



Richard Cluver Predicts

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



Volume: 30

27 October 2017

Issue: 30

Oh, for the steady hand of Pravin Gordhan on the helm of the ship of state! For weeks financial commentators have been warning that his mid-term budget speech would be the defining moment of Malusi Gigaba’s career as Minister of Finance, but that notwithstanding he provided us with not a single shred of hope.

Now, as a consequence, we await with trepidation the swish of the descending ratings agency guillotine that will inevitably unleash a sell-off of South African bonds that will accordingly force up interest rates and thus as a consequence force down the average blue-chip share price.

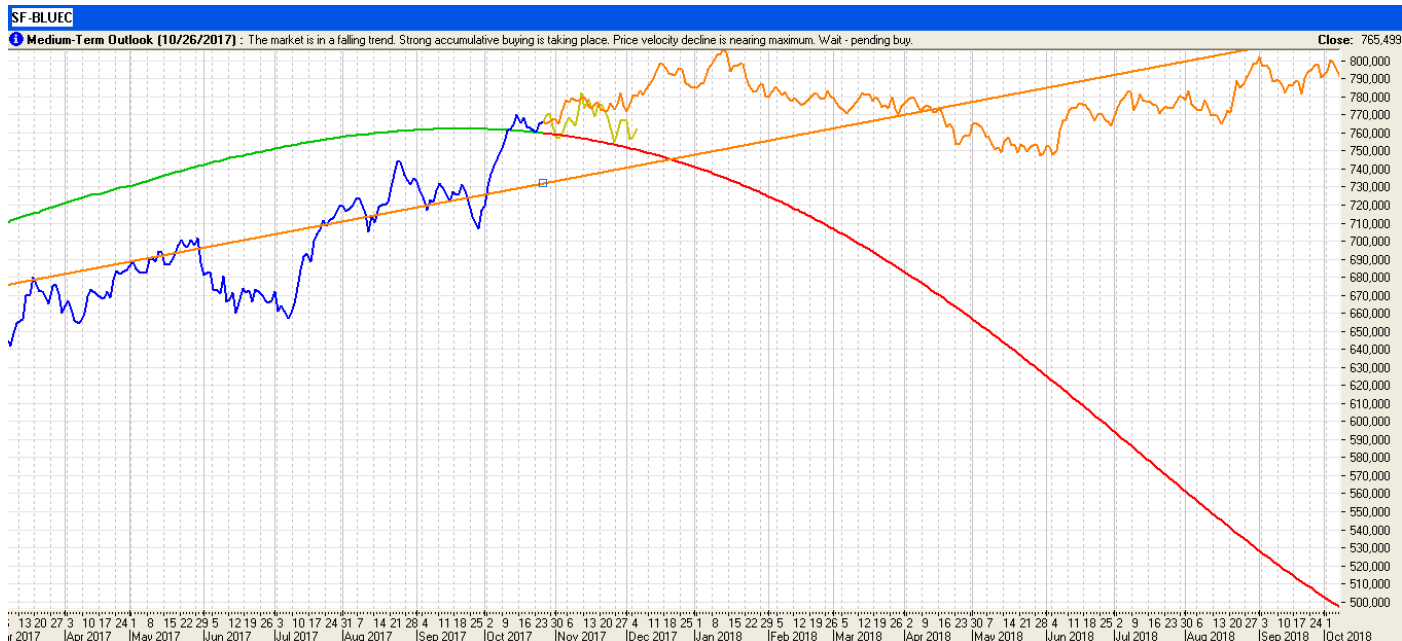
Inevitably the Rand which, as I predicted it would in the last issue of Predicts, had been recovering strongly, and has now been cast back into negative territory. Here, however, South Africans may draw some relief in the coming days for ShareFinder suggests that Rand weakness has been overdone and that our currency will return to a modicum of strength in the next few days with Monday likely to be the weakest point for the next two months. In my first graph below, I offer ShareFinder’s latest outlook for the Rand. Against all odds, ShareFinder suggests that the Rand will resume its recovery in January and, as my two parallel red trend lines suggest, continue strengthening throughout 2018.



Furthermore, with the world economy looking increasingly more stable in the months ahead, ShareFinder sees the price of Gold, both in US dollars and in SA Rands, declining steadily for the first half of 2018.



Turning to South African Blue Chips, ShareFinder senses that the bull market will continue until early January before beginning a long decline that could last until June as depicted in the graph below.



Wall Street, meanwhile appears to have peaked for now with ShareFinder sensing a steady decline until late January before a last gasp upsurge takes it through to a final peak in early March:



The next month:

New York's SP500: I correctly predicted an upward trend until October 25 followed by a decline which I now see ending briefly in mid-December followed by a further decline until late January.

London's Footsie: The up-trend I predicted is now over and I see declines until early December.

"Richard Cluver Predicts"

Published by Richard Cluver Investment Services

27 October 2017

<http://www.rcis.co.za>

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JSE Industrial Index: I correctly predicted a recovery into November and I now see that continuing until late in the month.

Top 40 Index: I correctly predicted a continuation of the up-trend which I now see lasting until the second week of November.

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

Golds: I wrongly predicted a down-trend. Now I see gains until around November 6.

The Rand: I correctly predicted a recovery but did not expect it to end so soon. Now, however, I see further gains well into November.

The Predicts accuracy rate on a running average basis over the past 636 weeks has been 84.26%. For the past 12 months it has been 90%.

Richard Cluver

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