



Richard Cluver Predicts

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



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This is the last “Predicts” you will read for a while because, by the time you read this I will be in Copenhagen ahead of a whistle-stop tour of the Baltic states before crossing the Atlantic with stops in Scotland, Ireland and Newfoundland before docking in New York.

In the process I will be testing the portability of our latest ShareFinder Mobile in the notoriously difficult environment of satellite data communications from mid-Atlantic in order, hopefully, to bring you an up to date Prospects newsletter.

So, let us take a long-range look at world markets and what we might expect over the next few months starting with Wall Street being the tail that wags the dog of the global investment community and noting that today, the 10-year-old bull market became the longest on record. It ranks among the great booms in American market history. The Standard & Poor’s 500-stock index has soared more than 320 percent since emerging from the rubble of the financial crisis in March 2009, creating more than \$18 trillion in wealth. But the gains haven’t been spread among the masses. Stock market wealth is heavily concentrated among the richest families sowing the seeds for what some have begun to name “The Great Reset” which, in the next few years, is likely to see a massive change in the way in which economic and political systems are aligned.

Some weeks ago, I drew attention to the fact that the S&P 500 Index was about to break out of a pennant formation which I have here delineated by two coinciding red trend lines and that event happened in mid-July which signalled the probability of a continuation of the bull market into the future. Now, ShareFinder’s artificial intelligence senses that the bull will remain in control at least until the end of December and possibly well into the new year which is emphasised by the green long-term projection. Could this be the final blow-out of a system which we have lived with most of our lives? Just wondering!



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The good news is, however, unlikely to extend to the share markets of developing nations like South Africa given the following projection of the MSCI Emerging Markets Index which are projected to continue trending negatively until the middle of next year. However, they are projected to enjoy a short-term breather between early October and early January as projected in my next graph:



Here at home in South Africa a similar short respite appears likely. In my next graph I have outlined in light green the formation of a very powerful pennant out of which ShareFinder projects that an upward breakout is likely to happen in mid-September with a longer-term upward break becoming more pronounced from mid-October which suggests that a bull trend could then be in place until early February.



That recovery is likely, moreover, to be preceded by a recovery of the Rand which appears likely to continue until the third week of September ahead of a month of further weakness and then further gains from mid-October to the end of November.



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. In the medium-term, however, I see gains until the end of the year.

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

JSE Industrial Index: I correctly predicted gains. Now I see a decline starting between now and lasting until Monday when a recovery phase is likely to begin. Much of September will be marked by declines with a brief recovery in the third week and then declines until the early part of December.

Top 40 Index: I correctly predicted a sharp recovery which I see lasting amid volatility to the first week of September before weakness sets in continuing until mid-October. After that a volatile recovery is likely lasting until February.

ShareFinder Blue Chip Index: I correctly predicted a period of volatile gains which I saw lasting until late September when I now see a correction that is due until the first week of October.

Gold shares: I correctly predicted declines until now. Now I see gains until the first week of October followed by another correction down.

Gold Bullion: I correctly predicted declines and I do not see an upward turning point until early October.

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

The Predicts accuracy rate on a running average basis over the past 670 weeks has been 84.67%. For the past 12 months it has been 91.4%.

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