



Richard Cluver Predicts

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



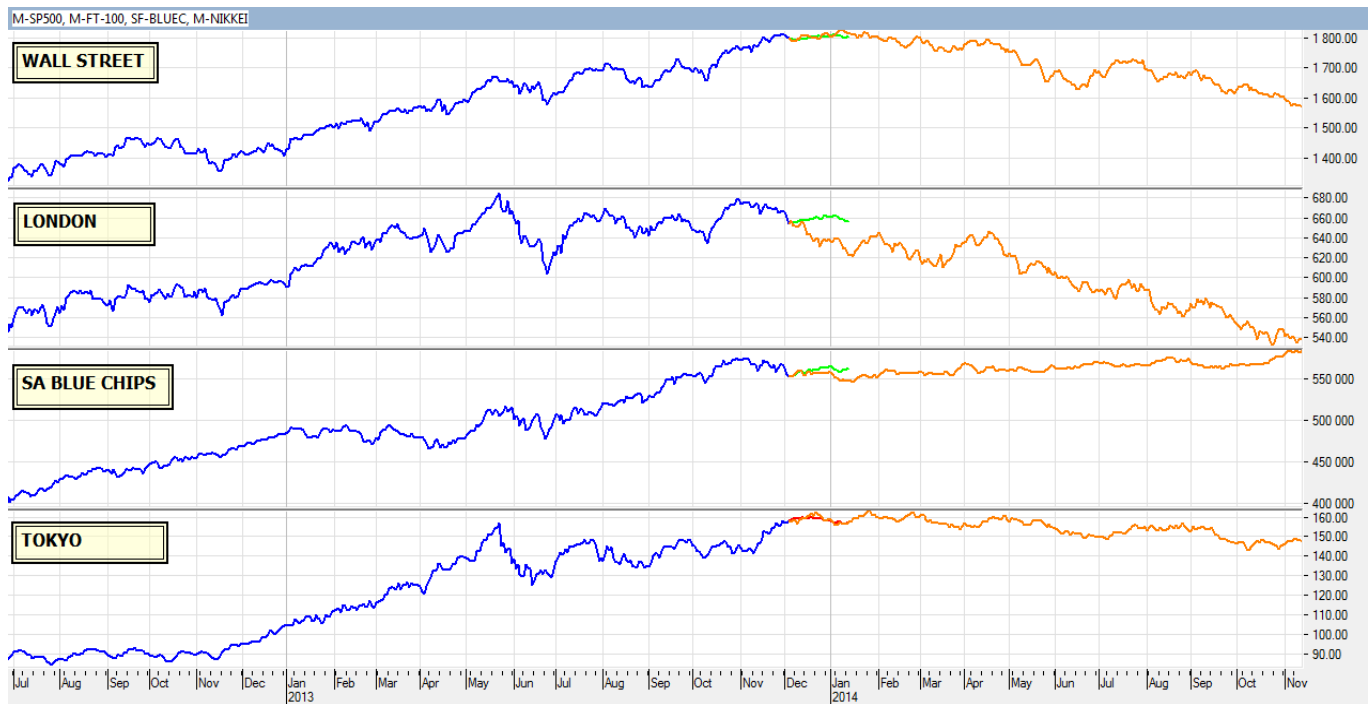
Volume: 26

Issue: 34

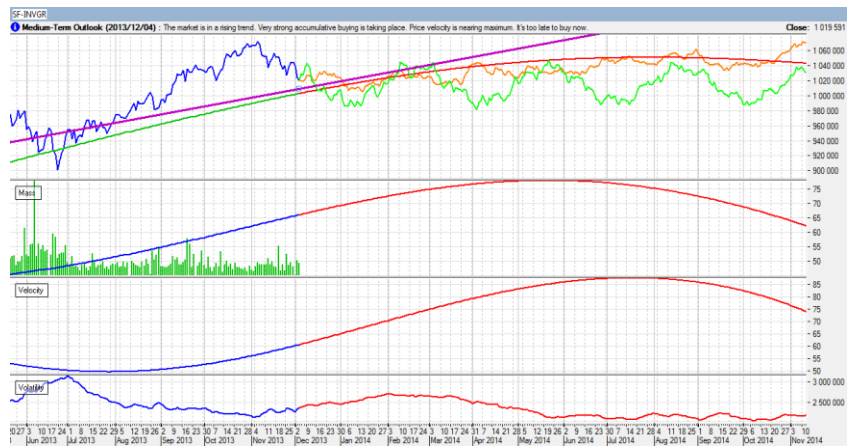
06 December 2013

Step by step world markets continue to reflect the uncertainty that is the normal end phase of a long bull market made doubly complicated by the money-printing activities of central banks.

Hence we are becoming used to each heart-stopping occasion when something like improving unemployment statistics leads everyone to conclude that the “Quantative Easing” money presses are about to be switched off. At such times it is best to step back and view market graphs in the long term when the day-to-day shock waves tend to fade into a simple trend. The graphs below track the major world markets over the past 18 months and continue to reflect the probability of a weak 2014.



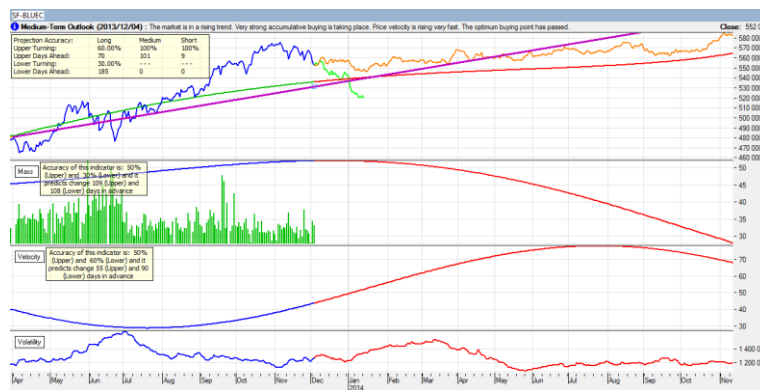
Looking more closely at South African investment grade shares – broadly grouping on the right all those companies that have delivered a minimum of five years of steadily-rising earnings and dividends – ShareFinder’s projections suggest that in the short-term markets are in for a volatile year marked by the current down-turn trend probably cutting below its ultra-long-term trend line



“Richard Cluver Predicts”
06 December 2013
Page 1 ©2013 RCIS

Published by Richard Cluver Investment Services
<http://www.rcis.co.za>
richard@rcis.co.za

(mauve straight line) at the end of this month and not managing to rise above that for the foreseeable future. Blue chips, (last graph on the right) are projected to remain above the mauve long-term trend line until late April. So although the outlook for Blue Chips remains positive, their growth in the new year is likely to remain fairly modest. However, it is important to note the steady decline of dividend growth rates when averaged over 10, 5 and one year periods immediately past. Note the averages in the table on the right. The preponderance of red in the extreme right hand column tells its own story. Business growth is slowing down steadily and is likely to continue doing so until South Africa gets a business friendly government!



Grade	Name	15YrDiv	10YrDiv	5YrDiv	1YrDiv
	771.5 Averages:	23.77	34.81	28.52	19.99
	772.9 Blue Chip Index Average:	12.45	34.81	23.40	20.26
	769.5 Rising Star Index Average:	0.00	0.00	35.44	19.63
Grand Old Favourites					
1	304.1 Group Avg.	13.38	24.45	30.80	57.26
1	174.0 CAPITEC BANK HLDGS LTD	0.00	34.69	46.06	35.06
2	091.4 COMPAGNIE FIN RICHEM...	30.36	25.12	31.48	122.40
	763.7 CLICKS GROUP LIMITED	25.81	23.56	33.16	21.60
	972.0 SABMILLER PLC	15.15	13.89	19.36	38.04
1	271.1 SANLAM LTD	28.23	18.96	20.21	65.38
	476.1 THE SPAR GROUP LTD	0.00	14.41	17.92	12.79
	550.2 SASOL LTD	20.87	16.24	16.73	8.57
1	113.8 MTN GROUP LTD	0.00	45.28	51.75	10.01
3	324.5 GROWTHPOINT PROP LTD	0.00	27.87	40.56	201.44
Mid-Cap Companies					
	925.8 Group Avg.	0.00	28.35	28.79	28.57
	925.8 EOH HOLDINGS LIMITED	0.00	28.35	28.79	28.57
Tightly Held Mid-Cap Companies					
	579.2 Group Avg.	11.34	19.52	22.35	10.71
	844.0 ELB GROUP LTD ORD	0.00	25.30	28.28	21.43
	704.1 HUDACO INDUSTRIES LTD	27.36	27.52	32.87	5.68
	189.4 SYCOM PROPERTY FUND	6.65	5.75	5.90	5.02
Blue Chips					
	622.8 Group Avg.	12.71	39.82	21.03	9.48
1	375.5 CORONATION FUND MN...	0.00	56.63	48.08	101.94
	774.1 PINNACLE TECH HLDGS ...	0.00	50.10	27.73	17.14
	557.8 ADAPTIT HOLDINGS LIM...	0.00	13.64	16.19	14.88
	545.9 WOOLWORTHS HOLDIN...	21.58	25.75	21.32	18.18
	578.2 FAMOUS BRANDS LTD	27.46	32.53	32.11	25.00
	614.1 MR PRICE GROUP LTD	31.33	33.33	26.10	26.75
	609.9 NASPERS LTD.	23.56	30.01	16.30	14.93

The month ahead:

New York's SP500: I correctly predicted brief weakness continuing until the first week of December. And I see it continuing until late next week.

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

JSE Industrial Index: I correctly predicted some short-term weakness ahead of a brief recovery that is likely to last until Wednesday.

Top40 Index: The next bout of weakness came sooner than I expected but it should now be over with recoveries due until just before Christmas.

ShareFinder Blue Chip Index: I correctly predicted declines which I expected to continue until at least the end of January with brief two to three-day recoveries included.

The Rand: I wrongly predicted the beginning of a recovery which I now only expect to begin in a week's time.

Gold: I correctly predicted a decline which I now expect will only end towards the end of December.

Bonds: I correctly predicted weakness which I expected to last until the middle of next week before I sense the beginning of a recovery.

The Predicts accuracy rate on a running average basis over the past 483 weeks has been 82.11%. For the past 12 months it has been 90.75%.

Richard Cluver