



Richard Cluver Predicts

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



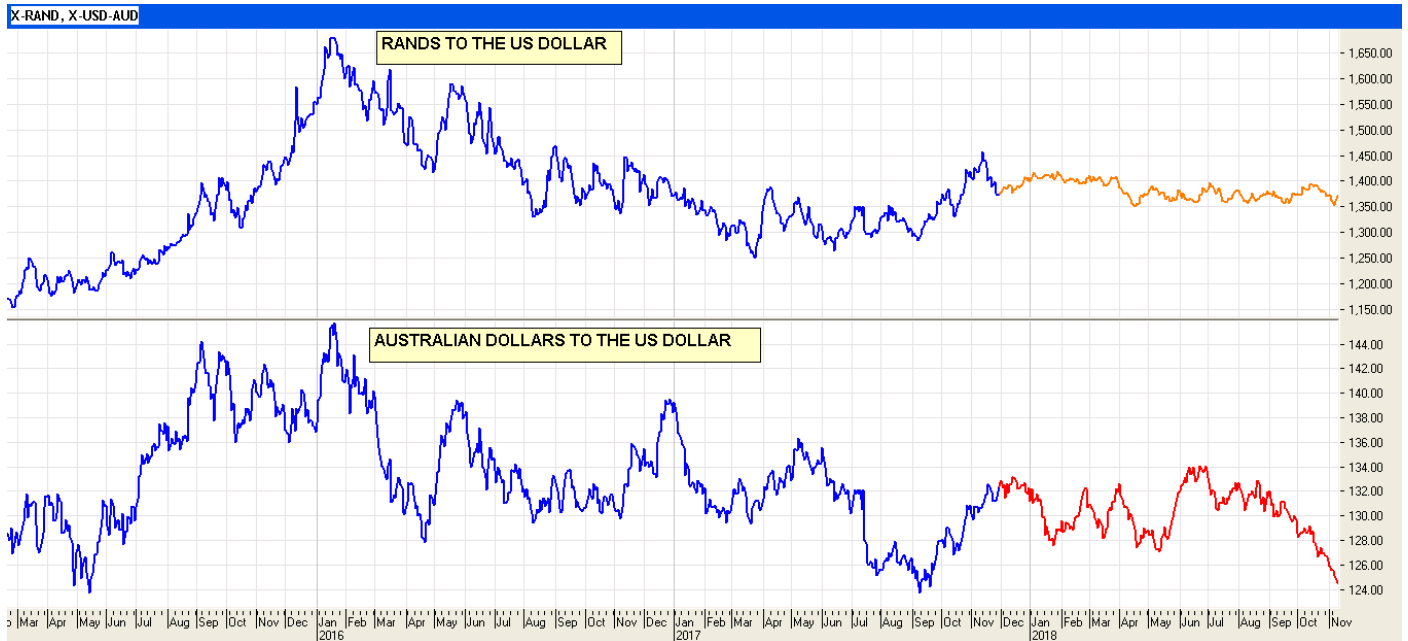
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News reports have long linked the performance of the South African Rand to issues of State capture, the sackings of two finance ministers and ratings agency downgrades.

Accordingly I recently showed readers a comparison graph which indicated that Australia, which has a similar commodity-based economy to our own without the same political chaos, has seen its own currency behave in almost identical fashion to that of the Rand. And in the wake of our being “junked” last weekend, it is interesting to re-visit that comparison in the graph composite below.

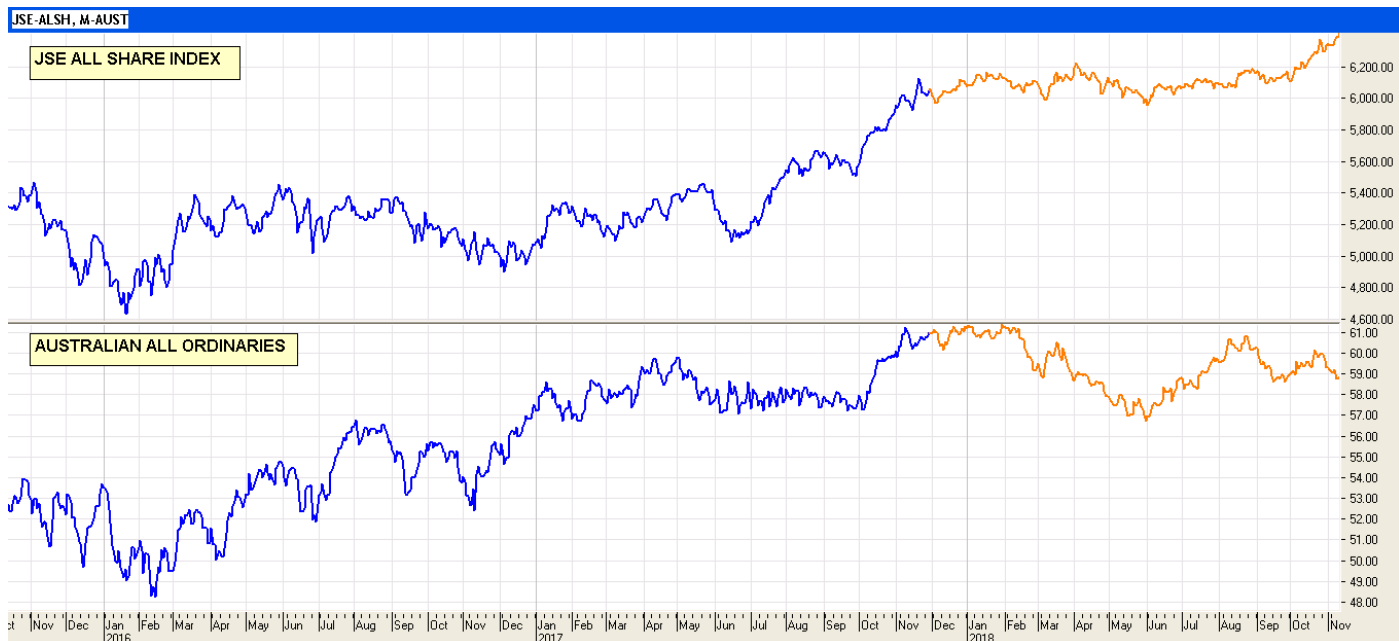


So it is interesting to note that in the past week the Rand has strengthening in the wake of the downgrade while the Australian Dollar has continued the weakening trend that began for both currencies in September. However, ShareFinder believes it is a temporary situation and expects the Australian dollar will strengthen more significantly than the Rand in the next few months.

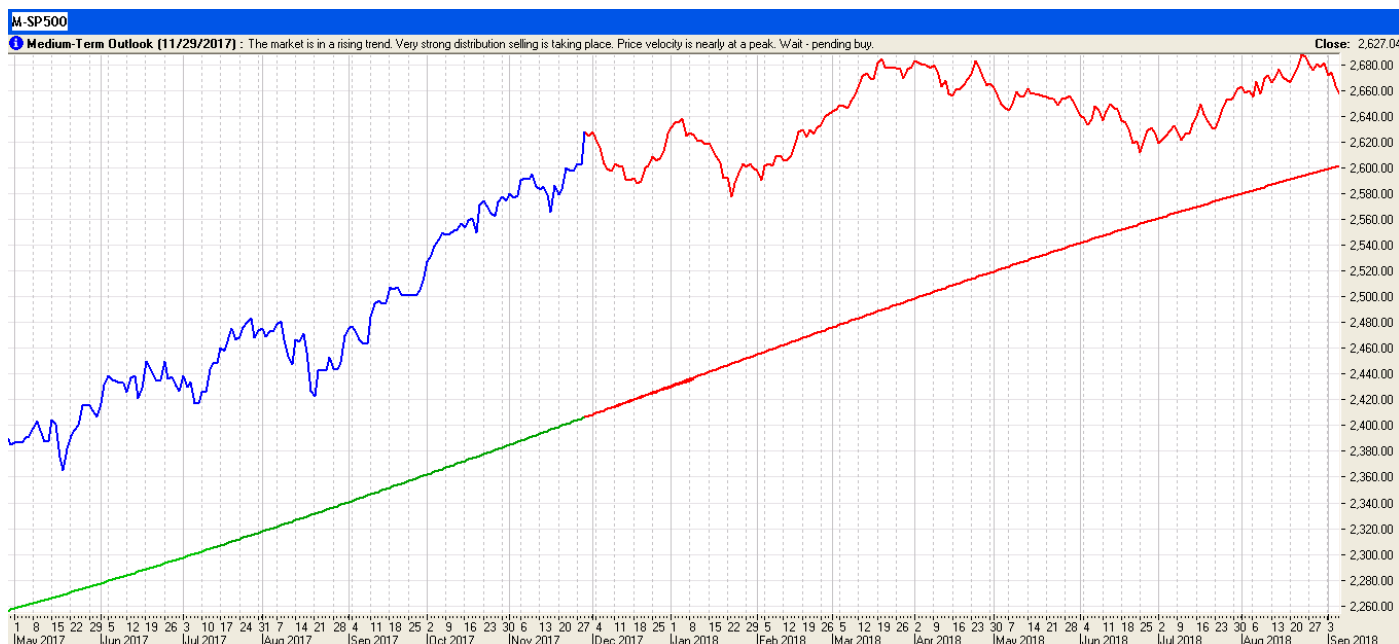
And of course, other than its currency, the best way to judge the confidence – or lack of it – with which others view a country, is to compare their stock exchange performances. Thus, in my next graph composite I have mapped alongside one another the JSE All Share Index and the Australian All Ordinaries Index and again the co-relationship is immediately obvious.

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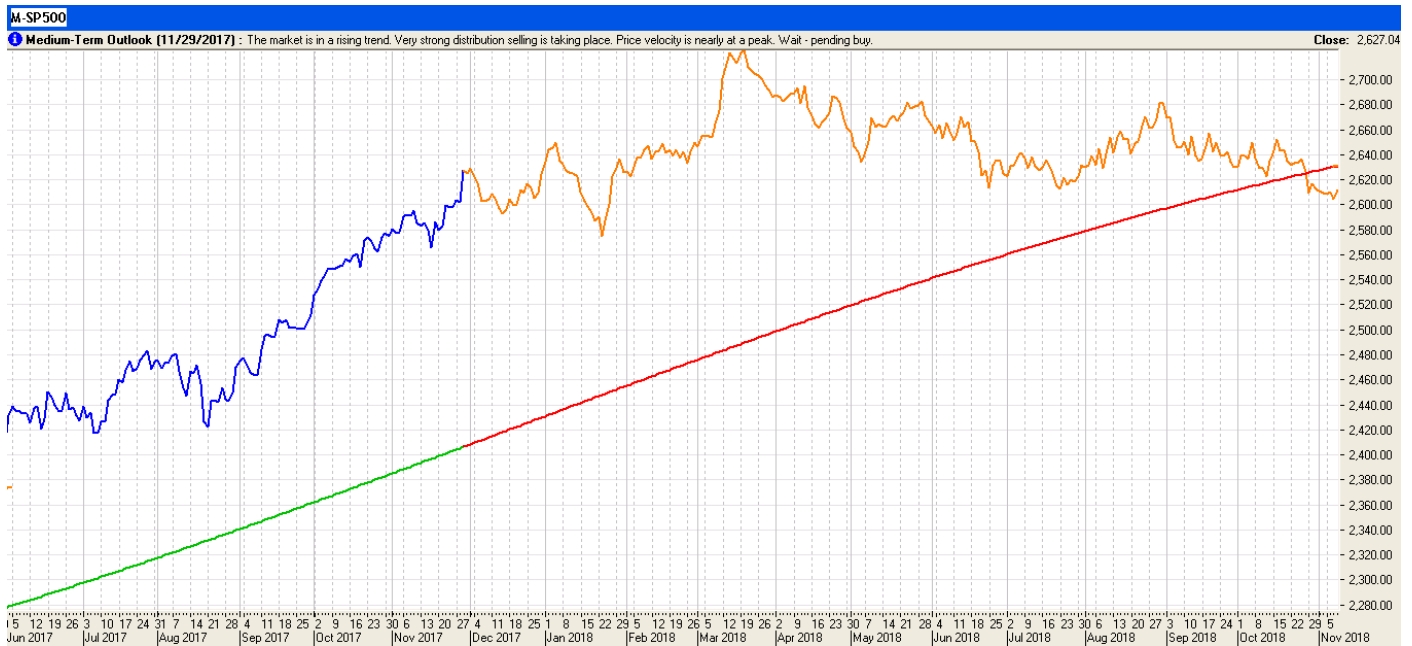
Both economies are, in other words, viewed in the same way by foreign investors whose sentiment largely drives both stock exchanges. Of course there are times when the two are not moving in the same direction, sometimes for months at a time. So note that from the end of April this year until the end of September, the Australian market was falling while the JSE was rising strongly.....during the period when our newspapers have been filled with more gloom and doom than we have witnessed in years. Furthermore, ShareFinder's projection into the future sees the JSE trending upwards for most of the new year but remains negative about the Australian market at least between January and June.



Meanwhile, ShareFinder has been revising its projections for SA Blue Chips with the projected down-turn now being seen as likely to be of modest proportions and starting later than the programme previously projected: from mid-March to late June:



It continues, however, to project a decline for Wall Street suggesting that that market will peak on or about March 20 and decline for most of 2018 thereafter.



The next month:

New York's SP500: I correctly predicted that the Bulls would be in command. Now expect a brief pull back.

London's Footsie: I correctly predicted a brief up-tick which could continue, but with much volatility, into the first week of January.

JSE Industrial Index: I correctly predicted a weakening trend likely to bottom at the beginning of December and I still see gains from now into the new year.

Top 40 Index: I correctly predicted things would go down-hill but the expected up-turn has been delayed and is now not likely until December 6 more or less.

ShareFinder Blue Chip Index: I correctly predicted a gain, but it is over sooner than I expected and now I see a down-trend into mid-December. I should warn, however, that there are opposing signals at this time so I am less sure than usual about this prediction.

Gold shares: I correctly predicted the beginning of a recovery that could still last until mid-December. However, here again the signals are confused and so a short-term decline could first occur.

Gold Bullion: I correctly predicted the beginning of a decline but in this sector too there are confusing signals with a short-term recovery possible ahead of the longer-term decline.

The Rand: I correctly predicted a few more days of recovery. But in this instance too the signs oppose one another with a short-term very strong continued recovery but in the medium-term, further weakness is being signaled.

The Predicts accuracy rate on a running average basis over the past 641 weeks has been 84.34%. For the past 12 months it has been 90%.

Richard Cluver

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