

Richard Cluver Predicts

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



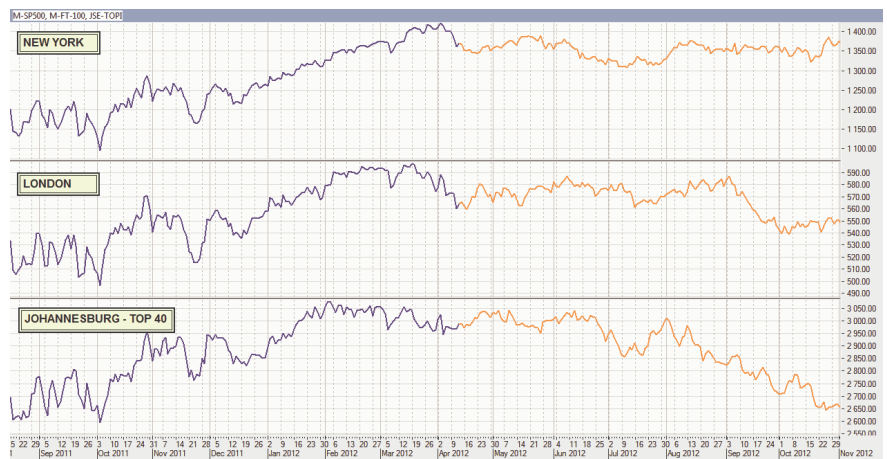
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Markets worldwide continued their plunge early in the week but by Wednesday were trying to find a reason to consolidate and if the projections on the right prove correct, they will be on the way up again for the next six weeks or so.

Do note, however, that the news out of Europe is not good. Following on last week's Spanish bond auction that initially spooked markets worldwide when insufficient buyers could be found, yesterday's Italian auction of short-term Government bonds saw buyers only coming forward when the yield rose 25%. Clearly investors are again losing faith in the ability of the

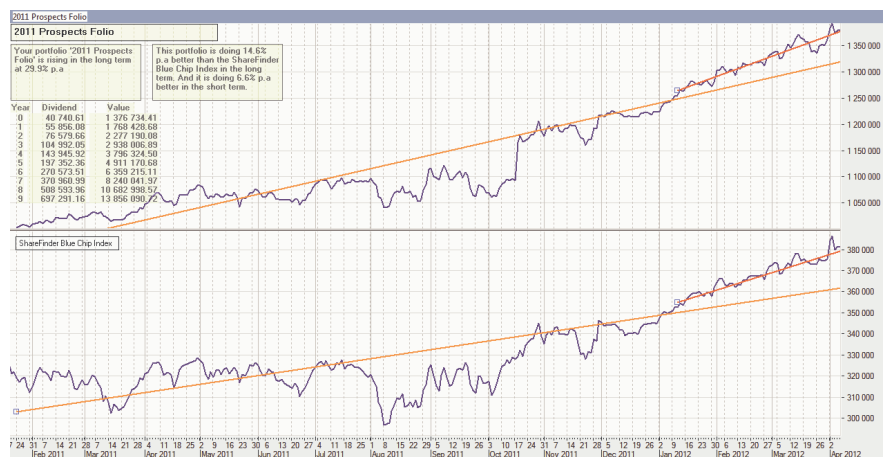


Euro Zone to right itself with some influential observers now openly stating that a break-up of the monetary union is now inevitable in the short-term. The view is that the only way out of an endless future of crushing recession for "Club Med" countries, which in recent years have taken on unsustainable levels of debt, is for them to break away from the Euro Zone and in effect file for bankruptcy: that way current lenders will be forced to accept a few cents on every Euro of debt. But, so the thinking goes, a few cents might be better than none at all.

Whatever the outcome, however, these auctions have been a sharp reminder to investors that the problem is not likely to simply go away as a consequence of some fancy central bank monetary engineering. And while uncertainty remains, China's GDP growth rate continues slowing, Far Eastern countries continue to struggle with the after effects of Tsunami and flooding which, for example, has meant that computer hard drives are currently fetching black

market prices: against such a background it would be extremely optimistic to expect markets to prosper. Markets only flourish when economic conditions are reasonably predictable and certain.

That's the bad news. The good news is that quality South African shares continue to flourish. The composite on the right tracks the relentless



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upward climb of both the ShareFinder Blue Chip Index and our Prospects 2011 Portfolio which is doing even better than the Blue Chip Index. Long term our portfolio has been climbing at compound 30% and in the last three months has accelerated its pace to a remarkable annual rate of 43.5%. As usual I will be taking a detailed look at this portfolio in Wednesday's issue of Prospects.

Meantime an update about domestic affairs: Instead of simply going into the marketplace and hiring a new programmer following the abrupt departure of our latest recruit, we have taken the time to take a close look at all our systems and have concluded that our single-minded concentration upon perfecting the perfect share market predictive system over the past few years has left us somewhat behind in some areas such as, for example, our data dissemination tools. That is why, when a fortnight ago approximately a dozen clients stopped receiving weekly data from us, we were not alerted to the fact until they began contacting us.

Significant effort will thus be devoted in the immediate future to both strengthening and automating these systems. In the meantime I apologise for any inconvenience you might have experienced and thank you for your patience.

The month ahead:

New York's SP500: I continue to predict that overall April will prove to be a month of gains.

London's Footsie: I correctly predicted weakness which I believe is now over and expect gains for the rest of the month.

JSE Industrial Index: So far my prediction that April will be a sideways month is proving true and I continue to hold that view.

Top40 Index: I correctly predicted a brief recovery and now expect a sideways to slightly stronger trend until April 24.

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

The Rand: I correctly predicted continued weakening which I expect to continue until Tuesday before a recovery until month end.

Golds: I correctly predicted the down-trend. Now I see a stop/start recovery until the 26th.

Bonds: I correctly predicted losses which I now expect to continue until April 27.

The Predicts accuracy rate on a running average basis over the past 430 weeks has been 81.04%.

Richard Cluver