



Richard Cluver Predicts

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



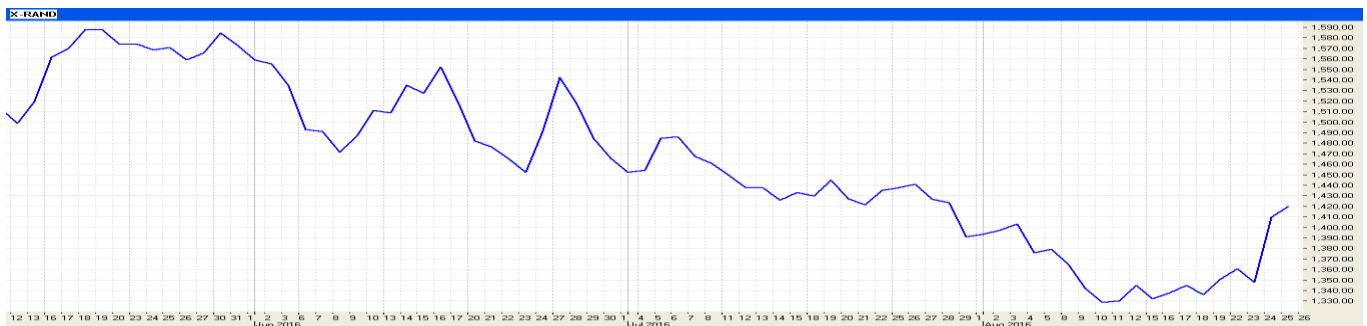
Volume: 29

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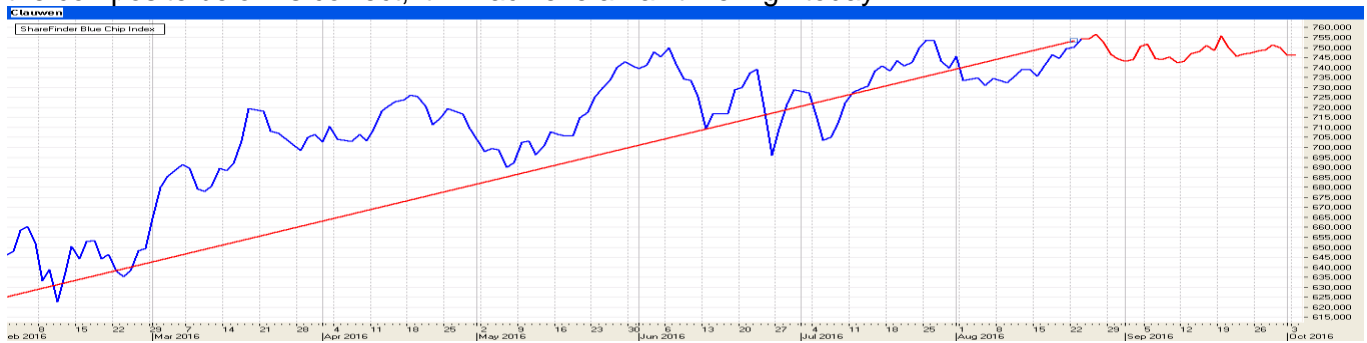
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In an uncertain world, the investor's safest haven is blue chips. It is a lesson that is constantly being hammered home these days as evidenced by the world's impatience with our Banana Republic behavior with regard to Finance Minister Pravin Gordhan.

Contrast the graph below which illustrates the punishment the world has meted out to South Africa in the wake of the latest Hawks move against Mr Gordhan. The Rand has lost 6.8 percent of its value, falling in value from 13.44 Rands to the US Dollar on August 10 to R14.1976.



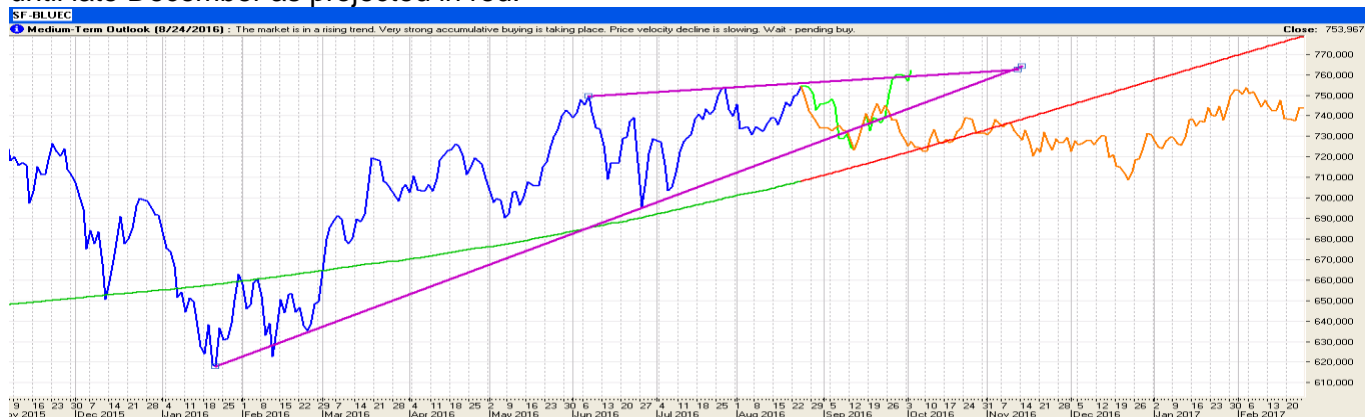
Meanwhile, ShareFinder's selection process which isolates the Blue Chips from the rest of the market, has gone in precisely the opposite direction as investors flee into safer waters with the result that the Blue Chip Index yesterday came close to its annual high and, if ShareFinder's projection shown in red in the composite below is correct, it will achieve an all time high today.



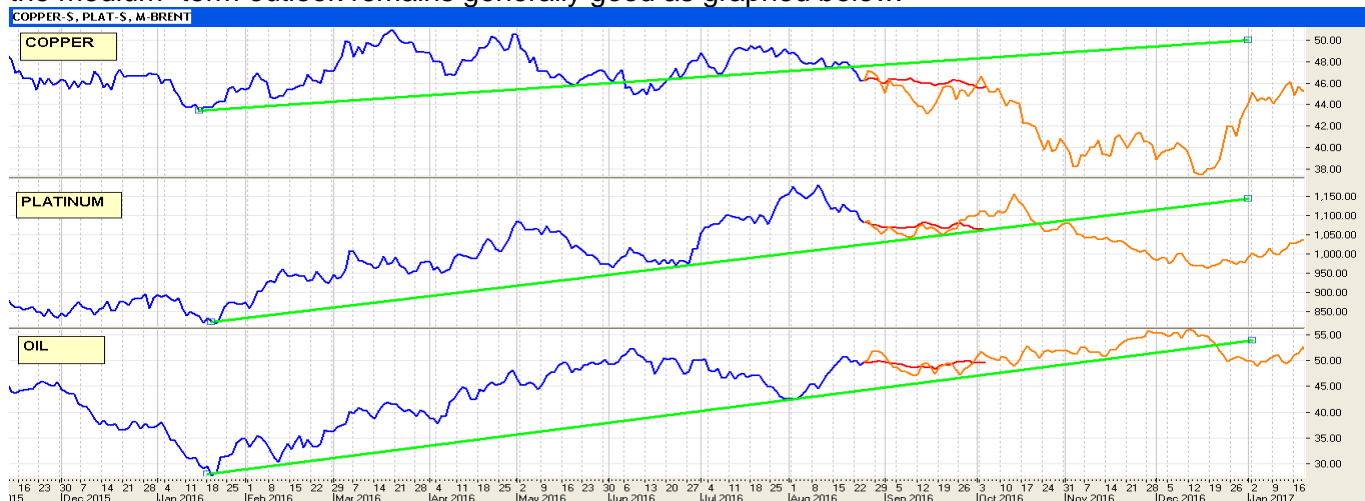
In the process the index was moving against natural cyclic forces which had been applying downward pressure as I highlighted last Friday in the graph below which suggested that declines were likely until December.



The latest version of that Blue Chip Index graph appears immediately below suggesting that cyclic pressure for a market downturn have continued building and in the absence of any further political or economic shocks, today's market high is likely to be the last for now with the market headed downwards until late December as projected in red.



Meanwhile, although there has been some short-term weakness in the dollar prices of key commodities, the medium-term outlook remains generally good as graphed below:



Thus, as I suggested last Friday, the outlook for commodity shares remains attractive. ShareFinder suggests that one should be able to buy Sasol at around R362 on August 30 and BHP Billiton at around R180 on September 19.



The next month:

New York's SP500: I correctly predicted gains and a few more are in sight with New York likely to top out on Monday.

London's Footsie: I correctly predicted declines into the first week of September and I continue to see them.

JSE Industrial Index: I correctly predicted gains which I still see continuing until September 6.

Top 40 Index: I correctly anticipated a strong recovery which I now see extending until mid-September but with increasing volatility leading to declines between September 9 and 14.

The ShareFinder Blue Chip Index: I correctly predicted a recovery but I believe it is now over with declines likely until mid-September.

Golds: I correctly predicted a decline lasting until the end of this month but I now expect a brief recovery starting on August 30.

The Rand: I correctly predicted a brief mid-week recovery followed by weakness. Now I see gains until the end of the month followed by further weakness until September 8.

The Predicts accuracy rate on a running average basis over the past 594 weeks has been 83.82%. For the past 12 months it has been 90.36%.

Richard Cluver