



TECHNICAL TUESDAYS

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 cash Index confirmed a breakout of the 46700 resistance and proceeded to trade toward the previous high resistance target at 47410
- The price is finding resistance at the same time that the Stochastic has moved firmly into overbought territory
- The trend bias is however up and should a retrace occur from this level, long entry would be considered at 46700
- A failure level from this entry would be a close below the dotted trend line support on our chart at 46400, as in this circumstance a retest of the 45550 level would be considered
- Should a price close above 47410 occur, a breakout is considered in line with the trend (which holds more relevance than the Stochastic's overbought indication)
- In this situation a move towards trend line resistance at 48345 is favoured

2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Naspers Ltd
 Satrix INDI
 Spar Group
 Satrix 40
 PSG Group
 Satrix FINI
 EOH Holdings Ltd
 Pioneer Foods Ltd
 Hyprop Investments
 Redefine Properties
 Fochini Group
 RMI Holdings
 Truworths International Ltd
 Peregrine Holdings
 Standard Bank Group Ltd
 Zeder Investments

SHARES | 52 WEEK LOWS

Exxaro Resources
 Murray & Roberts Holdings
 Grinrod Ltd
 Kumba Iron Ore

3. EQUITIES IN FOCUS

GRINROD LTD (Daily chart)

The price of Grindrod looks to have formed a falling wedge in the current downtrend. In the current context the pattern alludes to a loss in downside momentum and a possible reversal to follow. The green arrows highlight the long wicks on the last two candles suggesting a price rejection at these lower levels. A short term rebound to wedge resistance at 1800 is favoured, a break of which further favours a move to horizontal resistance at 1890. A price close below the recent low at 1625 would consider the failure of the bullish indications.

The bullish reversal is against the longer term downtrend thereby being contrarian in nature and carrying a higher degree of risk.





TRUWORTHS INTERNATIONAL LTD (Daily chart)

The price of Truworths has been rejected above resistance 9680 as noted by the long wick on the candle marked with the red arrow. The price is also finding resistance at the same time that the Stochastic is crossing through its signal line in overbought territory. The low volume on the recent move up suggests the price remains in consolidation and there is minimal support or enthusiasm on the move up. A near term move back to support at 9048 is favoured in line with these indications, a break of which further favours a move to the next level of support at 8665. A price close above the short term high at 9732 would consider the failure of the bearish indications.





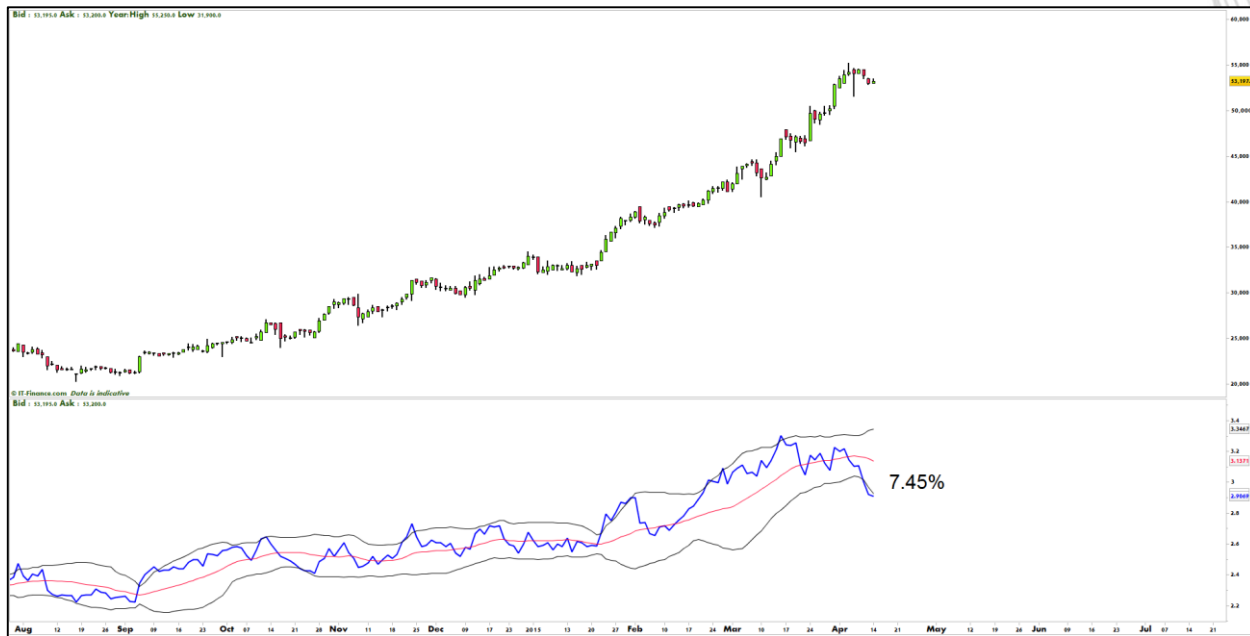
4. PAIR TO WATCH

CAPITEC BANK VS PSG GROUP (Daily chart)

The chart considered is that of Capitec (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 (Capitec) has been underperforming security 2 (The PSG Group). 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 Capitec Short The PSG Group. 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. Capitec rising and The PSG Group falling
2. Capitec rising faster than The PSG Group
3. Capitec falling slower than The PSG Group

Should one of these scenarios play out successfully the expectation would be for a net gain of 7.45%. A stop-loss would be considered equal to the anticipated gain of 7.45%.





5. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



5. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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