



## TECHNICAL TUESDAY

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Shaun has worked in financial markets for over seven years, and previously ran IG's KZN branch before moving to Johannesburg.

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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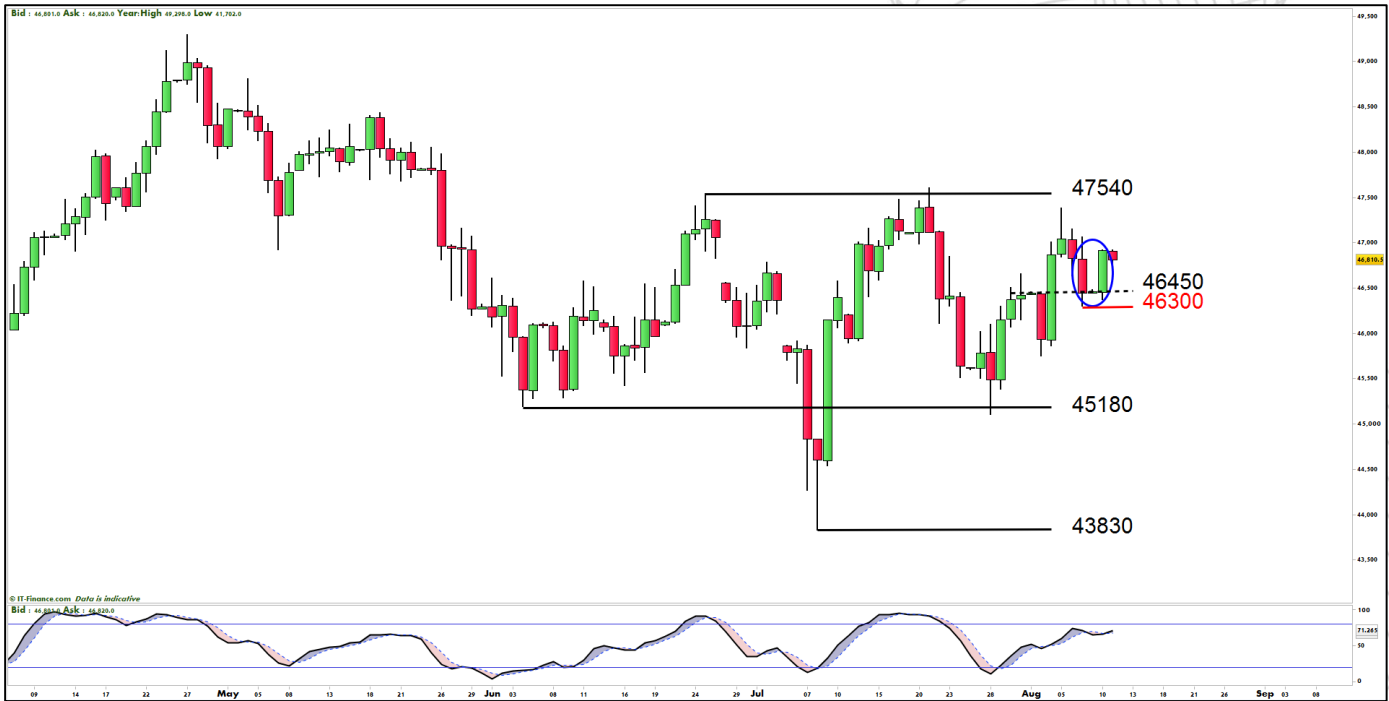
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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- The South Africa 40 cash index pulled back to support at 46450 before forming a bullish candle formation circled blue
- The bullish formation implies the end of the short-term pullback and the possibility of gains to follow
- The initial resistance target remains at 47540, while a close below 46300 (recent low 46303) remains the failure level for the current short-term bullish consideration
- Should the move fail, medium term support at 45180 is the initial downside target considered



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Capital Property Fund  
Resilient Property Income Fund Ltd  
Pick n Pay Holdings Ltd  
Pick n Pay Stores Ltd

### SHARES | 52 WEEK LOWS

Sibanye Gold Ltd  
Satrix RESI  
Allied Electronics Corp Ltd

## 3. EQUITIES IN FOCUS

### NEDBANK GROUP LTD VS OLD MUTUAL PLC (Daily chart)

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

Should one of these scenarios play out successfully the expectation would be for a net gain of 6.1%. A stop-loss would be considered equal to the anticipated gain of 6.1%.



### 3. EQUITIES IN FOCUS CONTINUED...

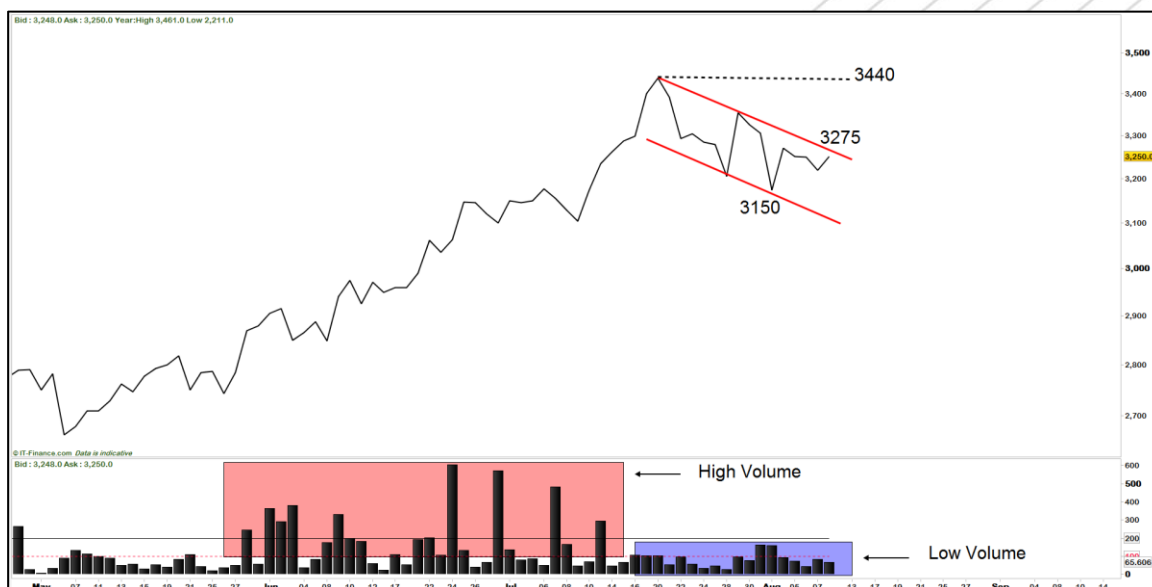
#### PSG GROUP LTD (Daily chart)

PSG has broken out of a triangle consolidation and looks to be renewing the uptrend, which had preceded the consolidation. The height of the pattern projected from the breakout level arrives at a proportionate upside target of 23170. Conservative break out traders might prefer to wait for a pullback towards the breakout level at 19700 before looking for long entry. A close below triangle support at 18540 would consider the failure of the bullish move expected.



#### PEREGRINE HOLDINGS LTD (Daily chart)

The short-term share price decline from Peregrine's recent high looks to have taken the form of a bullish flag formation (parallel red lines). The pattern alludes to a slow move down following an aggressive move up, suggesting that the underlying momentum remains bullish. The preceding trend up was supported by increased volume, while the consolidation down was accompanied by relatively low volume. This volume pattern supports the price action in that the enthusiasm looks to be on the buy side rather than the sell side. To confirm the pattern as being "in play" the price would need to close above flag resistance at 3275. In this scenario a move to the recent high at 3440 is favoured as the initial upside target, while a close below 3150 would consider the failure of the bullish indications.







## 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	Flat	Neutral
USD/ZAR	Up	Up	Up	Decreasing	Neutral
Spot Gold	Sideways	Down	Down	Decreasing	Neutral

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### Construction

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

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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