Richard Cluver Predicts
In our 32nd year of service to the investing public

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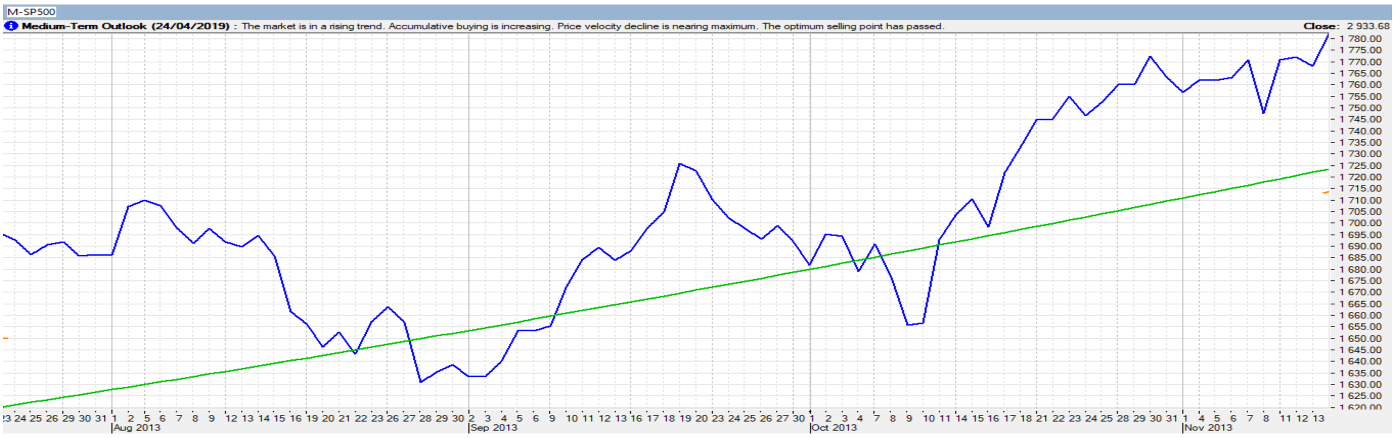
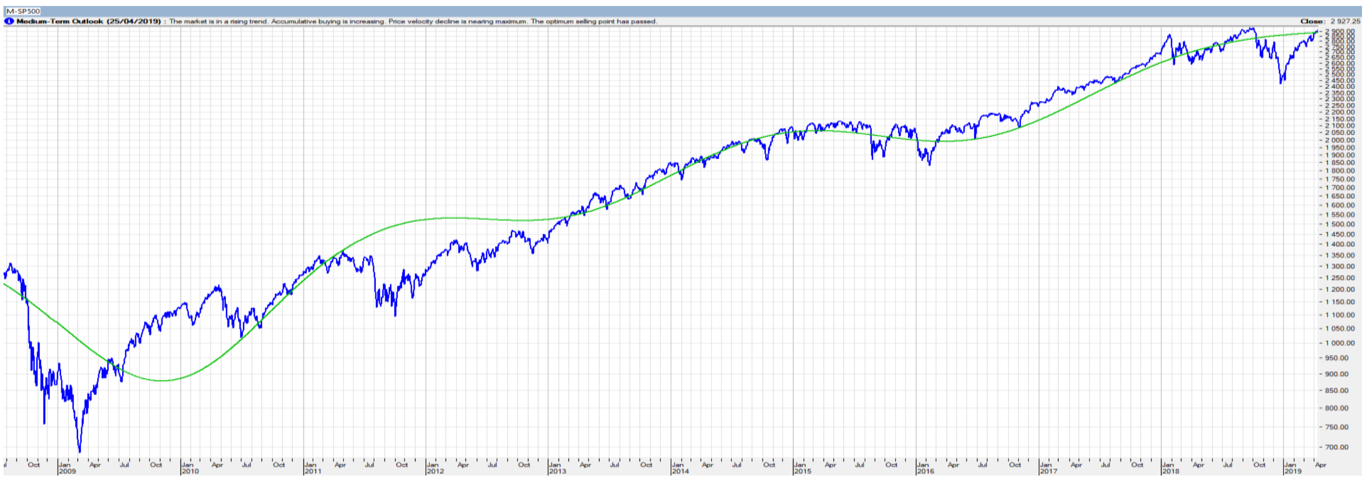
For almost a year now ShareFinder has been projecting that the JSE will go into decline on or about May 10 and so, as we near that date I have begun watching these programme projections with ever greater intent.

Bearing in mind the forecast accuracy rate of the programme, the probability is now very high that with the exception of the Blue Chips we could be in for some unpleasant surprises a fortnight from now. However I am mindful that in late 2013 ShareFinder made similar projections for Wall Street and, although the US Government shut down on that occasion plunging the whole nation into uncertainty, Wall Street rode through the problem.



My first graph shows what happened to Wall Street's S&P500 Index during that period: just another minor correction following which the market continued on upwards until mid 2015 before the next real correction happened. And in any event the 2015 event was a mere blip on the graph when one looks at events through the fine lens of the long-term graph below.



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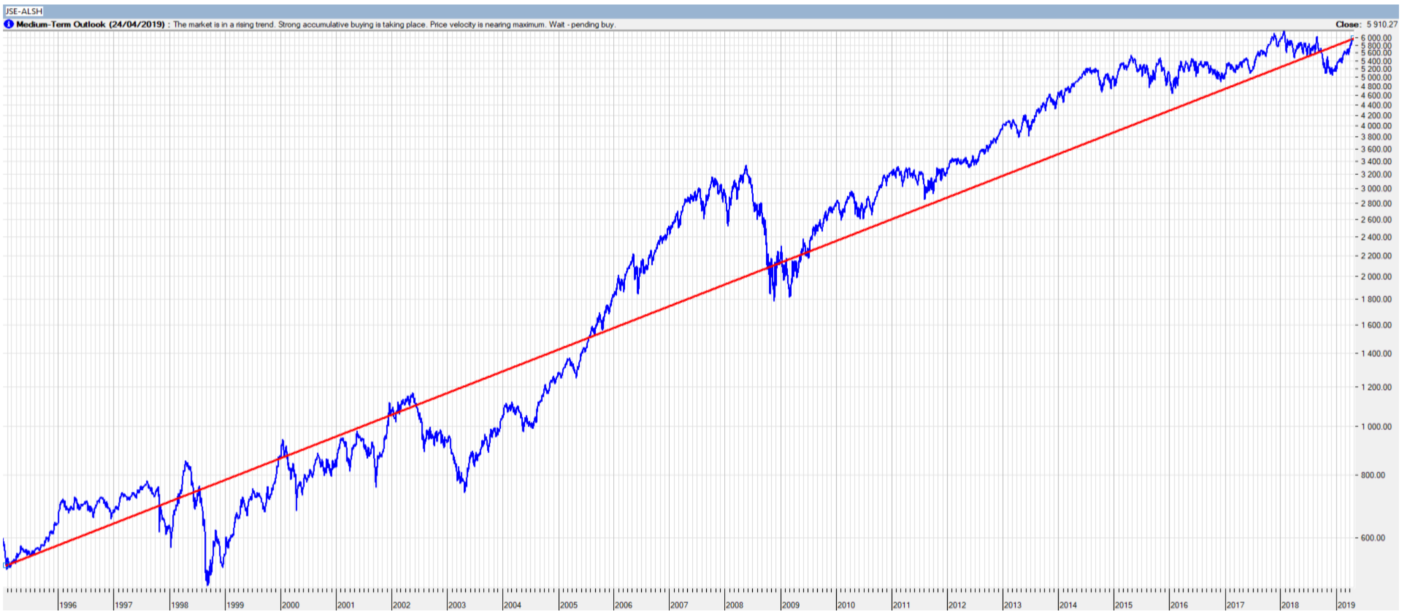
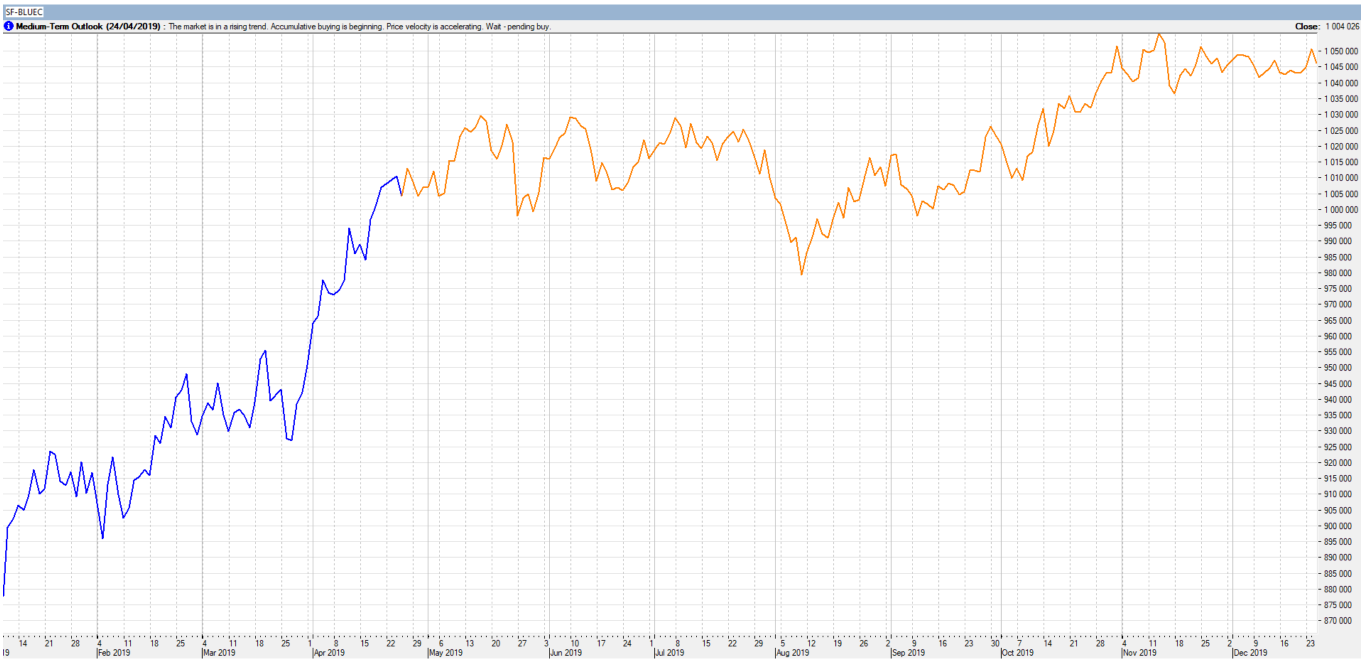
However, now and again a big one comes along, like it did in late 2007 when the S&P500 lost over 54 percent of its value. And the JSE Overall Index similarly lost 43 percent of its value as my next graph illustrates:

Nevertheless, as my red trend line emphasises, notwithstanding the acute discomfort that investors felt during that period, the JSE continued climbing once it had overcome its jitters just as it did back in 1998 and 1987 and 1969 with that red line continuing to rise throughout at 10.5 percent compound.



The implication of it all is that had you invested R1 000 back in 1995, which is the earliest date in the graph, it would today be worth R11 182 and all those bear markets would have been nothing but bad memories. All of which is extremely comforting since, with the advent of capital gains taxation, it is all but impossible to sell out of a long-term portfolio since the chunk taken by the tax man would all but equal the worst bear markets of the past quarter century.....and there is no guarantee that what ShareFinder is predicting will be as bad as one of the really bad bear markets.

So, like you, I am bracing myself for a period of discomfort but am taking no practical action other than trimming a few underperformers so as to create cash. However, as we head into that period it is worth noting that if you have been a regular follower of this column and have largely put your trust in the ShareFinder Blue Chips you might take comfort from the following projection of the Blue Chip Index and in the fact that the programme sees a fairly early recovery followed by gains into the future with the next peak the end of July next year:



If you would like to end the day on a very good note, however, just consider my penultimate graph which projects that while the Rand has been weakening sharply since the end of January, it is likely to reach its weakest point on May 1 and then begin a steady improvement until the end of the year when, if ShareFinder is correct we will reach R13.5 to the US$ compared with a weakest level of R14.79 next week.

So if you are planning a holiday overseas like I am in June and July, you should leave it as late as possible to buy your foreign exchange. If you plan to buy Euros you should similarly leave it as late as possible since ShareFinder sees the Rand/Euro rate improving until mid-July and then again from late August until mid October.

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The month ahead:

New York's SP500: I correctly warned that the market was beginning to roll over from a peak that I expected early this week before trending sideways until early June and then running down until September. Now I see a double top on May 3 and June 3 before the plunge begins.

London's Footsie: I correctly predicted the beginning of a decline which I still see lasting until the 29th before staging a final recovery peaking around May 16th before sliding until mid-September with a second bottom around the end of January.

JSE Industrial Index: I correctly predicted the first of two final peaks would occur this week with the second likely on June 11 before a volatile slide to a bottom on August 6.

Top 40 Index: I correctly predicted a twin peak final end to this market. The first occurred this week on the 23rd and the final one is likely around May 10 followed by a decline until August 15.

ShareFinder Blue Chip Index: I correctly predicted a volatile decline which began this week and will see the market bouncing sideways before a last upsurge in early May to triple peaks on May 15, June 7th and July 5 before declining until August 8.

Gold shares: I correctly predicted the decline that began on February 20 would last until May 28 before beginning a long recovery until a peak in December.

Gold Bullion: I correctly predicted a volatile declining trend that I continue to predict will last until late November.

The Rand: I correctly predicted a brief phase of weakness until the end of the month before the recovering trend resumes. The longer-term outlook remains favourable for continued strengthening until mid-December.

Hong Kong's Hangsen: I recently predicted that Hong Kong will lead the pack down having already peaked and this has proved correct with the market likely to continue down until the end of June.

The Predicts accuracy rate on a running average basis over the past 705 weeks has been 85.05%. For the past 12 months it has been 92.5%.

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