



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- The South Africa 40 index has retraced off the 47540 resistance level in the last week to close below the 45850 level, rendering the Inverse Head and Shoulders pattern invalid
- The extent of the retracement highlights a weakening of the short-term upward momentum
- The last 3 days of price action show no commitment to a direction at present and the price is considered to be in a state of limbo awaiting further catalysts
- These are likely to come in the form of Wednesday evening's rates announcement and FOMC meeting to follow out of the U.S
- A price close below support at 45180 would favour continued downside with 43830 the initial target
- For renewed faith in an upside move, a close above resistance at 45850 is needed, however it is preferred that an upside break occurs with a long bodied candle as it reiterates a stronger directional commitment rather than what could be a continuation of the three day consolidation
- The short-term decline has put the index into oversold territory as indicated by the Stochastic oscillator
- For the upside scenario it would also be preferred that the indicator turns to cross out of oversold territory or through its trigger line to support the price action



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Pick 'n Pay Holdings Ltd
KAP Industrial Holdings Ltd
Mondi Ltd

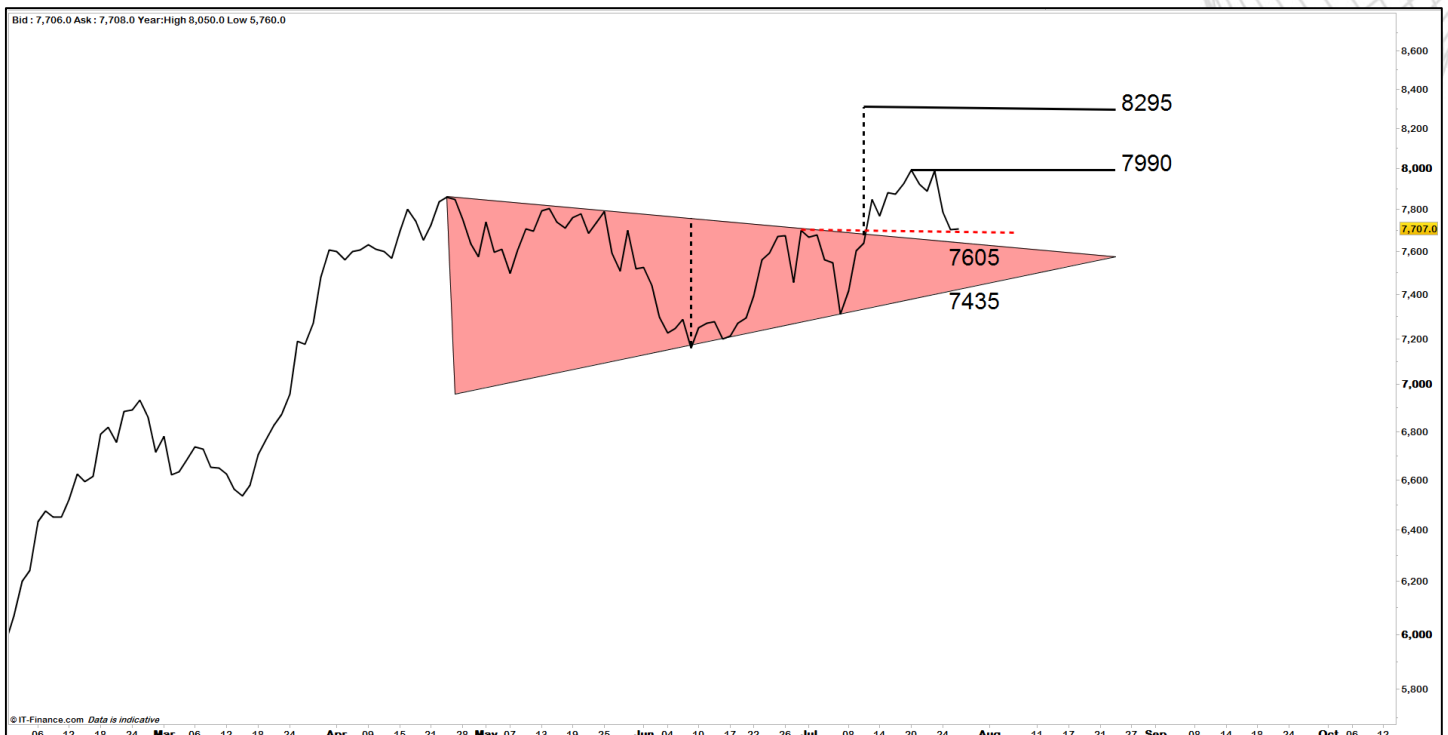
SHARES | 52 WEEK LOWS

Wesizwe
Kumba Iron Ore Ltd
African Rainbow Minerals Ltd
Anglo American PLC
Illovo Sugar Ltd
Sibanye Gold Ltd
Invicta Holdings Ltd
Wilson Bayly Holmes-Ovcon Ltd
Pan African Resources PLC
Lonmin PLC

3. EQUITIES IN FOCUS

STEINHOFF INTERNATIONAL HOLDINGS LTD (Daily chart)

Since breaking out of the triangle consolidation and realising a new all-time high, the share price of Steinhoff has started to pullback and is nearing the previous breakout level at 7605. Pullbacks from new highs as well as pullbacks from initial breakouts are often considered a second opportunity in lure of joining the underlying trend (which in this situation is up). A retest of the closing high at 7990 is favoured in this scenario. If this level is broken a conservative upside projection from the triangle pattern arrives at a further target of 8295. Should the price continue to retrace and close below the 7435 level the bullish indications would be deemed to have failed.





3. EQUITIES IN FOCUS CONTINUED...

MEDICLINIC INTERNATIONAL LTD (Daily chart)

The recent rebound in the share price of Mediclinic International has taken the form of a rising wedge. The pattern alludes to a weak move up following an aggressive move down, suggesting that the momentum remains with the bears. Furthermore, the rally has occurred on low volume supporting the bearish sentiment evident in the price action. A close below wedge support at 10650 favours further downside with 10015 the initial target. If this level is broken, a move to the next level of support at 9675 is favoured. Should the price continue to gain and close above 11245 the downside momentum would be deemed to have failed.



GRINDROD LTD (Daily chart)

Grindrod has formed a triangle consolidation pattern following the long-term decline, which preceded the consolidation. These patterns are referred to as continuation patterns in technical analysis as they have a habit of forming before the resumption of the preceding trend. It is however prudent to wait for a breakout occur rather than pre-empting the direction thereof. The height of the pattern suggests a proportionate move of 145c in the breakout direction when a breakout occurs. For an upside breakout, a close above 1345 is considered. For a downside breakout, a close below 1250 is considered.





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	Sideways	Up	Increasing	Oversold
USD/ZAR	Up	Up	Up	Flat	Neutral
Spot Gold	Down	Down	Down	Flat	Oversold

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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