



TECHNICAL TUESDAY

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1. SOUTH AFRICA 40 INDEX



- The South Africa 40 Cash Index look to have produced a new bullish price reversal off support as it breaks the short-term downward trend line (circled red)
- The price reversal is supported by the stochastic crossing out of oversold territory
- These technical indications assume a range trading opportunity with 50750 the initial upside resistance
- Traders of the bullish price reversal might consider keeping a relatively tight stop loss at a close below the two-day low (47900), in lieu of the upcoming US China trade talks (commencing Thursday)

Please note the South Africa 40 Cash Index is expected to adjust for a dividend currently estimated at 51 points on Tuesday evening (8 October 2019).



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

ProScreener		52 week highs new	
		Name	
		Clicks Grp Ltd	
		Sibanye Gold Ltd	
		Northam Platinum Ltd	
		Bid Corp Ltd	
		Impala Platinum Hldg Ltd	
		Clover Industries Ltd	

SHARES | 52 WEEK LOWS

ProScreener		52 week lows new	
		Name	
		South32 Ltd (SA)	
		Adcorp Hldg Ltd	
		Aveng Ltd	
		Hudaco Industries Ltd	
		Alviva Hldg Ltd	
		Cashbuild Ltd	



3. EQUITIES IN FOCUS

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 40MA (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 5.3%. A stop-loss would be considered equal to the anticipated gain of 5.3%.





The Spar Group

The share price of Spar has recently broken out of a triangle consolidation (circled red). The breakout suggests that the uptrend which preceded the triangle consolidation is now being continued. The height of the pattern projected from the breakout point arrives at an upside target of 20230. Should the share price instead move to close below the support of the triangle at 18750, the bullish breakout would be deemed to have failed.

