



Richard Cluver Predicts

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



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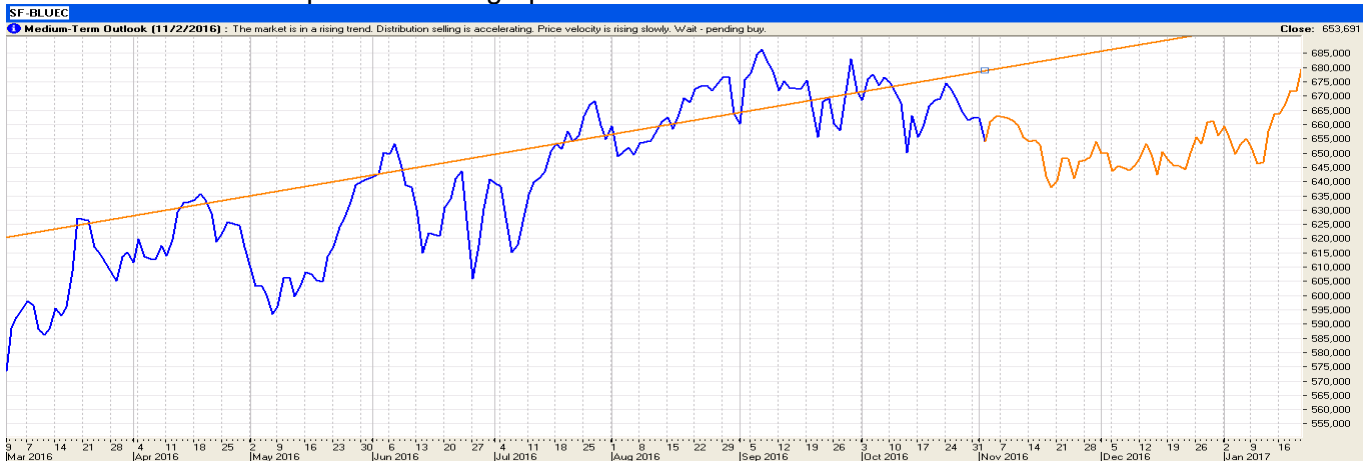
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It has been another tumultuous week in South African politics - Let no one ever say we do not have a thriving democracy. - But it has culminated in one of the leading ratings agencies warning that we have not been doing enough to get the country back on track for economic growth.

It is a warning that we can least afford to receive because it can only be interpreted as a shot across our bows: a loud hint that a downgrading of our sovereign debt is increasingly likely with all the implications that has for significant weakening of the Rand, soaring food price inflation and in its wake heightened social unrest of which the students "Fees must fall" campaign is just one sharp reminder of how close to anarchy we could be moving.

So let us start by reviewing the fact that when our Blue Chips start to weaken, that is a clear sign that the market could be about to go into free fall: for Blue Chips are the ultimate resort of cautious investors. So note the clear roll-over pattern in the graph below:



And, as I have been pointing out to readers for weeks now, it is a VERY pronounced downward trend in respect of the JSE All Share Index where, in addition, ShareFinder's projection system notes the probability of a falling market for the entire coming 12 months:



All of which takes us, as usual, to Wall Street where the S&P500 Index is in a similarly very clear roll over pattern with ShareFinder projecting that the downward trend is likely to continue until next June at least. It is, in other words, no longer a case of an imminent bear market. We are now definitely in it and the only question is how long it will last and how far it will fall.



That said, I have repeatedly warned you to get rid of ALL weak shares in your portfolios because they will inevitably be the hardest hit in the months ahead.

Among yesterday's favourites, those looking weak today are Mr Price, Richemont and MTN. And those that have fallen from grace are listed below:

Name	Close	3 Month Price G...	5 Year Price Gr...	Dividend Growth
RMBH	60.53	-13.45	19.17	19.93
CULLINAN	1.90	148.80	19.16	-8.33
ANSYS	1.05	91.91	19.07	0.00
INSIMBI	1.09	-14.77	19.03	-18.92
NET1UEPS	140.50	1.42	18.91	0.00
PERGRIN	26.60	-24.99	18.75	35.14
ORION	0.56	-15.54	18.71	-27.27
DISTELL	167.30	5.98	18.60	6.93
CITYLDG	146.50	-22.22	18.36	17.99
SPURCORP	31.76	6.25	18.11	16.10
ONELOGIX	3.15	53.51	17.84	-8.10
MPACT	31.60	-5.20	17.60	30.96
PHUMELELA	24.80	93.45	17.55	7.62
SASFIN	65.98	51.71	17.26	17.26
SANLAM	64.65	-15.49	17.10	17.24
HOWDEN	30.50	15.87	17.00	69.56
JSE	155.00	-36.39	16.95	32.22
HYPROP	115.90	-46.04	16.81	25.87
INGENUITY	1.00	65.44	16.78	6.67
CAPCO	48.88	-25.50	16.42	19.45
AHVEST	0.34	44.26	16.25	0.00
BATS	767.20	-38.95	15.98	19.68
PSV	0.35	-27.84	15.61	0.00
COMAIR	4.10	228.92	15.53	-19.44
TELKOM	62.14	-14.13	15.39	-16.15
MIXTEL	3.23	38.20	15.29	-3.61
OMNIA	163.75	-9.09	15.27	6.62
PAN-AF	3.35	-49.00	15.25	-2.95
INTEWASTE	0.88	94.02	14.85	0.00
SOVFOOD	9.15	44.98	14.80	17.60

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MAS	20.25	45.96	14.57	25.61
TREMATON	3.20	27.39	14.48	35.54
SPAR	186.00	-32.54	14.02	11.97
WOOLIES	73.97	-48.90	13.92	20.87
REMGRO	230.00	-35.29	13.88	15.06
CMH	18.75	99.26	13.50	40.16
TRNPACO	28.00	57.32	13.48	23.98
LIFEHC	35.40	-26.80	13.06	25.62
ARBHOLD	6.29	58.56	12.78	25.99
TSOGOSUN	30.44	-11.01	12.55	14.76
HOLDSPORT	58.00	-7.66	12.50	18.77
INVPLC	84.80	1.14	11.98	14.20
INVLTD	84.08	-1.86	11.53	14.20
TIGBRANDS	379.56	-13.68	10.80	5.16
SA-CORP	5.63	2.90	10.80	6.19
HCI	131.00	-13.69	10.31	23.00
SHOPRIT	191.26	-20.54	10.28	12.28
VODACOM	146.94	-28.19	10.20	27.62
NEDBANK	223.00	20.59	9.64	16.83
STANBANK	144.00	2.54	8.46	9.92
CLOVER	17.15	-35.77	8.37	23.52
BRIMSTON	13.15	-9.63	7.87	9.85
OCTODEC	22.09	-14.24	7.82	7.60
LIB-HOLD	114.90	-20.08	7.29	11.10
HUDACO	110.01	26.65	7.06	7.38
WILDRNESS	6.52	0.61	6.99	42.19
REDEFINE	11.27	-10.57	6.95	19.68
GROWPNT	25.67	-17.60	6.38	7.19
FORTRESSA	16.25	-6.64	6.16	22.43
AECI	102.44	34.90	6.09	42.68
TFG	131.63	-35.51	6.04	13.06
WBHO	147.60	99.66	5.60	5.50
MMIHLDGS	22.30	-23.79	5.59	11.97
BARWORLD	86.86	18.57	5.34	39.95
VUKILE	18.60	18.11	4.14	5.84
EMIRA	14.41	-9.25	2.98	5.23
DATATEC	45.01	-26.20	2.26	22.99
B-AFRICA	153.99	-10.34	1.99	15.56
REUNERT	61.88	-10.77	0.02	3.69
TASTE	1.75	-60.97	-0.67	21.81
SUNINT	83.26	-10.12	-1.04	35.17
ABSA-P	784.95	4.41	-1.95	4.17
CAXTON	13.20	-1.64	-1.96	8.74
TRUWTHS	66.97	-69.61	-1.97	14.65
CARGO	9.19	-64.72	-2.46	26.77
NEDBANK-P	9.20	-8.22	-2.83	9.58
ELBGROUP	16.30	-28.85	-4.36	22.25
ARGENT	4.60	69.96	-5.28	21.47
ANGLO	184.47	105.71	-8.69	20.03
ADCORP	12.99	-75.97	-11.96	4.93

The next month:

New York's SP500: I correctly predicted a downward trend and I continue to see it at least until the 18th.

London's Footsie: I correctly predicted retraction which I saw lasting until November 15. I now see it lasting into December.

JSE Industrial Index: I wrongly predicted a decline extending into November. Now I see a possible short recovery starting on the 8th.

Top 40 Index: I correctly predicted the beginning of a recovery but I expect it to be over by Monday with the next recovery beginning Wednesday.

The ShareFinder Blue Chip Index: I correctly predicted a brief decline followed by a recovery which I saw starting next Monday. Now I see that recovery only starting on Wednesday and lasting until the 18th.

Gold: I correctly predicted a short recovery followed by a decline early this week which I now see extending until Tuesday.

The Rand: I wrongly saw weakness lasting well into November. Now I see a whip-saw continuing recovery.

The Predicts accuracy rate on a running average basis over the past 601 weeks has been 83.94%. For the past 12 months it has been 90%.

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