



# Richard Cluver Predicts

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



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## 10 April 2015

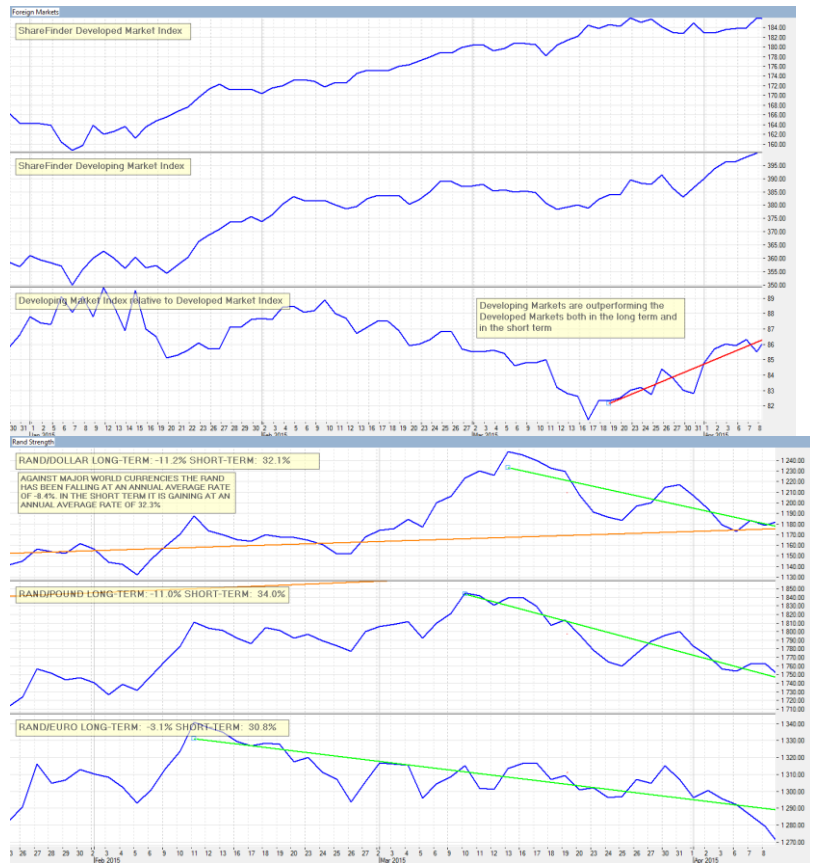
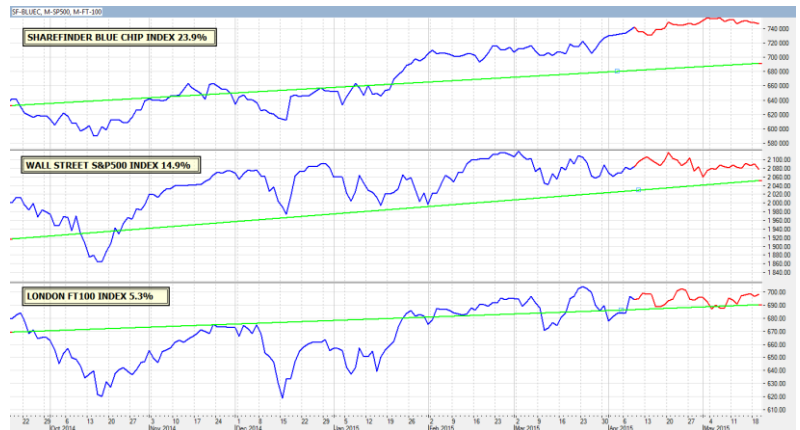
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**In extraordinary counterpoint to an ever-swelling plethora of troubling social and political local news filling our news channels this past week has been the daily phenomenon of a steady increase in individuals' investment portfolio values. And the good news with a 91% accuracy probability is that they will keep on rising for the rest of this month.**

The composite on the right, with five-year mean trend lines superimposed, illustrates how the ShareFinder-defined Blue Chips have been streaking ahead in value at 4.5 times the rate of London's average and twice Wall Street's with the implication that Wall Street will reach an interim price peak on April 21 and London on April 24 while our Blue Chips should keep on climbing until May 4.

Furthermore, the recovery of Developing World share markets has continued at the same cracking pace for the fourth straight week in a row as illustrated in my relative strength graph on the right. That rate of outperformance has, as is to be expected, slowed from last week's 173 percent compound annual rate to a slightly more modest 142 percent.

The Rand is also continuing its improvement relative to the world's major currencies gaining at an annualised 32 percent against the US Dollar, 34 percent against the British Pound and 31 percent against the Euro as traced out in my third composite.



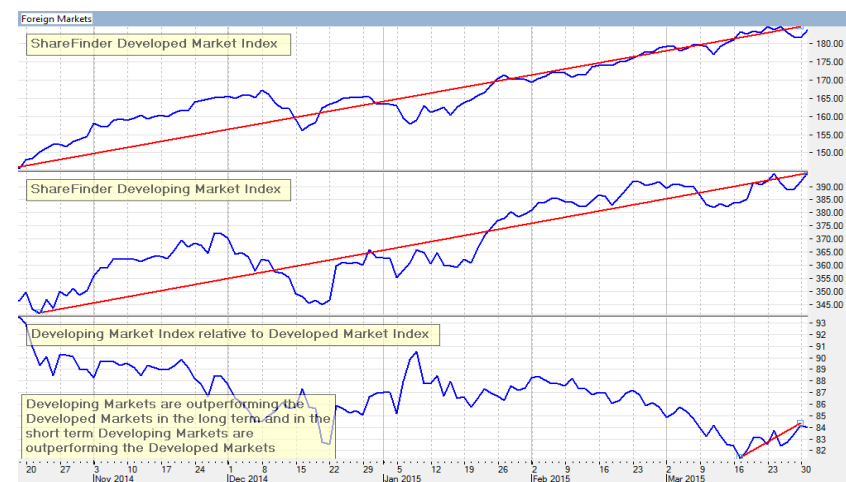
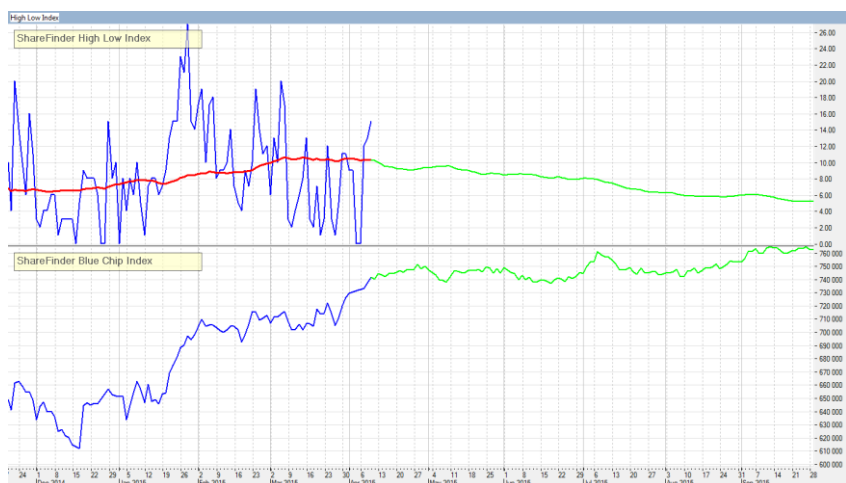
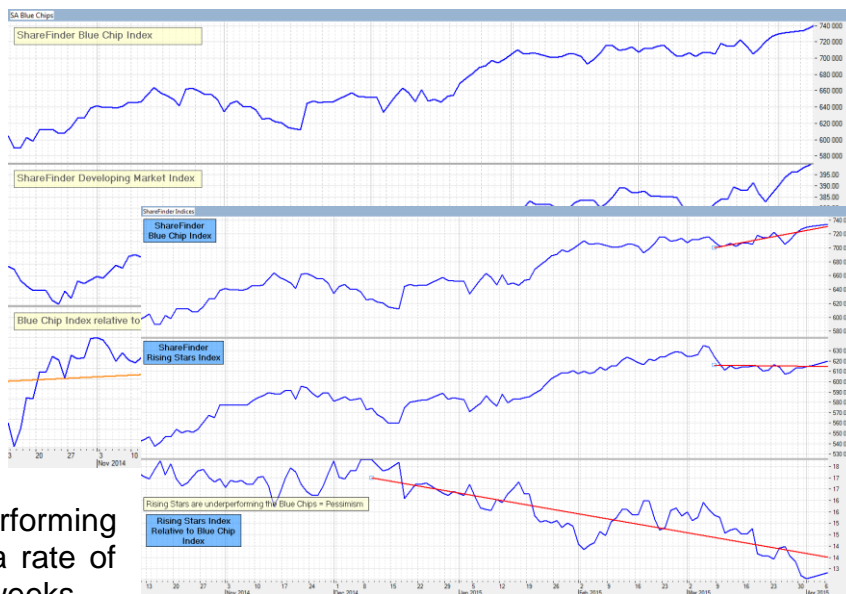
Much of the foregoing has everything to do with a growing perception that the recovery of the UD Dollar and Wall Street as a whole has been somewhat overdone. Nevertheless, everything looks good so far as South Africa is concerned until we turn to the relative performance of our Blue Chip shares when compared with the ShareFinder Developing Nations Market Index which, as can be seen in the third graph of the composite on the right, has the blue chips underperforming the Developing Markets Index at a rate of nearly 7 percent for the past nine weeks.

As I pointed out last week, foreign investors who control nearly half the value of the JSE, cannot be expected to forever turn a blind eye to the almost total lack of effective political leadership in this country and the consequent management crisis in most instruments of State. Despite this, however, price volatility has been falling since late January and appears on projection likely to continue for the next five months. However, Blue Chips are projected to peak on April 28 before beginning to decline until mid-June albeit within an overall upward trend for the year as a while as projected in the twin composite on the right.

As further proof that the honeymoon period is nearly over for our market, my final composite illustrates the fact that the Rising Stars category of somewhat riskier shares has been significantly underperforming the Blue Chips since early December and is likely to continue doing so at least until mid-July.

## The next month:

**New York's SP500:** I correctly predicted a recovery which I still see continuing until April 21 before the next downturn starts.



**London's Footsie:** I correctly predicted a whip-saw sideways trend but now I see a modest recovery trend within that. Nevertheless by the end of April it is unlikely that London will have surpassed its March 24 peak.

**JSE Industrial Index:** The downturn which I predicted would begin on April 8 is likely to begin today and last until Tuesday before the next recovery begins within a continuously rising market which appears good at least until early May.

**Top40 Index:** I wrongly predicted the market would be heading down. But this trend was merely delayed and I see it beginning almost immediately and lasting for the rest of the month.

**The ShareFinder Blue Chip Index:** I correctly predicted the continuation of a whip-saw up trend which is likely to last until mid-May.

**The Rand:** I correctly predicted continuing recovery which I now expect will last until April 17.

**Gold:** I correctly predicted the beginning of a brief up-trend but it lasted less than I expected and now I see declines at least until mid-May.

**Bonds:** I correctly predicted gains which I now expect to last until April 20.

***The Predicts accuracy rate on a running average basis over the past 543 weeks has been 83.03%. For the past 12 months it has been 91.35%.***

**Richard Cluver**