



Richard Cluver Predicts

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



Volume: 30

17 March 2017

Issue: 10

The good news this morning is that the Prospects Portfolio has leaped in value in the past week as ShareFinder predicted it would. The not so good news is that such surges are almost always followed by a retraction that ShareFinder predicts will begin early in the new week.

The graph below illustrates what has been happening to the portfolio which, from an initial investment of R1-million in January 2011 is now worth R3 082 337 representing a compound annual average growth rate of 25.1 percent. In the process the annual dividend has risen to R52 986 and if it continues this way that figure will have reached R134 910 in five years time while the aggregate share price will have doubled again to reach R6 174 531.



The surge has been driven by five shares in the portfolio; AVI, Capitec, Advtech, Famous Brands and Discovery and leading the chase has been AVI which has raced up from a low of R84 at the beginning of December to a current R104.45. Moreover, ShareFinder predicts that AVI will continue on up to R106.39 by mid-April as illustrated by the graph projection on the right.

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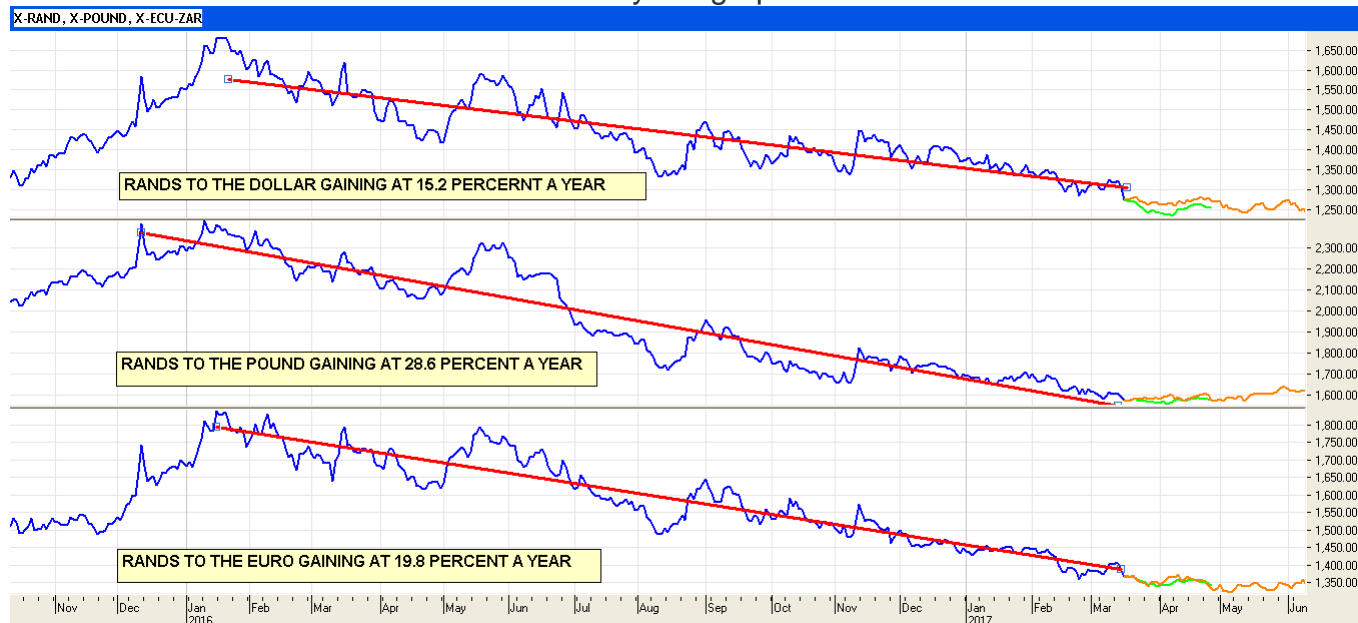
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Published by Richard Cluver Investment Services
<http://www.rcis.co.za>

Just as spectacular has been the gains made by Discovery which has come from a low of R109.10 in early October to a current R135.38 with ShareFinder projecting that it could continue on up to R147.66 by late April.

The others are less spectacular but nevertheless rewarding to holders. But investors should now brace themselves for the end of the current share rally because weakness is likely from here on in until the end of May before the next upward rally is likely.

Meanwhile the Rand continues to strengthen against the world's major currencies and particularly so against the US Dollar notwithstanding the US Federal Reserve's interest rate increase this week along with the confirmation that this is the first of several increases to come. Many would have assumed that the increase, which will force South African bond rates upwards and thus increase our sovereign debt in Dollar terms, would have had a negative effect upon the Rand. But clearly that has not been so. Neither does ShareFinder foresee any change in the trend in the immediate future as illustrated by the graphs below



The next month:

New York's SP500: As I correctly predicted, Wall Street began an upward rally last Friday and it is likely to continue until late next week.

London's Footsie: I correctly forecast declines which I expect will last well into April.

JSE Industrial Index: I correctly predicted a whip-saw recovery which is likely to end today with declines likely until until March 27.

Top 40 Index: I correctly predicted a brief recovery which I expected to be over today and I continue to hold that view seeing declines until March 27.

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The ShareFinder Blue Chip Index: I correctly predicted a brief recovery followed by a mid-week decline which I expect to continue until March 22 before the next recovery trend begins lasting into early April.

Golds: Once again I got the gold index wrong. I wrongly predicted Golds would continue falling until the 22nd. The new recovery is, however, likely to be short-lived and a new whip-saw downward trend is likely from Monday..

The Rand: I correctly predicted the beginning a new recovery early this week. I expect, however, that a sideways to slightly weaker trend will begin early in the new week lasting until the end of the month.

The Predicts accuracy rate on a running average basis over the past 619 weeks has been 84.1%. For the past 12 months it has been 91.43%.

Richard Cluver