



# Richard Cluver Predicts

In our 31st year of service to the investing public of South Africa



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**Flirting with record highs, Wall Street’s benchmark S&P500 was within inches of breaking through the record level it reached in January before falling back again briefly while it gathered strength for another upward push.**

However, the S&P Total Return Index, which includes dividends, has moved higher at a faster pace in recent sessions to again surpass its January highs. That’s an encouraging sign for the broad S&P 500 stock index, which has repeatedly flirted with record levels but remains about half a percentage point below its all-time high set on January 26.



Source: SIX

The S&P 500, which doesn't include dividends and is more closely followed by investors, is up nearly 7% in 2018, just shy of the 8.1% advance for the total return index. In comparison, the technology-heavy Nasdaq Composite has hit repeated highs in the past two months, but the Dow Jones Industrial Average, which is more sensitive to trade tensions, is still 3.9% from its January high.

The total return index actually briefly breached its January record once before on July 25, but a slump in tech stocks following disappointing earnings reports from Facebook Inc. and Netflix Inc. pulled it back down. It’s been steadily climbing again since the beginning of the month.

*“Richard Cluver Predicts”*

Overnight, however, most US markets ended in the red though the NASDAQ edged slightly higher, logging its longest winning streak this year. Investors continue to juggle between trade war concerns and a generally upbeat earnings' season so far. The S&P 500 fell 0.14% and the Dow Jones gave back 0.29%.

Meanwhile, European markets closed in mixed territory yesterday as trade concerns continued to weigh on sentiment following China's recent announcement of a 25% tariff on \$16 billion worth of US goods. The FTSE 100 was down 0.45%, France's CAC40 edged 0.01% higher. and Germany's DAX closed 0.34% higher.

Asian markets were trading lower this morning. Hong Kong's Hang Seng was down 0.70% and Japan's Nikkei had given back 0.71% so far. Australia's ASX 200 had slipped 0.09% lower. But the overnight hesitation is likely to be short-lived if ShareFinder's projections can be relied upon. In my graph below the S&P500 can be seen projected to continue rising until the first week of September. But a three-month retraction is being anticipated which could see declines until the first week of December before an end-of-year spurt takes us to a new record high in December.



Here at home the JSE All Share Index has, as ShareFinder projected it would, broken upwards out of the pennant that was then confining it and, though a brief pull back is now expected, gains are now expected until the third week of this month followed by weakness until early October.

Meanwhile, if you consider my third graph, the Rand is likely to continue its strengthening trend until late September followed by a phase of weakness from late September to mid October and then further gains until the end of the year.



All in all, the outlook is quite bright both locally and abroad...

## **The next month:**

**New York's SP500:** Wrong again. I just don't seem to be able to get this one right lately. I saw declines and the market rose once again. Now I see weakness until the 20<sup>th</sup> followed by further gains until the end of the month.

**London's Footsie:** I correctly predicted a recovery continuing until early September and I still see that.

**JSE Industrial Index:** I correctly predicted a brief decline. And I see another ending today followed by gains until the 29<sup>th</sup>.

**Top 40 Index:** I correctly predicted a brief decline until mid-August followed by a sharp recovery and I still hold that view.

**ShareFinder Blue Chip Index:** I correctly predicted a brief recovery until mid-August followed by declines until August 20. And the latter are likely to begin between now and Monday.

**Gold shares:** I correctly predicted a recovery. Now I see declines until August 15/20.

**Gold Bullion:** I correctly predicted declines for most of August and now I see them continuing into mid-September.

**The Rand:** I correctly predicted a recovery which I still see continuing with short-term volatility until late September.

***The Predicts accuracy rate on a running average basis over the past 668 weeks has been 84.62%. For the past 12 months it has been 91.03%.***

**Richard Cluver**