



Richard Cluver Predicts

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



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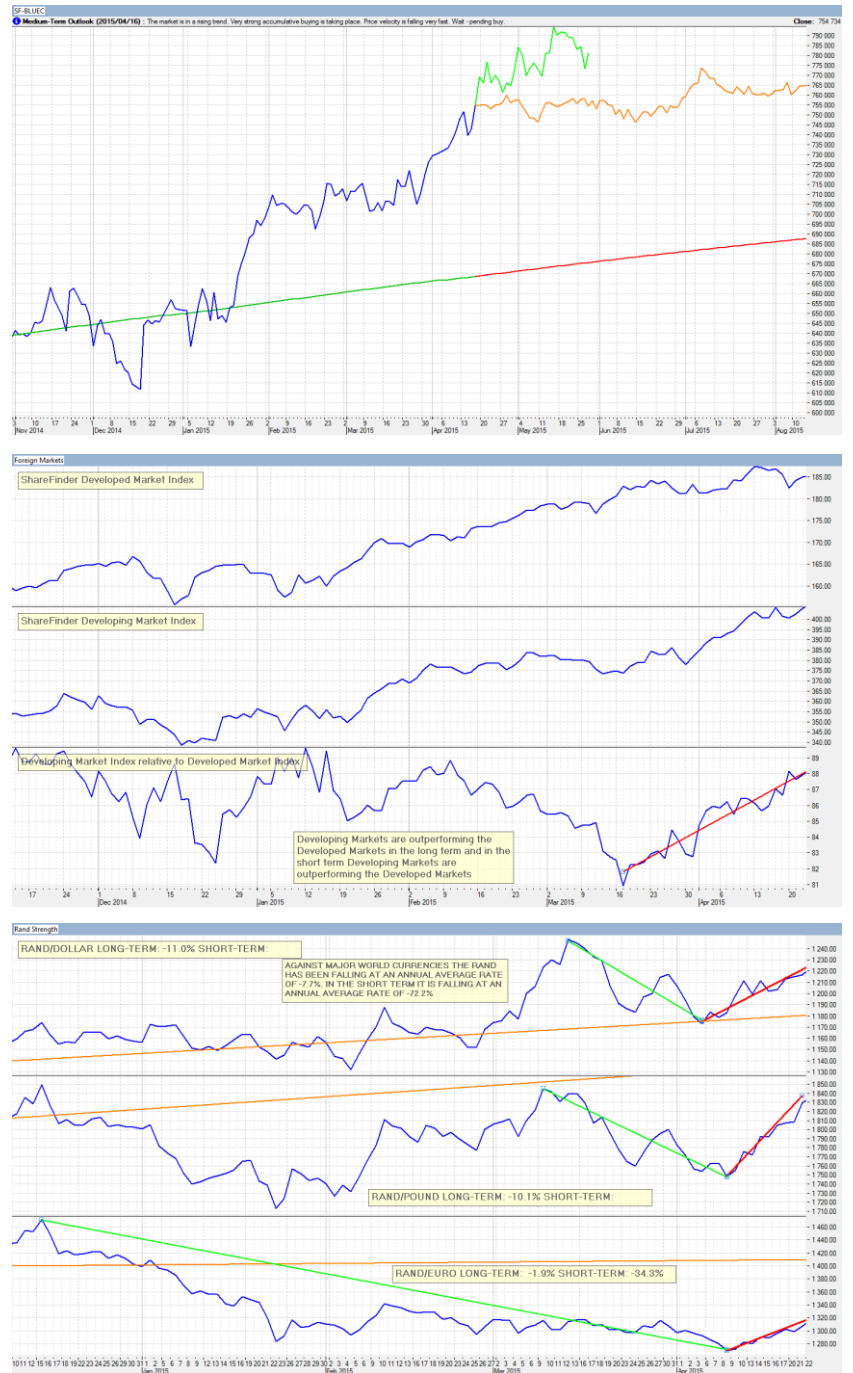
As I predicted, this has been a week of share price consolidations following the heady increases of the past few weeks. And now the stage is set for further gains as highlighted by the green short-term projection in my first graph which tracks the recent performance of the ShareFinder Blue Chip Index.

Note, however, the red medium-term projection which suggests that although there are likely to be further gains over the next three months, they are unlikely to be as spectacular as we have been witness to in the past few weeks. This market needs time to consolidate itself after the rapid gains of the recent past.

In the meantime, however, Developing Country markets continue to outperform those of the Developed World signalling that US investors in particular are still worried about the excessive valuation of Wall Street where, this week the Schiller Cape Ratio fell back fractionally from last week's 27.1 to 27 overnight compared with the 27.8 reading immediately ahead of the 1929 Black Friday crash.

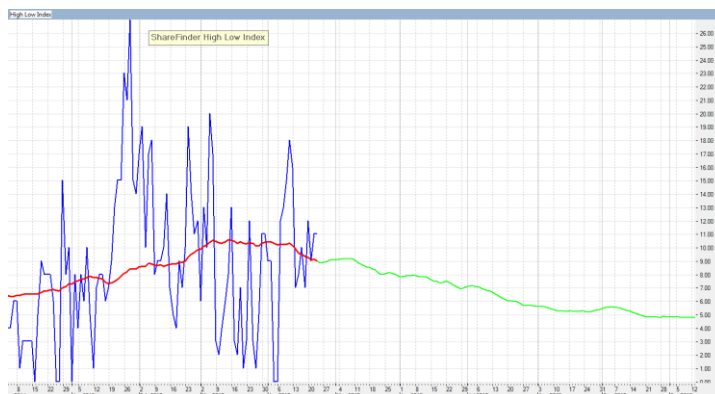
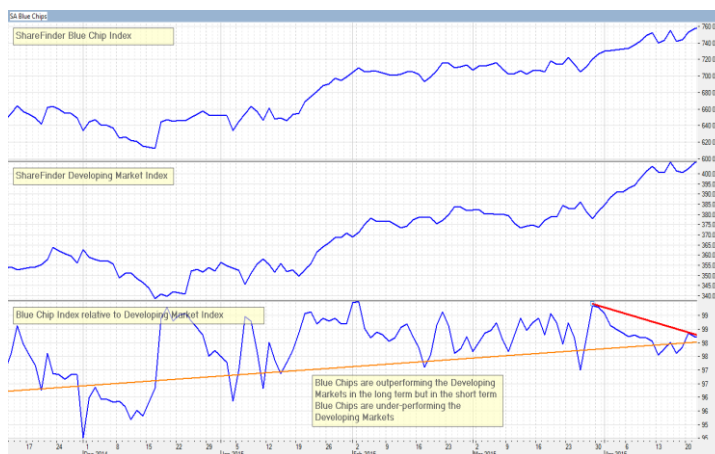
What is troubling this past week though is the fact that the Rand has started reversing its gains of the past five weeks against all major global currencies as highlighted by my red trend lines in the third composite on the right. Obviously the bad news about our recent wave of Xenophobia has taken its toll of overseas opinion and Rand zone investments are being shunned.

This latter fact is particularly evident when we compare the



recent price performance of JSE Blue Chips relative to the Developing Market Index where, in the bottom graph of the composite on the right it can be seen that since March 30 our Blue Chips highlighted by a red trend line have been underperforming the index at a significant -16.7% whereas in the long term, as denoted by the upward-sloping orange trend line, our Blue Chips usually outperform the Developing Market Index by a factor of 5.5 percent compound annually.

This wave of pessimism directed towards South Africa is, however, already diminishing as made evident by the diminishing market volatility which can be seen in the downward-trending High-Low index in my second graph. Hopefully then things will begin to return to normal as projected by my opening graph which sees the market gaining another 5% between today and May 14 before back-tracking somewhat until mid-June when the next big up-surge is currently scheduled.



The next month:

New York's SP500: I correctly predicted a recovery lasting until the middle of this week and now I see declines until May 4 before an up-surge heralds the next recovery trend.

London's Footsie: I correctly predicted a recovery which I correctly expected would last until April 21. Now I see declines until April 29 ahead of the next up-surge lasting until mid-May.

JSE Industrial Index: I correctly predicted the beginning of another up-trend which I still see lasting until mid-May but accompanied by considerable day to day volatility.

Top40 Index: I correctly predicted a continuation of the recovery which I now see lasting until late May.

The ShareFinder Blue Chip Index: I correctly predicted the continuation of a whip-saw up trend which I still expect is likely to last until mid-May. It is likely to be accompanied by some quite sharp volatility on the way.

The Rand: I correctly predicted continuing weakness but that is now over until the end of the month. But we can expect another phase of weakness in early May.

Gold: I correctly predicted the beginning of a downturn which, with some volatility, I expect to last until late May.

Bonds: I correctly predicted weakness which will be over by Monday after which I expect gains for most of May.

The Predicts accuracy rate on a running average basis over the past 545 weeks has been 83.05%. For the past 12 months it has been 91.35%.

Richard Cluver