RichardCluverPredicts
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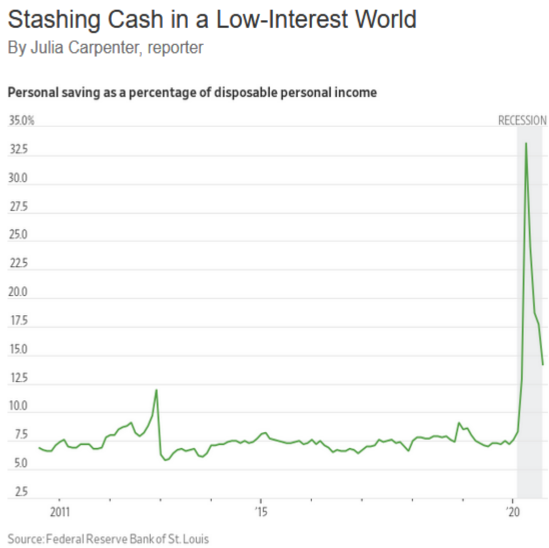
It is a reflection of the weak state of global markets currently that US President Donald Trump was diagnosed positive with the virus last Friday and everything from the global price of oil, hog belly futures and most major share markets took a dive which continued for several days.

It got worse this week because, upon emerging from hospital on Monday, Trump seemed to throw the immediate future of the fragile US economic recovery under the proverbial bus when he told his representatives to pause negotiations on a new pandemic relief bill until after the election, tweeting, "after I win, we will pass a major Stimulus Bill that focuses on hardworking Americans and Small Business."



Markets did their best Grand Canyon impression. The Dow swung as much as 600 points lower and the S&P took a skinny dip too. As recently as last week, Trump had thrown his support behind a $1.6-trillion package and tweeted "GET IT DONE" from the hospital on Saturday. Then on Monday he claimed that House Speaker Nancy Pelosi wasn't negotiating "in good faith" and was trying to bail out Democrat-controlled states with "money that is in no way related to Covid-19." Later Trump tweeted that Congress should pass payroll support for airlines and small businesses that he'd "sign now." He also said he'd support $1,200 stimulus cheques to be sent out to the American people "IMMEDIATELY." This, of course, contradicted his earlier tweets so it's safe to say no one really knows the President's stance on the timing of more aid.

By mid week the market seemed to assume that this was mere pre-election politicking and The Dow had its best one-day gain since July.

One pointer to why markets are behaving so erratically can be found in the topmost graph on the right. As in the Great Depression when the general public greatly feared imminent unemployment, all discretionary cash has recently been diverted towards personal savings. However, in an unprecedentedly low interest rate environment, people are uncertain where they should park these funds. Enter thus cyber innovation such as Robin Hood which is enabling people who have never done so before to enter the share market where many are being led to make some poorly-considered trades which experienced investors would probably shun. The dramatic gains made by Sasol between late March and early June as illustrated by my second graph testify to this point!

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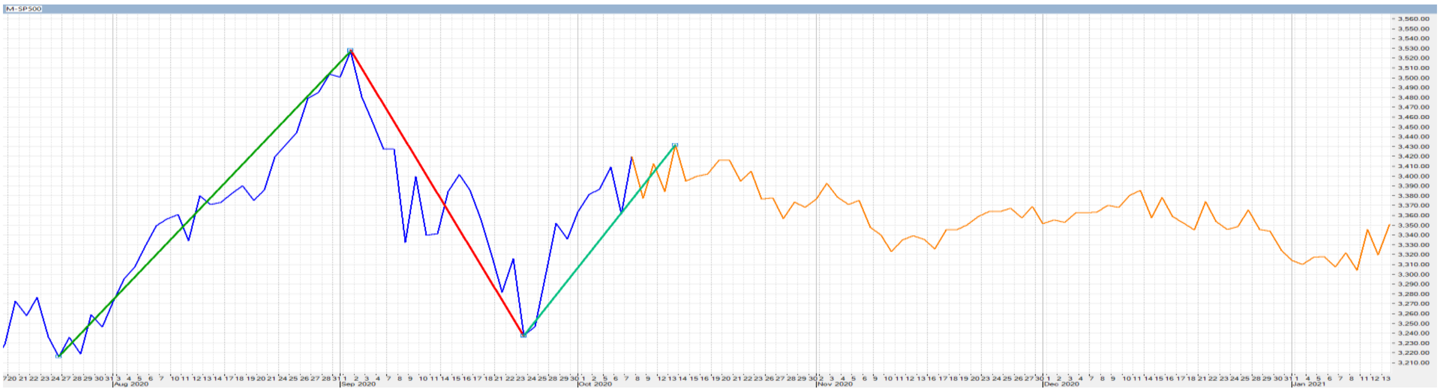
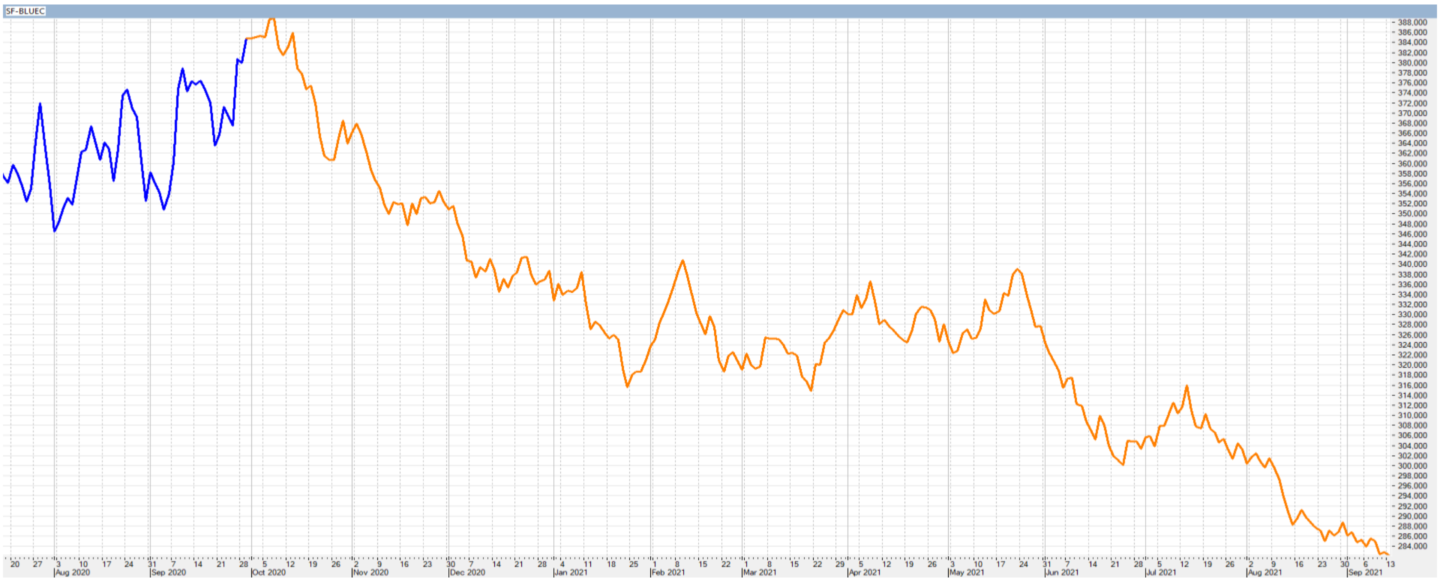
And, of course, an imminent presidential election in the world's wealthiest nation whose currency is also the facilitator of most world trade, inevitably guarantees that, within a Covid-induced era of economic strain that is itself within an already fragile phase of world economic history, world market volatility should be expected. And this week's weakness needs also to be seen within an already downward phase of the market which ShareFinder has long projected.

As regular readers are obviously familiar with, ShareFinder has for well over a year projected two phases of weakness during 2020. The initial one which happened in March had originally been correctly projected with regard to timing but ShareFinder expected it to be less severe than the second one which it anticipated would begin this week until the following April.



Well, as we later saw, the March decline took much of the negative pressure out of world markets and the pre-election shenanigans in the US which were reflected in a phase of weakness from early September, might have further sapped the severity of the second downward leg. The result, as the orange projection in the graph below suggests, is that although there is likely to be continuing weakness until early January, we might have passed the bottoming phase on Wall Street.

This is important for investors everywhere because the implication is that they might well have from now until the end of the year to pick up bargains. Thereafter ShareFinder senses a quite strong recovery until the end of March ahead of the next down phase which it expects to last until the end of July 2021. Sadly, however, such optimism does not apply locally where a recent recovery phase looks likely to end this week ahead of a protracted decline for the next 12 months. Only significant evidence of the ANC ending its current economic logjam is likely to change the projection in the graph below of local Blue Chips:



Do enjoy your weekend!

The months ahead:

New York's SP500: I correctly predicted gains until the end of the month following which it would likely be down once more until mid-November and I continue to hold that view.

London's Footsie: I correctly predicted a long-term declining trend and I expect it to continue until late January when a three-month recovery is likely.

Germany's Dax: I wrongly expected September's sharp decline to continue determinedly downwards until late November, thus failing to anticipate the brief rally which I expect to end in the new week.

France's Cac 40: I correctly predicted a down-hill phase to the end of November when a long recovery trend is likely to begin. However, I failed to anticipate the interim up-tick.

Hong Kong's Hangsen: I correctly predicted the beginning of a recovery which I still see lasting until the end of December followed by a very volatile first half of 2021 marked by an overall declining trend.... the cost of its currently declining status as a financial capital.

Japan's Nikkei: I correctly predicted the recovery had peaked ahead of a volatile declining trend until mid-December ahead of gains until mid-March. I failed, however, to anticipate the brief week-long recovery that is now over.

Australia's All Ordinaries: I correctly predicted an extremely volatile recovery phase had set in likely lasting until mid-May.

J**SE Industrial Index:** I correctly predicted the index had peaked ahead of an extremely volatile declining phase until mid-January when a brief month-long recovery is due and I still hold to that view.

JSE Top 40 Index: I correctly predicted a brief recovery ending mid-*wee*k followed by volatile declines until mid-November when another upsurge is likely marking the beginning of a volatile recovery trend until mid-December ahead of the next down-trend until early-January and another recovery to mid-February all within a rising long-term trend.

ShareFinder JSE Blue Chip Index: I correctly predicted a continuation of the volatile declining trend which is likely to last for the next year. I failed, however, to predict the brief up-tick within this trend.

JSE Gold shares: I correctly predicted the decline that is now under way and I see no bottom in the 12 months ahead.

Gold Bullion: I correctly predicted the recovery would continue well into 2021 and continue to hold that view.

The Rand/US Dollar: I correctly predicted we were now entering a weakening phase which I still expect should last until early February.

The Rand/Euro: I correctly predicted several weeks of weakness before a new protracted strengthening trend begins in mid-December and can be expected to last for the first half of 2021.

The Predicts accuracy rate on a running average basis since January 2002 has been 85.94%. For the past 12 months it has been 94.86%.
