



## 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 Financial Technician (CFTE).



You can follow Shaun on Twitter at [@ShaunMurison\\_IG](#) for regular market updates and insight.

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# 1. SOUTH AFRICA 40 INDEX



The longer-term trend (since April 2020) remains up for the South Africa 40 Cash Index. In our previous note we trailed our stop to a close below the low of the long-bodied candle at 50700. This stop level is now being tested in what is a week filled with several high impact economic events which could act as catalysts for movements on the index (China GDP, Central Bank meetings and US earnings). Traders who are currently long might consider using a time stop to exit current long positions if the stop loss trigger is not realized. This should allow traders who were long from the bullish reversal at 49130 to exit at a small profit.

We continue to respect the uptrend in place until such time as the major low at 49130 is broken. So, while we are exiting longs at current levels we are not entering new short positions, but rather waiting for the next entry signal to occur.



## 2. HIGHS & LOWS

### SHARES | 52 WEEK HIGHS

Pan African Resources

### SHARES | 52 WEEK LOWS

Remgro Ltd

Dischem Pharmacies

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### 3. MARKETS IN FOCUS

#### The BHP Group vs Anglo American Plc

The chart considered is that of BHP(candlestick) with a Relative Strength Comparison (RSC) indicator added (Blue Line). 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 (BHP) has been underperforming security 2 (Anglos). A Bollinger Band channel has been added to the RSC and highlights the short-term underperformance of security 1 against security 2, shares which have otherwise had a high degree of correlation in the near term. It is expected that the relationship between the two securities will revert to normality favouring a possible pair trading opportunity i.e. Long BHP, Short Anglos. The target from the technical indications would be for the RSC to move back towards the 'Mean' (moving average red line). This could occur with the price movements of the securities in several ways;

1. BHP rising and Anglo falling
2. BHP rising faster than Anglo rising
3. BHP falling slower than Anglo falling

Should one of these scenarios play out, the expectation would be for a net gain of 6%. A stop-loss is considered should the net loss of the two positions amount to 6%.







## Coronation Fund Managers

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The share price Coronation is currently breaking a key level of support at 3915. Should the price close below this level it would consider a short-term reversal of the preceding uptrend. In this scenario, 3600 and 3430 become the downside support targets from the reversal, while a close above today's intraday high at 4000 may be used as a stop loss consideration for the short trade.

