Richard Cluver Predicts

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

04 April 2014

The most burning investment decisions on my own mind this Friday surround the accuracy rates of the ShareFinder projection system and the impending market declines that the system expects to start in just a fortnight.

In the graph composite on the right I have depicted ShareFinder's projections for the New York Standard & Poors 500 Index, London's Financial Times Index and the Paris CAC. As you can see, New York is projected to continue falling until the end of 2015 to reach levels last seen in November 2011, London is seen to fall to its March 2009 low and Paris is projected to equal its November 2011 low.

Readers who care to turn back to previous predictions will note that ShareFinder projected similar extended declines in May, August, September last year and again in January this year. In May last year the market fell 4.38% and then recovered. In August it fell 3.1% and then recovered. In September the market fell 4.1% and then recovered and in January this year the market fell 3.6% before recovering again.

Now ShareFinder sees New York falling 7.9% between April 18 and June 17 (and short-term projection suggests the first new tremor could begin on Wednesday next) before a recovery sets in that will climb until July 31. However, on this occasion the cycle projection suggests that the recovery will not be to the same height that it reached on April 18 and thereafter there will be a pretty continuous slide.

As I have noted before, markets generally are at historic valuation highs and so after each projected market decline there is a strong probability that investment bulls will hesitate to rush back in as buyers. But then again, these are unprecedented times with the global economy

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awash with Quantative easing dollars, "whatever it takes" Euros and more recently, "Honest Abe" Japanese Yen with no real alternative home to go to other than the equities markets.

Lately, however, we have begun to see property prices soaring in centres like London where there has been a growing groundswell of protest about "gentrification" which is making homes unaffordable for ordinary folk. Rare art prices have also all been soaring. Surprisingly, however, we have not yet seen precious metal prices rising strongly as illustrated by the gold price graph on the right. And until it does…ShareFinder projects that the bottom of the gold bear market will not be reached until November this year….one can assume that investors will remain fairly sanguine about the share markets of the world for now.

Of course things could change quite suddenly if the world's share markets start tumbling in line with ShareFinder's projections.

What is clear is that central bank manipulation of the money supply has caused many strange distortions. So I in particular will be watching from next Wednesday with great interest!

The month ahead:

New York's SP500: I correctly predicted a recovery this week which should last until April 9 followed by weakness until April 25 before a mild interim recovery.

London's Footsie: I correctly predicted a recovery trend likely to begin around now and continue till mid-April and now short-term projection suggests an end on April 21.

JSE Industrial Index: ShareFinder has been struggling with this index lately and once again the foreseen declines have not materialised. Now I see a peak on April 17 before a decline well into May.

Top40 Index: I correctly predicted a recovery which I now see continuing until April 22.

ShareFinder Blue Chip Index: I correctly predicted a recovering trend which is now over until Monday after which a fresh recovery should last until April 28.

Rand: I correctly predicted gains that I now expect to continue into the end of April.

Golds: I correctly predicted a decline which I continue to see lasting until April 25.

Bonds: I correctly predicted weakness which I now see lasting until April 18 followed by a brief recovery until May 5.

The Predicts accuracy rate on a running average basis over the past 500 weeks has been 82.35%. For the past 12 months it has been 90.26%.

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