Richard Cluver Predicts

In our *28th year of service* to the investing public of South Africa

30 January 2015

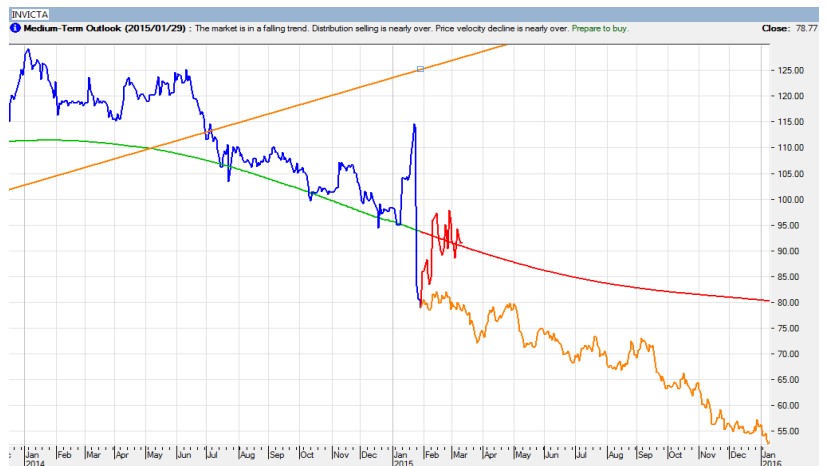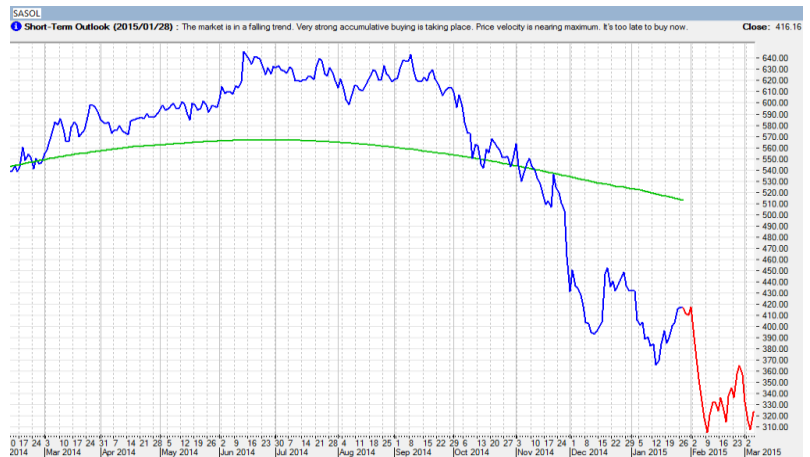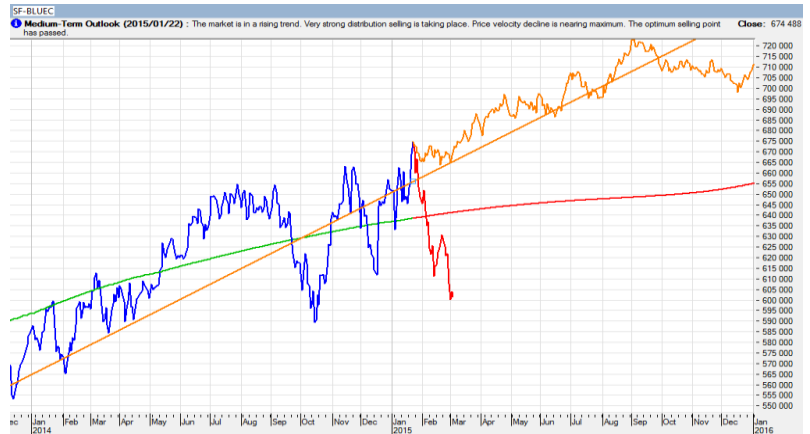**A week in from the launch of the European Central Bank's Euro 60-billion Quantative Easing programme and markets generally have responded predictably with value surges that have, among others, taken the ShareFinder Blue Chip Index to a record-breaking high.**

As my graph composite on the right illustrates, the index has been rising at a compound annual average rate of 23.8 percent and is projected to continue rising with comparatively little volatility until September at least. But there is one ominous note that needs your attention. Note the red short-term projection which suggests that over the course of the next month the index could be in for a sharp downward retraction.

And the precipitator of this decline could be shares like Sasol which are similarly projected to further collapse in the new week as highlighted in my second graph on the right. ShareFinder predicts that Sasol will gain marginally on Monday followed by a sharp decline on Tuesday that will continue through untilFebruary 10 at least during which it could lose another 27 percent of its value. Thereafter it is projected to make a double bottom as it tries to consolidate before collapsing further and finally bottoming at around R344 towards the end of April.

Other blue chips likely to take this negative pathway are EOH which could be trending down until July, MTN which might find bottom in early June at around R190, Richemont which might only reach bottom next September at around R89 and Adaptit which is set to bottom around September.

"Richard Cluver Predicts"
30 January 2015
Page 1 ©2015 RCIS

Published by Richard Cluver Investment Services
http://www.rcis.co.za
richard@rcis.co.za

Invicta, a former market favourite which had enjoyed superior earnings growth for the past five years, has just experienced a very sharp fall to cap a year of price declines, is projected to continue falling throughout 2015 as projected in the last graph on the previous page..

If ShareFinder is right in its projections, and the current accuracy rate is now better than 91 percent as you can see at the end of this weekly column, then among the projected big winners of the coming year will be Capitec (on the right) and (second graph) Famous Brands which could supass R130 from a current R108 during the current year. Spur Corp should be another winner trending steadily upwards for the rest of the year at a compound annual average rate of 32 pwercent.

Netcare, which has delivered compound 27 percent for the past few years, is likely to continue upward by at least 22 percent until October when the next phase of weakness appears likely.
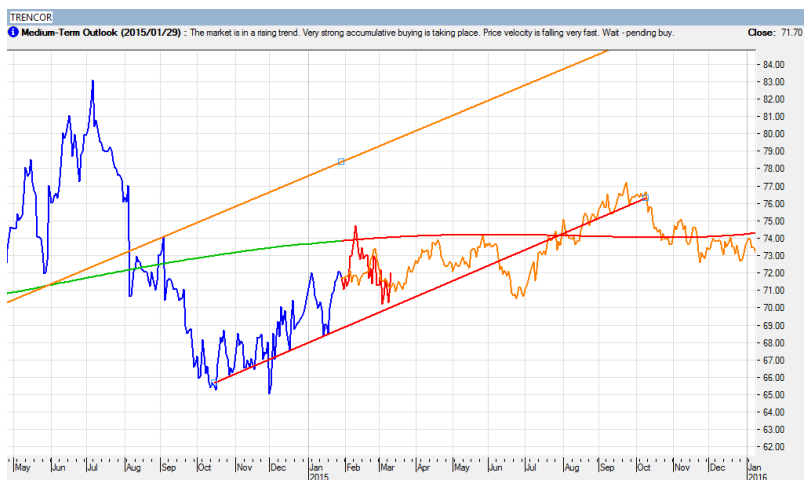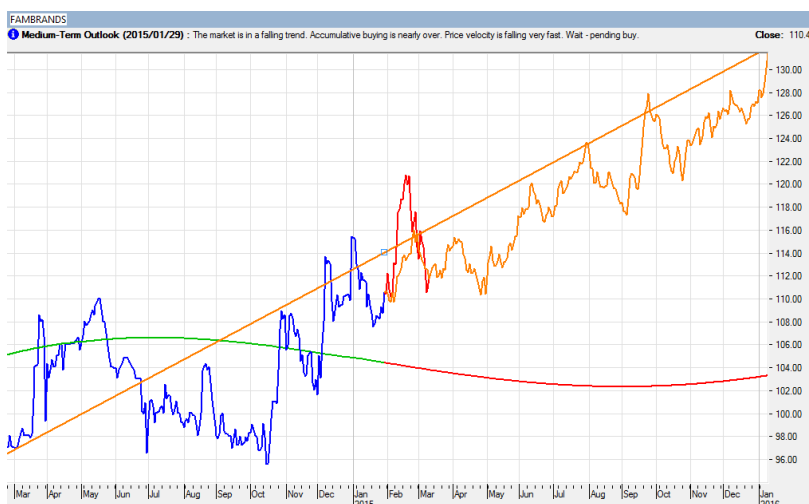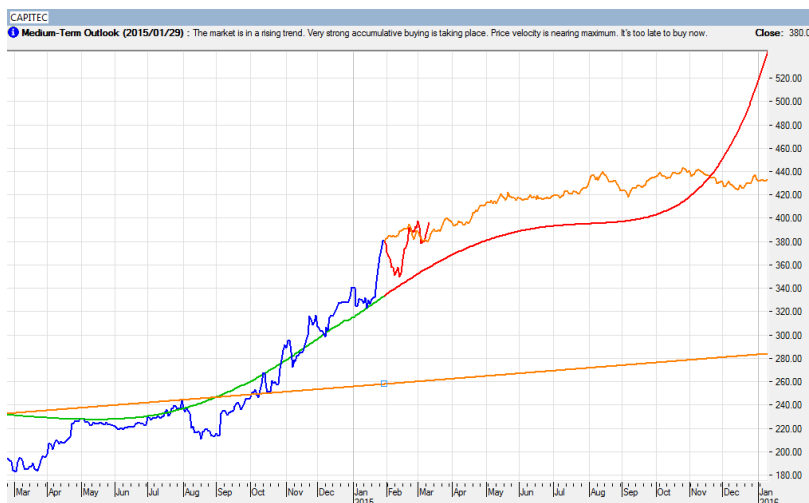
Trencor (third graph) which has had a good run since last September is likely to continue upward at 17 percent compound until October at least.

Another steady performer is likely to be Sanlam which will only modestly underperform its long term 31 percent compound annual average growth rate.

Among those likely to disappoint however is everybody's current favourite, Naspers, which is set to peak in the middle of the year at R1 715 which is only modestly more than its current R1 696 while Woolies is at its peak now and likely to trend erratically sideways for the rest of the year and begin to trend downwards from September.

CompuClearing, which has delivered some significant gains in the past, has been experiencing some exceptional volatility recently as a prelude to declines likely for the rest of the year.

Sadly too, one of the constant growth deliverers of the past, Standard Bank which has recently been delivering a startling 99 percent compound average growth rate since October, is set to peak in March and then trend downwards for the rest of the year losing some 15 percent from its coming February peak of R159.

"Richard Cluver Predicts"
30 January 2015
Page 2 ©2015 RCIS

Published by Richard Cluver Investment Services
http://www.rcis.co.za
richard@rcis.co.za

The next month:

New York's SP500: Though the past few days have witnessed declines, this is a minor correction within a recovering trend which I correctly forecast. Gains will continue from now until end of February.

London's Footsie: The decline which I correctly predicted was extremely brief and although there are likely to be gains until Monday/Tuesday, it should be down hill from there until March.

JSE Industrial Index: I correctly predicted the beginning of a decline which should be over today followed by a brief recovery untl Tuesday and then declines lasting until early March.

Top40 Index: I wrongly predicted a decline starting immediately. It was a little delayed but has now begun and should last until early March.

The ShareFinder Blue Chip Index: I correctly predicted the end of the recovery. Now I see a brief gain which I expect to end on Tuesday followed by a declining trend throughout February..

The Rand: I correctly predicted weakness. Now I see gains until February 13.

Golds: I correctly predicted an erratic decline which I continue to expect will last until the third week of February.

Bonds: I correctly predicted gains until the first week of February. Now I see a sideways to modestly gaining trend for the whole of February with a brief bout of weakness in the third week.

The Predicts accuracy rate on a running average basis over the past 533 weeks has been 82.85%. For the past 12 months it has been 91.03%.

Richard Cluver

"Richard Cluver Predicts"
30 January 2015
Page 3 ©2015 RCIS

Published by Richard Cluver Investment Services
http://www.rcis.co.za
richard@rcis.co.za