Our Weekly Paid Newsletter

Richard Cluver Predicts

In our 35th year of service to the investing public of South Africa

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In the great soap opera which is South African politics, we all sometimes forget that the ANC's vicious power struggles to determine who is first in line at the feeding trough has a direct bearing on whether 60-million ordinary South Africans enjoy a square meal each day. But ShareFinder says a new day is dawning!

I daily wonder whether Cyril Ramaphosa takes that thought to bed with himself at night…..and whether folk like Nkosazana Dlamini-Zuma, Jacob Zuma, Ace Magashule and Zweli Mkhize are able to sleep peacefully amid the carnage they and their close colleagues have wrought upon the daily lives of 35-million unemployed people, upon the livelihoods of transport operators trying to clear goods through Durban (now recognised by the World Bank as the worst of 351 competent container facilities in the world) upon the families of children receiving close to the worst education in the world and among hospitality industry people trying to make an honest buck in Durban where e-coli-polluted seas mean holidaymakers will boycott the area..........with terrible outcomes for the local economy?

I have to ask myself for how long must we continue to tolerate the gross ineptitude of those in government which has dragged down this once prosperous and promising nation to become a failed state? How long must a third of our population wake up each day to the indignity of not being able to feed their families because the ANC does not seem to understand that just re-distributing an ever-shrinking economic pot cannot ever feed a growing nation?

South Africa has over 10-million young people aged 15-24 years and, of these, 7.7 million are out of the labour force because they have lost hope of finding a job that suits their skills or in the area they reside.

I could not find statistics to tell me how many of South Africa's 11.2-million school-children are receiving a proper education, but we all know that most are not and that of the few who manage to matriculate, most are functionally illiterate in critical areas like maths and science. They are doomed to mediocrity while many of those fortunate to attend our few private or former Model C schools are likely to join the million who left the country in the past five years. A majority of my youngest son's former matric class are, for example, in the USA today.

And lest you have forgotten my comment last Friday that for every family that packs for Perth there are 20 families that the State can no longer afford to support with services like unemployment grants, policing, health care and education. It is time for a shake-up!

Earlier this week I promised myself that I would stop commenting on politics because it only serves to depress both myself and my readers, but then on Wednesday President Ramaphosa saw the campaign to oust him move into serious territory. I, and I think most of my readers, believe Ramaphosa is one of the few decent people left in the ruling party. Most of us cannot imagine the crisis that will befall the country if he is forced out of power. But perhaps…just perhaps….this is the moment for a snap election and a new alliance between reformists in the ANC and the DA (which has so far demonstrated it can properly govern in 38 municipalities where sewers work and the potholes are gone).

But I am getting ahead of myself. Right now we have a constitutional crisis and South Africans are fearful that the forces of darkness are about to overtake us. So in times of stress like this, I turn as always, to ShareFinder to follow the unerring money line which measures the beating heart of South Africa. And I found both surprising excellence and abounding optimism.

Nothing, in my experience, better predicts how South Africa is likely to fare in the coming months than the collective price performance of our top Blue Chip companies. In an instant of studying the following graph I found solace because, if things were really as bad as most of us imagine, it would be completely impossible to find such financial optimism as is reflected by the Prospects South African portfolio which you can see in the graph below.

The green trend line in the graph represents the aggregate price movement of the portfolio since the depth of the Covid 19 recession in March 2020 when the portfolio had fallen in value to just R2 137 961. Since then it has soared at a compound annual average rate of 42.1 percent annually as depicted by that green line to reach a peak value this week of R5 449 938. That is an actual gain of 255 percent.

Furthermore, it is delivering an average dividend yield of 3.5 percent to offer the growing number of investors who use my Prospects newsletter guidance to replicate the portfolio, probably the highest gain any portfolio anywhere has achieved. The Total Return of 45.6 percent annually since March 2020 is, so far as we have been able to determine through a diligent search of the Internet, a world record!

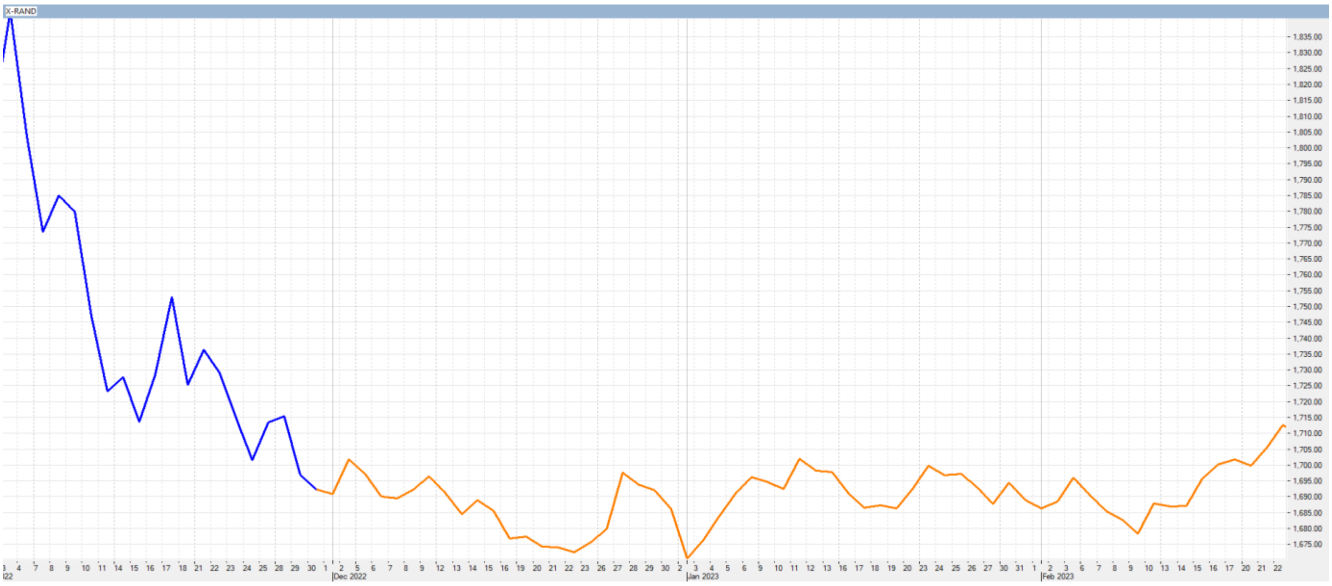
Spectacular though that graph is, it is far more important to study what ShareFinder's artificial-intelligence-powered price projection system predicts is likely to happen to the portfolio in the months ahead and so I have blown up the projection graph in order for you to study it:

As you can see, there is likely to be some short-term weakness from December 7 to the 23rd, but the overall trend is a projected continuation of the upward surge until at least the end of March. So, noting the observed 94.5 percent accuracy rate of these projections, I believe I can say with considerable confidence that the Phala Phala issue will NOT deflect South Africa from its current recovery track. What happens to the terrible top executive of the ANC during the same period is thus for you to speculate!

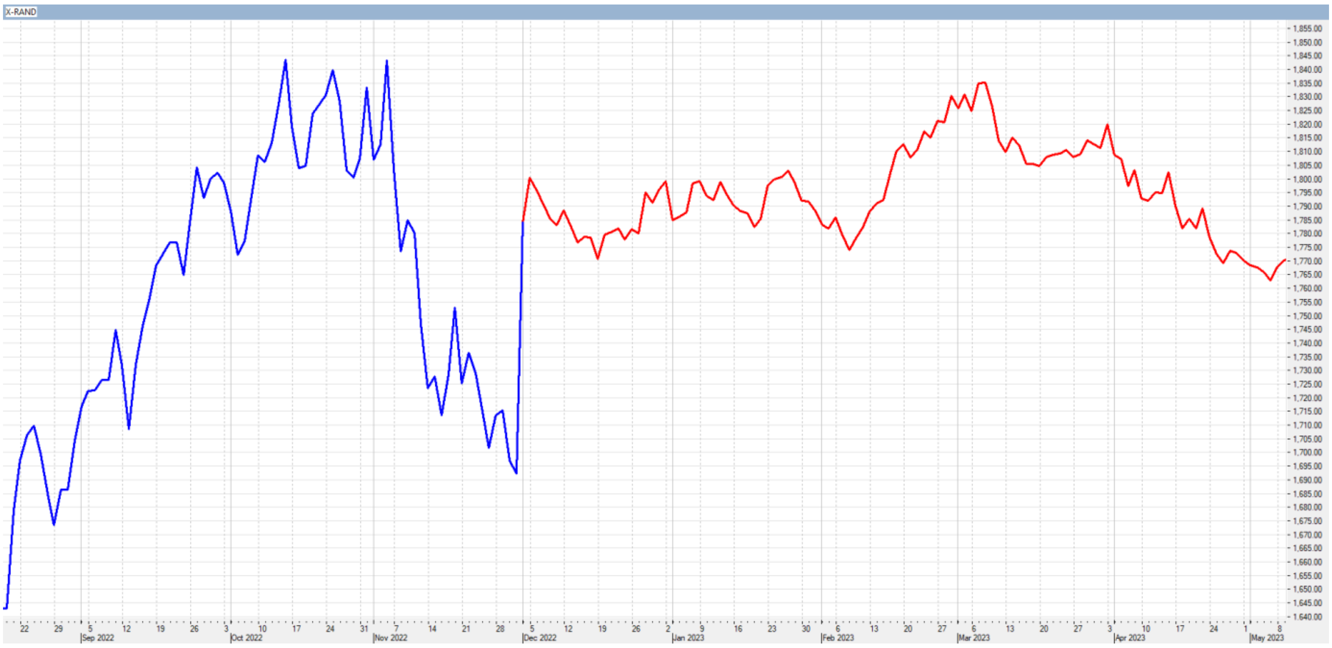
But to put that projection into perspective it is useful to consider what ShareFinder thinks will happen to Wall Street's top indicator, the Standard & Poors 500 index in my next graph…a steady decline until the third week of February.

So, relative to the world, South African Blue chips are doing remarkably well. Furthermore, in case you have not noticed, the Rand has also been doing rather well against the Dollar lately because the penny has dropped with the international investment community that the US economy might be in trouble. Indeed it has very likely already slid into a recession.

Thus, in my last graph you can see the gains the Rand had made since its weakest point on November 3 when it touched R18.52 to the US Dollar. This week it reached R16.899 to the Dollar and, had the present political crisis not happened, ShareFinder was projecting that it would continue gaining until the end of this month when it was likely to touch R16.7041. Until Thursday, this is how the projection looked:



Then the bad stuff happened. So my final graph tells the revised story. The Rand is our financial shock-absorber and yesterday it lost 5.42 percent in a flash. Now It is likely to move sideways until February, then weaken again so that in March it could reach R18.35 to the US Dollar. That's not as weak as it was in early November when it reached R18.5259 and gave us fuel price nightmares. But thereafter it should strengthen again for the rest of the year:



Have a good weekend….and I hope you now feel a whole lot better!

The month ahead:

New York's SP500: I correctly predicted the last few gains before the festive decline gathers way. Last week I predicted the peak would happen this week and now I expect the market to go down-hill until mid-February.

Nasdaq: The sideways pattern I predicted ahead of a New Year bear market lasting until next September, remains in place.

London's Footsie: I expected that London would peak around November 14 and so have been surprised by this week's continued strength as Britons cautiously collectively sigh with relief that their government might have found some stability. From here on in I see declines until late February.

France's Cac 40: I correctly predicted the market would peak this week and continue to expect it to be downwards from now until late February.

Hong Kong's Hangsen: Far East markets surprised me this week with unexpected gains as a result of the demonstrations in China and evidence that the Communist Party is prepared to listen to its public. But I correctly predicted a sideways trend ahead of a relentless decline from mid December to late April.

Japan's Nikkei: I correctly predicted gains until early January ahead of a decline until early May.

Australia's All Ordinaries: I correctly predicted that gains were peaking followed by a decline which I expect to last until mid-February.

JSE Top 40 Index: I correctly predicted the market would peak around now followed by a steep decline which I expect from now until late January. Thereafter I see weakness until October.

ShareFinder JSE Blue Chip Index: I correctly expected that the market was peaking and I still continue to expect some festive season declines until early-January. Long-term, however I see gains for the year ahead.

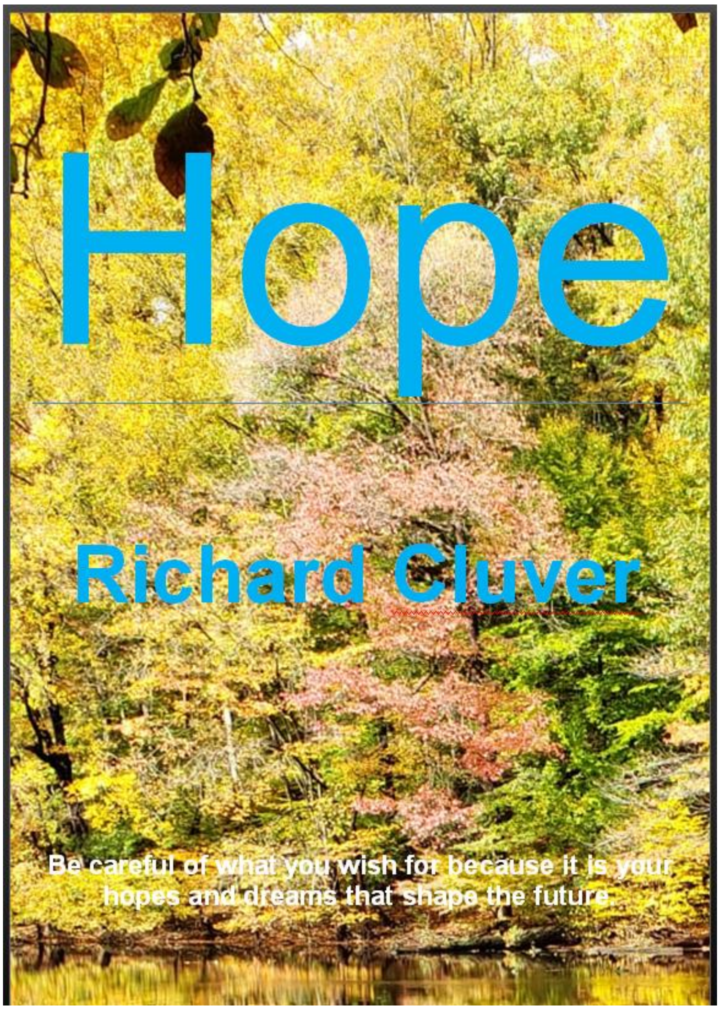
Rand/Dollar: I correctly predicted brief gains but now only expect weakness to re-emerge in January.

Rand/Euro: I correctly predicted a resurgence of strength through to mid-January.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.83 percent. For the past 12 months it has been 94.48 percent.

A new Richard Cluver book

If you are planning on a relaxed holiday season with the opportunity for some serious reading, then Richard Cluver's latest E-book might be just what you are looking for.



Explaining the genesis of his latest offering, Richard writes: "This study began with the working title 'Apocalypse'. But later, as I came to understand the immutable cycles of renewal which have marked our species since the very beginning, I began to glimpse the new springtime that was overtaking us and I renamed it 'Apocalypse Averted.' Finally, I have begun to sense the truth about mankind's ultimate destiny and so I have renamed it a third time. I have simply called it 'Hope.'

Beginning as a sequel to his 2019 work **'The Crash of 2020'** which predicted a Black Swan event originating in China which would devastate the world and set in motion the economic crisis that is even now unfolding, Hope is an attempt to trace mankind's journey from hunter-gatherer in the Cradle of Mankind to apex life form and the challenges we have faced along the line: how we dealt with them and how we are likely to solve the major crises we now face, finally posing the question, 'Are we about to evolve into Gods?'

Underlying it all is the imponderable question of why, after ten million years of living as a hunter-gatherer whose lifestyle provided for all his needs in return for just two hours of work a day, around five thousand years ago mankind abruptly abandoned that life and committed himself to the back-breaking 14-hour work-day of the farmer and the inevitable attendant problems of modern society where today global warming and nuclear war offer us annihilation and where political and monetary mismanagement have bound our species into unconscious slavery from which science is pointing ever more strongly to our final evolution.

An intriguing attempt to answer many of mankind's most pressing contemporary problems, the fittingly-titled book points us towards a bright future which, if Richard Cluver is correct in his extrapolation of current social trends, another evolution will leads us to an imminent future in which, in his words, mankind is: "…about to become Gods!

Hope is available as an E-Book at a cost of $5 from www.sharefinderpro.com or free for those participating in The Great Experiment – Mentioned in the November 2022 edition of 'The Investor'.