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

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I am delighted to report that for once ShareFinder's artificial intelligence projection of the likely direction of the Prospects Portfolio short-term price direction was proved wrong this week as the value surged to a new high of the year.

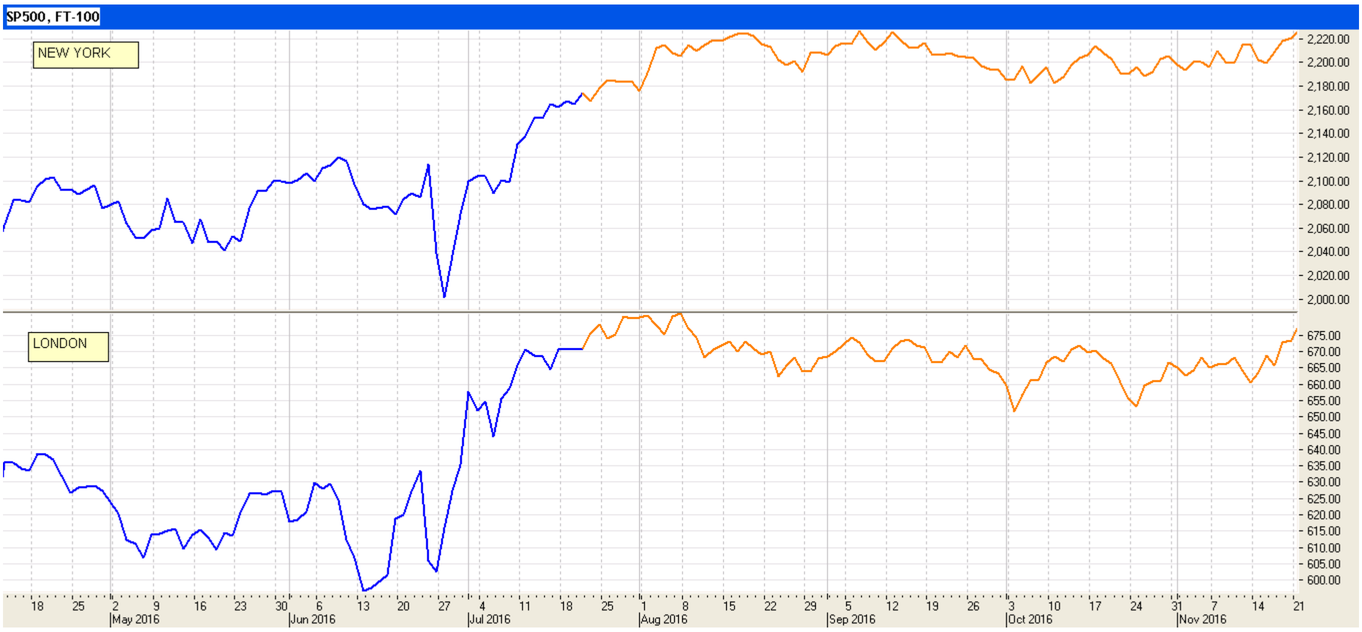
And in achieving this breakout above a long-established resistance line, the portfolio is now poised to make very strong gains in the months ahead. If you consider the graph below, it is clear how the portfolio burst through the resistance line last Friday and kept on gaining. Furthermore, it is now possible to draw in a "Rising Wedge" formation which chartists believe is a powerful portend of future growth.

ShareFinder's projection, however, suggests that the portfolio will surge further upwards until August 16 where after it will commence a descent until the first week of October before commencing another upward trend that is likely to take it above this week's peak but not above the projected August peak. So let us hope that ShareFinder is also wrong in this projection because the implication, if it is correct, is that South Africa will run into post election problems that could severely impact upon our economic outlook.

Now nobody should be surprised that out economic outlook could be bleak. After all our own Reserve Bank has penciled in zero growth for this year, a downgrade that the ratings agencies are bound to take note of. If, furthermore, the Government finds itself forced to issue further loan guarantees for SAA and the SABC which are reportedly fast consuming the last bits of their former loans as their massive mismanagement crisis continues unabated, lurching from one disaster to the next and all played out under fierce public scrutiny, then the much-feared ratings downgrade to "junk" status must be assumed to be inevitable….and with that a further collapse of the Rand.

All in all, it is not a happy time for South Africa, only made a little better by the growing hope that IPSA polls are providing a true picture of the likely election outcome and that we might see an end to ANC government in most of our major metropoles with, in turn, an end to the deployment of frequently incompetent officials to our municipalities together with the ending of a tidal wave of corruption.

Mind you, the longer-term outlook for the world's major share markets after August is not so rosy either. As the graph below illustrates, the Brexit scare is a mere blip on London's Financial Times index which is now continuing its upward surge as if nothing had happened. New York is seemingly similarly unconcerned about its future election prospects, both markets seemingly taking their direction from the widespread view that interest rates will be held down in future.



The next month:

New York's SP500: I correctly predicted gains which I now see lasting at least until mid-August.

London's Footsie: I wrongly predicted another weakening phase which I now expect will not come until the second week of August.

JSE Industrial Index: I correctly predicted a strong recovery which should last to the first week of August.

Top 40 Index: I correctly anticipated a recovery. Now I see a volatile downward trend into the first week of August.

The ShareFinder Blue Chip Index: The decline I predicted was again a little late in coming, was briefly terminated and is now likely to continue down until mid-week when the next upward trend should begin taking us into early August.

Golds: I correctly predicted declines followed by a brief recovery. Now I see another very brief decline followed by gains into August.

The Rand: I correctly predicted continued gains, but they are probably over for now for the foreseeable future.

The Predicts accuracy rate on a running average basis over the past 589 weeks has been 83.75%. For the past 12 months it has been 91.43%.

Richard Cluver