

Richard Cluver Predicts



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

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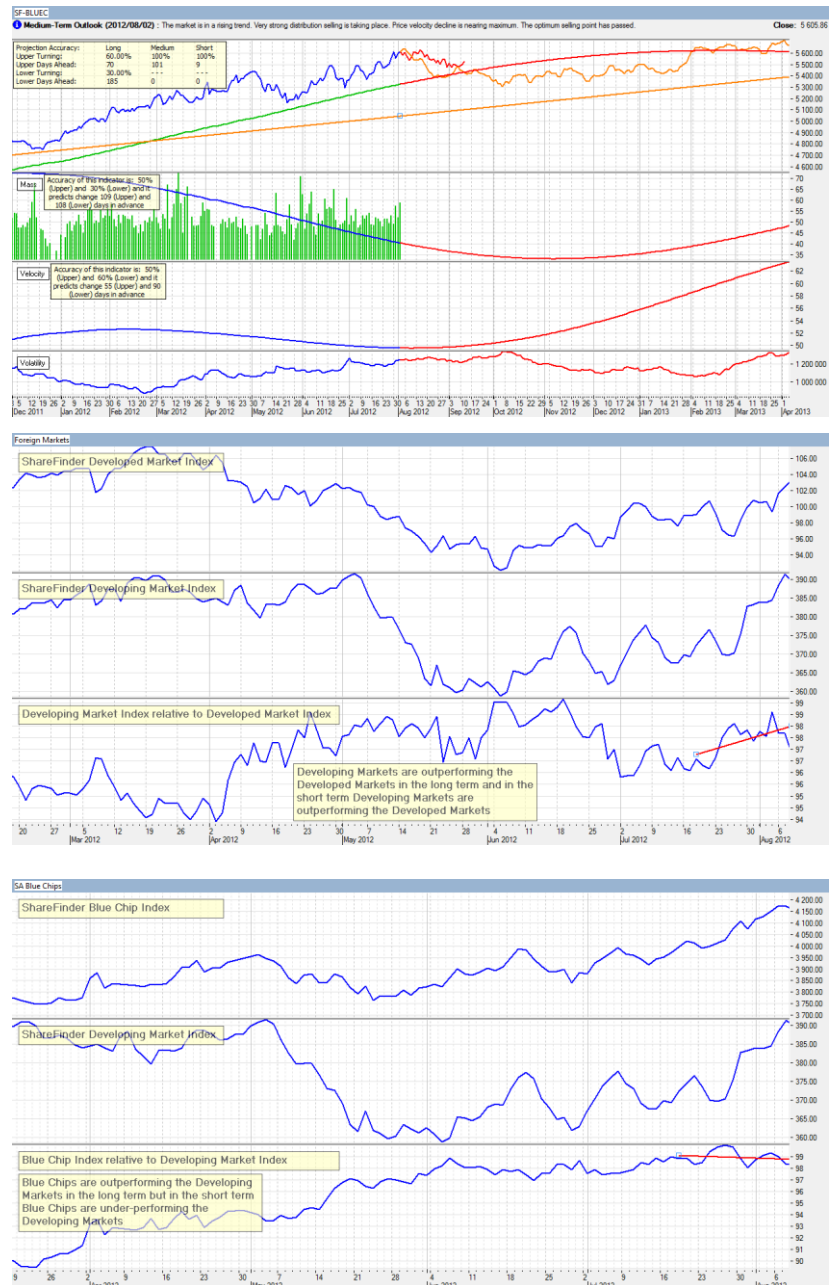
10 August 2012

Reading last week's column I note that I posed a question that I did not clearly answer. And it is one that I am sure is very much in the minds of most investors right now. Simply stated, the JSE has been enjoying a surprising bull run which has taken favoured shares into the stratosphere. So the timely question is can we expect it to continue?

The ShareFinder Blue Chips Index projection on the right is pretty unanimous that, in the short term it cannot, and that very much accords with my own thinking. I believe that a brief pull back is both necessary and probable right now. This market needs a pause to consolidate itself after a bull run that seems somewhat misplaced in a world economy that is, very correctly, fraught with an overdose of pessimism. But do note that ShareFinder believes the pull back will be comparatively short-lived, bottoming in the first week of October.

The reason for our market's optimism is completely logical. After a phase of weakness in the second quarter of the year, all investment markets have been recovering since the beginning of June. But the share markets of the Developing World have been significantly outpacing the Developed World which is why the lower, relative strength, graph in the composite on the right is seen to be rising strongly.

It is important to note, however, that among the developing markets, South Africa is no longer the flavor of the month. Pessimistic money that is currently streaming out of Europe in search of a safer home, is



Hence, readers should note that our Blue Chips, usually star performers in the whole developing world, are now lagging the rest as highlighted in the third composite.

None of these are matters of grave concern unless, of course, some major negative event should occur to shake up the whole investment world. And here it is important to note that the Eurozone crisis could be moving towards the final end game. For now, however, a brief market downturn could present us with a good buying opportunity around October 4. So sit on your cash for the next few weeks!

ShareFinder seminars:

I will be conducting FREE workshops in Durban on August 22, Johannesburg on August 29 and Cape Town on September 5 on each occasion starting at 6pm for a drink with snacks. I will be taking a short look at the future, providing a preview of new ShareFinder software and together with Saxo Bank, and introducing our new on-line trading facility which will allow you to manage your own share buying and selling from your home computer. Venues will be the Durban Country Club, The Macquarie Building, The Place, 1 Sandton Drive, Johannesburg and the Vineyard Hotel in Cape Town. E-mail richard@rcis.co.za to reserve your place.

The month ahead:

New York's SP500: I correctly predicted gains. Now I expect declines in the new week.

London's Footsie: I correctly predicted gains which I expect to continue to the end of the month.

JSE Industrial Index: I correctly predicted a short-term decline. Now I expect gains until the end of the month.

Top40 Index: I correctly predicted gains and warned of imminent weakness which is likely to begin on Monday..

ShareFinder Blue Chip Index: I correctly predicted the beginning of a month of declines and I sense weakness could last at least until the end of August.

The Rand: I correctly predicted quite strong gains which I expect to continue until mid week after which weakness could follow.

Golds: I correctly predicted gains but now I see a few days of weakness before the next upward surge. But do note that next Friday could be the end of the current gold share run.

Bonds: I wrongly predicted gains. Nevertheless I continue to predict that the market will strengthen until early September.

The Predicts accuracy rate on a running average basis over the past 444 weeks has been 81.09%.

Richard Cluver