



# Richard Cluver Predicts

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



Volume: 29

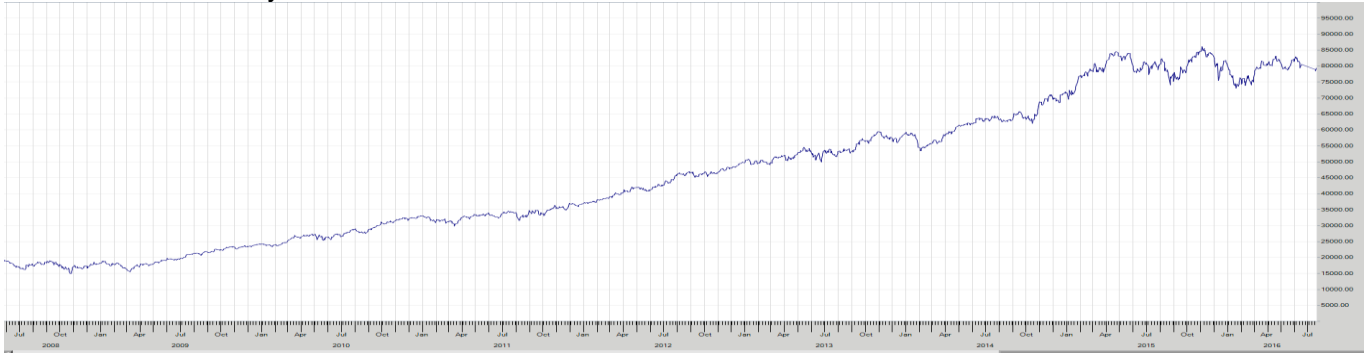
## 02 September 2016

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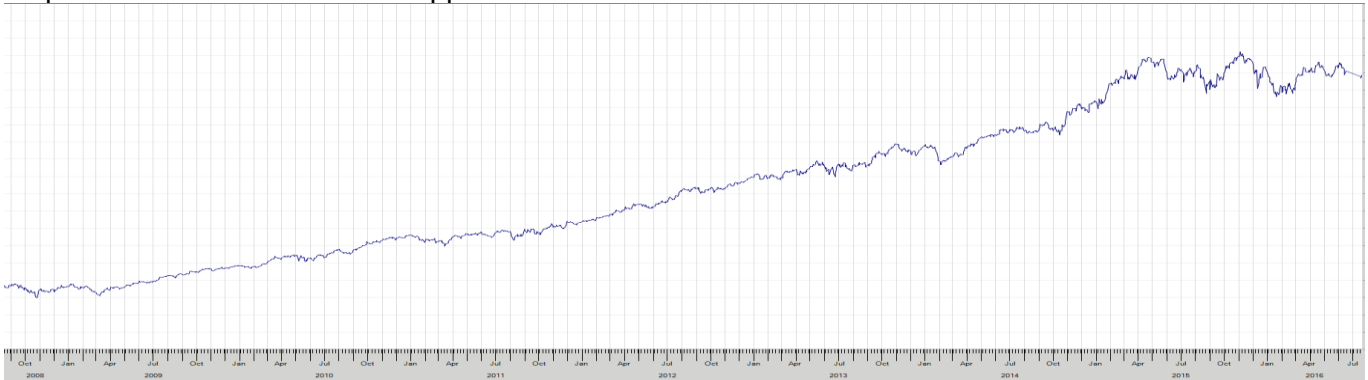
**Please note that I shall be overseas for the next fortnight so the next Predicts will appear on the 23<sup>rd</sup>.**

**After years of growth, Blue Chip shares on the New York Stock Exchange have moved into a declining pattern which clearly spells the end of the bull market there.**

In the graph below the decline that began as far back as May 2014 is obvious, with a top-out happening on November 6 last year:



And, since whatever happens in New York is immediately reflected in all the other major markets, I offer you the ShareFinder Blue Chip Index of the London Stock Exchange where, readers should not be surprised to see that the index topped out on November 6.



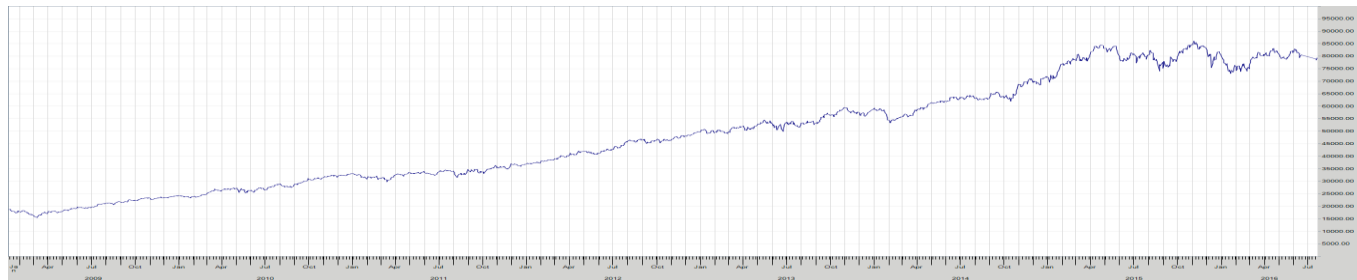
And to take the matter further, here are the ShareFinder Blue Chips of the Australian Stock Exchange where, again no surprises, the top occurred on November 6 last year:



My apologies for offering readers three graphs covering such a long period of time – from the bottom of the 2008 market crisis up to the present – that it becomes impossible to read off the scales, but I assure you that the dates are identical and, furthermore, when you compare like quality shares on all the world's markets the results are the same.

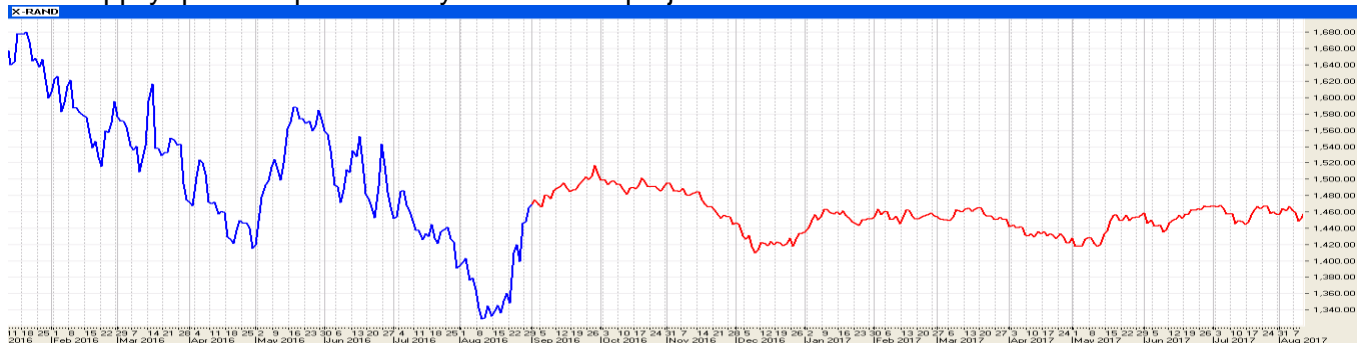
Understanding the fact that the world's markets are in lock step is important for investors to grasp because it makes the timing of share purchases that much easier if you are operating an international portfolio as, I hope, most of you are nowadays as the Rand goes into perpetual free fall.

So, turning to our own JSE, it should by now be no surprise to readers that our own market topped out on November 6 2015 and has been in steady decline since then, albeit with several up and down phases in between:

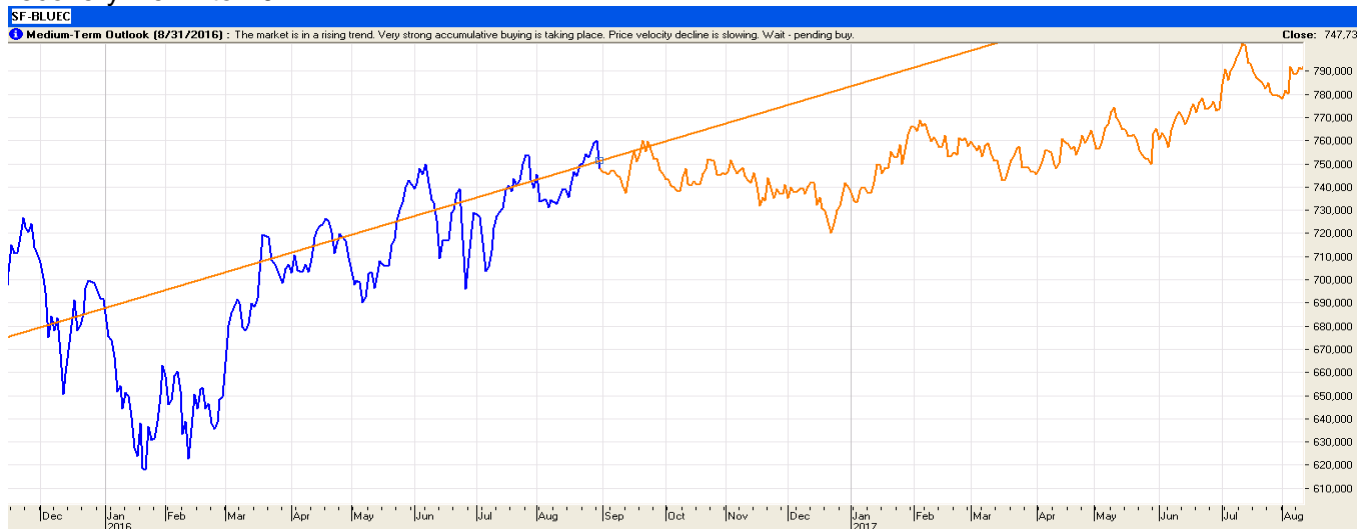


The good news about this lock step is that market behavior no longer has anything to do with localised events which explains why we in South Africa who have concentrated our money into shares selected by the ShareFinder system as Blue Chips, have been largely insulated from the gross economic damage that has been done to our economy by insane Cabinet reshuffles, a government at war with itself and all the other machinations that the Jacob Zuma presidency has ushered in.

Not so the Rand of course which has crashed from R13.2108 to R14.7494 last night and, if ShareFinder is correct, it is likely to go to R15.1599 by the end of this month before the current crisis has played itself out. Happily quite a rapid recovery is thereafter projected:



Similarly our Blue Chips appear likely to slide down until September 14 before a recovery appears likely. Thereafter a brief recovery is likely followed by a downward trend until late December...and then recovery well into 2017!



## **The next month:**

**New York's SP500:** I correctly predicted New York likely to top out and now I see declines until the 9<sup>th</sup>.

**London's Footsie:** I correctly predicted declines and I continue to see them until September 21.

**JSE Industrial Index:** I wrongly predicted gains would continue until September 6. However I see recovery beginning today.

**Top 40 Index:** I wrongly anticipated a further strong recovery but correctly predicted increasing volatility which I still see leading to declines between September 9 and 14 following a brief recovery now..

**The ShareFinder Blue Chip Index:** I correctly predicted the end of the recovery and I continue to see declines likely until mid-September.

**Golds:** I correctly predicted a brief recovery but it should be over by late next week.

**The Rand:** I correctly predicted a brief mid-week recovery followed by weakness. Now I see volatile weakness until well into October.

***The Predicts accuracy rate on a running average basis over the past 595 weeks has been 83.79%. For the past 12 months it has been 89.64%.***

**Richard Cluver**