



# Richard Cluver Predicts

In our 29th year of service to the investing public of South Africa



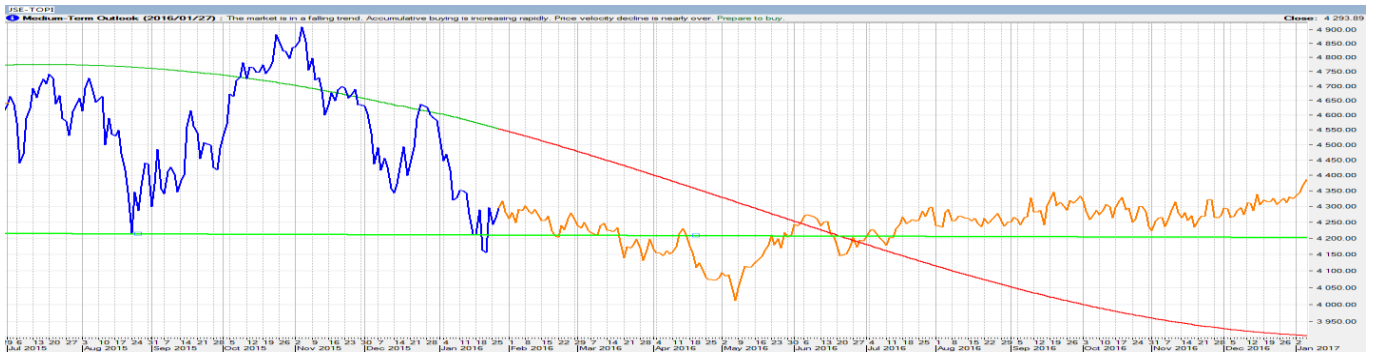
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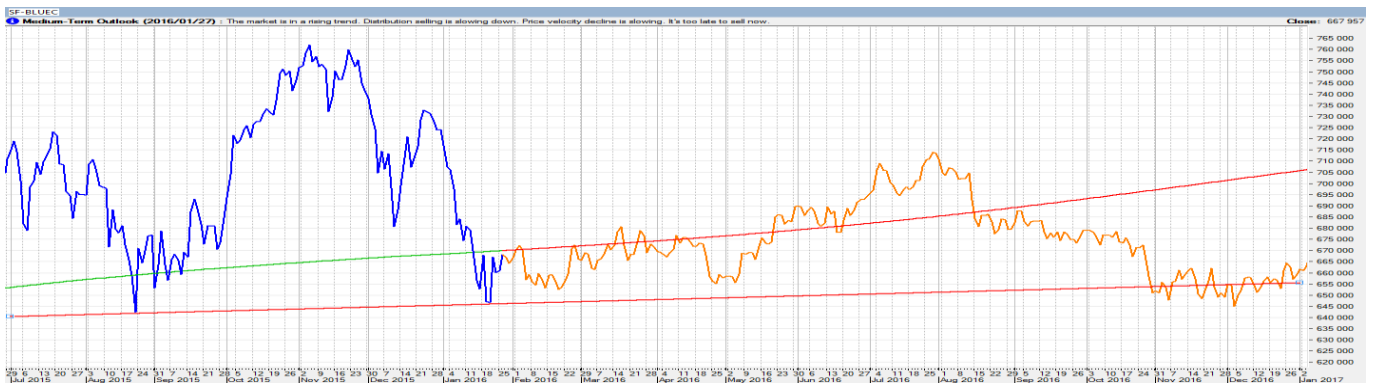
### Last Friday I asked the question: "How far can the market fall and how long will the bear market last?"

I offered up the graph of the JSE Top 40 Index graph on the right showing the index had just penetrated a long-term support line on the downside adding: "So the critical question now is whether the index will try to reverse back upwards and confirm this as a support line. If it does that will be a clear signal that it is time to start buying." The good news is that the market did rally as my graph below

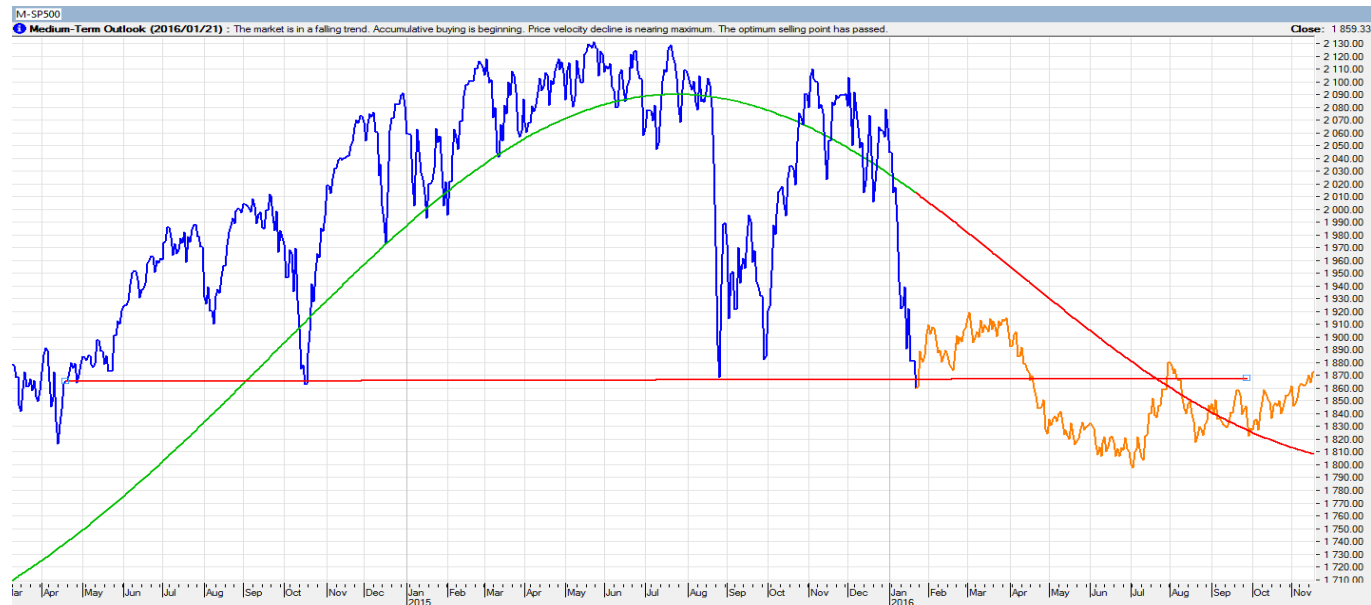


illustrates. However, ShareFinder predicts that this will be a false dawn and that the market will turn down again today in response to the Reserve Bank interest rate hike and keep on falling until early May when the final bottom for 2016 will occur.

Similarly, analysis of the ShareFinder Blue Chip Index (right) indicated that a support line in place since January last year, was yet to be breached. However, ShareFinder, projected that such a breach was imminent. Happily, this week's upward market boost pushed the next downturn starting point to a higher level which now implies that for the immediate future a downside breach is now unlikely even though its probable that some market weakness will happen late next week.



Globally, represented by New York's SP500 Index below, a similar support line had just been breached and I told you that ShareFinder was projecting a two-month recovery ahead of a continuation of the bear market at least until July. Exactly that happened and a bull phase lasting until the end of March is now indicated.



Both in this column and in Prospects I have illustrated why London-listed shares appear for now to offer the best growth prospects. So here it is interesting to note that a downward-sloping support line drawn on the FT100 Index below was also briefly breached. Another downward attempt is now likely as projected in the graph below with a second attempt likely to begin in March with a recovery trend beginning in May.



So your strategy for 2016 seems clearer by the week. Now is the time to assemble your money so that you will be ready to start buying London-listed shares in May. In ALL future issues of Prospects we will as this past month, list the top ten buys in growth and income growth categories in London, the New York Stock Exchange and the Nasdaq in the US and the Australian All Ordinaries exchange.

## **The next month:**

**New York's SP500:** I correctly predicted a continuation of the down-trend but the short-lived recovery that I expected for early February now seems delayed until at least the 8<sup>th</sup>.

**London's Footsie:** I correctly predicted a modest sideways to upward trend which is likely to continue throughout the next month but with considerable day to day volatility.

**JSE Industrial Index:** I wrongly expected the decline to continue. But it has merely been delayed and now I see a whip-saw downward trend until the 8<sup>th</sup>.

**Top 40 Index:** I correctly predicted a very brief recovery followed by a decline which I now see lasting at least until February 23.

**The ShareFinder Blue Chip Index:** I correctly predicted a brief recovery which is probably now over with declines now likely until the third week of February.

**Gold:** I correctly predicted declines which I still see for most of February.

**The Rand:** I correctly predicted the start of a recovery. Now I see a sideways trend until Tuesday followed by further declines for most of February.

***The Predicts accuracy rate on a running average basis over the past 576 weeks has been 83.58%. For the past 12 months it has been 92.33%.***

**Richard Cluver**