



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The pullback from the all-time high extended over the last week to trade through support at 47410 before forming a bullish engulfing candlestick reversal (circled blue)
- The pattern implies the end of the decline and possible rebound to follow
- The rebound, after initially breaking resistance at 47980, has now stagnated at this level leaving the consideration that this is a pivotal level in terms of determining the short-term trend bias
- Above this level the short-term target favoured is 48810, below this level a retest of support at 47980 is favoured
- Below this pivotal level, short trade considerations are still not a preference as the longer-term uptrend remains in play
- The ambiguous nature of the chart suggests erring on the side of caution being a more favourable position rather than committing to an unconfirmed directional bias



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Spur Corp Ltd
Village Main Reef Ltd
Lewis Group Ltd
JD Group Ltd
Old Mutual Plc (SA)
DataTec Ltd (SA)

SHARES | 52 WEEK LOWS

PPC Ltd
ArcelorMittal South Africa Ltd

3. EQUITIES IN FOCUS

MEDICLINIC INTERNATIONAL LTD (Daily chart)

Mediclinic has formed a bullish harami candlestick reversal (circled blue). This pattern suggests the end of the short-term retracement and a possible rebound to follow. The Stochastic is crossing out of oversold territory supporting the price reversal. High volume at the reversal point suggests significant accumulation of the share. These are bullish indications and short-term upside is favoured with the initial resistance target located at 12865, a break of which would further favour a move to the all-time high at 13465. Should the price fail to rebound and close below support at 11350, the bullish indications would be considered to have failed.





3. EQUITIES IN FOCUS CONTINUED...

MTN GROUP LTD (Daily chart)

MTN Group's share price has experienced its first pullback since breaking out of the range (between levels 22400 and 23070) as well as the upper bollinger band (red square). A break of the upper bollinger band highlights significant force in the initial move up and when compared with the cumbersome move down (eight trading days to erase 2 days' worth of gains) suggests that the momentum remains with the bulls. The price looks to have found support and a retest of resistance at 23965 is favoured in the short-term, which if broken sees the short-term high at 25000 the next resistance target. Should support not hold and the price close below 22400 the bullish momentum would be deemed to have failed.



JSE LTD (Daily chart)

The price of JSE Ltd is breaking out of a bullish flag formation (red parallel lines). This pattern highlights the resumption of an uptrend after a brief pullback in the share price. The stochastic oscillator has moved out of oversold territory and is displaying a positive divergence with the share price. These are also bullish considerations supporting the share price movements. The bullish flag formation projects a proportionate upside target at 14375, while a close below support at 12630 would indicate a failure of the short-term bullish indications.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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