



TECHNICAL TUESDAY

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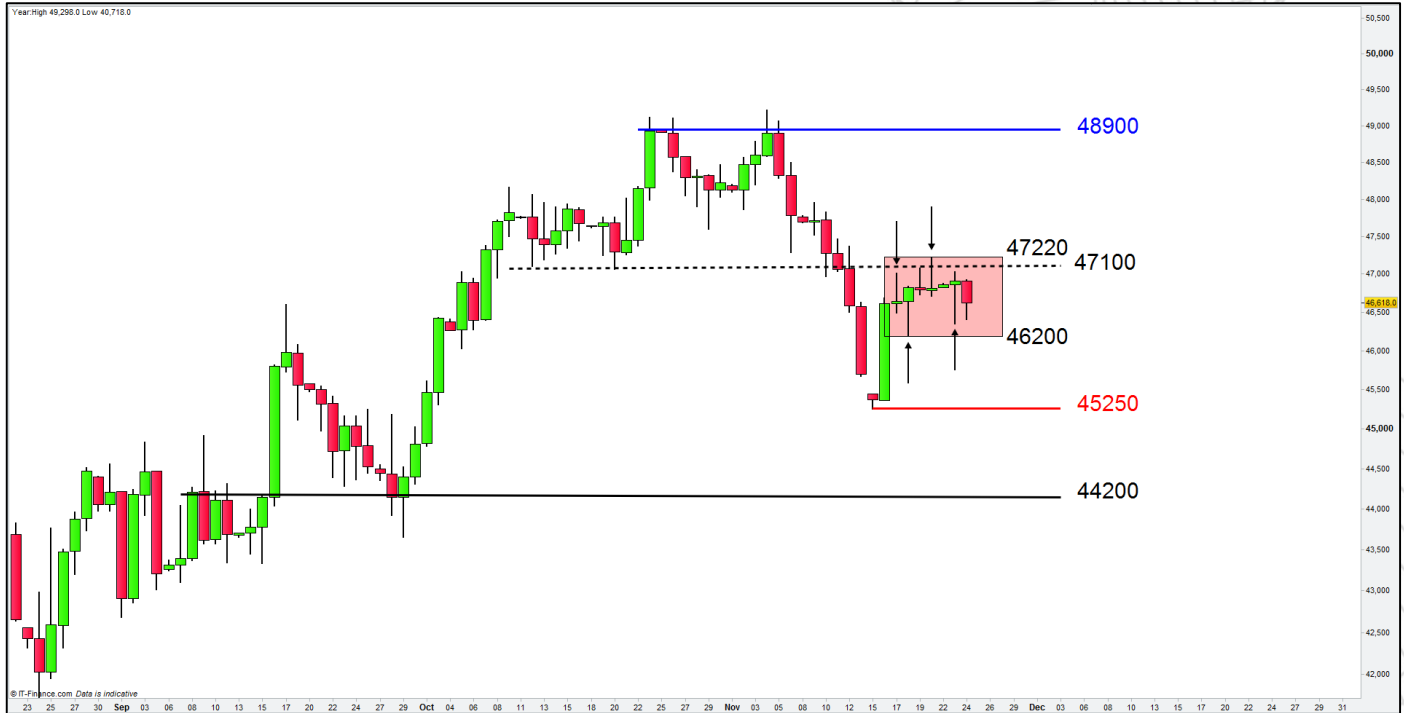
As market analyst, he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, contributing to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- Over the last week, the South Africa 40 cash index continued to find resistance around the 47100 level and failed to extend gains or losses
- The long wicks on the candles marked with the black arrows show price rejection at the short-term highs and the short-term lows
- A short-term consolidation is now considered between levels 46200 and 47220
- Traders might consider waiting for a price close above the resistance or below the support of this range for a renewed directional bias



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Naspers Ltd
Resilient Property Income Fund
Sappi Ltd
New Europe Property Investments
Iliad Africa Ltd

SHARES | 52 WEEK LOWS

Lonmin Plc (SA)
Aveng Ltd
New Gold Platinum ETF
Allied Electronics Corp Ltd
Lewis Group Ltd
Trencor Ltd
Harmony Gold Mining Ltd
Anglo American Plc (SA) Ltd
Quantum Foods Holdings
BHP Billiton Plc
DataTec Ltd
Astral Foods Ltd
Zedar Investments Ltd
Omnia Holdings Ltd
ArcelorMittal South Africa Ltd

3. EQUITIES IN FOCUS

NETCARE LTD VS MEDICLINIC INTERNATIONAL LTD (Daily chart)

The chart considered is that of Netcare (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 (Netcare) has been underperforming security 2 (Mediclinic). 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 to normality favouring a possible pair trade opportunity i.e. Long Netcare Short Mediclinic. 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. Netcare rising and Mediclinic falling
2. Netcare rising faster than Mediclinic rising
3. Netcare falling slower than Mediclinic falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.4%. A stop-loss would be considered equal to the anticipated gain of 4.4%.



3. EQUITIES IN FOCUS CONTINUED

CLICKS GROUP LTD (Daily chart)

The Clicks Group has recently experienced its first pullback since reaching an all-time high in early November 2015. The pullback has occurred on relatively low volume suggesting a lack of enthusiasm on the sell side. The black arrow marks a single candlestick bullish reversal off the 200-day simple moving average (blue line labelled 200MA). The Stochastic has recently crossed out of oversold territory supporting the candlestick reversal. The recent closing high at 10600 is the initial upside target favoured, while a close below the short-term low at 9250 would suggest the failure of the bullish indications. Conservative swing traders might prefer to wait for a price close above the blue trend line before committing to renewed gains, while more aggressive swing traders might find themselves already involved.



SPAR GROUP LTD (Daily chart)

The Spar Group has formed a small triangle or pennant shaped consolidation following the short-term decline from its recent all-time high. The pattern is considered a continuation pattern as it has a habit of occurring before the preceding trend is continued. In this context the pattern serves as a function of the short term decline. A breakout in either direction is however possible, and it is therefore prudent to wait for a breakout to confirm. The long-term channel supports the view of a longer-term uptrend. Should a downside breakout occur (close below 18640) traders might respect the long-term uptrend and wait for weakness to play out before looking for long entry near channel support at 18000, in anticipation of renewed gains to follow. Should an upside breakout occur with a close above the resistance of the pattern at 19240, the closing high resistance at 20500 becomes the initial target favoured.





4. MARKET OVERVIEW

Key Indicators

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

Banks

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

Financial

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

Food Retailers

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

Retailers

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

Construction

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



4. MARKET OVERVIEW CONTINUED...

Telecomms

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

Gold

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

Platinum

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

Resources

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

Industrials

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