Richard Cluver Predicts

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

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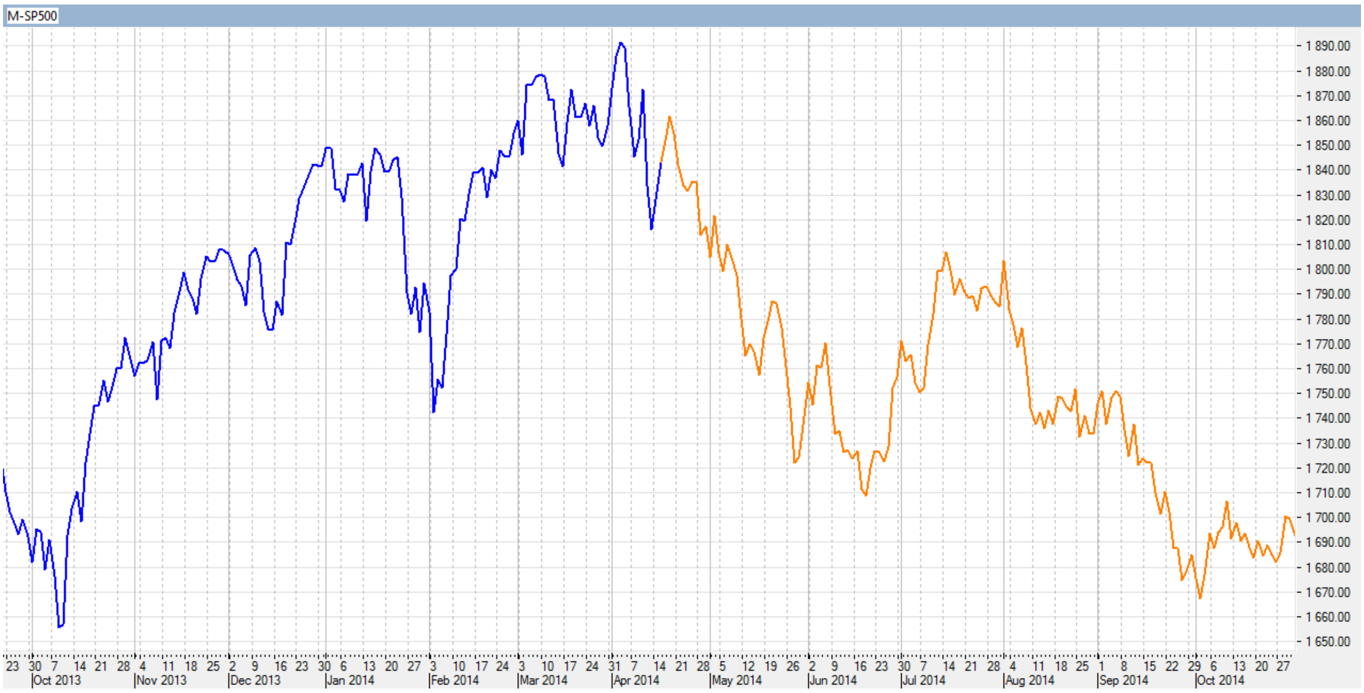
Concerns about the Ukraine, concerns about China's slowing economy, concerns that central bank cheap money has driven global share markets to unprecedented high prices and concerns that the recovery of the US economy is too slow have long been weighing on world share markets.

So the big question that investors everywhere must be asking themselves is whether this is the tipping point where the collective pessimism of investors as a whole is enough to tip the greed of bullish speculators in order to convert present market jitters into a wholesale rout? Well most market observers lack the benefit of ShareFinder's artificial intelligence which enables you to see the likely market scenario for the months that lie ahead. In other words, all they see is the blue part of the graph below where New York's broadest measure of stock exchange behavior is traced out by the S&P500 Index.



Were they able to see what you see above, the chartists among them would see the very distinct pattern of a head and shoulders formation which, in their studies is one of the most ominous of all chart formations. Notice the very distinct left shoulder that formed during December and January followed by the neck-line that formed during February and, finally, the head which has been traced out in the past fortnight. Now, if ShareFinder is correct, we will see the head completed either today or Tuesday. Thereafter we will see the right hand side of the neck being created as New York steadily declines until mid-June followed by the formation of the right shoulder during July.

If all of this does happen as ShareFinder predicts, then it is fair to assume that a sharp decline will follow which could unwind all the growth that has happened since March 2009 and, dare I be so pessimistic, could precipitate a global economic crisis of mammoth proportions which in the years ahead could severely test modern economic and political theory.

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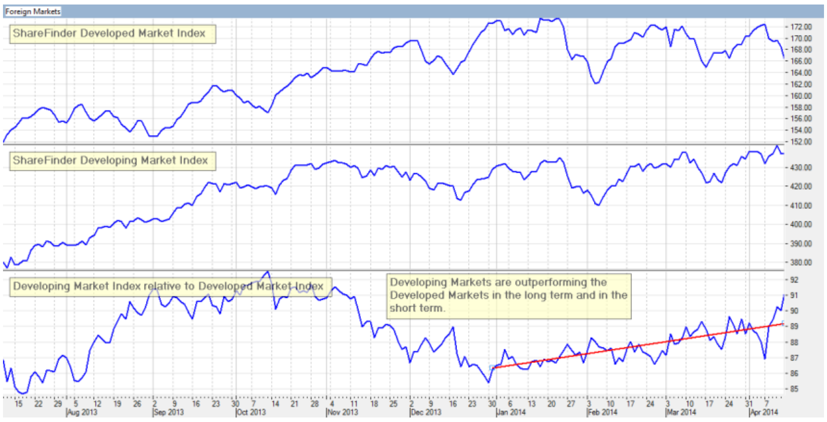
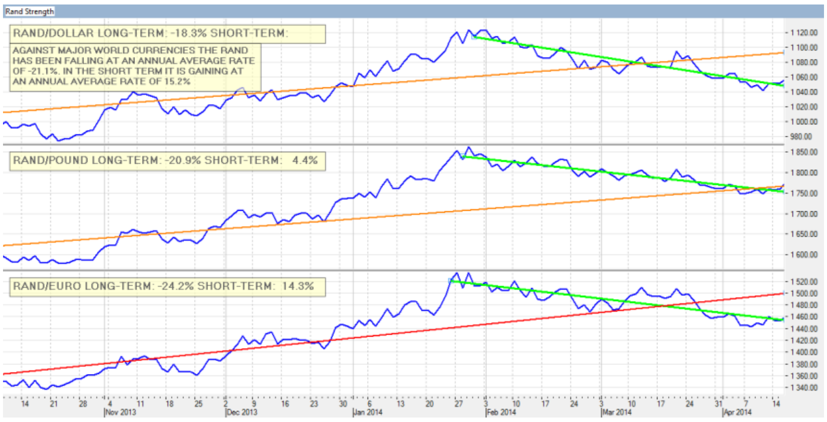
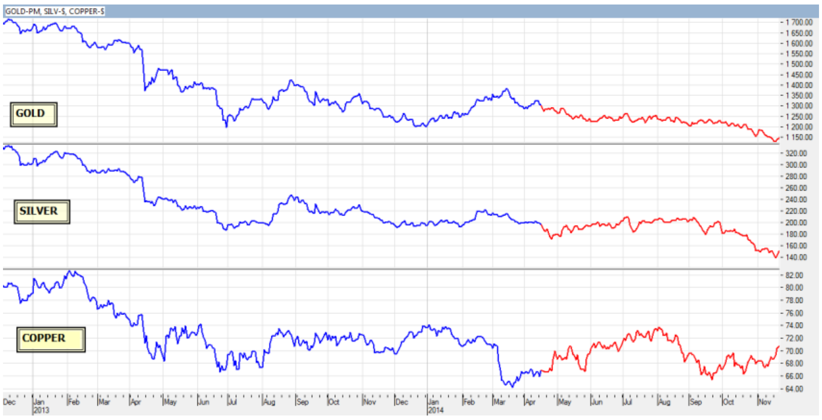
Adding credence to this observation is the fact that, despite their economic sluggishness, the share markets of the Developing World have been strongly outperforming those of the Developed World since late last December as illustrated by the relative strength graph on the right.



Furthermore, as my second composite on this page illustrates, money is flowing back into countries like South Africa as investment capital reverses back out of the US, Britain and Europe. Thus the Rand has strengthened to the extent that – note the green lines that have intersected the long-term market means – it is now relatively overvalued relative to the Dollar, the Pound and the Euro.



Given the global economic scene, these are VERY unusual trends made even more so by the behavior of both precious and commodity metals as illustrated by my last composite. Note that gold, which is the last resort of investors running for cover, was strengthening between January and mid-March but has lately been falling again and appears likely to continue doing so. Silver is similarly giving up its gains while industrial activity leading indicator, copper, was falling in price during the first quarter of this year and is now gaining strongly.



The times are indeed strange!

The month ahead:

New York's SP500: I correctly predicted weakness until late in April before a mild interim recovery which could last until May 16 before the next downward run.

London's Footsie: I correctly predicted a recovery ending on about early April. Now I see a recovery until April 28.

JSE Industrial Index: I correctly predicted an upward run until it peaked today followed by declines until May 5.

Top40 Index: I correctly predicted a recovery which I now see continuing until April 25.

ShareFinder Blue Chip Index: I correctly predicted a fresh recovery lasting until April 28 and now I extend the recovery until May 6 albeit with some bumps along the way.

Rand: I correctly predicted gains that I now expect to continue until May 6.

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Golds: The decline I predicted began later than I expected but I still expect it to last until April 25.

Bonds: I correctly predicted weakness which I expected to last until today followed by a brief recovery until April 25 and then a fresh bout of weakness.

The Predicts accuracy rate on a running average basis over the past 501 weeks has been 82.39%. For the past 12 months it has been 90.26%.

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