

Richard Cluver Predicts

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



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After the sharp plunge of early February, the world's Developed Countries markets have been recovering strongly but, overall, the investment markets of the Developing Countries are outperforming them.

Sadly, however, it is becoming increasingly clear that South Africa is currently losing her position as a leader among the Developing nations as illustrated by my second composite that confirms that our blue chip shares have been lagging markets like Brazil and Australia in recent weeks.

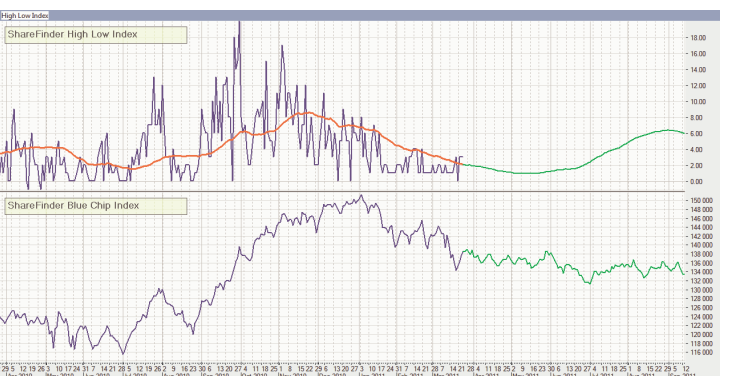
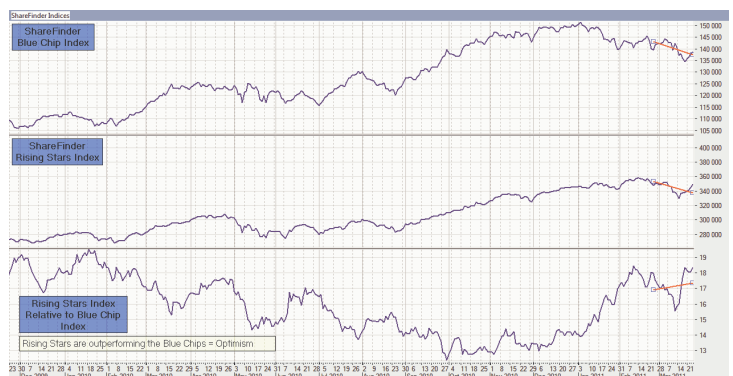
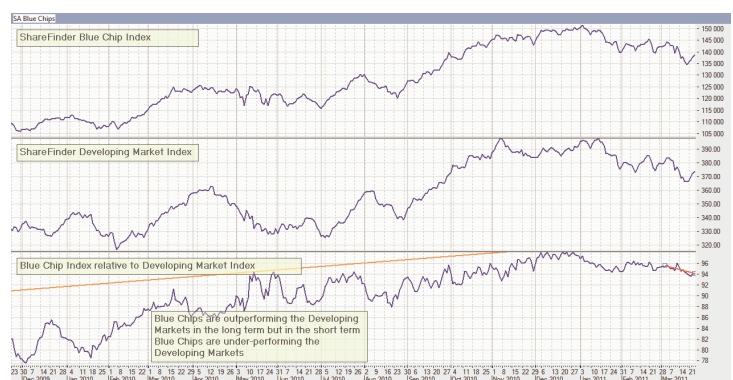
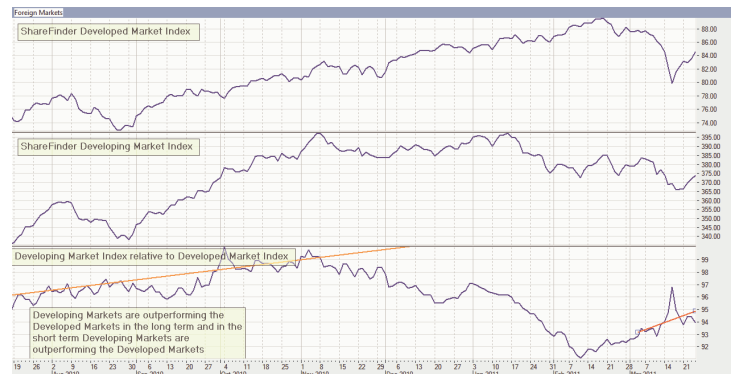
Nevertheless, local investors are showing increasing optimism as illustrated by my third composite wherein it can be seen that relatively risky Rising Stars are currently outperforming the Blue Chips.

Treated as a whole, however, our market is still in a medium-term bear phase which, ShareFinder's specialised indicators suggest, will only bottom out between May and June as illustrated in the fourth composite on this page.

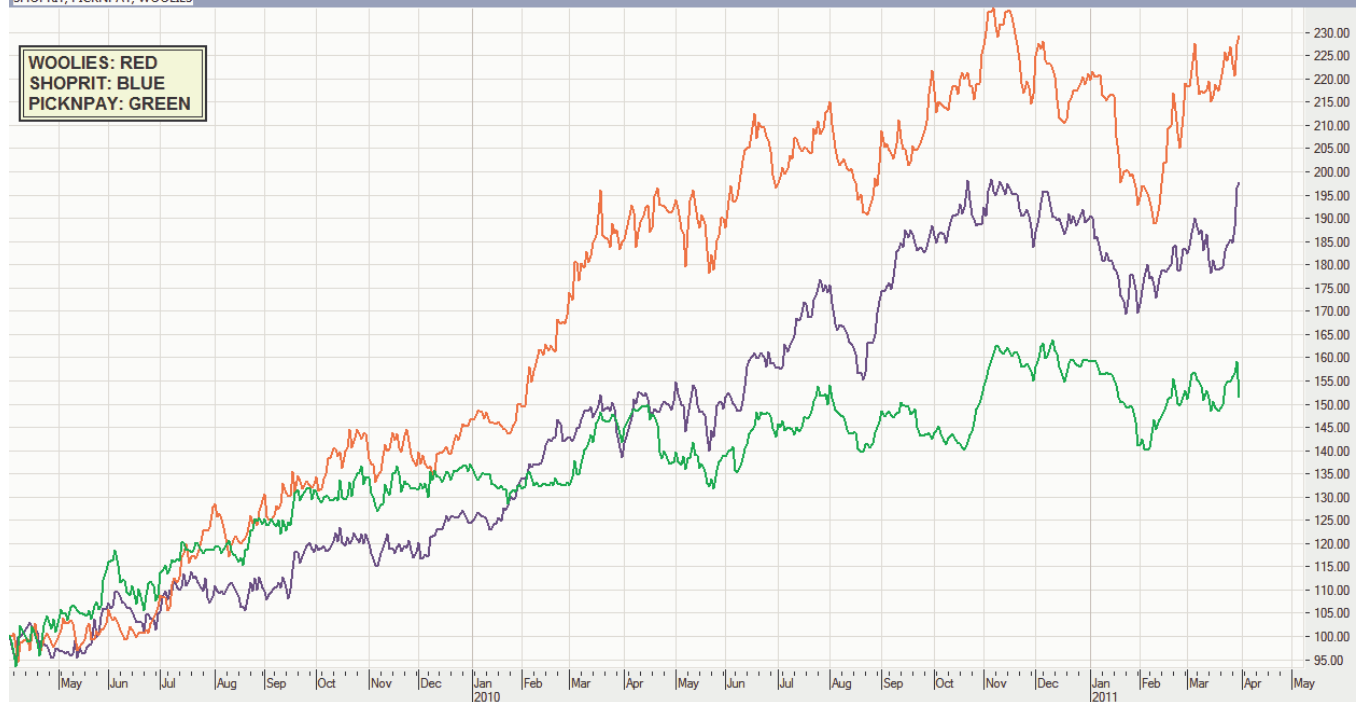
That said, only a handful of investment grade shares are underperforming the market average in both the long and medium term. If you are a holder of Spurcorp, Bazil Read and FPT you should be seriously considering whether to continue holding.

Another long-term favourite that has been a cause of deep concern to investors in recent months is Pick nPay which is being squeezed at the top end of the market by Woolies which has begun aggressively expanding its food stores and, at the lower end by Checkers.

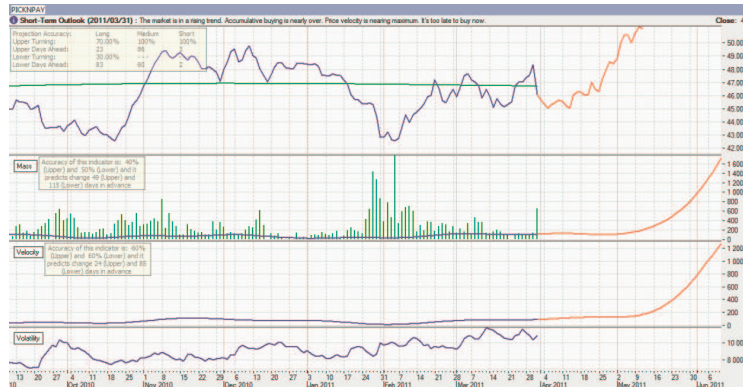
The best way to graphically compare the three retailers is to create a long-term base 100 comparison graph which appears overleaf illustrating the percentage price growth rates of the three over the past two trading years. Comparatively, as can be clearly seen, Woolies has done 45% better than PicknPay while Shoprit has done 24% better.



WOOLIES: RED
SHOPRIT: BLUE
PICKNPAY: GREEN



If you are consequently considering disposing of PicknPay, ShareFinder's short-term market projection suggests you should not be too hasty. Considering the composite on the right, it is probably worth waiting until mid May before selling.



The week ahead:

New York's SP500: I wrongly predicted that the overall tone for March would probably be downward while New York ended the month neutral. Now I predict that during April the US will weaken.

London's Footsie: I correctly predicted a sideways trend for the month. Now I see a sideways to modestly-rising April.

JSE Industrial Index: I correctly forecast a recovery trend. Now I foresee a sideways to slightly weaker trend for April.

Top40 Index: I correctly forecast a recovery. Now I foresee a weakening trend.

ShareFinder Blue Chip Index: I correctly forecast a recovery to continue for the rest of March. Now I foresee continued gains during April.

The Rand: I correctly predicted a new weaker phase followed by gains. Now I foresee a weaker month.

Golds: I correctly predicted a downward correction followed by a recovery starting in the second week of March. Now I foresee gains until around April 14 followed by weakness for the rest of the month.

Gilts: I wrongly predicted weakness which until the end of the month. Now I foresee a choppy month that will end weaker than it is beginning.

The Predicts accuracy rate on a running average basis over the past 386 weeks has been 80.02%.