



Richard Cluver Predicts

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



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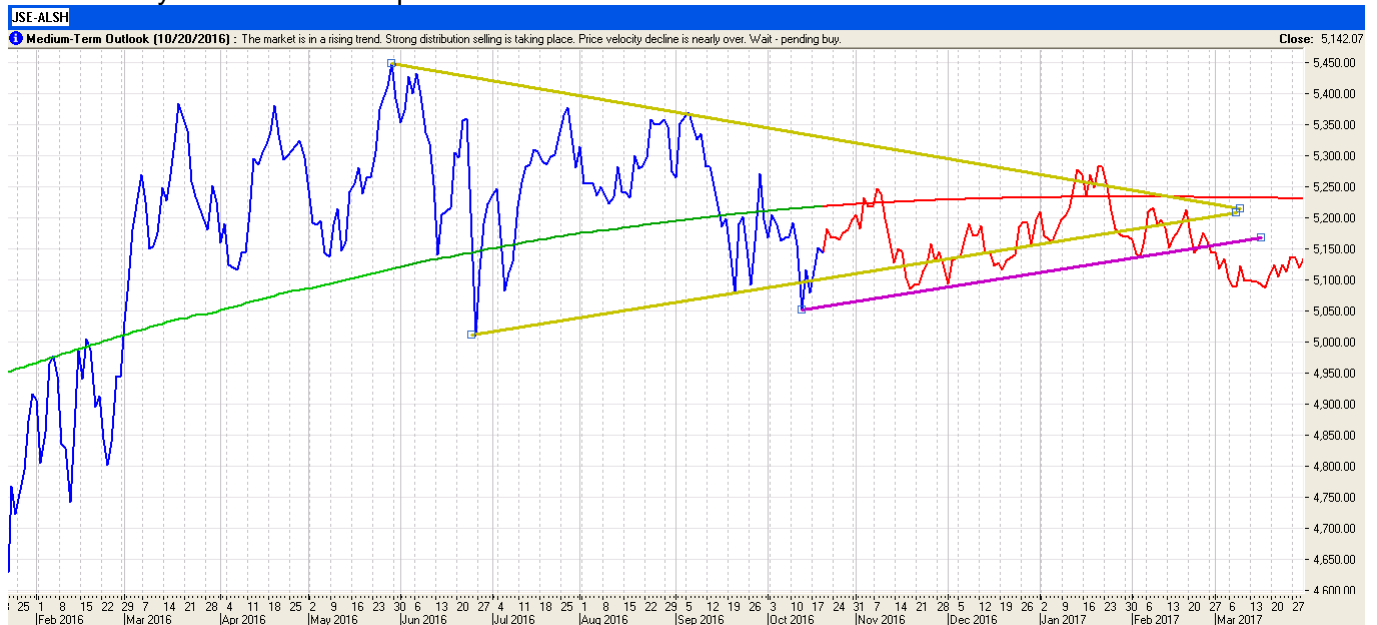
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A week of local political chess move and counter-move accompanied by positive international economic news has seen the JSE All Share Index move back into safety just as it was poised for a dramatic fall. But everything here is just on hold as we await whatever shocks our troubled country holds in store for us in the coming week.

Readers will recall that the blue trace of the ALSI had broken down through the confines of a pennant formation last Friday and that is usually a sign for investors that further catastrophic declines are on the way. And everything was in place to trigger that collapse as the country watched the shenanigans of the ANC in anticipation that, having set the stage to provide him with an excuse to remove Finance Minister Pravin Gordhan, Jacob Zuma would continue to pursue his reckless bid to capture the Treasury regardless of the impact such a move would have upon the economy.

In the event, amid signs that the Cabinet had finally revolted, standing firmly in support of Mr Gordhan, the share market stabilised and the ALSI retraced itself back into the security of the pennant. Employing its artificial intelligence to construct the likely path of the ALSI in the days ahead, ShareFinder suggests the probability that the recovery will continue until approximately November 8 before it begins its next attempt to break downwards. If ShareFinder is correct, and if you turn to the bottom of this page you will note that the rolling 12-month accuracy of these forecasts is now 90 percent, a new support line is likely to be constructed between now and late February. I have coloured it mauve in order to distinguish it from the current yellow lines of the pennant.

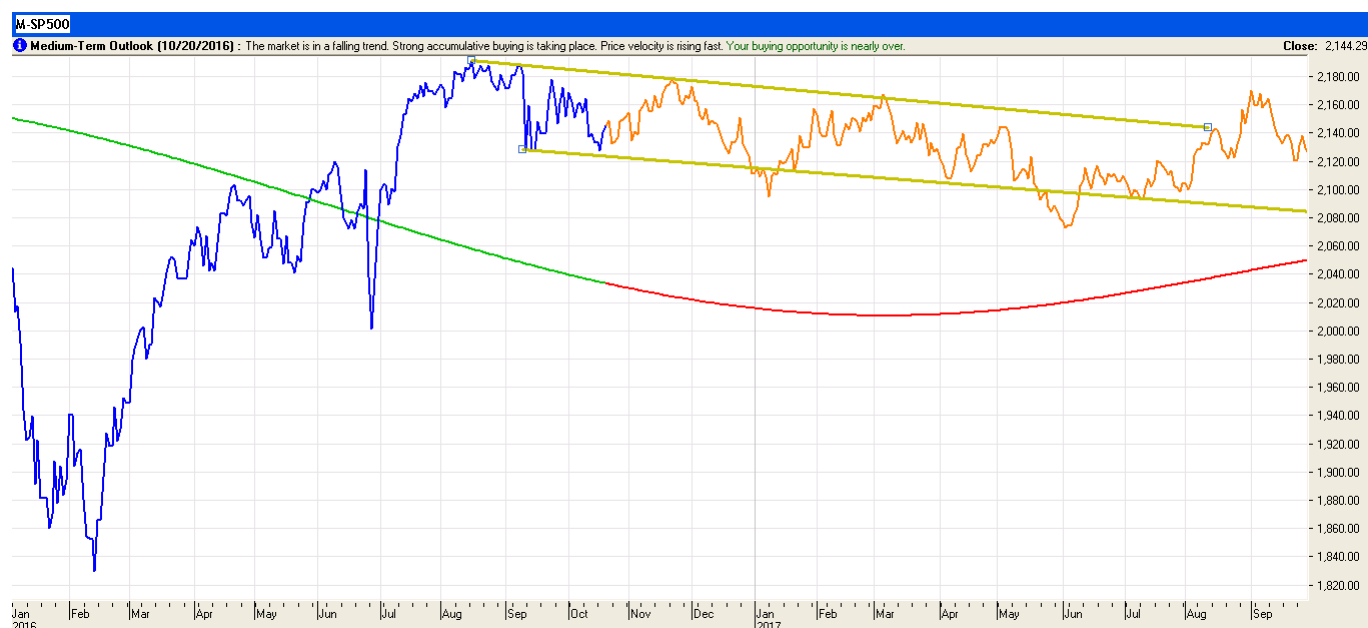


Meanwhile, on the international scene the polls continue to suggest an increasing probability that Hillary Clinton will win the US election and, although she has clearly indicated that if she is elected she will increase taxes upon the wealthy in order to extend further welfare benefits to the “entitled” poor. Nevertheless investment analysts in the US believe that a Clinton win will be more favorable for the economy than a Trump win which, they say, will sink Wall Street.

Thus the good news is that Wall Street’s widest measure of market confidence, the S&P500 Index (overleaf) can be clearly seen to have topped out and ShareFinder projects that from here onwards the

trend WILL be downwards but only in a modest fashion which is in keeping with the probability that, Starting in December, the US Federal Reserve will very gradually begin increasing interest rates.

If, as ShareFinder projects, a recovery might begin in early June, that would be in keeping with a fairly widespread view that the US economy is now in long-term recovery mode and thus that a modest market correction in the first half of 2017 will be followed by a new bull market extending well into the future as predicted by the smoothly-upward-curving long-term projection shown in the graph composite below:



The next month:

New York's SP500: I correctly predicted a brief recovery until the end of the month and now I see this continuing into late November.

London's Footsie: I correctly predicted a whip-saw rising trend which I now see lasting until late November.

JSE Industrial Index: I correctly predicted a recovery which I see lasting until Thursday followed by a brief decline until the end of the month.

Top 40 Index: I correctly predicted a recovery which I now see as ended and likely to be followed by a decline until the end of the month.

The ShareFinder Blue Chip Index: I correctly predicted a whip saw continuing recovery. But I believe it is now over and see declines until the second week of November.

Gold: I correctly predicted the beginning of a recovery lasting until yesterday. Now I see a decline from here on in to the second week of November.

The Rand: I wrongly predicted continuing weakness. Now I see weakness until Tuesday followed by gains until the end of the month.

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%.

Richard Cluver