



Richard Cluver Predicts

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

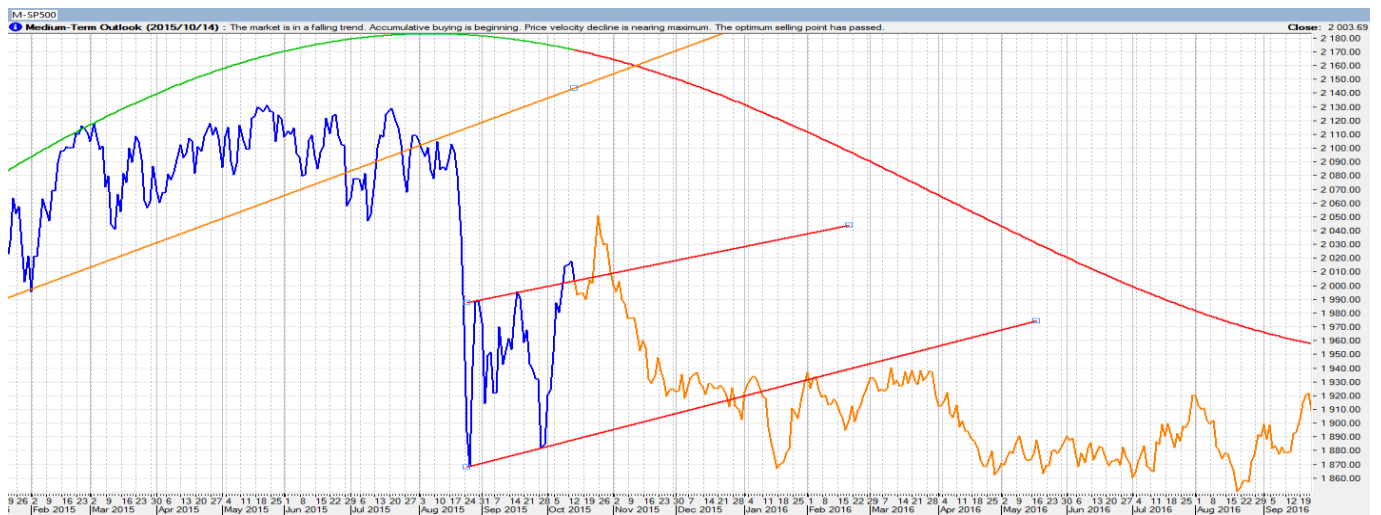


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Today could be critical in the short term for the New York stock exchange for analysts who have spotted the fact that the Standard and Poors 500 Index is trying to build a platform for another upward surge.

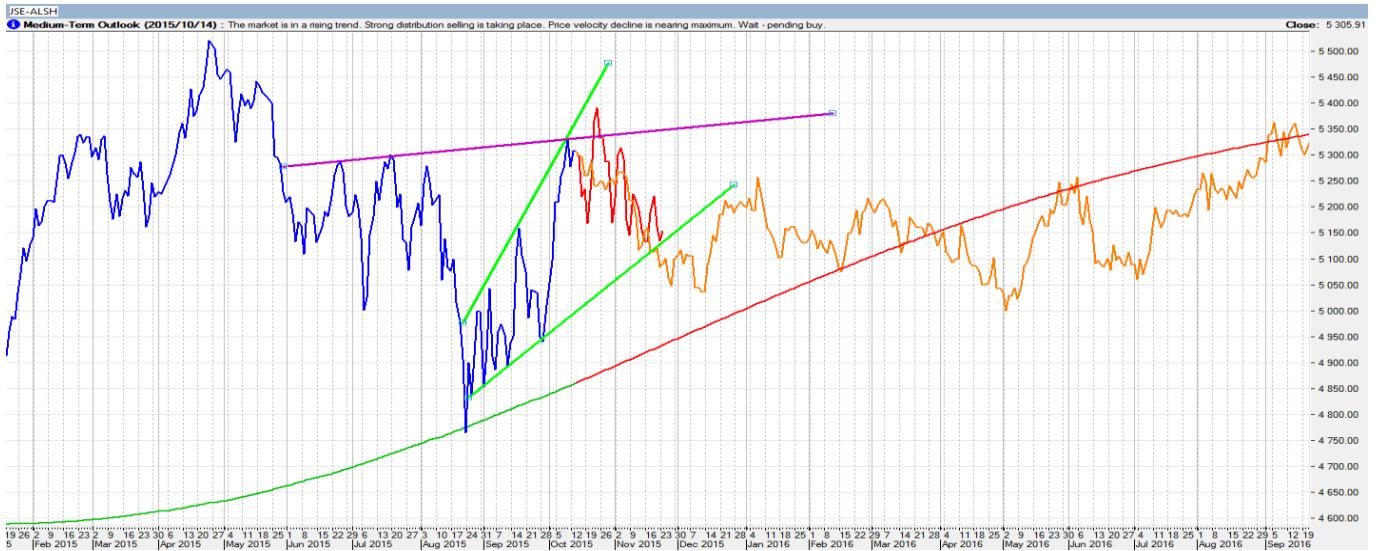


Note in my graph above that the index has been moving in a fairly broad channel since late August and, having broken upwards last week, the index has now fallen back onto the upper resistance line that could now become a new support line. If it is able to rebound upwards again today the line will have been “established” in the eyes of technical analysts whose methods tend to become very important at times like this when the market as a whole is trying to find a new sense of direction amid a plethora of indifferent economic news.

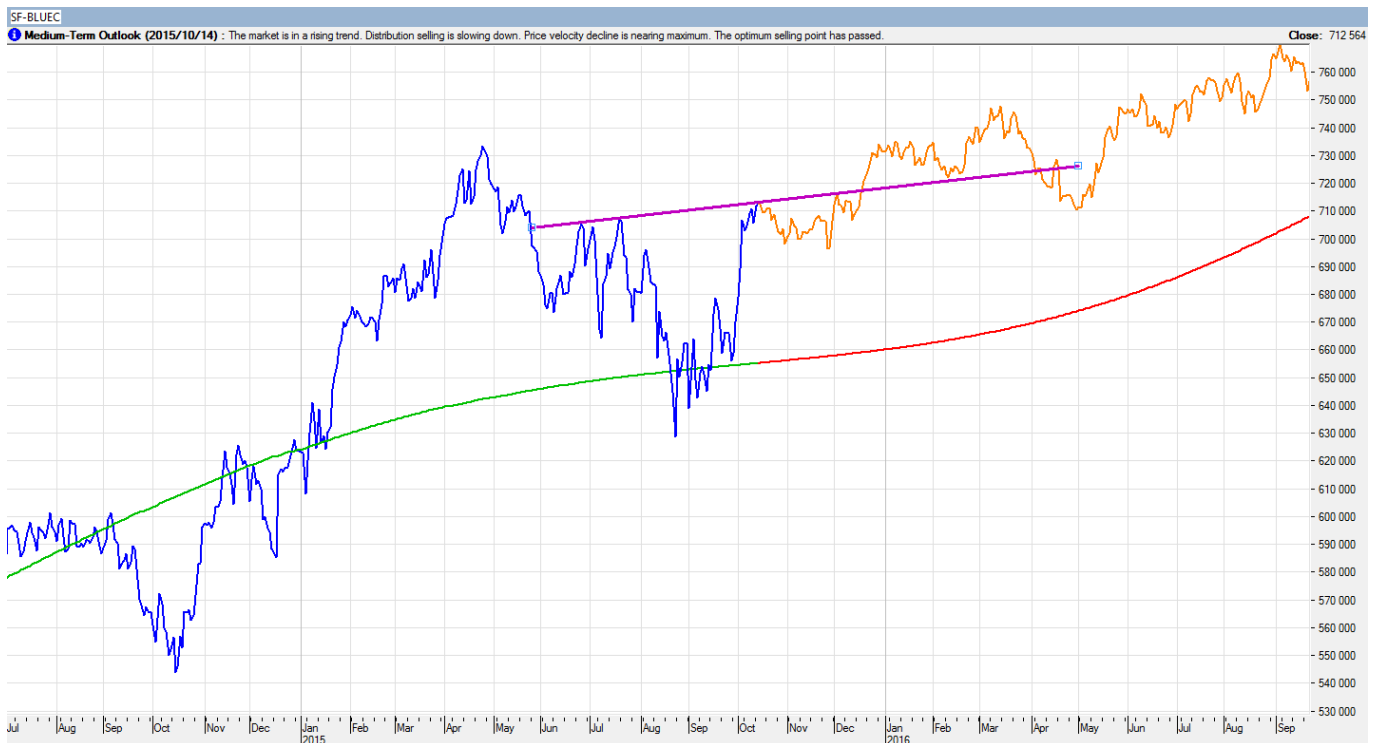
After years of questionable central bank interventions that have arguably staved off the greatest depression of modern history, it is now clear that the United States has finally begun the first tentative steps towards recovery. But these modest signs of economic springtime are not being experienced by middle class Americans and elsewhere in the Developing World economies are tightening significantly owing to the slow-down in China which is drastically effecting mineral exports upon which so many emergent economies are vitally dependant.

That is why, just like the ancient Romans delving amid the entrails of dead birds, such signs become so important at times like these: unimportant normally except to an arcane few but vital if you are clutching at straws!

Here at home, the JSE is, however, looking far healthier with the All Share Index bursting out in a broadening formation which has it today challenging a resistance line – drawn in purple – that dates back to May of this year. If it can break above the purple line and remain above it for more than a few days, then one might assume that the good news is becoming entrenched.



Meanwhile our own ShareFinder Blue Chip Index has long ago broken out and is staging a powerful recovery as I have been highlighting for the past few weeks. Now it is again up against the purple resistance line which I have drawn onto my third graph. ShareFinder projects that it will fall back again until late November from when it will try to mount a new and successful breach of this purple line.



So the inferences are clear. I have been telling readers that the time has come once more to start buying and the charts suggest that you have from now until November 26 to accomplish your purchases at the most favourable prices. Individual shares will of course trace out slightly different time scales but collectively they will all bow to the friendship of the trend. Thus the events of later today and early next week could be critical.

Happy hunting!

The next month:

New York's SP500: I correctly predicted a decline and now I see the S&P FAILING to remain above its trend line. I see it making two more concerted attempts to cut above the trend line and then falling back in late November.

London's Footsie: I correctly saw the start of declines and now I see a bearish trend beginning and lasting well into November.

JSE Industrial Index: I correctly predicted gains. Now I see a brief fall back until October 20 when the market will attempt a new high before falling back well into November.

Top40 Index: I correctly predicted declines which I see lasting until October 20 when the next upward burst should start.

The ShareFinder Blue Chip Index: I predicted the recovery would end this week and I still expect that seeing a brief immediate decline followed by a recovery until the 23rd before the next decline.

Golds: I correctly predicted an up-trend lasting most of this month. Now I see it ending on the 23rd.

The Rand: I correctly predicted weakness which I still see lasting into the third week of October.

The Predicts accuracy rate on a running average basis over the past 563 weeks has been 83.48%. For the past 12 months it has been 93.63%.

Richard Cluver