Richard Cluver Predicts

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

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Last week I pondered whather the global bear market might be over for now given the fact that for the past 13 trading days the share markwets of both the Developed and the Developing Worlds had been in recovery mode?

Now, with the US Federal Reserve having opted to postpone the moment when it will start raising interest rates, markets have been given a fresh reason for optimism and many analysts are speculating that the longest-running bull market in history has been given new legs. However, ShareFinder does not think this is the case as the projection in the graph of New York's S&P500 Index below clearly illustrates:

As you can clearly see, ShareFinder predicts that after the current hiatus, the market will from the end of October resume its downward trend with declines likely to continue for at least the next ten months. So it is important to note that the Fed's decision has only been postponed for a few weeks. Janet Yellen, the US Fed's chairwoman, described the decision as a close call and said the central bank still expected to raise interest rates later this year. "The recovery from the Great Recession has advanced sufficiently far and domestic spending has been sufficiently robust that an argument can be made for a rise in interest rates at this time," Ms. Yellen said at a news conference. But, she said, "heightened uncertainties abroad," including the Chinese economy's weakness, had persuaded the bank to wait at least a few more weeks for fresh data that might "bolster its confidence" in continued growth.

So do note that ShareFinder sees little respite for the South African market after the current hiatus, predicting that the JSE all share index will only be trying to establish a bottom next May and June:

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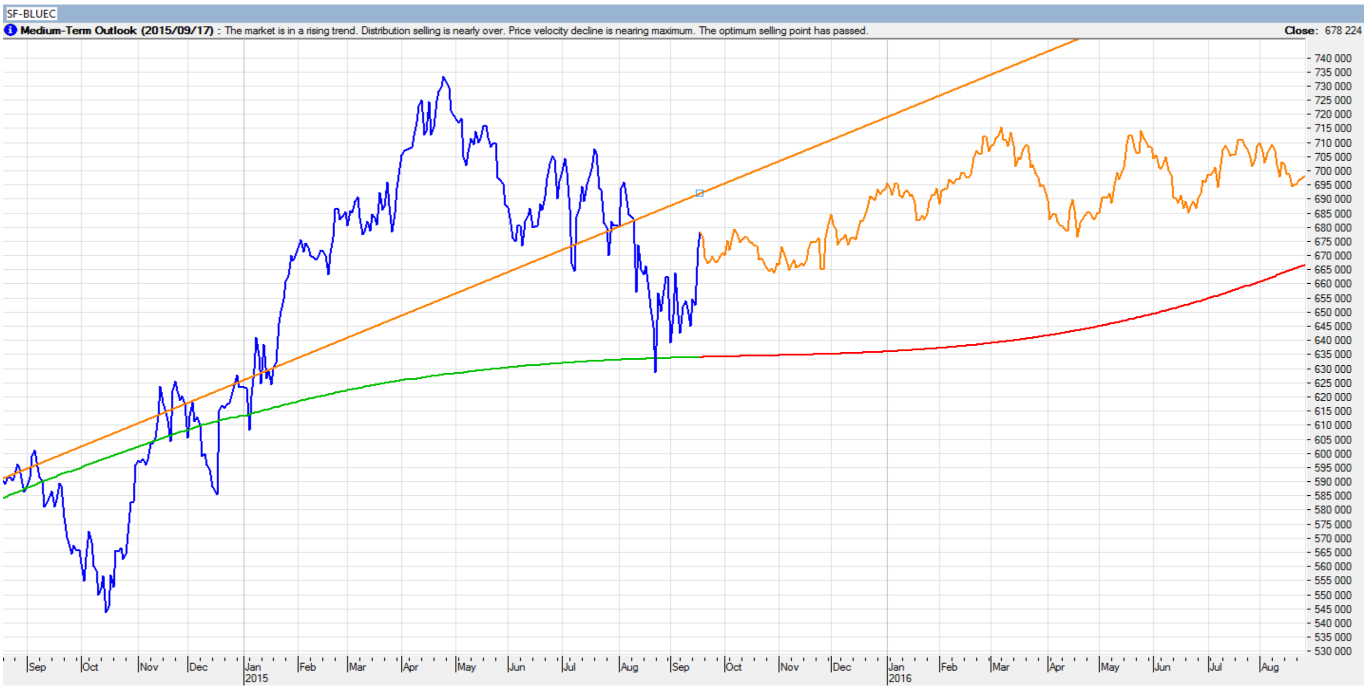
Happily though, as I have so often observed in the past, smart investors have learned to concentrate their money in the kind of shares that ShareFinder automatically sorts on their balance sheet statistics into its Blue Chip category. As a result these have become the new stores of wealth in an uncertain investment world. As a consequence their bear market is clearly over and recovery from here on in is merely a process of time as my third graph projection illustrates:



The next month:

New York's SP500: I correctly predicted a recovery followed by a decline starting now and lasting until the 23rd.

London's Footsie: I correctly saw a recovery which I expect will be over next Monday. Nevertheless the overall trend should be upwards until the end of the month before the next sharp decline.

JSE Industrial Index: I wrongly predicted whip-saw declines until the 25th. But they have merely been delayed and should be starting around now.

Top40 Index: I predicted that the current recovery would end about now and now I see erratic declines until the 25th.

The ShareFinder Blue Chip Index: I correctly predicted a recovery which I expected to continue until now when I expected the next dip to begin. I still hold that view seeing declines until the end of the month when the next recovery is due.

Golds: I correctly called a fresh up-trend lasting most of September. Now I see it peaking around the 25th followed by declines until October 9.

The Rand: I correctly predicted that the Rand would begin recovering this week. Now I expect it to weaken again well into October.

The Predicts accuracy rate on a running average basis over the past 560 weeks has been 83.36%. For the past 12 months it has been 93.45%.

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