

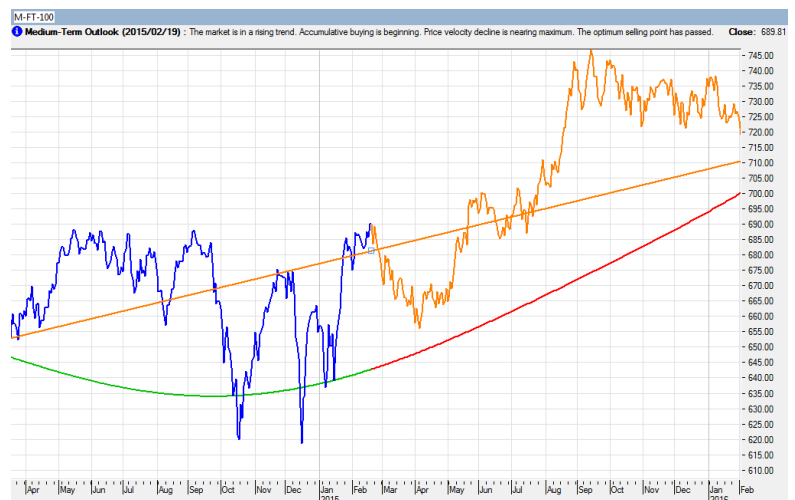


I wrote last Friday of an impending retraction of most leading world markets which I thought had already begun in London. Alas I was wrong. As I was writing London turned up once more and has spent the whole of this week rising to new higher ground.

Positive signs of a Euro zone agreement over the Greek debt issue were what inspired the market to move to new highs. Nevertheless the cyclic pressure for a retraction continues to mount and time is running out for Greece whose new government is being stared down by Berlin. The German argument is based upon an understandable fear that weakness now will lead to the rest of the Club Med countries demanding similar concessions, and that would not be affordable.

There are, however, growing signs that the Eurozone as a whole is very fearful of the consequences if Greece were to withdraw from the monetary union. Furthermore, there is considerable sympathy for the plight of the Greek people, particularly now that it has become increasingly evident that the “remedy” imposed upon the Greeks in the wake of the 2007 economic crisis has not worked and the current political re-alignment in Athens is an inevitable consequence of that failure. Germans, in particular, should understand this issue because it was precisely the same economic pressures for reparations which, after the first world war, led to the rise of Adolph Hitler’s Nazi Party and the catastrophic war that followed.

The probability is thus that a new compromise solution will be found and that what we are now witnessing is merely the inevitable uncertainties of the negotiation process rather than the fears of brinkmanship. Thus, as I have suggested for some time and as ShareFinder has calculated in its Fourier projections on the right, the current situation must be accompanied by some market uncertainty but a settlement some time in the near future will see a return of the confidence that has inspired the bull market of the past few years. So I offer readers ShareFinder’s latest take on the likely market trend in London which sees the probability of a peak on or about Tuesday next followed by a now very modest five percent retraction lasting until the first week of April before things begin to hot up once more.



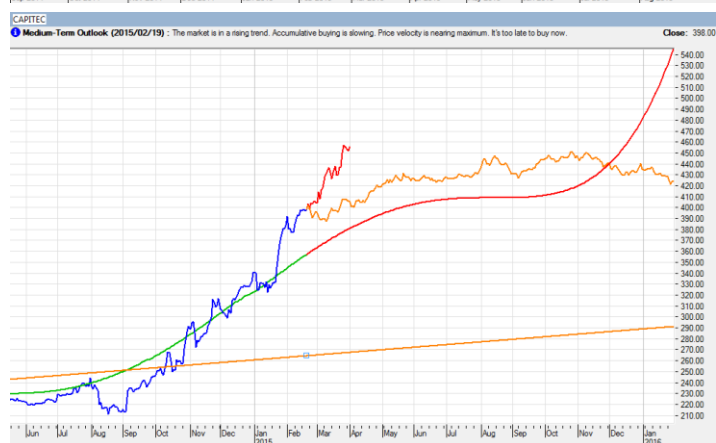
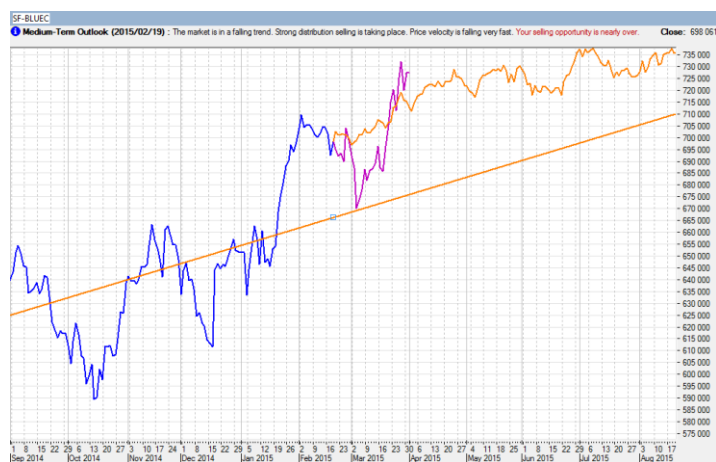
I should emphasise that, notwithstanding global economic malaise, in the longer term the upward trend of markets worldwide is inevitable given the quantity of new money that is being created by central banks. There is no guessing how it will all ultimately end, but for now we are

in the grip of a global beggar my neighbour currency war which is driving an ever-increasing chasm between rich and poor and fuelling political opportunism and states of war on a scale not seen since the 1920s.

Here at home, however, the market outlook is not quite as optimistic (Note my topmost composite on this page). Clouded by the new reality of a collapsing ruling party riven internally by dissent and the abundant proof of its ineptitude as evidenced by the crippling effects of electricity load-shedding and chaos in Parliament, our Blue Chips have been on the retreat since the

beginning of this month and they are likely to continue on down quite significantly at least for the rest of this month. ShareFinder calculates currently that the extent of this short-term correction will be of the order of around six percent by the time it has played itself out, offering some good buying opportunities over the next few days.

Best buys right now are Howden, Compclear, Coronation, MTN and Capitec. Of these the most likely top gainer for the next two months is Capitec which features in my second composite on this page.



The next month:

New York's SP500: I correctly predicted gains which I now see continuing until February 26.

London's Footsie: The weakness whose start I correctly identified has been temporarily ended but I see it beginning again early in the new week.

JSE Industrial Index: I correctly predicted a rising trend lasting until today followed by a whip-saw market trending largely downwards until-mid March at least.

Top40 Index: I correctly predicted a brief recovery continuing erratically to a peak which I now see on February 27 followed by a decline into mid- March.

The ShareFinder Blue Chip Index: I correctly predicted a declining trend throughout February and I now see it lasting until March 4.

The Rand: I correctly predicted gains which I expect will continue until March 3.

Gold: I correctly predicted a decline which I expect will last until mid-March.

Bonds: I correctly predicted weakness. Now I see a recovery beginning on Monday and lasting most of March.

The Predicts accuracy rate on a running average basis over the past 536 weeks has been 82.92%. For the past 12 months it has been 91.03%.

Richard Cluver