Our Weekly Paid Newsletter
Richard Cluver Predicts
In our 34th year of service to the investing public of South Africa

Volume: 34
Issue: 28

09 July 2021

And so it has ended; the delusional dream Jacob Zuma sold to an ever-diminishing body of believers that every township person could own a Ferrari and drink Black Label as their favourite tipple, all paid for by a steadily-diminishing Fiscus.

Instead of a human shield of Zulu warriors ringing his Nkandla homestead to defy every attempt of the forces of law and order, it ended with Jacob's son Edward armed only with a broomstick and supported by a few drinking buddies while the only real action was provided by three ntombazane dancing at midnight on a dusty roadside to a Quito tune played on a tinny car radio!

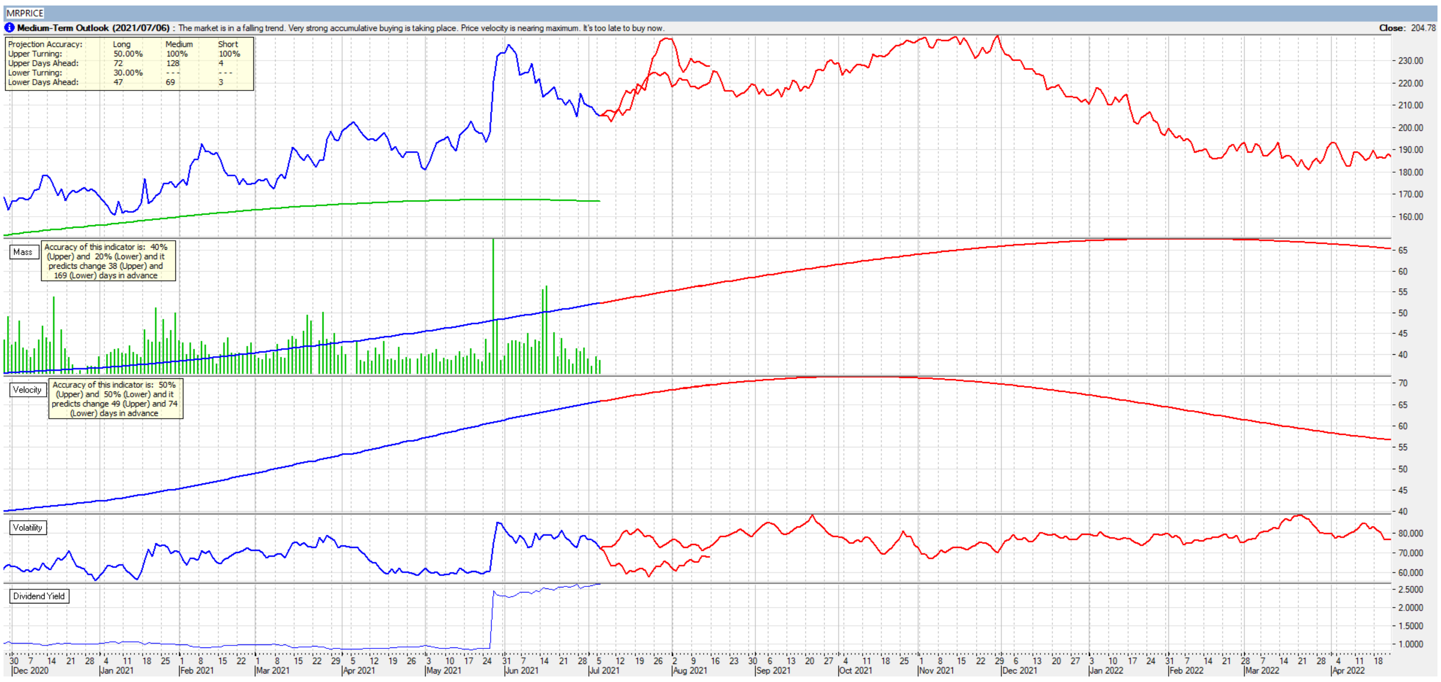
With Jacob now in the prison cell that has haunted him for two decades, we can hopefully all assume that his equally delusional Radical Economic Transformation followers will soon follow him into orange overalls and the rest of us can get on with the hard work of reconstructing South Africa. Surprisingly too, a commodity windfall which brought an additional R100bn into the economy, a State President who finally found his voice and ordered the privatization of both our creaking power generation system and our dysfunctional harbours, and a world beginning to wake from its Covid nightmare have collectively stalled us at the brink of economic catastrophe and are now gradually beginning to reel us back towards normality.

As the Financial Mail noted last week, *"Suddenly everything is coming together," says Deutsche Bank senior economist Danlee Masia who expects real GDP to average 4.8% this year against the National Treasury's 3.3% estimate."*

Meanwhile, Eskom's crippling debt has shrunk by a remarkable proportion and, although the message is likely to take some time to permeate to the comrades who have turned our rural municipalities into pure monetary extraction systems, the end of the Zuma saga poses a clear message to them that the South African public is no longer prepared to put up with their kleptocratic incompetence. Arguably too, the ANC has too late woken to the disaster that faces them at the coming municipal elections; that they will likely get a "Groot klap" which might make room for some better-balanced coalitions.

Spring is around the corner, both figuratively and literally and the JSE is beginning to reflect the fact. Standing at an average price earnings ratio of 8.8 against Wall Street's 42, the JSE has seldom offered such mouth-watering bargains and, though share prices worldwide have undoubtedly decoupled from the real economy which they are supposed to represent, a consequence of the record sums of new money that Central Banks have injected into the global monetary system, there are no immediate signs of securities markets melting down. It is accordingly worthwhile to consider ShareFinder's projection of the likely short-term future of the JSE Overall Index:

It might be a little premature to begin buying, but ShareFinder suggests that some of our favourite Prospects Portfolio holdings are ripe for the picking. Let's consider Mr Price which, having paid out a considerable dividend, has recently been on an inevitable reflective decline towards a price bottom which ShareFinder suggests is as close as today ahead of a recovery phase lasting probably until mid-November. On a current dividend yield of 2.6% it has seldom been as cheap as this in recent years though it did touch 4.27% at the height of the Covid melt-down last year.



There are many more attractive options, but another I am currently keeping a close watch over since it is underweight in my personal portfolio is Prosus, which like all the Chinese-based internet phenomena, is currently taking strain because Chairman Xi Jinping seems to resent the power rivalry that these money-making giants pose to his autocracy. China is, of course, far from remotely resembling a democracy. However, the billions these commercial behemoths are raking in is surely a tribute to their universal popularity among ordinary Chinese people and in my experience of such contests it is generally wise to back the masses over individual dictators.

The Prosus graph suggests that this game will continue to play out until late October, but I commend it to you to put it on your watch list:

Do enjoy your weekend!

The month ahead:

New York's SP500: I correctly anticipated that a short recovery would probably continue into early August. Pressure for a cyclic decline, however, continues to mount with short-term indicators suggesting a down-turn could come as early as the 16th.

Nasdaq: I correctly predicted further increases would probably continue. However, I now sense the probability of an earlier reversal beginning as soon as the 19th ahead of a decline until mid-September.

London's Footsie: I have correctly for some weeks pointed out that London was peaking and this week's third top probably presages a decline until mid-October.

Germany's Dax: I correctly predicted the beginning of weakness from mid-June and I expect it to continue until mid-October.

France's Cac 40: I correctly marked the top of this market in mid-June and expect it to continue down until the end of the year.

Hong Kong's Hangsen: I correctly predicted further losses likely to continue until the second week of July ahead of a volatile recovery until December when further declines are likely to begin....and I continue to hold that view.

Japan's Nikkei: I correctly predicted a brief recovery within an overall declining trend likely to continue until early-August ahead of another recovery likely to last until early November. But further steep declines are likely from the end of November.

Australia's All Ordinaries: I correctly predicted the declining trend that began on June 16 and is likely to last until mid-September. From then I see gains until early December when another slide is likely to begin and last well into the new year.

JSE Top 40 Index: I correctly predicted a continuation of the long volatile slide that began in early March and which I expected to last until early September. The outlook is, however, improving and I now sense the bottom could be as close as the 16th when, after two months of bouncing along the bottom a brief recovery is now likely until early October. However, a further slide is thereafter likely until mid-February.

ShareFinder JSE Blue Chip Index: I correctly forecast that it would be downhill from. However, I now see a short recovery until the end of July before the down-trend resumes.

Rand/Dollar: I correctly forecast the currency had peaked in value and from here would bounce along the top of its value until mid-October when I continue to expect a weakening phase will begin.

Rand/Euro: I correctly forecast that the Rand had reached its peak value and would from now continue bouncing at these levels until a weakening phase begins in early September when a long reversal is likely to begin.

Bitcoin: I correctly predicted declines which are likely to continue until July 23/26 when a fortnight of gains seems likely.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.27 percent. For the past 12 months it has been 92.54 percent.

Published by Sharefinder International
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