

INTRA-WEEK UPDATE

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By Colin Abrams

MONDAY MARKET UPDATE:

The JSE continued up over the remainder of last week and didn't come back to give a final test of support (lines 1 on the All Share index and Indi 25 charts in the newsletter), as I was expecting. Note, we did have clear reversal weeks up last week on the major local and overseas stock indices. To me this just further confirms that the recent lows on the All share index (and US indices) are going to hold, certainly for a few weeks at least.

Right now, the JSE All Share is getting overbought in the short-term, but can still continue up a bit more e.g. to 27 400 in the coming days. I would expect a minor correction from there (e.g. to 26 750 level). Shorting will be risky because I do believe we are going to go higher in the coming weeks. Nevertheless, aggressive traders only, can short on very clear reversal days down, on specific stocks (after the All Share index has tested 27 400 first). But take quick and small profits only. My bias will be to be looking for buy signals thereafter (for traders).

I don't believe investors should be buying. Keep holding for now.

UPDATE OF STOCK CHARTS FROM LAST WEEKS NEWSLETTER:

BIDVEST: gave a reversal day down from our shorting level on Thursday. It had a steep sell-off on Friday, but closed off its lows. Keep holding short. Take profits on shorts at 123.50-122.50. Keep your stop as a close above R130 for now.

SABMILLER: continued straight up, and didn't give the minor pullback I was hoping for to buy (at really low risk levels). If you still bought, you will be showing a short-term profit. Right now, look for more upside to 126-127.50 level. A reversal day/candle down from 127 can be shorted (with caution) for a quick drop to 219. Stop a close above 228.50.

ANGLOPLAT: has pulled back since the newsletter came out, but I'll like to see more of a pullback before buying e.g. to R705 or lower. Then follow the strategy as stated in the newsletter.

A STOCK OF INTEREST:

WOOLIES: continues to do well and can still be bought (by traders) if not in. The first mentioned partial profit taking level was 25.60 but I think it's going to exceed that level. For people buying now, or on weakness e.g. to 24.50, further profit taking levels will be 26.40, but leave some on for a potential move to 27. No large positions advised though.

Regards,

Colin

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