



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 Cash Index has continued the consolidation over the last week but is now testing the support of this range (46500)
- A close below this level would favour a move to the next level of support at 45925, a break of which would further favour 45100 as support
- The Stochastic has moved into oversold territory
- Should a downside breakout of support at 46500 confirm, trend followers would look to accumulate at the lower levels of support rather than trade against the longer term uptrend which remains firmly intact
- Should the downside breakout not confirm and the price close above 46500, range traders may look for long entry with a view that the price may retest resistance at 47410



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

AVI Ltd
Old Mutual PLC (SA)
New Europe Property Investments PLC
Liberty Holdings Ltd

SHARES | 52 WEEK LOWS

Coal of Africa Ltd
Merafe Resources Ltd
PPC Ltd
SacOil Holdings Ltd
African Rainbow Minerals Ltd
Lonmin PLC (SA)
Impala Platinum Holdings Ltd
Murray & Roberts Holdings Ltd
Assore Ltd
Kumba Iron Ore Ltd

3. EQUITIES IN FOCUS

NASPERS LTD (Daily chart)

The price of Naspers has consolidated into a triangle pattern after a strong rally. These patterns are usually considered continuation patterns as they allude to the continuation of the trend, which preceded the rally. However, it is important to wait for directional confirmation with a breakout rather than pre-empting the direction it may occur. For an upside breakout a price close above resistance at 173600 is needed, while a close below 162000 would consider a downside breakout. The height of the pattern projected (21300) would consider a directional move of equal magnitude in the same direction of the initial breakout. While an upside breakout may provide a long opportunity, a downside breakout is against a strong long-term uptrend and trend followers may be better off waiting for the weakness to play out before getting involved.





3. EQUITIES IN FOCUS CONTINUED...

MTN GROUP LTD (Daily chart)

The price of MTN Group has broken out of an ascending triangle formation. The triangle consolidation has served as a reversal pattern from the preceding downtrend, with the height of the pattern projected arriving at an upside target of 23850. The breakout of this consolidation finds increased validity as it has occurred on increased volume (circled red). A price close below gap support below 20950 would consider the failure of the bullish indications.



SASOL LTD (Daily chart)

Sasol has formed a falling wedge formation. The pattern highlights a slow move down relative to fast preceding move up, alluding to a bullish momentum for the share. The Stochastic is in oversold territory, supporting the price as it suggests the move down has been overextended for the time being. The indications favour a move towards wedge resistance at 42600, which if broken further favours 45050 as the next resistance target. A close below wedge support at 38900 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	Up	Up	Increasing	Oversold
South Africa 40	Sideways	Up	Up	Flat	Neutral
USD/ZAR	Up	Up	Up	Increasing	Overbought
Spot Gold	Down	Down	Down	Flat	Oversold

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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