenarios play out successfully the expectation would be for a net gain of 5.2%. A stop-loss would be considered equal to the anticipated gain of 5.2%.





5. MARKET OVERVIEW

Key Indicators

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

Banks

| | Near trend | Intermediate trend | Primary trend | Volatility | OB/OS |
|-----------------|------------|--------------------|---------------|------------|----------|
| Barclays Africa | Sideways | Up | Up | Decreasing | Oversold |
| FirstRand | Up | Up | Up | Decreasing | 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 | Increasing | Overbought |
| Investec (inl) | Up | Down | Up | Increasing | Overbought |
| Investec (inp) | Up | Down | Up | Increasing | Overbought |
| Liberty Holdings | Up | Up | Up | Decreasing | Neutral |
| Old Mutual | Up | Up | Up | Decreasing | Overbought |

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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