



Richard Cluver Predicts

In our 26th year of service to the investing public of South Africa

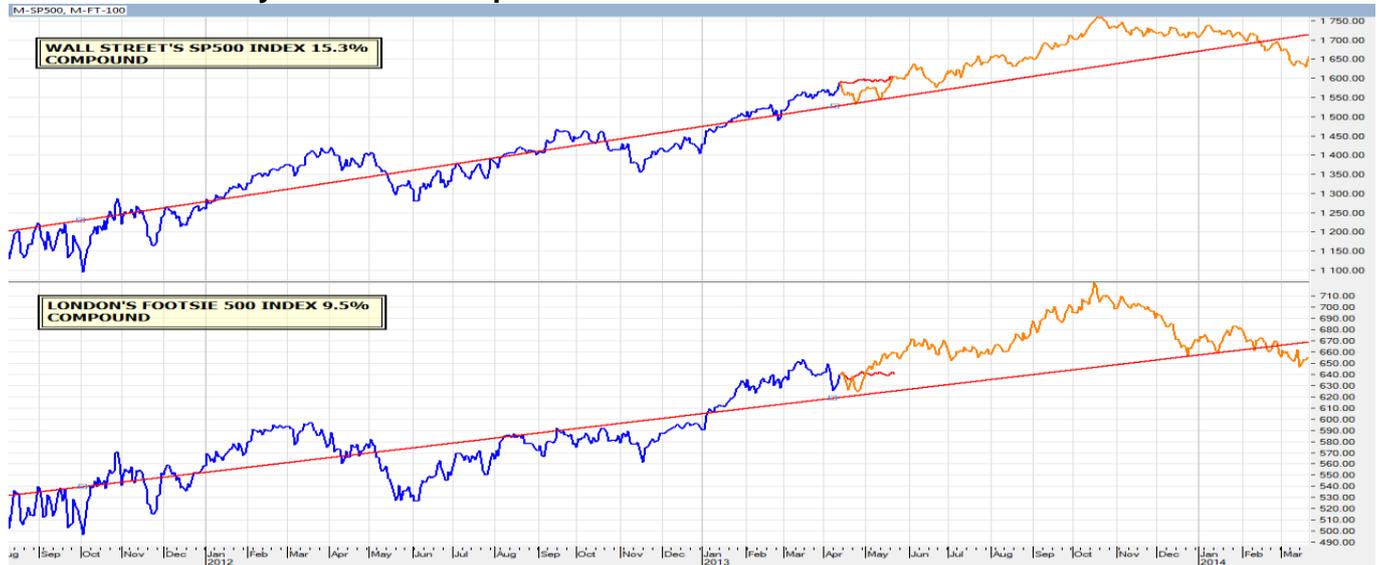


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With Japan entering the fray, the world currency war against China has taken a new turn with the tidal wave of new money being created inevitably working its way through to the world's ultimate stores of monetary worth: blue chip shares.



So in the graphs above I have highlighted how Wall Street has been responding climbing steadily at 15.3 percent compound and London's Footsie has echoed that with a more modest 9.5% compound. Furthermore Fourier projection makes it clear that there is unlikely to be any slow-down in the foreseeable future.

And the happy news for South Africa is that, with the world now totally awash with new money, overseas investors have overcome their recent concerns and have come streaming back here in search of our higher growth expectations. The composite below highlights the fact that our Prospects 2011 portfolio is continuing to deliver above average growth of 36.1 percent compared with the SF Blue Chip Index growth rate of 23.7 percent and, although a brief slow-down is foreseen for a few weeks between May 15 and July 19, the outlook remains attractive for the rest of this year at least.



Moreover, the Rand is recovering at a sparkling pace as illustrated by its performance against the world's leading currencies in the composite below. Note, in currency graphs a falling trend is good news for it illustrates that fewer and fewer Rands are being needed to buy these currencies. It is likely, however, that this rate of recovery will slow down in the immediate future before settling into a sideways to modestly strengthening trend as the prospects for our mineral exports begin to improve for the rest of the year.



Do note, however, that superior performance in our current share market is being confined to a very narrow band of ultra-blue chip shares. You should not be tempted to stray off into buying any more speculative counters at this time. For the JSE as a whole the outlook is bearish for the next few months at least.

The month ahead:

New York's SP500: I predicted that Wall Street would continue for the rest of April but I am shortening this outlook to April 16 when I sense the beginning of a short weakening phase.

London's Footsie: I correctly predicted a downward trend until the middle of this week before a brief recovery until April 18 and then a decline for the rest of the month.

JSE Industrial Index: I correctly predicted that the downward phase would end early this week but I expect it to be over by April 18 with subsequent weakness continuing well into May.

Top40 Index: I correctly predicted an up-tick which I now see continuing until around April 25 before a new down-trend begins.

ShareFinder Blue Chip Index: I correctly predicted a recovery which I see extending well into May.

The Rand: I correctly predicted a recovery which I expect to continue until April 29.

Golds: I correctly predicted that the trend would be down but the recovery I originally foresaw has now moved away and the bear trend is likely to continue into May with a brief week-long up-tick from April 24 to 30.

Bonds: I correctly predicted a strengthening phase. Sadly it is probably over and weakness is to be expected for the next few weeks.

The Predicts accuracy rate on a running average basis over the past 473 weeks has been 81.7%.

Richard Cluver