RichardCluverPredicts
In our 33rd year of service to the investing public

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ShareFinder continues with increasing vigor to predict a global share market correction for September this year beginning with far eastern markets.

Examining their economies, it originally seemed to me that China was the most likely candidate to spark off the problem. As I wrote in my latest book **The Crash of 2020,** "the likely trigger event for the next global share market correction could originate in China where, in its rush to grow it has built far too many buildings, produced far too much steel and other commodities and made far too many bad loans." Its overcapacity is so pronounced that it will take years for demand to catch up with this oversupply. Furthermore, China is compounding the problem by continuing to over-lend and overproduce though with diminishing returns. China's non-government loans have grown almost a trillion dollars recently and yet they continue producing 40 percent more steel than the world needs.

In 2015, China's stock market collapsed costing investors 45 percent of their savings. Now its economy is decelerating and its soaring private debt ratio has reached 300 percent of GDP signalling the inevitability of a further economic slow-down.

The Chinese are taking a problem whose size and scope is unprecedented and making it all that much bigger. So here it is worth turning to China's Asian neighbour Japan, where a not too dissimilar process led to very high GDP growth in the 1980s. Fuelled primarily by runaway lending, Japan suffered a stock market crash in 1990, then a real estate collapse in 1991, and finally a bank rescue in 1998. And Japan has posted 21 years of near-zero growth since that rescue.

Even if it can avoid catastrophic collapse, China's economic trajectory is to continue slowing, resulting in downward long-term pressure on commodity prices. Deflation will inevitably spill over to countries that are economically intertwined with it in the Asia Pacific region, such as South Korea, Australia, Thailand, Vietnam, Singapore, and even Japan as well as Africa and South America which will be profoundly impacted because both continents are disproportionately dependent on commodity exports.

Recently, however, ShareFinder's artificial intelligence system has begun to target Japan as the probable trigger, predicting that Tokyo's Nikkei Index will peak on or about September 21 ahead of a steady subsequent downward trend as depicted in my first graph:

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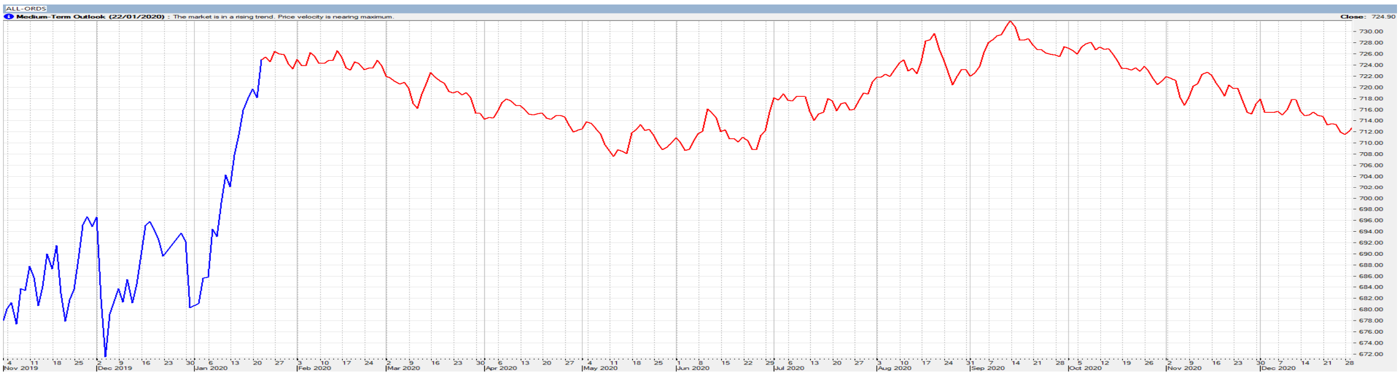
Deloitte recently reported that Japan's business investment and exports have been weakened by the trade war between the United States and China. An increase in sales taxes that came into effect in October has further weakened retail sales and, in addition, business hiring has been slowing down as a consequence of weakness in investment and exports, which could ultimately have a negative impact on household spending.

"Unless there is an improvement in the external situation, growth prospects for Japan are poor. The weakness of business spending is evident both in the latest purchasing managers' indices and in the well-known Tankan Survey.[1] In addition, industrial production has been declining."

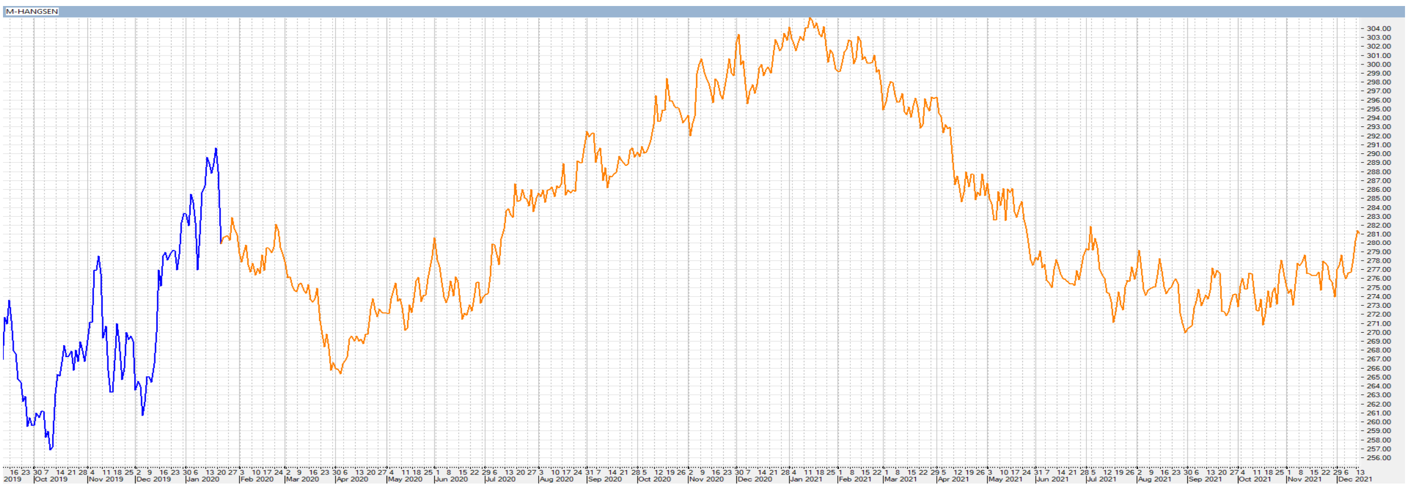
ShareFinder also takes a negative view of the Australian economy where, after a recent strong up-surge, my software senses a steady decline until mid-May before a brief final recovery takes it to a September 14 peak and then a long decline into 2021.



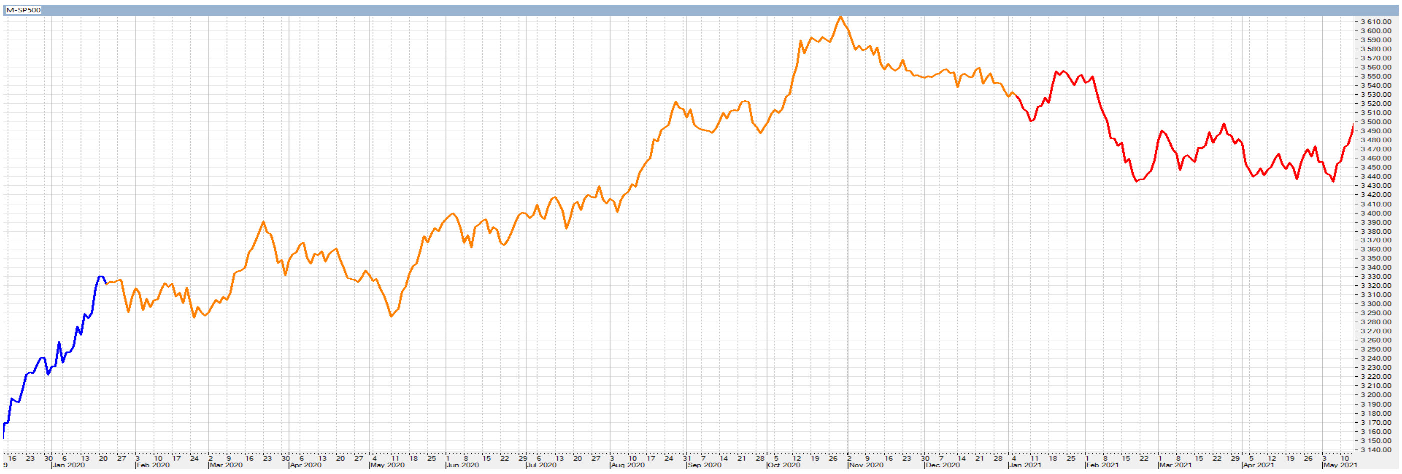
Australia's economy has suffered a long slow decline at the hands of the politicians. A steadily-increasing minimum wage coupled with unemployment benefits for nearly everyone has almost entirely destroyed Australia's export industries and taken a wrecking ball to vast swathes of internally-focussed industries. A once-thriving automotive industry has, for example entirely collapsed costing hundreds of thousands of jobs.

Turning to China, the Trump-led trade wars have cost an already declining Chinese economy dearly. Though a first-round trade agreement has finally been signed, most of the tariffs the Trump administration imposed on China (and those Beijing slapped on the United States in return) will remain in place. What the Peterson Institute for International Economics calls a "new normal of high tariffs" will mean that about two-thirds of Chinese imports to the United States and more than half of U.S. exports to China will remain taxed at relatively high levels. That means a guaranteed, continued drag on trade which is the last thing China needs at this time as its long-running economic miracle is disappearing into the sunset.

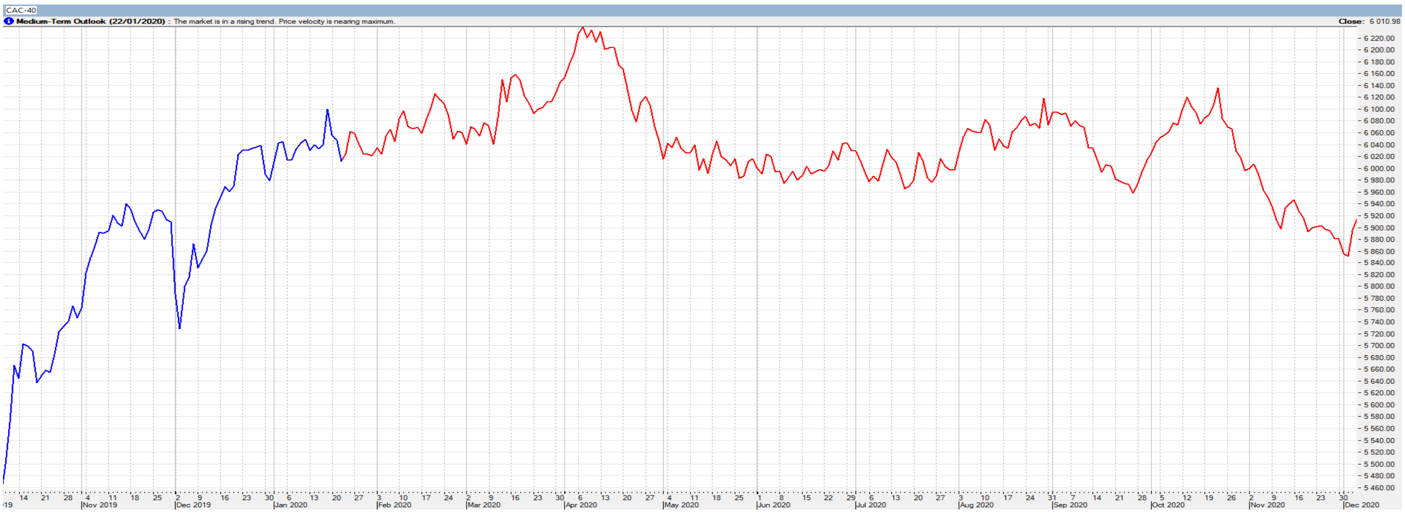
ShareFinder has moved its prediction of a Hong Kong market decline from October to mid-January 2021 but in so doing has increased the severity of the decline it is forecasting:



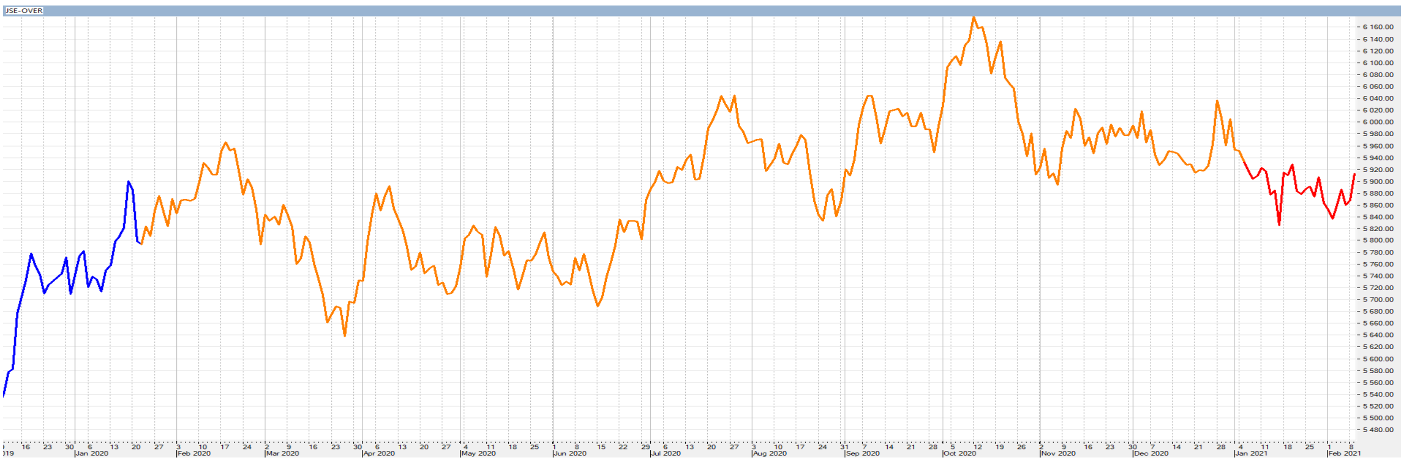
The US is of course living in the artificial climate of a pre election phase where, despite the current Trump impeachment trial, artificially low taxes are continuing to stimulate the economy. Nevertheless, ShareFinder has been steadily shortening the time left before Wall Street succumbs to pessimism. My software calculates that the market will peak on or about September 29 before moving into a protracted decline:



The earliest casualty is, however, likely to be Europe where the consequence of Britain's brexit is likely to sap investor confidence in a severe fashion. ShareFinder sees the French CAC 40 Index topping out as early as April this year followed by a protracted decline:



All of which brings us to our own JSE where our extremely compromised economy leaves us vulnerable to international negativity. ShareFinder continues to project an extremely volatile rising trend until mid-October before we too launch into a decline extending well into 2021:



The month ahead:

New York's SP500: I correctly predicted a decline lasting until the end of February before the next up-phase begins and I continue to hold that view.

London's Footsie: I correctly predicted declines until the end of January which are now under way to be followed by a long very erratic recovery trend.

Hong Kong's Hangsen: I correctly predicted declines until the first week of April ….and I continue to hold that view.

Japan's Nikkei: I correctly predicted a decline which I saw lasting until the end of February with a brief up-tick until the first week of February and I still hold that view.

JSE Industrial Index: I correctly predicted that the market had peaked and now I expect that it will be down-hill until December with a series of brief up-ticks along the way.

Top 40 Index: I correctly predicted a volatile rising trend until mid-February followed by declines until mid-March.

ShareFinder Blue Chip Index: I correctly predicted a declining trend until the end of March but in the interim I see a brief increase until mid- February.

Gold shares: I correctly predicted that the uptrend was over and continue to see declines until the end of July with a brief up-tick from mid-February to early March.

Gold Bullion: I correctly predicted a volatile decline which I still see lasting until the first week of March.

The Rand/US Dollar: I correctly predicted a sustained phase of weakness until late March.

The Rand/Euro: I correctly predicted weakness which I still expect to last until July. Now I see brief strength until the first week of February within this loosing pattern.

The Predicts accuracy rate on a running average basis over the past 726 weeks has been 85.47%. For the past 12 months it has been 94.21%.

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