



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- After finding a few days of support on the 44460 breakout level, the South Africa 40 index has drifted lower to the trend line support (dotted black line)
- Bullish reversals over the last week have failed to hold up and there have been no significant gains to follow
- The extension of the pullback suggests a weakening of the upward move
- Due to this occurrence, rather than waiting for a bullish price reversal before committing to further gains, a breakout methodology is favoured
- A close above the blue channel's resistance line considers the breakout favouring continued gains to 46500
- In this scenario, the short-term low of the current pullback would be used as a failure level
- Should a breakout not occur and the price drift lower to close below 42900, renewed downside becomes favoured with the initial support target considered at 42030



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

SABMiller Plc (SA)
Resilient Property Income
PSG Group

SHARES | 52 WEEK LOWS

Aveng Ltd
RCL Foods Ltd
Aeci Ltd
Massmart Holdings L
Merafe Resources Ltd
Ellies Holdings Ltd
Aspen Pharmacare Holdings Ltd
Assore Ltd
Sun International Ltd
Omnia Holdings
Coronation Fund Managers Ltd
Tongaat Hulett Ltd
Northam Platinum Ltd
ArcelorMittal South Africa
Ango American Platinum Ltd
Harmony Gold Mining Ltd
Anglo American Plc (SA)
Impala Platinum Holdings Ltd
Exxaro Resources Ltd
Wesizwe
Lonmin Plc (SA)
Kumba Iron Ore Ltd
African Rainbow Minerals Ltd

3. EQUITIES IN FOCUS

PIONEER FOODS LTD (Daily chart)

The share price of the Pioneer Food Ltd has consolidated into a falling wedge formation after having reached new high territory. The falling wedge pattern highlights a slow cumbersome move down, after an aggressive move up, alluding to the momentum for the share as remaining bullish. Further gains are favoured in line with the longer-term uptrend. The long-term uptrend is considered while the price trades firmly above the 200-day simple moving average (200MA). The initial resistance target favoured is located at 20050, a break of which further favours a move to resistance of the recent high at 20745. A close below wedge support at 18965 would consider the failure of the bullish indications.





3. EQUITIES IN FOCUS CONTINUED

FAMOUS BRANDS LTD (Daily chart)

After pulling back from a recent high, the price of Famous Brands looks to be resuming the long-term uptrend. The long-term uptrend is considered as the price remains firmly above the 200-day simple moving average (200MA). The Stochastic is moving out of oversold territory whilst displaying a positive divergence with the price (red lines on price and indicator). These are bullish indications and a move to resistance between levels 13715 and 13910 is favoured. A close below the low at 12540 would consider the failure of the bullish indications.





3. EQUITIES IN FOCUS CONTINUED...

LIFE HEALTHCARE HOLDINGS LTD VS MEDICLINIC INTERNATIONAL LTD (Daily chart)

The chart considered is that of Life Healthcare (candlestick) with a Relative Strength Comparison (RSC) indicator added. The RSC (blue line) compares the price of one security with that of another in ratio format. The RSC has experienced a decline in value recently which highlights that security 1 (Life Healthcare) has been underperforming security 2 (Mediclinic International). 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 Life Healthcare, short Mediclinic International. 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. Life Healthcare rising and Mediclinic International falling
2. Life Healthcare rising faster than Mediclinic International rising
3. Life Healthcare falling slower than Mediclinic International falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.6%. A stop-loss would be considered equal to the anticipated gain of 4.6%.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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