



Richard Cluver Predicts

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



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South Africa is by most standards enmeshed in a constitutional crisis which in most civilized countries would lead to the impeachment of the State President for, taking the most charitable view, gross incompetence.

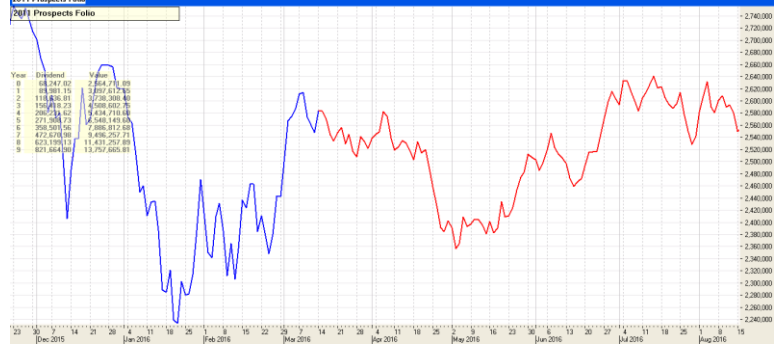
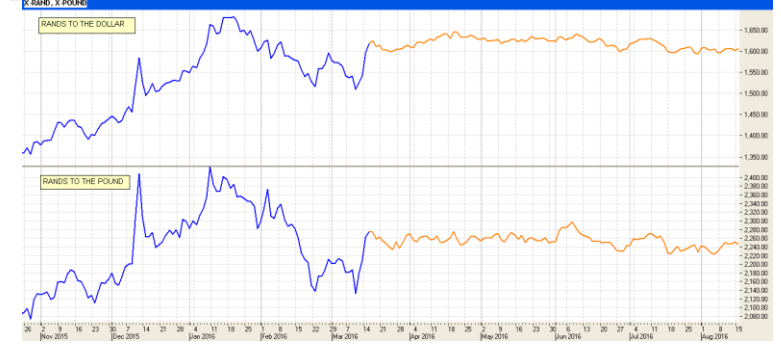
And the cause of South African economic strength has not been helped this week by the sight of Jacob Zuma once again giggling in the face of the most serious questions being put to him by the opposition in Parliament.

Surprisingly then, the JSE All Share Index has been climbing steadily since mid-January as depicted in the graph composite on the right. Furthermore, ShareFinder's artificial intelligence systems predict that the market is likely to continue rising for the next 12 months with steadily diminishing volatility.

And though it has back-tracked a little this week, the ShareFinder Blue Chip Index is looking promising for the next six months as is made clear by my second graph.

Sadly, however, the same story is not true of the Rand which had again been taking strain as the voice of uncertainty rose so strongly this past week as a result of the struggle between Finance Minister Gordhan and the head of SARS which has become increasingly public. And it is unlikely to benefit either from the Reserve Bank decision to increase interest rates further notwithstanding the opposition by most of the country's leading economists. Nevertheless the Rand strengthened yesterday in late trade which is another positive sign.

As a consequence of all of this the Prospects 2011 Portfolio (last graph)



has recovered strongly but ShareFinder believes that it is due to retrace its footsteps during April though the longer term outlook is for continued growth.

Sadly, unless there is a significant change of political heart in the months that lie ahead and a commitment by the government to do more than just offer platitudes in the interests of achieving real economic growth, the long term performance of the stock market will inevitably be sluggish. However the markets seem to be signaling that positive change IS on the way. Perhaps it is wishful thinking but such market positivity in the face of this week's political events suggests that the smart money is taking the view that the Zuma logjam is finally unwinding.

The next month:

New York's SP500: I correctly predicted gains for the rest of the month and I still see these until the 28th.

London's Footsie: I correctly predicted that new gains would begin about now. And I see them lasting until the 25th.

JSE Industrial Index: I wrongly predicted that weakness would continue until today. But a brief and sharp correction waits in the wings and is likely today or early next week. It will be followed by an extended recovery beginning early in the new week.

Top 40 Index: I again got the timing wrong on this one. The recovery I expected to start on the 22nd actually began a week earlier..

The ShareFinder Blue Chip Index: I correctly expected a continuation of the Blue Chip recovery with a brief mid-week downturn. Now I see a recovering trend lasting well into April though with a series of bumps along the way..

Golds: I correctly predicted a sideways trend and this is now taking on a slightly positive bias.

The Rand: I correctly predicted a continued recovery which I still see lasting well into April.

The Predicts accuracy rate on a running average basis over the past 581 weeks has been 83.6%. For the past 12 months it has been 91.19%.

Richard Cluver