



Richard Cluver Predicts

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



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Heading back to where it was following Jacob Zuma's then shock firing of his finance minister Nhlamhla Musa Nene on December 19 2015, the Rand had a little respite this week as the events in Zimbabwe took centre stage in our newscasts.

But just to show you that the cause of the Rand movements had very little to do with the machinations of Jacob Zuma and far more to do with Wall Street, I have created the following pair of graphs that show how both the Rand and the Australian dollar behaved relative to the US Dollar over the past two and a half years.

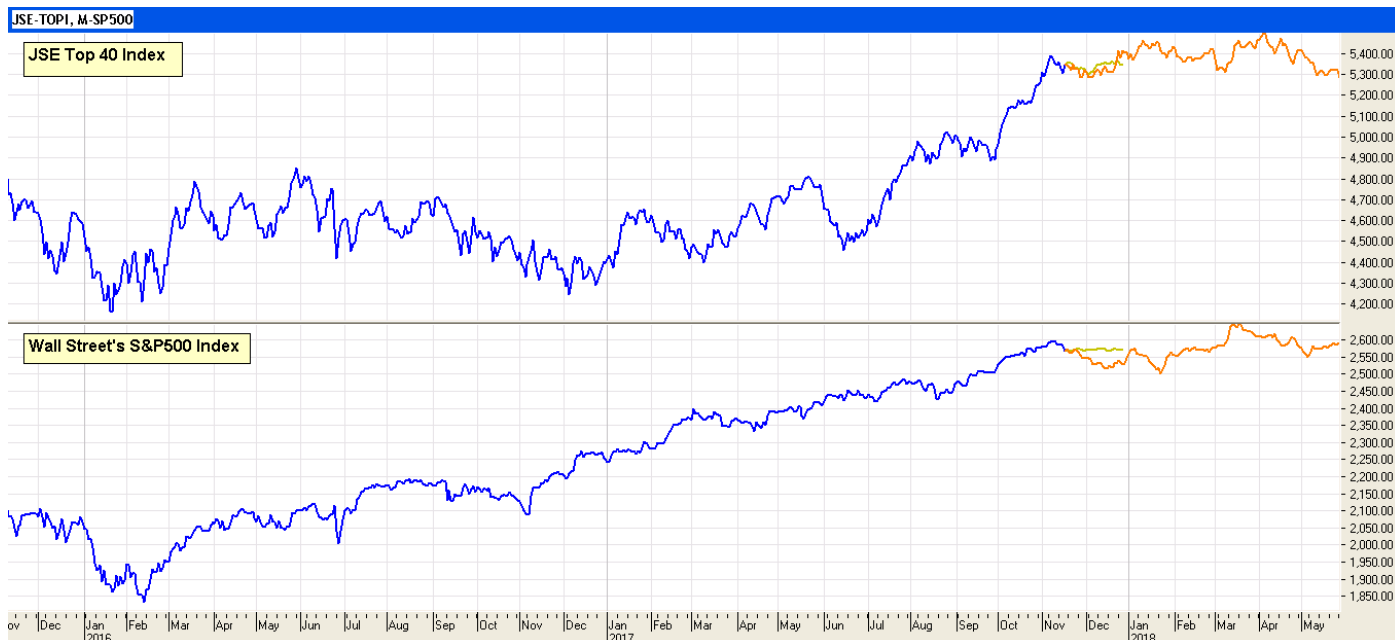


Of course, Australia is, in economic terms, what South Africa would look like if it were better run. Both countries earn their foreign exchange from exporting minerals and in both cases the relative improvement of the world economy over the past two years is what has strengthened both our currencies. And of late the weakening of the Rand which has been precisely mirrored by a weakening of the Australian Dollar actually has nothing to do with the crisis at SAA, the Guptas and the impending ANC electoral conference and everything to do with an improvement in the outlook for the US economy....so don't you believe everything you read about the horrors of Donald Trump either.

Actually, the doings of politicians have very little impact in the short-term upon the economies of their countries. In truth it is all about the confidence of the people, their terms of international trade and the behavior of their stock exchanges. So, if you care to compare the relative behaviour of the JSE Top 40 Index with Wall Street's S&P500 Index you will see another similarity, again reflecting

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a worldwide acknowledgement that the crisis of 2007 is at last behind us and global economic recovery is actually under way.

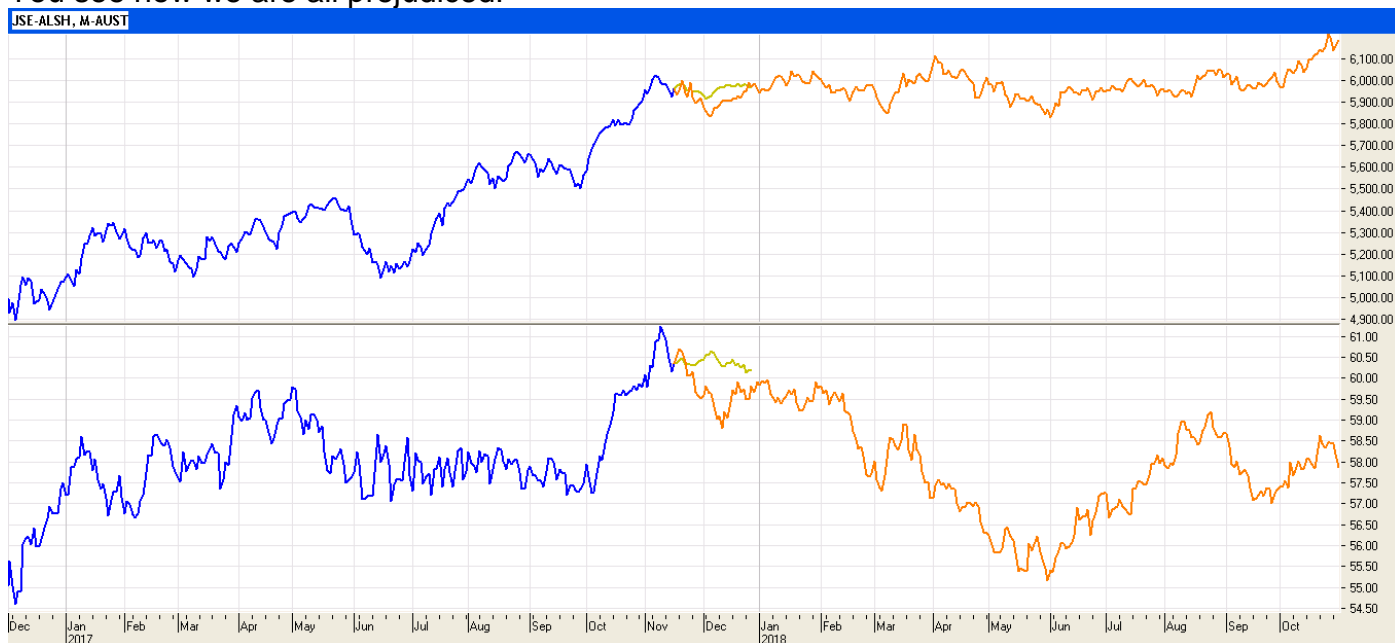


Actually, the only clouds on the horizon are the disparity between ShareFinder's projection of the short and medium-term outlook for the Rand which is seen to weaken between now and the end of January while the Australian Dollar is seen as strengthening.

Both the South African and US share markets are seen to weaken in the next few weeks though South Africa is shown to probably recover sooner.

And just to complete the picture, I have compared the JSE All Share Index with the Australian All Ordinaries Index in order to show how both these markets have behaved in similar fashion.

You see how we are all prejudiced!



Who would think that troubled South Africa where everything seems to be going wrong, is likely to have a sunnier stock exchange outlook than Australia's. And perhaps I should add that over the past quarter of a century the JSE has grown the wealth of its investors by 11 percent a year while the Australian stock exchange has grown theirs by 4.3 percent a year. Just saying!

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The next month:

New York's SP500: I wrongly predicted the rise would continue into the first week of December. Now, at best, I see a sideways trend with a bias in favour of weakness extending into January.

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

JSE Industrial Index: I correctly predicted a recovery followed by a sideways to weakening trend for November which is still my prediction.

Top 40 Index: I correctly predicted things would go down-hill from here until the first week of December and I still hold that view.

ShareFinder Blue Chip Index: I correctly predicted volatile weakness until late November and possibly until mid-December ahead of another short up-trend.

Gold shares: I correctly predicted weakness. Now I foresee the beginning of a recovery that could last until early January.

Gold Bullion: I see gold bullion rising in price until the first week of December.

The Rand: I correctly predicted further gains. But the currency could go either way in the week ahead of several contradictory signs.

The Predicts accuracy rate on a running average basis over the past 639 weeks has been 84.29%. For the past 12 months it has been 89.64%.

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