Richard Cluver Predicts

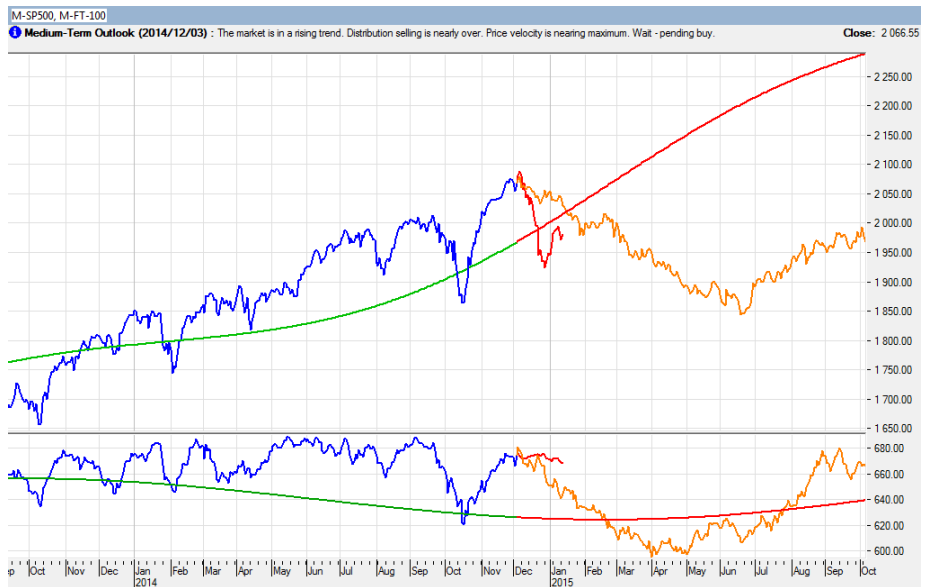*In our 27th year of service to the investing public of South Africa*

08 December 2014

Tumbling oil and commodity prices accompanied by investor perplexity about the likely impact of global currency wars are really not what investment markets need at this time as they search for direction.

And this can only increase the probability of declines that ShareFinder has long been projecting for this time. As the composite on the right makes clear, there is now an extremely high probability that an already toppy Wall Street will correct sharply downwards on Monday and continue on down for most of this month before staging a brief recovery within an overall bear market likely to last for the first half of 2015.

Furthermore, London looks likely to follow the same pattern as traced out by the second projection of the composite. Here though, it appears likely that the correction phase could end a little earlier: around the end of March.

Interestingly, however, ShareFinder currently suggests that the JSE could remain largely immune to this Developed World weakness. As depicted in my second composite on the right, it sees a recovery starting now and continuing into January.

But longer-term alalysis suggests that uncertainty will continue to pervade our market until late February when a strong recovery is likely that will see the market continuing to a new high around mid-August before the next bout of weakness begins.

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Meanwhile, the events of the past week have worsened the outlook for Sasol. Where last Friday ShareFinder was projecting that the shares could fall to 440 around February next year, the latest projections envisages the possibility of a figure as low as 370 by mid-January wiping out a full two years of price growth. ShareFinder at this point sees Sasol shares bottoming in late February before moving into a moderately strong recovery phase

that could see it gaining at a rate of around 30% compound.

These projections for Sasol accord precisely with ShareFinder's calculations on the likely trend of crude oil prices in the new year which it sees continuing on down to a low of around $56 at the end of February before beginning a recovery that could take it to $88 by next August. Here I would remind readers that ShareFinder's projections are currently running at an accuracy rate of a fraction over 90 percent with regard to timing

but considerably less so with regard to the magnitude of price movement and so the values I am quoting here are purely illustrative. In my own case, I offloaded a lot of my Sasol shares last August at 625 and accordingly hope to double my money on this potential trade.

With the rest of the money I created by selling mid-year, I am watching SAB Miller (pictured in my last composite) and MTN Group, both of which I currently judge to be close to the bottom.

The next month:

New York's SP500: I correctly predicted predicted gains until November 26 followed by a decline throughout December with a brief recovery in the new week which I expect to be over from today.

London's Footsie: I correctly predicted further recovery followed by an erratic decline which began yesterday and is likely to last until mid-week. But be warned, the end of the bull market is likely after Christmas.
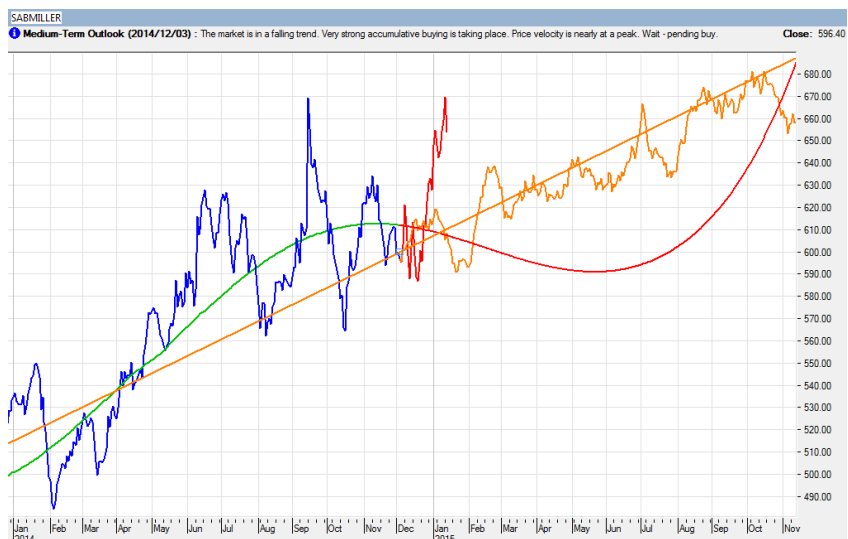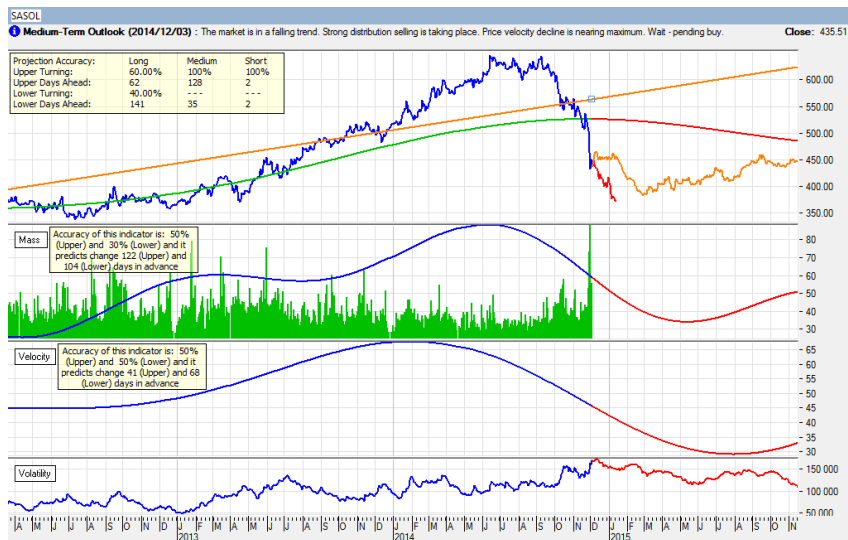
JSE Industrial Index: I did not foresee this week's brief recovery but from here on in I foresee an erratic decline for the rest of the month.

Top40 Index: I correctly predicted a recovery which I continue to see lasting throughout December.

The ShareFinder Blue Chip Index: I correctly predicted the beginning of a decline which, notwithstanding this weeks brief recovery, I continue to expect will last until throughout December.

The Rand: I wrongly predicted a recovery. Now I see weakness lasting until around December 22.

Golds: I correctly predicted a brief recovery between December 1 and 9 and now I see that extending until the 16th.

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Bonds: ShareFinder got this one right but I wrongly predicted declines until December 10. Actually the market gained and is likely to continue rising until the 11th before the next bout of weakness begins.

The Predicts accuracy rate on a running average basis over the past 527 weeks has been 82.7%. For the past 12 months it has been 90.06%.

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