



Richard Cluver Predicts

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



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South Africans are understandably jumpy lately given the widespread view that the Government is at war with itself and the growing belief that Jacob Zuma cannot much longer hold onto power has unleashed a struggle between a number of factions seeking to fill the inevitable power vacuum that his departure would create!

All of which inevitably unsettles markets and, in particular the Rand as foreign investors who always flee from uncertainty, withdraw to the sidelines. Moreover, because the Rand is the most widely available proxy for Third World nations as a whole, our currency takes additional strain from issues that have nothing to do with South Africa, like for instance the recent sovereign downgrading of Latin American countries.

Thus the good news this morning is, as illustrated by my graph on the right, that the Rand is continuing to strengthen and our artificial intelligence systems project that the trend now seems likely to continue on a modestly bumpy ride for the rest of the year as we steadily retreat from the panic of Nenegate. As always I need to remind readers that a falling Rand graph signifies a strengthening Rand since it takes progressively fewer Rands to buy a US dollar as our currency gains strength.

This trend is, furthermore, even more pronounced when one views the Rand's performance relative to other currencies, like the Euro as pictured in my second graph. If ShareFinder is correct we could see the Euro at R15.15 by the third week of this month compared with R18.37 in mid-January.

And this good news is not confined to the Rand. The ShareFinder Blue Chip Index has been gaining strength steadily since January 21 and ShareFinder projects the probability of continued recovery at least until mid-July at which stage there is a distinct probability that the JSE will have recovered to the level we last saw in November last year.

All in all then, the outlook has improved immeasurably since the dark days that heralded the beginning of 2016.

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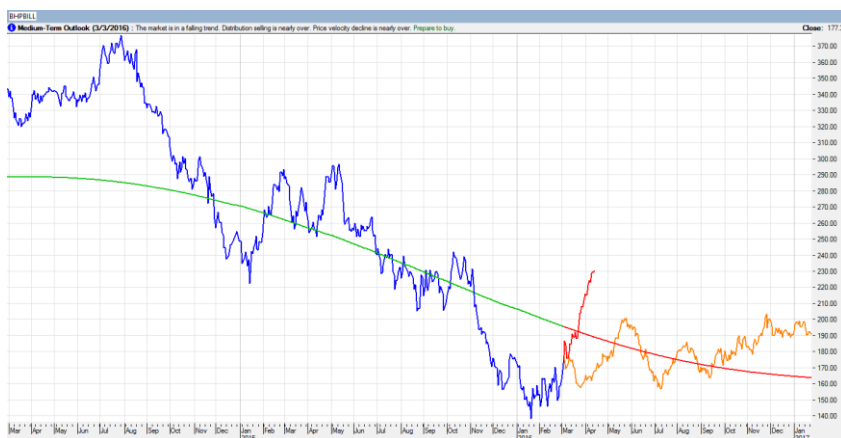


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With this good news in mind, I thought readers might be interested in a share which ShareFinder rates as one of the most underpriced in its Blue Chip list, Invicta which has fallen from a peak of R128 in January 2015 to a recent low of R37 and has lately begun recovering strongly to an overnight R46. ShareFinder projects that it could fall to R44.66 during this month before again reversing upwards. Please note that this represents a speculative situation as Invicta has, like most in the engineering sector, had a somewhat troubled recent past. But perhaps the tide is turning.



And if you are in a gambling mood and are taking a view that resources might finally be bottoming out after a torrid Great Recession phase, I give you BHP Billiton in my second graph on this page, probably the most soundly



funded big resource counter of them all. From an August 2014 peak price of R376.25 to a January this year low of R148.58, the shares have begun accelerating upwards to a current R177.39 and likely to continue accelerating upwards. In the short term the shares could retrace to R160 at which price they would be a very interesting gamble on a long-term recovery.

The next month:

New York's SP500: I correctly predicted further gains, but a new phase of weakness could begin from next week lasting until the 16th.

London's Footsie: I correctly predicted that the outlook was now moving to negative and I expect weakness to continue until the 17th.

JSE Industrial Index: I correctly predicted a recovery. Now I foresee a downturn beginning in the new week and lasting until the 16th.

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

The ShareFinder Blue Chip Index: I correctly expected a continuation of the Blue Chip recovery which I now see continuing throughout March.

Golds: I correctly predicted a downward trend which is now turning into a sideways trend for most of March.

The Rand: I correctly predicted a continued recovery. Now I foresee brief weakness until the 15th followed by gains until the 28th.

The Predicts accuracy rate on a running average basis over the past 579 weeks has been 83.59%. For the past 12 months it has been 91.56%.

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