



Richard Cluver Predicts

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



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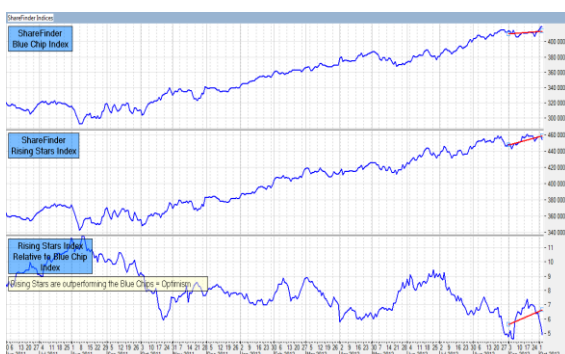
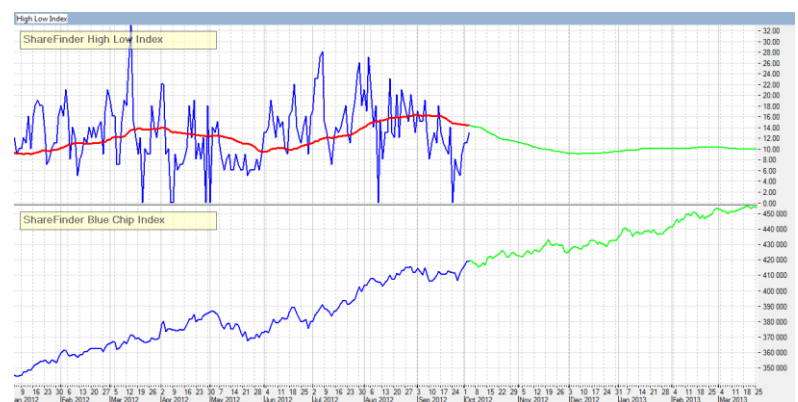
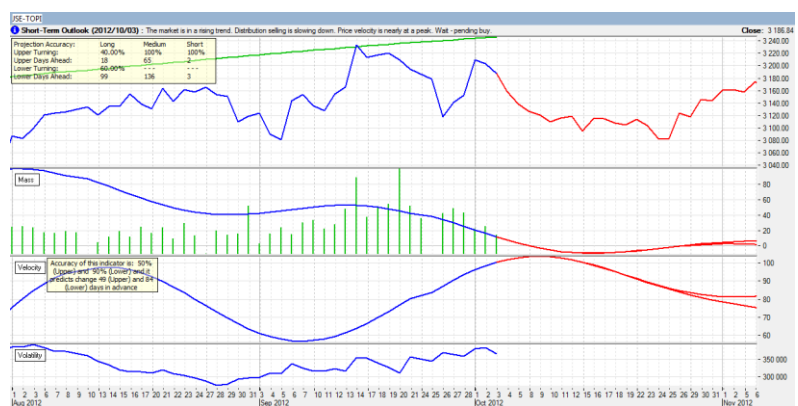
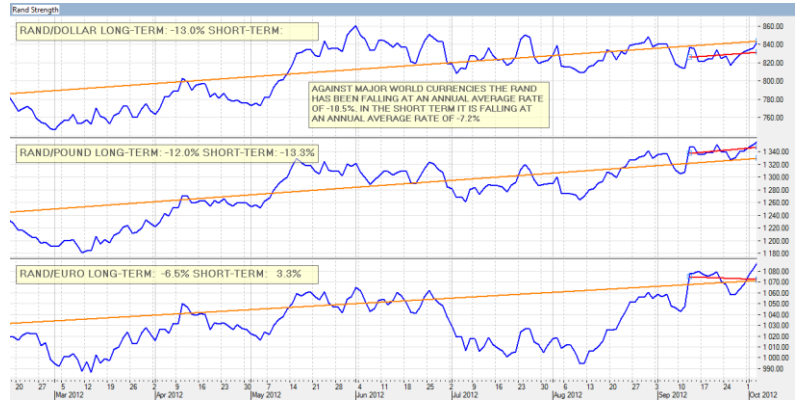
05 October 2012

Under pressure from the latest “strike season” and uncertainty about who is likely to be our President in the near future, the Rand has taken a short-term beating. And with it the JSE Top 40 Index which looks like it is heading further downward in the short-term.

So it is hardly surprising that the smart money has been beating a retreat into the safety of those shares which I label Blue Chips; broadly-speaking the shares of companies which have long demonstrated their loyalty to their shareholders by paying steadily-increased dividends year after year.

If ShareFinder's Fourier projection in my second graph composite is anything to go by, then the Topi is likely to head downwards for another three weeks, bottoming around October 24.

Furthermore, even though the Blue Chips are projected to continue rising steadily in the months ahead, even here there has been a distinct pattern of these investment grade shares achieving new price lows and lower price highs lately as illustrated in my third composite. But, as the graph immediately below illustrates, this positive outlook is very much confined to the Blue Chips. In relative terms the more speculative “Rising Stars” have not been faring nearly as well. In these circumstances it is interesting to note



that the brief buying opportunity presented lately by a dip in Mr Price shares, is now over, though it does not look as if there will be any great further upward movement in the immediate future.

Mr Price has just announced that profits for the current trading season are 20% up on the previous one and presumably, judging from recent price activity, insiders were well aware of this.

Meanwhile, the rumour mill has been active following the announcement that Capitec Bank board members, including CEO Riaan Stassen, have been selling shares and, notwithstanding a significant further profit increase, the share price has been all over the place lately. It is a worrying time for shareholders who should exercise caution since this top price performer has clearly for now run out of steam and ShareFinder's short-term projection is downward until between November 13 and December 10. Note, comment

from the company this week is that Stassen only sold around 16% of his holding in the bank. He is, according to the company, still the beneficial owner of 400 000 shares worth at today's value around R88-million.

ShareFinder's current projection suggests that Capitec shares should be standing at around R242 by the end of next February.



The month ahead:

New York's SP500: I correctly predicted a week of gains before the next decline which appears likely to start Monday until mid-October.

London's Footsie: I correctly predicted a brief upward spike. Now I see a volatile sideways trend followed by a downward spike until late October.

JSE Industrial Index: I correctly predicted a a three-day up-tick. Now I see declines until mid-November.

Top40 Index: I correctly argued that the market had bottomed but saw a volatile recovery ahead. Now it seems likely that the market will trend steadily down till late October.

ShareFinder Blue Chip Index: I wrongly predicted a downward trend which I expected to last until the end of October. However I continue to sense a weaker phase lasting until around next Friday before the next recovery begins.

The Rand: I correctly predicted fresh weakness. Now I foresee a recovery until mid-week before the next weak phase begins.

Golds: I correctly predicted declines which I expect to continue until + - October 23.

Bonds: I correctly predicted gains. Now I foresee a brief phase of weakness until around the 17th followed by further gains until early November.

The Predicts accuracy rate on a running average basis over the past 452 weeks has been 81.24%.

Richard Cluver