



Richard Cluver Predicts

In our 26th year of service to the investing public of South Africa

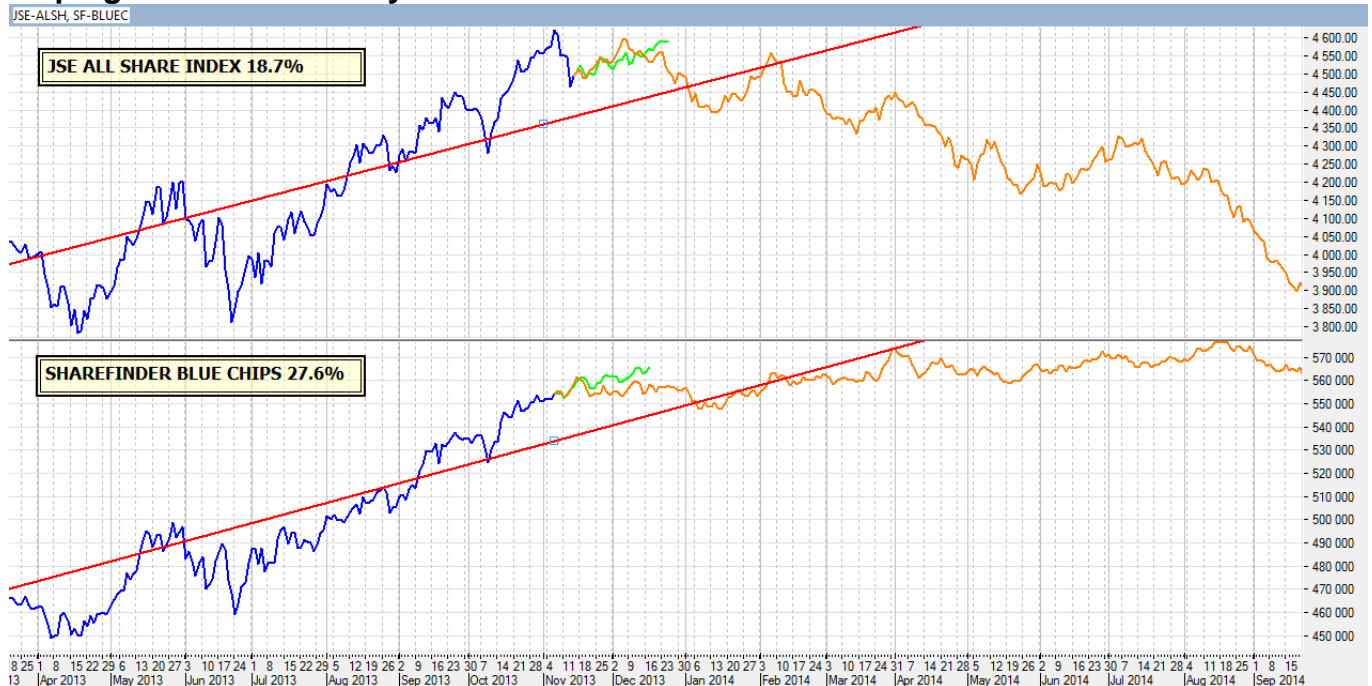


Volume: 26

Issue: 31

15 November 2013

AS if they had not seen it coming for months, share market punters across the country were expressing shock and horror as the JSE tanked on Wednesday and then began limping back on Thursday.



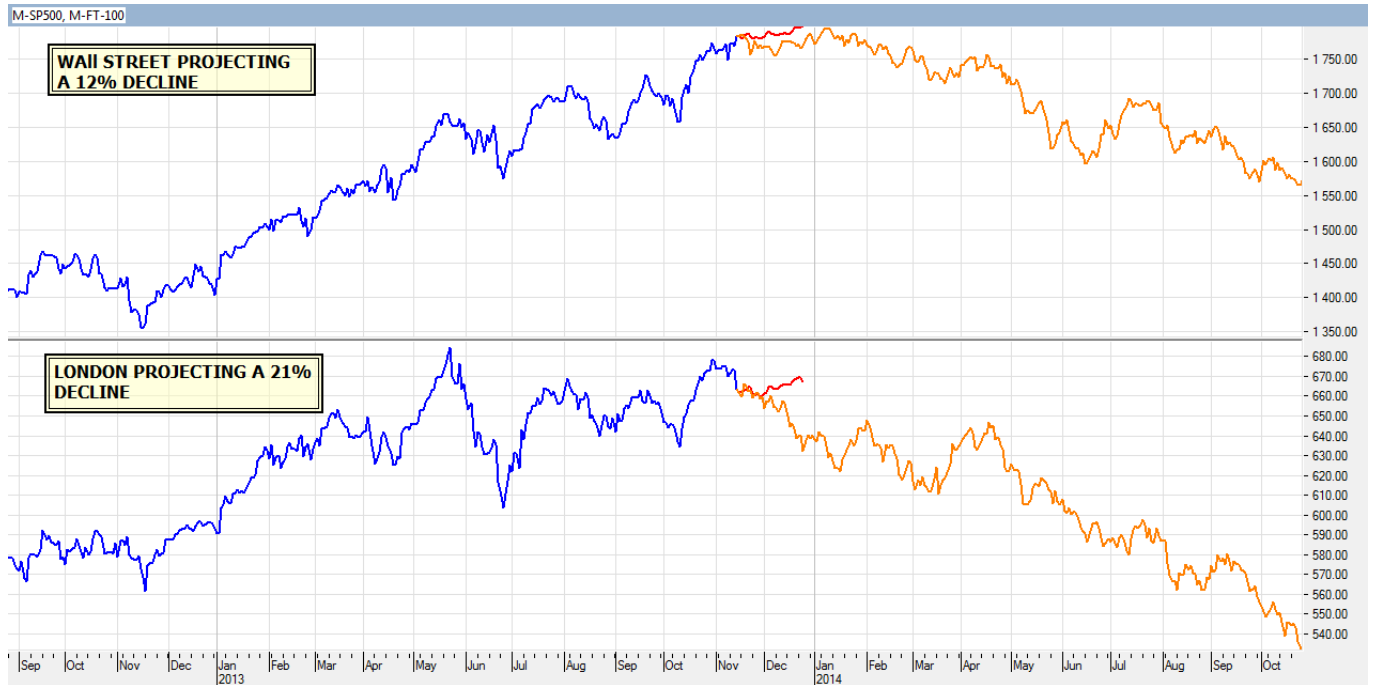
So I want readers this morning to take a very careful look at the two graphs I have reproduced above which clarify what happened this week. What **really** happened was that the All Share Index took the thump while the ShareFinder Blue Chip Index actually rose at the same time. So what we were really seeing this week was investors running for cover. Importantly too, ShareFinder's Fourier cycle projections on the two graphs signal that while a brief recovery of the All Share Index is now on the cards, the longer term outlook is straight down for the first half of 2014.

Meanwhile, the Blue Chip Index, which has been climbing at 27.6% compound for the past two years – that is just short of 50% faster than the All Share Index – after a modest breather in December, is projected to continue rising slightly more sedately for the first half of the new year.

Cause of the weakness is, of course, the same issue that has been troubling world markets for most of the second half of this year: the probable onset of the "Taper"; that is the tapering off of the US "Quantitative Easing" programme that has been pumping dollars into the global financial system since 2007 in a bid to avert a second Great Depression. So "good news" that US unemployment figures have been falling lately has fed the view that tapering might begin sooner than was originally expected.

The fact is, however, that whether it starts in December or next February, tapering has to begin sooner rather than later and that is likely to be the event that will end Wall Street's excessive

exuberance and lead into the bear market that ShareFinder has been projecting for several months.



The two graphs above depict ShareFinder's projections that currently suggest a Wall Street 12% decline lies ahead – that's more a correction than a serious bear market – but London is projected to be hit by a 21% fall which is rather more serious. Furthermore, London is already on its way down.

The month ahead:

New York's SP500: Wall Street managed to pull out of its short-term nose dive and lift itself this week. Nevertheless I continue to see weakness in the days ahead.

London's Footsie: I correctly warned of a slide which I continue to expect will be long-lasting.

JSE Industrial Index: I correctly predicted some short-term weakness which I now believe will end late on Monday or Tuesday ahead of a recovery until mid-December.

Top40 Index: I correctly predicted that the decline would last until November 13. Now I see gains until the end of November before the next bout of weakness.

ShareFinder Blue Chip Index: I correctly predicted that the declines would end early in the week with a recovery trend which I now see ending on about December 9.

The Rand: I correctly predicted the beginning of a recovery which I expect to last until December 6.

Golds: I correctly predicted a brief recovery beginning this week but I expect it to end today followed by a decline until mid-December.

Bonds: I correctly predicted weakness. Now I see a recovery beginning on Monday and lasting into the first week of December.

The Predicts accuracy rate on a running average basis over the past 480 weeks has been 82.08%.

Richard Cluver