



TECHNICAL TUESDAY

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 Capitec Bank vs PSG Group Sasol Ltd Impala Platinum vs Anglo American Platinum	3
4	Market overview Technical analysis of the local market by sector	5

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 cash index reached a high of 47540, falling marginally short of the 47700 upside target, before forming a bearish engulfing candle pattern (circled blue)
- The gap down to follow (between levels 46860 & 46550) highlights the enthusiasm of short-term selling amidst the macro uncertainty pertaining to a possible "Grexit"
- The guided trailing stop level at 46350 has now triggered as the price closed below the level
- The most recent candle resembles a spinning top which is a confirmation of price uncertainty
- For renewed faith in further upside, the price would need to close above gap resistance at 46860 in which circumstance a retest of the recent high at 47540 is favoured
- For further downside we await a close below the previous day's low at 45970, in which case the initial support target at 45375 is considered



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Brait SE (SA)

SHARES | 52 WEEK LOWS

Invicta Holdings Ltd
Eqstra Holdings Ltd
Ellies Holdings Ltd
Nampak Ltd
Grand Parade Investments Ltd
Coronation Fund Managers Ltd
Aveng Ltd
Anglo American Platinum Ltd
Impala Platinum Holdings Ltd
African Rainbow Minerals Ltd
Aquarius Platinum Ltd

3. EQUITIES IN FOCUS

CAPITEC BANK HOLDINGS LTD VS PSG GROUP LTD (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 Bank, short 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 5.5%. A stop-loss would be considered equal to the anticipated gain of 5.5%.





3. EQUITIES IN FOCUS CONTINUED...

SASOL LTD (Daily chart)

The price of Sasol has broken out of a double bottom formation (blue "W"). The pattern alludes to the preceding downtrend as starting to reverse into a short-term uptrend. The height of the pattern projected from the breakout level predicts an upside target at 46760. A close below trend line support at 42500 would consider the failure of the bullish reversal pattern.



IMPALA PLATINUM HOLDINGS LTD VS ANGLO AMERICAN PLATINUM LTD (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 (Amplats). 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 Amplats. 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 The Amplats falling
2. Impala rising faster than Amplats
3. Impala falling slower than Amplats

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.9%. A stop-loss would be considered equal to the anticipated gain of 4.9%.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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