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

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I have as usual in recent years, ended my travels with six weeks in the Greek islands where, over more than 40 years, I have been privileged to come to understand that stoic people through their seemingly endless vicissitudes.

So dire is their situation today that businesses have had their banking facilities curtailed to a maximum daily withdrawal of 60 Euros, forcing them into a new cash-only society. And on top of that the people have been hit with another eight percent property levy to bail out a government that is chronically short of money.

So, South Africans should note with sober interest that the current yield on a Greek 20-year sovereign bond is 6.51percent while our 20 year bonds attract 9.65 percent. By implication the investment world regards South Africa as an infinitely worse situation than basket case Greece! By contrast, British 20-year bonds attract 1.69 percent and the US 2.59. Only Nigeria with 16.06 and Kenya with 13.25 percent have higher yields than our bonds.

There are no prizes for guessing why we are so badly rated. The graph below speaks to Nenegate at the end of 2015, the recovery period after Pravin Gordhan took over as Finance Minister and the latest shenanigans around the Public Protector's attack on the Reserve Bank that have given us a Babana Republic image. I have run alongside a graph of the JSE All Share Index. Here, in case it puzzles you, note that when the R186 graph rises that represents selling pressure which causes the yield to rise. The converse is obviously true when the ALSI rises investors are obviously getting over their nervousness as has been happening since June 14:

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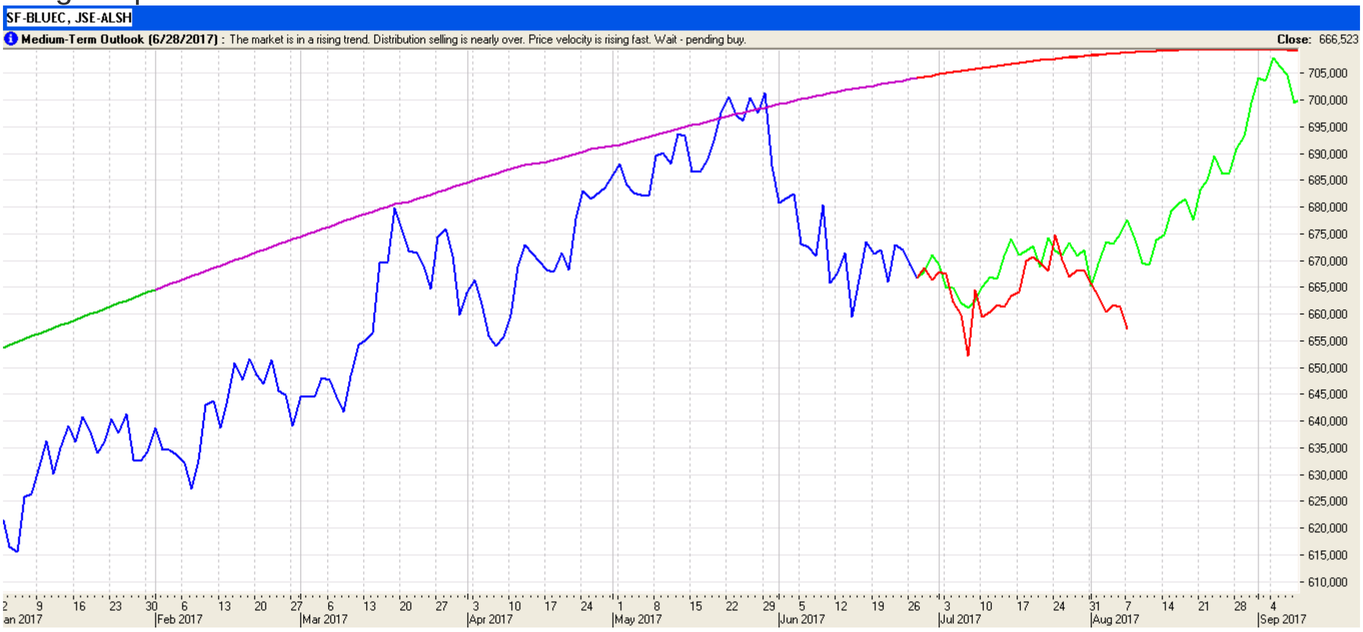
So, the obvious question is how have the Blue Chips stood up to this attack so let us expand the view to see just how seriously events of the past two months have impacted these, noting that we have reached a low point to coincide with the ANC's current Johannesburg conference which, ShareFinder predicts, will take the market to a new low next Friday before recovery sets in once more.

Let's hope that on this occasion, as so often in the past, ShareFinder's artificial intelligence is as accurate as always for the inference of this graph is that South Africa will have some good things to ponder in the weeks ahead!



The next month:

New York's SP500: I correctly predicted a recovering trend that has lasted until a week ago. Now I see declines until mid-July.

London's Footsie: I correctly forecast declines continuing into May. The brief recovery that happened during the pre-election period there was soon over and the market is likely to continue falling until the end of the new week when I see a new recovery beginning..

JSE Industrial Index: I wrongly predicted a decline well into May. It was delayed until mid-May but the down-trend is now likely to continue until late July.

Top 40 Index: Similarly the decline I predicted only began in May. It is, probably over though and I see a recovery lasting through to the end of July at least though with a bump or two along the way.

The ShareFinder Blue Chip Index: I correctly predicted a sustained recovery which ended at the end of May. Now I see further declines until next Friday when a brief recovery is due followed by a further decline starting around July 19 before a sustained recovery begins..

Golds: I correctly predicted a weakening trend which is likely to continue until there is some resolution of the new mining charter debacle, but a brief upward reaction might begin around July 7.th.

The Rand: I correctly predicted a weaker trend at the end of April followed by an extended gain that came to an end on June 14 thanks to the Public Protector. Now I see further weakness through most of July.

The Predicts accuracy rate on a running average basis over the past 624 weeks has been 84.11%. For the past 12 months it has been 90.71%.

Richard Cluver