



## TECHNICAL TUESDAY

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As market analyst, he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, contributing to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



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

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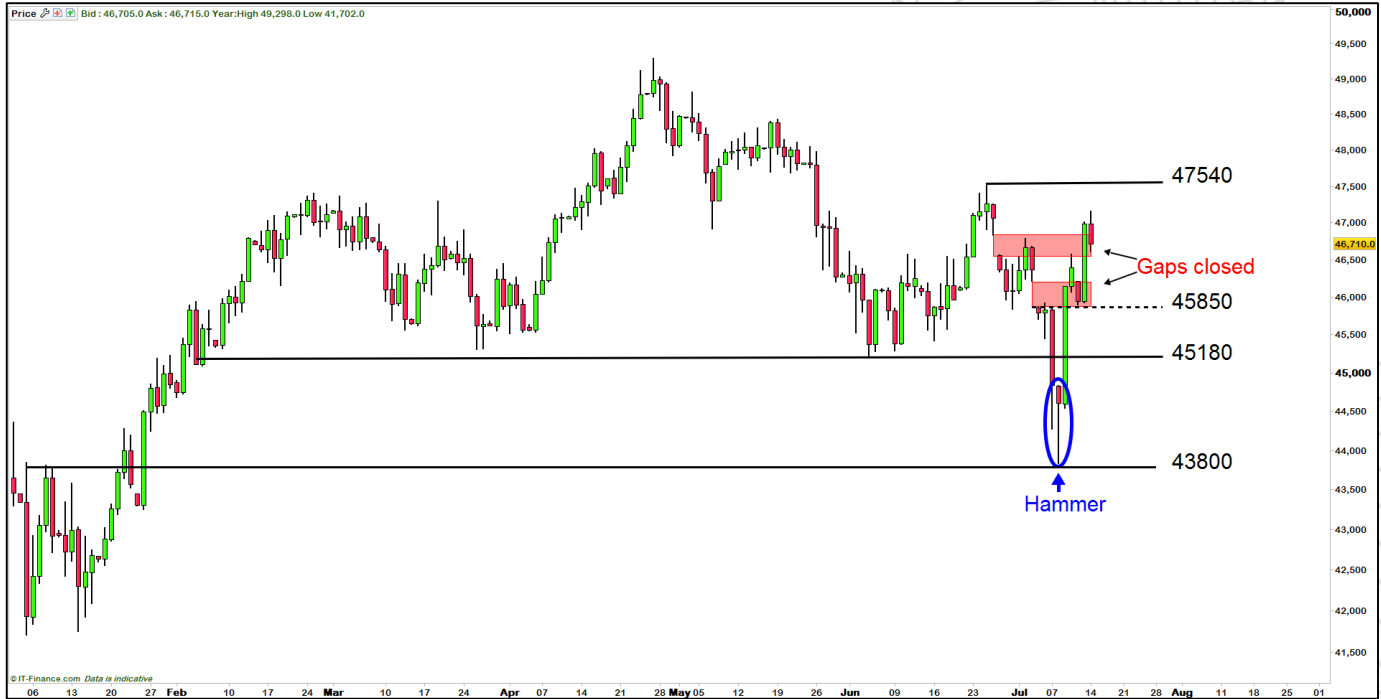
29 MAY | STELLENBOSCH | [Register](#)

30 MAY | CAPE TOWN | [Register](#)

12 AUGUST | EAST LONDON | [Register](#)

13 AUGUST | PORT ELIZABETH | [Register](#)

# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- The SA40 cash index fell just short of the 43800 downside support level before forming an intraday reversal in the form of a hammer (circled blue)
- The index price has since closed back above both gap resistance levels at 46215 and 46850 renewing some faith in an upside momentum present
- The upside resistance target at 47540 is the next level favoured, as long as the short term support level at 45850 is upheld
- Should the price manage to trade above the 457540 level the longer-term head and shoulders pattern alluded to will be considered to have diminished relevance
- Traders would consider caution ahead of Wednesday's Chinese GDP data scheduled for release



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Brait SE (SA)  
 Capital & Counties Properties PLC (SA)  
 Mondi Ltd  
 Steinhoff International Holdings Ltd  
 Peregrine Holdings Ltd  
 Hyprop Investments Ltd  
 British American Tobacco PLC (SA)

### SHARES | 52 WEEK LOWS

Aquarius Platinum Ltd  
 SacOil Holdings Ltd  
 Harmony Gold Mining Co Ltd  
 Grindrod Ltd  
 Aveng Ltd  
 Pan African Resources PLC (SA)  
 Lonmin PLC (SA)

## 3. EQUITIES IN FOCUS

### FOSCHINI GROUP LTD VS TRUWORTHS INTERNATIONAL LTD (Daily chart)

The chart considered is that of Foschini (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 (Foschini) has been underperforming security 2 (Truworhts). 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 Foschini, short The Truworhts. 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. Foschini rising and Truworhts falling
2. Foschini rising faster than Truworhts
3. Foschini falling slower than Truworhts

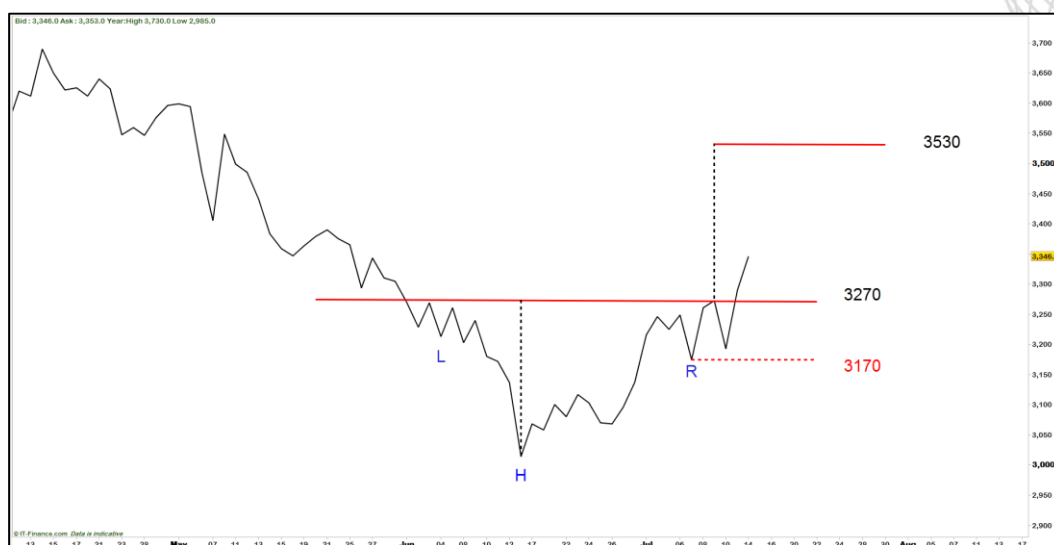
Should one of these scenarios play out successfully the expectation would be for a net gain of 4.1%. A stop-loss would be considered equal to the anticipated gain of 4.1%.



## 3. EQUITIES IN FOCUS CONTINUED...

### SUPER GROUP LTD (Daily chart)

The price of Super Group has broken out of an inverse head and shoulders formation. The formation is considered a reversal pattern as it warns of a change in directional trend. In this scenario, it alludes to the reversal of the preceding downtrend into a new short-term uptrend. The height of the pattern projected from the breakout level (3270) considers a proportionate upside target at 3530. A pullback towards the breakout level at 3270 may provide pattern traders a second entry opportunity, although a close below the right shoulder, labelled R, at 3170 would consider the failure of the bullish pattern.



### CAPITEC BANK HOLDINGS LTD (Daily chart)

The price of Capitec looks to be breaking out of a bear flag formation at present. This pattern alludes to the continuation of the recent downtrend. The parallel red lines show recent occurrences of the pattern before further downside has commenced. The blue parallel lines show the inverse of this (a bull flag) in an uptrend. The recent low at 41000 is the initial downside target favoured at present, although should the price managed to offset short-term weakness and close above 46250 the bearish indication would be deemed to have failed.







## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### 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	Sideways	Sideways	Down	Decreasing	Oversold
WBHO	Down	Down	Down	Decreasing	Neutral



## 4. MARKET OVERVIEW CONTINUED...

### Telecomms

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

### Gold

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

### Platinum

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Angloplat	Down	Down	Down	Increasing	Oversold
Impala	Down	Down	Down	Increasing	Oversold
Lonmin	Down	Down	Down	Increasing	Oversold
Northam	Down	Down	Down	Increasing	Oversold

### Resources

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

### Industrials

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