



Our Weekly Paid Newsletter

Richard Cluver Predicts

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



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As July shuffles off, most of us will be delighted to see the last of one of the coldest months in South African history, of rioting which dispelled all remaining doubts about the ineptitude of our government and, just to add a final insult to injury, a cyber attack upon our port operations which has taken over a week, and counting, to resolve.

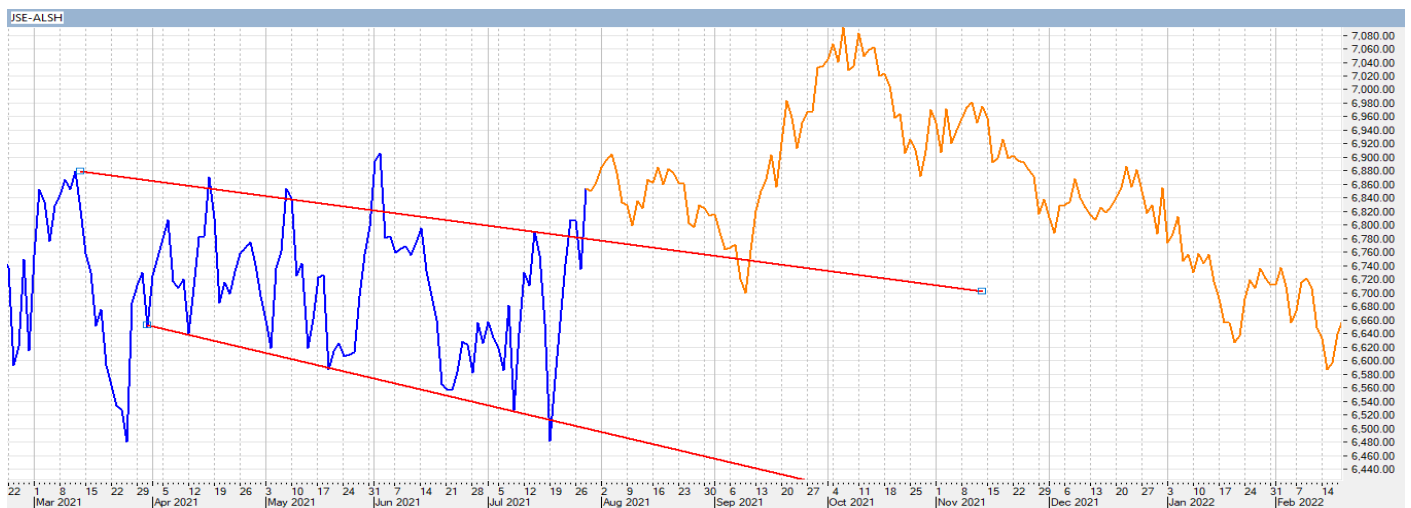
Worse, within my own relatively small circle of friends, a number have already left the country and others are actively planning to do so while overseas contacts with interests in this country are selling up. And to cap it all, after facing unanimous condemnation from every published commentator I have read, for spending two days in conference while the country burned and then wasting further time in squabbling among themselves about the true causes of the insurrection, Cyril Ramaposa's Cabinet is still failing to show the resolute leadership that the country so desperately needs at this time.

Then, to cap it all, our ports have closed down, inflicting another perfect storm upon an already Covid and riot-crippled economy with DA shadow minister of public enterprises **Ghaleb Cachalia** warning that South Africa could face a national shutdown on its Information Technology infrastructure following the Transnet hack, "Now that they have successfully crippled our ports, there is no telling which vital national function they will attack next."

Echoing the frustrations of businesses already seriously afflicted by the rioting and now unable to access the ports in order to re-stock, Cachalia also complained about a lack of feedback about the attack from the Minister of Public Enterprises Pravin Gordhan, stating that, "The Cabinet's dysfunctionality is evidenced by the responsible ministers' inability to comment or act in the face of an attack on the country's economic and logistical spine."

Then, to heap more woe upon the shoulders of investors, China's leadership has been showing its tech entrepreneurs who is boss with a resultant melt-down in the share prices of Alibaba and Tencent whose ripple effect upon Naspers, and in turn the JSE, as a whole has been profound.

Remarkably then, the JSE appears to have detached itself from reality and has broken upwards out of the confines of a volatile falling trend as my following graph illustrates:



However, the market optimism might be short-lived because ShareFinder senses that from next Tuesday shares are likely to trend downwards once again until the second week of September before enjoying four weeks of a spring upward break. It will, however, be a short-lived recovery phase if ShareFinder is correct because from the first week of October it is likely to be downwards once again well into the New Year.

Happily, in the short-term Investec's daily bulletin to its clients yesterday recorded that markets in Asia appeared to be stabilising after the blood-letting of previous days, with reports that Chinese authorities were calling banks to reassure them after recent threats of clampdowns on the tech, education and property sectors. As a result, Alibaba and Tencent have continued their bounce-backs in Hong Kong, helping to lift the main Chinese indices off their eight-month lows, while broad Asia-Pacific indices were also higher.

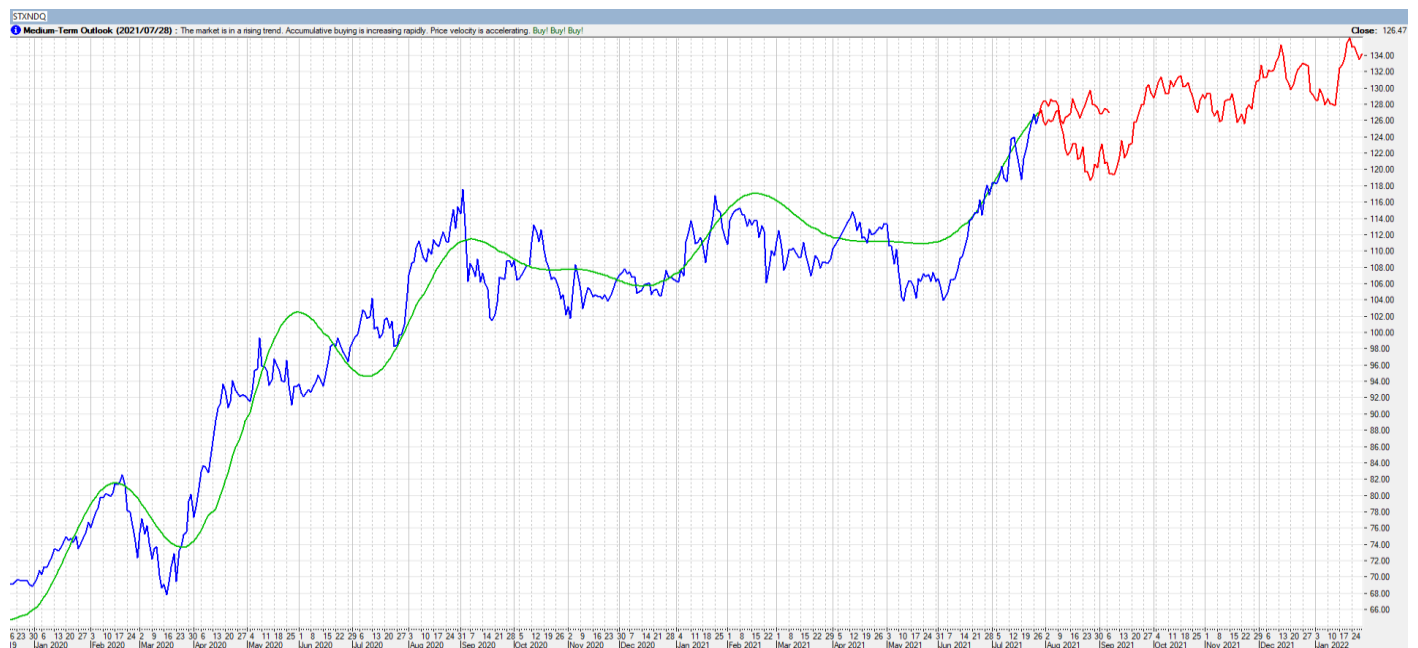
Regular readers will be aware of my concerns about evidence that China is currently in the grip of a quiet revolution. Last week I pointed out that, a growing groundswell of capitalist thinking among a rapidly-growing Chinese bourgeoisie might be threatening the future of the all-controlling Communist Party and possibly inspiring its leaders to lurch to the left, has been worrying eastern markets. Consequently, the reports of Chinese authorities calling banks to reassure them is truly remarkable...almost an echo of what we have been hearing about the internal rumblings of the ANC.

It is accordingly refreshing to shift our focus to the USA where, despite my gloomy view that the Biden administration has seriously overdone its credit creation, there can be no doubt about the business consequences. With the latest reporting season in full swing, Apple, the world's most valuable public company, has reported that its profits nearly doubled last quarter with iPhone sales jumping an impressive 50 percent and revenue for every major product line growing at least 12 percent annually.

Microsoft has also had its most profitable quarter ever thanks to greater demand for its cloud-computing services and workplace software while Alphabet, Google's parent company, said ad revenue increased 69 percent. The real highlight, however, was YouTube with \$7-billion in quarterly revenue which was close to eclipsing Netflix's sales numbers of \$7.3 billion.

And it did not end there. Starbucks US business rebounded to help quarterly sales outpace pre-pandemic levels, as the company lifted its profit outlook while Mattel posted another quarterly earnings beat, with its main brands Barbie and Hot Wheels leading the way to 40 percent sales growth. [Mondelez](#): The maker of Oreos and Triscuits said profit nearly doubled and revenue increased in the latest quarter, though costs and expenses also rose while [Visa](#) reported an increase in net revenue and earnings for its third quarter as volume went up in the quarter compared with a year ago.

The consequence for local exchange traded funds which focus upon the so-called FAANGS category of overseas shares has been spectacular. The locally-available Satrix Nasdaq 100 Feeder ETF is a good example for readers with concerns about our local economy.



Do enjoy your weekend!

The month ahead:

New York's SP500: I correctly anticipated another brief down-turn which should last until mid-week followed by a sideways to recovering trend. The next up-phase is due to start in the second week of September.

Nasdaq: I correctly predicted a reversal until mid-September and I hold that view.

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

Germany's Dax: I correctly predicted that weakness would continue. Now I expect gains until the end of August ahead of declines until early October.

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 which have now begun and should last until the end of October when further steep declines are likely well into the New Year.

Australia's All Ordinaries: I correctly predicted the market would top out. Now I expect the declines that began this week will continue until they make an extended bottom in late September ahead of a recovery starting around mid-October.

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 expected to last until the end of the month before the down-trend resumes long into the New Year.

Rand/Dollar: I correctly forecast continued weakness ahead of a phase of slower declines 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 R16.40 to the US dollar is likely.

Rand/Euro: I wrongly forecast gains likely to last until weakening commences again in early September. I should have said it the other way around because that is what ShareFinder predicted, sensing continuing weakness until March next year.

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

The Predicts accuracy rate on a running average basis since January 2001 has been 86.30 percent. For the past 12 months it has been 92.51 percent.