Richard Cluver Predicts

In our 23rd year of service to the investing public of South Africa

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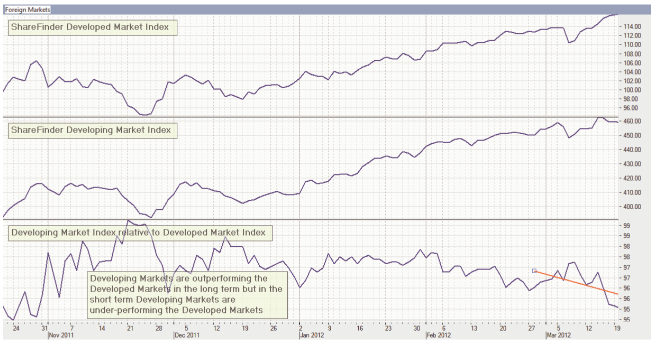
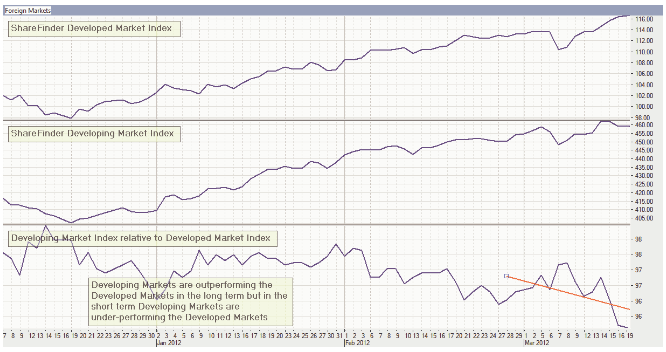
First some housekeeping: Following the departure of our long-serving programmer, Junaid Karim at the end of December, we engaged the services of Sabrina Briglal who had just graduated with distinction from the Durban Institute of Technology. Sadly she proved incapable of the demands of the job and left us abruptly in early March leaving behind a degree of chaos in our systems.

The experience has prompted a radical re-assessment of how we run RCIS and we are consequently exploring a new way of operating which, we believe, will significantly improve all of our services in the long run. In the meantime, Junaid is helping out where he can and we must ask for your patience until we get back on track. If you, for example, failed as a result to receive the March issue of Prospects, please advise us and we will re-send it to you.

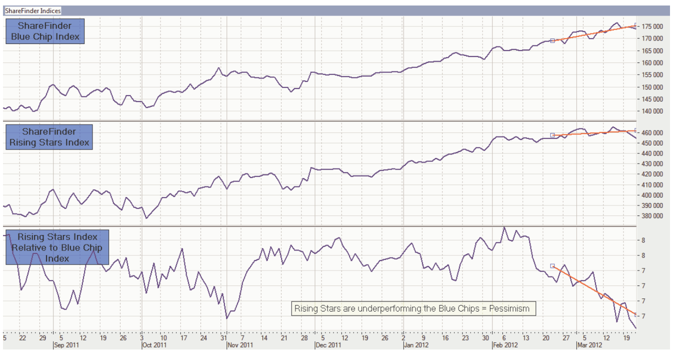
I have been warning for some weeks that our market is looking by many tests somewhat overbought and in need of a consolidation phase. As a consequence, a switch of foreign investment flows away from developing markets back to the perceived safety of Wall Street in particular has begun to take its toll of ours and many other Developing Nation markets.

The composite on the right highlights how Developing Markets have weakened over the past few weeks.

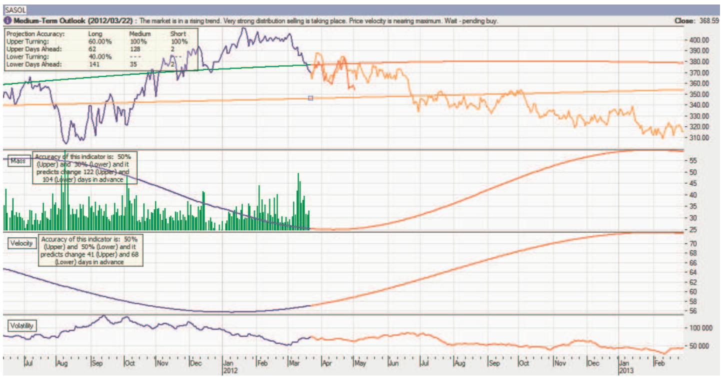




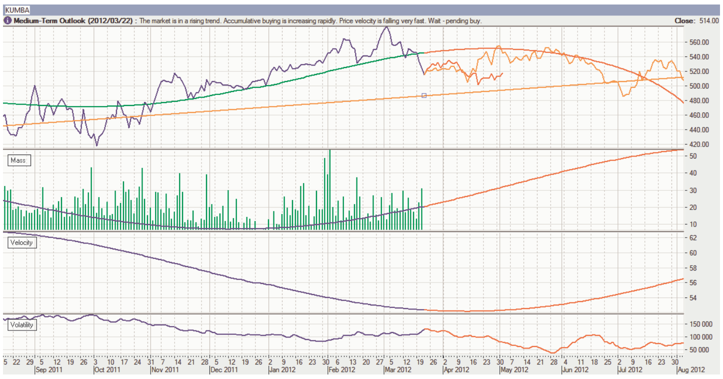
And the Rand has also begun taking strain as illustrated by my second composite.



Here at home investors have turned cautious with the result that in relative terms the riskier sub-set of investment grade shares has taken a distinct back seat to the Blue Chips though the Blue Chips category has continued to move ahead at an impressive 45% compound annual average rate, unchanged from the rate they have been rising since August last year.



Behind it all has been the slow-down of China which I referred to in the latest issue of Prospects and clear signs that the US is finally lifting out of the recession. Not surprisingly in these circumstances it is the minerals and mining sector that is taking strain which to some extent explains why, contrary to its profits trend, Sasol continues to tumble. Were I not already a heavy holder of these shares I would be preparing to buy. Note, however, the latest ShareFinder projection of the likely price trend of this share and note that on present evidence it might be wise to wait until July before buying.



A similar view exists in the case of Kumba which is on my own shopping list. Here again July currently looks like the opportune buying point.

Collectively it is, as I have so long predicted, now a time to accumulate cash and wait patiently for the low-hanging fruit which are daily growing riper for the picking!

The month ahead:

New York's SP500: I made no prediction. Now I see weakness until the end of the month.

London's Footsie: I correctly predicted weakness starting in the middle of the new week. In the longer term, however, I see the market gaining steadily until the end of August.

JSE Industrial Index: I correctly predicted a brief up-trend but, contrary to my earlier thinking I now sense weakness until early April.

Top40 Index: I made no prediction. Now I sense a weakening trend for some weeks.

ShareFinder Blue Chip Index: I correctly predicted gains which I expect to continue for the rest of the month.

The Rand: I correctly predicted a weaker phase. Now I expect some gains for the next week but the overall trend suggests a weakening for several weeks to come.

Golds: I correctly predicted the down-trend would continue and I continue to expect that until at least until April 12.

Bonds: I correctly predicted weakness which I continue to expect will continue at least until March 26 and, following a brief recovery, there are likely to be further losses until around April 11.

***The Predicts accuracy rate on a running average basis over the past 427 weeks has been 80.91%.* Richard Cluver**