



# Richard Cluver Predicts

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



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## 21 November 2014

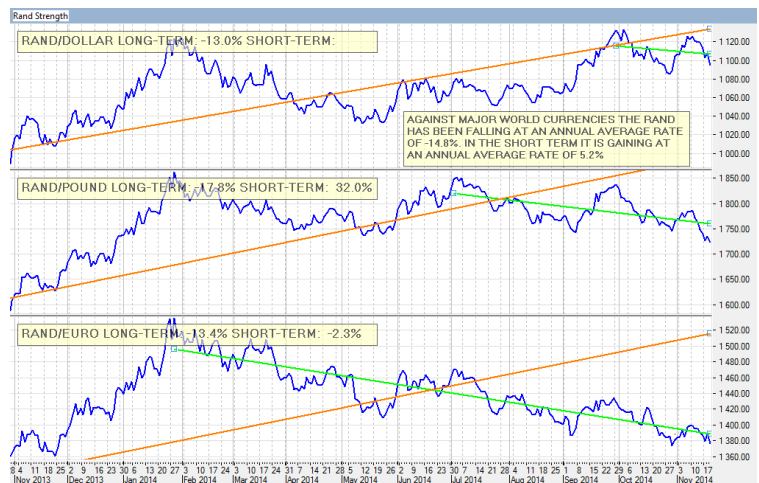
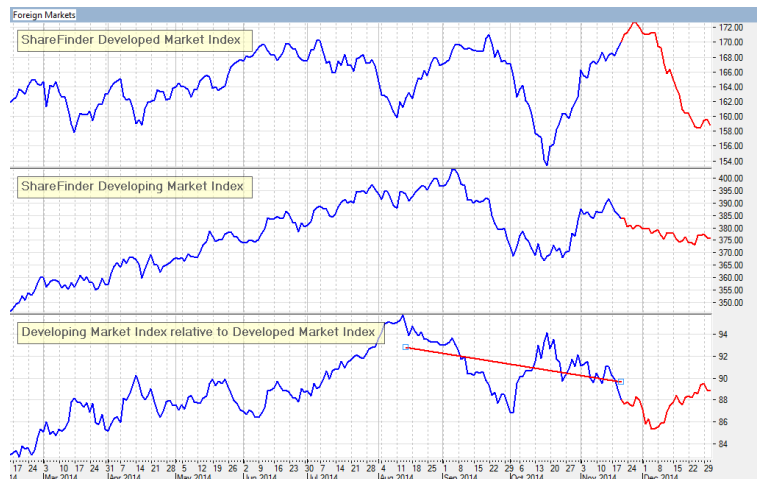
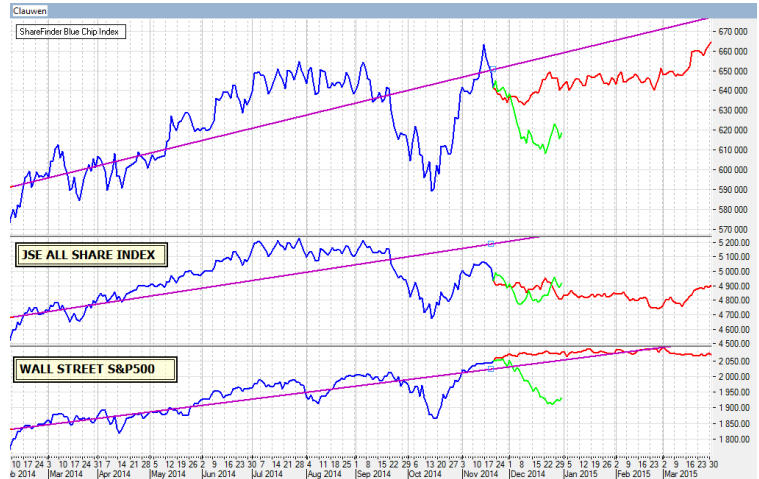
### The Japanese boost might already be over judging from the short-term reaction of world share markets over the past few days.

In my first composite the signs of a retreat are already clear in respect of JSE Blue Chips while the JSE All Share Index never really managed to get out of its short-term bearish trend. And Wall Street's widest measure, the S&P 500 Index is clearly at best merely moving sideways as we end the week. Meanwhile the green traces of ShareFinder's short term Fourier projections suggest on a cyclic basis all three indices will decline for most of December.

There is some consolation, however, in the fact that South African investors are not entirely on their own. In relative strength terms all the share markets of the "Developing World" have been on their way down since the beginning of August. There is some good news, however, inasmuch as ShareFinder's projections suggest that the advantage could swing during December again in favour of the Developing World...but I emphasise the word "short term."

Furthermore, as my third composite discloses, there is a modest sign that the Rand is ending its headlong decline. It has gained steadily for nearly a year relative to the Euro and since early July relative to the British Pound while, relative to the Dollar, it has been gaining since late September. So the outlook is not all dismal!

And the really good news is offered by my overleaf composite which shows how, relative to Developing Nation markets worldwide, the ShareFinder Blue Chip Index has been rising strongly since the



end of August. So the message is clear, in a world riven by currency wars and monetary instability, our Blue Chips continue to offer the best safe haven. Furthermore, ShareFinder's two most sensitive barometers of the future suggest that local weakness will be over by December 9.

For those who might consider buying blue chips, the most under-priced currently are MTN Group, Coronation Fund Managers, Compu Clearing, Assore, Transpacko, Truworths and Tencor.

Meanwhile, considering my final graph, the gold price as measured by the Kruger Rand in Rands looks about to make a price break-out with ShareFinder projecting that it will reach its lowest price since mid 2013 on December 3 at around R13 386 before beginning a rapid recovery that could take it above R15 000 by July next year.

## The next month:

**New York's SP500:** I wrongly predicted the beginning of market weakness and now foresee gains until November 26 followed by a decline throughout December.

**London's Footsie:** I correctly predicted further recovery which I continue to see lasting into the first week of December.

**JSE Industrial Index:** I correctly predicted declines and I continue to see them lasting until mid December.

**Top40 Index:** I correctly predicted declines which I see lasting until the first week of December.

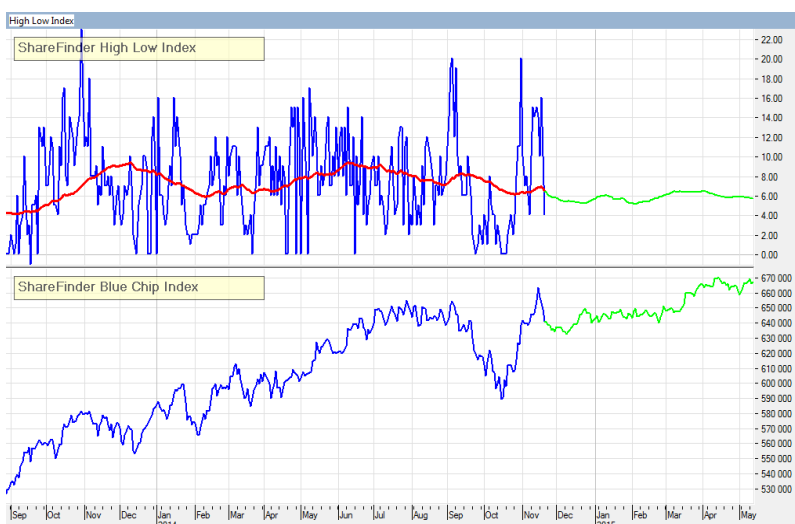
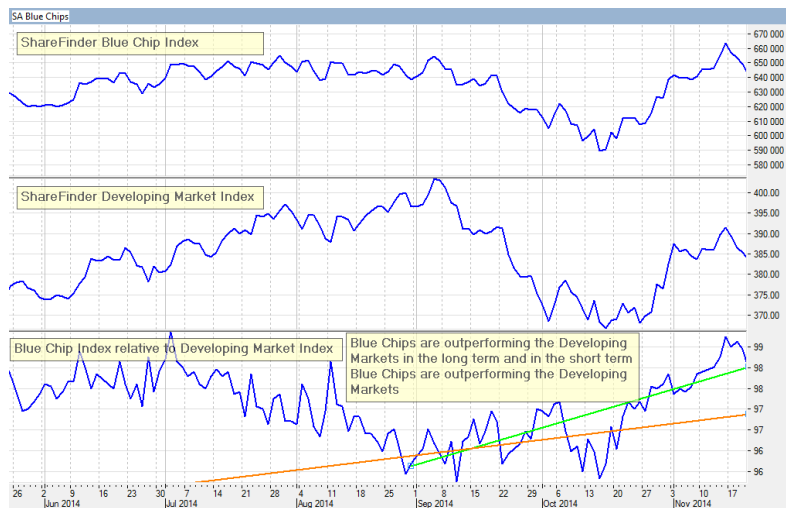
**The ShareFinder Blue Chip Index:** I correctly predicted a decline which I continue to expect will last until mid-December.

**The Rand:** I correctly predicted a recovery which I now see lasting into December.

**Golds:** I correctly predicted an improving market until the next bout weakness beginning around November 20. It actually began on the 19<sup>th</sup> and I see it lasting until December 1.

**Bonds:** I wrongly predicted an ending of the recovery trend. Now I see gains until November 28.

**The Predicts accuracy rate on a running average basis over the past 525 weeks has been 82.66%. For the past 12 months it has been 89.42%.**



**Richard Cluver**