



# Richard Cluver Predicts

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



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**Welcome to the New Year and, with guarded optimism, a better one than we have just experienced with commodity prices edging upwards and accordingly favouring South Africa if the politicians do not muck things up!**

The political risk, if a report from veteran journalist Alec Hogg over the festive season is as good as the source he heard it from, is that President Jacob Zuma is preparing to announce a cabinet reshuffle in order to rid himself of the ministers who reportedly challenged him at the recent NEC meeting. In particular he is supposedly planning to rid himself of Finance Minister Pravin Gordhan who stands between him and his favoured nuclear power station plans which carry the potential of lucrative spin-offs for his Gupta sponsors.

And of course there is the new US president Donald Trump who, though now being viewed with cautious optimism by Wall Street because of his proposed lowering of the US tax structure, is nevertheless an unknown political entity whose policies could cause serious trade disruption if they are actually enacted. Add in the probability of a major bank failure or two in Italy, a possible right wing political victory in France followed by another exit from the Eurozone and there are a series of pitfalls on the horizon which could all seriously disrupt the smooth road of economic recovery.

But those things aside, the Rand has been in long-term recovery for a year now and ShareFinder projects that the strengthening is likely to continue throughout the year as illustrated in my graph below. Note that relative to the US Dollar the rand has been losing value at compound 15.8 percent annually since mid 2011 when it stood at 6.65 Rands to the Dollar to reach its weakest level of R16.92 on January 12 last year. Currently at R13.64 it appears likely to get to R12.94 by the end of this year and R12.36 by the end of 2018 if Messers Zuma and Trump don't mess things up:



Meanwhile, the Blue Chip category of shares that ShareFinder selects have been growing at compound 26.8 percent and are projected to continue rising throughout this new year, albeit with a short phase of weakness between the end of this month and mid-April (Is ShareFinder sensing weakness in the first quarter as a result of a Zuma Cabinet reshuffle?)



## The next month:

**New York's SP500:** I correctly predicted a decline until Christmas eve followed by a recovery which I still see lasting until January 10 followed by weakness until the 19<sup>th</sup>.

**London's Footsie:** I correctly predicted a recovery until the end of the year followed by declines which are getting under way now and could last the entire month.

**JSE Industrial Index:** I correctly saw the recovery into January followed by a decline which I expect to end today followed by a recovery into February..

**Top 40 Index:** I correctly predicted a volatile recovery. Now I see a volatile decline until the 11<sup>th</sup> followed by an equally volatile and bumpy recovery into February.

**The ShareFinder Blue Chip Index:** I correctly predicted a slightly weakening phase into January which I expect to end today with a recovery lasting until January 25.

**Golds:** I correctly predicted a modest recovery which I see continuing throughout the month.

**The Rand:** I correctly predicted a recovery which I expect to end today followed by weakness until the end of the month.

***The Predicts accuracy rate on a running average basis over the past 611 weeks has been 84.03%. For the past 12 months it has been 89.64%.***

**Richard Cluver**