Richard Cluver **Predicts**

In our 27th year of service to the investing public of South Africa

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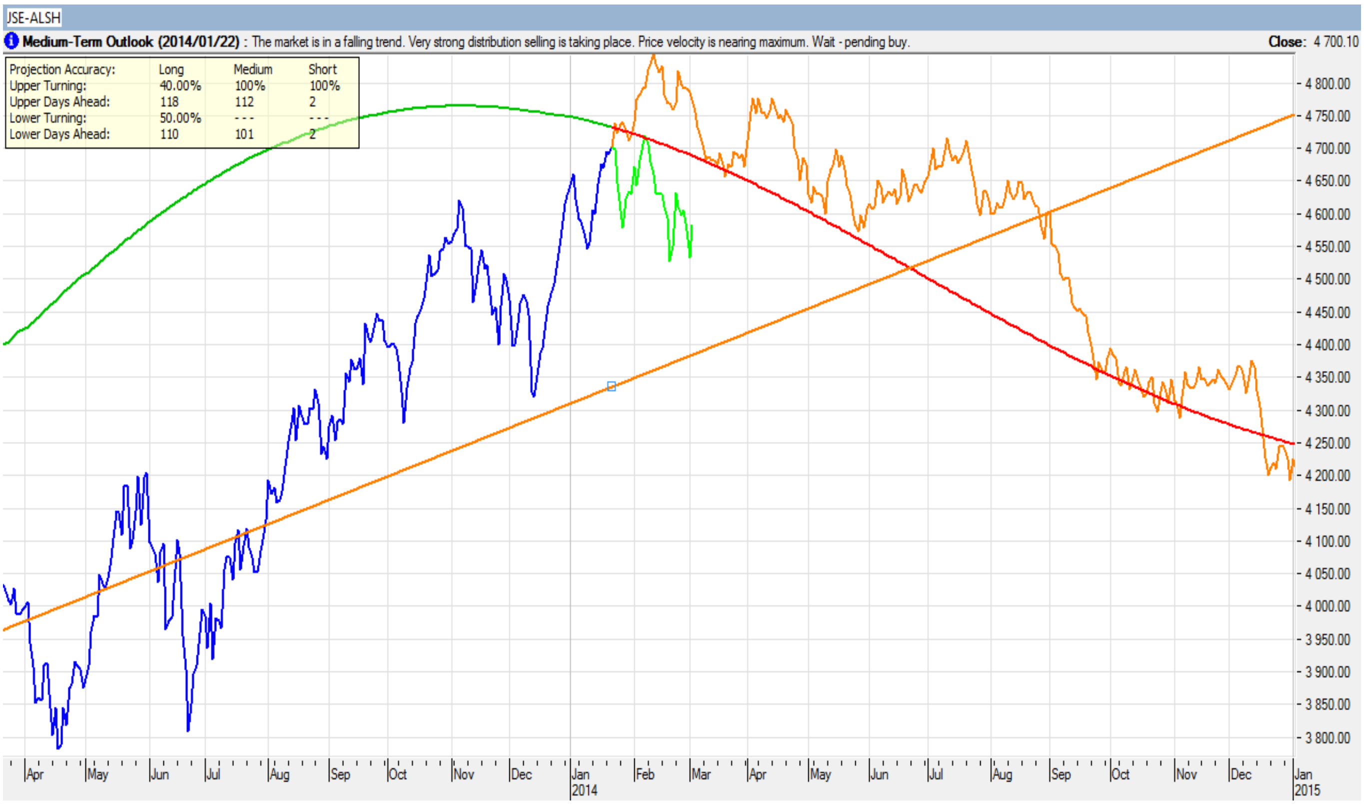
The great problem about the end phase of bull markets is that this is normally the period when markets make their greatest percentage gains. Thus, while there is always a growing sense of caution at this time, those who suffer from an excess of caution and sell out too early live to regret their caution.

Well it is true that in investment one should never regret making a profit. Neither should one ever look backwards and count the profits one might have made if one had stayed the course: easy to say but few of us have the fortitude to stick to such rules. I particularly feel very conscious of this as I write because I have in recent months advised so many readers not to enter the market at this stage as buyers and I am acutely aware that a number of them are growing very impatient sitting on their cash as the market continues to make new highs.

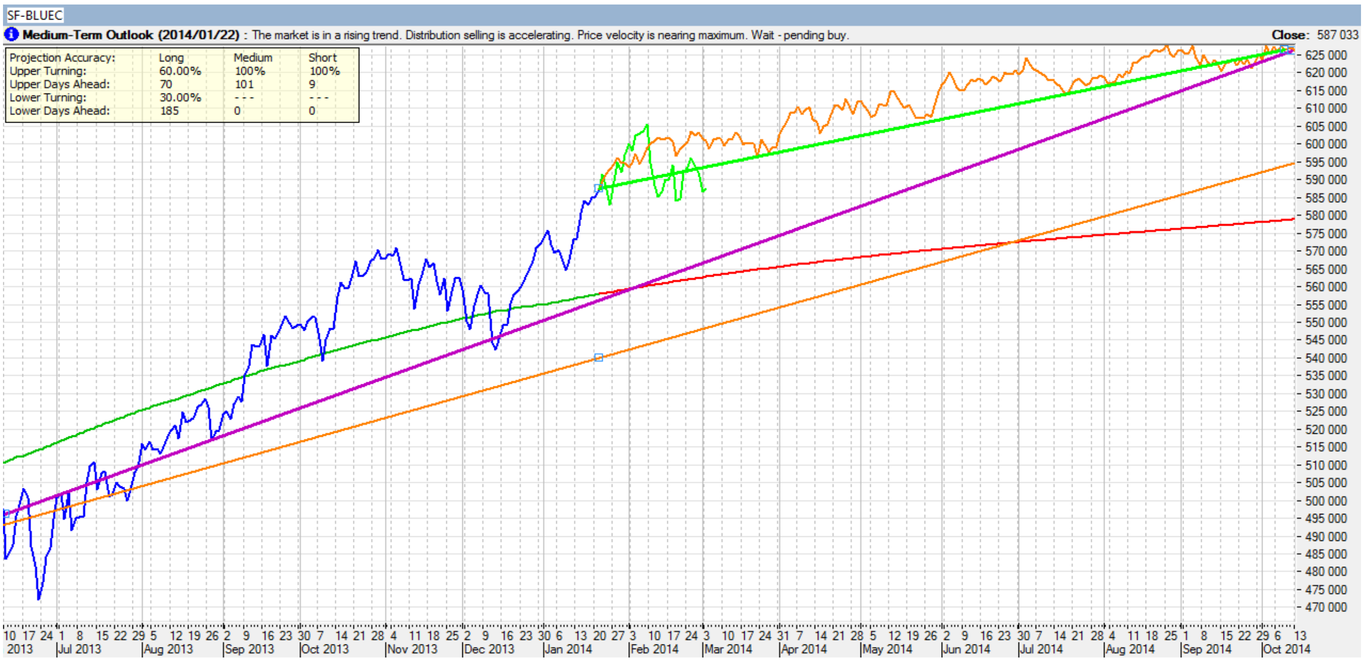


Well if it is any consolation to them, the JSE All Share Index continues to project that the end is nigh with the final peak now scheduled for the period between February 7 and 12.

Of course, if you have long been a faithful follower of my writings and have concentrated all you investments into the blue chips, then you have little to fear. The tendency of the market to move steadily towards the security offered by the blue chips remains one the major features of this market.

Furthermore, the unerring accuracy of ShareFinder's forecasts has also been a feature of this period with last Friday's predictions of short-term weakness early this week followed by a recovery beginning Tuesday.

The latest outlook graph published below makes it clear that the upward surge of this sector of the market is likely to continue for the rest of the year at, as indicated by the mauve trend line, a long-term compound annual average rate of 19 percent. The trend is slowing, however as highlighted by my shorter-term pale green trend line which suggests that between now and December the growth rate will slow to an annual 9.4%. But that is considerably healthier than the projected negative 11.5 for the All Share Index.



The month ahead:

New York's SP500: I correctly predicted a recovery which I continue to see lasting until February 7.

London's Footsie: I was again wrong in predicting a decline. But I continue to expect it, now starting around January 28.

JSE Industrial Index: I correctly predicted weakness which I continue to expect will last until January 28 before the next recovery begins.

Top40 Index: I correctly predicted a modest decline which I still expect will last until Tuesday.

ShareFinder Blue Chip Index: I correctly predicted a recovery lasting into the second week of February.

The Rand: I correctly predicted a recovery but it is likely to be over by the end of today.

Golds: I correctly predicted a recovery ending on January 23 but the decline should end on Monday with a two-day recovery and then more weakness.

Bonds: I correctly predicted a recovery but it ended sooner than I expected and now weakness seems likely to extend into February.

The Predicts accuracy rate on a running average basis over the past 488 weeks has been 82.12%. For the past 12 months it has been 89.77%.

Richard Cluver

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