



## TECHNICAL TUESDAY

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

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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- The SA40 cash index has confirmed a bullish reversal from last week and traded through the 46500 resistance level
- The previous high at 47410 once again confirms as the near-term target favoured
- The pullback from 47410 to 44500 now sees these respective levels as key relative to the future health of the index
- While break above 47410 would favour further gains and confirm the larger 49840 target from previous weeks as relevant once again, a close below 44500 would suggest failure swing from the move up and consider a near term reversal of trend



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Pioneer Foods Ltd  
Standard Bank Group Ltd  
PSG Group Ltd  
Capitec Bank Holdings Ltd  
Arrowhead Properties Ltd  
Redefine International Plc

### SHARES | 52 WEEK LOWS

Group Five Ltd  
Aquarius Platinum Ltd  
Raubex Group Ltd  
Wesizwe

## 3. EQUITIES IN FOCUS

### FIRSTRAND VS STANDARD BANK GROUP LTD (Daily chart)

The chart considered is that of FirstRand (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 (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
3. FirstRand falling slower than Standard Bank

Should one of these scenarios play out successfully, the expectation would be for a net gain of 6.5%. A stop-loss would be considered equal to the anticipated gain of 6.5%.





### 3. EQUITIES IN FOCUS CONTINUED...

#### PIONEER FOODS LTD (SA) (Daily chart)

Pioneer Foods is breaking out of a symmetrical triangle formation and is now showing its intent in terms of continuing the uptrend, which preceded the consolidation pattern. The volume through the consolidation has been significantly high on the days with positive closes supporting the bullish momentum present in the price activity. The height of the pattern projected from the breakout level arrives at an upside target of 18450, while a close below support at 16575 would consider the failure of the bullish indications.



#### SABMILLER PLC (SA) (Daily chart)

SABMiller has started to break down following a double top reversal pattern (blue "M"). This warns of a short-term reversal of the preceding move up. The height of the pattern projected from the breakout level of 65600 arrives at a downside target of 63000. A close above 67000 would consider the failure of the bearish indication. The long-term trend does however remain up and trend followers might prefer using weakness (should it occur) as an opportunity for long entry over trading contrary to this trend.







## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### Construction

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



## 4. MARKET OVERVIEW CONTINUED...

### Telecomms

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

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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