

Welcome to TheMarket.co.za Weekly Analysis Report

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By Colin Abrams

### Classic Trading Rule:

***"Speech may be silver but silence is golden. Traders with the golden touch do not talk about their success."***

## MORE BREAKOUTS ON THE JSE

### Introduction:

After a plethora of buying signals given here in recent weeks, the local market has continued to move higher, giving further breakouts in recent days. While we still have a higher short-term target for the JSE All Share index as discussed here last week, tonight's US Fed comments might trigger a short-term pullback. World stock markets have moved almost vertically higher over the past two weeks, and some sort of pullback will not be surprising. Any pullback, if we do get one, will be for doing more buying. Seasonally we're now entering the most bullish six-month period of the year and world markets are setup for ongoing upside.

The **Dow** chart shown has it reaching a minor area of resistance right now. A temporary stall here might occur based on tonight's 'Fedspeak'. But the **JSE All Share index** continues to look extremely good, breaking out above another resistance level today so far. Another higher target is therefore being shown there. We then show a weekly chart of the German **Dax**, which looks very bullish med-term for buying. A chart of **Silver (\$)** is shown with a new short signal lining up. The stock charts: are **RMBH** (numerous higher targets), **Woolies** (more buying opportunities), and **Richemont** (forming a bullish reversal pattern).

The small-cap chart is **Ascendis**, a health-stock that which is consolidating before heading higher again.

Overall, we need to see off tonight's Fed announcement, which might lead to a short-term pullback. But any pullback, if we get one, will be temporary. Indeed, the tracks are being laid for far higher prices to come on the local and overseas stock markets. Any weakness from here will be for further buying. Note this refers to financial and industrial (findi) stocks. I do not have buy signals as yet for large-cap resi stocks.

### Executive Summary:

- **Dow (chart 1):** Hold current long. Buy a pullback to 16 740 if not in
- **All Share Inx (chart 2):** Hold from recent buy signal. Add to it (buy) on a close above line 3.
- **Dax Inx (chart 3):** Buy at current levels and better for a med-term rally
- **Silver (\$)** (chart 4): Sell short on a close below line 5 (\$17.00). Keep holding if already short
- **RMBH (chart 5):** Buy some now, and if it pulls back for 1-3 days add to the position
- **Woolies (chart 6):** Buy on a close above R73.60 (line 3). Add to it on a pullback to R72 or lower
- **Richemont (chart 7):** Hold from recent weekly reversal. If not in, but on a close above line 1 (R93.50).
- **Ascendis (chart 8):** Buy either a close above line 2, or a pullback to line 1 (first to happen).
- **Leading Stocks (3-mths):** **Top 40** – Aspen, Sanlam, Medclin, Mr-Price, MTN-Group, Tigbrands, Discovery  
**Resources 10** - Gfields, Sasol, Anglo, Exxaro, BHPBilliton.
- **Shortable stocks/instruments: 16**

## 1. MARKET CHARTS

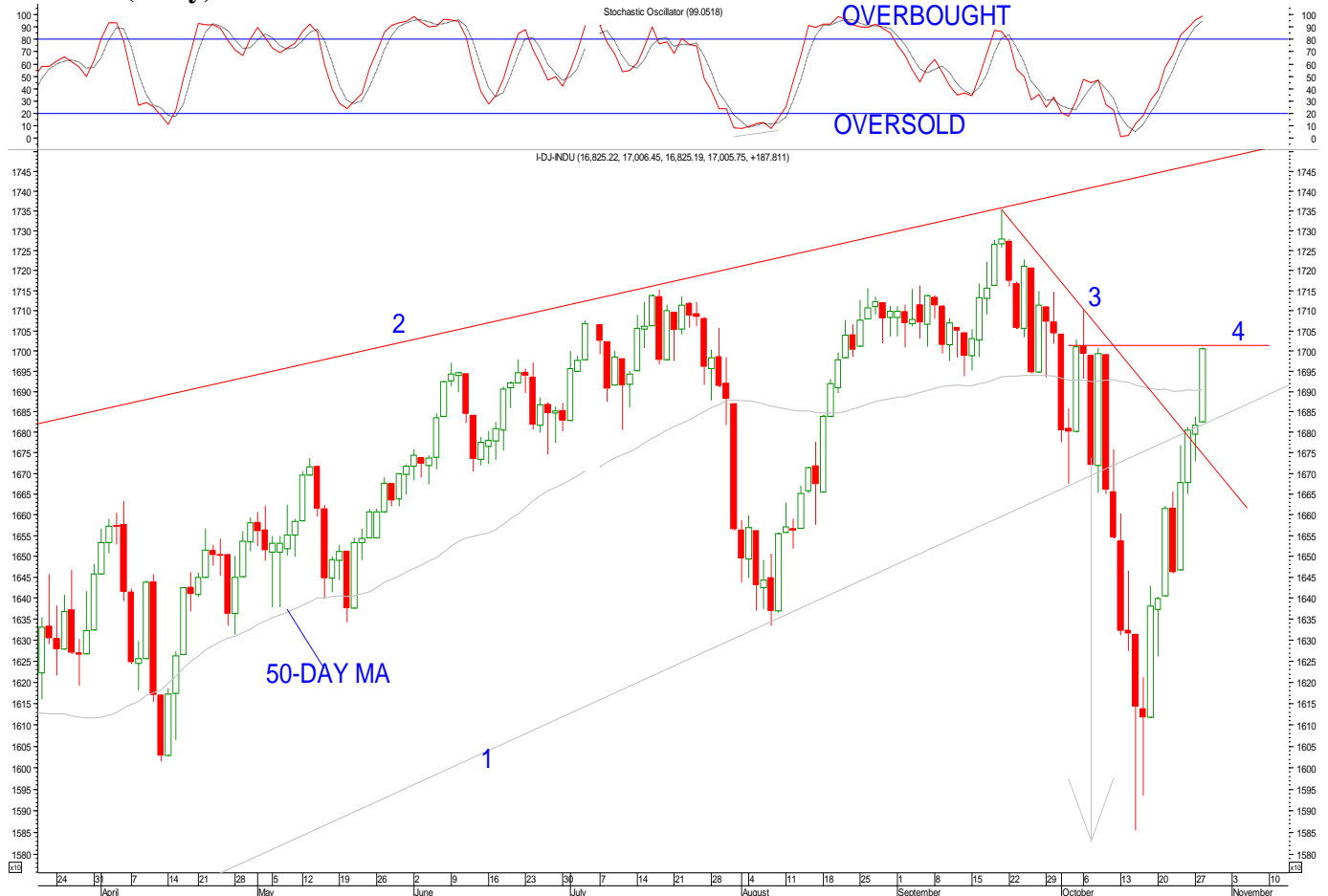
### DOW JONES – Major reversal pattern

#### Broad Recommendation: HOLD/BUY A PULLBACK

**Trend:** Short-term and med-term sideways. Long-term up.

**Strategy:** Hold current long. Buy a pullback to 16 740 if not in.

Chart 1. (Daily)



**Chart Setup:** Giving only a pullback last Weds night, the Dow continued sharply higher. It has now broken above line 3 resistance, and will find some resistance at line 4 (current levels). Tonight’s Fed comments might spark a pullback. But if so, one should buy the pullback. Price action here over the past month has formed a “V” reversal pattern. Given the sharp rally of the past two weeks, a pullback is to be expected.

- The short-term Stochastic (on top) is overbought, so it’s likely to pull back. The *weekly* Stochastic (not shown) however is oversold. The med-term outlook therefore is good.

**Strategy Details:** Hold the current long position from the weekly reversal two weeks ago. If not in, wait for a pullback to the 16 740 level to buy (on a reversal day/candle up - see Glossary).

**Target:** Notwithstanding a temporary pullback to 16 740 (and potentially to 16 600), expect the Dow to continue making its way higher to line 2 at the 17 490 level. We’ll need to re-assess from there.

**Stop-loss:** Short-term traders only, place your current stop as a close below 16 825. But then re-enter long as per the advice above. For buying on a short-term pullback, the stop will be a close below 16 450. Med-term players hold, with a wide stop below 16 150.

**Broad Recommendation: HOLD/BUY ON THE BREAKOUT**

**Trend:** Short-term technically down but improving. Med-term down but oversold. Long-term up.

**Strategy:** Hold from recent buy signal. Add to it (buy) on a close above line 3.

**Chart 2. (Daily)**



**Chart Setup:** While there is a higher target (Target 1) from a short-term inverse head and shoulders shown last week, there is a larger inverse H/Sh setting up (with shoulders labelled ‘S’ in blue). The new line 3 is its neckline. A breakout above line 3 will set up an even higher target.

- The short-term Stochastic (on top) is overbought, so a minor pullback is certainly possible. But the *weekly* Stochastic (not shown) is still oversold so the new uptrend is still in its infancy.

**Strategy Details:** Hold from the recent buy signal. Add to it (or buy if not in) on a close above line 3 i.e. a close above 48 705 (its recent high), which is happening today (Weds) so far.

**Target:** Target 1 is 49 950 i.e. the height of the smaller inverse H/Sh projected up. (This equates to 45 150 on the alsi future). This will be right near a resistance line formed by line/s 1 (50 000-50 200). Expect the index to stall there temporarily. But Target 2, will then be at 51 400, based on the larger inverse H/Sh. Some profits to be locked in at each target for traders, but med-term, expect the index to go to significant new highs.

**Stop-loss:** Med-term keep your stop wide for now, below its recent 46 068 low. Traders keep the stop slightly higher as a close below 46 650. But once it gets to 49 200, short-term traders raise stop to a breaking of its prior two-day low. All others raise stop to a close below 47 500.

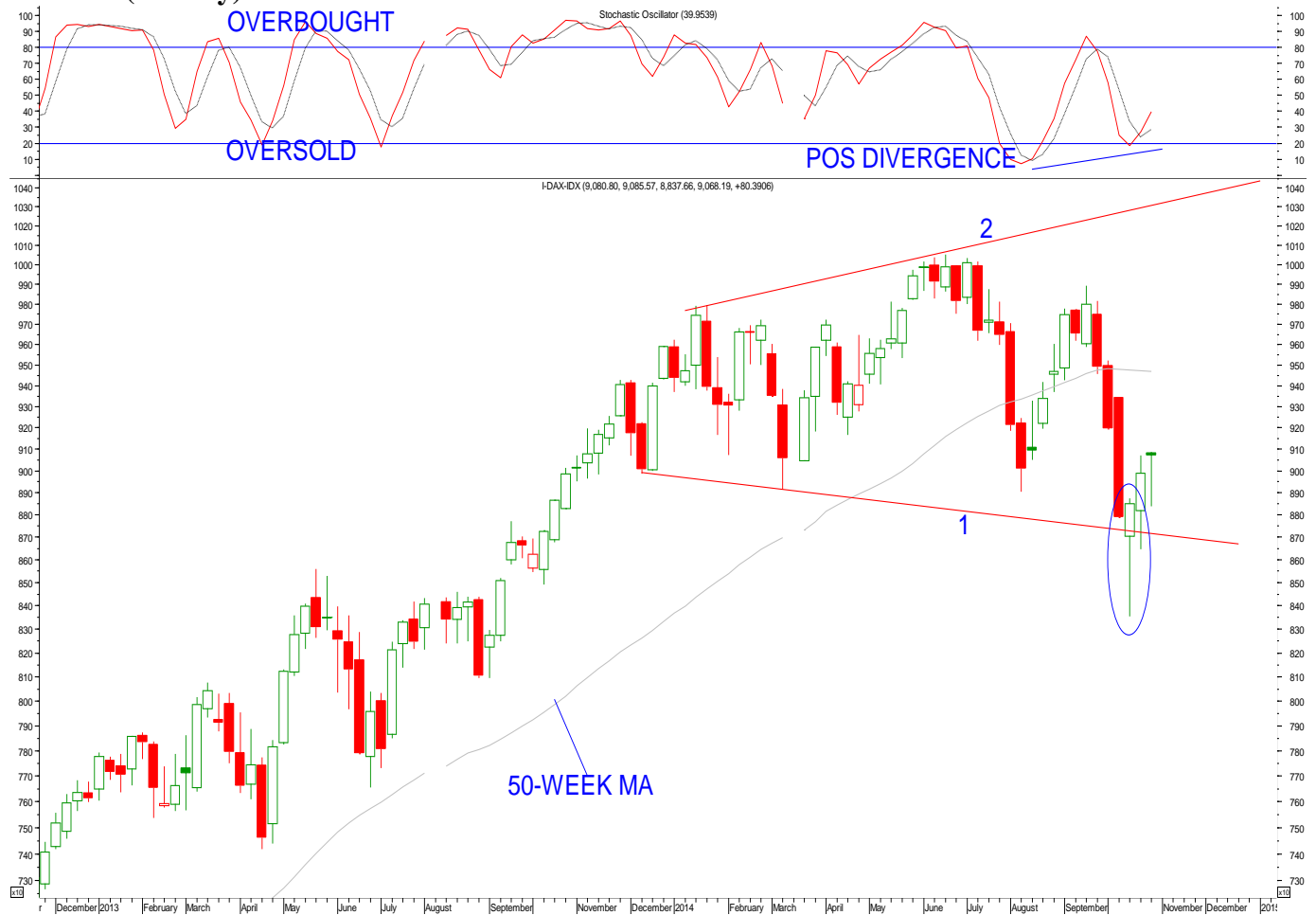
## DAX INDEX – Bullish reversal off major support

### Broad Recommendation: BUY

**Trend:** Short and med-term down but oversold. Long-term sideways to up.

**Strategy:** Buy at current levels and better for a med-term rally.

### Chart 3. (Weekly)



**Chart Setup:** The correction on world markets saw the German Dax fall below support at line 1, of a large broadening formation (with line 2). Two weeks ago though it reversed sharply higher to form a classic weekly reversal candle (as circled). It managed to hold onto line 1 on the close and this is a very bullish chart setup.

- In addition, its weekly Stochastic (on top) is giving a positive divergence (see Glossary) from its oversold level, which is bullish and points to more upside to come.

**Strategy Details:** Start buying now and add to it on any short-term weakness (e.g. to 8860), for an ongoing med-term rally.

**Target:** Its initial target is the Sep. high of 9891. Take some profits near there. But expect it to then continue higher over the months ahead to retest its all-time high of 10 050, and then on to line 2 at 10 400. Med-term players can hold it to line 2 and lock in partial profits at the prior target levels. Short-term traders though continue to buy pullbacks until line 2 is eventually reached.

**Stop-loss:** Initial stop is a close below 8550. (Current level is 9080). Once it gets to 9800, med-term players raise your stop to breakeven, i.e. your entry point.

## SILVER (\$) – New short trade lining up

**Broad Recommendation: HOLD SHORT/WAIT FOR NEW SHORT SIGNAL**

**Trend:** Short-term sideways to down. Med and long-term down.

**Strategy:** Sell short on a close below line 5 (\$17.00). Keep holding if already short.

**Chart 4. (Daily)**



**Chart Setup:** Updating Silver's chart, it has bounced in recent weeks, but now is breaking below short-term support again. In late-Sep it broke down from a massive descending triangle (lines 2 and 3). There is still a significantly lower target in place.

**Strategy Details:** If you sold short from the last time we showed it (advising to short on a relief rally) then continue to hold short. If not in, wait for a close below line 5 (\$17.00 spot price) to enter short. (Current level of silver is \$17.16).

**Target:** Med-term target is down to \$15.25 i.e. the height of triangle 2-3 projected down. Short-term once it closes below line 5, look for a minimum drop to \$16.30 to take trading profits, and re-enter short on a bounce thereafter.

**Stop-loss:** Stop for current shorts is a close above \$18.00 (spot). Once it closes below \$17.00, lower the stop slightly to a close below \$17.80. From \$16.60 short-term traders lower a trailing stop to a breaking of its prior two-day high. Med-term players can then lock in some profits, but keep holding the main portion for the eventual \$1525 target.

## RMBH (RMH) – Important upside breakout

### Broad Recommendation: BUY

**Trend:** Short and med-term sideways but improving. Long-term up.

**Strategy:** Buy some now, and if it pulls back for 1-3 days add to the position.

**Chart 5. (Daily)**



**Chart Setup:** An interesting chart here as RMH broke out above line 3 yesterday (Tues) to confirm a short-term inverse head and shoulders (H/Sh), labelled in red. That breakout also broke line 2, which forms a channel, with line 1.

- In addition, there is a large bullish pattern called a failed head and shoulders (labelled S-H-S in grey). All three of these chart patterns have higher targets.
- The short-term RSI (on top) still has higher to go before becoming overbought. The *weekly* RSI (not shown) still has plenty of upside potential.

**Strategy Details:** Buy part of the position now, and if it gives minor pullback (e.g. 1-3 days) buy the rest of the position. (Note, stablemate Firstrand has a similar chart and can also be bought, if desired).

**Target:** The first target (T1) is R62.30 i.e. the height of the inverse H/Sh projected up. Target 2 (T2) is slightly higher at R63.40, based on the failed H/Sh for trading profits to be taken. Med-term I expect both targets to be comfortably exceeded.

**Stop-loss:** Initial stop is a close below R54.70. Once the price trades above R61, raise your stop for traders to a breaking of its prior two-day low to protect profits (and take trading profits at the targets).

## WOOLIES (WHL) – One breakout, with another to come

### Broad Recommendation: BUY

**Trend:** Short-term up. Med-term sideways to down. Long-term sideways to up.

**Strategy:** Buy on a close above R73.60 (line 3). Add to it on a pullback to R72 or lower.

Chart 6. (Daily)



**Chart Setup:** The above chart of Woolies (adjusted for its recent book-build and dividend) shows it breaking out above line 3 today so far (Weds) to confirm a short-term inverse head and shoulders (labelled S-H-S-). Lines 1 and 2 form a med-term broadening formation and a breakout of line 2 will see it go sharply higher.

- Its MACD (on top) is crossing above its zero line to give a buy signal, after giving a positive divergence at its recent low. Shorter-term oscillators however are overbought, so we might get a minor pullback before it continues higher.

**Strategy Details:** Buy part of your position current levels i.e. if it closes above line 3 (R73.60). Then if it gives a minor pullback e.g. to R72 or lower, buy the rest of the position. Or, buy the rest of the position if it closes above line 2 first (without pulling back). (Line 2 is at R76.05 on Thurs 30<sup>th</sup> and its declining at an angle of 10c per day thereafter).

**Target:** The first target is R82.40 i.e. the height of the inverse H/Sh projected up. Target 2 then is at R87.00, based on the height of broadening formation 1-2 projected up. Lock in trading profits at Target 1, and re-enter on a pullback thereafter. Med-term hold to Target 2.

**Stop-loss:** Initial stop is a close below R68. Once it closes above line 2, move that stop up to a close below R70.50. From R81 move a trailing stop up to a breaking of its prior two-day low, to protect profits.

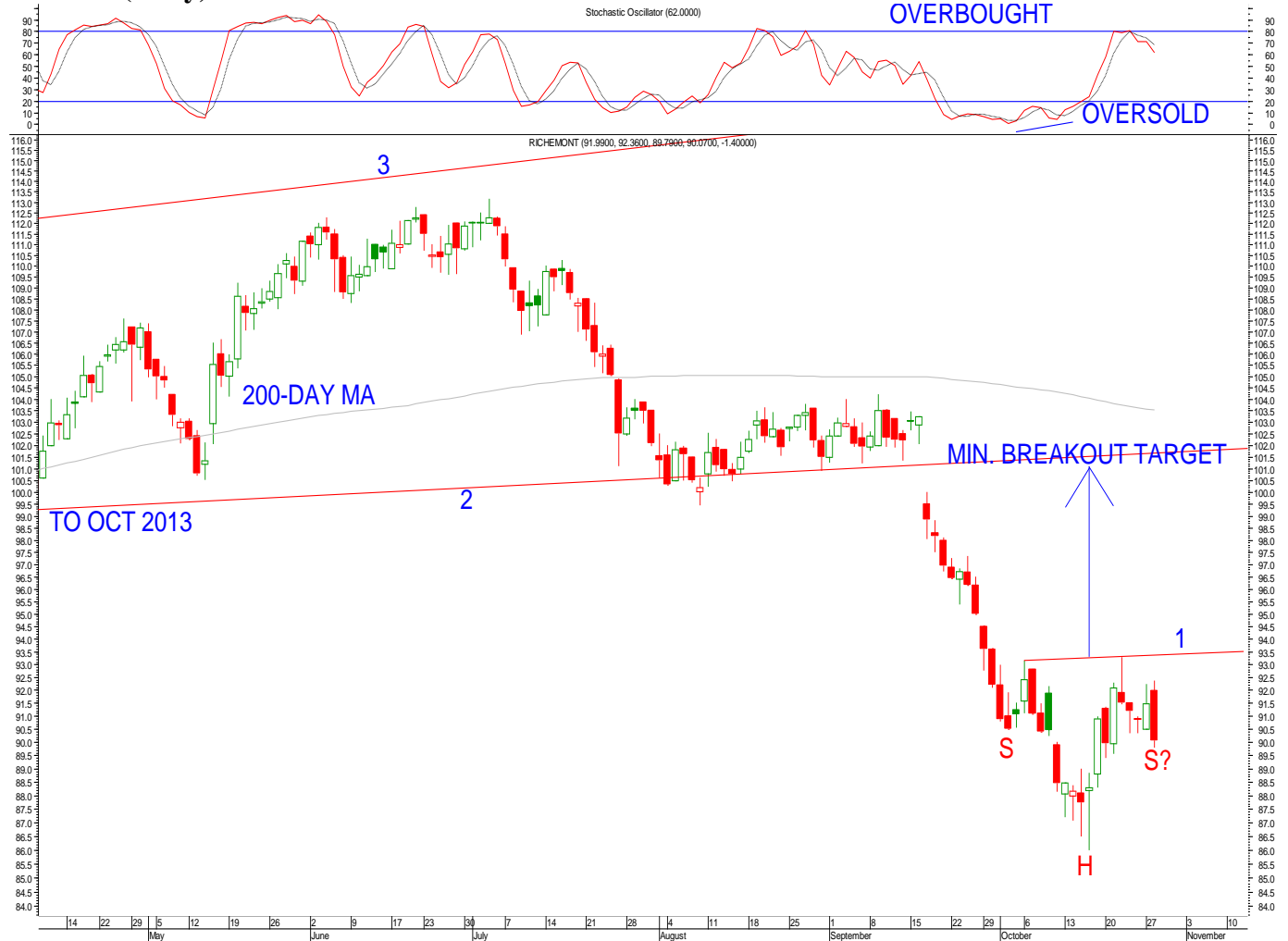
## RICHEMONT (CFR) – Bullish pattern forming

### Broad Recommendation: HOLD/BUY A BREAKOUT

**Trend:** Short-term technically down. Med-term down but oversold. Long-term sideways.

**Strategy:** Hold from recent weekly reversal. If not in, buy on a close above line 1 (R93.50).

Chart 7. (Daily)



**Chart Setup:** After a steep fall in recent weeks, Richemont is now forming a potential inverse head and shoulders (S-H-S?). It needs to close above the neckline, line 1, to confirm this bullish pattern.

- The short-term Stochastic (on top) is overbought, so we might get a bit of pullback/more sideways move before it heads up. The *weekly* Stochastic however (not shown) is oversold.

**Strategy Details:** If you bought from the weekly reversal up two week ago (as advised), then hold. If not in, buy (or add to that position) on a close above line 1 (R93.50).

**Target:** Once it closes above line 1, the minimum target will be R101 i.e. i.e. the height of the inverse H/Sh projected up. That target will be just below line 2 resistance (old support = new resistance).

**Stop-loss:** The current stop for longs is a close below R87.75. But once it closes above line 1, move the stop up to (and new stop will be) a close below R89.50. From R99.50 raise a trailing stop to a breaking of its prior two-day low.



## 2. SMALL-CAP. CHART

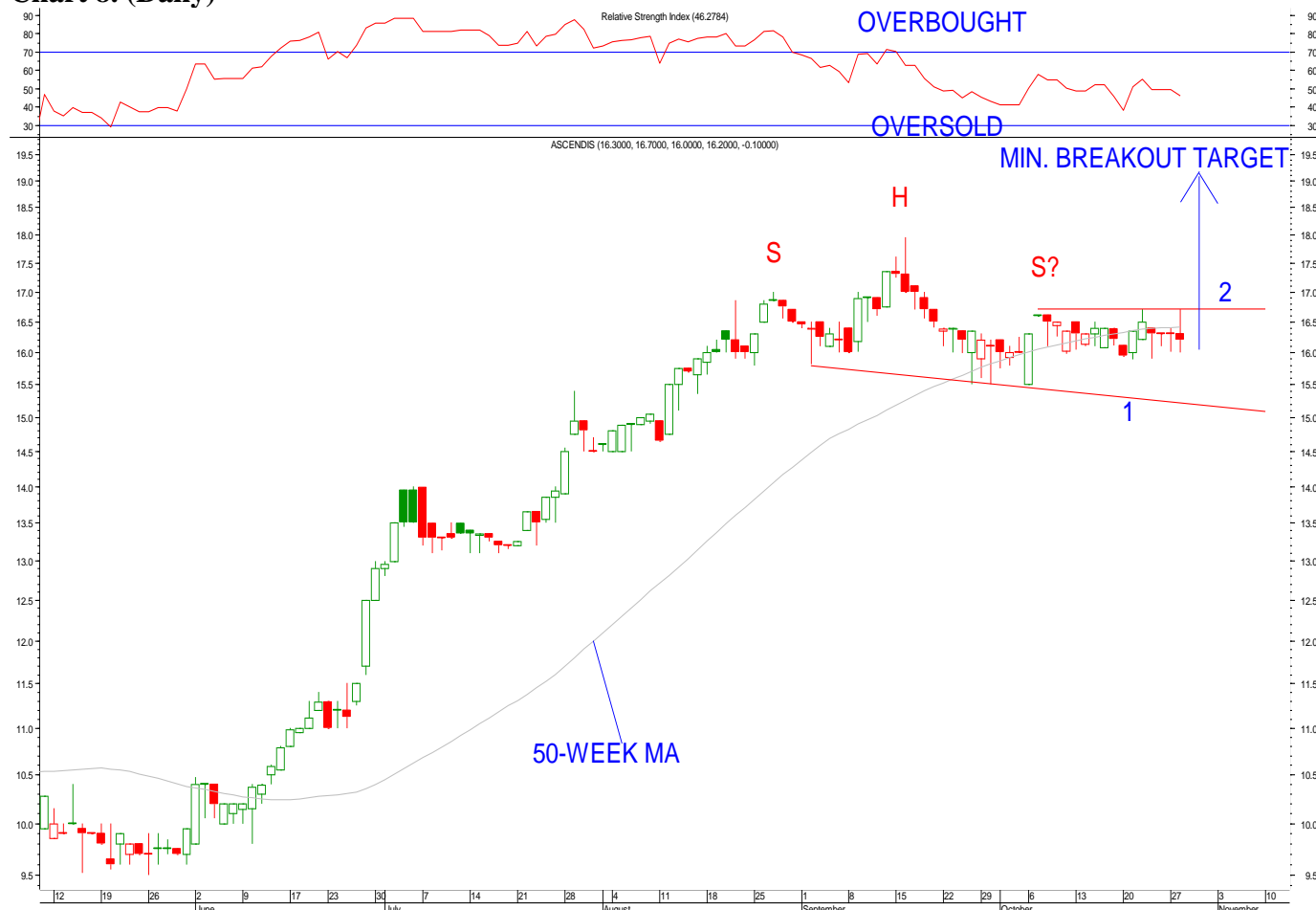
### ASCENDIS (ASC) – Consolidating before a breakout

#### Broad Recommendation: BUY A BREAKOUT, OR ON WEAKNESS

**Trend:** Short-term sideways. Med-term sideways to up. Long-term up.

**Strategy:** Buy either a close above line 2, or a pullback to line 1 (first to happen).

Chart 8. (Daily)



**Sector:** Pharmaceuticals

**Price:** R16.20

**Chart Setup:** Ascendis Health is consolidating in a “potential” head and shoulders (as labelled), but this is very likely going to be a head and shoulders continuation pattern which is very bullish. It needs to breakout above line 2 (R16.70) to get going.

- The daily RSI (on top) is neutral to oversold.

**Strategy Details:** The safest option is to buy it on a close above line 2 (R16.70). More aggressive players though can buy if it does pull back closer to line 1 (R15.30), although I think this is unlikely to happen. Or do both.

**Target:** Once it closes above line 2, the minimum upside target will be R19.05. Take at least half profits there. Further potential is to R20.

**Stop-loss:** Once it closes above line 2 (R16.70) the stop will be a daily close below the low of the past month’s trading, which so far is R15.89. But if buying near line 1, the stop will be a close below R15.00.

**Other small-caps of interest (alphabetically):** (shares to consider on a pullback)

- CIL, Litha, Huge, Infradors, Metair, Santova, Torre.

### 3. RELATIVE STRENGTH

- These are the strongest index stocks on a *3-month* basis relative to the JSE All Share Index.
- Typically the leading stocks keep leading. Therefore, traders can buy these stocks on pullbacks, although always look at the chart first before making a decision. Medium and longer-term players should look to buy them when they first appear on this list.
- We've also included the *weakest* index stocks. These can either be shorted on bounces (if in a downtrend), or traded as a "pairs trade" against the strongest stocks i.e. go long a strong stock, and sell short a weak stock at the same time.

**Strongest seven Top 40 stocks:** Aspen, Sanlam, Medclin, Mr-Price, MTN-Group, Tigbrands, Discovery.

**Weakest seven Top 40 stocks:** Assore, Anggold, Kumba, Amplats, Implats, BHPBilliton, Exxaro.

**Strongest five Resi 10 stocks:** Gfields, Sasol, Anglo, Exxaro, BHPBilliton.

**Resi 10 vs. Findi 30 over 3-months:** Findi 30 is stronger.

### 4. NOTES & UPDATES: - Concerning last newsletter's index stock charts:

- **SABMiller:** keep holding. This trade is doing well so far. It gave a pullback last week to allow for further adding as advised. Very short-term target is R614.70. Take partial trading profits at R625 and from there use a breaking of its prior two-day low as the trailing stop on the remainder. Med-term though hold the entire position for a new high at R690-R700. Current stop for now is still wide as a close below 575.
- **Old Mutual:** this trade has done well, moving up nicely over the past week. It's now approaching its trading target of 33.35. Traders tighten your stops to a breaking of its prior two day low. But med-term players keep holding to 35. Pullbacks therefore will remain buyable for traders.
- **MTN-Group:** a negative trading update last week saw it fall to retest its recent lows which was buyable as we advised last week, and actually gave a better (lower) entry. It's rallied from there in recent days and is still a hold. It still needs to close above 247.10 to give an upside breakout (which can be used for further adding to). That will setup a target of 263.50. The stop for now (until it gives that breakout) is fairly wide as a close below 227.

### Other recommendations and index stocks of interest (alphabetical order):

**Important Notice:** When buying after a pullback or selling short after a bounce, always look for a sign of a reversal e.g. reversal day or reversal candle before entering (otherwise one is simply picking a top/bottom, which does not work). A reversal day/candle at the top is typically when the price rallies that day but then sells off to close near the bottom of the day's range. Conversely, a reversal day/candle at the bottom is when the price initially drops that day, but then rallies back to close near the top of the day's range. Waiting for the reversal day will put the odds back in your favour. (I usually like to see the high/low of the reversal day taken out the next day before finally entering i.e. the entry 'trigger').

- Regarding taking profits, I suggest locking in profits in thirds as the price moves in your favour i.e. 1/3 of your position, then another third then the final third.

**High probability trades (or charts), other than Charts 5, 6, and 7, that I particularly like (long or short) at the moment (in no particular order. See comments below):**

- **Firststrand, InvPlc, Shoprit, Sanlam, MondiPlc, Tigbrands, Medclin, Naspers-N, Remgro.**
- **AVI:** This is a med-term trade with a target of 81-85. So it's still a hold. Stop a close below 62. (It won't be updated each week).
- **Anggold:** remains very weak. Bounces are still shortable as a general strategy but I'm waiting for a rally to the 115 level for more shorting to be done (on a reversal day down). Target then will be to new lows below the low of the current sell-off.
- **Angloplat:** has moved sideways over the past week and the triangle it was in is now an untidy sideways pattern. Continue to hold short but with more caution now. Stop is a close above 379. If it closes below 351.45 then sell short if not in. Target 327, and same stop.
- **Anglo:** triggered the new short signals given here last week and fell nicely to reach the downside target a few days thereafter. It has support at 228 and is rallying from there so far. If it gives a really solid reversal week e.g. closing at 240 this Friday then start buying for the med-term. But right now it's still in a downtrend and bottom picking is not advised. Stop then will be below the low of the current decline. And target up to 255 initially.
- **Aspen:** continued up solidly to reach and exceed its 268 target level. It is getting overextended now, but if the overall market continues to run over the coming weeks and months, which I expect it to, then APN, the market leader will surely continue higher as well. Best strategy is to just hold a stock like this on a med-term view, and add to it if desired on short-term pullbacks. For now look to buy/add on a pullback to 260 level on a reversal day up. Target then back to new highs.
- **B-Africa:** gave a new upside breakout yesterday and has a target of 171.60-173.50 for buying. Stop for now a close below 155.80. Med-term I'm looking for far higher levels for it.
- **BATS:** continued moving down and triggered our stop from the recent reversal week buy. It will have its time again, but it's pointing to a downside target of 564 for now. As a result it's a short on bounces but with great caution. Stop is a close above 609.
- **BHPBilliton:** remains weak for the time being with not much bouncing taking place for it. (It is 'hated' which is often a time to be buying for the long-term). But for traders I have a target of 279.70. Aggressive traders only, can short or that but all others avoid for now. Stop a close above 292.50.
- **Bidvest:** continue to hold. The next target is 300. There is some resistance at 294 where it might stall a while. A close above 300 will set up a med-term target of 324 for buying again. Stop on the 2<sup>nd</sup> half of this trade for now to be raised to a close below 281.80.
- **Discovery:** continue to hold. Expect some resistance at current 99 level where it might pull back of a day or two, but generally I'm looking for a new high retest at 103/104. Stop currently a close below 94.10.
- **Exxaro:** triggered the mentioned short signal last week and came very close to hits 114 target on Monday. It's still a hold on the short side but lock in some profits at 117-116. Then the rest at 114. Stop a close above 121.80.
- **Firstrnd:** similar chart to RMH. It's reached our first short-term target given last week for some profit taking but I like the chart, and the main target is still 48.50. So keep holding for that and buy the portion sold if it gives a 1-3 day pullback. Stop a close below 42.30.
- **Gfields:** a reversal day down from 42.20 is shortable for a drop to 38. Stop a close above 43.
- **Growpnt:** blasted off nicely this week so far. Hold. Med-term I'm still looking for a move to 29. Traders take partial profits at 27.50. Stop a close below 24.

- **Harmony:** reached the new downside shorting target given last week. I also have a target of 16.50 for it. A bounce to 20.50-20.70 is shortable again on a reversal day down. Target then to 18.50. Stop a close above 22.
- **Imperial:** reached the first shorting target for half profits to be taken as advised. The 1 day high trailing stop then exited the rest of the trade for a profit overall.
- **Implats:** aggressive short signal triggered with a target of 75.50. It is risky as we said and my advice is to exit this short trade for a breakeven/tiny loss. If it rallies to 85 and gives a clear reversal day down then sell short again. Stop a close above 86.20. Take profits at 77.50 though.
- **InvPlc:** keep holding. Target up to 102-14 over the weeks ahead. It is at some resistance at 97 at the moment where it might stall temporarily. Short-term traders can use a breaking of its prior 2 day low to lock in profits, but best strategy here is to hold med-term. A pullback to 92.50 to be used for buying if not in.
- **Kumba-IO:** reached the downside shorting target on this short trade. If it closes above 307 then buy (long).
- **Medclin:** keep holding from recent weekly reversal buy signal given here. If not in, buy a close above 94.95 to setup a target of 100.80 for some short-term profit taking but then med-term to 108. Stop for now is a close below 89.50.
- **MondiPlc:** hold, for the med-term. Target to 199. Stop for now is a close below 165.50.
- **MrPrice:** gave a nice pullback to our buying level for those not in, for all others it was a hold based on the weekly reversal up. It's reached the first profit target of 222 for partial profits to be taken. Raise stop to a breaking of its prior 2 day low for traders. Main target still 229. That will be way exceeded med-term
- **MTN-Group:** see update above.
- **Naspers-N:** it's still a hold and is starting to look much better. Tencent's chart is also improving a lot. A close above 1300 will be important. That will setup a target of 1480. But I'm still looking for 1580-1600 as the med-term target.
- **Old Mutual:** see update above.
- **Reinet:** It's still a hold with the stop a close below 23.50 now. Target 25.80 and potentially to new highs once it gets over the current weakness.
- **Remgro:** confirmed the inverse head and shoulders (H/Sh) mentioned here last week for more buying if desired. Further target now is to 264. So it's a hold. (It also gave a pullback last Thurs to our buying area for those not in). Raise stop now to a close below 226.
- **Richemont:** see Chart 7.
- **RMBH:** see Chart 5.
- **SABMiller:** see update above.
- **Sanlam:** gave the pullback for buying, last Weds/Thurs. Has reached its short-term target so far but expect it to go on to a new high above 70, for some more profits to be taken. Med-term though 80 is the target and minor pullbacks are to be bought all the way until it reaches there.
- **Sasol:** is moving sideways in the short-term and potentially forming an inverse H/Sh. It needs to close above 578 to confirm that. For now though it remains vulnerable and can drop as far as 525. But it's not worth shorting because it's very oversold on the larger timeframes. A retest of its recent low below 532 is possible. Still, it's best to wait for a clear reversal week up to buy on.
- **Shoprit.** This trade is doing particularly well now after a blast off on Monday. (The very classic reversal week/candle a couple of weeks ago was our given buy signal as discussed last week). Minimum target is 159.50 now for some trading profits to be taken. Use a prior 1 day low as the stop from there. Current stop is a close below 139.75. Med-term look for it to make its way to 168.
- **Stanbank:** triggered both mentioned buy signals. Target 135.50 initially where there is some resistance. I'm looking for a move to 142 over the coming weeks/months. Stop a close below 126.60.

- **Steinhof:** continue to hold. Target is 56.10 initially. Med-term target 64.50 still, which its best to just hold for. Minor pullbacks though will be buyable for traders all the way up. Its going ex-div next week, keep in mind for about R1.27. Keep your stop as a close below 52.
- **Telkom:** it's in a sideways pattern overall, short-term. Med-term it's still a hold a close above 62 will get it going to 75. Stop below 49.40.
- **Tigbrands:** triggered the mentioned buy signal discussed here last week. There is some resistance at 331 being tested now. It might stall here a bit but it's still a hold. Targets are 337. That will also activate a med-term pattern with a minimum target of 353+. Stop raised to a close below 310.
- **Vodacom:** triggered the mentioned buy signal. Target is 135.50, and then 141 med-term. Stop a close below 124.
- **Woolies:** see Chart 6.

**GOLD UPDATE:** Minor rallies are continue to be shortable on gold shares as advised here for some time, and no going long advised at all. Target for the JSE gold index is to 850 med-term.

- **Dollar gold price:** Gave the weekly reversal down we were looking for as per last week's comments, for shorting again. It's a short, (with caution), with the stop a daily close above 1256 (spot price). Target to 1180 short-term, and my med-term bias is still down, with a target to 1050. Short-term from 1180 lock in some profits on shorts and then use a prior 2 day high as the trailing stop.

**USD/ZAR:** The rand broke below the dollar support level given here last week and has setup a target to 10.75. Going long the rand now is risky though. A close above 11.00 will be a new rand short signal for a move to 11.35-50. Stop a close below 10.74.

## 5. SHORTABLE (DOWN-TRENDING):

### Please note:

- We list the stocks and indices (local and overseas) that are in well-established downtrends, and that can be sold short (see Glossary for definition) on rallies to resistance.
- Selling short can be done via single stock futures, CFDs, spread trading, and/or put warrants.
- One way of trading these stocks/indices is to sell short rallies to the falling 30-day moving average. The moving average tends to act as loose resistance. *Wait for a downward reversal at the moving averages before selling short.*
- NOTE 1: ALWAYS USE PROTECTIVE STOPS ON ALL POSITIONS. Selling short is for short-term traders only, and all positions must be monitored closely.
- NOTE 2: The instruments on this list are not automatic shorts, but it is a starting point for looking. Always look at the chart first before making a final decision.

### Down-trending Stocks: 30-Day MA:

ANGGOLD	126.278
ARM	145.6383
ASSORE	225.7293
AVENG	21.8277
EXXARO	128.8997
HARMONY	23.5197
IMPLATS	85.483
KUMBA-IO	277.8087
LONMIN	32.8543

### Int'l Instruments: 30-Day MA:

M-BRENT	91.197
M-PLATINM	1284.6
M-PLATZAR	14254.1543
M-SILVER\$	1749.7333
C-EUR-\$	127.4467
C-EUR-GBP	78.8163
C-EUR-ZAR	1412.795

## OVERALL SUMMARY

Tonight's Fed comments will be important with regards to its stimulus coming to an end, as well as the outlook for interest rates to be raised in the US next year. We may well get a knee-jerk reaction from tonight's comments but I don't think it will change the fact that the stock market is setup for ongoing rallying over the coming weeks and months. In fact, a minor sell-off from current levels will be healthy.

The focus therefore is still very much on the buy side.

Keep an eye out for movement in the US dollar again, i.e. to the upside. This will result in currencies and commodities that trade opposite to the USD to start falling again. Traders should be able to pick up some good trades based on that (e.g. refer to the silver chart herein).

So for the time being, we remain optimistic on the stock market in the short-term, becoming increasingly optimistic by the day. We did state some weeks back that the correction we've just had will lead to an aggressive buying opportunity, which we're seeing being played out right now. Indeed, this is just the beginning of another major bull move on local and overseas markets.

Sincerely,

Colin Abrams  
TheMarket.co.za

PS: Remember: Protective stops on all positions!

### NEXT COURSE DATES:

#### JOHANNESBURG:

**Course 2: Advanced Technical Analysis and Money Management** - 9th November 2014

**Course 3: Developing Trader Discipline (Trading Psychology)** - 7th November 2014.

If you'd like to attend please let us know: [courses@themarket.co.za](mailto:courses@themarket.co.za)

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