Richard Cluver Predicts

In our 32nd year of service to the investing public

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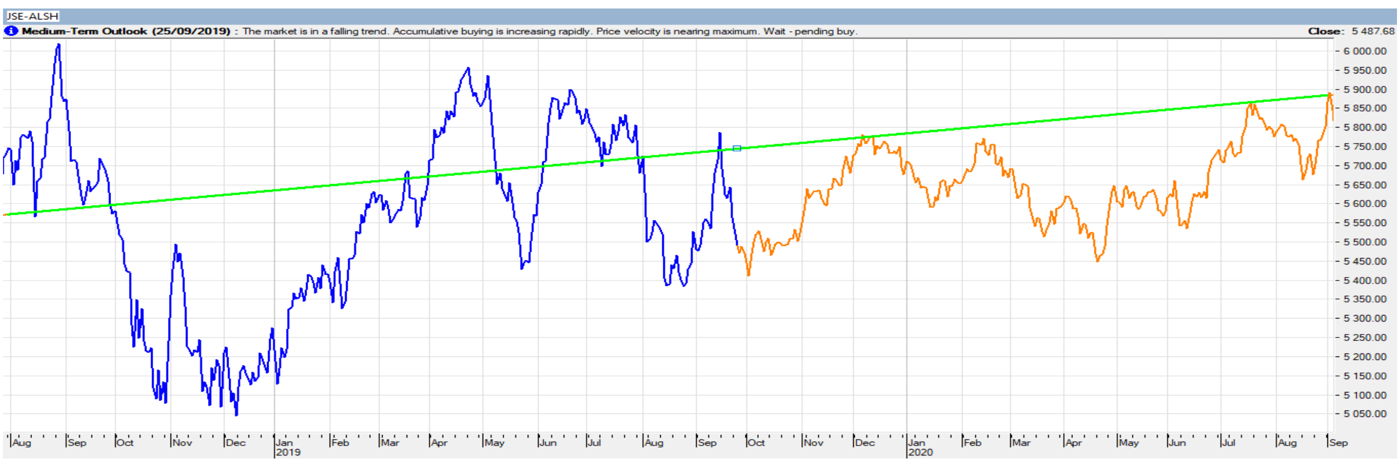
Day by day the markets are becoming more turbulent, and correctly so as they reflect the day to day sentiments of an investing public daily more concerned about the doings of politicians whose actions are clearly dominated by personal aspirations that are not necessarily reflective of the needs and desires of their electorate.

Here in South Africa the confusion is probably more pervasive because our leaders are torn between the strident voices of the economic illiterate and the muted voices of economic reason. Seeing the rising unemployment rates of the economic wasteland that we have been bequeathed by a decade of state capture, it is understandable that many will see the solution in socialism's beguiling promises of a free lunch for everyone. Since South Africans have never had to live through the consequences of a socialist era whose promises can never be matched by available resources, it is probably inevitable that those in leadership positions would fail to grasp the urgency of our present situation.

Thus, those who would preach the path of economic prudence are labelled as captured by "White Monopoly Capital" by the likes of ANC Secretary General Ace Magashule who would have it that by taking over control of the Reserve Bank and employing "quantity easing" we can somehow manipulate ourselves into a workers' paradise where everyone can afford a luxury German motor car and inflation will never steal the bread from everyone's tables.

If you have never had to live through such social experiments and you are somehow oblivious of the catastrophic example of Zimbabwe which has flooded this country with refugees, you might buy into the nonsense. And indeed the majority of the ANC has clearly bought into it given the resolutions from its last national conference which have frightened off overseas investors and each day lead us closer to the cliff face of being "junked" by all three ratings agencies.

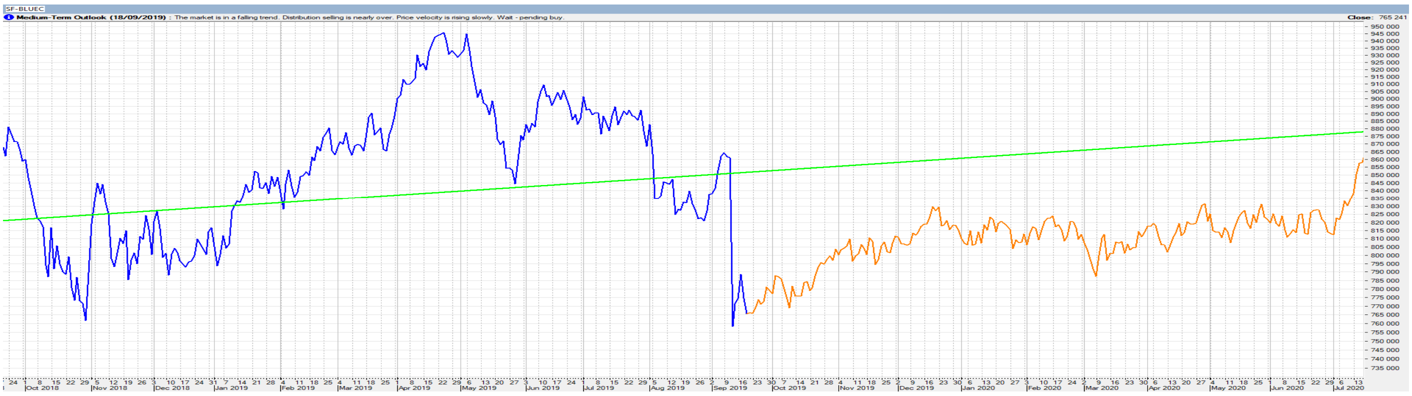
All of which explains why we are seeing greater daily price volatility on the JSE than most have ever witnessed before as is made clear by my graph of the JSE All Share Index:



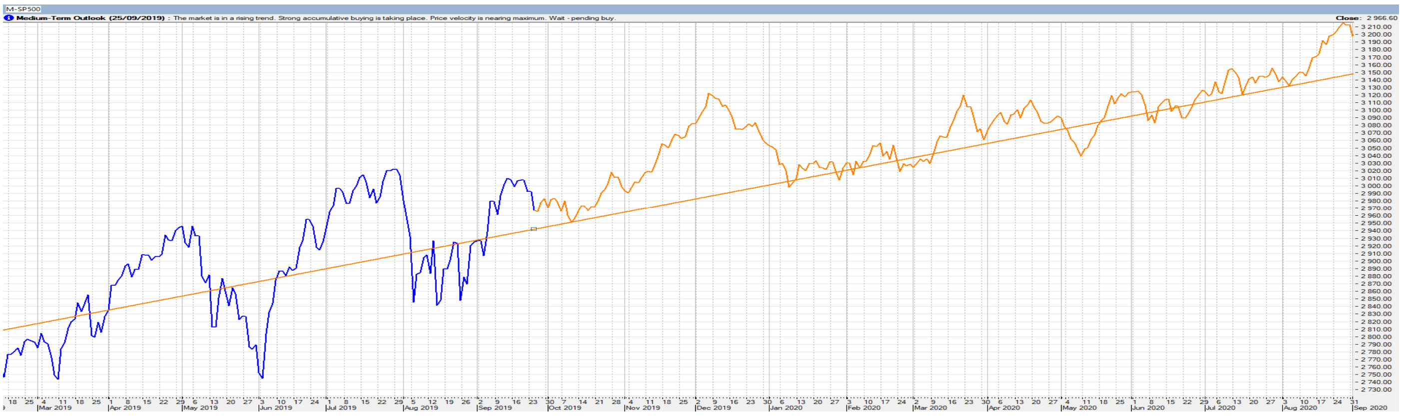
Mercifully, however, though the volatility will inevitably continue as ShareFinder suggests in its orange projection for the next 12 months, the programme sees the volatility remaining about a rising green trend line going back to before the dawn of democracy. That green line has been rising throughout at 2.8 percent annually and it reasonably guarantees that this time next year we will still be in a reasonable comfort zone.

Given that ShareFinder's predictions, which we have audited each week for a total of 716 weeks and the results published at the end of this column, have been accurate better that 19 times out of 20, it is reasonably safe to assume that the forecast is reliable.

However, readers of this column are, I believe, generally more interested in the outlook for the ShareFinder Blue Chips which I depict below. Note the gains ahead!



Meanwhile, despite the shenanigans in the White House that has taken the US closer than ever before to impeaching the President, Wall Street continues to look optimistic with the bull market likely to continue rampaging for at least another year:



And, notwithstanding the turmoil in Britain where a hostile Prime Minister, who lacks a house majority is determined to defy 11 defeats in the House and lead the country in a direction it patently does not want to go, the outlook is for a continued recovery in the new year

The month ahead:

New York's SP500: I correctly predicted a weak phase which should be over by the 11th followed by a recovery until early-December with another weak phase from then until the second week of January.

London's Footsie: I correctly predicted the September recovery would be short-lived. Now I see a brief recovery followed by another decline lasting most of the month in October. Around the 23rd I see a fresh recovery beginning but it is likely to be over by late November followed by another decline to the end of January.

Hong Kong's Hangsen: I correctly predicted a decline until the 25th before the start of the next recovery phase which has now begun and should last until early January.

JSE Industrial Index: I correctly anticipated the next recovery that should begin today peaking in a series of tops during November before a long New Year decline.

Top 40 Index: I correctly predicted a temporary weakness which I expected to last until October 25 ahead of the next up-phase until mid-December. Now I see the weakness continuing until the 3rd before the recovery begins.

ShareFinder Blue Chip Index: With the big drop behind it, I correctly predicted gains which I still see lasting until mid- December followed by declines until early March with a brief downward trend that began under the influence of the Naspers share issue and that could disrupt the up-trend until the end of the month.

Gold shares: I wrongly predicted the interim decline could last until the end of this month within a recovery which I still expect to last until mid-December. The current recovery should last until Monday followed by a modest decline until mid-month within an overall recovering trend peaking on December 17.

Gold Bullion: I correctly predicted a decline lasting until late November when a brief recovery appears likely followed by a protracted decline into March 2020, and I still hold that view.

The Rand/US Dollar: I correctly predicted a recovery which I saw it lasting until mid-December but failed to sense the possibility of an interim phase of weakness that should be over by the end of this month.

The Rand/Euro: I wrongly predicted that the Rand would continue strengthening relative to the Euro until mid-November. This interim phase of weakness is likely to last until October 9 followed by renewed strengthening until the end of December.

The Predicts accuracy rate on a running average basis over the past 713 weeks has been 85.27%. For the past 12 months it has been 94.67%.

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