

Richard Cluver Predicts

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



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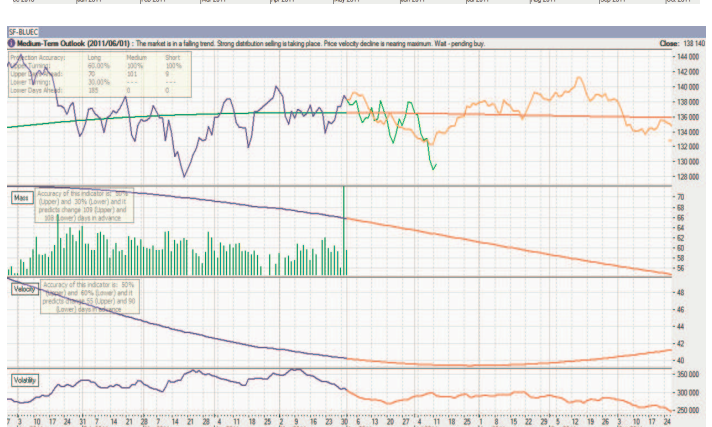
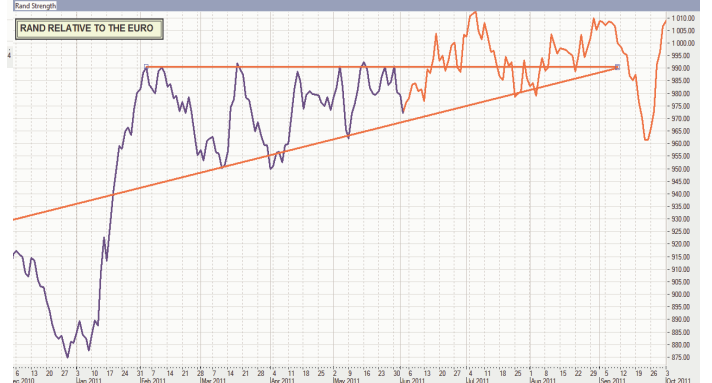
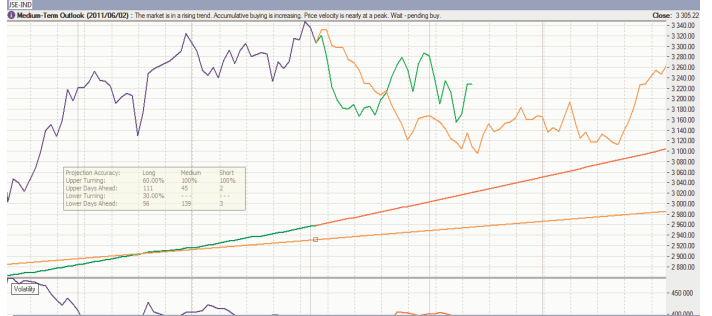
This is my last column until July 29. I am off as usual at this time of the year to sail my boat in Greece, to relax and forget for a time the economic crisis and the implications of it all for myself and all my fellow investors.

To be able to go away and forget your portfolio is the huge advantage of the share selection techniques which I have developed over the years. Even so I must confess that on this occasion I will be carrying a new extra large screen smart phone which is running a test version of a new ShareFinder programme which will allow me to keep in closer touch with the markets that I have in previous years because this is indeed a troubling time.

The principal issue surrounds the country in which I will be sailing, Greece, where the national debt rescheduling process is still being negotiated and so markets remain quite jittery. This fact, coupled with worries in the US about continuing very high unemployment rates and knowledge that the US Federal Reserve's current round of printing money is due to come to an end this month.....that's like depriving a dope addict of his daily fix.....and it means that the next few weeks will offer a considerable amount of uncertainty.

Accordingly, when a few weeks ago I warned readers that I feared the possibility of a quite sharp market retraction coming on top of a downward trend that has been in place since the start of this year (note the red trend lines in the topmost composite on this page) I reviewed my personal portfolio and sold off my weakest-performing holdings in order to create cash. If I am right a good buying opportunity could occur within the next few weeks and, judging by my projection of the JSE Industrial Index (second composite) it could be beginning as I write.

Last week I drew attention to the fact that, relative to the Euro, the Rand was threatening to break upwards out of a pennant formation. Happily it rebounded against the upper red line in my third composite, but it is again beginning an upward movement. Each time the graph moves closer to the apex of the pennant the greater



the probability of a break out increases...and as the Fourier projection (in red) suggests, such a break might be beginning.

In other words, if you have heeded my suggestions, our buying opportunity could be imminent. In respect of the ShareFinder Blue Chips the downward break is unlikely to be as severe as with other shares. Nevertheless, as my fourth composite indicates, it could be imminent and it could be all over by July 8.

So the message, as I leave, is be vigilant!

The months ahead:

New York's SP500: I correctly predicted continuing weakness until the first week of June. Now I sense the probability of a slow recovery beginning in New York.

London's Footsie: I correctly predicted declines which I expected to continue until at least the first week of June. Now I see them continuing until the second week of June followed by a brief recovery and then further declines.

JSE Industrial Index: I correctly forecast a weak up-trend within a longer-term downtrend but the overall trend remains downward until the second week of June. Now I foresee a decline until around June 14 when a mild recovery could begin. Overall, however I see the market continuing downward for some time.

Top40 Index: I correctly forecast some June weakness which I expect it to continue until approximately June 8 followed by a mild recovery. But it will not last long and overall I see this sector continuing downwards until October.

ShareFinder Blue Chip Index: I correctly forecast a brief recovery but that is now over and I expect weakness amid quite a lot of price volatility until at least early July.

The Rand: I correctly predicted that the Rand would weaken and I expect it to continue doing so until around July 6.

Golds: I correctly predicted that a stronger phase would last until the end of May followed by a decline beginning in June. Now a brief recovery appears likely but the overall downward trend appears likely to continue for the next 12 months.

Gilts: I correctly predicted a phase of strength until June. Now I sense a phase of weakness lasting well into July

The Predicts accuracy rate on a running average basis over the past 394 weeks has been 80.27%.