Richard Cluver Predicts

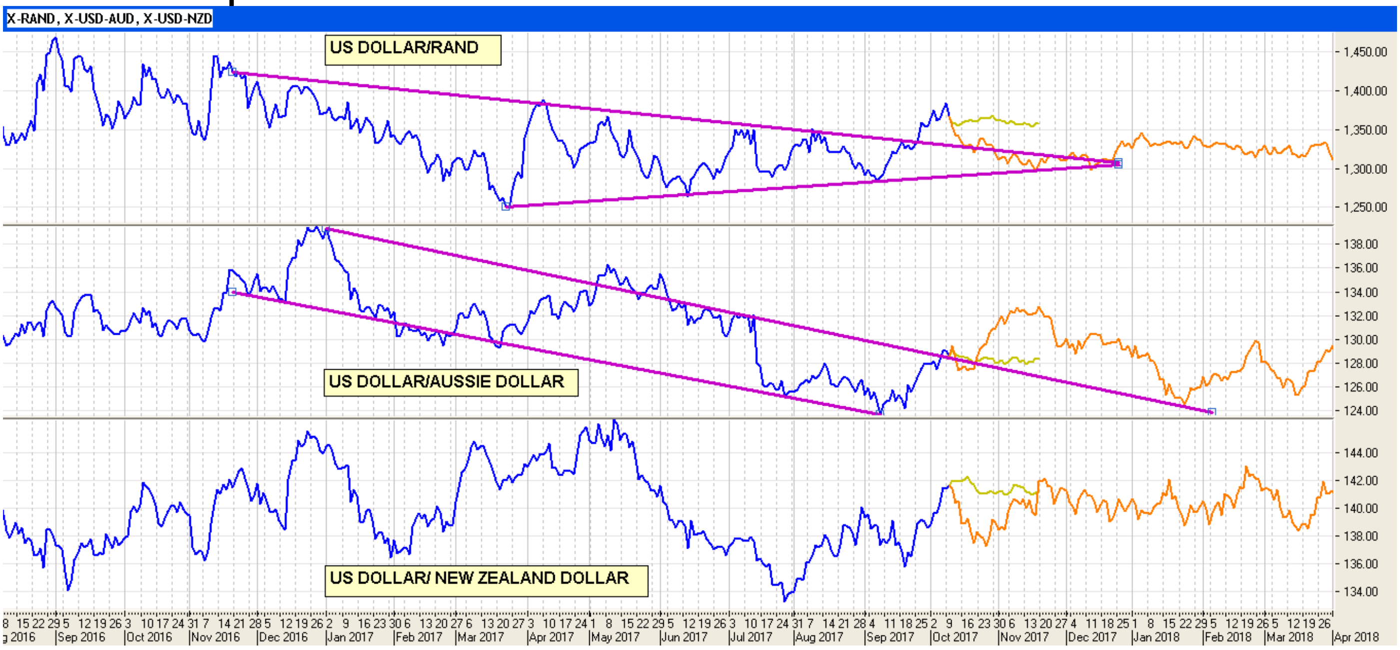
In our 30th year of service to the investing public of South Africa

Volume: 30

Issue: 29

13 October 2017

Last Friday I printed ShareFinder's prediction that the Rand was about to begin recovering, pointing out somewhat ruefully that I had failed to consult the programme before paying for a Christmas trip to the South Pacific when the Rand was at its weakest.



So today I have returned to the theme, first of all to show that ShareFinder was correct as usual in predicting a Rand recovery and secondly to show that I was wrong to blame it on the SA Treasury. The Rand was not alone in its loss of value for the Australian Dollar lost value simultaneously with the Rand and, for good measure, so did the New Zealand Dollar. So, what we were seeing was in fact a strengthening of the US Dollar against a whole range of other currencies.

The good news, however, is that while the Rand is likely to continue its recovery, both the Aussie Dollar and the New Zealand Dollar are likely to continue weakening making my holiday in those parts more affordable than it might otherwise have been. And since I will be spending most of my time in that region on a cruise ship which charges in US Dollars, I might afford an extra bottle or two of foreign wine while I am away.

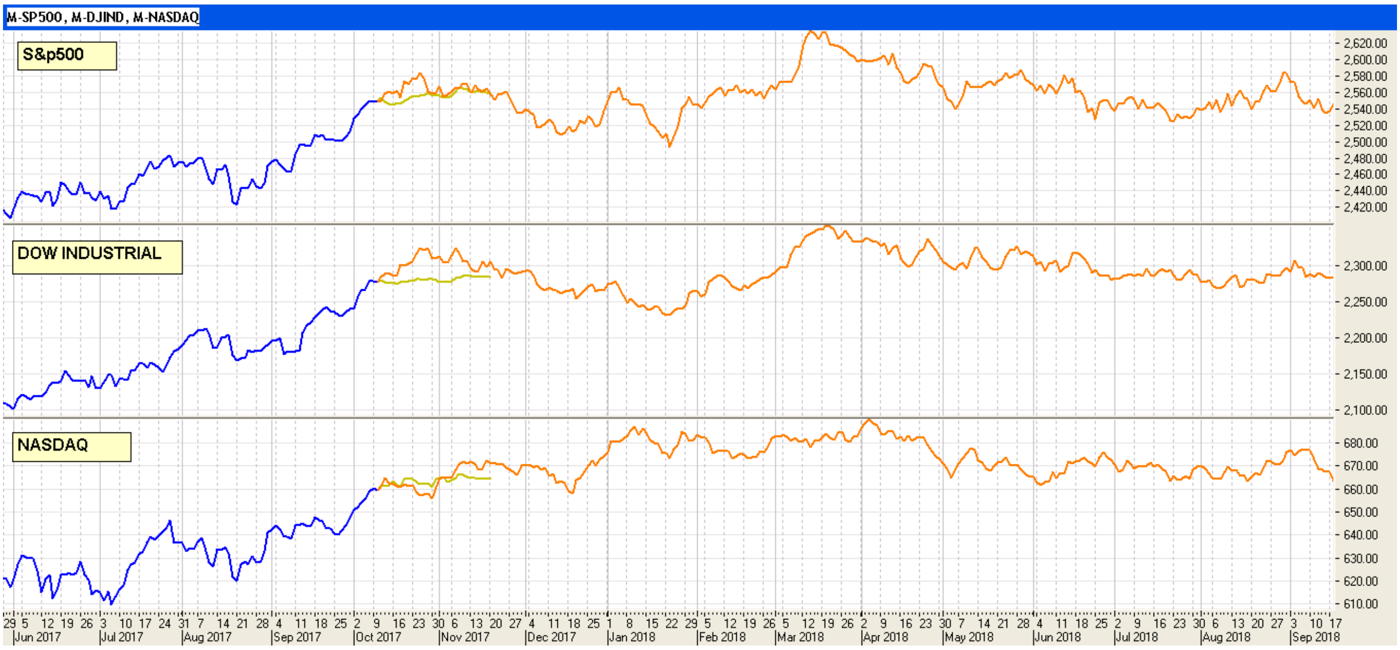
But what is behind the weakness of the US Dollar other than, of course, a lame duck President who is proving unable to fulfil most of his campaign promises? Well of course what US Investors have long feared is the "Taper" ……. the undoing of all the years of printing money in the exercise that was known of quantative easing. The first step was the Fed decision some time ago to cease printing additional money – though the US Government is still adding massively to its own debt burden which is somewhat negating the exercise. But the big one is an incremental raising of US Interest rates which will have the effect of pushing down share and bond values.

Published by Richard Cluver Investment Services

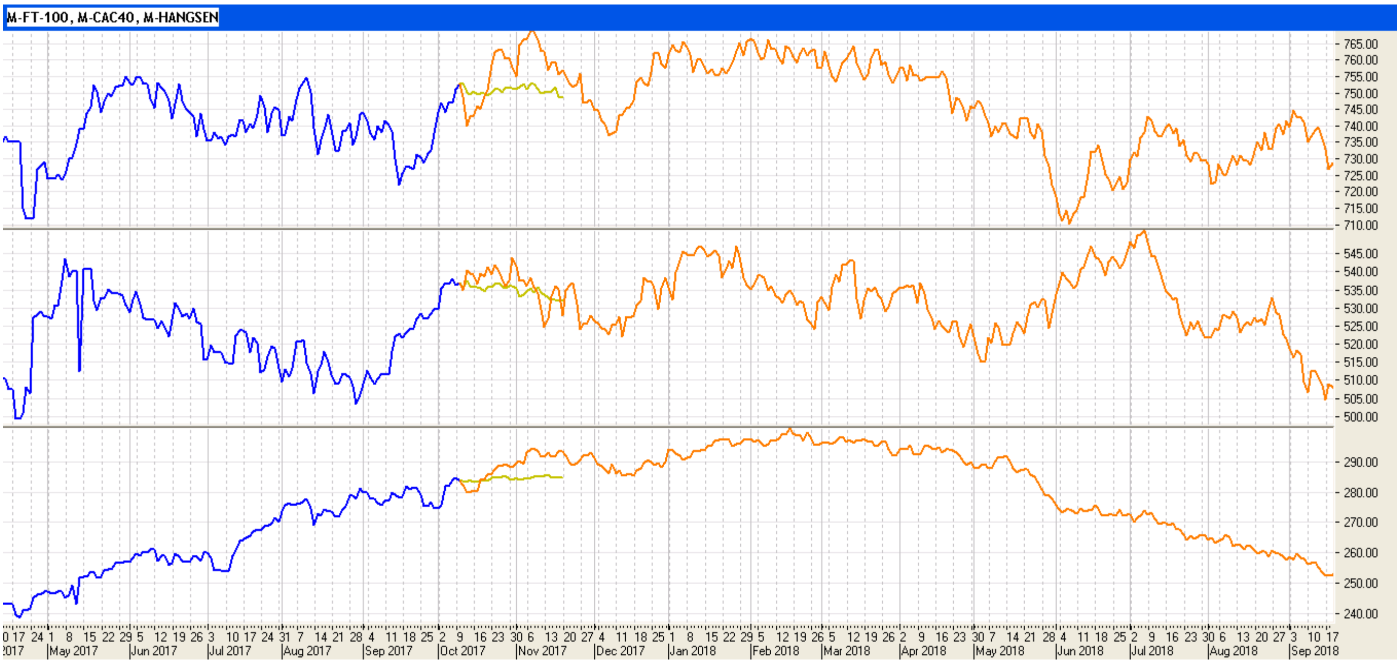
http://www.rcis.co.za

richard@rcis.co.za

By most accounts the Fed would like to do this in a controlled fashion which would hopefully have the effect of gently reducing share prices rather than precipitating an abrupt collapse and precisely that is what ShareFinder's prediction system suggests is likely to happen.
In the graph composite below I have shown what ShareFinder expects in respect of the S&P500 Index, Wall Street's widest measure of share market prices and the Dow Jones Industrial Index. For good measure I have added the Nasdaq which largely lists tech stocks and riskier start-ups.
So, note that all three sense an end of the current bull market around October 24/25 with a downturn until approximately December 14-20 followed by a last gasp recovery until approximately the middle of March after which all three project declines until late in 2018.



Virtually the same outlook is projected for Britain's Footsie, France's Cac40 and Hong Kong's Hang Seng indices peaking in late January or, in the case of Hong Kong mid-February but all headed down thereafter:



The next month:

New York's SP500: I correctly predicted warned that the signs were confused but in the event the medium-term projection proved the correct outlook promising an upward trend until October 25 followed by a decline until late January.

London's Footsie: I correctly predicted an up-trend this week though it came a little earlier than I expected.

JSE Industrial Index: I correctly predicted gains. Now I see a reversal at least until the 16th followed by a recovery into early November.

Top 40 Index: I correctly predicted a continuation of the up-trend which I see lasting until the end of the month.

ShareFinder Blue Chip Index: I: I correctly predicted a continuation of the up-trend which I see lasting until the end of the month.

Golds: I correctly predicted gains until October 12. Now I see a down-trend.

The Rand: I correctly predicted a recovery which I still see lasting until mid-November.

The Predicts accuracy rate on a running average basis over the past 635 weeks has been 84.26%. For the past 12 months it has been 90.36%.

Richard Cluver

PLEASE NOTE THAT THERE WILL BE NO ISSUE OF RICHARD CLUVER PREDICTS NEXT FRIDAY, OCTOBER 20 SINCE I SHALL BE OUT OF TOWN ON A BRIEEF VISIT TO THE CAPE.