



Richard Cluver Predicts

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



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The accuracy of ShareFinder’s artificial intelligence projections in uncertain times continued to amaze me this week as, exactly as I predicted last Friday, the Prospects Portfolio performance graph fell back this week to test the upper line of a rising pennant formation.

Now, as if the programme is hedging its bets, there is an interesting divergence between the green (short term) projection and the red (medium term) projection with the short-term outlook hesitating below the upper trend line until August 17 while the medium-term projection senses a rising market until the 16th. And then the divergences become even more confirmed leaving the user with the un-helpful conclusion that things could go either way over the next six months. Overall, however, both the green and red projection lines seem to agree that from mid-September the market trend is likely to be downwards.



So it is helpful to take a look at the graph for New York’s broadest overall index, the S&P500 Index immediately below where ShareFinder can again be seen to be hedging its bets. There is no doubt, however that the S&P500 is currently topping out and, if the US Federal Reserve can shortly offer firm confirmation that there will be no interest rate increases in the immediate future, then it is likely that, noting the short-term (green) projection, such a pronouncement could lead to a brief upward flurry. Overall, however, as traced out by both the red (medium term) and yellow (long term) projections, a protracted market down-trend can be expected and this view is in keeping with a wide swathe of analysts’ opinions.



And when we turn to London's FT100 Index we find the same short and medium-term disparities with the green short-term projection turning sharply upwards late next week for a brief run lasting until the end of August before turning negative again. But here note that the yellow long-term projection is strongly positive suggesting that what we are seeing is a comparatively negative phase within a long-term up-trend. In other words, if you are looking to buy into the British market, then October could well be the time to start.



Clearly then, the performance of our local market is more likely a consequence of international trends rather than a response to our municipal elections. However, as my next composite suggests, it is likely that some brief Rand weakness could occur starting in the middle of next week and lasting until the first week of September before the strengthening trend resumes. That could well represent a reaction to the current election results on the part of overseas investors.



The next month:

New York's SP500: I correctly predicted declines which I still see lasting until August 11 when a last gasp up-trend could start lasting in the second week of September.

London's Footsie: I wrongly predicted gains until. Now I see further declines until August 11 when a brief recovery seems likely.

JSE Industrial Index: I wrongly expected the brief downturn to end, but sense that the recovery was delayed and that the market could now turn up until the 12th.

Top 40 Index: I correctly anticipated a brief recovery until the 4th followed by a negative trend. And now I expect a repeat with an improvement today followed by declines until the 18th..

The ShareFinder Blue Chip Index: I correctly predicted for the foreseeable future.

Gold: I correctly predicted brief gains into August followed by a decline until the 17th.

The Rand: I correctly predicted continued gains with an imminent downturn which now appears likely to begin on August 11.

The Predicts accuracy rate on a running average basis over the past 591 weeks has been 83.76%. For the past 12 months it has been 90.71%.

Richard Cluver