



Richard Cluver Predicts

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



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I have written before about the unseemly haste with which the ANC is rushing into the provision of additional nuclear power plants for this country, a project which forcibly reminds me of the smoke and mirrors of the “Arms Deal” but which threatens this time to bankrupt South Africa.

Where the arms deal cost the South African taxpayer R60-billion, the nuclear power project is likely to cost more than ten times that figure and push up the cost of electricity to such an extent as to force the closure of much of this country’s industry. Remarkably then, the issue seems, with the sole exception of the Financial Mail, to have been completely ignored in media coverage of President Zuma’s State of The Nation address.

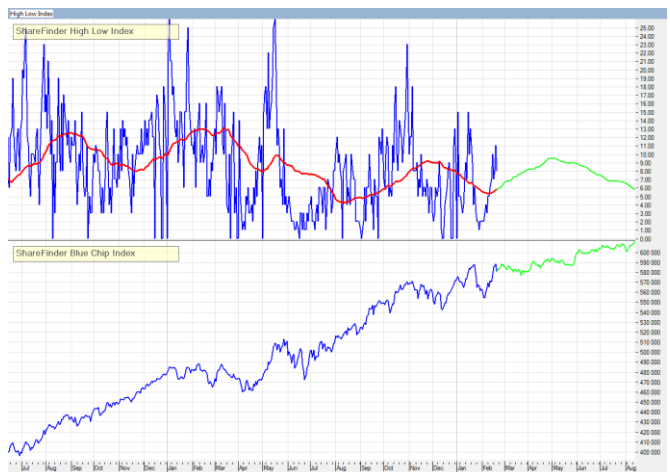
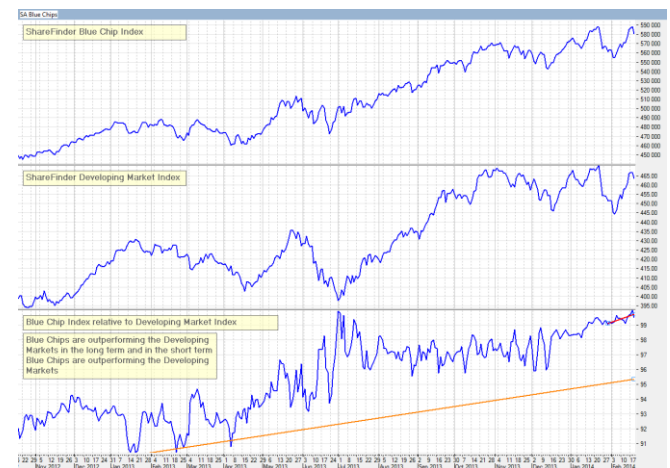
As the FM notes in an editorial this week “Curiously, the Revised Integrated Resource Plan closed for comment only a week before Zuma’s speech, and it is naïve to assume the Department of Energy had already consolidated and considered all inputs in time for cabinet to arrive at a decision. In any event, it is yet to be promulgated so the process is still open.”

Given that private tender for the provision of wind and solar power has come in with energy delivery costs lower than it will cost to deliver power from the new Medupi and Kusile power stations, one needs to seriously question why South Africa needs nuclear stations at all, let alone at a cost which will almost certainly cripple our economy. Yet Zuma announced it as a done deal for the provision of 9 600 MW of nuclear power!

Forgive me if I seem unduly pessimistic, but in a country mired in corruption, this saga is deeply disturbing. Why the haste? Why when the very survival of South African industry is at stake, is this project being hurried through? Most importantly, why has this project not been publicly debated? Why have the nation’s major power consumers not been consulted and who will stand to benefit when these contracts are signed?

The nation needs answers and you, as an investor in South African commerce and industry urgently need answers because your money is at stake.

Meantime, the Rand continues to recover and our Blue Chips continue to outperform both the developing markets and average South African



equities as illustrated my first graph composite on the right. For now, the outlook also remains positive as illustrated by my second composite.

The month ahead:

New York's SP500: I correctly predicted the beginning of a down-turn which I foresee continuing until the end of the month.

London's Footsie: I correctly predicted a recovery lasting until February 20. Now the decline I predicted should hold sway well into March.

JSE Industrial Index: I correctly predicted a recovery. Now I see a brief retraction lasting until the end of next week followed by another brief up-turn.

Top40 Index: I correctly predicted that the recovery would end this week. Now the down-turn I predicted appears likely to continue until the 27th followed by a recovery until March 12.

ShareFinder Blue Chip Index: I correctly predicted that Blue Chips would weaken again until approximately February 26 and now I advance that date until next Friday before another recovery starts.

Golds: I correctly predicted the beginning of a weaker phase which should last until next Friday before a brief recovery begins.

Bonds: The weakness I predicted beginning Monday actually began on Wednesday and I expect it to continue until the 27th before an erratic sideways trend begins.

The Predicts accuracy rate on a running average basis over the past 421 weeks has been 82.24%. For the past 12 months it has been 89.77%.

Richard Cluver