



Richard Cluver Predicts

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

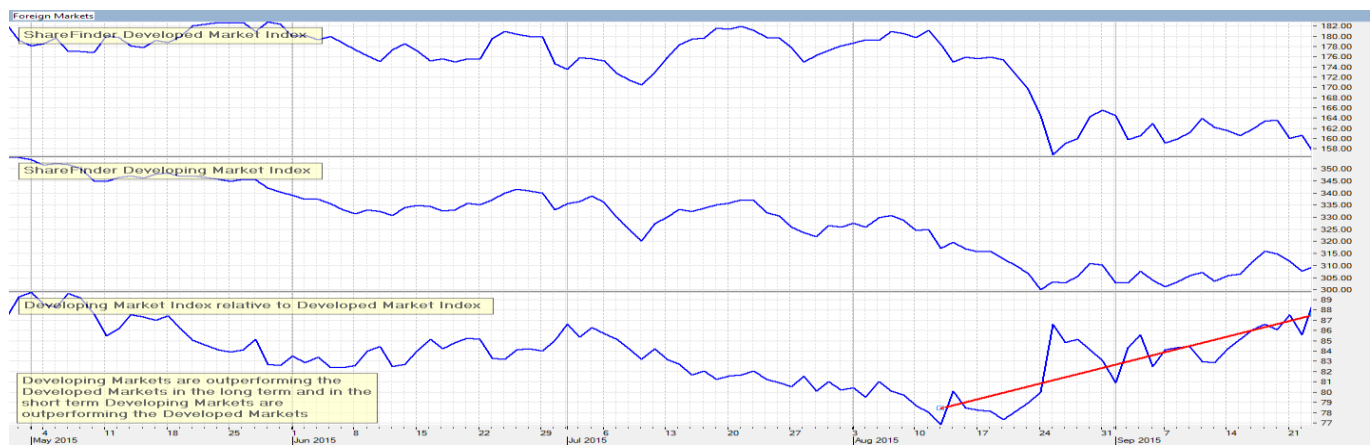


Volume: 28

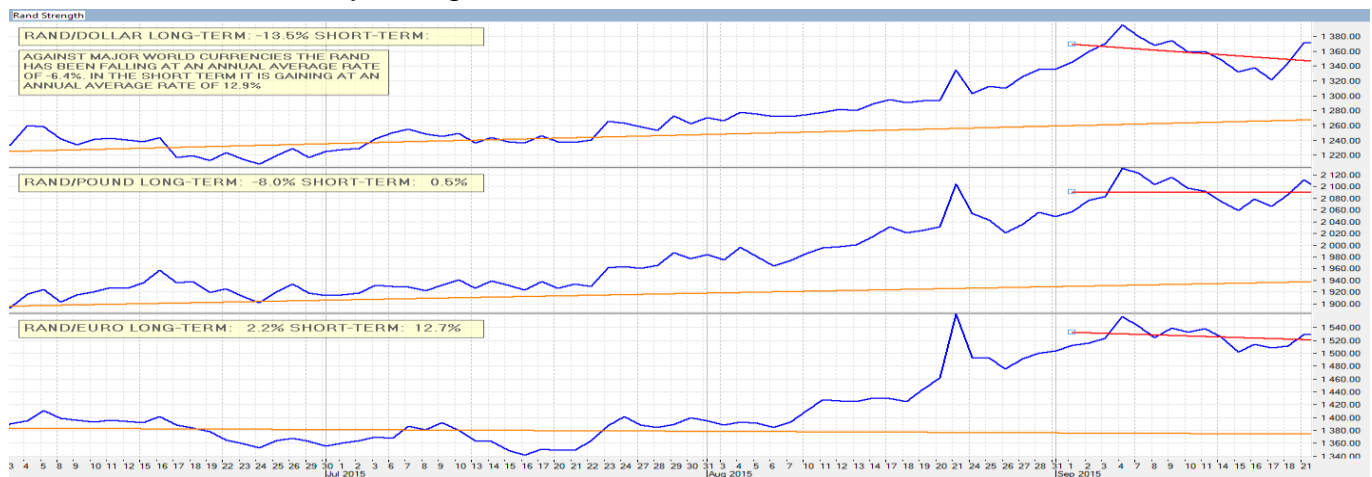
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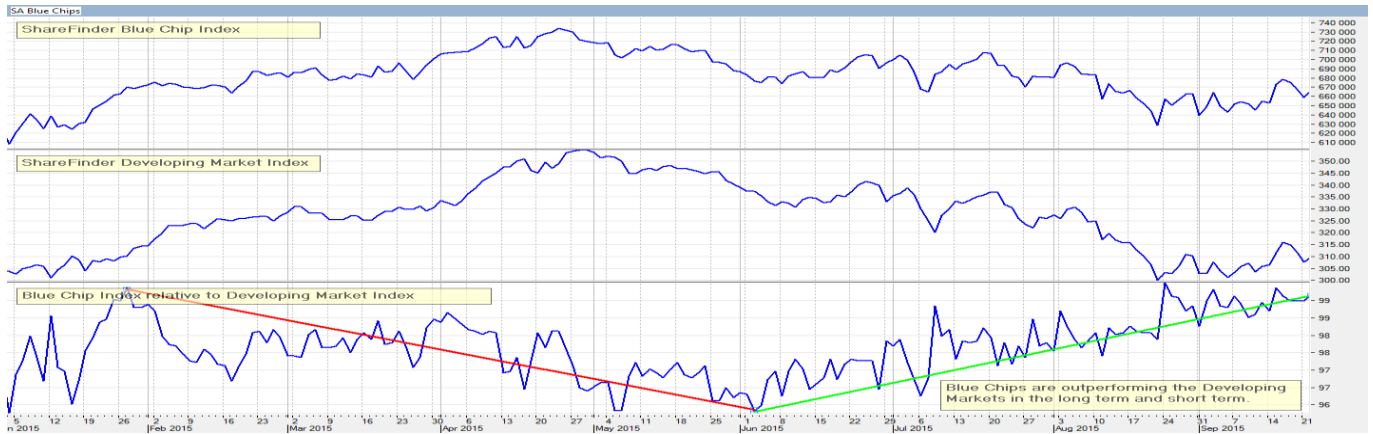
The tentative market recovery that I have been heralding for the past three weeks is becoming steadily more entrenched. Thus, the major question that is confronting investors who heeded my timely warnings earlier this year to accumulate cash ahead of coming buying opportunities, is whether now is the time to start selective buying?



The red trend line in the lower graph of my relative strength composite above highlights the fact that since August 12 share markets of the Developing World have been outperforming those of the Developed World. Furthermore, as my next composite discloses, the Rand has been gaining strength relative to the principal currencies of the world since the first week of this month. Here I need to point out that a falling Rand graph means that it requires fewer Rands to buy a Dollar or whatever as the currency strengthens.



Next, you need to consider the graph composite overleaf which emphasises that South African Blue Chip shares have been outperforming the Developing World Market Index since the beginning of June, signalling that our quality shares have become the increasing focus of world attention in recent months. The rising green trend line makes the point very clearly!



So, assuming I were looking to buy right now, what shares would I include in a portfolio for someone who can afford to take a medium amount of risk in order to achieve high capital growth? Assuming I had R1-million to invest, the selection below meets that criterion with an average dividend growth rate over the past five years of 47 percent and average price growth of 30 percent

Share	Quantity	Value	Risk	Ret...	DivGro	Price...
* Cash		582.25	1.00			
INVICTA	1 694	99 946.00	12.46	14.63	126.08	12.11
CORONAT	1 416	99 969.60	17.83	44.68	59.52	38.16
ADAPTIT	9 661	99 991.35	80.40	81.89	23.65	80.99
MEDCLIN	954	99 902.88	-5.90	32.99	7.68	32.14
MTN-GR...	562	99 839.30	-34.39	13.33	45.37	7.21
ADCORP	3 571	99 988.00	-44.44	5.66	-1.64	1.17
BRAIT	718	99 916.88	44.56	46.16	29.61	45.69
SABVEST	3 030	99 990.00	50.31	40.71	67.62	39.41
MONDILTD	345	99 946.50	18.25	34.60	50.33	32.90
AECI	1 059	99 927.24	-32.90	9.35	60.45	6.25
		1 000 0...	10.63	32.41	46.87	29.61

ShareFinder's analysis system suggests that the future outlook for Blue Chips is very good and that the best time to be buying will be between late October and late November.

The next month:

New York's SP500: I correctly predicted a decline. Now I see gains until October 5

London's Footsie: I correctly saw a downward break but I see gains from now until October 8.

JSE Industrial Index: The declines which I expected to last until today actually ended on Wednesday. Now I see erratic recovery until the first week of October.

Top40 Index: I correctly predicted erratic declines. Now I see the reverse; a hesitant recovery until October 7.

The ShareFinder Blue Chip Index: I correctly predicted a dip which I expect to continue erratically until October 9 when a recovery should start.

Golds: I correctly called a fresh up-trend lasting most of September and peaking this week for a brief downturn. Now I see the up-trend resuming for most of October.

The Rand: I correctly predicted that the Rand would weaken again well into October. Now I expect the weakness to end around October 2 with a sideways to moderately improving trend thereafter.

The Predicts accuracy rate on a running average basis over the past 560 weeks has been 83.39%. For the past 12 months it has been 93.77%.

Richard Cluver