

Richard Cluver Predicts

In our 22nd year of service to the investing public of South Africa



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Watching one's favourite shares move up and down each alternate day, it is easy to form the impression that this market is at best going sideways. So it is timely to point out that such market watching is simply not helpful because it only serves to play upon our emotions.

The graphs are our only reliable guide to what is really happening in the marketplace and they are actually quite positive. Notwithstanding Press reports of a massive drain of cash, frightened by events in North Africa, out of the developing world back into the "safety" of London and New York, the Rand has in fact been gaining strength throughout the past month.

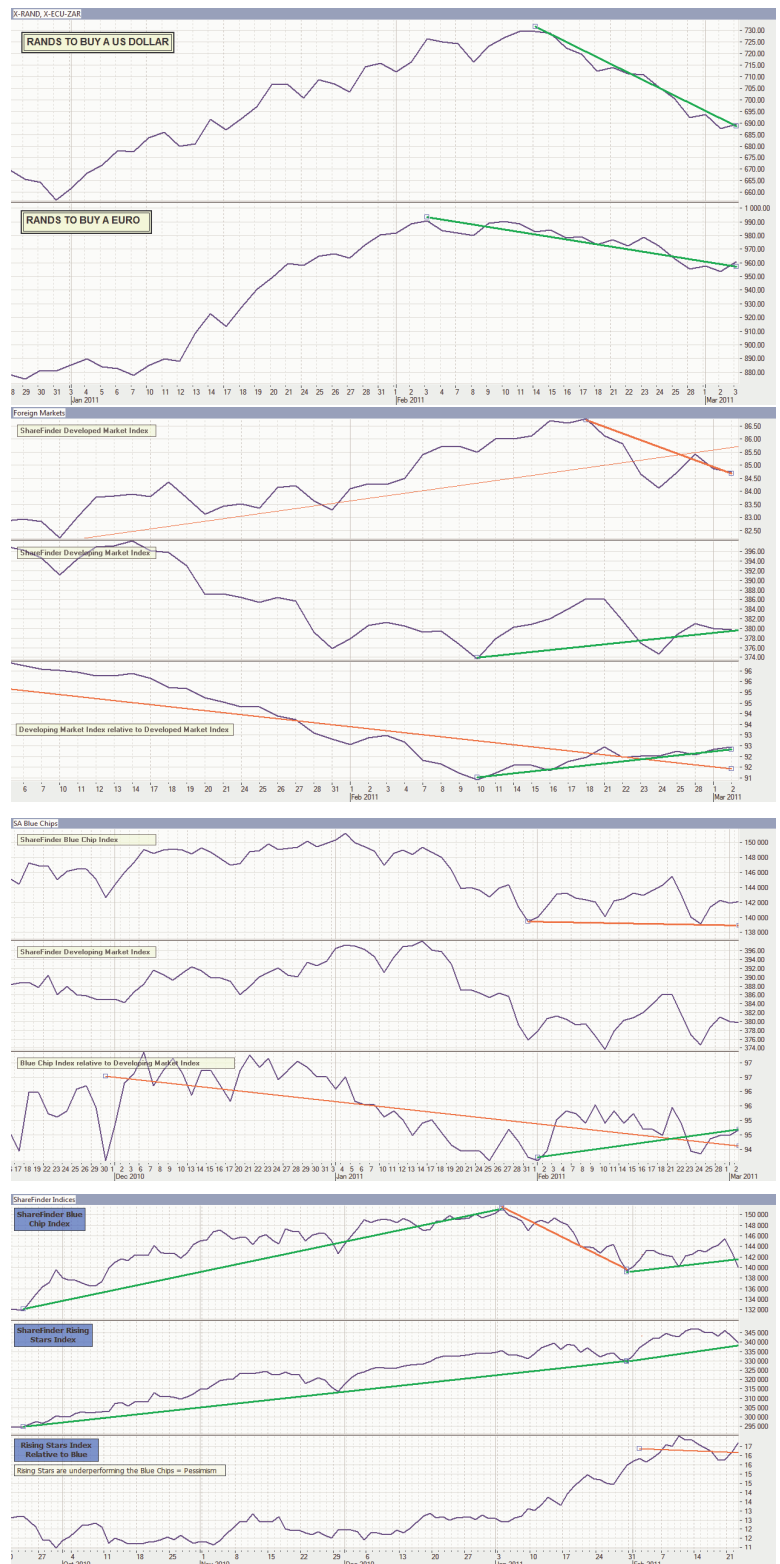
Furthermore, Developing Markets have been rising steadily since February 10 and Developed Markets have been falling. In relative terms, as the green trend line in the bottom of my second composite emphasises, Developing Markets have been rising at 30.2% compound.

And while the ShareFinder Blue Chip Index is still falling, relative to the Developing Market Index, it has turned positive as highlighted by the green trend line in my third composite on the right. It is, accordingly, only a matter of time before Blue Chips start collectively rising and the bull market resumes.

Now it is interesting that the Rising Stars category of somewhat riskier investment grade shares has been rising steadily throughout this period while the Blue Chips fell quite sharply in January, it has been clear throughout February that there is now optimism in respect of both categories.

The conclusion is simple; if you have been holding onto cash waiting for a better buying opportunity, don't wait too long. The opportunities uncovered by

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the January bear, are fast dissipating though March could see further Blue Chip lows.

The week ahead:

New York's SP500: I correctly predicted the beginning of a recovery, but it is likely to be short-lived and the overall tone for March will probably be downward.

London's Footsie: I correctly predicted a recovery and I expect it to continue throughout March.

JSE Industrial Index: I correctly forecast weakness continuing well into March. Now I see it ending and a recovery beginning that should last throughout the rest of the month.

Top40 Index: I correctly forecast an extended recovery beginning and I expect it to continue until around March 18.

ShareFinder Blue Chip Index: I correctly forecast a recovery. But now the signs point to further weakness during March.

The Rand: I correctly predicted the Rand would gain strength and I expect it to continue doing so until around March 22 when a new weaker phase appears likely.

Golds: I correctly predicted a downward correction followed by a recovery starting in the second week of March and I continue to hold that view

Gilts: I correctly predicted that the bull trend would continue. However, I continue to foresee a turnaround beginning early next week followed by a period of weakness until approximately March 21.

The Predicts accuracy rate on a running average basis over the past 383 weeks has been 79.96%.

Richard Cluver