



Richard Cluver Predicts

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



Volume: 29

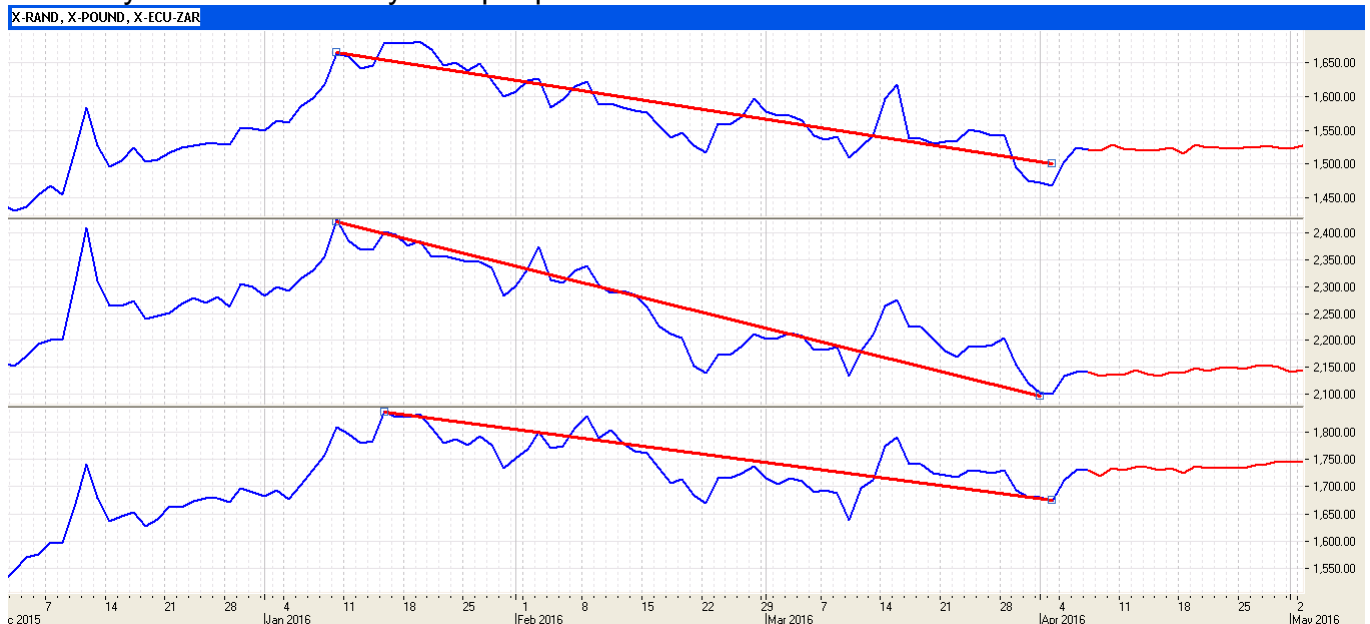
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The most sensitive barometer of South Africa's world investment standing is, as always, the Rand's relationship with the world's leading currencies. Thus it is no surprise that it turned weak this week in the aftermath of events in Parliament.

The red trend lines on the graph composite below highlight how the Rand had been strengthening steadily since the low point of Nenegate when President Zuma was forced to repair the damage he had done to the currency by firing Finance Minister Nene. From its weakest level of 16.96 Rands to the US Dollar on January 20 the Rand had recovered to R14.62 on Monday, the day before the impeachment debate in Parliament. But when the motion was defeated on Tuesday immediate weakness followed and with each passing day as it became increasingly clearer that the ANC was prepared to close ranks to defend Jacob Zuma, the Rand weakened further closing yesterday at R15.23 to the Dollar. Furthermore, the trend has been the same against all major currencies as is evident in the graph below.

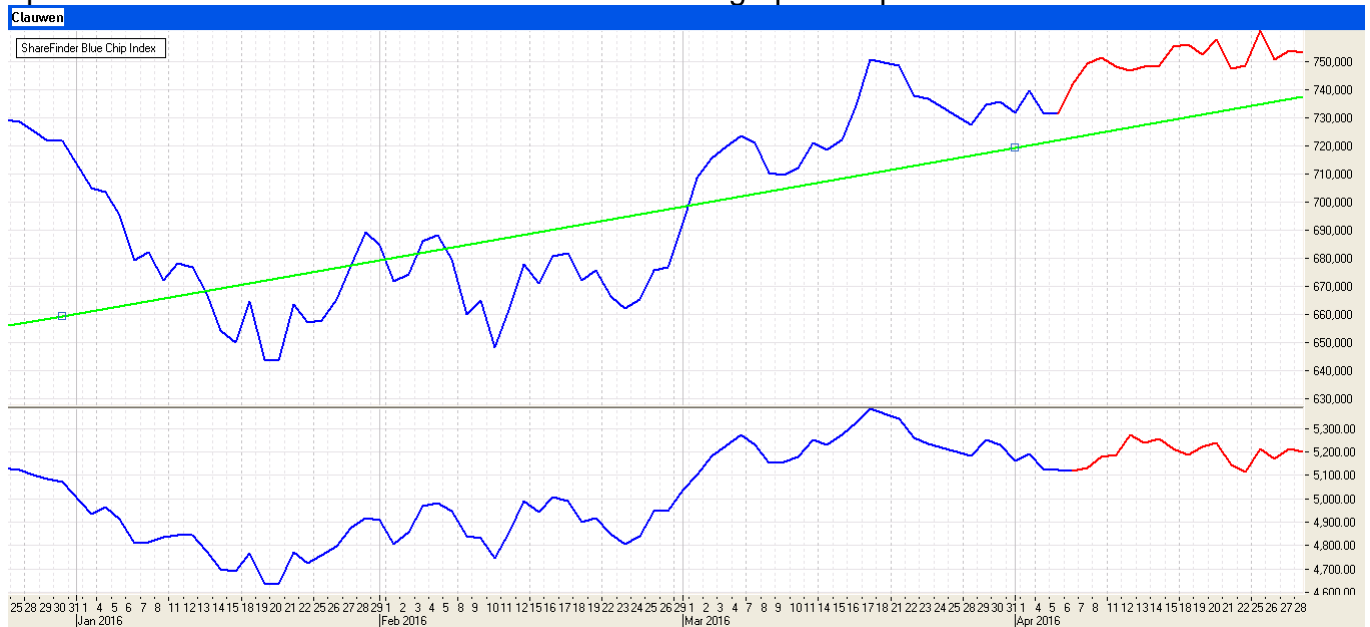
Analysing the data, ShareFinder has concluded, as the red lines on the right of the graph make clear, that at best the Rand will move sideways from here and possibly weaken slightly for the rest of the month as the investment world watches to see how things will play out. What is clear, however, is that Jacob Zuma's continued role in government does not favour the strength of our economy...at least in the eyes of people who invest here.



Now it is true that the up-tick of the graphs is not of significant dimensions. At the moment it is mere statistical noise, but as every motorist is feeling this month, we are all paying for it every time we have to buy local goods.

So how did the share market react? Well, even the blue chips were affected as can be seen in the downturn at the right of my second graph. But ShareFinder thinks that is only a temporary setback in a strongly-recovering market and it in fact began on March 18, long before the latest

shenanigans began. For now, however, ShareFinder thinks that Blue Chips will continue their upward trend but not so the All Share Index as the graph composite below makes clear:



The next month:

New York's SP500: I correctly predicted a continuing upward trend with some interim volatility which I still see lasting for some time, though weakness might be expected from April 20.

London's Footsie: I correctly predicted a sideways to modestly rising phase for April but now I see weakness starting around the 18th.

JSE Industrial Index: I correctly predicted a brief and sharp correction which is now nearly over with a recovery likely from Tuesday until the 26th when another sharp downturn seems likely.

Top 40 Index: I correctly anticipated declines which I see lasting until the 12th before a brief recovery begins lasting until the 26th when a sharp decline is likely.

The ShareFinder Blue Chip Index: I correctly predicted gains for most of April. I now see these ending on the 26th.

Golds: I correctly predicted a decline well into April and I continue to see this extending into May.

The Rand: I correctly predicted a continued recovery...and then came the impeachment debate. Now I see quite sharp declines which I now see lasting well into May with the Rand/Dollar rate possibly going to R17.5 by May 13.

The Predicts accuracy rate on a running average basis over the past 584 weeks has been 83.69%. For the past 12 months it has been 91.76%.

Richard Cluver

PLEASE NOTE THAT I SHALL BE OVERSEAS UNTIL LATE JUNE WHEN THIS COLUMN WILL RESUME.