



## 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 at the JSE as well as Certified Financial Technician (CFTE).



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## 1. SOUTH AFRICA 40 INDEX



- The SA40 Cash Index has now started to retrace from overbought territory, trading through the 51350 level (no longer on chart) and towards the 50200 level
- This is our preferred scenario in terms of looking for long entry from a pullback, as it is expected to provide a more favourable risk reward scenario (than a further upside breakout would of)
- The longer term trend bias is still considered up
- Trend followers might instead look for long entry in a move towards the 50200 (horizontal support) and 49820 (channel support) levels
- 52340 becomes the initial target favoured, while a close below 48940 might be used as the failure level.



## 2. HIGHS & LOWS

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### SHARES | 52 WEEK HIGHS

Allied Electronics Corp

### SHARES | 52 WEEK LOWS

Super Group Ltd

Sasfin Holdings

The MTN Group

Vodacom Group

Coronation Fund Managers

Rand Merchant Insurance Holdings

Dis-Chem Pharmacies

Invicta Holdings

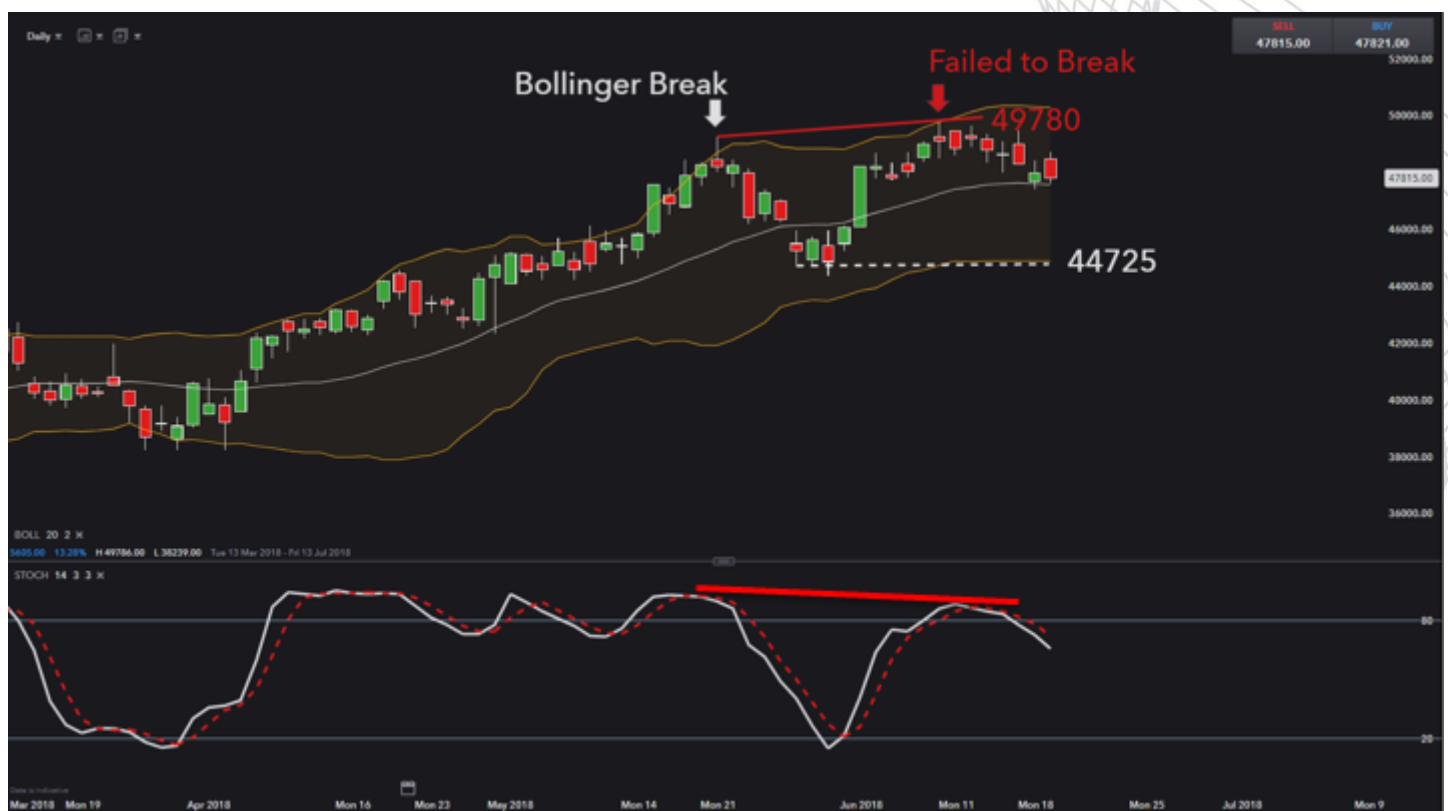
Curro Holdings



### 3. EQUITIES IN FOCUS

#### Sasol Ltd

Has formed a lower price high on a relative basis suggestive of a bearish price reversal pattern. This is noted by the price breaking the upper Bollinger on the previous high and failing to do so on the next new significant high. In addition to this, we see the Stochastic moving out of overbought territory whilst displaying a negative divergence with the price (red lines). These are bearish indications and a move towards the support low at 44725 is favoured. Should the price instead move to close above the high at 49780, the bearish indications would be deemed to have failed.





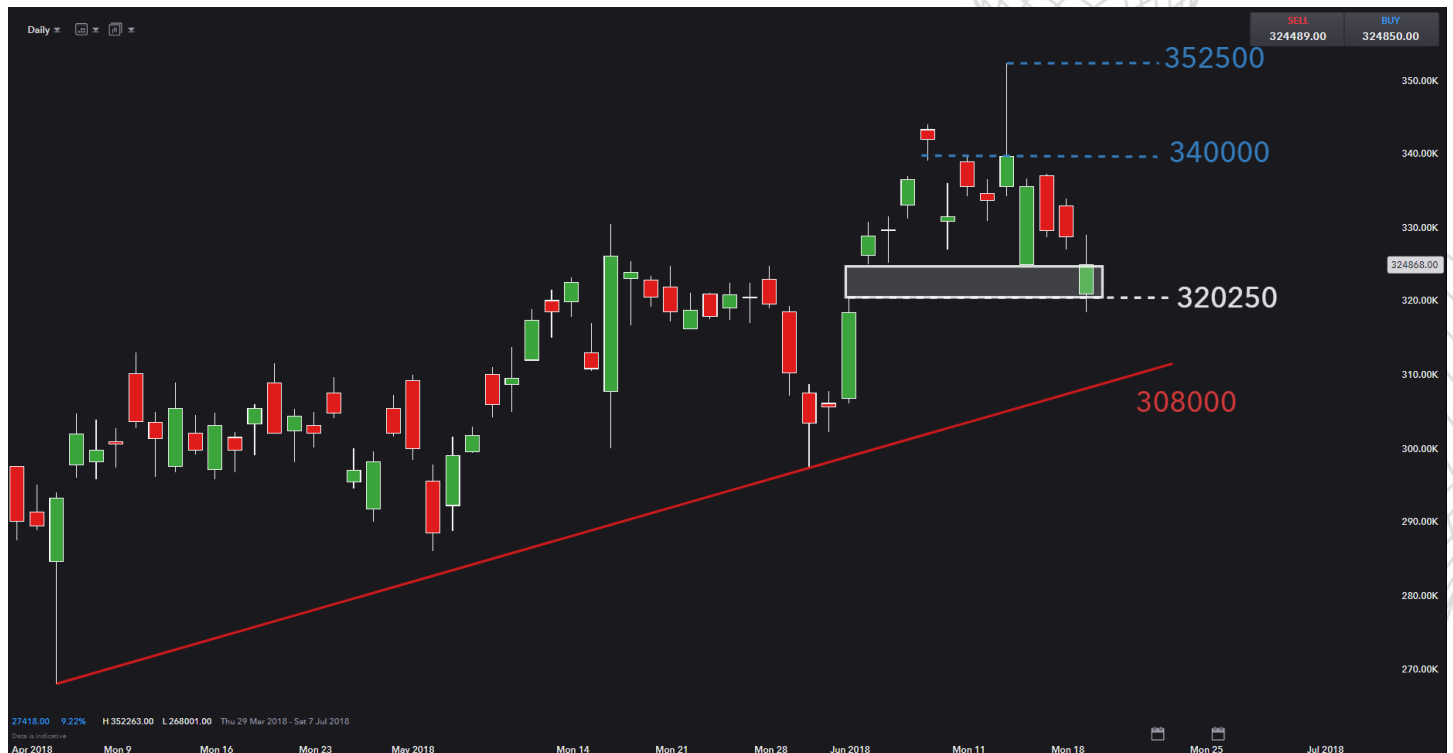


## Naspers

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19 JUNE 2018

Is currently trading at gap support following the short term pullback from the recent high. The longer term trend is up and the pullback is considered a swing trading opportunity in line with this uptrend. 340000 is the initial resistance target, a break of which further favours a move to the next level of resistance at 352500. Should the price instead move to close below trend line support at 308000, the bullish considerations would be deemed to have failed.





## Standard Bank vs Firstrand Ltd

The chart considered is that of Standard bank (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 (Standard Bank) has been underperforming security 2 (Firstrand). 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 Standard Bank Short Firstrand. 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. Standard Bank rising and Firstrand falling
2. Standard Bank rising faster than Firstrand rising
3. Standard Bank falling slower than Firstrand falling

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.3%. A stop-loss would be considered equal to the anticipated gain of 4.3%.

