



So there I was boasting about the better than 90 percent accuracy of ShareFinder's predictions and printing a graph projection that suggested MTN shares would fall on Monday to around R136.20!

Instead, from a high of R149.16 last Friday they fell only to R141 – that's just over 4 percent - before beginning a brief rise that took them to R150 before heading south again to an overnight low of R138.69: overall only a seven percent fall.

Now that the Nigerian Government has reduced the massive \$5.2 billion fine, one of the world's heaviest ever corporate penalties, to \$3.4-billion, it is a likely bet that the shares will recover a little. But any gains that are achieved are likely to be tempered with the fact that the lowered penalty is still one of the largest ever demanded of any corporate anywhere.

While it is dwarfed into relative insignificance by the \$34-billion fine

demanding from BP for the 2010 oil spill in the Gulf of Mexico, it could be argued that the MTN misdemeanour was infinitely smaller than the BP deep sea oil rig explosion which killed 11 people and caused one of the greatest environmental disasters of all time when 2.5-million gallons a day of crude oil flooded the coastlines of the southern United States and Mexico. That fine is, however, still being negotiated.

The lowered MTN fine is still the second highest in history. The third highest ever was paid by Glaxo-Smith-Kline in 2012 for paying kickbacks to doctors for promoting their drugs and for manipulating medical research to benefit drug sales. The \$3-billion fine represented 37% of the company's profits for the year.

Time Warner has the dubious honour of paying the 4th largest fine in history with \$2.4-billion for deceiving its own shareholders about details of its merger with internet giant AOL. In fifth place was another drug company, Pfizer which paid \$2.3-billion for inappropriate claims made about its post-surgery pain relief drug Bextra.

Given these figures, it is likely that MTN's penalty for failing to close down the accounts of its Nigerian clients who had failed to register their Sim cards, will still be judged by the investment world as grossly disproportionate. Nigeria will consequently very likely struggle for many years to regain the confidence of foreign corporate investors who will in all likelihood shun that country for the foreseeable future.

So what does ShareFinder think will happen to MTN share prices in the next few weeks? As the graph illustrates, ShareFinder calculates that the gain will be to R168.19 before the next decline begins right around Christmas; a far cry from the April peak of R250 or the September 2014 all time high of R263.44.



Meanwhile, shareholders who have been outraged by the MTN saga might take some comfort in the fact that MTN's Nigerian CEO, Michael Ikpoki, has handed in his resignation with immediate effect simultaneous with that of MTN Nigeria's head of regulatory and corporate affairs, Akinwale Goodluck.

Meanwhile the outlook for quality shares remains negative in the short-term with the ShareFinder Blue Chip Index trending downwards until Christmas and beyond as illustrated in my graph on the right....but the good news as heralded by the green line of ShareFinder's long-term projection in green, is that the outlook is for healthy growth.

The outlook for the JSE All Share Index is slightly more optimistic with a projection that it will head up from December 15 as seen in my last graph.



The next month:

New York's SP500: I correctly predicted a short period of weakness followed by a brief rise ahead of a sharp plunge which I still see beginning on the 8th.

London's Footsie: I correctly predicted the start of a declining trend which I now expect to last until December 17 followed by an erratic upward trend for the rest of December.

JSE Industrial Index: I correctly predicted declines which I now see lasting until December 17 followed by a zig zag rise into the new year.

Top40 Index: I correctly predicted the beginning of a decline which I still see lasting until the middle of December.

Gold: I correctly predicted an upward surge but it was more muted than I expected. Now I see losses until December 10 followed by a brief rise but overall the December trend is likely to end as sideways.

The Rand: I correctly predicted a brief recovery but it is already over. Now I see another recovery beginning either today or Monday.

The Predicts accuracy rate on a running average basis over the past 570 weeks has been 83.58%. For the past 12 months it has been 94.03%.

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