



# Richard Cluver Predicts

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



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*Now is the winter of our discontent  
Made glorious summer by this son of York;  
And all the clouds that low'r'd upon our house  
In the deep bosom of the ocean buried.*  
[Richard The Third Act 1, scene 1, 1-4](#)

Though the British might have cause today, to welcome the onset of summer made more certain by a Tory victory, it is indeed proving to be a winter of discontent for South Africa. No sooner is the wave of Xenophobia behind us than we are plunged into violent protests action; all of which testifies to an increasingly frustrated public reacting in the only way that they know will get the attention of the Government.

Given the deep-seated problems of this country centered upon the misguided view of the present administration that political loyalty is more important than the ability to do the job, it is clear that there can be no short-term solutions. Only a change of government, or at the very least a change of leadership, can be expected in these circumstances to lift the national mood.

Thus it is no wonder that public opinion polls have been sliding downwards into pessimism.

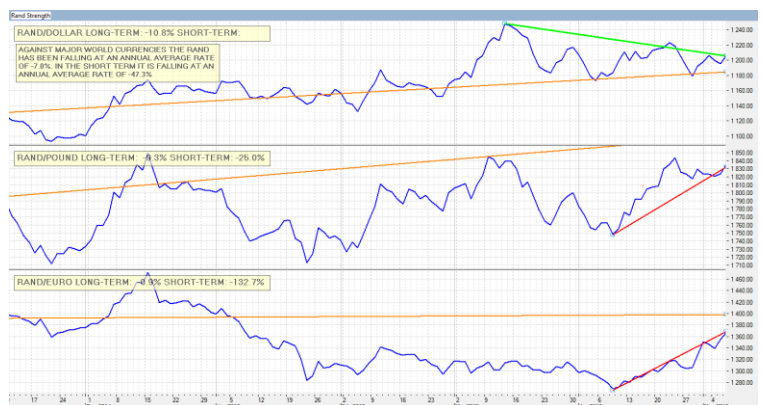
There is, furthermore, little comfort to be had from ShareFinder which, taking the most optimistic view of its projection on the right, suggests that the current downward trend of Blue Chips is unlikely to reverse before next Wednesday at the earliest. Furthermore, the projection suggests that we will likely see the Blue Chip Index bumping along the bottom in a monotonous sideways trend until early August.

It was, of course, to be expected that the market would enter a consolidation phase after the heady gains that were made in the first four months of the year and that view is clearly emphasised by the declining trend of the High/Low Index which forms the upper part of my composite. Simply stated, this index reflects the fact that the optimists are becoming steadily less optimistic which is allowing the pessimists to re-assert themselves, resulting in a more stable, sideways, market trend.

Meanwhile, the brief optimistic note that I highlighted last week in my currency watch graph composite has failed to

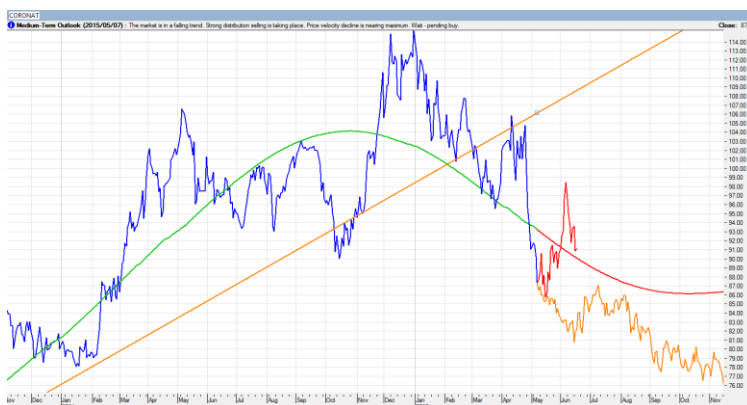


the market would enter a consolidation phase after the heady gains that were made in the first four months of the year and that view is clearly



consolidate itself. Only against the US Dollar is the Rand still gaining while, worryingly, despite all its current Greek worries, the Euro is GAINING against the Rand. The pound is also gaining and, following yesterday's Tory victory it is likely that the pound will spurt ahead now.

In passing, since I highlighted Coronation Fund Managers last Thursday, many of you have been asking me where I see this share moving in the medium-term and so I have again published ShareFinder's view which suggests that there will be a brief price recovery starting Monday week but for the rest of the year the trend is likely to be down. Thus, attractive as it is at current prices, I suggest that you continue to hold off on buying.



## The next month:

**New York's SP500:** I correctly predicted a sharpening decline. Now I see a recovery for most of next week. But the longer-term view is for a volatile sideways trend.

**London's Footsie:** I correctly predicted a recovery which I expect to last until May 20.

**JSE Industrial Index:** I wrongly expected the up-trend to continue until mid-May. Nevertheless I see a brief up-tick today and Monday but the outlook for the rest of the month is likely to be downwards.

**Top40 Index:** I correctly predicted a brief down-trend. Now I see the beginning of a volatile recovery lasting into mid-June.

**The ShareFinder Blue Chip Index:** I correctly predicted the end of the up-trend though it came a bit sooner than I expected. Now I see another brief recovery but it is likely to be over by mid-week with a sideways to modestly declining trend thereafter.

**The Rand:** I correctly predicted a brief recovery. Now I see weakness until the first week of June with a brief respite between the 13<sup>th</sup> and the 26<sup>th</sup>.

**Golds:** I wrongly expected a brief recovery but that has merely been delayed and now I sense it beginning Monday until the 22<sup>nd</sup>.

**Bonds:** I wrongly expected weakness to be over by Monday. Now I only see a recovery beginning on May 20..

**The Predicts accuracy rate on a running average basis over the past 547 weeks has been 83.04%. For the past 12 months it has been 90.71%.**

Richard Cluver