

Richard Cluver Predicts

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



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It's a cold and rainy day in Durban this morning as befits one of the gloomiest weeks in recent market history....so we are off to Cape Town for a weekend of better weather and some fine dining..... and that is why this column comes to you a day early.

And just like the weather I should note just how quickly world economic sentiment has turned for the worse. This time last week it was looking as if relative peace was returning to the markets with both Greece and Italy having installed technocrat prime ministers committed, without the constraints of party politics, to working out a solution to their respective countries prior lack of economic wisdom.

Then this week, when a bond auction failed to attract buyers for more than a third of the offering, it became clear that the contagion had even spread to Germany; long regarded as the sole real economic powerhouse in Europe.

It is now obvious that, very likely within a few weeks, the Eurozone will have ceased to have existed in the form that we have known it. Furthermore it has become a racing certainty that the whole region will shortly have to accept that it is in recession. As one of our major trading partners, South Africa cannot escape the consequences. Not surprising the ShareFinder's analysis of our Blue Chip Index makes it clear that in the short term our market will continue heading south.

Furthermore, as my second composite makes clear, the Rand is weakening at an accelerating rate...falling twice as fast as a week ago.

Given, furthermore, news that the Chinese economy is now slowing rapidly, and the scenario painted by ShareFinder's long term analysis in my third composite is becoming increasingly believable. The probability of the long feared double dip now becomes infinitely more believable.

It is time, dear reader, once again to analyse your portfolio in order to weed out the underperformers. It will be good to have a goodly proportion of cash available in order to be



able to weather the coming storm!

The month ahead:

New York's SP500: I wrongly predicted a recovery beginning. Now I see things worsening at least until the end of the month.

London's Footsie: I wrongly predicted a recovery beginning. Now I see things worsening at least until the end of the month.

JSE Industrial Index: I correctly predicted a declining trend. And I continue to foresee a volatile decline.

Top40 Index: I correctly forecast that market weakness might get considerably worse. A possibility of a brief recovery exists at the end of the month but it is likely to be short-lived.

ShareFinder Blue Chip Index: I correctly forecast a retraction and I expect it to last till the end of November.

The Rand: I correctly predicted a possibly sharp weakness which I see continuing until the second week of December after which I expect a strengthening trend to begin.

Golds: I correctly predicted declines with day-to-day volatility until at least the first week of December when a recovery might begin.

Gilts: I correctly predicted the beginning of weakness which I continue to expect will continue until at least the first week of December.

The Predicts accuracy rate on a running average basis over the past 412 weeks has been 80.62%.

Richard Cluver