

Apply Online for a Trading Account

Open an account with us online, 24 hours-a-day. Simply visit www.igmarkets.co.za, complete the process and we will automatically deal with your application. In addition, one application will give you access to both a Domestic and an International account.

Table of Contents

Each week, Shaun Murison analyses a number of key indicators and sectors to identify price patterns and market trends relevant to trading on the local market.

1. South Africa 40	02
Technical analysis of the local index	
2. Charts of the week	03
Absa, FirstRand, Standard Bank and Nedbank	
3. Market Overview	05
Technical analysis of the local market by sector	

Local events

Visit www.igmarkets.co.za to find out about the latest events running at our Johannesburg and Durban offices.

If you're interested in attending an event in a different area send an e-mail to helpdesk@igmarkets.co.za.

Once we have enough interest, we will set a venue and a date.

If you have any feedback please email us at helpdesk@igmarkets.co.za

PLEASE NOTE: THE INFORMATION CONTAINED HEREIN IS FOR INFORMATION PURPOSES ONLY. IG MARKETS DOES NOT OFFER ANY GUARANTEE AS TO THE ACCURACY OR COMPLETENESS OF ANY SUCH INFORMATION OR DATA. THIS INFORMATION SHOULD NOT IN ANY WAY BE CONSTRUED AS INVESTMENT ADVICE, RECOMMENDATIONS OR AN OFFER TO TRADE ANY CFD.

1. South Africa 40

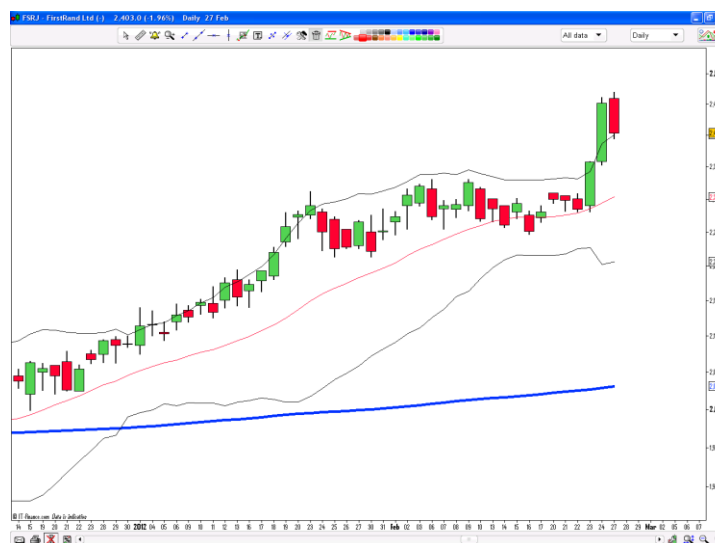
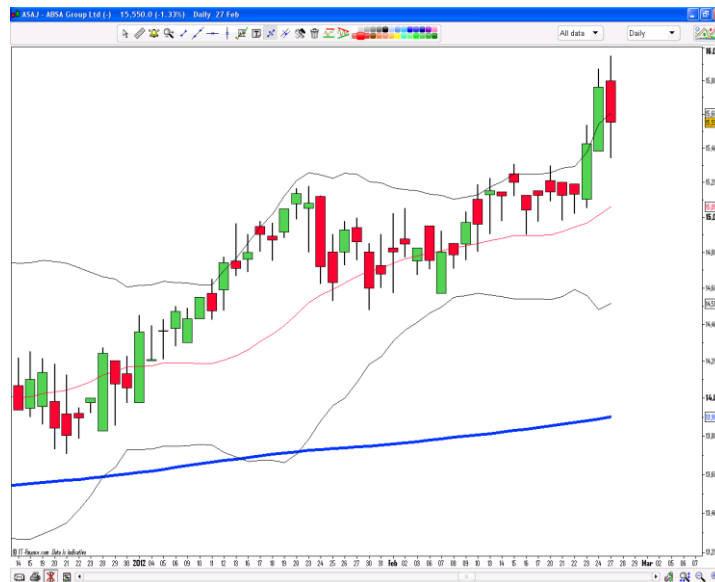


- Circled above we have a failed breakout, as a result the dotted line shows how we have moved the trend line in accordance with the false break
- To reduce the chance of being caught by false breakouts or “whipsaws”, traders often employ filters in their trading
- Waiting for two consecutive closes above the breakout level or a percentage move above the level are some examples of filters commonly used
- Alternatively when a breakout occurs, waiting for the first pullback or retracement of the price is said to give a better risk versus return prospect, however a new risk of potentially “missing out” is possible
- The South Africa 40 is still in a consolidation phase at the moment
- Initial resistance target is at 30914 followed by the all time high
- The Primary Trend is still up as determined by the 200 day simple moving average and upward channel

2. Charts of the Week

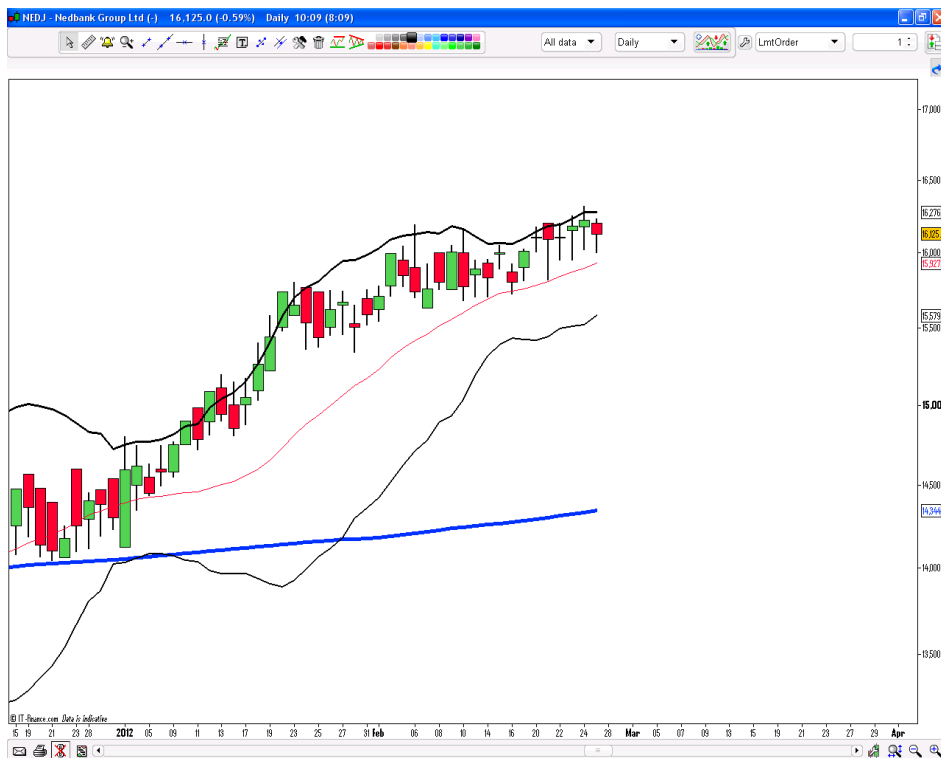
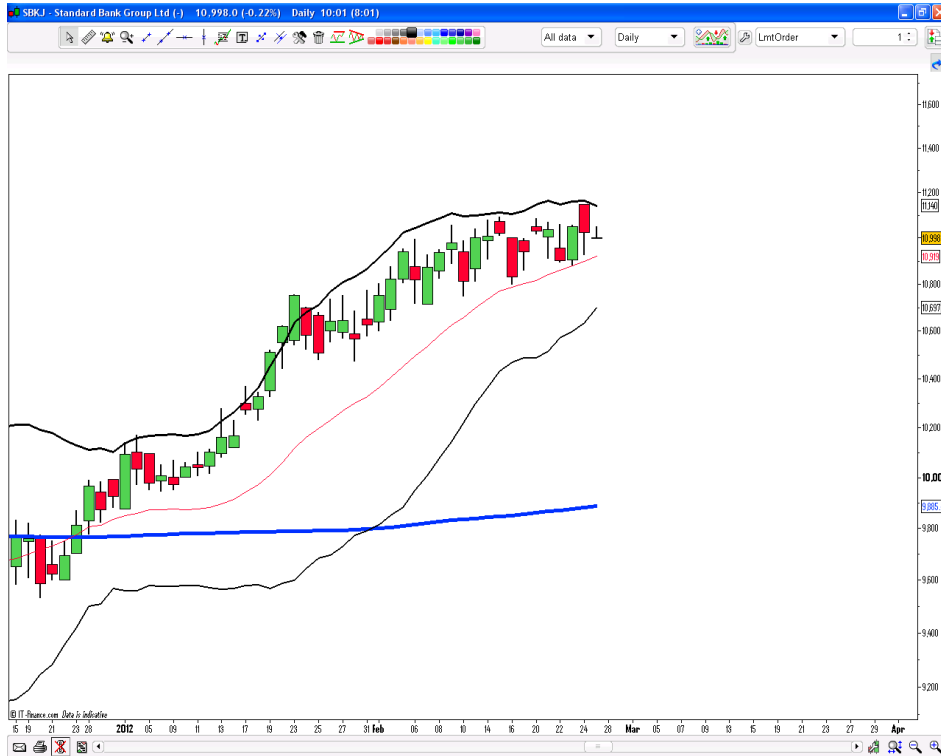
- A few weeks back we posted charts of the major banks being in a short term consolidation phase, as identified by the narrowing of the Bollinger Bands
- Below we can see that Absa and FirstRand have been the first to breakout of their consolidation as the price has now shot through the upper Bollinger and in turn, the bands are now widening
- This widening of the Bollinger Bands is indicative of an increase in volatility and perhaps the emergence of a new trend
- Shares within the same sector have similar behavioural patterns and it would appear that Standard Bank and Nedbank are currently lagging, while Absa and FirstRand are currently outperforming
- The primary trends on all 4 shares are still up as identified by the 200 day simple moving average

ABSA Group (ASA) and FirstRand (FSR) Bollinger breakouts



2. Charts of the Week (continued)

Standard Bank (SBK) and Nedbank (NED) in consolidation



3. Market overview

Key Indicators

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

Banks

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Absa	Up	Up	Up	Increasing	Overbought
FirstRand	Up	Up	Up	Increasing	Overbought
Nedbank	Up	Up	Up	Decreasing	Neutral
Standard Bank	Up	Up	Up	Decreasing	Neutral

Financial

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Investec (inl)	Sideways	Up	Down	Decreasing	Neutral
Investec (inp)	Up	Up	Down	Decreasing	Neutral
Old Mutual	Up	Up	Up	Decreasing	Neutral

Food Retailers

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

Retailers

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

Construction

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

3. Market overview (continued)

Telecomms

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

Gold

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Anglogold	Down	Down	Up	Flat	Oversold
Goldfields	Down	Down	Up	Flat	Oversold
Harmony	Up	Sideways	Down	Flat	Overbought

Platinum

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Angloplat	Up	Up	Down	Flat	Overbought
Impala	Down	Down	Down	Decreasing	Neutral
Lonmin	Sideways	Sideways	Down	Flat	Overbought
Northam	Sideways	Up	Down	Flat	Neutral

Resources

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

Industrials

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aspen	Up	Up	Up	Decreasing	Neutral
Barloworld	Sideways	Up	Up	Decreasing	Neutral
Bidvest	Up	Up	Up	Decreasing	Neutral
Discovery	Up	Up	Up	Decreasing	Neutral
Imperial	Up	Up	Up	Decreasing	Neutral
Naspers	Up	Up	Up	Decreasing	Overbought
Remgro	Up	Up	Up	Decreasing	Neutral
Reunert	Up	Up	Up	Decreasing	Overbought
SABMiller	Up	Up	Up	Decreasing	Neutral

Shaun Murison

Weekly Technical Market Commentary

shaun.murison@igmarkets.co.za