Richard Cluver Predicts

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

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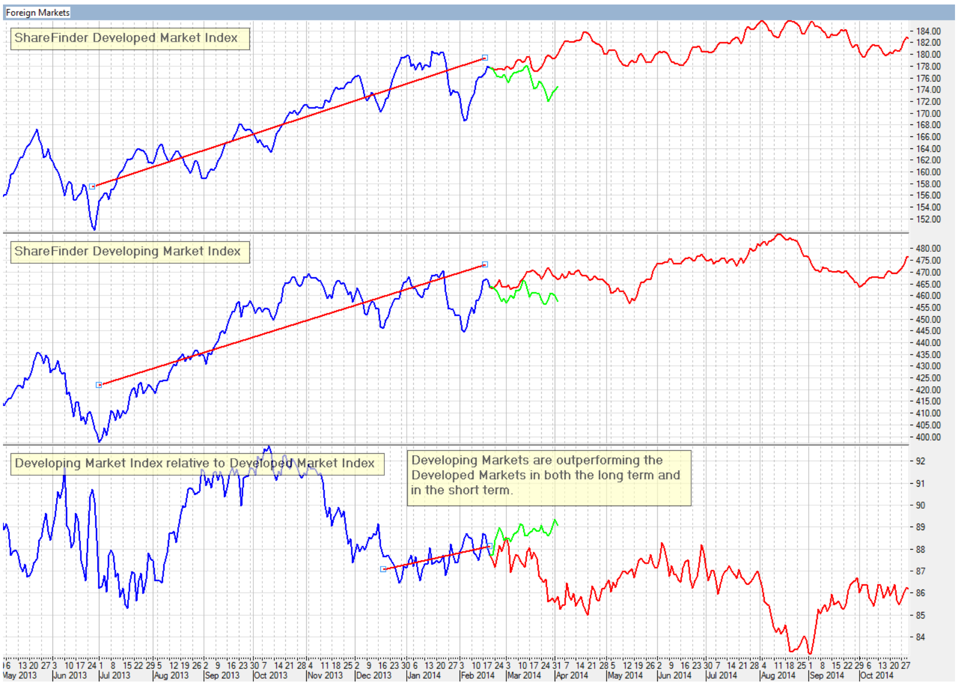
The Ukraine is a long way from South Africa and the Oscar Pistorius trial has been diverting most newspaper attention away from it anyway, so most folk here have been largely oblivious to the potential of events there.

What we need to recognize, however, is that the bulk of Europe's energy comes from Russia these days and, furthermore, that the major energy pipelines from Russia to the West traverse the Ukraine. That is why Europe has been so muted in its response to events in the Ukraine this past week for even a moderate disruption of fuel supplies will have a massive impact upon the fragile recovery that is becoming evident in Europe at the current time.

Since, furthermore, Europe is one of South Africa's most important trading partners – until recently the most important – any further economic disruption in Europe will have a major impact upon our own anemic economy.



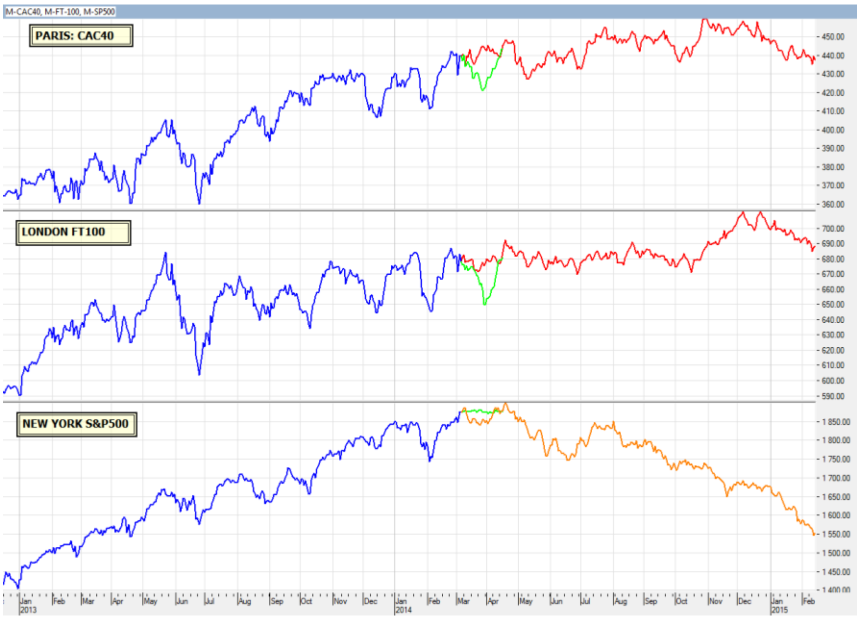
So let us start this week by taking a look at how investors see the economic health of Planet Earth Pty Ltd. In the projections on the right I have sketched out in green the likely short-term behavior of the Developed and Developing markets, noting that our usually extremely accurate Fouriers sense that the buoyant market recovery we have lately witnessed is, for now, probably at an end and, while in relative terms it appears likely that Developing Markets will fare better than those of the Developed World, both are likely to trend down for the next month or so.

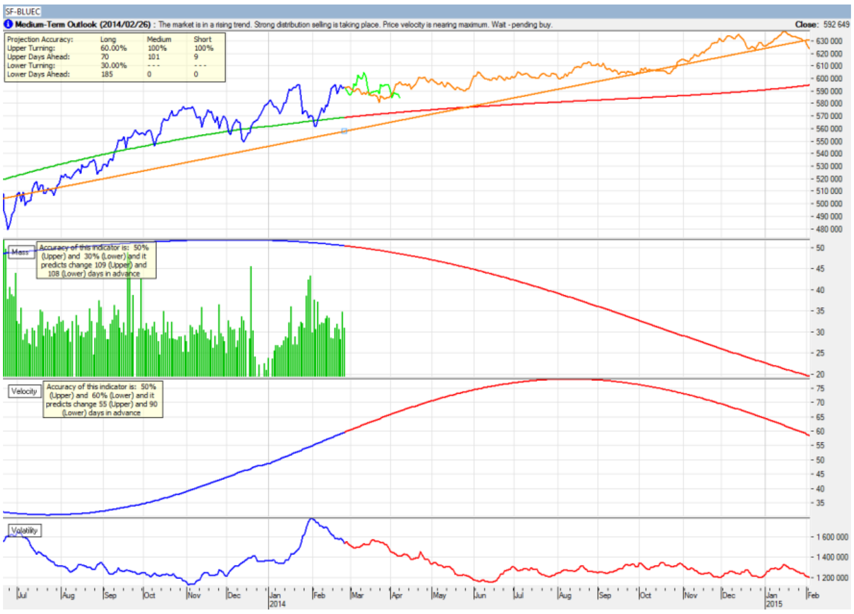
The longer term trend, traced in red, looks rather more promising for the Developed World with continued strength likely until mid-April at least. However, when we get more specific about the Developed World, note in my second composite on the next page that the Paris and London markets are projected to experience further short-term weakness while the only short-term strength appears likely to be found in the US. But the long-term outlook for Wall Street – note the bottom graph in the composite at the top of page two – continues to be downward for the foreseeable future.

Here at home in South Africa, the signs are at odds with one another. Noting the Blue Chip Index analysis which forms the second composite on this page, Long-term Fourier projection suggests that prices will keep on rising steadily for the foreseeable future. However, the Mass indicator which includes traded volume analysis in its calculations and usually anticipates market trends around three months ahead, anticipates that Blue Chips will come under strain from around April while the Velocity Indicator which tends to be fairly on the button with regard to future timing, suggests weakness from mid-August.

The medium-term outlook for the ShareFinder Rising Stars is also positive, but in the short-term expect weakness starting early in the new week and lasting at least until April 15.

In summation, if ShareFinder's measurement of the markets is anything to go by, then the tensions in Europe are far from over and for those looking to buy on any sign of weakness, the new week could well offer some attractive blue chip opportunities.





The month ahead:

New York's SP500: I correctly predicted the beginning of a moderate rise which will very likely be interrupted today and Monday before resuming until late in the week. But weakness lies ahead at the end of the week.

London's Footsie: I correctly predicted a recovery but it ended two days sooner than I expected. Now I see a volatile down-trend until late in March.

JSE Industrial Index: I correctly predicted gains which I still expect to last until March 12 ahead of a decline thereafter lasting until March 24.

Top40 Index: I correctly predicted a recovery which I saw lasting until March 7. Now I see it lasting another four or five days before nearly a fortnight of declines sets in.

ShareFinder Blue Chip Index: I correctly predicted gains which I expected to last until March 12. Now I see the rise ending on March 10 with volatile declines until March 24.

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Golds: I correctly predicted gains lasting until today ahead of a decline that is likely to last a fortnight.

Bonds: I correctly predicted gains which I now see lasting until March 14 before the next phase of weakness sets in to last into April.

The Predicts accuracy rate on a running average basis over the past 496 weeks has been 82.28%. For the past 12 months it has been 89.77%.

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