Richard Cluver Predicts

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

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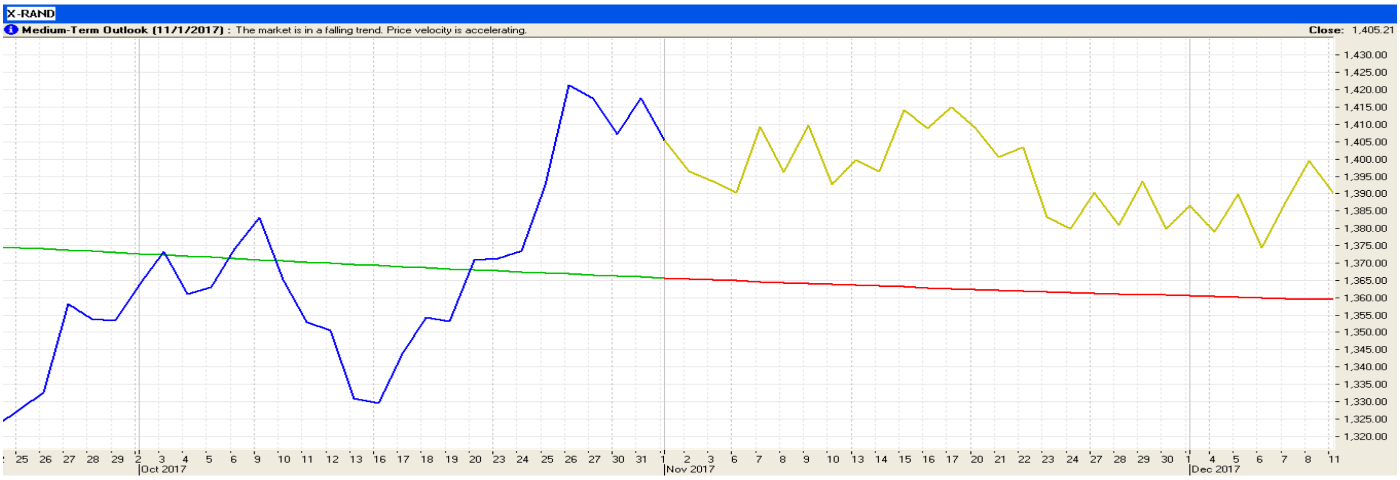
President Zuma's latest cabinet reshuffle cost the South African consumer one Rand for every 13 he had in his pocket on October 17, a Rand that few citizens can afford at a time that the economy is reeling and thousands are losing their jobs every week.

In the past quarter, South Africans were losing their jobs at a rate of 34 000 a quarter. That is 378 jobs a day and now they have to dig deeper for every commodity that is imported such as petrol to fuel the taxis they ride in and white maize that is their staple diet.

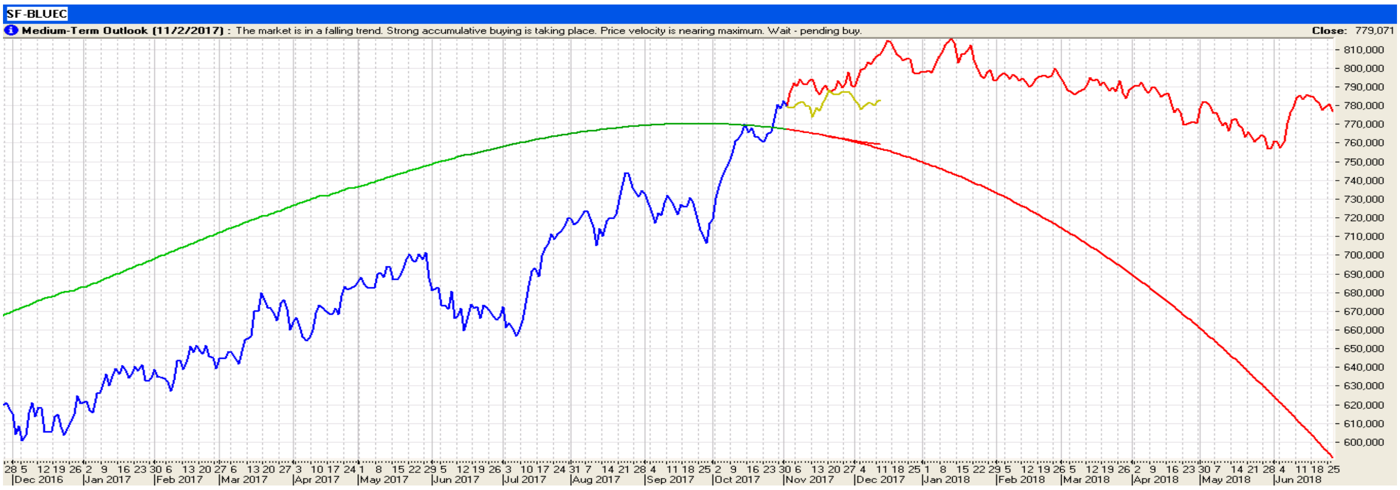
Since the President dodged direct questions in Parliament yesterday about the nuclear deal with Russian president Vladimir Putin, one has to conclude that taking one in thirteen Rands out of every citizen's pockets was to him an acceptable price to pay in order to bring his henchman David Mahlobo into the Ministry of Energy to further his costly project to bring unaffordable and un-needed Russian-built nuclear power reactors to South Africa. I hope the voters of South Africa have taken note.

The impact of that decision can be clearly seen in my graph below when the value of the Rand relative to the US Dollar moved from a high of R13.29 on the day of the cabinet re-shuffle to R14.21 a few days later, undoing a gradual recovery that had been under way since his last re-shuffle seven months before which also so disturbed the attitude of foreign investors towards South Africa.

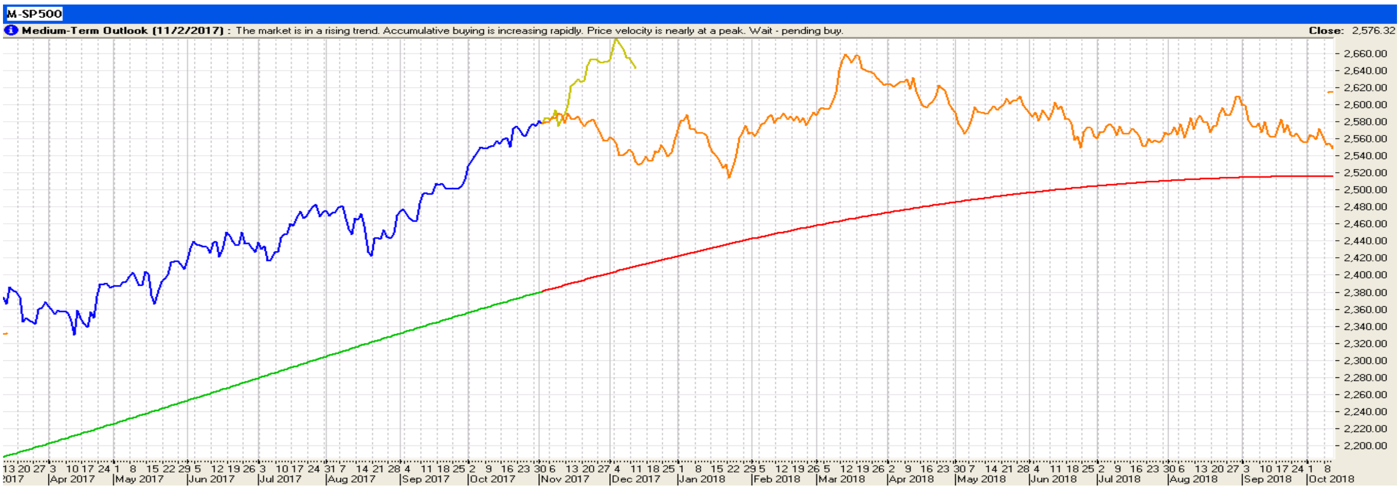


Happily, ShareFinder's artificial intelligence systems suggest that the Rand will continue the recovery that began on October 26 and projects that if Mr Zuma does nothing more to disturb investor confidence the Rand could rise to R13.57 by the end of December. This view assumes of course that the impact of a near certain ratings agency downgrade to junk for our sovereign bonds has already been discounted by the market, but it is by no means guaranteed.

The brief down trend of JSE Blue Chips which began right after the re-shuffle was over sooner than the Rand trend and, influenced by the heady wave of optimism that has been driving Wall Street to stratospheric levels, Blue Chips again began rising on October 24 and ShareFinder now predicts a double peak to be achieved on December 15 and January 12 before ushering in a new year of falling prices until at least the end of May as projected in my next graph:



ShareFinder now sees Wall Street's immediate peak somewhere between November 8 and December 5 followed by a last gasp up-surge between January 22 and March 14 followed by a decline for the rest of 2018.



The next month:

New York's SP500: I wrongly predicted a decline. Now I see the rise continuing into the first week of December.

London's Footsie: I correctly predicted a down-trend which I still see continuing into December.

JSE Industrial Index: I correctly predicted a recovery. Now I see a sideways to weakening trend for November.

Top 40 Index: I correctly predicted a continuation of the up-trend which I now see lasting until the third week of November.
ShareFinder Blue Chip Index: I correctly predicted a continuation of the up-trend. Now I see a brief continuation ahead of some weakness ahead of another short up-trend starting around the 14th.

Golds: I correctly predicted gains until now but the signs are now confused until Tuesday when further weakness is again likely.

The Rand: I correctly predicted further gains which I see continuing for the next few weeks.

The Predicts accuracy rate on a running average basis over the past 637 weeks has been 84.26%. For the past 12 months it has been 89.64%.

Richard Cluver

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