# Richard Cluver Predicts

*In our 32nd year of service to the investing public*

Volume: 32
Issue: 17

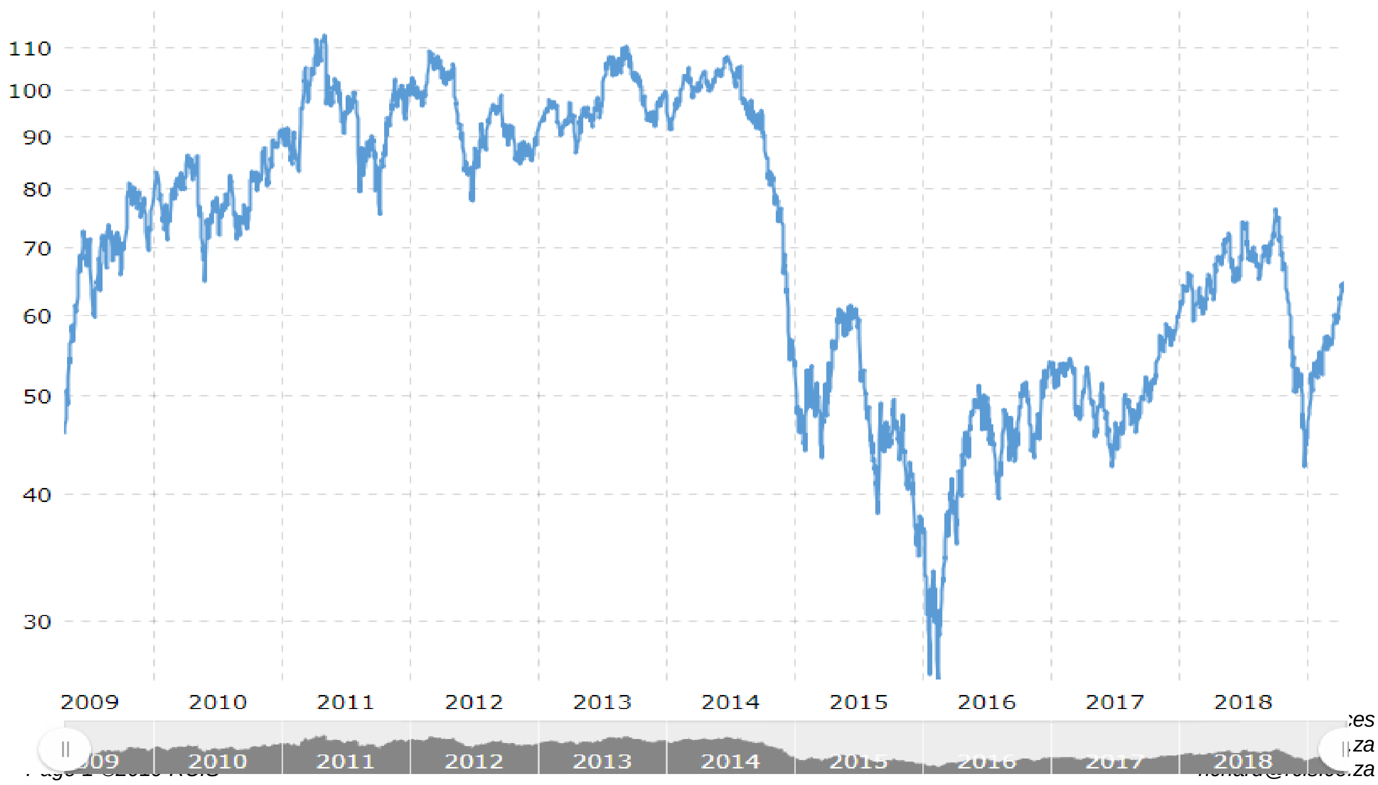
**18 April 2019**


**Given South Africa's high rates of poverty and unemployment, it is hardly surprising that the current pre-election silly season has seen what appears to be highly elevated levels of protest.**

Though there is a growing suspicion that a significant portion of it has been orchestrated to suit some political agendas and the greater reality that the voting public has awoken to the fact that during times like these their political representatives are actually accessible and at least making a pretence of listening to their grievances, one dare not dismiss the fact that a growing number of people are hungry for change.

Recognising the example of just one more tax too many that recently brought the people of France out into the streets and, although they achieved exactly what they demanded, the protests appear only to have increased since then. There are local parallels to take note of and high on this list of painful prods that have been stinging the South African public into protest has been the rising fuel price. Thus the bad news is it is likely to continue rising.

My first graph puts the international price of crude oil into perspective making clear that what we have been witnessing is merely a return to a rising trend that began in January 2016 when the oil price began rising from a low of $33.62 to peak at $74.15 in June last year.



The steep declines were brought about by the shale oil revolution in the US that began to really make itself felt from June 2014 and, at its height, led to a series of bankruptcies amid a production war largely initiated by the oil majors of the Middle East who hoped that they might put the shale wildcatters out of business. The fallacy of this exercise was that Big Oil failed to recognise that bankrupting a shale oil wildcatter did not do away with the well he had drilled and those who took over for a few pennies on the dollar just kept on pumping profitably.

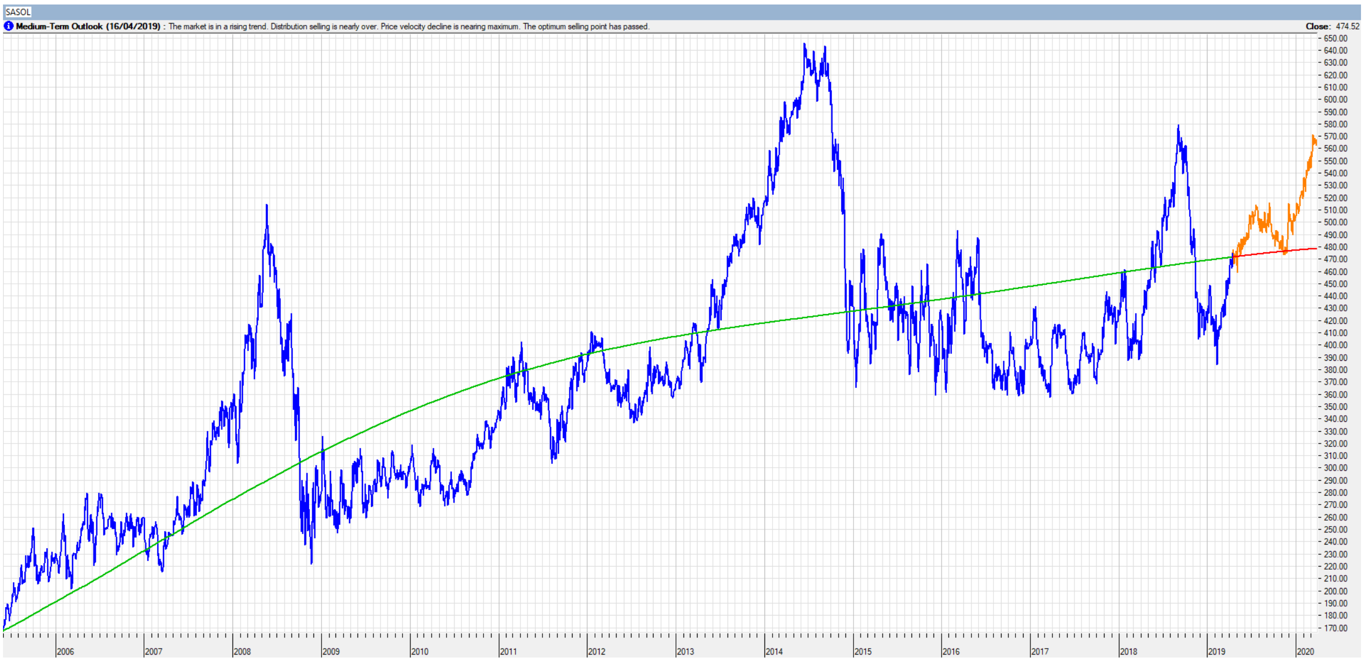
So what we are seeing now is a simple return to normality and it would not thus be at all surprising to see a return to crude prices of over $100 a barrel. For those who like to study figures the following table tells the whole story.

| Year | Closing Price | Year Open | Year High | Year Low | Year Close | % Change |
|---|---|---|---|---|---|---|
| 2019 | $56.31 | $46.54 | $64.61 | $46.54 | $64.08 | 41.11% |
| 2018 | $64.90 | $60.37 | $76.41 | $42.53 | $45.41 | -24.84% |
| 2017 | $50.84 | $52.33 | $60.42 | $42.53 | $60.42 | 12.47% |
| 2016 | $43.58 | $36.76 | $54.06 | $26.21 | $53.72 | 45.03% |
| 2015 | $48.72 | $52.72 | $61.43 | $34.73 | $37.04 | -30.70% |
| 2014 | $93.17 | $95.14 | $107.95 | $53.45 | $53.45 | -45.55% |
| 2013 | $97.98 | $93.14 | $110.62 | $86.65 | $98.17 | 6.90% |
| 2012 | $94.05 | $102.96 | $109.39 | $77.72 | $91.83 | -7.08% |
| 2011 | $94.88 | $91.59 | $113.39 | $75.40 | $98.83 | 8.15% |
| 2010 | $79.48 | $81.52 | $91.48 | $64.78 | $91.38 | 15.10% |
| 2009 | $61.95 | $46.17 | $81.03 | $34.03 | $79.39 | 78.00% |
| 2008 | $99.67 | $99.64 | $145.31 | $30.28 | $44.60 | -53.52% |

Most interesting from investors' point of view is how the change in crude prices impacted upon the price of our own Sasol shares which, as you can see, fell over a cliff in October 2014 and then for the next three years trended sideways forming a support level of around R360, as the crude price began rising from a low of $42.53 to this year's- peak of $64.61, Sasol share prices began soaring to a peak of R581 last September.

The reason why the share price again fell over a cliff between last September and the February 7 low of R379.43 has more to do with the volatility of international share markets than crude oil prices. But Sasol had also released some disappointing figures relating to its massive current investment in the USA which coincided with the Wall Street bear market occasioned by an expectation then of the US Federal Reserve increasing interest rates.

Examining the graph, it is an obvious no-brainer in the light of the foregoing that the share prices are in for some further gains. Indeed, ShareFinder currently is projecting a peak above R560 in the early part of next year as my next graph illustrates:




## The month ahead:

**New York's SP500:** I correctly warned that the market was beginning to roll over from a peak that is expected late this week or early in the new one before trending sideways until early June and then running down until August.

**London's Footsie:** I correctly predicted the beginning of a decline lasting until the 26th/29th before staging a final recovery peaking between May 6th and 16th before sliding until September.

**JSE Industrial Index:** I correctly predicted this week's gains toward twin tops likely to occur on April 19 and May 8 and possibly one more on June 7 as part of a volatile slide to a bottom on August 6.

**Top 40 Index:** I correctly predicted a recovery that I saw leading towards twin peaks on April 26 and May 8 followed by a decline until August 13.

**ShareFinder Blue Chip Index:** I correctly predicted a volatile decline until the 17th before the market runs up to create triple tops on May 13 June 9 and July 22 before falling until August 6.

**Gold shares**: I correctly predicted a decline which I still see lasting until late May.

**Gold Bullion:** I correctly predicted a volatile declining trend that is likely to last until late November with a brief short-term recovery lasting until April 18th followed by a decline until late May then a rise until early June and then successive falling waves towards an ultimate bottom in late November.

**The Rand:** I correctly predicted gains until late this week or the 26th with a brief phase of weakness thereafter until the end of the month before the recovering trend resumes. The longer-term outlook remains favourable for continued strengthening until mid-December.

***The Predicts accuracy rate on a running average basis over the past 704 weeks has been 85.03%. For the past 12 months it has been 92.5%.***

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