



Richard Cluver Predicts

In our 30th year of service to the investing public of South Africa



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Given that it was his last opportunity as president of the African National Congress to address the nation on the Government’s plans for the future and all the preceding hype about “radical economic transformation,” a jittery South Africa was expecting something significant from President Zuma.

That the nation had to endure yet another summary of previously failed promises and little substance to the new ones he made, it is clearly unlikely that the ANC has any inspirational thinkers in its midst or, if it has, they are being prevented from surfacing because of the reported schisms within the party.

So let’s note how the markets have reacted and how they are likely to move in the future. If you examine my graph composite below you will see that for a few days leading up to Zuma’s address the Rand was weakening relative to the US Dollar and the British Pound – a rising graph denotes weakening because it means more Rands are required to buy a foreign currency - but yesterday the Rand resumed its strengthening trend. Overall the Rand has been strengthening at an annual rate of 8.8 percent against the Dollar since last June and at 19.4 percent against the Pound: from R15.42 to the Dollar at the end of June to a current R13.3765 and from R21.7047 to the Pound to a current R16.7995: the result of what the world thinks of Donald Trump in the US and the Brexit vote in Britain.



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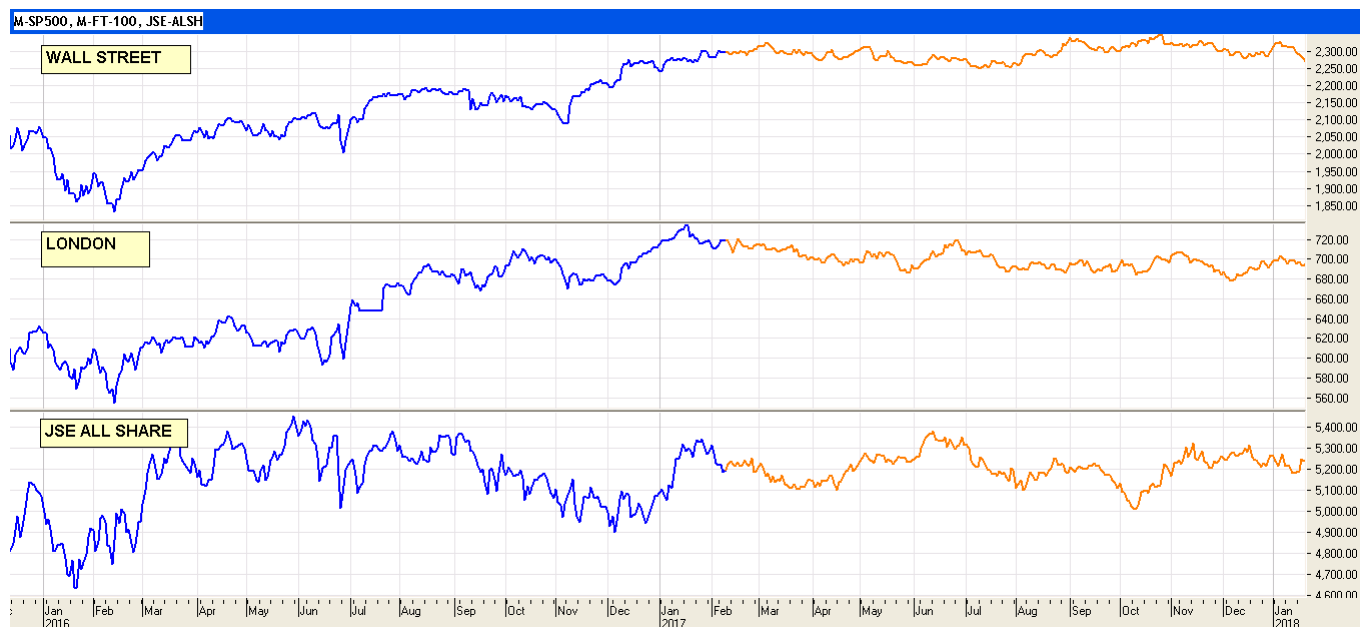
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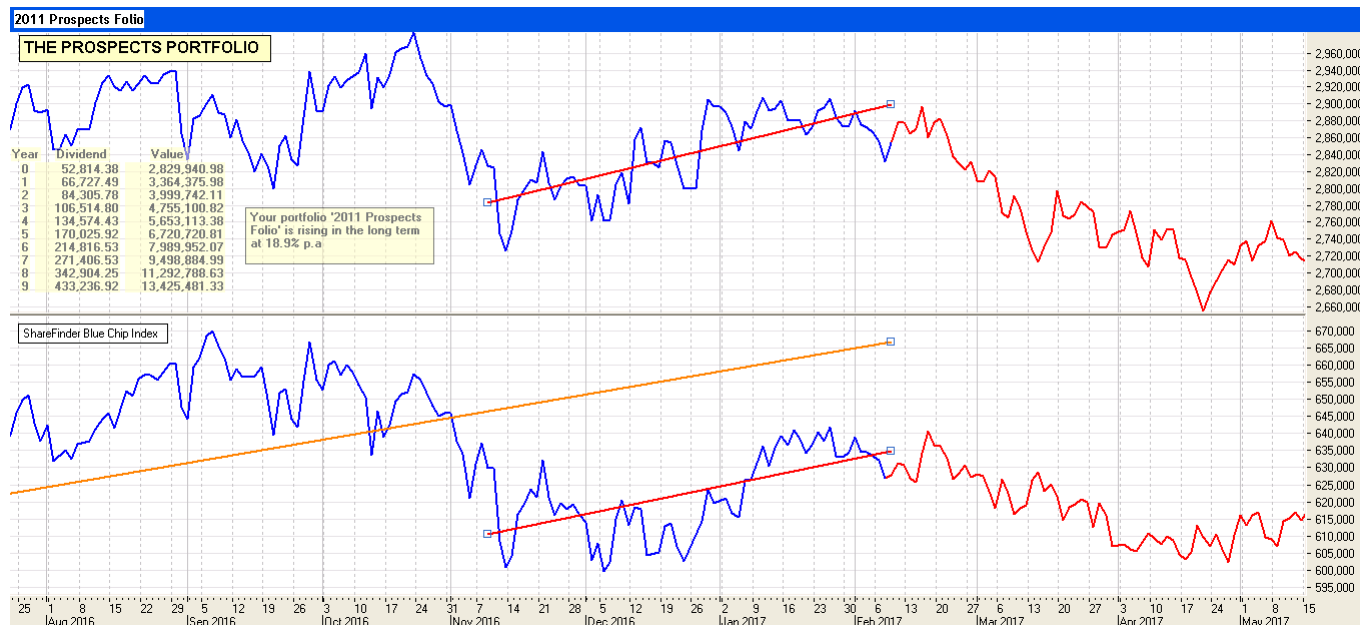
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Not that this bias towards South Africa means a great deal when we come to stock exchanges. As I have repeatedly warned readers for some weeks now the trend here and in Britain is downward and likely to continue so until mid-April so far as the JSE is concerned, for the rest of the year in Britain and sideways in the US.



Meanwhile, the Prospects portfolio which has risen since January 2011 at Compound 18.9 percent annually and at 17.7 percent since November, has moved into my predicted weaker phase and is likely to continue falling until mid-April while the ShareFinder Blue Chip Index has been rising at compound 24 percent but is now trending down until April.



So the message is clear: hold cash for the next few months before you think of buying anything

The next month:

New York's SP500: I correctly predicted the ending of the recovery on Wednesday. Now I see a fresh brief recovery beginning today or Monday and, with some volatility, lasting until mid-March.

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London's Footsie: I correctly predicted the beginning of a decline which I expect to continue until February 17 before a modest recovery begins.

JSE Industrial Index: I correctly predicted a volatile whip-saw downward trend. Now I see a brief recovery until the 17th followed by another downward trend.

Top 40 Index: I correctly predicted a brief recovery which I expected to continue until today before trending down until the 22nd and I still hold that view.

The ShareFinder Blue Chip Index: I correctly predicted declines which I still expect to continue until the end of March but with a brief up-tick from today until mid-week.

Golds: I correctly predicted a continuing recovery which I now see lasting until the 24th.

The Rand: I correctly predicted an increasingly volatile period but overall the Rand continuing to gain. However I now see weakness from Monday until the 21st.

The Predicts accuracy rate on a running average basis over the past 616 weeks has been 84.14%. For the past 12 months it has been 92.5%.

Richard Cluver