

Richard Cluver Predicts



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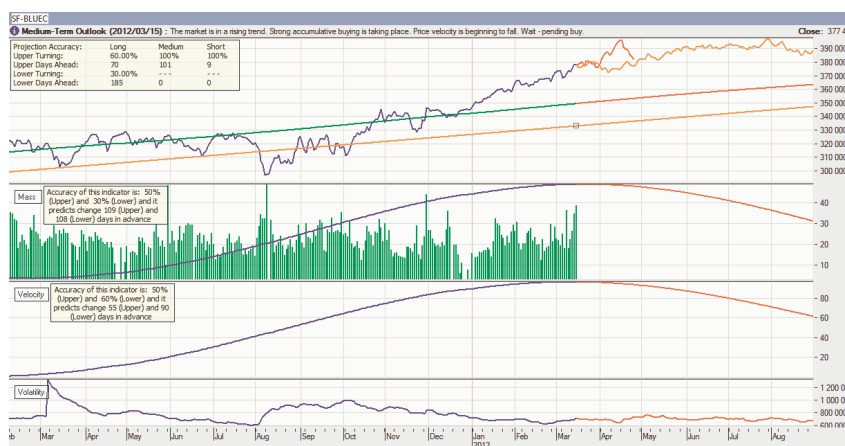
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In the short-term it looks, as I pointed out in this week's issue of Prospects, as if the market is topping out and likely at best to run sideways to gently downwards for the foreseeable future. It is accordingly the season to start conserving money and possibly dumping any serious underperformers in your portfolio.

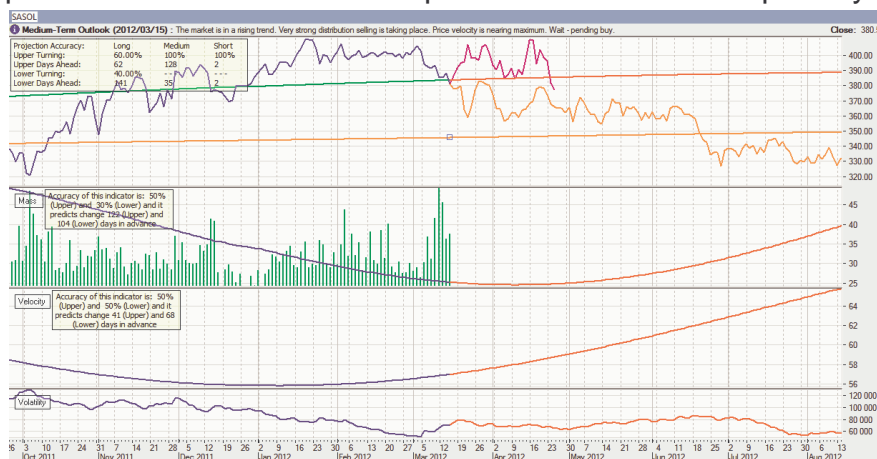
Considering the composite on the right, it is important to recognize that when **ALL** of ShareFinder's different technical indicators agree on the future direction of a market (noting that all are derived from distinctly different sets of market data) then there is an extremely high probability of the event occurring. Here only the Fourier projections look positive.



Out in the marketplace, positive economic events are currently being fairly neatly balanced by negatives and so, in addition to having run long and hard to the extent that it is for now virtually fully priced, the market has yet to digest whether positives or negatives dominate. Thus, for example, China has for the first time in years achieved a balance of trade deficit. This is indicative that efforts by the Chinese Government to switch its economy from an export-driven one to an internal consumer-based one have begun to pay off. Given that China has a third of the world's population, this will over time have profound consequences for the rest of the world.

Against this seemingly negative development the US economy continues to demonstrate evidence of recovery leading to a positive swing of the flow of investment capital across the Atlantic. Meantime, the economic problems of Greece and Europe as a whole have temporarily taken a back seat but the announcement yesterday that the IMF has agreed to grant Greece the loan it needs to continue operating in the short term might be expected to boost market optimism.

For a practical illustration of consider the Sasol graph on the right noting how cautious this market has become recently.



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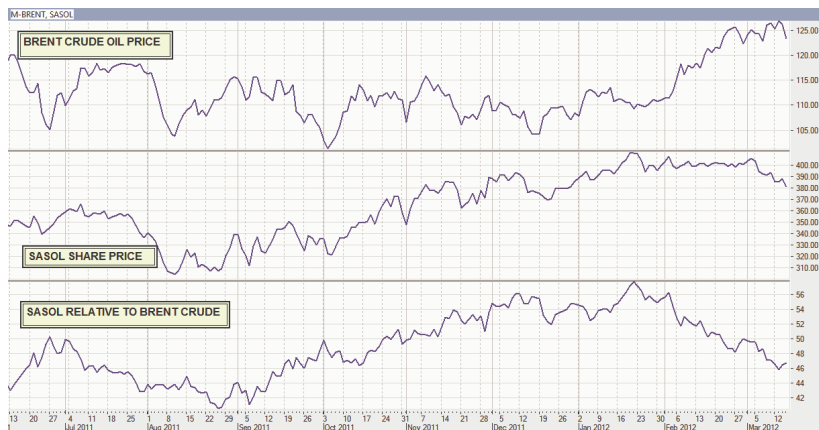
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Sasol recently announced that first half earnings were up 83 percent and, this week, followed that with a similar increase in the interim dividend. In the circumstances one would have expected the shares to respond very positively. Instead they have been headed south since the beginning of the year and ShareFinder's projections suggest that the share price is due to fall significantly over the next three months. There has, furthermore, been no suggestion that this profit is a flash in the pan. Indeed, considering the graph above, though the price of crude oil has been rising steadily and could rocket if the Middle East becomes involved in new conflict, Sasol has in relative terms, plunged. Something just does not add up here but for my money few shares could offer a better buying opportunity than this one in the weeks ahead if ShareFinder's downward projections prove correct.



Here I should advise readers that I am a significant holder of Sasol shares which have been fairly modest performers in recent years rising in price at a compound annual average rate of 21 percent compared with a dividend that has been rising at a mere 12 percent until now.

The month ahead:

New York's SP500: I correctly predicted the market would gain.

London's Footsie: I wrongly predicted continuing weakness. Nevertheless I do expect weakness starting in the middle of the new week.

JSE Industrial Index: I correctly predicted a brief up-trend which I expect to last until April.

Top40 Index: I correctly predicted the sector would rise during the month.

ShareFinder Blue Chip Index: I correctly predicted gains for the rest of the month.

The Rand: I correctly predicted a weaker phase beginning around the middle of the month continuing into April amid much volatility.

Golds: I wrongly predicted a recovery. Now I expect the down-trend to continue at least until April 12.

Bonds: I correctly predicted weakness which I expect to continue at least until March 26 and, following a brief recovery, further losses until around April 10.

The Predicts accuracy rate on a running average basis over the past 426 weeks has been 80.86%.

Richard Cluver