



Our Weekly Paid Newsletter

# Richard Cluver Predicts

In our 37th year of service to the investing public of South Africa



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**What do you say about a ruling political party which, in an election year in a country with the highest unemployment rate in the world, elects to sell the family silver and use the proceeds to reward already overpaid public servants? Clearly solving our sluggish economy and creating jobs is the last thing on their minds!**

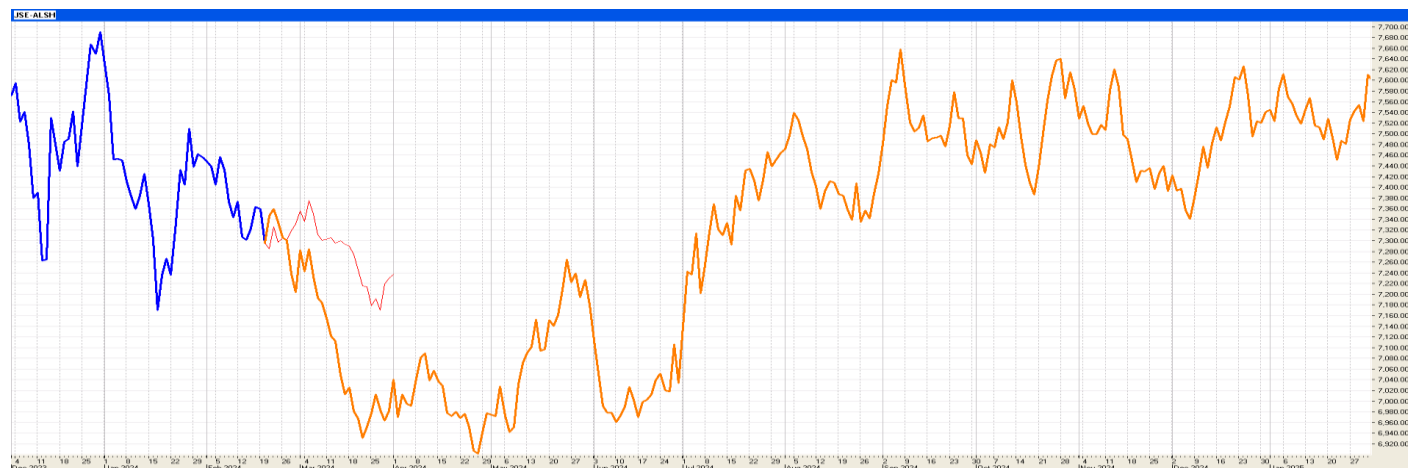
Hoping to be rewarded with votes is the only mitigating explanation for an unimaginative budget which will do nothing to promote growth. Meanwhile, in the grip of an election season which could spell make or break for the South African economy, ShareFinder's AI future projection system has intrigued and tantalized me with its current view of how things are likely to pan out in the weeks ahead.

From long-observation I well know how the projections can change as we approach crucial events and so I thought that it might be instructive for everyone to record how that outlook has subtly moved week by week as we approach the election. So let's start by looking at how the JSE All Share Index was being projected to do back on January 11 this year, noting that the software saw the index rising until this week and then falling sharply immediately after the projected date of the Budget speech. Then it gradually recovered until late May into early June when an initially hesitant recovery was seen to gradually gather steam to peak at a new market high by the end of October.

So far it has been absolutely correct. But of course, we did not then know when the election would happen, but I interpreted this graph of January 11 as suggesting the end of May would be when South Africa went to the polls. And you can see ShareFinder was correct!



At market close on Tuesday, immediately ahead of the announcement of the election date, ShareFinder had this prediction for the All Share Index which set the date of the May plunge as starting on May 27



Last week I also took another close-up view of the All Share Index in order to note that the index had been in decline since early last year and that the pennant formation I had drawn over ShareFinder's AI projection completely reflected the indecision of local investors by forecasting a minus 7.8 percent rate of decline until a marked break-out from the pennant was projected to happen around the end of June. From June 10 it saw a more sustained recovery to a peak in early September.

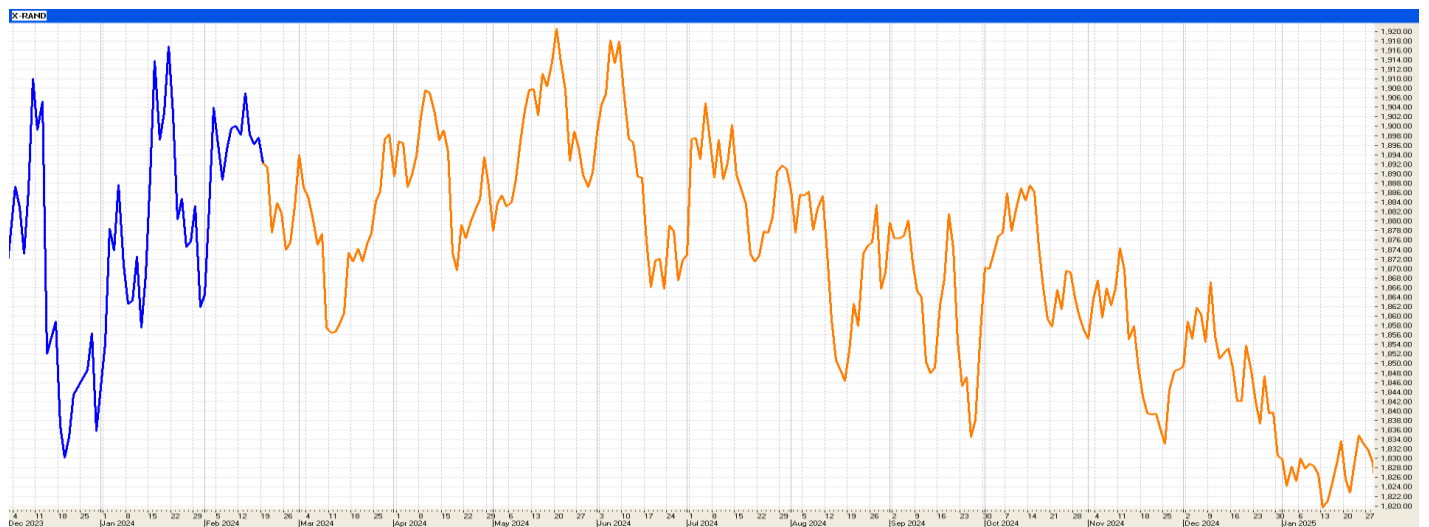


Now it is no big deal that ShareFinder accurately forecast the date of the 2024 Budget speech since that always occurs towards the end of February annually, but of course we do not know until the event how the market will react, so even that is instructive of the software's intuitive ability.

And this week we discovered, as ShareFinder has been suggesting for many months, that something decisive was to happen around May 27 that would shake the market. Now we know that Election Day will be May 29 so ShareFinder was out in its prediction by three days, assuming that is, that the final result of how everyone voted will only out late the following day.

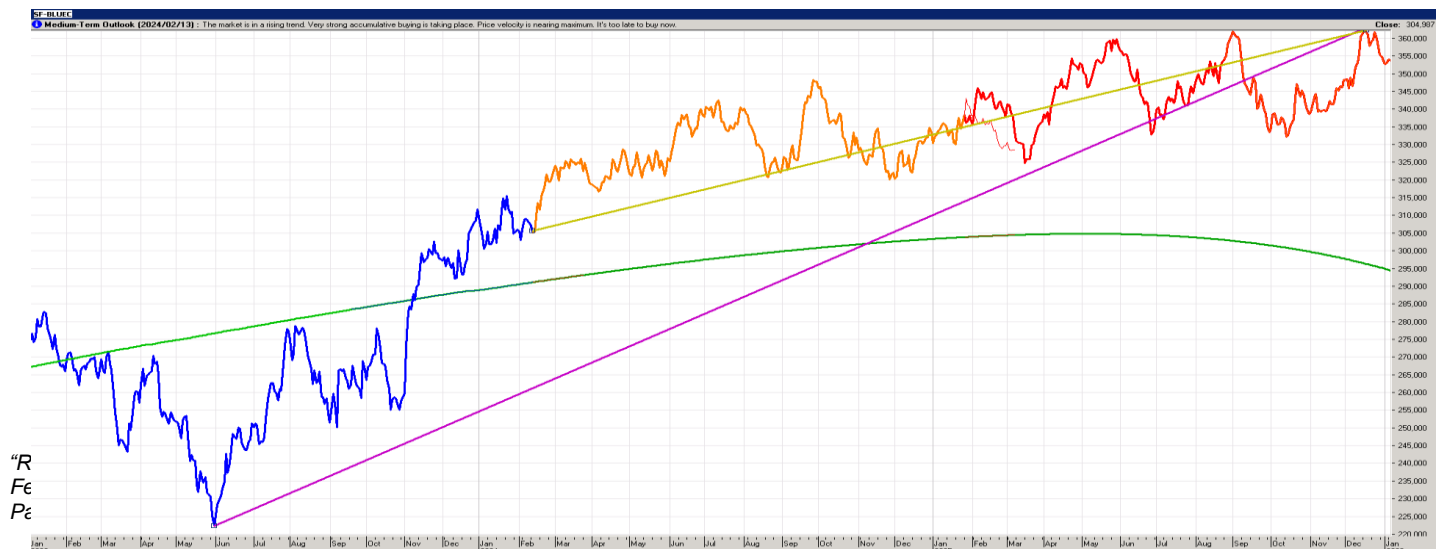
And of course at this stage we also have no idea how the public will react to the outcome of the election. However, since ShareFinder sees an end to the current market plunge on Monday June 10 and that quite steady gains will follow from then until June 27 followed by a brief plunge on the 28<sup>th</sup> and then by powerful gains from then until August 5, might it thus be fair to assume that the graph was predicting initial fears of something like the catastrophically destructive outlook envisaged by economists in the event that the ANC manages to remain in power by aligning itself with Julius Malema's Red Berets...and that those fears might likely to have largely subsided by June 11?

Thereafter, with a small hiccup from June 13 to 17, followed by three weeks of increasingly optimistic news, might we begin to see clarity that the DA's Moon Shot pact could be coming into being, culminating from June 28 with positive developments that suggest that strong economic recovery is thereafter assured? Interestingly, this scenario is echoed by the following graph which seems to be projecting the likely trend of the Rand relative to the US Dollar as a **STRONG** recovery.



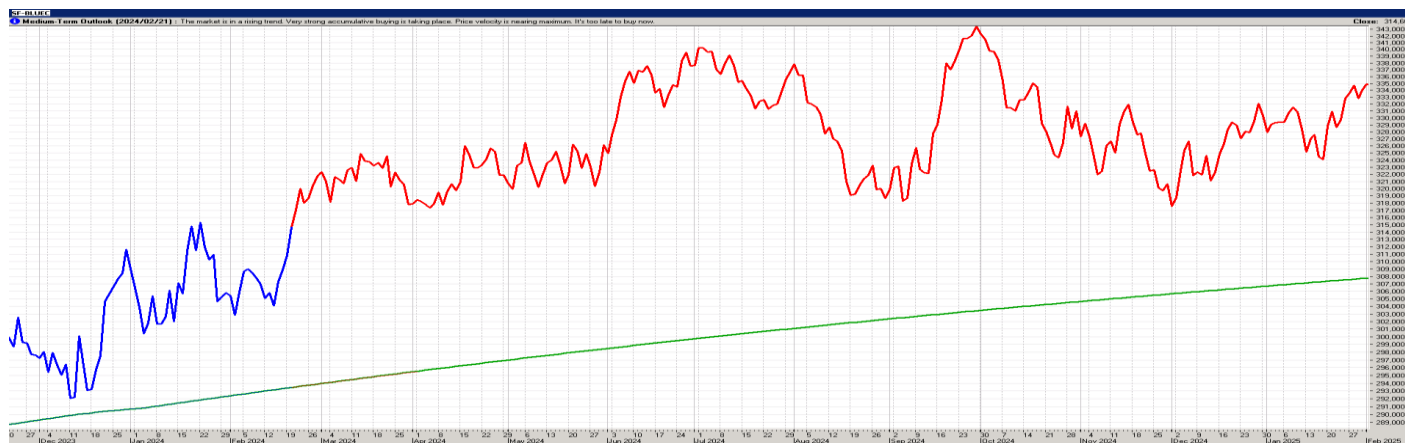
Here note, ShareFinder suggests the Rand is likely to weaken until May 21, recover slightly until May 30 with a last-minute hiccup until June 10 followed by strong gains well into the New Year.

All of which takes me to ShareFinder's analysis of the future of South African Blue Chips which I provided readers last Friday. This latter is the most important graph most of us will need to watch since most readers are quite faithful followers of my Prospects Portfolio which is largely composed of Blue Chips. So this is how the graph looked last week:



Then I recorded that, if the purple trend line was correct, it would forecast a continuation of the compound growth average of 21.2 percent together with an average dividend yield of 3.4 percent which, if you have been on board since the end of May last year has been offering an overall average Total Return rate of 24.6 percent. The yellow trend line from now to the end of December 2025 furthermore suggested a compound annualised average rate of 9.6 percent for the next 23 months!

And here is the latest version:



With the ink now dry upon one of the most feared budgets of recent times, this latter effective comment from investors in the ability of the South African business aristocracy to turn the economy around and manage growth into the future is a salutary one which few should ignore. Note that the trend in red from now to the election is projected to be sideways but, very importantly, not declining.

Immediately after the election ShareFinder senses strong gains followed by a brief retraction from July 2 to September 6 followed by further strong gains into October. So, even if the average voter is more apprehensive that he has been for most of our lifetimes, ShareFinder seems to be projecting that things will increasingly turn out OK. Watch this space.

## The month ahead:

**New York's SP500:** I have for weeks now warned of weakness which is now under way until the end of March ahead of a long recovery from March end to mid-July.

**Nasdaq:** I also correctly predicted the down-turn which I still expect to last to the first week of May followed by two months of gains and then further declines to the end of the year.

**London's Footsie:** I correctly predicted the dip which I now expect to last until year-end with brief recoveries during April and May and again in July.

**France's Cac 40:** I correctly expected a recovery until month-end followed by losses until mid-April and then another recovery to late July.

**Hong Kong's Hangsen:** I correctly predicted the end of the gains and now see weakness until the end of March. Thereafter I see a long recovery into the New Year.

**Japan's Nikkei:** I correctly warned of weakness until the 28<sup>th</sup> followed by gains to mid-April and then modest weakness until early June.

**Australia's All Ordinaries:** I correctly warned of declines through to late March ahead of a brief recovery to mid-June and then a decline until September.

**JSE Top 40 Index:** I correctly predicted a brief recovery ahead of weakness from now until the end of April and then a long recovery until the end of October.

**ShareFinder JSE Blue Chip Index:** I correctly expected continued gains which I see lasting until mid-July followed by six weeks of declines and then another six of gains to a market peak in late September.

**Rand/Dollar:** I correctly predicted the start of a long-term Rand recovery until the end of September.

**Rand/Euro:** I correctly predicted gains until mid-March but thereafter I see weakness for most of the year.

***The Predicts accuracy rate on a running average basis since January 2001 has been 87.15 percent. For the past 12 months it has been 91.67 percent.***