



Richard Cluver Predicts

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



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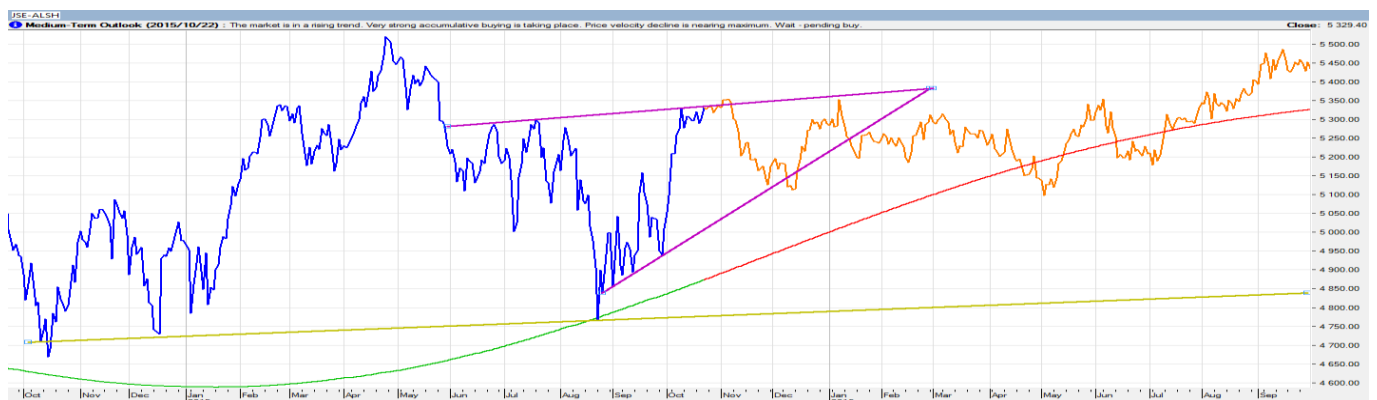
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If you remember last week's column, I illustrated how New York's Standard and Poors 500 Index was trying to build a platform for another upward surge and I explained that last Friday could have been critical because the index was trying to penetrate a support line on the downside which could open the way for a serious downward plunge.

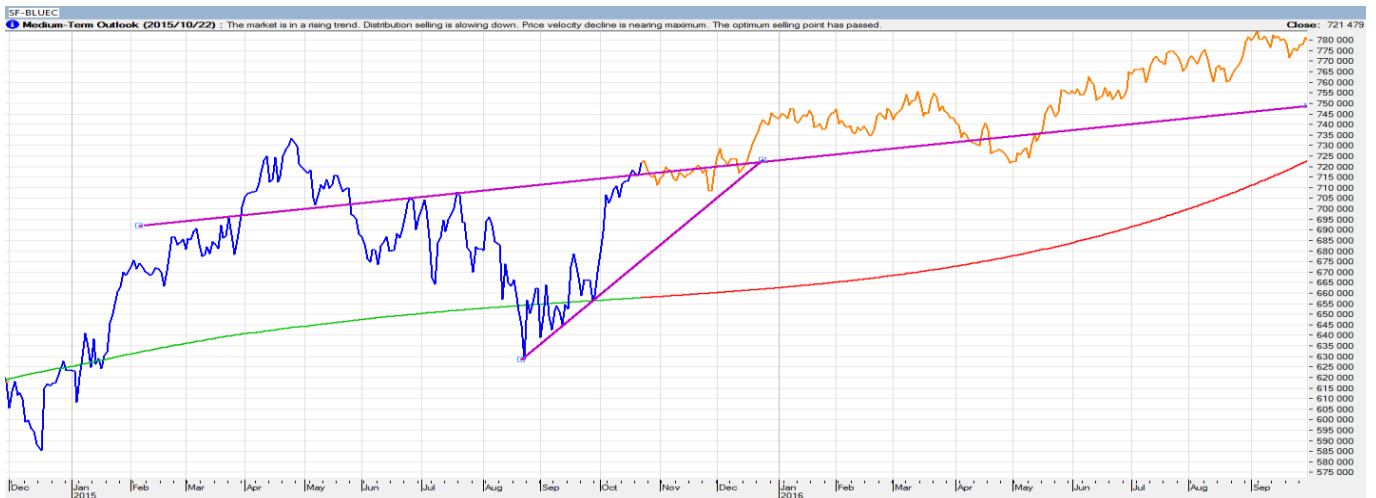


So, note the latest position of that graph which shows that the index did indeed cut downwards through the support line but managed to reverse upwards again. Today it is making another attempt to cut downwards but the economic news is good with European Central Bank governor Mario Draghi having made bullish announcements of further fiscal easing which will continue to flood equity markets with paper currency. The dollar was boosted significantly last night and Wall Street is likely to follow today. ShareFinder has anticipated these events as my orange trace on the right of the graph illustrates, calculating that the S&P500 Index will rise from today until next Tuesday before reversing down again to again challenge that support line on Monday, November 2. And ShareFinder says that it will succeed, beginning a rout that will see Wall Street plunge downwards until January 18 before attempting to consolidate at that level for the next six months.



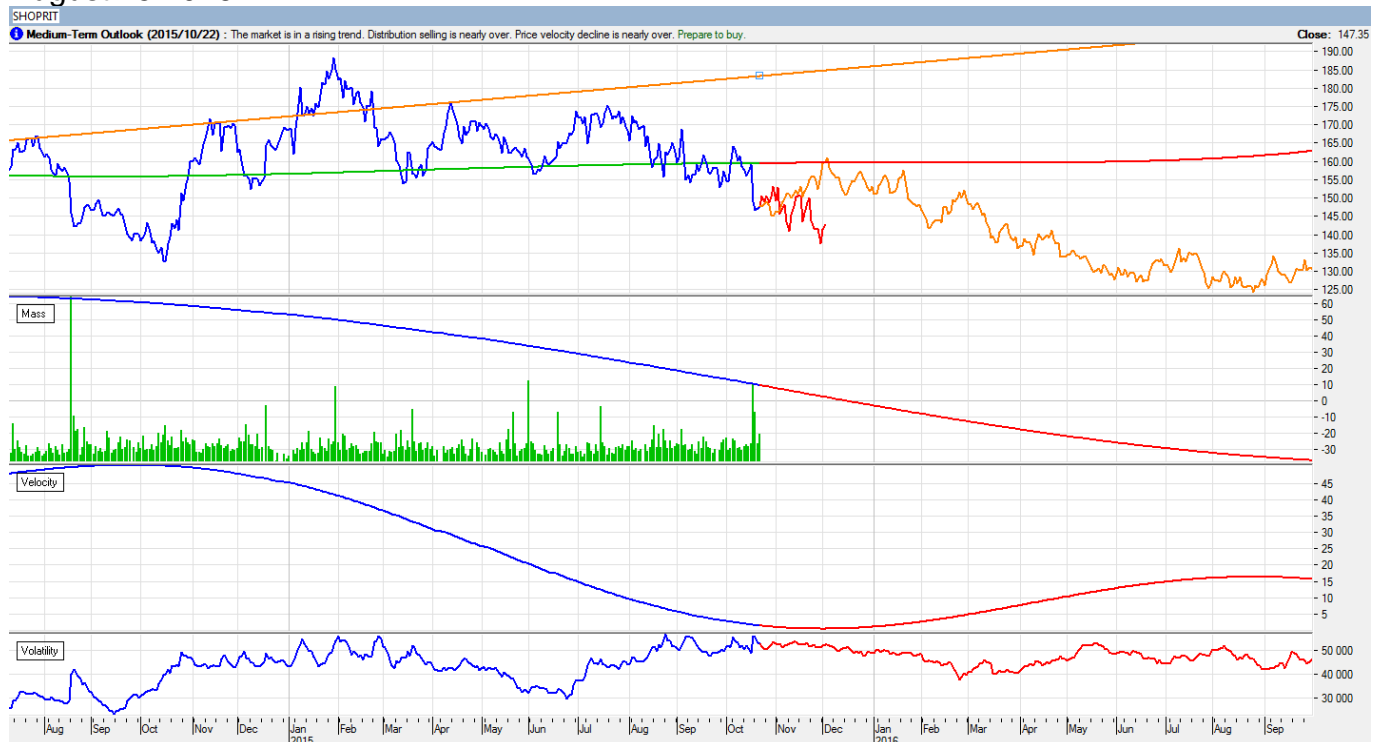
Here at home, the JSE all share index is still looking healthy, however, note the pennant formation that I have outlined in purple which ShareFinder says will confine this market through to the end of the year before it plunges downwards in mid-January, presumably taking its cue from Wall Street and will weaken steadily until early May. But do note the upward-curving long-term Fourier line in green that becomes red into the future. It says that a long-term bull cycle is now well entrenched and that after May the All Share Index will rise steadily for the rest of the new year.

Meanwhile our own ShareFinder Blue Chip Index has broken modestly out of a similar pennant formation and ShareFinder predicts that it will continue to flirt with this line until mid-December when it will decisively break out and continue its powerful recovery with your best time for last-minute purchases looking to be November 26 though next Friday might also offer a good buying opportunity.



Today, ShareFinder notes that the weakest share in the Prospects portfolio is Shoprite which particularly caught my eye since Shoprite chairman Dr Christo Wiese has this week taken a futures position in the company's shares at a cost of R22,29-million.

All of ShareFinder's indicators suggest that Dr Wiese is going to lose his money since the shares are on a downward trajectory until next August. Note the graph composite below. But if you want to follow his optimism, the best dates to buy appear to be November 27 2015 and August 25 2016



Personally, I would feel far more optimistic about Richemont which should be a buy on November 6 at around R99 a share. Alternatively I like Famous Brands at R127 next Tuesday. Happy hunting!

The next month:

New York's SP500: I correctly predicted that the S&P would fail to remain above its trend line and, after two more concerted attempts, would fall back in late November. Now I am advancing that decline until next week. Watch out!

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

JSE Industrial Index: I correctly predicted the market would attempt a new high this week before falling back. Now I see a decline starting today and Monday before a brief recovery until November 4.

Top40 Index: I correctly predicted the next upward burst would start this week. Now, following a brief decline today and Monday, I see gains until November 4.

The ShareFinder Blue Chip Index: I correctly predicted a recovery until today and now I see erratic declines for most of November.

Golds: I correctly predicted the ending on the up-trend though it came a little earlier than I expected. Now I see losses until mid-November.

The Rand: I correctly predicted weakness into the third week of October. Now I see gains from mid-week lasting well into November.

The Predicts accuracy rate on a running average basis over the past 564 weeks has been 83.5%. For the past 12 months it has been 94.2%.

Richard Cluver