Richard Cluver Predicts

In our 32nd year of service to the investing public

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Many of you have become fixated, as I have lately, by ShareFinder's projections that the JSE will go into decline immediately after the May 8 election and keep on falling until the second week of August.

If you turn to the very end of this column you will see, as always, that the ShareFinder predictions which we monitor every week in order to check their ongoing accuracy, have over the past *699* weeks been 85% correct.

That does of course leave a 15 percent error possibility. But, given the fact that in an average year this column goes out 44 times, you can see that we have been watching our forecast accuracy levels for the past 16 years. Moreover, since the ShareFinder system employs artificial intelligence which learns from its mistakes and accordingly gets progressively better over time, the fact that forecast accuracy over the past 12 months has improved over that long-term average to now offer an accuracy probability of 92.15%, means there is an extremely high probability that things will get bad after the election. There is now less than an eight percent probability that ShareFinder is wrong.

There is an almost overwhelming probability that something will happen after the election to severely jolt investor confidence. I am assuming the implication is that pro-Zuma forces within the government might seize control in order to end the Ramaphosa clean-up which now looks uncomfortably likely (for them) to send a large number of politically-connected people to jail in the near future. However, perhaps something worse might happen. Alternatively, of course, it might be the consequence of something that has nothing to do with South African politics though it is difficult to dismiss the date of the predicted decline.

To date I have repeatedly shown you the prediction of ShareFinder's Blue Chip Index. But let us start this week with the JSE All Share Index which ShareFinder projects will peak on May 7 and continue falling until August 12. Note the graph projection immediately below:
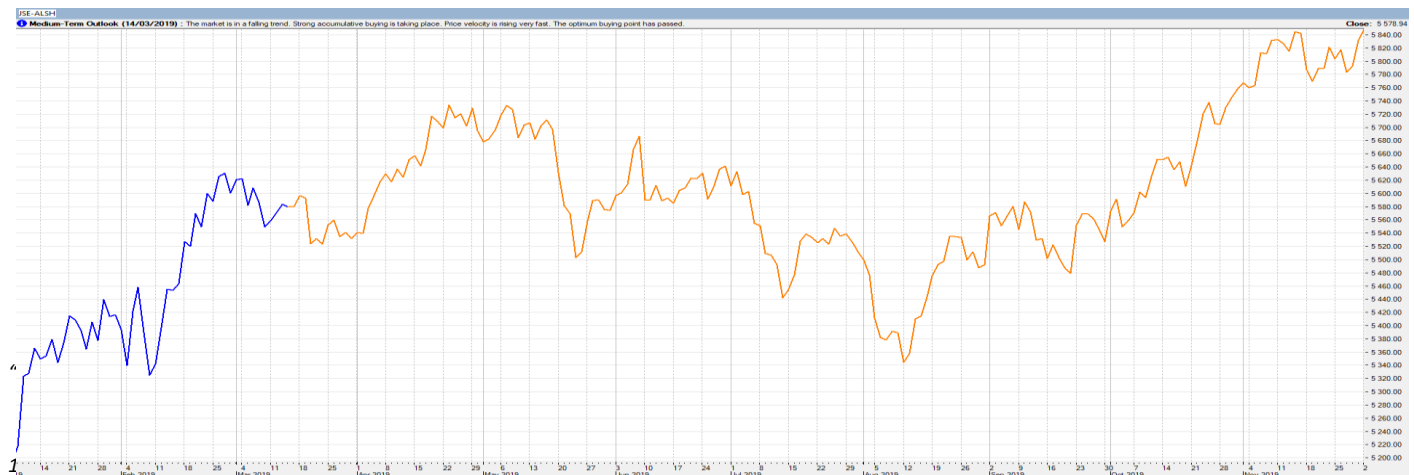
The good news, of course, is that after August the JSE is seen to continue recovering so much so that by late October it will have surpassed the level reached in May and then continue rising.

Next, I offer you the latest projection for the Blue Chip Index which continues to project the market peak for May 10 and the bottom for August 5 and again by late October the recovery is projected to surpass the May peak:
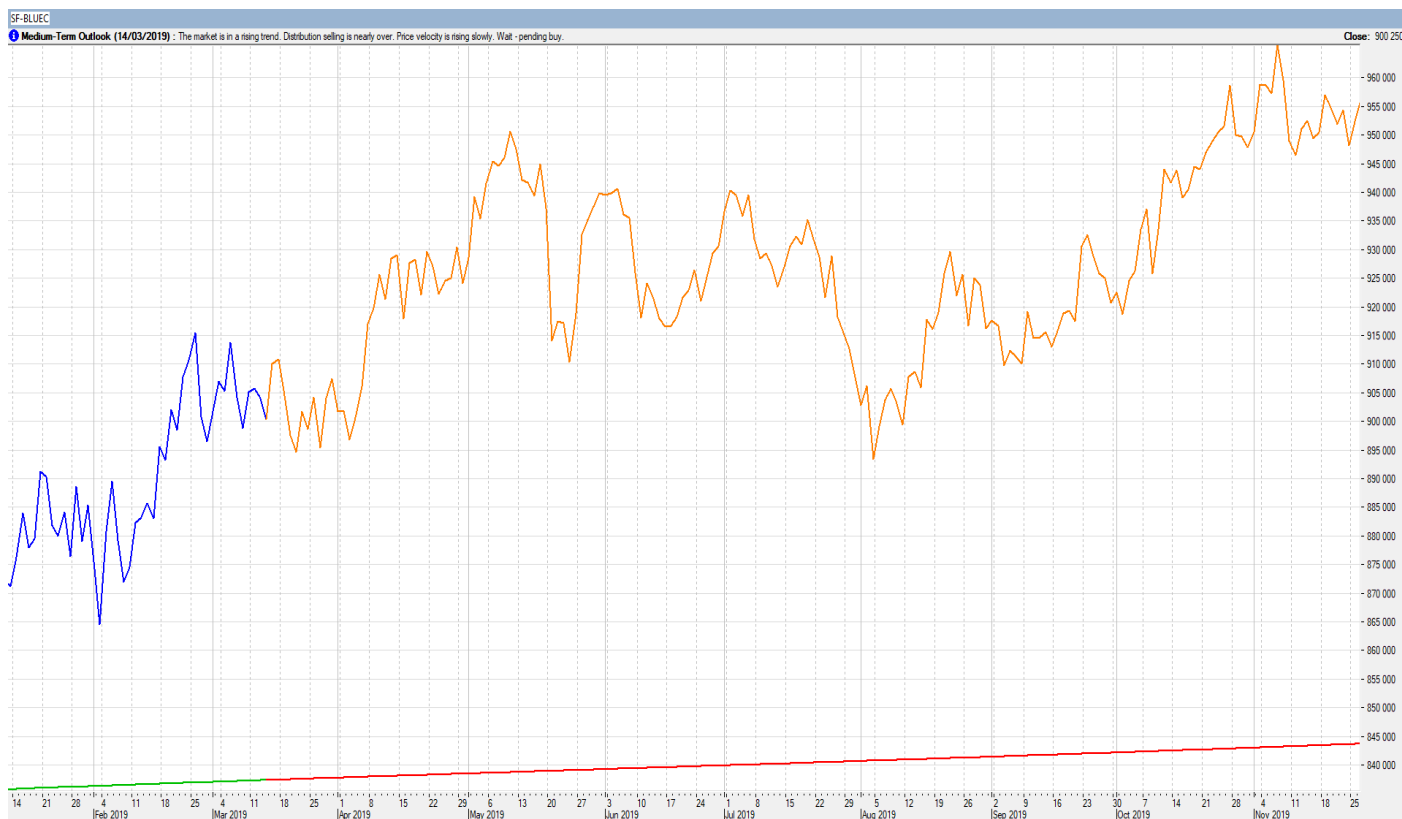
And for completeness the JSE Top 40 Index sees the market peaking on May 7 and bottoming on August 12 with the May peak being exceeded in late October:
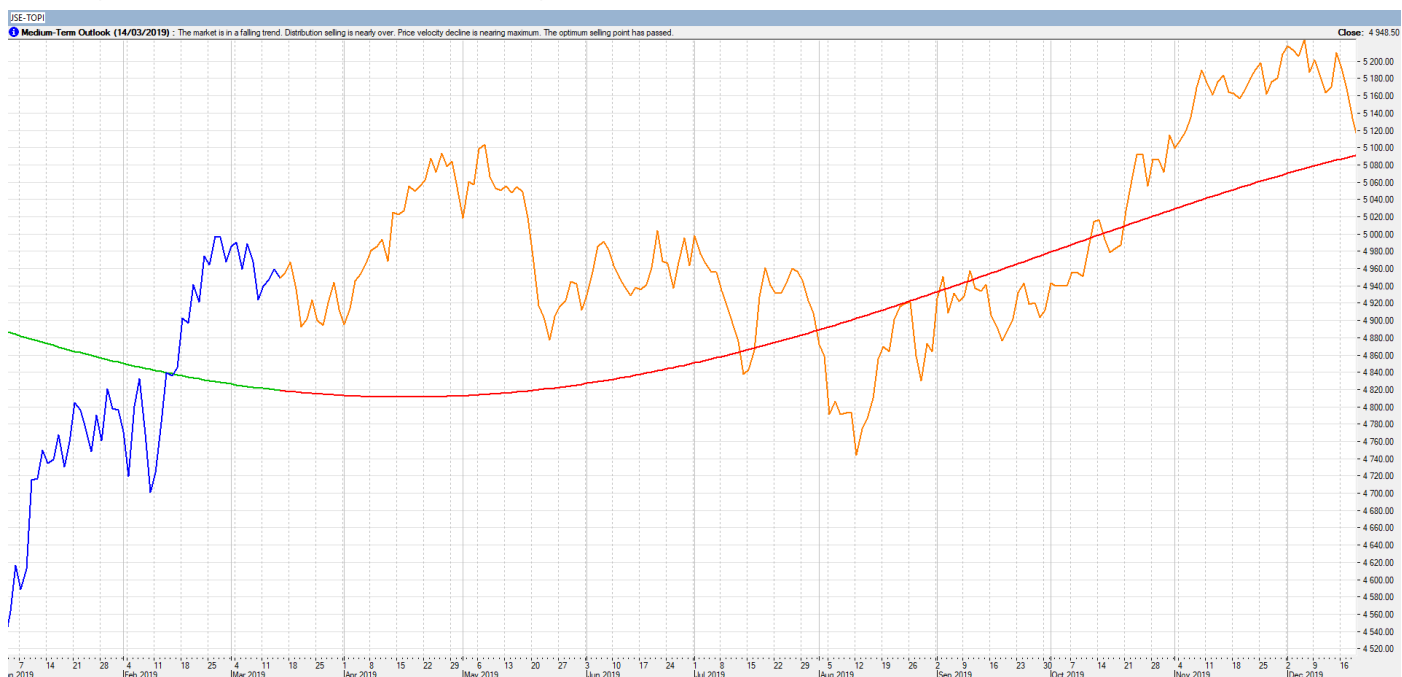
Of course, while regional issues tend to call many of the shots on the JSE, Wall Street is the arbiter of world economic activity and so, as I have done severally, let's note that the Standard and Poors 500 Index which best represents the price activity of the top 500 US shares by market capitalisation, also senses weakness not long after the South African phenomenon, peaking on June 10 and falling until September 13:
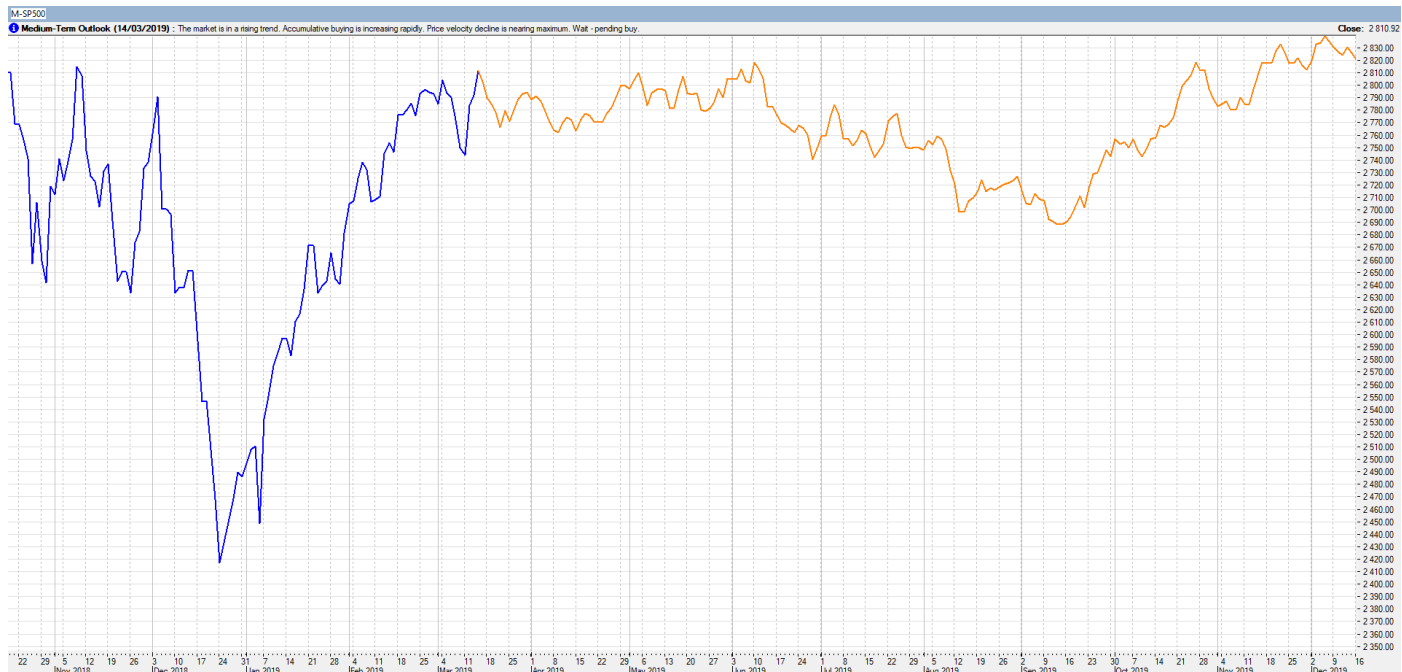
Furthermore, Hong Kong's Hang Sen Index which is a proxy for the Chinese economy that is projected to overtake the USA within the next 18 months, might actually be the trend-setter because it is projected to peak on April 8 and is likely to begin recovering again on June 28:
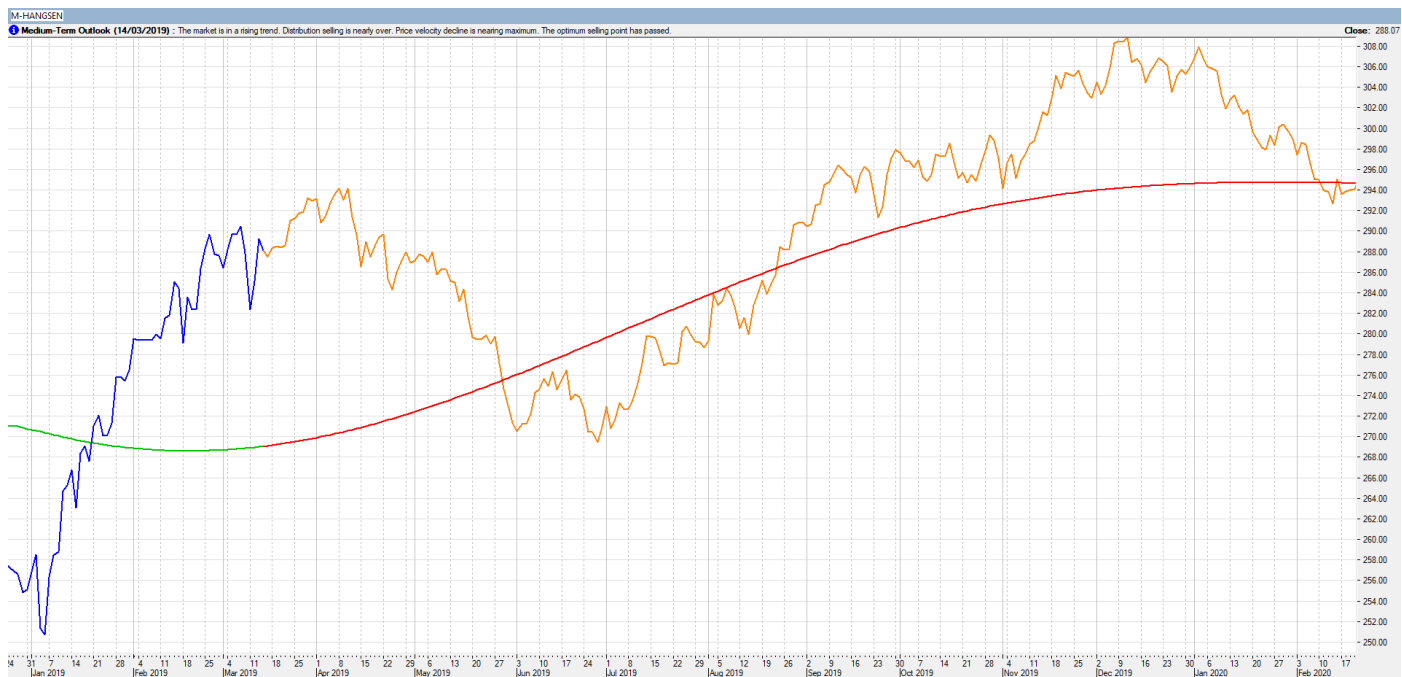
And of course, Europe has its own troubles being brought about principally by Britain's determination to leave the European Union. But Britain's dissatisfaction with the unelected

bureaucrats who dictate to them from Brussels and, if popular rumour is to be believed, live like the royals of Versailles of another era, is not confined to the English. Discontent is widespread and Europe watchers believe the real threat of the Brexit project is that it will lead to a wholesale departure of member states who have grown weary of Brussels and its often illogical dictates.

So let us next consider what ShareFinder projects for Germany in the shape of the Dax Index. Here the peak is seen to occur this month on March 29 and the index is projected to continue falling until September 10:
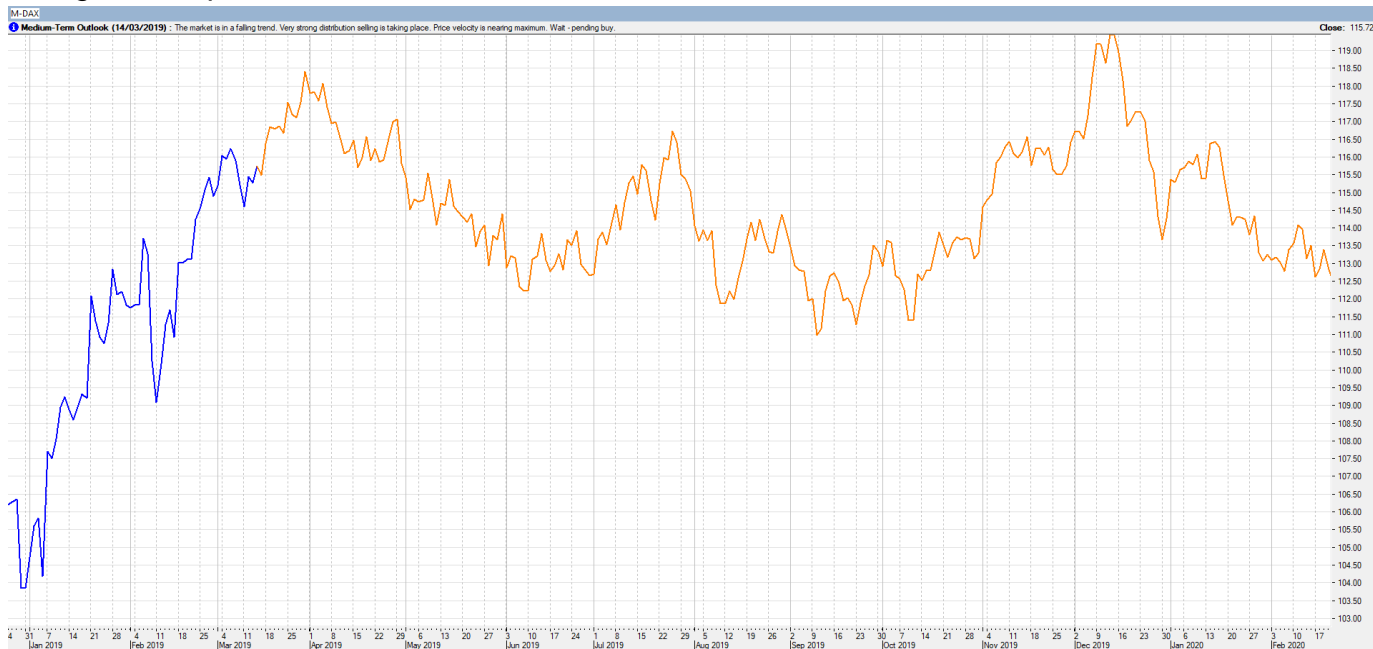
And for good measure let us note that London's FT100 Index projects the market has already peaked on February 15 and is likely to continue falling until September 20:
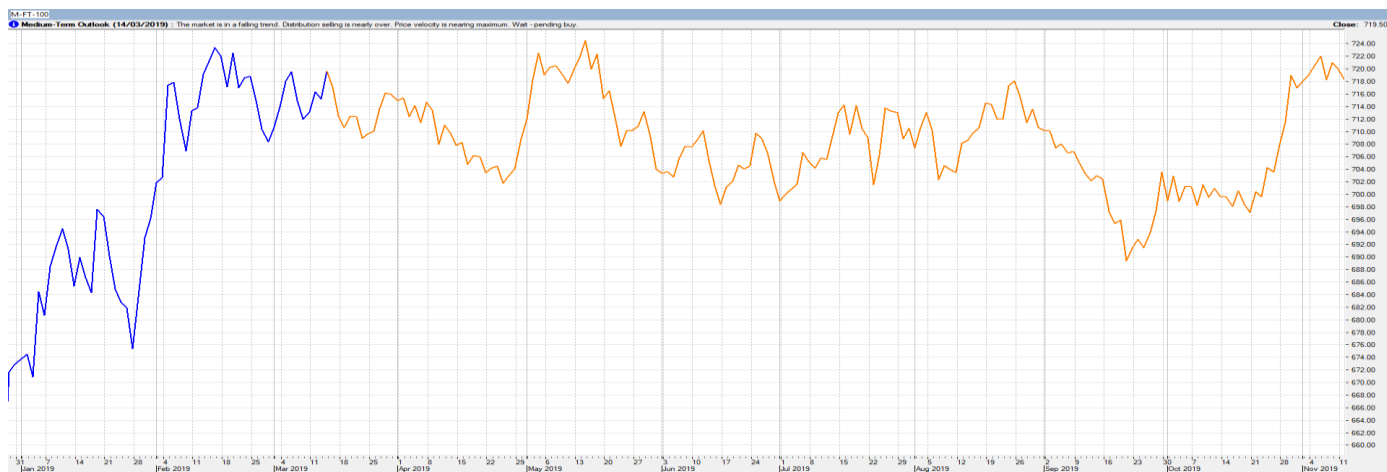
Perhaps then I have been wrong to assume that the May 10 South African market decline is a prediction that Cyril Ramaphosa might have to give way to the Zumarites or, worse, to Julius Malema.

Perhaps what ShareFinder is projecting is a global correction triggered in Westminster!

The next month:

New York's SP500: I wrongly predicted a decline but I was probably simply premature for ShareFinder sees it beginning today and lasting until April 9 with an up-surge between March 21 and 29.

London's Footsie: I correctly predicted declines which would precede a bear market lasting until September and I continue to hold that view. Again, however, ShareFinder was premature but now expects it to begin.

JSE Industrial Index: I correctly predicted a major decline which started on time on March 4 and could last until August 5.

Top 40 Index: I correctly predicted declines at least for the rest of this month with a brief up-tick in April within a longer term decline until August.

ShareFinder Blue Chip Index: I correctly predicted a decline which I still see lasting until March 21.

Gold shares: I correctly predicted declines which I still see lasting until mid-May but ignored the brief up-tick this week which could last until the 20th before resuming the decline.

Gold Bullion: I correctly predicted declines that are likely to last until November.

The Rand: I correctly forecast a volatile whip-saw sideways trend for the rest of this month followed by further weakness until May. Now there is short-term pressure for a recovery until April 23 which makes forecasting extremely difficult.

The Predicts accuracy rate on a running average basis over the past 699 weeks has been 85%. For the past 12 months it has been 92.19%.

Richard Cluver