



Our Weekly Paid Newsletter

Richard Cluver Predicts

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



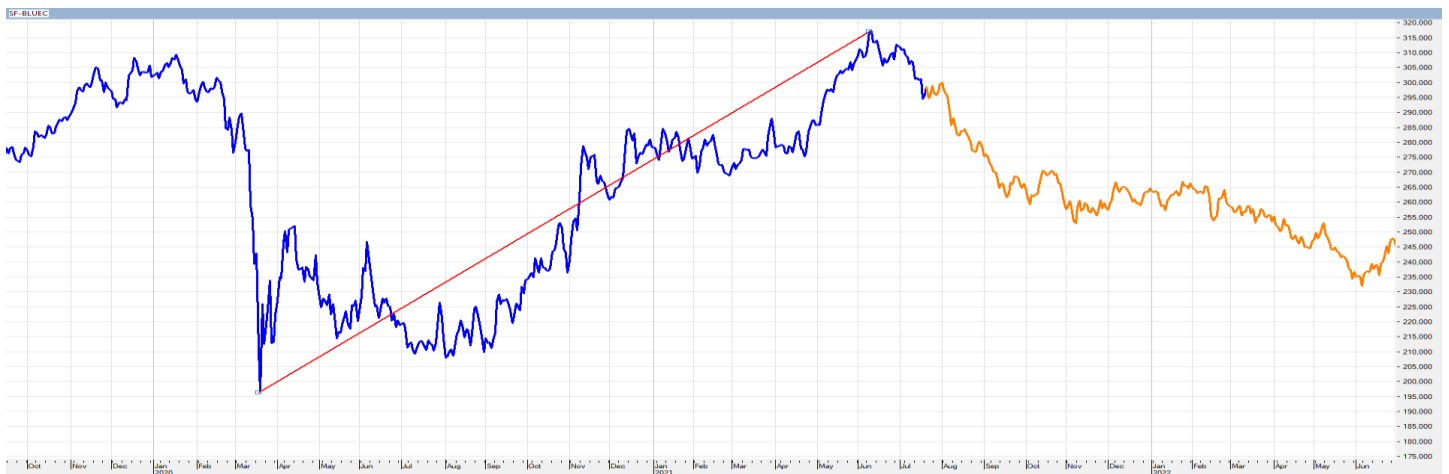
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Markets across the globe paused on Monday and retraced themselves in precisely the manner that ShareFinder has for some weeks been predicting they would. If you were quick, you might have picked up a bargain or two locally. By Wednesday they were recovering nicely! But is it likely to last? ShareFinder says NO!

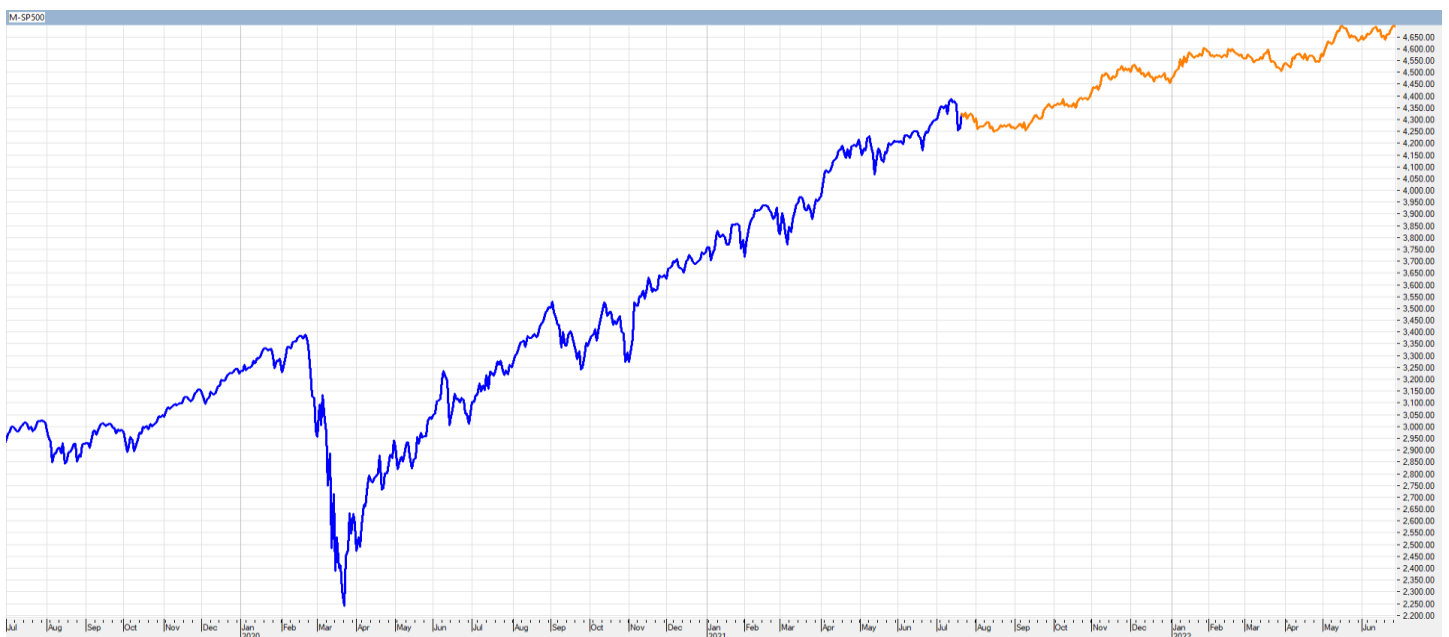
The following graph gives you a quick snapshot of South Africa's pandemic market history starting with the healthy gains which were happening up until mid-January 2020, followed by the crash which I had warned readers was coming in my September 2019 book "The Crash of 2020." It was followed by a remarkable recovery which, in the case of South Africa's Blue Chip companies saw gains at a compound annualized rate of 47.8 percent between March 19 2020 and June 10 this year. Then the slide began once more, accelerated by the violence last week which has left many South Africans pondering whether the country has now become ungovernable?

And.....ShareFinder says the decline will last a full year until SA investors regain their confidence!

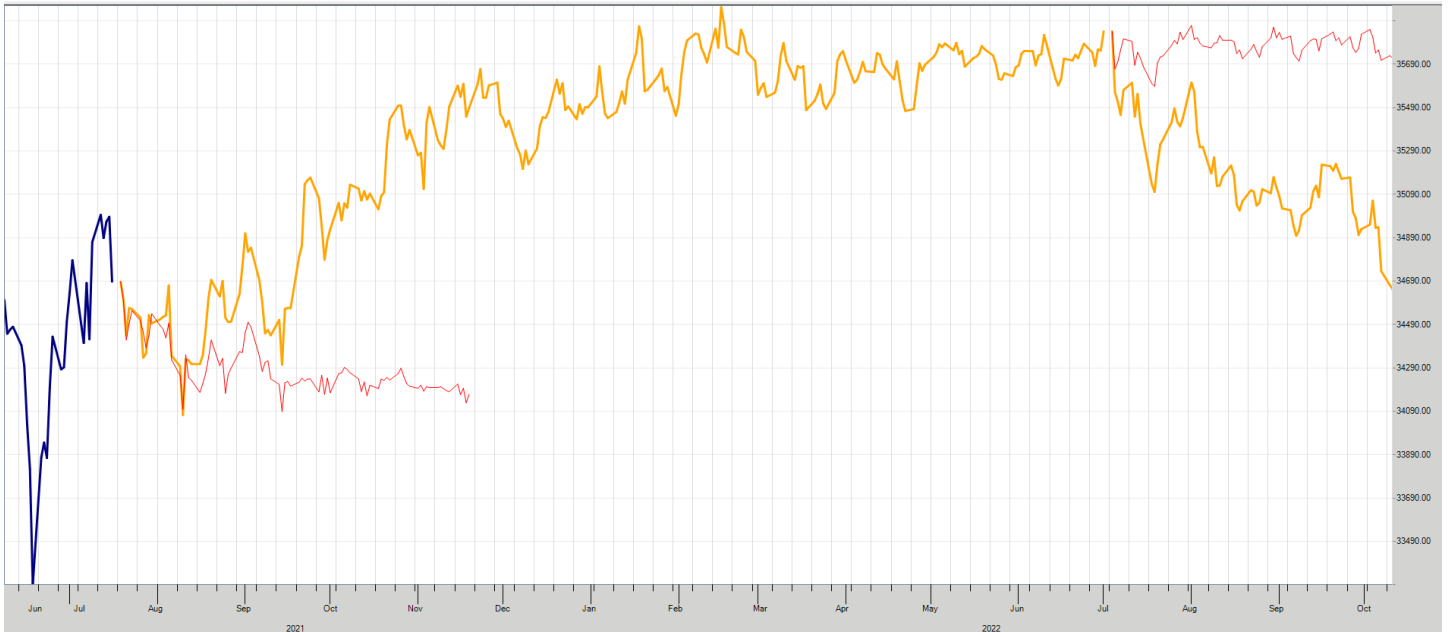


Until recently ShareFinder was also sensing a similar likely negative trend in the principal world share markets. But then a post-inoculation fever began driving US markets as a new sense of optimism - tinged with concerns that the Biden Administration's money-printing exercise would unleash unstoppable inflation – began giving markets a new mantra as the only effective hedge against the US Dollar losing its spending power.

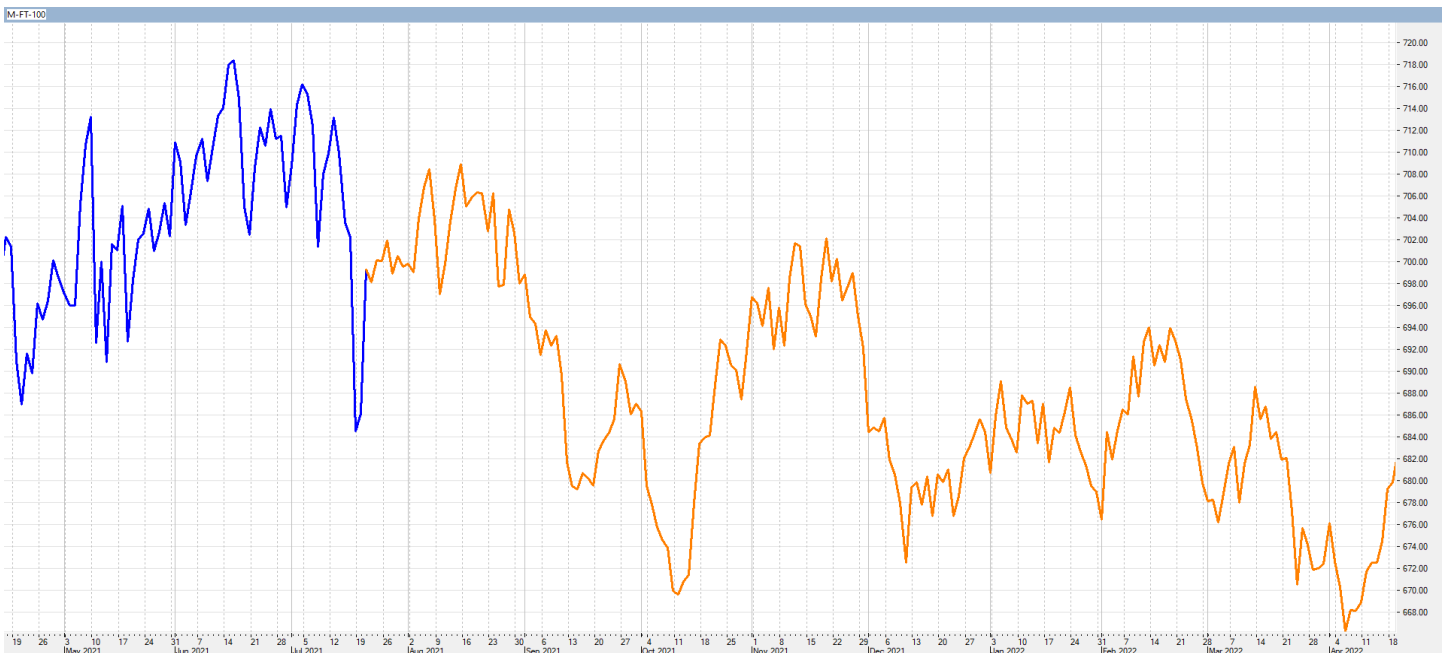
So the decline ShareFinder was predicting for the New York Stock Exchange has now morphed into the usual summer holidays slow down which is still just perceptible between now and early September. But thereafter ShareFinder thinks US markets will continue barreling ahead as my projection of the S&P500 index suggests in the second graph:



Looking further into the future requires that I move to the Dow Jones Industrial Index which, because ShareFinder has within its extensive database 121 years of the Dow's daily closing value to work on, it is our most reliable means of plotting long-term future market scenarios. Thus, in the graph that follows, you can see that at this stage ShareFinder forecasts that the present bull market on Wall Street is likely to continue without hesitation until mid-February 2022 and then move sideways until July before beginning to retreat as the US summer nears its height next year:



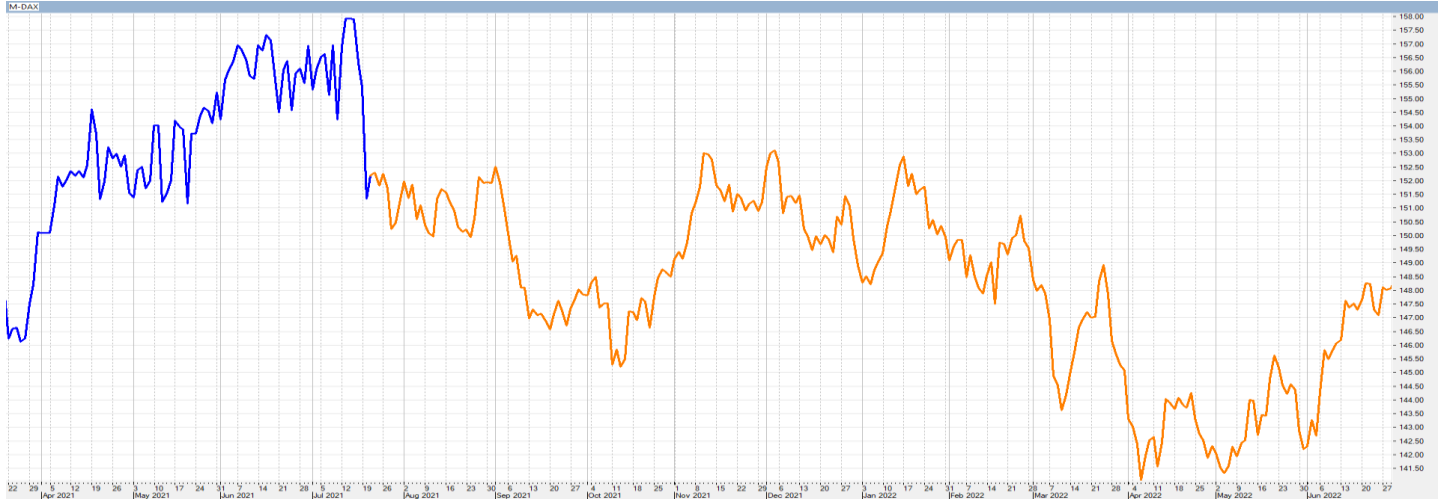
Britain meanwhile, having lost much of its economic clout since the major finance houses upped and left for Europe following the misguided Brexit exercise, appears likely to be following a path of disillusionment similar to South Africa's at least until the start of next year's summer:



Far Eastern markets, as represented here by Japan's Nikkei Index, are being heavily influenced by growing question marks over China's future. Suggestions that a growing groundswell of capitalist thinking among a rapidly-growing Chinese bourgeoisie might be threatening the future of the all-controlling Communist Party and possibly inspiring its leaders to lurch to the left, has been worrying eastern markets. So it should not surprise readers that ShareFinder senses market declines in Japan until at least next April:



In the midst of all this change, Germany has for some time begun to look like the only source of steady reason in a financial world at something of a crossroads. Thus, I would have expected ShareFinder to be reasonably optimistic about the outlook for the Dax index which represents 30 of Germany's largest companies, including globally recognizable firms like Adidas and Bayer. But it is not so. Flooding in western Europe has, of course, resulted in a very sharp decline in recent days. But ShareFinder expects negative sentiment to continue there until at least next April:



All in all then, the weak outlook for the South African market is not necessarily a reflection of post-riot jitters and indecision but rather a function of a far wider global sense that the longest share market boom in a century might be coming to an end.

Regular readers will meanwhile be all too familiar with my personal concerns that inherent flaws in the Bretton Woods monetary system - which came into being in the closing stages of World War 2 and put altogether too much money-printing ability into the hands of the USA – will soon lead to a debt-overwhelmed collapse of the global monetary system as we currently understand it. They will accordingly also be aware that I have questioningly watched each incipient market retreat wondering whether it will be “The One” that pushes the world over the edge.

I have increasingly also speculated that the emergent superpower status of China and its desire to rewrite the history of Communism, might lead it to exploit a regularly-recurring economic cyclic event to turn it into a major crisis in order to try to dismantle global Capitalism.

If this latter observation sounds to you like conspiracy mania, so be it. I do, however, believe it is a threat that the West needs to take seriously. Furthermore, it seems to me that events like the rise of cryptocurrencies are a clear symptom of a growing number of investors recognizing the threat.

We need to fix the monetary system before it fixes us!

Do keep safe in the week ahead!

The month ahead:

New York's SP500: I correctly anticipated a down-turn could come as early as the 16th. We are now in a brief recovery that will likely end today ahead of further losses until mid-August.

Nasdaq: I correctly predicted a reversal until mid-September. I now see a very brief recovery which is likely to be over by the first week of August before the decline continues.

London's Footsie: I have correctly predicted a continuation of the decline which I continue to expect to last until mid-October but within that trend a brief recovery until the first or second week of August.

Germany's Dax: I correctly predicted that weakness would continue, I expect until mid-October when I expect a month-long recovery ahead of the next five-month decline.

France's Cac 40: I correctly predicted losses which I expect to continue well into the New Year.

Hong Kong's Hangsen: I correctly predicted further losses likely to continue until the end of the month 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 declining trend likely to continue until early-August ahead of three months of recovery until early November. But further steep declines are likely from the end of November well into the New Year.

Australia's All Ordinaries: I correctly predicted the market would make a double top before heading down through August and September followed by a two-month recovery until December.

JSE Top 40 Index: I correctly predicted the beginning of an interim recovery which is likely to last until the end of the month followed by losses until early-September ahead of gains until early October.

ShareFinder JSE Blue Chip Index: I correctly forecast a brief recovery which I expect to last another week before the down-trend resumes until early November.

Rand/Dollar: I correctly forecast continued weakness. Now a sideways trend is possible from mid-August to the end of September when I expect brief gains. But the overall trend of weakness is likely to continue until the end of the year when R16 to the US dollar is likely.

Rand/Euro: I correctly forecast seven weeks of gains likely to last until weakening commences again in early September.

Bitcoin: I correctly predicted a turnaround would begin this week with a volatile recovery now likely until mid-September.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.29 percent. For the past 12 months it has been 92.51 percent.