



Richard Cluver Predicts

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



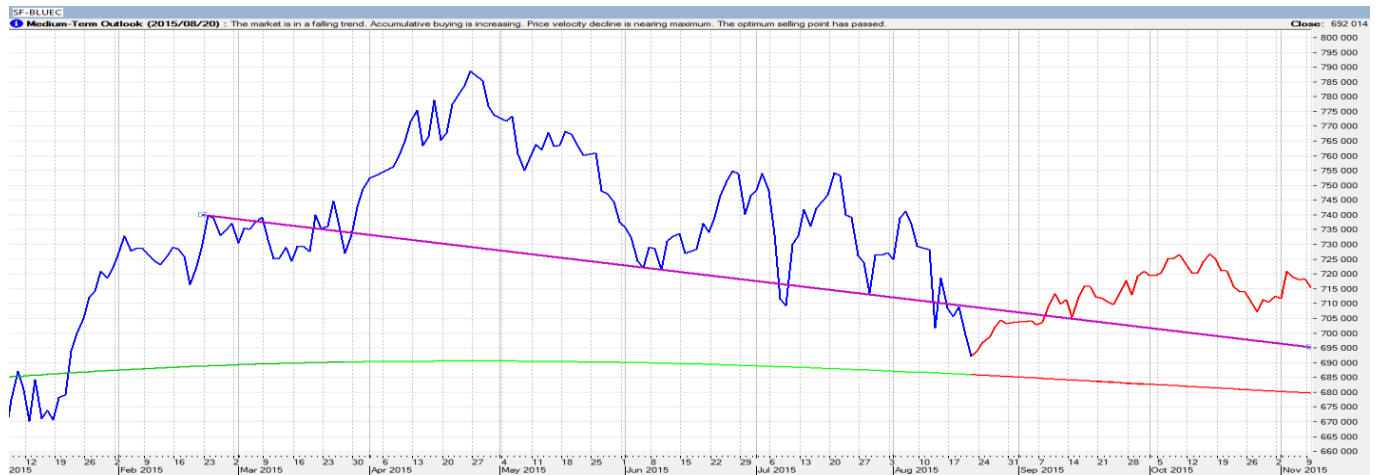
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The bear market situation I have been warning about for weeks really began to bite these past few days as China's currency devaluation shook markets everywhere. And that should, if we do not experience any other major shocks in the next few weeks, offer us the bottom turning point for South African Blue Chip shares.

Readers who have followed me closely for the past few weeks will know that ShareFinder was projecting declines between April and mid-August exactly as have been traced out in the graph below building what students of technical analysts describe as a "head and shoulders" pattern which is very evident on the graph. Viewing it, they would expect it to be a portend of a very steep downward dive from here. But ShareFinder's projection system thinks otherwise projecting a recovery from here on in as traced out by the red line on the right. But do note that the the ultra-long-term green line projecting red in the future, is still trending downwards implying that ShareFinder's medium-term view is for a recovery within an overall long-term bear market.



But do not expect that the Blue Chips are going to spectacularly reward you while everything else is heading south for the next year or two. As my second long-term look into the future makes clear, Blue Chips are unlikely over the next two years to reach values above the value they achieved in April this year. You will, in other words, need to be content with a modest eight percent gain over the next year or so.



However, if you consider the JSE All Share Index projection below, you will see that in sharp contrast with what it expects of the Blue Chips, ShareFinder predicts the average JSE share will plunge a further 10 percent between now and next July.



Wall Street, meanwhile, peaked on July 20 and is projected to make two more abortive attempts to surpass that level before completely succumbing to the bear after October 26 and then it is downward all the way until next July during which time US equities can be expected to lose at least 10 percent as well.



The next month:

New York's SP500: The gains I predicted ran out of steam mid-week and you can expect the US to bump along the bottom in a sideways trend from now.

London's Footsie: I correctly saw a short-term dip. Now I now see gains until September 4 before the next downward dip.

JSE Industrial Index: I correctly predicted a recovery beginning this week and today should mark the beginning of an erratic recovery until September 1.

Top40 Index: I correctly predicted a whip-saw period of recovery and the first up-leg should be today.

The ShareFinder Blue Chip Index: I correctly predicted weakness followed by a recovery which I now see lasting until + - September 25.

The Rand: I correctly predicted a brief recovery until August 26 followed by weakness until the end of the month and then fresh gains until mid-September.

Golds: I wrongly called the end of the gold recovery but now I think it is over and I see declines until September 11 before the next recovery starts.

The Predicts accuracy rate on a running average basis over the past 556 weeks has been 83.26%. For the past 12 months it has been 93.18%.

Richard Cluver