



Richard Cluver Predicts

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



Volume: 31

Issue: 27

17 August 2018

The collapse of the Turkish Lira has been blamed for focussing first world investors' attention upon the potential weakness of all Developing Nations' currencies and their economies and so it is hardly surprising that our Rand has been taking greater strain than usual recently.

And, as the fuel price increases have lately hammered home to everyone, it is not just those fortunate to be travelling abroad who are affected. Every small businessman will tell you right now that after he has met his staff wages, the rent and VAT claims, he is very lucky if he has anything to put bread on the table for his own family.

And here in Durban, our maverick municipality has taken it upon itself to add to the burden of small businesses in order to shelter private property-owners, making it even more difficult for the small entrepreneur. Talk about killing the golden goose!

So how is the Rand really doing? Technical analysis of currency movements has always been less reliable than the measurement of share movements, but it is worth the exercise just to remind ourselves what has been happening to South Africa Pty Ltd in recent months while our government is preoccupied with how it is to get re-elected next year.

So, let's start with the most shocking trend line in my graph below, the light green line which indicates that if the Rand continues to lose value at the rate it has been doing since late February in will have lost 65 percent of its value by next February. Compare that with the five year purple line representing the period following Jacob Zuma's second term of office during which the Rand was losing 8.2 percent a year.



If you think that is bad, however, consider the (brown trend line) period between mid-October 2015 and mid-January 2016 when it was actually losing at a compound annual rate of 169 percent culminating in the weekend of dismay that offered us the "Weekend Special" Minister of Finance.

"Richard Cluver Predicts"

17 August 2018

Page 1 ©2018 RCIS

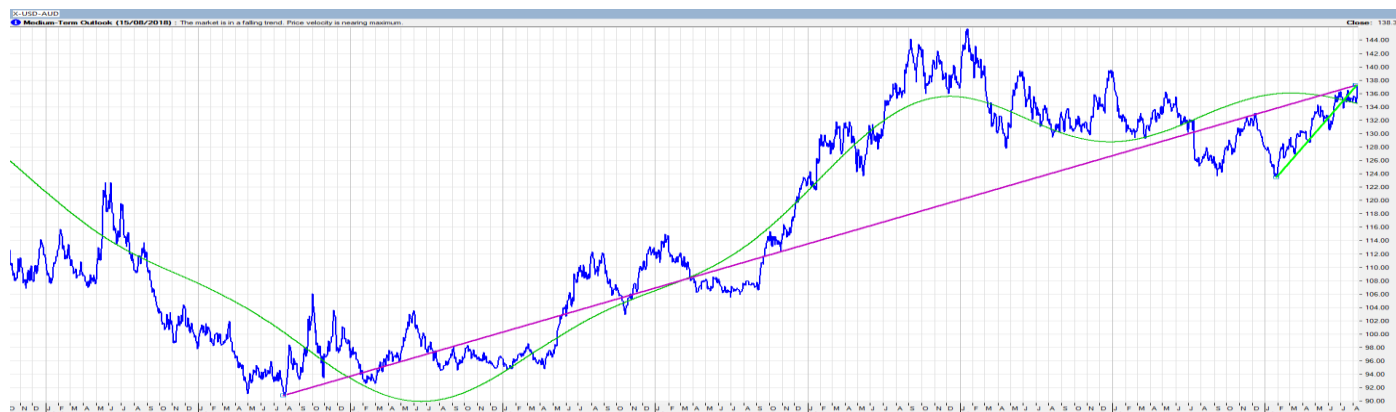
Published by Richard Cluver Investment Services

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

richard@rcis.co.za

The good news, however, is that our usually reliable artificial intelligence system projects that over the next 12 months the Rand will actually only lose a further 2.5 percent of its value (the red projection on the right).

If it is any consolation, however, the Australian Dollar has been trailing the Rand in the long term. In my next graph I have tracked the Aussie Dollar relative to the US Dollar with my purple trend line indicating that Australian currency has lost value at 6 percent annually and since February has been losing at an annualised rate of 22.4 percent.



If ShareFinder is correct in its projections however, the Aussie Dollar is also in for a better time in the new year. ShareFinder thinks it will GAIN 1.6 percent over the next 12 months.

Finally, given my latest Prospects newsletter published on Wednesday in which I projected a decline in Naspers shares and suggested that you should buy them if they fell to around 3050. I trust you all acted swiftly when they fell to R3060 that same day.

They were back up to 3146 yesterday and ShareFinder thinks they will touch 3297 on Monday before falling back again to offer the best possible buying point a fortnight from now on or about August 31 when they could touch 3041.

ShareFinder thinks they will be standing at 3524 in mid-January.

The next month:

New York's SP500: I correctly predicted further declines which I now see lasting until August 30 before the next recovery begins.

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

JSE Industrial Index: I correctly predicted gains until the 29th and I still hold that view.

Top 40 Index: I correctly predicted a brief decline until mid-August followed by a sharp recovery. Now I see further gains until August 29.

ShareFinder Blue Chip Index: I correctly predicted a brief recovery until mid-August followed by declines until August 20. Now I see a period of volatile gains until late September.

Gold shares: I correctly predicted declines until August 15/20. Thereafter I see gains until the first week of October.

Gold Bullion: I correctly predicted declines for most of August and I continue to 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 when a fresh bout of weakness is likely until mid-October.

The Predicts accuracy rate on a running average basis over the past 669 weeks has been 84.64%. For the past 12 months it has been 91.03%.

Richard Cluver