



## TECHNICAL TUESDAY

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### SHAUN MURISON

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.

### TRADING STRATEGY AND MARKET UPDATE

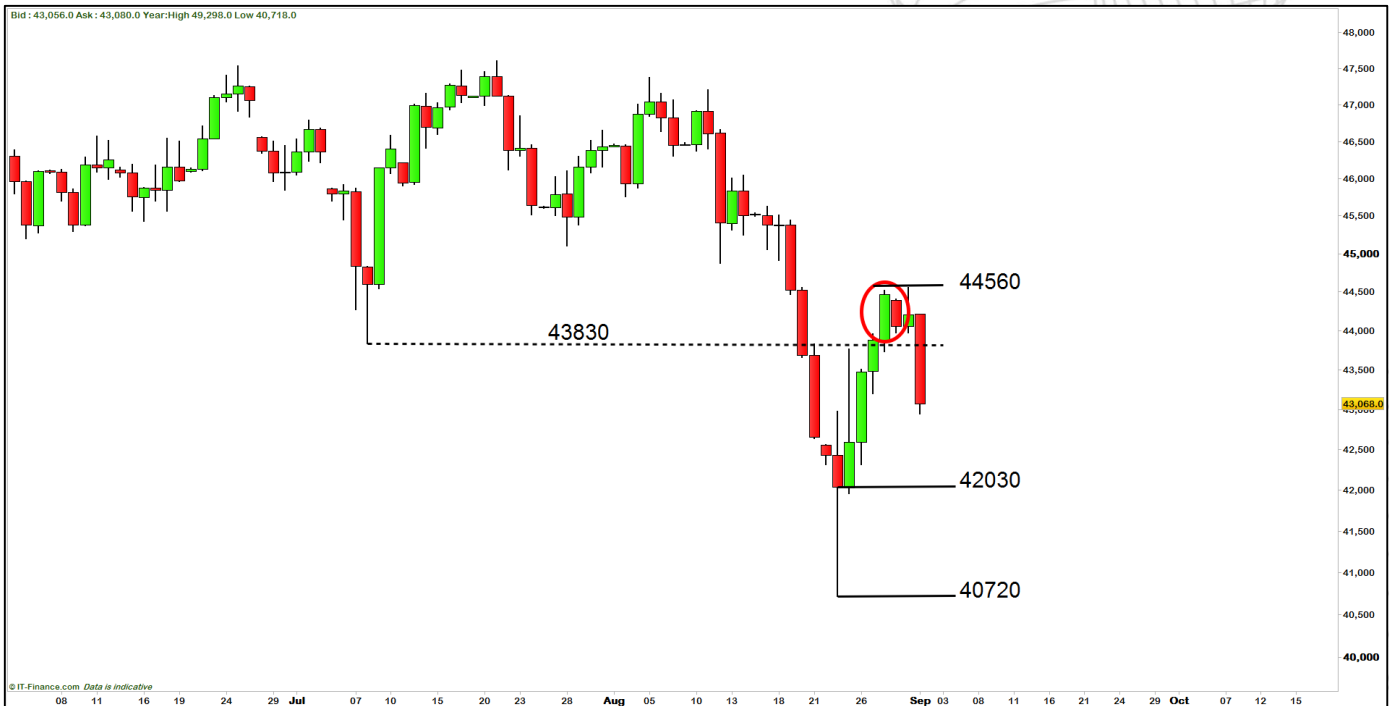
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# 1. SOUTH AFRICA 40 INDEX



## SOUTH AFRICA 40 INDEX

- The South Africa 40 index rebounded from oversold territory last week to trade marginally past resistance at 43830 before forming a Bearish Harami candle pattern (circled red)
- Suggesting the end of the short-term move up
- The price has now reversed to continue the underlying downtrend in place
- A short-term closing low at 42030 provides the initial downside target, which if broken further favours a move to the recent intraday low at 40720
- Should the price action change its short-term course and close above 44560, the near term downside momentum suggested would be deemed to have failed



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

DataTec Ltd

### SHARES | 52 WEEK LOWS

Aeci Ltd  
ArcelorMittal South Africa Ltd

## 3. EQUITIES IN FOCUS

### BHP BILLITON PLC VS SASOL LTD (Daily chart)

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

Should one of these scenarios play out successfully the expectation would be for a net gain of 6.4%. A stop-loss would be considered equal to the anticipated gain of 6.4%.





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

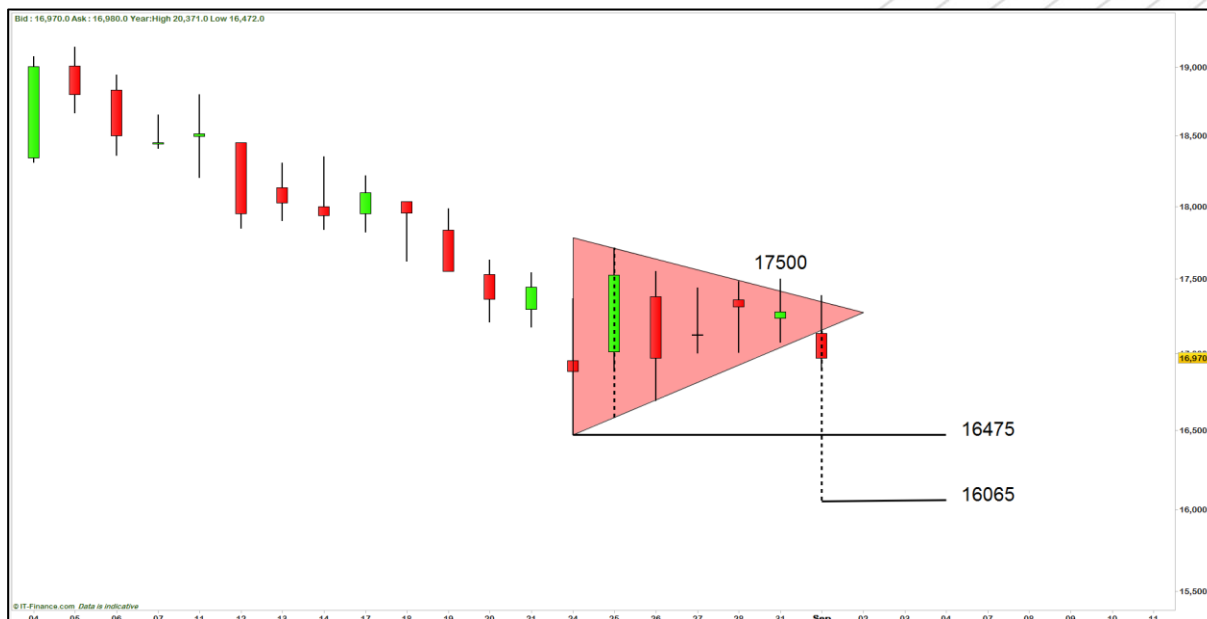
#### IMPERIAL HOLDINGS LTD (Daily chart)

Imperial Holdings looks to have formed a bearish price reversal off resistance at 18730. The Stochastic Oscillator has crossed its signal line, whilst in overbought territory supporting the price reversal. These are considered short-term bearish indications with the initial support target considered at 16560, a break of which considers a move towards gap support at 15920. A rebound and close above resistance at 18730 would consider the failure of the bearish indications.



#### BARCLAYS AFRICA GROUP LTD (Daily chart)

Barclays Africa Group is breaking out of a pennant formation (red triangle). The pattern highlights a short-term pause in the downtrend, which now looks to be resuming. The recent low at 16475 is the initial support target favoured, while the height of the pattern projected from the breakout area arrives at a further downside target of 16065. A rebound in price to close above resistance at 17500 would consider the failure of the downside breakout.





## 4. MARKET OVERVIEW

### Key Indicators

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

### Banks

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

### Financial

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

### Food Retailers

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

### Retailers

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

### Construction

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



## 4. MARKET OVERVIEW CONTINUED...

### Telecomms

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

### Gold

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

### Platinum

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

### Resources

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

### Industrials

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