



Richard Cluver Predicts

In our 32nd year of service to the investing public



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So, if ShareFinder has been correct in its predictions of an imminent decline in the JSE Overall Index, then the hour is upon us. Next Wednesday South Africa goes to the polls and the following day the market should begin a decline that will last until August.

To quote Felicity Duncan of BizNews: "Lately, there have been several articles and polls suggesting the ANC may not romp to victory the way it has before. But make no mistake, the ANC will win #Elections2019. While the ANC's vote share may decline, it will almost certainly hold onto 50% of the vote – enough to form a government. And even if its vote share fell below 50%, there are plenty of small parties that would be happy to partner with the ANC to form a government in exchange for a few favours. Heck, even the EFF is often happy to vote with the ANC, and they like to play kingmaker.

"What won't be happening any time soon is a government formed by anyone other than the ANC. The DA, expected to get about 20% of the vote, has few friends among the smaller parties – certainly not enough to breach the parliamentary threshold for forming a government. Its vote share would have to top 50% for a DA government to happen. As the ANC's strength erodes, it will mean more power for smaller parties as the ruling party looks to them for support. The main opposition parties will not be the winners."

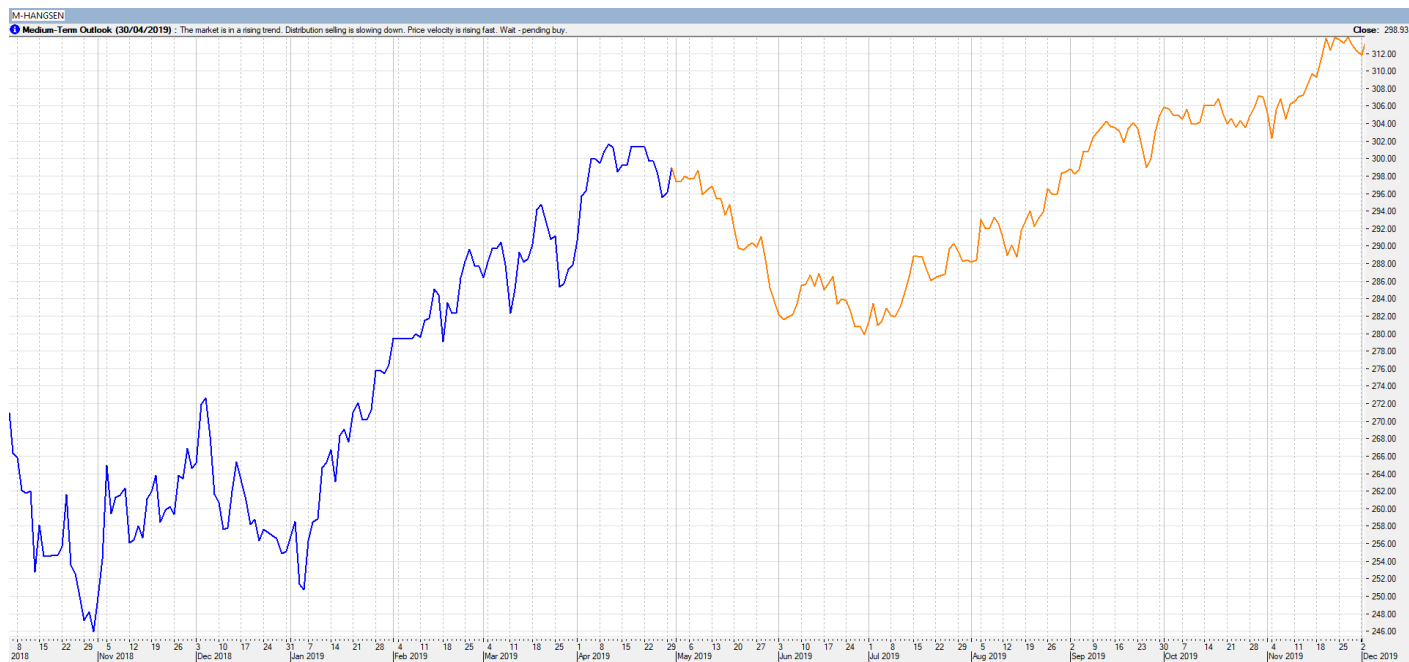
Political analysts are unanimous about that and nothing has changed or is expected to change about how South Africa Pty Ltd is managed, so why should ShareFinder be predicting a major market decline? Let us run through the graphs once again to see what they say now!

Before I do so, however, do take note that the Blue Chips are likely to fly through this period with barely a blink. The price is likely to be paid by the also-rans of the market, bearing out my continued contention that in a world constrained by Capital Gains Taxation that makes it difficult to tweak long-term portfolios, quality is EVERYTHING.

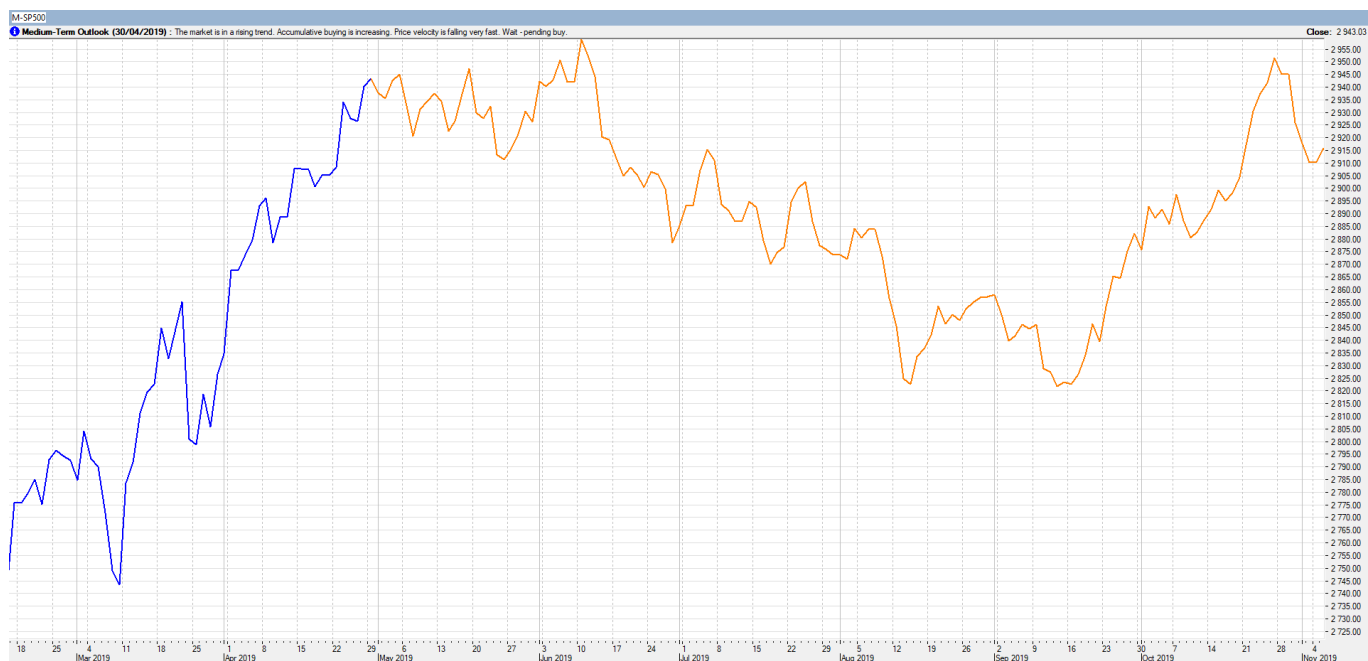
And we have a surprise! ShareFinder now says the market decline has already begun. It started on April 23 – a full 14 trading days earlier than ShareFinder originally predicted it would - and the programme now predicts that it will continue until August 15:



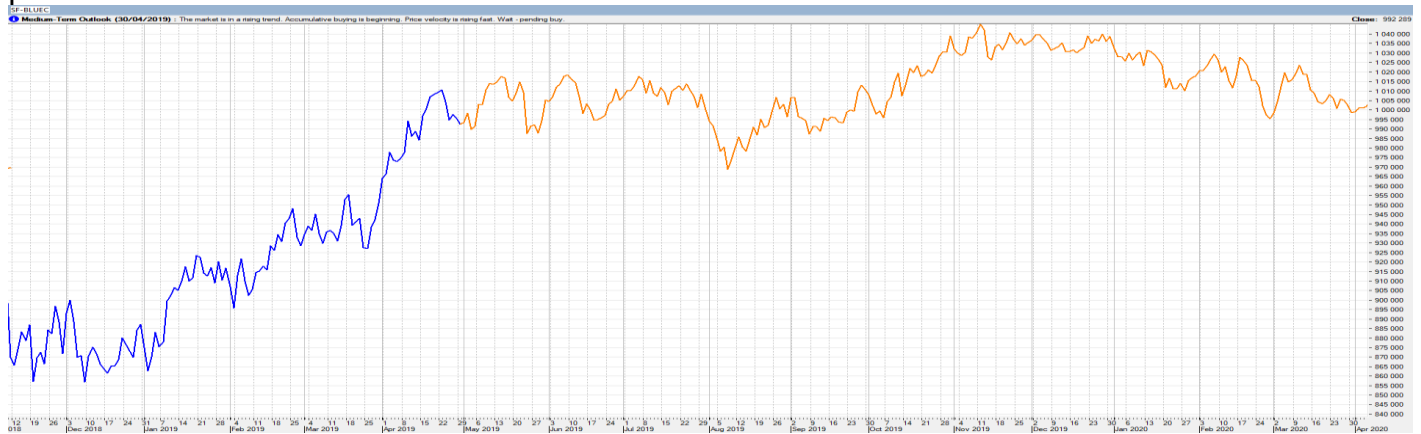
ShareFinder originally calculated that the market decline would begin in Asian markets and, guess what, Hong Kong's Hangsen Index began falling earlier than expected, beginning with a double top formation that was completed on April 22, probably in anticipation of declining GDP growth figures which have now confirmed that Chinese economic stimulation measures have failed to produce the anticipated result. ShareFinder predicts that the Asian decline will continue until the end of June which is the likely phase when US/Chinese talks could end with a positive agreement. Here it is worth noting that analysts are generally agreed that US President Donald Trump needs to end the trade wars now in order to enhance the possibility of re-election for a second term of office.



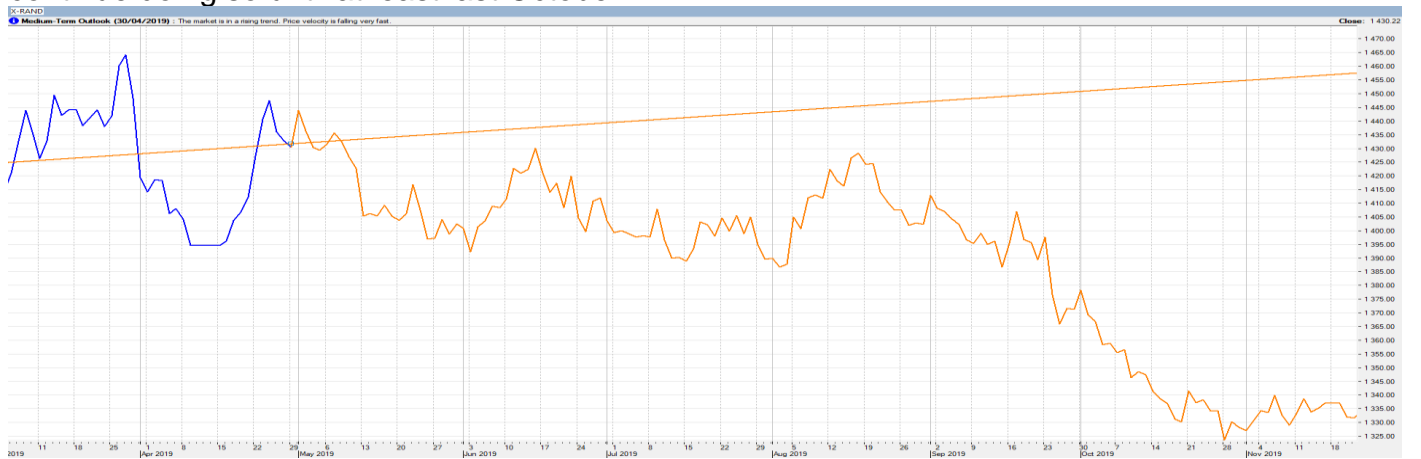
Wall Street meanwhile, in the shape of the S&P500 Index has already begun to roll over and while one more peak is scheduled for June 11, the bear trend there is likely to continue until mid-September:



Meanwhile the ShareFinder Blue Chip Index has also begun to roll over for a very modest decline until August 8 but now it does not look like being more than a modest decline for these best quality JSE shares and by October market levels are likely to be well above the present ones rising to a peak in mid-November:



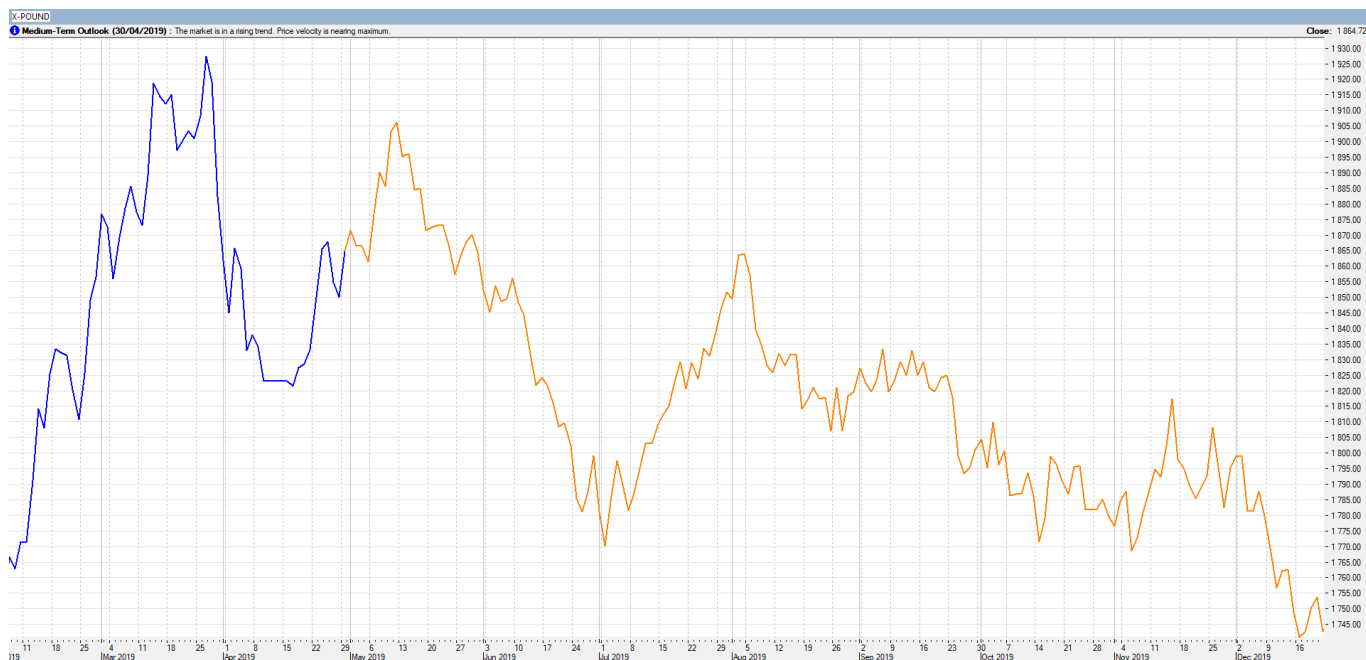
And, as I said it would, the Rand has begun strengthening against the US Dollar and it is likely to continue doing so until at least last October.



Relative to the Euro the Rand is likely to continue weakening until the end of May but then it should strengthen until mid-October



And finally, against the British Pound the Rand is likely to weaken until May 13 to 22 before moving into strengthening mode until late December:



The month ahead:

New York's SP500: I correctly warned that the market was beginning to roll over from a peak and I continue to expect it will trend weaker until late May before making one last upsurge until June 11 before going into decline until mid-August.

London's Footsie: I correctly predicted the beginning of a decline which I saw lasting until the end of April and I continue to foresee a final recovery to peak 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 with the second likely on June 11 before a volatile slide to a bottom on August 6 and I continue to back those dates.

Top 40 Index: I correctly predicted a twin-peak final end to this market. The first occurred last week on the 23rd and the final one is likely around May 9 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 recovery is now under way longer-term outlook remains favourable for continued strengthening until mid-December.

Hong Kong's Hangsen: I correctly 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 85.07%. For the past 12 months it has been 93.13%.

Richard Cluver