



Richard Cluver Predicts

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



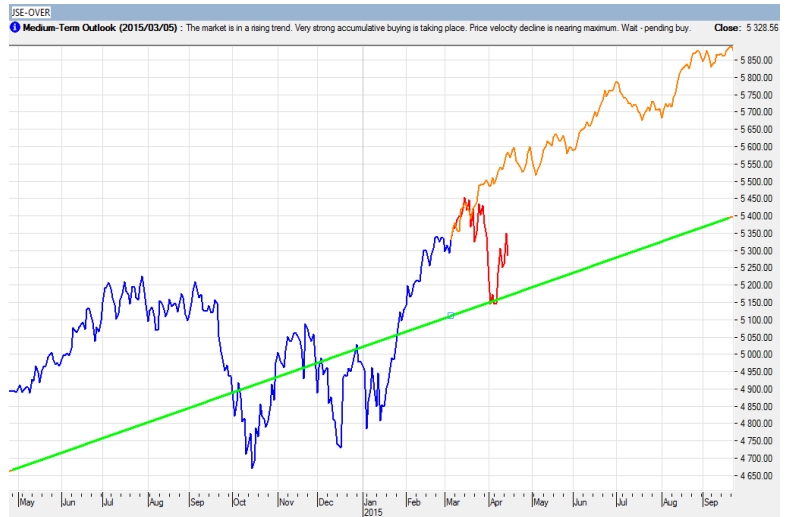
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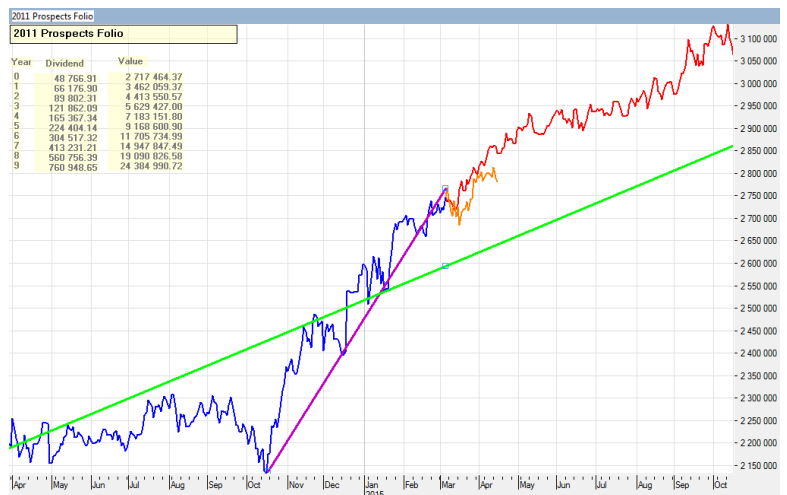
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The JSE overcame its post-budget blues on Monday and has been climbing steadily this week on the back of a raft of promising results from a number of blue chips. But you should brace yourself for the possibility of a fairly sharp reversal beginning Monday March 16.

That day is likely to mark the end of the strong bull run that has amazed investors since mid-October. Long-term investors need not be dismayed by it, however, for as my graph projection on the right makes clear, the likely downturn that ShareFinder expects will be merely a mean-reversal back to the green trend line which represents the five-year JSE Overall Index mean. If ShareFinder's projection is as accurate as usual it is likely that the reversal will be merely a pause for breath which should see the Overall Index gaining some 11.3 percent over the next six months.



More important to readers of this column who follow the 2011 Prospects Portfolio which has been rising at a compound annual rate of 97 percent since last October, it currently appears likely that the portfolio will gain nearly 15 percent in value over the next six months while over the next 12 it is likely to add three quarters of a million Rands in value to its current R2.7-million total. The green trend line represents the mean trend line since the portfolio was created with a virtual investment of R1-million in January 2011 which represents an annualised gain rate of 32.6 percent over the past four years that will have increased the original investment by 280 percent since inception. Projected forward, the implication is that the portfolio will be worth over R24-million by the year 2023.



The Prospects portfolio is likely to face a mean reversal of its own, though it is likely to be a much more modest event starting this weekend and lasting until approximately March 17 during which time it is likely to lose some three percent of its value.

Turning to the ShareFinder Blue Chips as a whole, the same brief mean-reversal is projected to start on Monday and is likely to cost investors some four percent before the recovery begins around March 17. Overall, over the next 12 months, ShareFinder projects that Blue Chips as a whole will put on some 9.6 percent in value in a fairly steady period of growth marked by a period of inactivity between mid-September and mid-December mirroring in somewhat more modest fashion the period of weakness that afflicted the market during the same period last year. The composite on the right shows how ShareFinder expects the next 12 months to play out for the Blue Chips.

Though they should not form part of a long-term investment portfolio because of their extreme cyclic volatility, platinum shares are beginning to present a very interesting forecast. The recovery that began in mid-December appears set to continue in quite spectacular fashion between now and mid-September but be followed by just as spectacular a reversal between then and January 2016.

In closing I should note that

Prospects is always published on the Wednesday nearest to the 15th of the month which implies that the March issue will be out on March 18.

The next month:

New York's SP500: I correctly predicted declines but now the March outlook is improving and so I predict a very volatile but rising trend for the next four weeks.

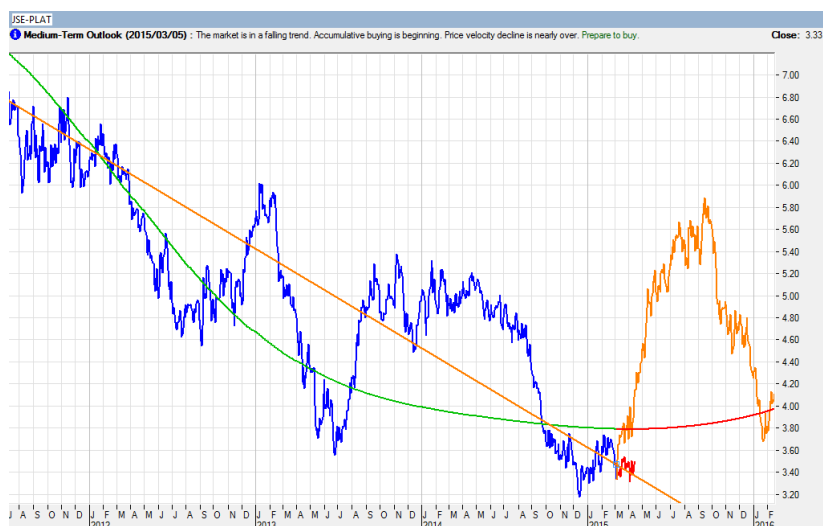
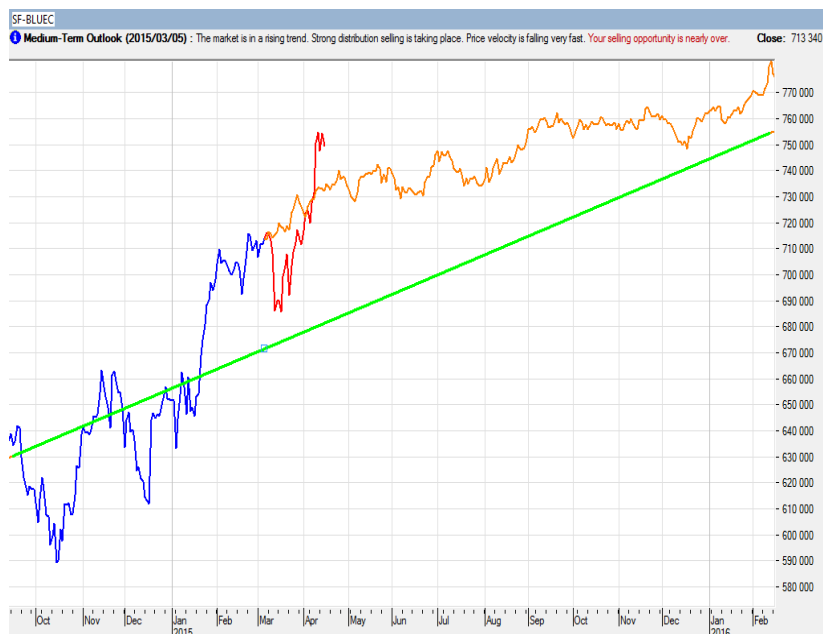
London's Footsie: I correctly predicted the beginning of weakness which I expected to last throughout March. Now I am modifying that view to a sharper decline lasting until mid-March before recovery begins.

JSE Industrial Index: I correctly predicted a whip-saw market trending largely downwards until-mid March. Now I see a whip-saw recovery beginning around the 11th.

Top40 Index: I correctly predicted that the market would peak and begin to decline. Now I see a recovery beginning today and lasting until the 16th before the next down-turn.

The ShareFinder Blue Chip Index: I correctly predicted a declining trend but it ended sooner than I expected. Now I see a fairly sharp decline beginning early in the new week.

The Rand: I wrongly predicted gains. But I expect this phase of weakness to end around the middle of the coming week and be followed by several weeks of recovery.



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

Bonds: I wrongly predicted the beginning of a recovery. I now expect weakness to continue until approximately March 20.

The Predicts accuracy rate on a running average basis over the past 538 weeks has been 82.94%. For the past 12 months it has been 91.03%.

Richard Cluver