Richard Cluver Predicts

In our 29th year of service to the investing public of South Africa
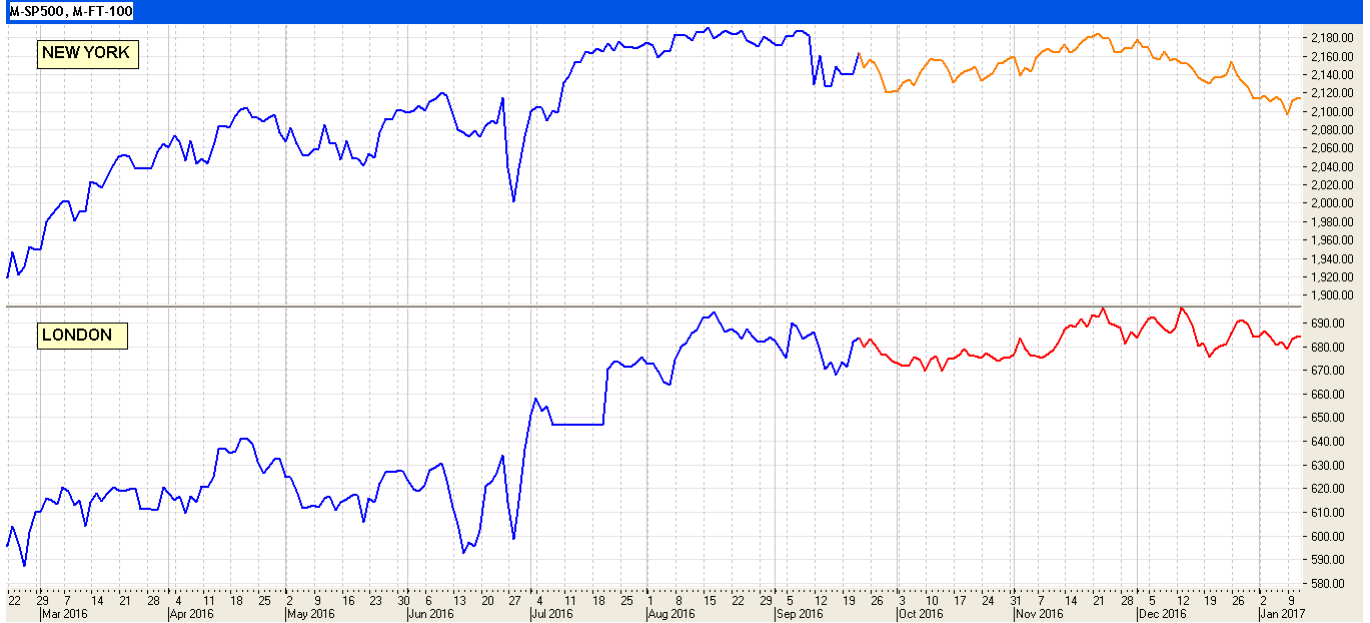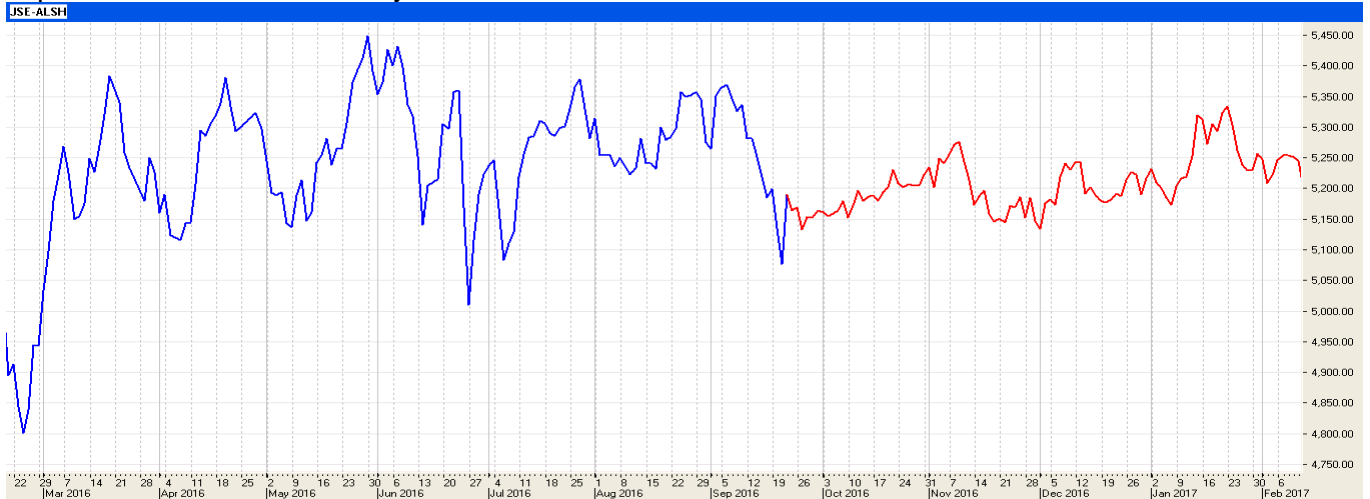
23 September 2016

A fortnight ago, just ahead of my departure for Europe, I noted that Wall Street had topped out and was headed for a decline that was likely to take the rest of the world's markets with it. The graph composite below illustrates how just that happened!


So let us begin today with noting that those words were prophetic for the New York Stock Exchange's widest measure, the Standard and Poors 500 Index has taken a thump since then and although there is likely to be a brief Indian Summer recovery during October and November, Wall Street is unlikely to again see the highs of earlier this year. London, like all the world's markets, has moved in lock step with New York and is likely to similarly experience an Indian Summer effect just like the one I have just left behind me in the south of France where the weather was warmer this past fortnight than it has been in Durban since my return. Meanwhile, the JSE All Share Index pictured below has, with considerably more volatility, similarly come down sharply and is now on a recovery track which should see a fairly steady improvement until mid-January:

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Taking a wider view allows us to see how the ShareFinder Blue Chip Index has performed over the past four years, rising throughout at a steady 24 percent compound rate throughout as tracked by my red trend line. ShareFinder's artificial intelligence system, projects however, that Wall Street's head cold could well turn out to be a South African market pneumonia for there is no Indian Sumer effect likely here until the middle of November. But from then on we should see steady gains.

All of which should see the Prospects Portfolio making a powerful "Triple Top" formation between early November and the end of January after which strong declines are probable as traced out in the projection below. You should, accordingly, be identifying shares for disposal ahead of those peaks!
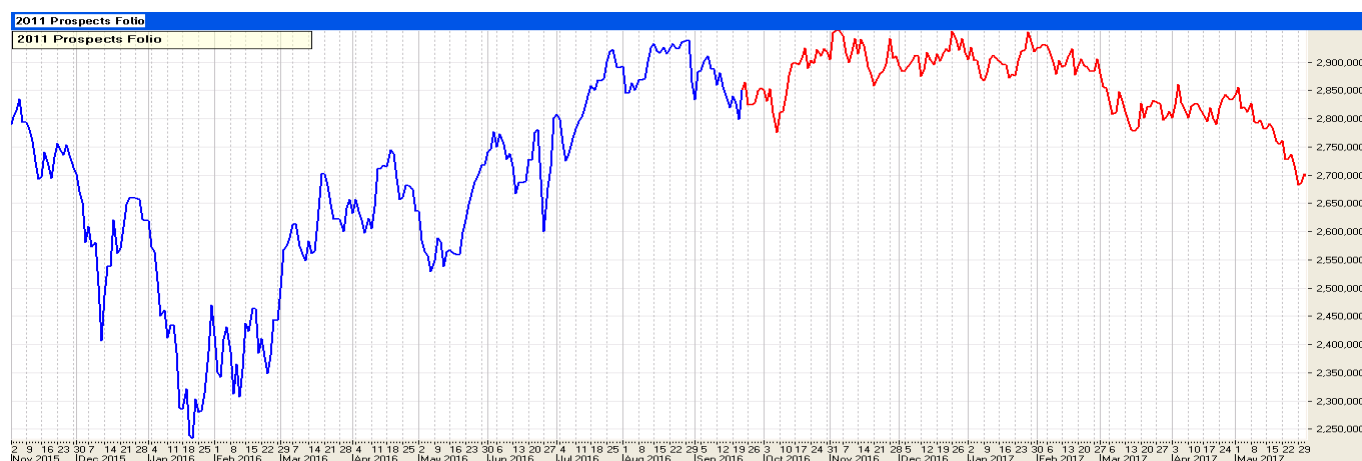
The next month:

New York's SP500: I correctly predicted declines until the 9th followed by gains which I see lasting until October 17.

London's Footsie: I correctly predicted declines and I continue to see them until the end of October.

JSE Industrial Index: I correctly predicted gains would continue until September 6 followed by declines. Now the index has bottomed and recovery is likely until the third week of October.

Top 40 Index: I correctly anticipated declines between September 9 and 14 following a brief recovery. Now I see further declines until the end of the month before a nearly month-long recovery begins.

The ShareFinder Blue Chip Index: I correctly predicted declines likely until mid-September and, apart from a brief recovery starting now, that view still holds with a more sustained recovery beginning in early October.

Golds: I correctly predicted declines. Now I see gains until late in October with weakness between October 1 and 11.

The Rand: I correctly predicted volatile weakness which I now see lasting until the 11th.

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The Predicts accuracy rate on a running average basis over the past 596 weeks has been 83.82%. For the past 12 months it has been 90.36%.

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