Our Weekly Paid Newsletter
Richard Cluver Predicts
In our 36th year of service to the investing public of South Africa

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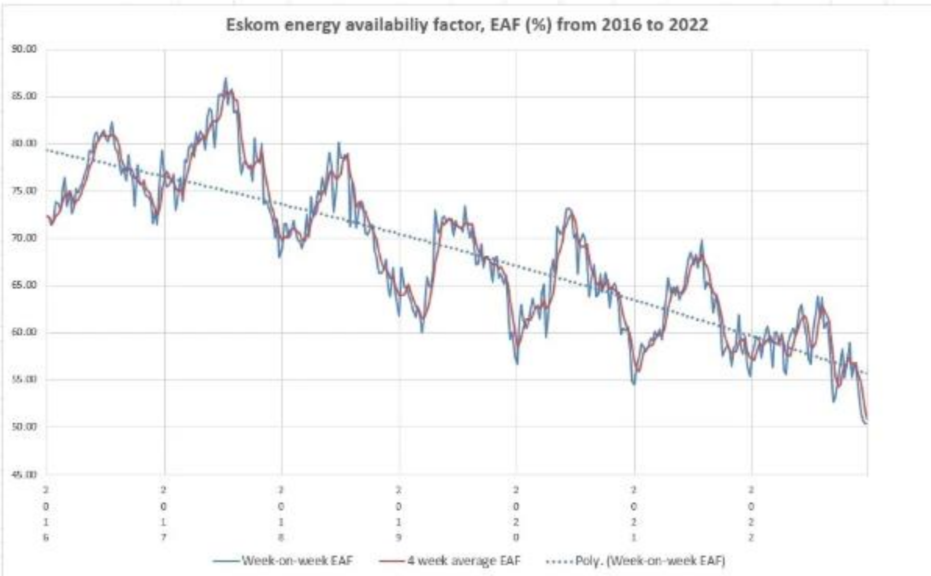
With South Africa evidently on the brink of a total power grid collapse which, experts warn, implies that consumers might soon be counting load shedding in weeks rather than hours, sustainable electricity supplies have moved to the absolute centre of the country's economic outlook.

And it is clear that any hope the ANC had of remaining in power after next year's election is rapidly draining away.



Eskom total week-on-week energy availability factor (EAF), from Week 1, 2016 to Week 51, 2022. (Data source: Eskom; Graph: EE Business Intelligence)

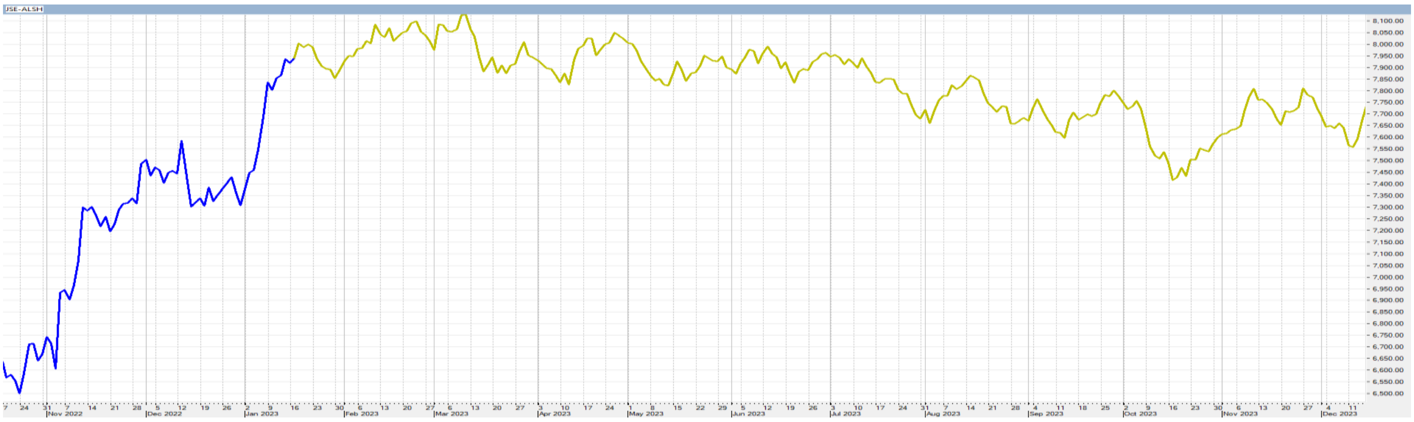
It was bad enough that the ANC has given us pothole-dodging and e-coli-polluted beaches, failing policing, collapsed transport services and a rising tide of corruption. But load shedding and a crippling tariff increase are clearly the last straw. The graph on the right tells the whole Eskom story in one glance!

Ramaphosa said it himself when he told delegates at the December ANC conference that, "Poor policy decisions in the past, together with inadequate maintenance, mismanagement, state capture and widespread corruption, have left our electricity system in a critical state. The effects of load shedding are felt every day by households, businesses, schools, hospitals and government offices. Load shedding severely constrains economic growth and transformation, job creation, poverty alleviation and development."

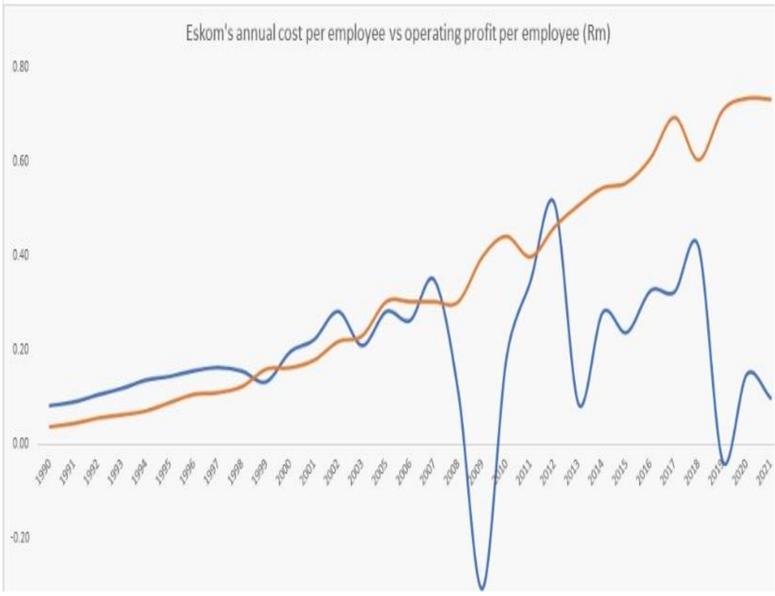
Now Ramaphosa's panic decision to duck the annual Davos economic forum, read together with leaked feedback from those who have been attending his emergency Eskom conferences this week, have both made it very clear that things are going from bad to worse for the president. A series of cancelled Press briefing sessions dramatically underscores that fact!

That Ramaphosa seems to believe he is honour-bound to move the fate of Eskom entirely into the hands of Minister of Minerals and Energy Gwede Mantashe – the man wedded to coal who blocks every alternative plan – is, plain for everyone to see, a frying pan to fire move which almost guarantees we will see the lights go out, both in our homes and the economy.

That the world is becoming aware of how serious the situation might now be is graphically portrayed by ShareFinder's projection of a change of heart with regard to the JSE Overall Index. After roaring upwards from mid-October to mid-December, it paused briefly for the usual festive season pull-back. But since New Year it had resumed that heady up-surge......until now.



ShareFinder has abruptly changed its tune about South Africa Pty Ltd and senses a declining economy from now......unless Ramaphosa can pull off a completely unexpected miracle. But given the fact that we have all known about the energy crisis since as far back as 2007 and, notwithstanding the Medupi and Kusile corruption catastrophes - have not added a single additional megawatt to availability, what hope has he?



Few believe that Ramaphosa can do anything. After all, he is the man who presided over Energy War-rooms when Jacob Zuma was launching his Eskom-focused kleptocracy. Back then Eskom was a world energy leader, profitable and providing ultra-cheap electricity which was fuelling the post-apartheid economic surge....before ANC comrades/cadres ran it into irrecoverable debt and entrenched mechanical failure.

Under his watch as the then deputy president and energy supremo, Eskom's manpower total rose to 42 749, an increase of 18 000 workers while its cost per worker nearly quadrupled as the yellow line in the second graph illustrates. The blue line traces Eskom's operating profit per employee:

But if the JSE is faltering in the face of this catastrophe, shares like Reunert which have invested deeply in alternative energy solutions, are soaring. ShareFinder projects a similar general market-related price pull back in the coming months from the current R55.27 to

R47.69 by early May, and such a move would take the current dividend yield of 5.33 percent to 6, well-covered by earnings of 9.87 percent which might thus be expected to rise to 11 percent.

Here a warning, Reunert LOST its Blue Chip status in 2020 along with many of its South African peers and though earnings have yet to recover to their past levels, it has a very low debt to equity level and earnings have been recovering steadily towards their 15-year average gain rate of 45.87 percent annually: so this must be viewed at present as a recovery stock.

Given that in order to survive the energy crisis, business as a whole, and even the most hard-pressed households, now see a move to energy self-sufficiency as the only way to survive, Reunert is exceptionally well-placed to benefit. It is a leading Engineering, Procurement and Construction solar energy service provider with its Terra Firma Solutions. It is also a leading renewable storage solution provider in Blue Nova Energy, has energy management capability in CBi Energy and enjoys the ability to wheel energy across the grid through Apollo Energy.

Certainly one to watch!

Finally, here is a graph to make you feel a little better: amid a sea of rising prices in the USA, one of the highest has been electricity at 22% over three years.

If you have read this far you are one of 8 500 readers in the ShareFinder International database who have been receiving Richard Cluver's columns in order that, if you are interested, you can read – and also if you wish replicate his record-breaking share portfolios. We are doing this and will continue doing so for the entire month of January in order to give everyone a taste of what his long-standing and loyal subscribers are content to pay for.

For this month ONLY you can subscribe to the newsletter service in a once-only half-price offer in the hope that you might also participate by donating whatever small sum you wish to Richard's favourite charity, the St Mary's Foundation Trust as part of what everyone is naming 'The Great Experiment' which seeks to prove that donors get rewarded tenfold...and more!

You can go to www.sharefinderpro.com to read all the details of the offer and to learn more about The Great Experiment you can go to the end of this column if you have not already read all about it

The month ahead:

New York's SP500: I correctly predicted the market would go down-hill and I continue expect it to be negative until February 22 followed by a recovery to the end of June and then it will be down-hill again until September.

Nasdaq: I correctly predicted declines until mid-February when, following a brief recovery until late March it will be down-hill again until the end of August.

London's Footsie: I wrongly predicted declines until mid-February in line with the US trend, followed by a long recovery to late October. The recovery came much sooner but I still expect it to last to the end of October.

France's Cac 40: I failed to anticipate the New Year up-surge, but still see a decline from now until mid-February followed by a long recovery to the end of June.

Hong Kong's Hangsen: I correctly predicted a market peak followed by a decline beginning now until late April before the next long recovery begins.

Japan's Nikkei: I correctly predicted losses until late April before the recovery sets in.

Australia's All Ordinaries: I wrongly predicted the decline would continue until mid-February followed by gains until late August. The gains have begun but they are likely to be subject to considerable choppiness.

JSE Top 40 Index: I correctly predicted the gains which I still see lasting until early-March before a long decline sets in.

ShareFinder JSE Blue Chip Index: I correctly predicted brief gains but February is likely to be a down month in a long-term rising market.

Rand/Dollar: The weakness I expected for early February came sooner than I expected and is likely to last until early March. Long term, however, I see extended gains to the end of the year.

Rand/Euro: I correctly predicted by weakness until late March ahead of an extended period of gains.

The Predicts accuracy rate on a running average basis since January 2001 has been 86.86 percent. For the past 12 months it has been 94.75 percent.

By Bloomberg

Africa's most industrialised economy faces a 45% chance of slipping into recession this year as South Africa's electricity crisis deepens.

The probability of it happening in the coming 12 months increased from odds of 35% in November, around the start of the longest streak of consecutive daily power cuts. That's according to the latest Bloomberg monthly survey of economists, conducted between 9 to 12 January, with seven economists responding to a question about the chance of a recession.

The prediction comes as the country's on-going energy crisis risks intensifying and dim global economic prospects threaten to further curb domestic output. The outlook for the economy in 2023 "isn't impressive", Finance Minister Enoch Godongwana said last week, citing electricity-supply constraints.

Eskom has for the past seven days subjected the country to record blackouts — as much as 12 hours a day — to protect the power grid from collapse as its ageing, mostly coal-fired power stations fail.

It has already used up money for diesel supplies allocated to fuel auxiliary plants for the year through to March and a unit at Koeberg – the only nuclear power station on the continent – is shut down for a revamp, meaning any additional faults among its assets and infrastructure could move SA to its highest level of outages yet.

Sustained rolling blackouts outages at the current "extreme levels" are the most significant downside risk to the country's economic growth prospects, the Bureau for Economic Research's Tracey-Lee Solomon, Romano Harold and Hugo Pienaar said in a note published on its website on Monday.

The economy is unlikely to grow by more than 0.3% quarter-on-quarter through 2023, according to Bloomberg's survey. Economists see gross domestic product growth slowing to 1.2% this year from 2.3% in 2022.

While inflation is expected to ease, it'll only be back near 4.5% – the midpoint of the central bank's target range at which the monetary policy committee prefers to anchor price-growth expectations – in the fourth quarter, before accelerating again into 2024.

The SA Reserve Bank will probably extend its most aggressive monetary policy tightening in at least two decades, with the key interest rate rising to 7.5% by the end of the first quarter from 7% now. A gradual easing of borrowing cost will start in the fourth quarter, according to economists. The central bank will give its next decision on the benchmark rate on 26 January.

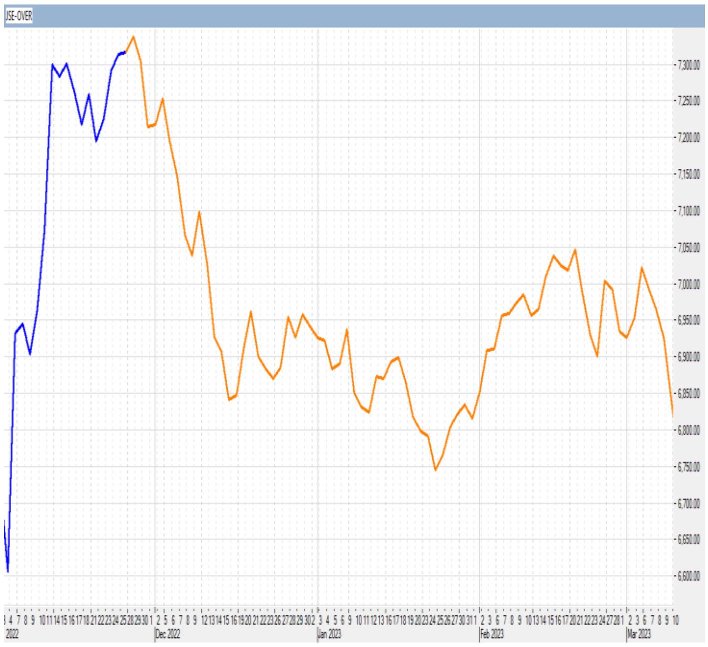
From the November issue of 'The Investor':

Our Monthly Free Newsletter

TheInvestor

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

ShareFinder's prediction for Wall Street for the next 3 months (left) and the JSE (right).



You can help me to test the world's oldest investment theory!

By Richard Cluver

I have long awaited the opportunity to test one of the world's most ancient and most revered investment theories and now the signs are perfect for me to do so. So I am calling on ALL my readers to help me solve one of mankind's deepest mysteries.....and enjoy a ShareFinder Black Friday opportunity at the same time!

If the belief is a provable reality, it has the potential to fundamentally change the world we live in and usher in a completely new era for charities which have seemingly forever existed on the scraps of society's goodwill!

Much older than modern religions, the belief is nevertheless best encapsulated in the biblical book ***of Malachi 3:10*** which states: ***"****Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this," says the Lord Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that there will not be room enough to store it."*

But the belief goes back to far earlier times. In the writings of the ancient Greeks there were numerous references to tithes of the annual harvest and to tithes of spoil taken in battle. Delphi, Delos, and Athens are mentioned as recipients of tithe offerings made to the gods. The offering of first fruits and of tithes seems to have also been quite closely associated.

It is a view which kept the ancient Jewish temple flourishing, was at the heart of Roman economics and for over fifteen hundred years ensured that the Roman Catholic Church was the most powerful financial institution on earth. Today, a fervent belief in the principle of giving has furthermore ensured that, for example, among the poorest social groupings in Africa there are pastors who own private jets while, with the rise of Quantum Physics, white-coated scientists claim laboratory proof that what mankind believes fundamentally changes the physical nature of our universe.

Of course it does not only apply to religious belief for it is founded upon the concept of helping one another which is the primary attribute which ensured that mankind became the apex species on Planet Earth. It has, however, been powerfully built into Christian dogma which, as cynics observe, has obviously greatly benefitted the priesthood.

I have long been numbered among the sceptics. However, throughout my life I have encountered so many folk whose opinions I have respected who have sworn to the truth of it in their own lives. So I have never been able to fully ignore their reality. But is it just a religious touchstone or, as the ancients believed, an esoteric reality that has nothing to do with a belief in celestial deities and is in truth actually a fundamental and inexplicable reality of the human condition?

Most importantly, does it really work?

With financial markets in their worst disarray since the onset of the 1929 Great Depression, this seems to me to be the best ever opportunity to attempt an empirical test of the belief because investors really need all the help they can receive at present.

With that in mind I have persuaded ShareFinder International to be the first in a round-robin exercise of charitable giving. Thus, subscribers who take up a subscription to the ShareFinder Professional programme during the months of December and January will receive a 50 percent discounted festive season price in the hope that such beneficiaries will in turn give some of the benefit to charity. What that means is that any South African who cares to take part will be able to subscribe to the ShareFinder software at an annual saving of R1 050: that is exactly half the normal cost of R2 100 per year and they will be invited to give, at their own discretion, as much or more of that saving to a registered charity. You can access the special offer by going to **www.sharefinderpro.com**

There is no compulsion to donate and all who participate will be in line for FOUR additional bonuses which, some might argue, will immediately prove the veracity of the ancient belief....confirming, for example, what we already know about events like the Black Friday discount sales which are known to benefit retailers by, on average, an additional at least 20 percent of annual sales!

- The charity I have chosen is the St Marys Diocesan School Foundation Trust which is able to provide donors with a Section 18A tax credit certificate to offset the donation against their annual income tax liability.

- Furthermore, they will receive a FREE subscription to my Prospects newsletter service representing a saving of R650 a year. .
- In addition, I have just published a new book entitled '**Hope'** which looks at the major challenges facing contemporary society and highlights the many solutions that are already underway. Everyone who participates will receive a free copy which would normally retail as an E-book at R90.
- Finally, for those who participate, these reduced rates will continue to apply for the next THREE years.

If you care to calculate it out, the implication for South Africans who currently pay the top marginal tax rate of 45 percent and elect to donate the entire benefit of R1 050, the latter will be able to deduct that sum from their annual taxable income yielding them an effective bonus of R472.50. In addition, together with the saving on the book cost and the fact that they will not have to pay for a Prospects subscription for the next THREE years nor pay for the book with after-tax money, they will effectively get back a total of R3 915.

Potentially this is a massive saving. I should furthermore add that, in recognition of the weakness of the South African economy, the usual South African subscription of R2 100 a year is already heavily discounted from the normal international charge of US$49 a month. It also includes ALL daily market data update costs, namely both share price data and the fundamental statistics of all companies listed on the Johannesburg Stock Exchange, the London Stock Exchange, the New York Stock Exchange, the NASDAQ Stock Exchange and the Australian Stock Exchange.

Notwithstanding the obvious cost savings that donors will enjoy, they might take further consolation from the fact that, not only will they be donating to a truly worthwhile charity, they will also be participating in an experiment which could profoundly change global attitudes towards charitable giving. After all, if this experiment can show that the largely religious belief that those who give to charity are rewarded, as many authorities testify, "... at least ten-fold and even a hundredfold," most investors would be foolish to in future NOT give in abundance to charity.

Now my choice of one of South Africa's leading private schools as the potential donor recipient might at first glance surprise some. St Mary's in KZN is obviously an institution serving the daughters of South Africa's well-heeled families. However, in an era in which South Africa's public institutions of education are in terminal decline, private schools like St Marys have become the ultimate custodians of educational best practice. They are, as I so often tell everyone who will listen, akin to the monasteries of the Dark Ages which for over a thousand years kept education and learning alive following the collapse of the Roman Empire.

Without them there would have been no Industrial Revolution and, instead of sitting before a computer each day, people like you and I would have been working the fields from dawn to dusk to try and put food on the tables of our starving families.

The St Mary's Foundation Trusts exists to provide bursaries for scholastically-promising girls whose families cannot afford to pay private school fees. As a trustee of the fund, I have long been involved in guiding its fortunes and so I can confidently say that your participation will give a boost to a trusted and very important South African educational cause.

But how will we conduct this test?

To start with, ShareFinder International will be making a substantial gift to the investment public and so its own revenue stream might be expected to be profoundly increased if the belief is grounded in fact. And that is, of course, easily measurable.

But there is another knock-on to measure. Readers of ***The Investor*** and investors generally who wish to take advantage of the 50 percent discount will be invited to make a gift to the St Mary's Foundation Trust (Details for donating to the trust will be sent to everyone who takes advantage of the ShareFinder offer) whose administrators have in turn agreed to supply ShareFinder with a coded return which will, over the coming year, both protect the anonymity of donors but nevertheless allow them to compare their generosity with the performance of their investment portfolios within the ShareFinder system.

In order to comply with SARS requirements for the issuing of Section 18A tax deduction certificates, charities are required to record the name, e-mail address and physical address of each donor and so when you apply for the discounted package ShareFinder will supply those details to St Mary's. Then, depending on the level of individual donor generosity, the school will in turn supply ShareFinder International with a coded response which will enable them to link nominated share portfolios to the levels of individual giving.

I should add that in the interests of protecting your privacy, NO curious ShareFinder staff member will be able to determine who gave how much because the process of portfolio observation will be automated in order to ensure that donor privacy is scrupulously protected. Qualified auditors will, however, be allowed to sample this process in order to assure that the results we achieve are above reproach.

We will work in groups of 50 subscribers and so ten percent of participants - that is up to five in every 50 who apply - will be allowed to use the software without donating anything to the charity. These five will represent our control group and, if the ancient belief holds true, their personal portfolios might be expected to continue to decline in value in line with the broadly anticipated declining market trends during 2023.

At the opposite end of the scale, those who donate more than the annual subscription saving of R1 050 to the charity might expect to at least gain tenfold or more if the ancient belief is true.

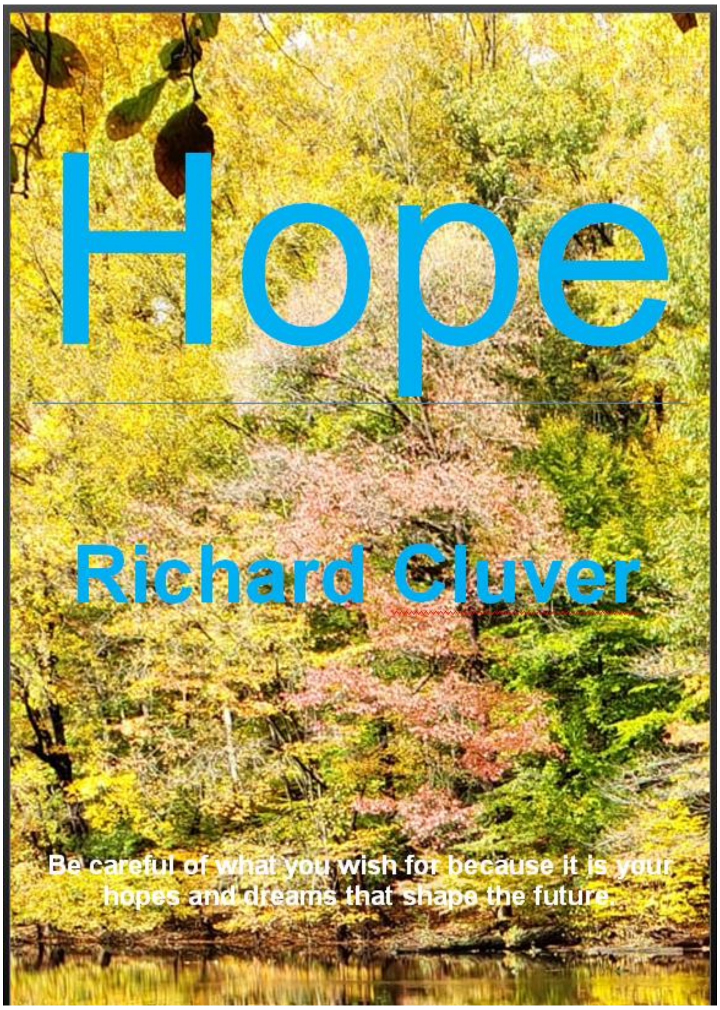
So, for example, in the case of these first five who elect to give nothing, St Marys will send ShareFinder the code *0. Those who give ten percent of more will be coded *10. Those who give 50 percent or more will be denoted by the code *50 and those who give over 100 percent will be denoted *100.

My long association with the ShareFinder programme has made me confident that participants in this ***Great Experiment*** will, in the form of the ShareFinder Professional, be getting the finest investment tool available on the world stage, a fact attested to by the proof that ShareFinder's auto-generated 'Prospects Portfolio' has over the past decade delivered the highest compound average investment growth of any fund that our analysis of the worldwide investment fund industry has so far uncovered. Thus they will obviously be off to a flying start.

But the rest will lie in the lap of God!

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 previous story.

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