



# Richard Cluver Predicts

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



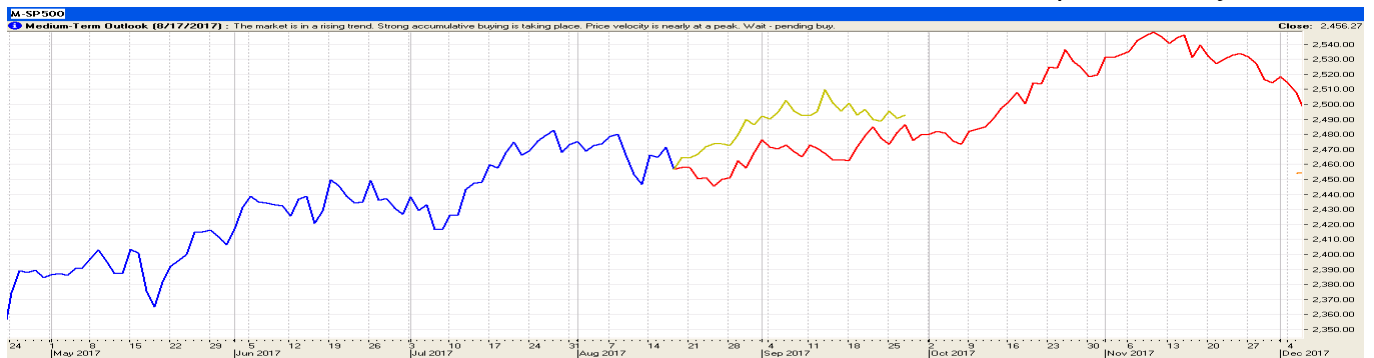
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I have recently been highlighting my concerns about the fragility of Wall Street in particular and, as a consequence, world markets which inevitably take their tune from the Big Apple.

So it is interesting to look back and get into perspective last week's jitters over the war of words between President Donald Trump and North Korean leader Kim Jong-un in respect of the Standard and Poors 500 Index – Wall Street's broadest measure of share price activity.



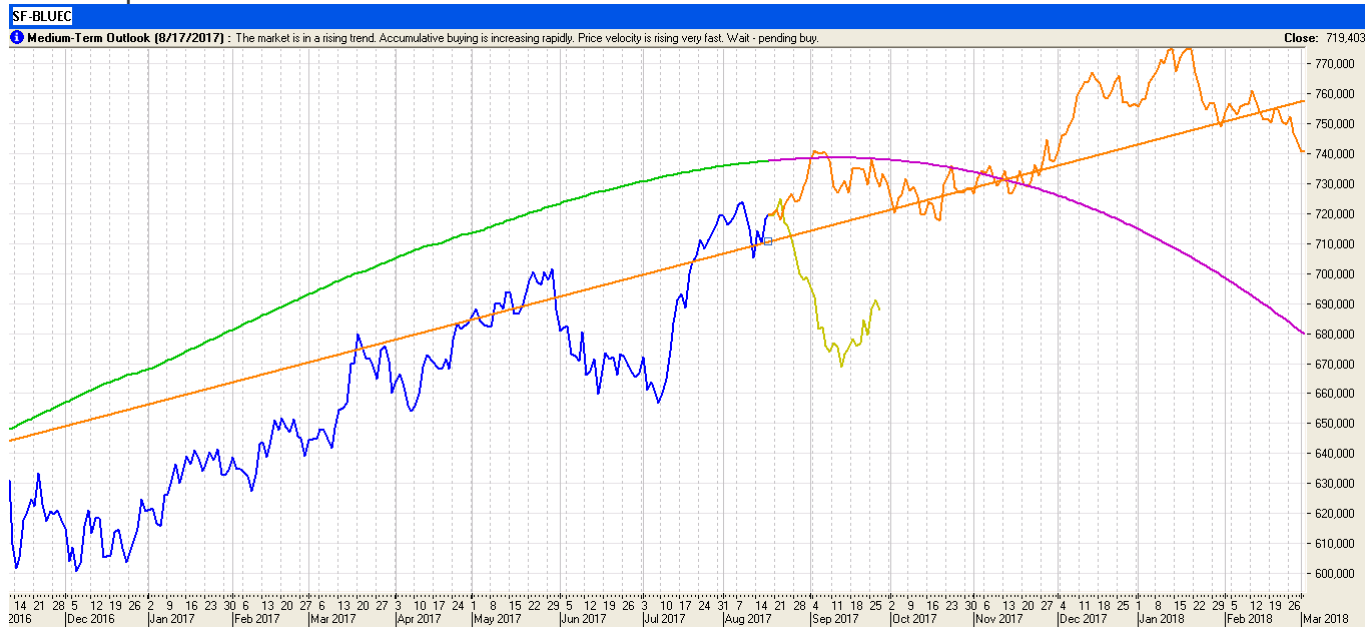
Note the blue trace of the index took a sharp knock last Wednesday, Thursday and Friday before the weekend offered investors a chance to re-group and ponder the likely future in the face of calming words from White House observers who have been doing their best to rein in the maverick US president. Thus, while there was something of a sideways trend to the graph until last week, the index is now showing a distinct rolling over pattern. Note that the subsequent recovery this week resulted in a much lower high before the index turned downwards again; a sign that technical analysts will view in an ominous light. So, having survived this jittery phase, ShareFinder's short-term projection in yellow and medium-term in red now expect a recovery from here on in taking us up to the next peak in early November before the next downward phase is likely.

As I pointed out this week's Prospects newsletter, the effect upon our own JSE was predictably far more dramatic and, as a consequence, ShareFinder's analysis of short-term data is still



forecasting several weeks of distinct weakness as is evidenced by the yellow trace in my graph on the previous page. Happily, however, this short-term effect has not significantly impacted upon the medium-term trend which continues to project a continuation of the bull market until the end of March before, in sympathy with Wall Street, another sharp downward trend is foreseen.

Turning to the Blue Chips, the short-term effect of the US nervousness is also abundantly clear in the yellow projection although the red medium-term projection also senses a continuation of the bull market. However, do note that the Mauve long-term projection makes it clear that this is the end phase of the current market:



Happily, ShareFinder highlights that the Rand has resumed its strengthening phase and senses that this trend will continue well into the new year with a possible R12 to the US Dollar in sight my next April; more the effect of a weakening dollar in international markets than any particular virtue of the Rand and our local economy.



## The next month:

**New York's SP500:** I correctly predicted a recovery which I see lasting into mid-September.

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**London's Footsie:** I correctly forecast the next down phase which now looks likely to extend well into September.

**JSE Industrial Index:** Last week the signs were confusing with the short-term projection trending down and the medium trend trending upwards which made it impossible to predict the probability. In the event the market recovered but now I face the same dilemma. I am accordingly opting for a recovery.

**Top 40 Index:** I correctly predicted that the recovery would continue. Now I see a down phase.

**The ShareFinder Blue Chip Index:** I correctly predicted very brief down phase followed by recovery which I see lasting until the end of the month.

**Golds:** I correctly predicted a down phase which I see continuing until the last week of August or early September before the next recovery begins.

**The Rand:** I correctly predicted a recovery which I now expect to continue to the end of the month before another brief weakness occurs and then further gains into November.

***The Predicts accuracy rate on a running average basis over the past 628 weeks has been 84.24%. For the past 12 months it has been 91.43%.***

**Richard Cluver**