Volume: 33
Issue: 51

11 December 2020

The really good news for our generally very depressed South African investors is that the country has come out of its longest recession in 28 years because the economy rebounded far more than most economists projected in the third quarter. It has been the result of a surprisingly rapid quickening of business activity after the recent lifting of most of the curbs to contain the spread of Covid-19.

The economy expanded 13.5% from the previous quarter, the strongest growth since at least 1990 and the first positive number after four quarters of contraction. However, say economists, the recovery remains vulnerable, with power shortages and slow structural reforms likely to be the biggest constraints weighing on investor sentiment.

SA's gross domestic product increased by 66.1% on a quarter-on-quarter and seasonally adjusted and annualised rate in 3Q20, following the revised 51.7% drop in 2Q20. The agriculture sector benefited from sustained growth in the production of animal products, field crops and horticulture, resulting in the sector growing by 18.5% q/q.

Contrast that with The UK's Covid-19 economic decline which transcends anything Britain has ever seen before. It is far worse than the global financial crisis in 2007/2008; the early 1970s oil crisis and the later political crises that culminated in the "winter of discontent"; the Great Depression of the 1930s; and the post-World War 1 slump in which GDP contracted 25% from 1919 to 1921.

British unemployment is expected to reach 7.5% by first quarter of 2021 and government debt is forecast to hit £394-bn this year, equivalent to 19% of GDP, and the highest yet in peacetime. UK debt to GDP is now about 92% and is expected to rise to 98% by 2025/2026.

South Africa's good news is, furthermore, being mirrored in accelerated fashion in our Prospects Portfolio which has risen dramatically since the March market slump, doubling in value since the March 19 bottom to reach a R4.129-million peak this week following a dramatic gain since the low at a compound annualised rate of 119.3 percent as pictured immediately below:

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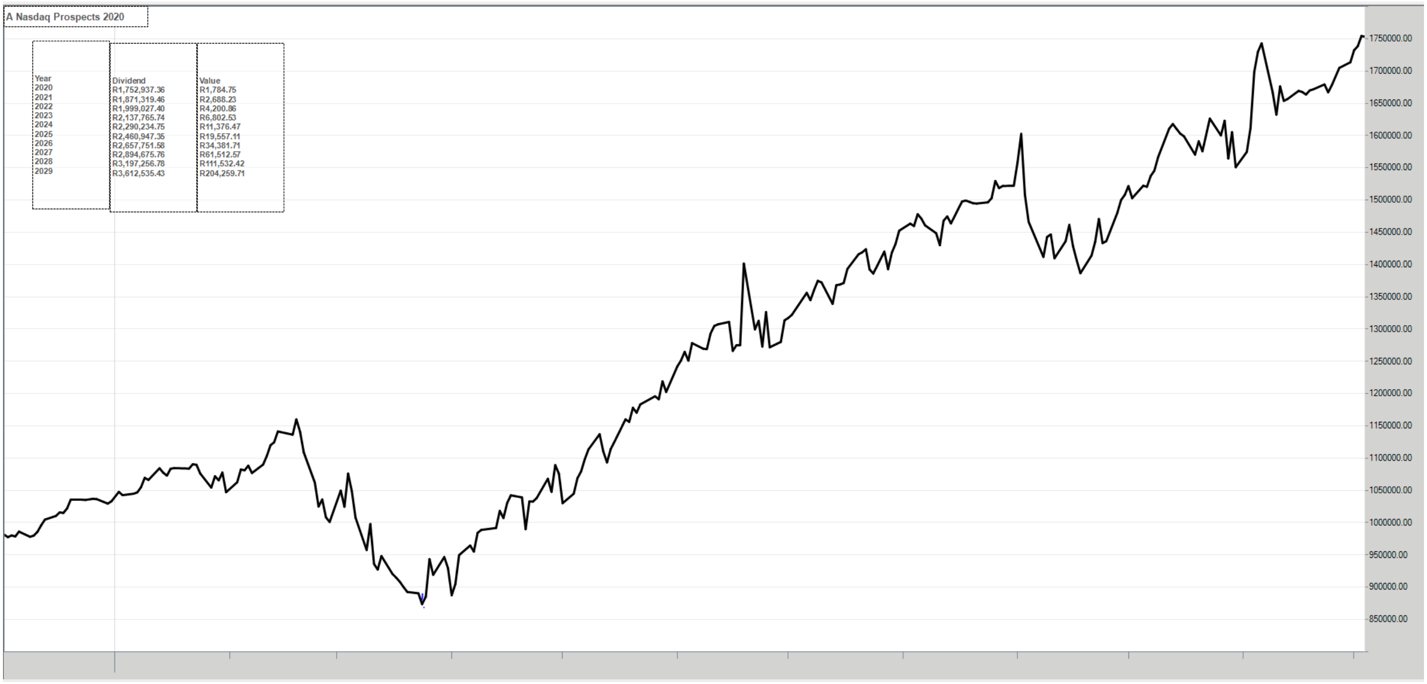
Even more impressive have been the gains made by our Nasdaq ‘Risk’ Portfolio which, as I have previously explained, was constructed to search out high price growth shares which do not necessarily have the underpinning of solid dividend growth to guarantee their sustainability. From a low value of $855 159 on March 25, the portfolio reached $1 752 937 this week as illustrated below:



The obvious question most of us are now asking is whether or not this Covid vaccine inspired sense of market euphoria can continue. Analysing over a hundred years of market data to offer us arguably the most accurate forecast that it is capable of, ShareFinder 6 produced the following projection of New York’s Dow Jones Industrial Index, suggesting that a brief holiday period retraction is likely until the end of January following which, as my trend line suggests, the New York exchange is likely to rise through most of 2021 at compound 8.9 percent:

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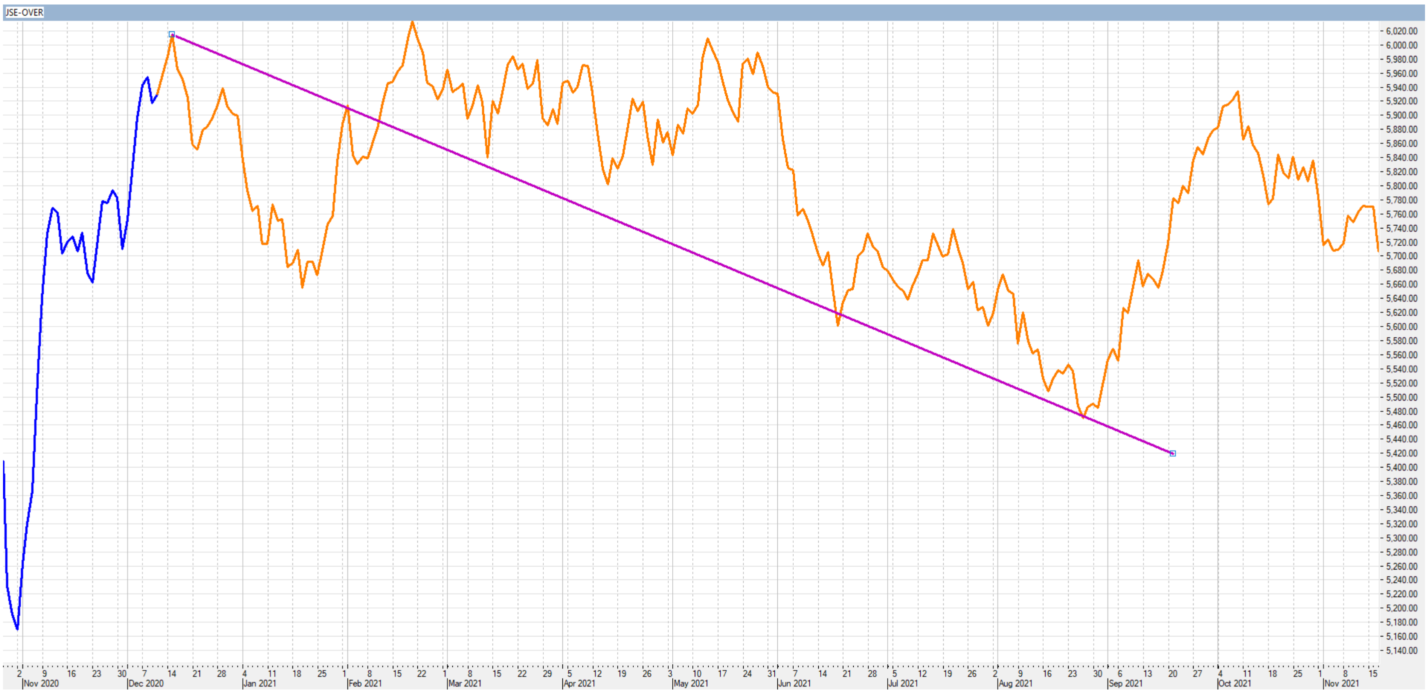
As readers well know, the New York market habitually sets the trend for the rest of the world's markets. Sadly, however, ShareFinder does not calculate the same optimistic outlook for the JSE with the following graph suggesting that the JSE Overall Index is likely to continue on downwards for most of the New Year, remaining a proxy to an economic system suffering at the hands of political indecision at the top. The outcome of the Ace Magashula Integrity Commission hearing tomorrow and whether or not the NEC is prepared to act decisively on that outcome will very likely signal the way forward.



Until the ANC is rid of its nest of vipers who appear to put their own prosperity ahead of the welfare of ordinary South Africans, few can expect the country to be led decisively towards a believable economic recovery.

Christmas Special

For those who have so far missed reading about it, the Christmas special is on until December 25. On offer at a monthly subscription of US$14 is full access to the new SF6 in perpetuity if you order now. Within it we have bundled together both the new ***ShareFinder 6*** *with its full access analysis of the world's top five share markets: the* ***New York*** *and* ***Nasdaq*** *in North America, The* ***Australian*** *and* ***London*** *exchanges as well as the full* ***JSE*** *analysis. In addition, subscribers receive FREE daily data updates in respect of all five markets as well as a FREE subscription to the* ***Prospects*** *and* ***Predicts*** *newsletter services. This subscription rate represents a massive discount on the standard commercial rate which our largely overseas users are paying.*

To take advantage of this offer you can click on the **Sharefinder** Client Portal**, phone 031 940 0012, or email at** **support@rcis.co.za**.

Do enjoy your weekend!

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The months ahead:

New York's SP500: Predictions have remained on track so far with the next few days likely to show if imminent projected short-term weakness will materialise.

Nasdaq: I correctly predicted a continuation of the upward trend which I now see peaking late this week ahead of a retreat until the end of January followed by gains until June.

London's Footsie: I correctly warned that the market was signalling the onset of weakness which I now expect to begin around December 15 followed by a three-month recovery beginning late January.

Germany's Dax: I correctly predicted the start of some gains which are becoming protracted, and likely lasting at least to the end of March. I also correctly predicted short-term weakness which began this week and could last until the end of December though in this respect the signs oppose one another signalling indecision!

France's Cac 40: I correctly predicted a sideways to weakening phase which has begun with the result that opposing signs have come into line together projecting weakness until the end of the month and then a sideways trend to the end of February ahead of the next gain.

Hong Kong's Hangsen: I correctly predicted a very brief correction which should end this weekend ahead of brief gains until the end of the month and then a weak January.

Japan's Nikkei: The slight retraction that I have been predicting for the past fortnight finally arrived and could last until the 17th ahead of a three-month recovery.

Australia's All Ordinaries: I correctly predicted further gains which I see lasting until the 21st ahead of a long decline until early March.

JSE Top 40 Index: I correctly predicted an up-tick which I still see lasting until the 14th ahead of a decline until mid-January when a month-long recovery is likely.

ShareFinder JSE Blue Chip Index: I correctly predicted a down trend which I continue to see lasting until August. Now, however, I see a brief up-tick that could last until the 15th before weakness resumes

Gold Bullion: I correctly predicted continued gains for most of 2021.

The Rand/US Dollar: I wrongly correctly predicted the end of the latest recovery phase. Now I see resumed strength until the second week of January ahead of three months of weakness.

The Rand/Euro: I wrongly predicted modest weakness until Christmas. Now I see continued strength until September.

The Predicts accuracy rate on a running average basis since January 2002 has been 85.99%. For the past 12 months it has been 94.33%.

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