

INTRA-WEEK UPDATE

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By Colin Abrams

MONDAY MARKET UPDATE:

Friday night gave the large sell-off in the US. Our market opened lower today but has rallied back quite admirably. However, right now (3/3.30pm) the JSE is pulling back again and a week close today e.g. at the 27 360 level or lower, will point to further downside follow through in the very short-term.

What is clear though, is that the market isn't selling off easily. This points to underlying strength (demand). So, the short positions advised for aggressive traders are to be monitored very closely, with tight stops e.g. above today's high. The safer strategy is to be lining up buying opportunities (for traders only), ideally on a bit more of a sell-off.

If the All Share index can remain below 27 400 this afternoon for at least an hour, that will also signal more downside for the next day or two.

So, my short-term view remains, as stated in last week's newsletter, i.e. more upside to come for a couple of weeks, but (most likely) after a bit more downside for a couple of days in the interim.

UPDATE OF STOCK CHARTS FROM LAST WEEKS NEWSLETTER:

OLD MUTUAL: is drifting off gradually. If you sold short as per the newsletter, monitor it closely (with a tight stop e.g. an intraday break above 12.25), but the emphasis is on looking to go long (buy) in the 12.70-12.50 zone, as mentioned.

RMBH: is drifting down from the resistance level shown in the newsletter (line 5, on Chart 6). Again, the market is not pulling back easily today and that does point to underlying strength. Be very careful if you sold short for the pullback (it is countertrend). The safer option is to exit (if you sold short) if the JSE All Share index does hold up today i.e. only closing about 50-80 points down today. The main strategy here is to be lining up a new long trade (ideally from the 32.50 level as per the newsletter).

BARWORLD: got within a few cents of the 42.50 pullback level for buying. Continue to monitor and buy in the 42.50-42 range as advised. Then follow the target and stops as per the newsletter.

A STOCK OF INTEREST:

ANGLOPLAT: is pulling back today to med-term support at 690. Look for a reversal day/candle up from current levels to enter. Stop below the reversal days low, or a close below 689 (once the reversal day has formed). Target to 765 then. This will present a good risk/reward trade if we get the reversal day.

Regards,

Colin

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