



Richard Cluver Predicts

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



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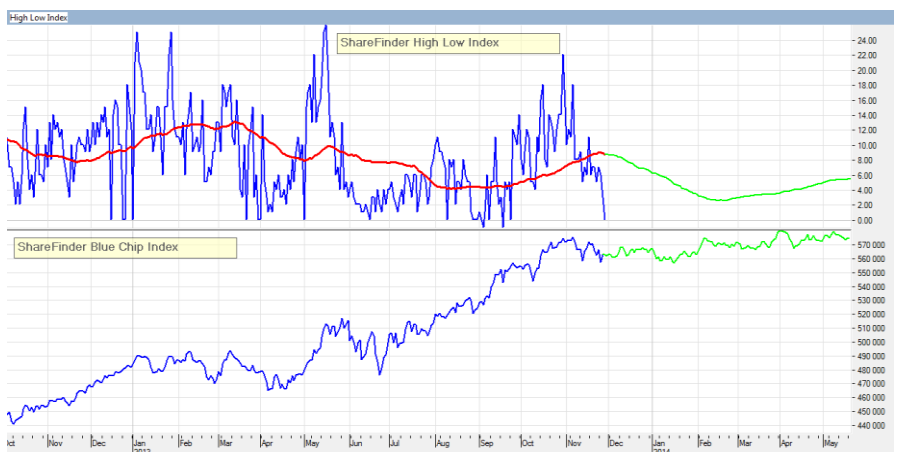
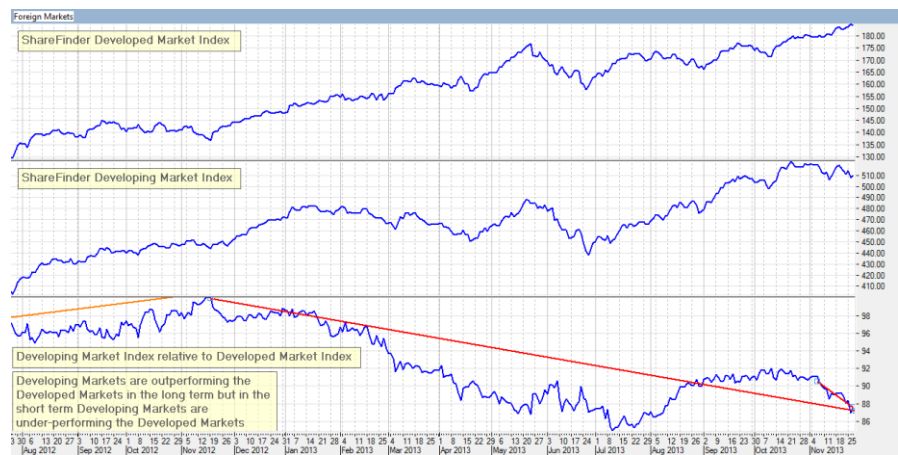
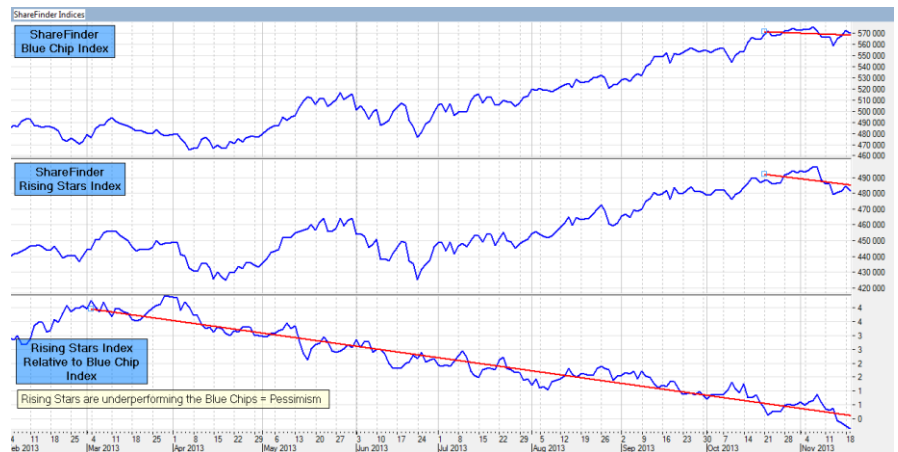
29 November 2013

The weakness that I have long predicted is now becoming fairly pronounced to the extent that even local Blue Chip shares are beginning to take a little strain and, typical of this stage of the market, investors are seeing a lot of daily price volatility.

Everything we have been seeing has been entirely predictable for many months beginning with a retreat within our market from riskier shares towards the Blue Chips which became evident last March and has progressed steadily since then as illustrated by the relative strength graph composite on the right.

Furthermore, the first real signs began even earlier when, in November last year, the tide of investment began moving away from the Developing World back to the Developed World as is evident in my second graph composite. Though there was a brief resumption of interest in Developing World Markets between July and October, the flight back to the security and greater growth prospects of Wall Street has become very pronounced since early October.

Finally, as proof that this trend has firmly established itself, the sharp declines of my High/Low Index since late October have pitched the green cycle line projection into a declining trend which looks like extending until late February insofar as investment grade shares as a whole are concerned but, as the Blue Chip Index projection



suggests, this latter safest grade of shares appears likely to experience only modest weakness lasting until mid January.

Below I have listed investment grade shares which have been underperforming the average on price growth for the past five years. There are some surprising inclusions in this list like Remgro, Sasol, BATS and Massmart which, in addition being price underperformers, have also been dividend underperformers and accordingly are most likely to be worst hit among investment grade shares in the forthcoming period of weakness. Shares like Bidvest, Kumba, Truworths and Firstrand which have underperformed on price but whose dividend growth rate is coloured green because this latter figure is above average might, to the contrary, be viewed as future recovery stocks which should be held and, indeed, be watched as possible future acquisitions once the present shakeout is complete.

Name	Close	3 Month Price Gro...	5 Year Price Growth	Dividend Gro...	Grade	Risk	Total Return	Rating	Strategy
CIL	22.65	74.66	24.61	0.00	151.9	54.11	24.61	Costly.	Wait - pending buy.
SANTAM	190.00	8.40	24.52	20.42	186.2	-15.82	27.45	Fair.	Selling op. nearly over.
KUMBA	384.96	-47.84	24.44	92.61	932.0	21.83	31.64	Very cheap.	Optimum sell point passed.
DISTELL	135.08	46.34	24.40	9.61	291.7	-21.55	26.51	Costly.	Wait - pending buy.
BIDVEST	252.65	5.56	23.96	26.35	315.3	-14.76	26.38	Fair.	Wait - pending buy.
REMGRO	192.17	12.39	23.73	-6.47	-15.9	-20.77	25.53	Fair.	Wait - pending buy.
SABVEST	21.00	48.75	23.69	13.21	-54.9	3.77	25.50	Costly.	Wait - pending buy.
KAP	3.50	8.97	23.34	-10.63	140.6	12.25	25.28	Fair.	Sell! Sell! Sell!
AECI	119.14	2.40	22.95	17.80	370.1	-6.91	25.02	Fair.	Wait - pending buy.
TRUWTHS	80.75	-6.66	22.84	20.36	461.2	20.36	26.65	Very cheap.	Buy.
ZEDER	4.23	1.90	22.64	-0.48	-113.2	-12.02	23.59	Costly.	Prepare to sell.
SANTOVA	1.16	117.91	21.38	0.00	267.8	112.00	23.21	Costly.	Wait - pending buy.
TFG	100.39	2.75	21.35	11.57	507.1	26.50	25.69	Very cheap.	Wait - pending buy.
CARGO	19.00	235.87	21.28	15.59	1 593.1	8.10	22.84	Very costly.	Wait - pending buy.
AFRO-C	4.00	-10.53	21.05	13.25	590.6	47.12	24.28	Fair.	Optimum sell point passed.
BHPBILL	307.00	1.08	20.67	21.96	181.5	-3.57	23.78	Fair.	Wait - pending buy.
KGMEDIA	28.00	110.57	19.78	11.21	486.8	-27.47	22.36	Costly.	Sell! Sell! Sell!
MMIHLDGS	24.60	66.05	19.53	0.93	439.4	-21.48	23.94	Fair.	Too late to sell now.
SPAR	128.06	66.79	19.49	17.92	477.6	-21.99	22.71	Fair.	Optimum buy point passed.
FIRSTRAND	33.00	31.70	19.34	33.62	551.9	-8.59	22.89	Fair.	Optimum sell point passed.
TIGBRANDS	281.00	-23.13	18.94	4.98	134.9	-33.15	21.55	Fair.	Wait - pending buy.
SASOL	499.99	17.08	18.12	16.73	550.2	-19.82	21.35	Costly.	Too late to buy now.
JSE	88.85	56.89	17.48	26.09	284.3	-4.07	19.87	Fair.	Optimum buy point passed.
BATS	547.10	6.56	16.25	21.06	674.0	-17.73	19.22	Fair.	Optimum sell point passed.
RMBH	46.39	50.44	15.89	20.80	749.5	20.23	19.06	Costly.	Wait - pending buy.
ADVTECH	6.60	11.85	15.39	15.18	620.6	-23.61	18.55	Fair.	Wait - pending buy.
VUKILE	17.10	39.76	13.95	9.45	-38.5	-13.45	18.27	Cheap.	Wait - pending buy.
MASSMART	145.50	-23.95	13.94	12.69	411.1	-5.83	16.40	Very cheap.	Too late to sell now.
LIB-HOLD	123.70	37.39	13.94	15.33	2 175.1	-29.33	17.68	Fair.	Wait - pending buy.
PREMIUM	18.30	9.31	12.85	9.96	336.3	-17.77	20.08	Fair.	Prepare to buy.
REDEFINE	9.92	26.89	12.76	25.56	332.9	-34.08	19.69	Fair.	Selling op. nearly over.
MUSTEK	5.15	6.81	12.65	19.83	361.2	26.02	15.96	Very cheap.	Wait - pending buy.
LEWIS	64.50	64.09	10.99	11.98	425.1	1.27	17.80	Cheap.	Optimum buy point passed.
REUNERT	68.50	11.52	10.88	6.08	284.3	-12.98	15.47	Cheap.	Wait - pending buy.
PUTPROP	7.00	2.88	10.86	3.97	305.4	-10.98	15.23	Fair.	Wait - pending buy.
CAXTON	19.45	54.77	10.77	8.75	307.4	-21.53	13.24	Fair.	Selling op. nearly over.
SYCOM	26.10	37.51	9.53	5.90	187.4	-26.96	9.53	Fair.	Buy! Buy! Buy!
EMIRA	14.65	9.79	8.52	12.04	722.7	-36.13	8.52	Fair.	Wait - pending buy.
PHUMELELA	16.75	41.23	8.13	6.81	342.7	18.31	12.59	Very costly.	Wait - pending buy.
NEDBANK-P	9.95	11.33	0.00	13.46	281.7	-64.44	6.06	Fair.	Wait - pending buy.
ANGGOLD	133.48	-38.54	-1.12	28.46	187.2	38.60	-0.48	Very cheap.	Wait - pending buy.

The month ahead:

New York's SP500: I correctly predicted brief weakness, and I see this continuing until the first week of December.

London's Footsie: I correctly warned of a slide. Now I expect a recovery to begin.

JSE Industrial Index: I correctly predicted some short-term weakness ahead of a brief recovery that is likely to start on Wednesday but only last three or four days before further weakness sets in.

Top40 Index: I correctly predicted gains which I continue to expect to last until December 11 before the next bout of weakness.

ShareFinder Blue Chip Index: I wrongly predicted a recovery trend. Now I see declines until at least the end of January with brief two to three-day recoveries included.

The Rand: I correctly predicted the beginning of a recovery which I now expect to last until December 16.

Golds: I correctly predicted a decline which I expect to last until mid-December with a very brief recovery starting last Wednesday. The gains should, however be over by next Wednesday and then the declining trend will resume.

Bonds: I correctly predicted weakness which I expected to last until December 10 when I sense the beginning of a recovery.

The Predicts accuracy rate on a running average basis over the past 482 weeks has been 82.13%. For the past 12 months it has been 90.1%.

Richard Cluver