



# Richard Cluver Predicts

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



Volume: 29

## 24 March 2016

Issue: 11

**If the South African political scene appeared murky in the extreme last Friday, it has worsened considerably as the ANC closed ranks in support of Jacob Zuma whom in most civilized countries would by now be facing impeachment.**

Overseas investors have been understandably distracted from taking an extreme view about this country because of the Brussels bombing, Britain's looming European Exit referendum and, in the US mounting concerns about the presidential race. So, mercifully, we have probably been spared the worst of the punishment that would normally be meted out to our local investment markets.

Nevertheless, it is clear that the tide has turned against us in respect of the Rand which is now set to weaken fairly steadily in the weeks ahead as traced out by ShareFinder's projection below with, by the end of April if nothing changes for the better, the probability that the Rand/Dollar rate will be back by the end of April to the levels of weakness last seen in mid-January.



In happy contrast, however, the JSE All Share Index continues to trend upwards and appears likely within the next fortnight to surpass the peak of last August to October's brief recovery.

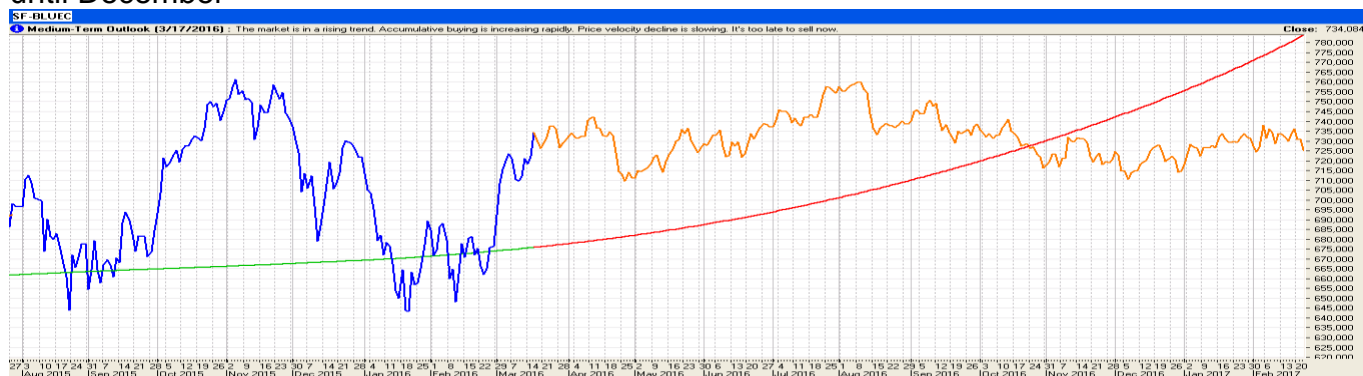


Blue Chips are also in a steady up-swing telegraphing the optimistic view that our present political challenges are likely to be swept away by the economic pressures that are beginning to render politics one luxury we can no longer afford offering the beguiling prospect that party support for the beleaguered Jacob Zuma is likely to bring down the party itself at the coming August elections. This being so, it is obviously beginning to dawn on the electorate that the ANC's brand of socialism destroys jobs rather than creating economic freedom for all.

My third graph consequently illustrates the gains likely to be made by the Blue Chips in the weeks ahead:



Looking further ahead, however, ShareFinder is not all that optimistic about the post August Blue Chip trend sensing perhaps that the August elections might not offer quite the outcome that they are hoping for. Notice how after August ShareFinder sees the market trending down until December



## The next month:

**New York's SP500:** I correctly predicted gains for the rest of the month and now I see a continued upward trend with some interim volatility until the end of April.

**London's Footsie:** I correctly predicted gains until the 25<sup>th</sup>. Now I see the upward trend continuing until the end of the month followed by declines until mid-month.

**JSE Industrial Index:** I correctly predicted a brief and sharp correction which I now see lasting until April 4 before the next recovery begins.

**Top 40 Index:** The recovery ended on time and now I see declines until the end of the month followed by a recovery for most of April.

**The ShareFinder Blue Chip Index:** I correctly expected a continuation of the Blue Chip recovery which I saw lasting well into April though with a series of bumps along the way. From now until the 29<sup>th</sup>, however, the trend is likely to be a bumpy down-trend.

**Golds:** I correctly predicted a sideways trend. Now I see a decline well into April.

**The Rand:** I correctly predicted a continued recovery. But now I expect weakness lasting well into April.

**The Predicts accuracy rate on a running average basis over the past 582 weeks has been 83.63%. For the past 12 months it has been 91.48%.**

Richard Cluver