



# Richard Cluver Predicts

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



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The worst, as I remarked in my Prospects newsletter this week, is over for JSE Blue chips. Not so, sadly for the Prospects Portfolio which is projected to run out of steam in the first week of March as detailed in the graph composite below.



Exerting negative pressure upon the portfolio is MTN which today came out with a profit warning heralding a possible 20% decline in headline earnings even before provision is made for the Nigerian fine. The cause of the profit decline is attributed to the forced disconnection of 5-million subscribers which was the issue that the Nigerian division dragged its heels on leading to the levying of one of the highest corporate penalties ever imposed. Given that we bought MTN at R132 recently it would be tempting to sell at this point and take a profit against the inevitability that the share price will retreat as ShareFinder has projected in the graph on the right. ShareFinder sees an imminent R160 over the next few weeks.

The other share exerting a negative influence upon the portfolio is Coronation and given that we are currently showing a 153% gain on this holding, it would be tempting to sell this also at a projected price of between R64 and R68 between now and the end of this month



Meanwhile on a global scale as exemplified by a very volatile London stock exchange pictured on the right, ShareFinder is also sensing that the current brief recovery trend might soon be over with the FT100 Index due to peak next Friday before plunging back until the beginning of May.

New York's S&P500 Index is looking somewhat healthier with gains projected through to the end of March before the next period of weakness is set to begin, heralding a lackluster market phase for most of the rest of this year.

All in all, the global outlook for share markets is none too promising for 2016 making a good case for some profit-taking at this stage while one still can!



## The next month:

**New York's SP500:** The brief up-trend that I predicted happened this week with the result that the outlook for March has improved considerably with a see-saw upward trend continuing until March 28.

**London's Footsie:** The recovery I predicted is likely to be over by the middle of next week and then it will be downhill until early May.

**JSE Industrial Index:** I correctly predicted a recovery which I expect to continue throughout March.

**Top 40 Index:** I correctly predicted a delayed recovery which I now see continuing into mid-March.

**The ShareFinder Blue Chip Index:** I wrongly expected the weak phase to continue into this week and the recovery came sooner than I expected. Now, however, it is likely to continue well into March.

**Golds:** I wrongly predicted a recovery well into March but sentiment has changed and now it looks like being downward until late March.

**The Rand:** The Rand began recovering sooner than I expected and now I see gains until the second week of March.

**The Predicts accuracy rate on a running average basis over the past 577 weeks has been 83.56%. For the past 12 months it has been 91.31%.**

**Richard Cluver**