

How-to-Trade.co.za

Newsletter January 2016



A Short Note on the Sustainability of the site

We built how-to-trade.co.za with the vision of it being self-sustaining, so all direct expenses (mainly server, mailing and domain name costs) are covered by the community with donations.

We are aiming for break even on direct costs however we are currently running at a loss. We have added an infographic on the [funding page](#) to make the sustainability of the site clearer to the community. The [banking details](#) to donate are on the funding page and at the bottom of the newsletter.

The Verdict

Many shares in down trends. Moving lower now opens up a longer term move.

J200 (Top 40 Index)	BUY / WAIT (BUY)
MTN	LEAVE IT / SELL
SHF / SNH	WAIT
SOL	WAIT (SELL)
WHL	WAIT
FSR	WAIT
DSY	WAIT
MDC	SELL
NPN	WAIT (BUY)
SBK	WAIT
APN	SCARY ONE
BAT	BUY
MPC / MRP	LEAVE IT / BUY
SLM	WAIT
VOD	BUY
GRT	WAIT
CPI	WAIT (SELL)
SBK	WAIT (BUY)

* Remember these are just idea, you need to look at the charts first and make your own decisions

Community

- Follow us on twitter: [@how to trade sa](#)

J200 (Top 40 Index)



Support from 16 October 2014. [White Marubozu candle](#) suggests a continuation stronger. The last 3 day candle pattern is similar to that in late October 2015 (pictured in chart above), black candle – black doji – white marubozu and that started a run to the upside. So there may be a bounce to 44000 – 44500 levels. Longer term the index has been sideways since early 2014 in a channel from 41000 to 49000. The current mid-term trend is downward formed by a channel of lower highs and lower lows. A descending triangle has also formed. J200 hasn't closed below 41500 since 11 February 2014. If you have the fortune of being in a position to wait and see what happens, watch what direction it breaks: Closing above 44500 or closing below 41500 are good signals. Short term higher high.

The Bottom line: It is close to support and there is a RSI divergence, so it feels like time to buy the top 40. Close below 41500 spells toil and trouble.

MTN



Lower lows and lower highs. Getting close to resistance. We won't touch this because fundamentals are too sketchy and shareholders aren't informed on time. It looks like a short. Long term...look for clear signs of a change in trend.

MTN Zakhele has also taken strain lately.

Steinhoff (SHF / SNH)



Needs to break above 7400. Near support, a tentative sell.

Sasol (SOL)



Although cushioned by the rand it is important to watch the oil price (\$USOIL). If we're around \$33/Barrel in early feb then sell the rally. Watch symmetrical triangle breakouts.

Woolworths (WHL)



Big Symmetrical Triangle and no lower low (whew!). Feels good but lets wait for a breakout and clear direction.

Firststrand (FSR)



Symmetrical triangle, lets not pre-empt a move. Wait for a clear break of the trend lines.

Discovery (DSY)



Trendline might mislead, but DSY did close lower. Although there is somewhat of a symmetrical triangle. Looking rather sad, needs a jolt. Another wait and see.

Mediclinic (MDC)



Kind of a bear flag formed. It has tested 12200 numerous times, but is struggling to close above that level. Failing to close above 12200 points towards a test of the support. Sell it.

Naspers (NPN)



Didn't quite hit the long term support, maybe another chance will come. No real evidence here but all signs point to accumulate. Resistance still overhead though.

Standard Bank (SBK)



Banks are showing slower rates of decline recently. The candle on Friday shows sellers later in the day. SBK closed below 10000 a major psychological level. In a symmetrical triangle, best to wait.

Aspen (APN)



Caught off guard by this one, this is a knife falling. I invite the community to comment on twitter.

Brait (BAT)



Nearing the bottom of the channel, a good chance to accumulate. 15000 would be a good stop.

Mr Price (MRP / MPC)



The price doesn't give a good indication but indicators show that the share is oversold. A bit of quick upside could be on the cards. The fundamentals and market's reaction to news makes us want to trade cautiously with this one. We'll leave it.

Sanlam (SLM)



Similar to the banks' price movements. No clear direction. It really needs a boost from somewhere.

Vodacom (VOD)



Long term: How nice is that. Mid term (not pictured) higher highs and higher lows. Accumulation around 13800 – 14200. Surprising how well Vodacom has done in these economic conditions. Buy.

Growthpoint (GRT)



Looks similar to SLM, DSY, SBK and FSR. Banks, Insurers and Property feeling very weak. Wait.

Capitec (CPI)



Lower low and lower high. No signs of stopping. Short term undecided, mid term negative.

Coronation (CML)



Break above symmetrical triangle, must stay above 4800. Could easily be a false break, a higher high would be stronger signal. Wait.

BHP Billiton (BIL)



Break above a trend-line we drew. RSI also diverged. A tentative buy with a stop loss of 13630. Still resistance levels and highs to break through.

Rules:

- Never Add to a losing trade
- Cut your losses fast
- No-one ever lost money taking a profit
- Close your winners slow
- Always use a stop loss
- Only trade with what you are willing to lose

- **Donate**

Note: The *standard features* website and tools shall remain 'free' and 'ad-free' provided we can pay for the servers. Please assist with [funding](#).

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