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### Seismic shocks along the way are normal for share markets. It's how they react to them that tells you the true state of the market.

So, since I have been warning readers for weeks that our market is nearing the end of the longest bull phase in modern history, it is very instructive to consider the current state of the JSE All Share Index in the light of this week's National Prosecuting Authority move against Finance Minister Pravin Gordhan on trumped-up charges that are unlikely to stand up in court but which could provide President Jacob Zuma with an excuse to remove him.

Now it might all seem like a third rate soap opera which firmly establishes us as a banana republic in the eyes of the watching investor world and conforms to everyone the total lack of credibility of the African National Congress for its inability to remove our hopelessly flawed head of state. If there was anyone who still believed he was a fit and proper person to run this country, his machinations of the past week must surely have removed even their blinkers. Indeed, South Africa as a whole is likely to pay the price of our collective inability to control Jacob Zuma in the shape of a ratings agency downgrade that will punish the pockets of everyone in this country.

And so, let us turn to the latest shape of the JSE All Share graph which tumbled downwards this week through the confines of the pennant pattern that I have outlined in red. Prosecutions head Shaun Abrahams clumsy moves on Tuesday inevitably punished the Rand and the JSE. But by late Tuesday the move had been shown up for its ineptitude yet, as the graph clearly shows, by the close of the market yesterday the Alsi had only worsened.

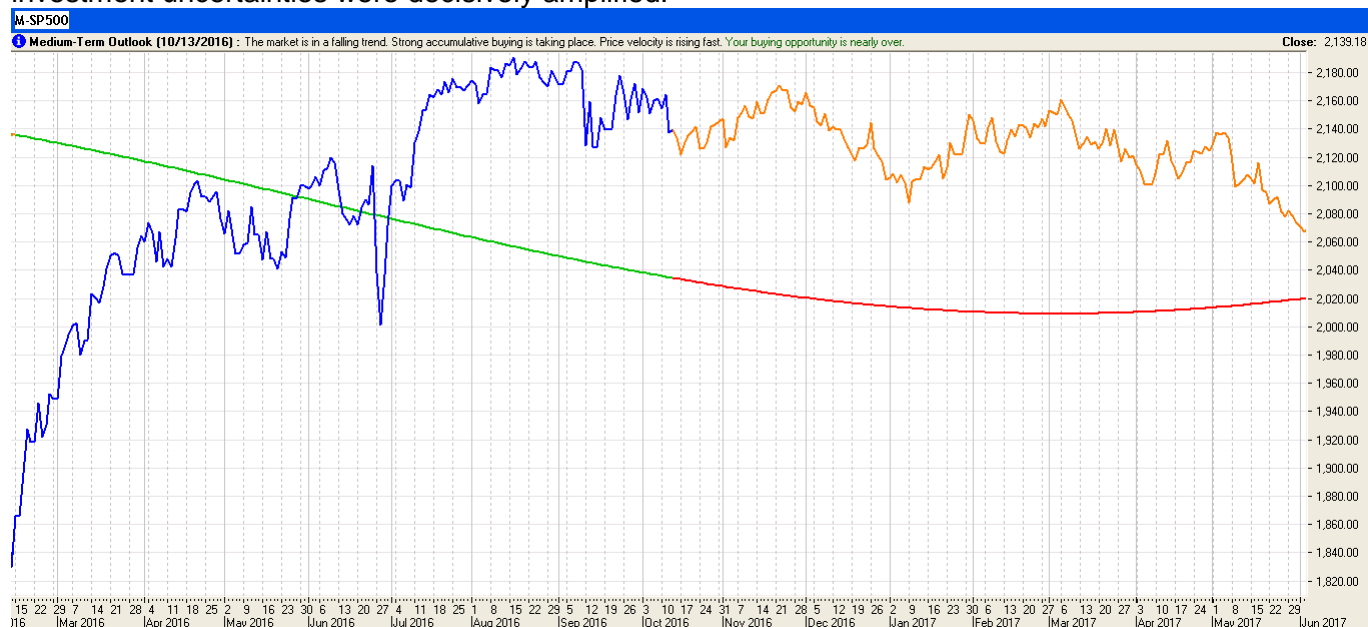


Presumably the market is still nervous as it waits to see if the second shoe will drop. Will, despite everything, Jacob Zuma still try to remove Pravin Gordhan? Will our outgoing Public Protector release enough dirt on President Zuma and his cronies at today's Press conference to finally remove all doubt that State plunder is Zuma's top priority?

What is clear, however, is that while so many doubts continue circling, that graph will continue falling and the bear market will become entrenched.

So what should investors do? As I have repeatedly advised in recent months, you should get rid of all doubtful investments and create as much cash as you can while you still can.

If you have any doubts about this view, consider next Wall Street's most comprehensive index; the Standard & Poors 500 pictured below which similarly this week fell out of bed, thereby ensuring that local investment uncertainties were decisively amplified.



Below I have listed all the quality shares that I now consider to have fallen from grace. If you hold any of these then get rid of them:

Name	Close	3 Month Price G...	5 Year Price Gr...	Dividend Growth	Grade	Risk	Total Return
Quality Shares List Underperformers (Based on 5yr Price Growth)							
MIXTEL	3.70	181.66	20.92	-3.61	---	60.86	22.75
MPACT	34.99	73.49	20.91	30.96	---	6.80	23.58
PSV	0.38	-5.05	20.41	0.00	---	166.76	20.41
BATS	846.45	-27.77	19.82	19.68	---	-36.49	23.03
AFRO-C	5.56	38.71	19.74	21.77	---	-11.22	23.41
JSE	153.79	-45.57	19.56	32.22	---	-17.73	22.42
CITYLDG	155.00	-2.90	19.49	17.99	---	-24.56	22.32
DISTELL	168.99	39.48	19.35	6.93	---	-22.61	21.25
CULLINAN	1.90	148.80	18.86	-8.33	---	88.23	19.76
PHUMELELA	25.69	140.95	18.81	7.62	---	10.71	22.25
PAN-AF	3.63	-48.15	18.80	-2.95	---	36.73	22.41
ONELOGIX	3.05	11.12	18.73	-8.10	---	52.91	18.73
SANLAM	62.34	9.36	18.12	17.24	---	-17.65	21.46
INTEWASTE	0.90	80.99	18.10	0.00	---	27.71	18.10
HOWDEN	32.00	69.85	17.96	69.56	---	12.91	17.96
FIRSTRAND	43.49	-15.03	17.74	25.56	---	-13.03	22.16
SOVFOOD	9.00	21.16	17.55	17.60	---	-6.52	17.55
RMBH	54.99	-17.70	17.48	19.93	---	-17.80	22.04
REINET	28.07	-42.21	17.33	3.75	---	-31.63	18.12
CAPCO	48.50	-47.26	17.17	19.45	---	22.94	17.72
SASFIN	68.00	51.17	16.93	17.26	---	-27.20	20.53
AHVEST	0.35	5.87	16.93	0.00	---	102.06	16.93
INSIMBI	1.10	-6.90	16.89	-18.92	---	18.74	20.36
BRIKOR	0.13	0.00	16.70	-16.67	---	17.10	16.70
HYPROP	115.60	-45.72	16.32	25.87	---	-18.58	21.68
SILVERB	2.98	-2.62	16.29	-16.67	---	136.20	18.00
OMNIA	168.51	29.89	15.82	6.62	---	2.52	17.64
COMAIR	4.20	255.00	15.70	-19.44	---	59.31	18.94
MAS	21.50	19.91	15.11	25.61	---	-10.40	16.66

WOOLIES	76.54	-24.77	15.00	20.87	---	-6.94	18.48
SPAR	187.27	-20.60	14.47	11.97	---	-31.75	17.41
REMGRO	217.22	-38.53	14.34	15.06	---	-30.50	16.10
LIFEHC	37.40	-0.84	14.30	25.62	---	-19.97	17.91
HOLDSPORT	59.24	6.76	13.47	18.77	---	-23.71	18.21
INVPLC	82.00	-20.91	13.37	14.20	---	-17.14	18.28
INVLTD	81.46	-22.15	13.22	14.20	---	-17.37	18.16
TRNPACO	27.00	101.44	13.14	23.98	---	-31.11	17.86
ARBHOLD	5.90	42.10	13.00	25.99	---	-18.92	16.28
TSOGOSUN	31.30	54.94	12.88	14.76	---	-27.02	15.55
TIGBRANDS	382.04	15.17	12.20	5.16	---	-24.65	14.36
TREMATON	2.90	-28.11	11.93	35.54	---	-10.49	11.93
CLOVER	18.70	6.22	11.67	23.52	---	-29.38	14.63
SA-CORP	5.33	-7.50	10.79	6.19	---	-39.67	18.54
CMH	17.00	4.96	10.77	40.16	---	-17.93	17.35
HCI	131.39	44.45	10.26	23.00	---	-27.83	11.49
VODACOM	148.04	-42.15	9.80	27.62	---	-42.74	14.36
SHOPRIT	184.08	38.14	9.41	12.28	---	-10.51	11.49
NEDBANK	211.50	58.88	9.23	16.83	---	-33.21	13.81
WBHO	145.46	113.35	7.83	5.50	---	-8.36	10.45
STANBANK	135.61	27.62	7.76	9.92	---	-31.26	12.22
BRIMSTON	13.05	-38.48	7.71	9.85	---	-18.51	9.99
WILDRNESS	6.52	-24.56	7.69	42.19	---	51.18	10.43
TFG	129.35	-35.93	7.50	13.06	---	7.20	12.04
AECI	107.00	142.94	6.88	42.68	---	-21.21	10.02
HUDACO	106.01	10.58	6.82	7.38	---	-21.97	10.95
REDEFINE	10.84	-12.53	6.72	19.68	---	-30.39	14.35
LIB-HOLD	108.73	-37.74	6.59	11.10	---	-25.78	12.16
GROWPNT	24.20	-29.06	6.46	7.19	---	-28.77	14.05
BARWORLD	84.62	42.30	6.44	39.95	---	-5.56	9.91
MMIHLDGS	21.44	-20.00	6.26	11.97	---	-26.10	12.48
FORTRESSA	15.99	-4.34	4.97	22.43	---	-51.01	13.05
TASTE	1.70	-75.85	4.84	21.81	---	41.82	4.84
VUKILE	17.77	5.29	4.78	5.84	---	-36.48	13.01
EMIRA	14.30	2.24	4.25	5.23	---	-38.82	14.47
OCTODEC	21.90	6.64	4.21	6.74	---	-9.76	12.92
DATATEC	48.31	42.45	3.82	23.00	---	-10.97	8.06
B-AFRICA	146.19	15.30	1.68	15.56	---	-31.34	7.56
SUNINT	85.31	11.53	1.24	35.17	---	-22.91	4.43
REUNERT	62.11	-8.18	0.97	3.69	---	-34.00	6.65
CARGO	10.50	-40.74	0.00	26.77	---	14.38	2.27
TRUWTHS	68.27	-57.02	-1.00	14.65	---	-0.40	4.63
CAXTON	13.80	15.83	-1.11	8.74	---	-13.87	3.21
ABSA-P	782.00	0.20	-1.98	4.17	---	-67.66	5.73
ELBGROUP	15.50	-41.67	-2.21	22.25	---	5.94	-0.57
NEDBANK-P	9.10	-9.60	-2.75	9.58	---	-64.61	4.98
ARGENT	4.50	71.46	-6.75	21.47	---	-28.82	-3.35
ADCORP	15.10	-53.61	-9.08	4.93	---	-22.95	-1.48
ANGLO	172.68	44.96	-9.37	20.03	---	40.68	-9.37

## The next month:

**New York's SP500:** I correctly predicted a downward trend. Now I see a brief recovery until the end of the month.

**London's Footsie:** I correctly predicted a whip-saw rising trend until the first week of November and I still see that happening.

**JSE Industrial Index:** I wrongly predicted a recovery which I saw see lasting in whip-saw fashion until November 3. But I still see a recovery until the 21<sup>st</sup>.

**Top 40 Index:** I correctly predicted a recovery until October 10. Now I see a whip saw market ending the month a little higher.

**The ShareFinder Blue Chip Index:** I correctly predicted a brief recovery but failed to see the subsequent decline. Now I see a whip saw continuing recovery until the 25<sup>th</sup>.

**Golds:** I correctly predicted a decline but failed to detect the beginning of a recovery which I now see lasting until the 20<sup>th</sup>.

**The Rand:** The rising trend I predicted ended abruptly with Mr Abraham's move against the Minister of Finance and now I see weakness continuing well into November.

***The Predicts accuracy rate on a running average basis over the past 599 weeks has been 83.88%. For the past 12 months it has been 90.36%.***

**Richard Cluver**