



Our Weekly Paid Newsletter

Richard Cluver Predicts

In our 34th year of service to the investing public of South Africa



Volume: 34

Issue: 22

28 May 2021

Today is a beautiful winters day in Natal – the finest time of the year if you do not mind the evening chill – and I am in an optimistic mood.

I had lunch this past weekend with an old pal, a serial entrepreneur who has prospered mightily through some of the hardest times of the past half century and he was in an infectiously optimistic mood. He believes that under Cyril Ramaphosa the ANC is decisively winning the war against corruption, that Finance Minister Tito Mboweni has been gaining resolute support in his campaign to right-size

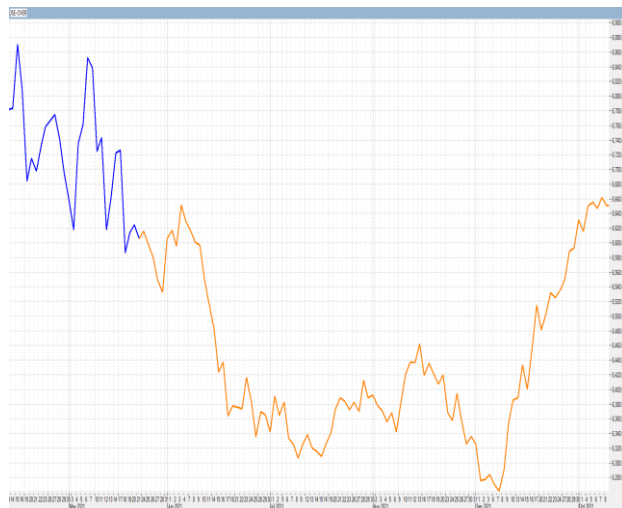
Government spending and that with the spring we will see some previous untouchables in orange overalls. He pointed to the impressively-growing contracts runway that the construction industry has been gathering lately, to our remarkable balance of payments surpluses and our ever-strengthening Rand as proof that we have already passed through the “Valley of Darkness” and are well into the “New Dawn.”

It is, of course, people like him who have become enormously wealthy because of their ability to read the signs well in advance of everyone else and that has put them so far ahead of the rest of us. Sometimes they fall flat on their faces but the reality of their wealth is the proof that they are more often right than they are wrong. So this week I decided to ignore long-term structural economic issues like global debt, share market head and shoulders formations, historically-peaking price earnings ratios of 35.86 for the Nasdaq and 37.04 for the Standard & Poors 500 Index companies and the nasty people in South Africa in the RET faction who think they can lead us back into another era of political impunity.

Instead, as mass inoculations begin freeing us from the bondage of Covid 19, I wondered if we might not indeed be about to enter another ‘Roarin’ 20s’ such as the world entered a century ago when, with the ‘Great War’ and the ‘Spanish Flu’ behind them, a new era of economic prosperity began with a distinctive cultural edge that is still remembered in the shape of extravagant Art Deco architecture, a period when jazz blossomed and the ‘flapper’ look dominated women’s fashion. The period saw the large-scale development of automobiles, telephones, films, radio, and electrical appliances in the lives of millions in the Western world. Aviation became a business. Nations saw rapid industrial and economic growth, accelerated consumer demand, and it introduced significant new trends in lifestyle and culture. The media, funded by the new industry of mass-market advertising driving consumer demand began focussing on celebrities like sports heroes and movie stars and our cities began to feature new palatial cinemas and gigantic sports stadiums. Furthermore, lest we forget, it was the time when women won the right to vote.

It’s an intoxicating thought that it might all be beginning again and it led me to consider how I might invest money if I had a chunk of spare cash to back such optimism. Well, if you request it to do so the new ShareFinder 6 will construct such a portfolio. It will take the view that the current market front-runners will continue to offer superior growth in the year ahead and make fortunes for those for whom boldness is the watchword. It is the algorithm which I used to build the “Risk Portfolios” in overseas markets last year which mostly doubled in value in 12 months.

Here, of course, timing is everything and so I thought it prudent to start with the graph on the right. Using ShareFinder's uncannily-accurate artificial intelligence system to plot the most auspicious moment to launch into such a share-buying exercise, the projection of the JSE Overall Index suggests that the current down-trend will be over in the second week of July. For the ultra-cautious among my readers who should not be entertaining this exercise at all, the graph suggests a second and final retreat from mid-August to the second week of September when it expects a strong recovery to begin.

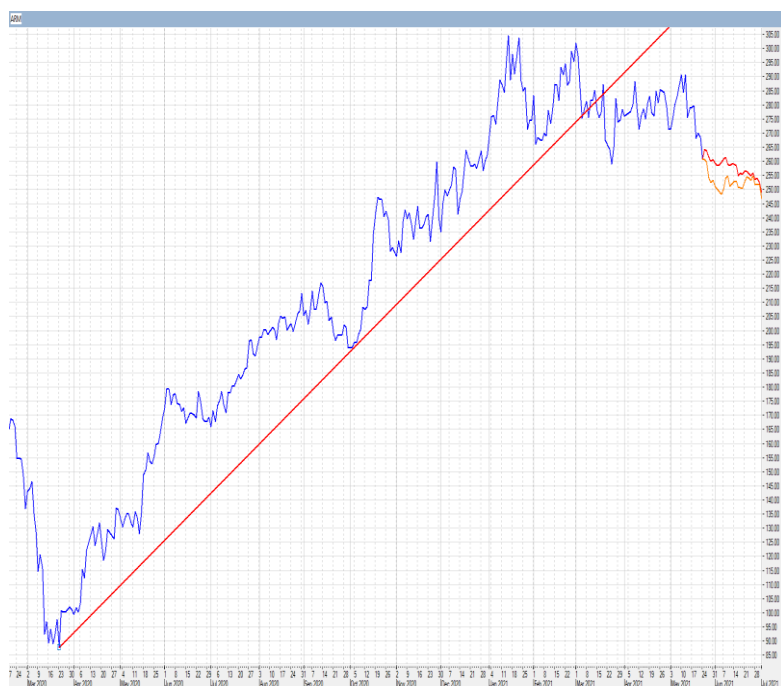


So what shares to consider? The display below on the left assumes a R700 000 investment spread evenly over seven shares that have recently been delivering top share price growth.

Date	Name	Full Name	Quantity	Price	Balance
2021/05/25...	ANGLO	ANGLO AMERICAN PLC	161.00	619.42	-99726.62
2021/05/25...	ARM	AFRICAN RAINBOW MINERALS	383.00	260.68	-199567.06
2021/05/25...	CAPITEC	CAPITEC	60.00	1 645.22	-298280.26
2021/05/25...	GLENCORE	GLENCORE XSTRATA PLC	1 636.00	61.12	-398272.58
2021/05/25...	NASPERS-N	NASPERS LIMITED	33.00	3 007.50	-497520.08
2021/05/25...	RICHEMONT	COMPAGNIE FIN RICHEMONT	633.00	157.81	-597413.81
2021/05/25...	SIBANYE-S	SIBANYE GOLD LIMITED	1 590.00	62.87	-697377.11

Let's look at the graph of these shares since last year's March low. First of all, Anglo American (graphed below on the right) has been rising at compound 148.4 percent and is sitting just above its price mean so is probably fairly priced:

African Rainbow Minerals has been rising at compound 156 percent and, as depicted immediately below, is probably cheap since it has recently fallen well below its mean:



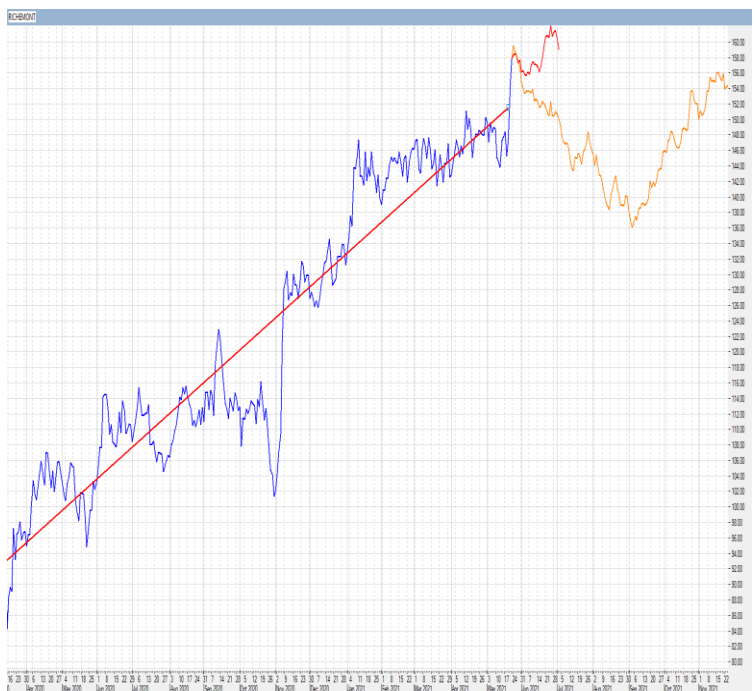
Capitec has been rising at compound 111 percent but is currently well above its mean so you might have to wait until September when a pull-back might make it more affordable at around R1500 a share:



Glencore, graphed below on the left, has been gaining at compound 124 percent and is almost correctly priced at its present level:



Richemont (graphed below) has been delivering compound 70 percent to its shareholders and ShareFinder considers it is currently expensive relative to its mean price line. It might be had far cheaper in early September.



Collectively, these are all risk investments; shares not always supported by the underlying long-term balance sheet fundamentals which I look for when choosing investment grade shares. However, all of them have the potential to richly reward short-term traders who might care to take a punt.....if you, like my lunch companion, think better times are on the way – for the bold whom fortune often rewards!

Do enjoy your weekend!

Naspers, graphed below on the right, has been delivering compound 50 percent and is currently cheap relative to its medium-term price mean. However, ShareFinder thinks it will be cheaper still by the end of July.



Finally, Sibanye, on the right, has delivered compound 210 percent. Currently cheap relative to its recent price mean, ShareFinder considers it is likely to get cheaper by mid-July.



The month ahead:

New York's SP500: I failed to anticipate this week's gain but the decline I forecast is now probably imminent and likely to last until mid- August followed by a recovery until late November when a weakening sideways trend is likely.

Nasdaq: I expected a volatile sideways trend but the latest gains have improved things extending the probability of further increases until the end of June followed by weakness until early September followed by a recovery until early December.

London's Footsie: I correctly predicted a decline until October together with the current short-term recovery which should now be over followed by a protracted decline through to next April.

Germany's Dax: I correctly predicted that the declines which began in mid-April will continue well into the New Year and the current volatility at the top is serving to confirm that this is indeed the final consolidation.

France's Cac 40: I correctly predicted the start of volatile declines marked by a consolidation of topping graph points ahead of a long decline likely to last for the rest of the year.

Hong Kong's Hangsen: I correctly predicted continuation of the long downward slide that began in February of which the recent gains have been merely an interim relief phase. Now I expect further losses until the second week of July ahead of a volatile recovery until December.

Japan's Nikkei: I correctly predicted the declines that began in February would continue until now followed by a partial recovery until the end of October ahead of steep declines thereafter well into the New Year.

Australia's All Ordinaries: I correctly predicted a fresh bear phase from mid-May until mid-September of which the past week's gains have been merely a temporary relief. Now I expect a resumption of the declines until mid-July followed by a short recovery until mid-August followed by gains until the end of November when another slide is likely.

JSE Top 40 Index: I correctly predicted a continuation of the long volatile slide that began in early March and is expected to last until early September followed by a brief recovery to early October and then a further slide until mid-February.

ShareFinder JSE Blue Chip Index: I warned that the present up-trend was likely to be transitory and over by mid to late June. Now I think the peak has been reached and I see declines until next April.

Rand/Dollar: I correctly forecast gains to the end of June. Now I see the currency bouncing along the top of its value until mid-October when a weakening phase is likely

Rand/Euro: I correctly forecast gains which I continue to see lasting until early September when a long reversal is likely to begin.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.21 percent. For the past 12 months it has been 92.55 percent.

I am taking a break in the coming week.... some time in the sun on our glorious Wild Coast.....so this column will not appear next Friday!