Richard Cluver Predicts

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

Volume: 29

Issue: 36

23 December 2016

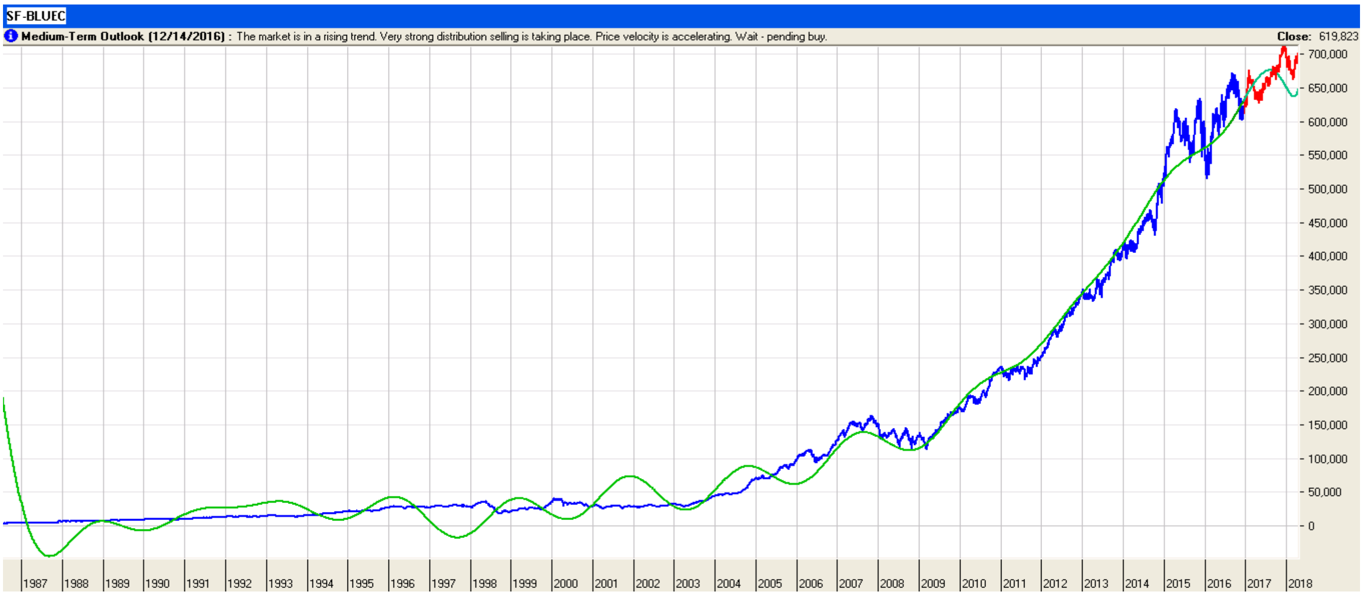
May we at RCIS wish you everything you would wish yourself; joy prosperity and good health over the festive season and in the year ahead. Our offices will be closed from today until Tuesday, January 3.

Since it is the time of the year when most of us are fully caught up with family gatherings and excessive eating, most of you I am sure, have little time for serious contemplation of investment portfolios. However it would not be out of place to offer up some reassurance about the future.

I have long stressed that in this world of political interference with the natural economic order, where at the behest of their political masters, central banks have manipulated the fundamentals of the global currency system in order to provide for objectives less harsh than the natural order of things, the securities markets have taken over that role and core values have come to be dominated by the shares of the world's Blue Chip companies which, notwithstanding natural and man-made disasters, continue to operate as the ultimate store of wealth.

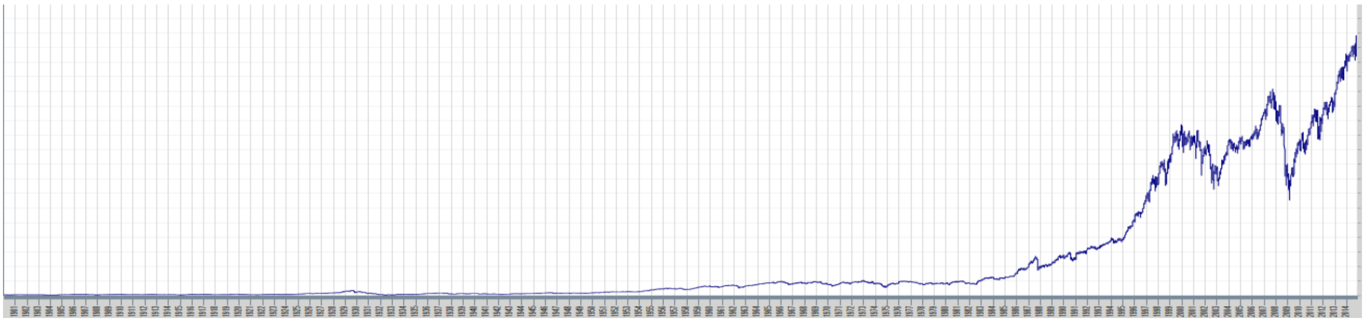
Naturally, like all other markets, Blue Chips are subject to day to day and month to month fluctuations of value as they act as global shock absorbers but their long-term trend year after year remains upward; increasingly so when central banks embark on money-printing exercises in their efforts to paper over cracks in the global monetary system.

So let me start by confirming this fact by offering a 30-year chart of South Africa's Blue Chips which indicates that if you had invested R1 000 in an average blue chip 30 years ago today it would now be worth R3.3-million and by this time next year it is likely to be worth R3.85-million.



So, notwithstanding the predicted weakness of the first half of 2017 as reflected in by expanded version of that long-term graph which I have reproduced overleaf, the outlook is for a continued upward surge in value

And it is not only South African shares that have reflected this growth. Had you invested $1 000 on an average New York listed Blue Chip 116 years ago, you would not have done as well as had you invested in South Africa where our continuing Rand weakness accelerates the upward surge of our securities, but your thousand dollars would today be worth $292 000 as illustrated by my next graph:



As my final graph illustrated, there have been inevitable corrections which could have been used very profitably had you anticipated them, but even had you sat it out, the long-term trend has always been upwards. So, lest you have troubled thoughts over the festive season, comfort yourself with that knowledge.

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The next month:

New York's SP500: I correctly predicted a decline until Christmas eve. But a recovery should get under way today and continue until January 11.

London's Footsie: I correctly predicted a recovery until the end of the year followed by declines again from the 28th. And I continue to see that until the end of January.

JSE Industrial Index: I correctly saw the recovery continuing until the 20th after which a long decline seemed probable and I continue to hold that view.

Top 40 Index: I correctly predicted a volatile recovery. Now I see gains until January 9.

The ShareFinder Blue Chip Index: I correctly predicted a modest recovery continuing until the 19th followed by a sideways to slightly weakening phase until the next recovery around January 10.

Golds: I correctly predicted the decline would extend into the new year and now see the possibility of a modest recovery beginning around January 6.

The Rand: I correctly predicted the beginning of a weaker phase which I saw lasting until the 29th after which a recovery is likely lasting well into January.

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The Predicts accuracy rate on a running average basis over the past 610 weeks has been 84%. For the past 12 months it has been 89.64%.

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