



TECHNICAL TUESDAY

Table of contents

1	South Africa 40 index Technical analysis of the local index	2
2	Highs and lows Shares making new highs or lows over 52 weeks	3
3	Equities in focus African Rainbow Minerals vs Anglo American Plc Mondi Ltd Reinet Investments SCA	3
4	Market overview Technical analysis of the local market by sector	5

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

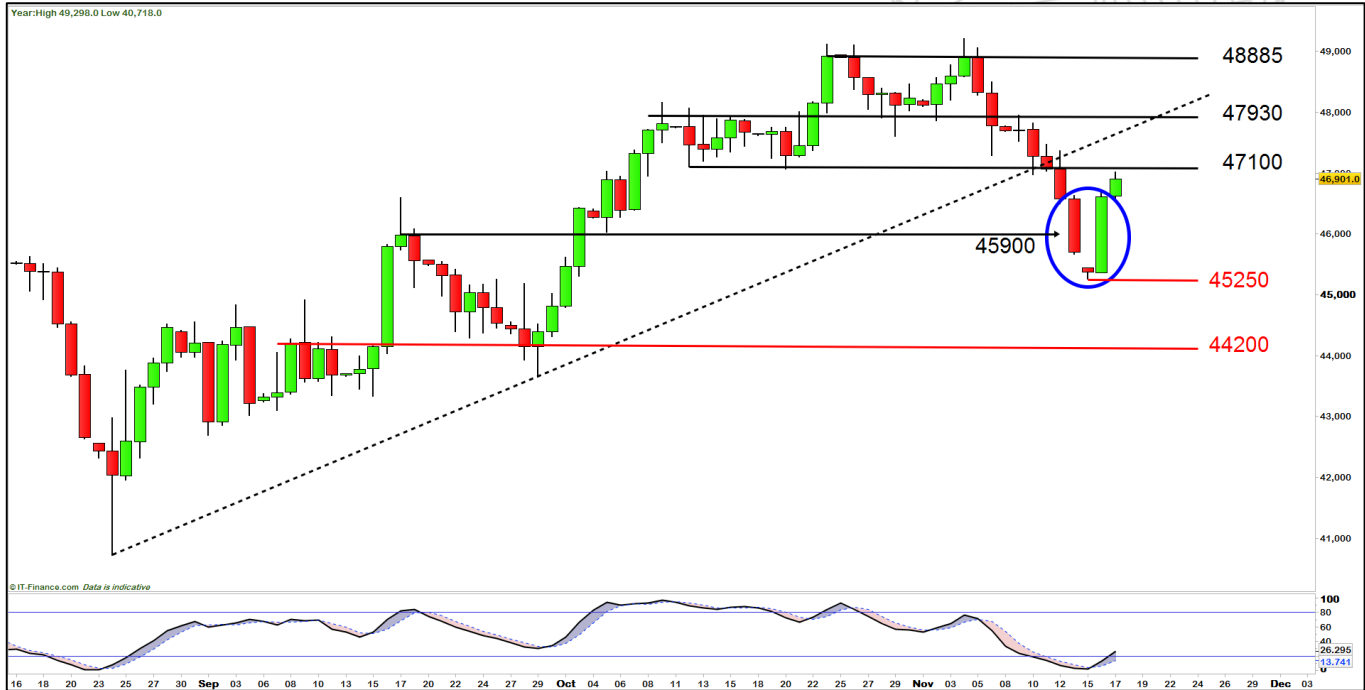
Attend one of our free seminars to refine your trading strategy, with the help of our market experts

18 NOVEMBER | JOHANNESBURG | [Register](#)

19 NOVEMBER | PRETORIA | [Register](#)



1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- Over the last week, the South Africa 40 cash index broke the guided support level at 47100 and traded to the initial support target at 45900
- The price has since formed a bullish reversal candle (circled blue) whilst in oversold territory
- These indications support the view of a price rebound, which looks to be manifesting at present
- The price is trading near resistance at 47100, which if broken further favours a move to the next level of resistance at 47930
- While the short-term indications are technically bullish, the logical failure level at 45250 (short-term low) provides a relatively unattractive risk relative to reward scenario at present



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Capital Property Fund
Resilient Property Income Fund
Reunert Ltd

SHARES | 52 WEEK LOWS

Sanlam Ltd
Murray & Roberts Holdings Ltd
African Rainbow Minerals Ltd
Nedbank Group Ltd
MMI Holdings Ltd
Shoprite Holdings Ltd
Sun International Ltd
Barclays Africa Group Ltd
Exxaro Resources Ltd
Impala Platinum Holdings Ltd
Zeder Investments Ltd
Growthpoint Properties Ltd
Attacq Ltd
Tsogo Sun Holdings Ltd
MTN Group Ltd
Anglo American Platinum Ltd
Tongaat Hulett Ltd
Keaton Energy Holdings Ltd

3. EQUITIES IN FOCUS

AFRICAN RAINBOW MINERALS VS ANGLO AMERICAN PLC (Daily chart)

The chart considered is that of African Rainbow Minerals (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 (African Rainbow Minerals) has been underperforming security 2 (Anglo American Plc). 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 normality favouring a possible pair trade opportunity i.e. long African Rainbow Minerals, short Anglo American Plc. 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. African Rainbow Minerals rising and Anglo American Plc falling
2. African Rainbow Minerals rising faster than Anglo American Plc rising
3. African Rainbow Minerals falling slower than Anglo American Plc falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 7.5%. A stop-loss would be considered equal to the anticipated gain of 7.5%.



3. EQUITIES IN FOCUS CONTINUED

MONDI LTD (Daily chart)

Since breaking out of the triangle pattern (highlighted in previous weeks), the price of Mondi Ltd has returned to the breakout level and formed a bullish engulfing candle pattern (circled red). Breakout traders will often use the first price pullback after a breakout as a second opportunity to accumulate in line with the trend, which preceded the pattern, which in this case is up. The bullish engulfing candle pattern suggests the short-term pullback has ended and renewed gains are possible. The short-term high at 32700 provides the initial upside target favoured, a break of which further favours a move to the target projected from the triangle pattern at 35300. A close below the horizontal support level at 29700 would consider the failure of the upside move anticipated.



REINET INVESTMENTS SCA (Daily chart)

The share price of Reinet Investments has pulled backed from the recent all-time high to trend line support. The price looks to be forming a bullish reversal at trend line support, which is circled blue on the chart. The Stochastic is crossing through its trigger line in oversold territory supporting the bullish price reversal. The initial upside target favoured is 3100, a break of which further favours a move to the all-time closing high at 3200.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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