



Our Weekly Paid Newsletter

Richard Cluver Predicts

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



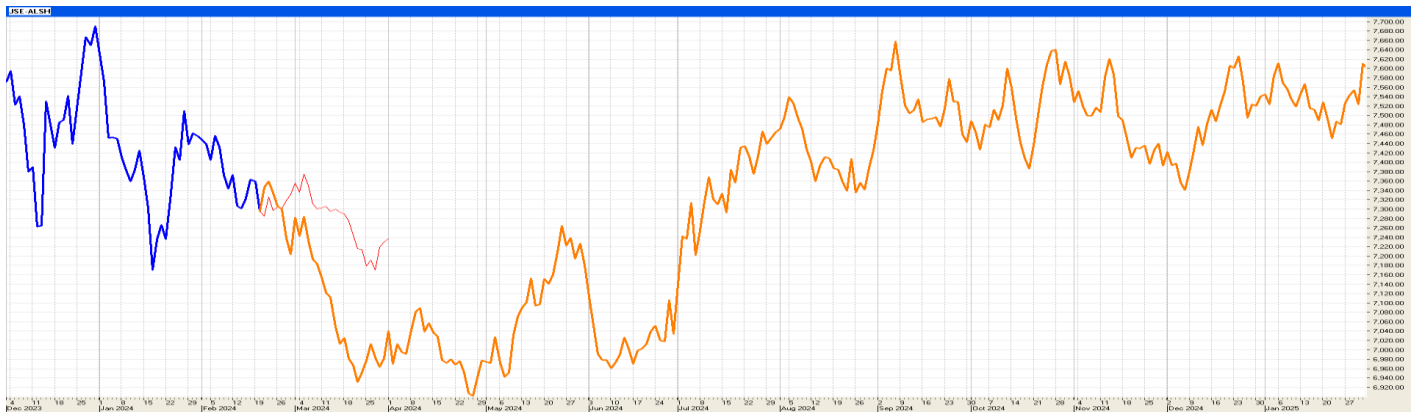
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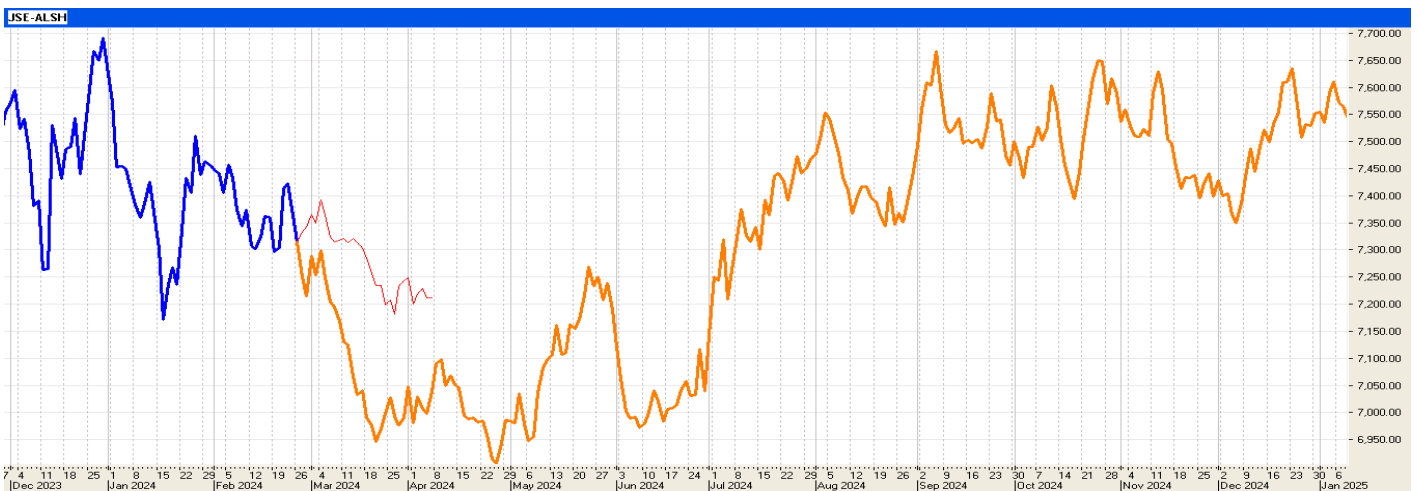
I have been taking opinions of everyone I know about how they reacted to the latest budget, and generally, most folk are bemused. They get that Finance Minister Enoch Godongwana is plundering the family silver by cashing in the SA Reserve Bank's contingency reserve in order to balance the books, but most seem relieved that it was not worse.

Most feared increased taxes of one kind or another and so what they got seems a better option. Initially too, the Rand reacted negatively to the potential risk of increased future currency volatility, but even there things seem to have settled for now, particularly since, comparatively speaking, SA has bigger reserves than most!

So, the immediate share price plunge that most expected, did not happen. Indeed, as ShareFinder predicted it would, the share market initially rose before beginning to weaken in exactly the fashion that ShareFinder had predicted. So let's re-cap by reminding ourselves what the graph of the JSE All Share Index looked like immediately before the budget speech:



And here, to the same scale is what has happened in the past week and how ShareFinder senses the rest of the year will pan out. Note the initial gain was a little stronger but the direction and timing identical:

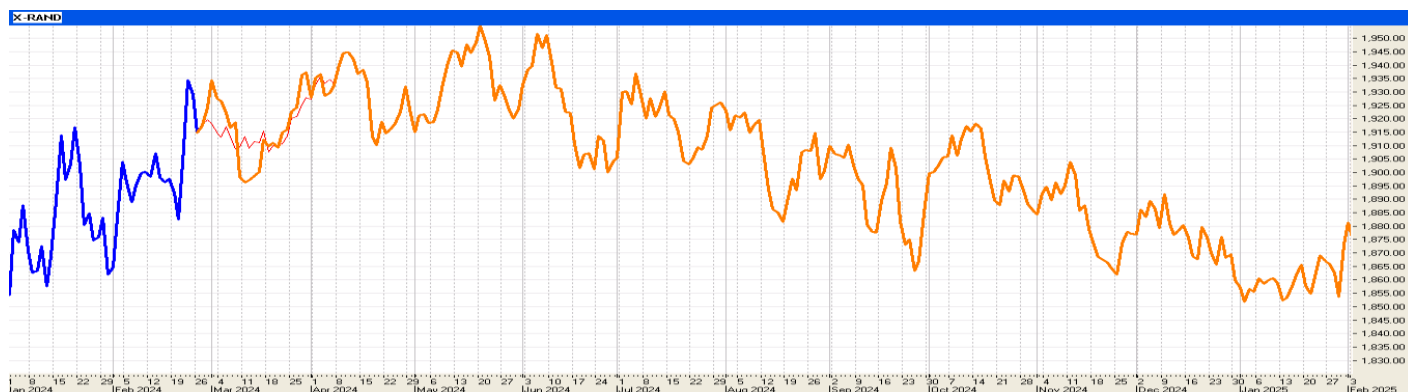


So the software still senses a share market decline from now until April 26 followed by a four-week run up to peak on May 24, five days ahead of Election Day on May 29, and then a fortnight of weakness is foreseen before the market bottoms of June 10 ahead of a volatile four-month bull phase peaking on September 6. Optimism thus appears likely and hopefully we can interpret that as the consequence of a change in government!

Turning next to the Rand, here is the graph I published last Friday:



And here, to the same scale, is what happened. Note ShareFinder was expecting the Rand to weaken after the budget in a volatile fashion running up to its weakest on May 21 and, following the election, the software saw a steady strengthening that would take the Rand to R18.51 at the start of January 2025. So here, below it is clear that exactly that has so far happened with the Rand still projected to strengthen until March 12 before weakening until May 21:



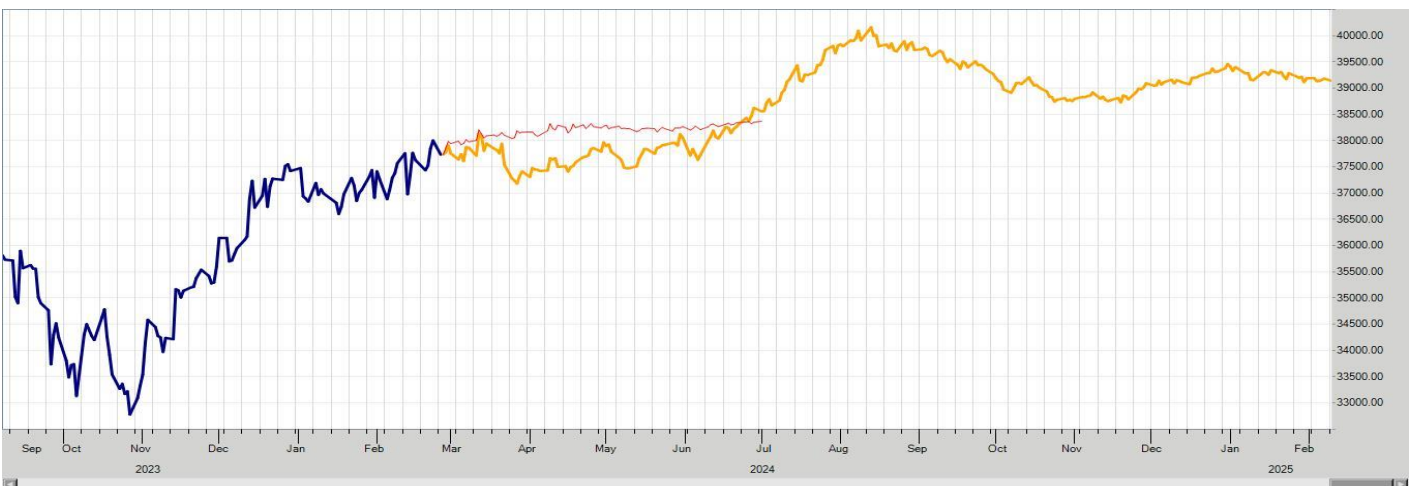
All of which takes me to ShareFinder's analysis of the future of South African Blue Chips which continues, as I noted last week, to sense strong gains immediately after the election followed by a brief retraction from July 2 to September 5 followed by further strong gains into October when two months of weakness is likely to take us to a Christmas boom lasting right into mid-February. Overall, the blue trend line suggests that from now until the end of November 2025 Blue Chips will continue climbing at a compound annual average rate of 7 percent and the green long-term line supports that view as do all ShareFinder's other technical indicators.



If, like me, you have learned to trust ShareFinder's projections, it is thus impossible to be pessimistic about the outcome of the coming elections. However, ShareFinder is not nearly as sanguine about Wall Street shares. The blue trend line in my next graph projecting the likely future of the S&P500 Index senses a compound annualised decline rate of - 6.2 percent until June 2025. The green long-term projection does, however sense that the recovery will begin next February. Could the elusive recession that many feared might occur, actually come to pass because the Fed has taken too long to reduce interest rates? They are, after all, recognized as a blunt instrument which makes fine-tuning nearly impossible,



Wall Street Blue Chips are, however, likely to enjoy a better time of it as my final graph suggests gains until mid-August 2025 followed by losses until mid-October!



The month ahead:

New York's SP500: I correctly predicted the present weakness which is now under way and likely to continue until the end of March ahead of a long recovery from March-end to early August.

Nasdaq: I also correctly predicted the down-turn which I still expect to last to the first week of May followed by three 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 losses to start around now and last until mid-April followed by a volatile period of overall gains to the end of August before another steep decline gets under way.

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 predicted the start of a recovery until early April followed by a sideways to slightly declining phase lasting to the end of July ahead of three months of gains.

Australia's All Ordinaries: I correctly warned that the market was topping ahead of weakness to late March ahead of a brief recovery to mid-April when a brief drop is likely before gains resume until late June. Thereafter I see declines to the end of the year.

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

ShareFinder JSE Blue Chip Index: I correctly expected continued gains which I see lasting until early-July followed by six weeks of declines and then another six of gains to a market peak in late September. Thereafter I see two months of weakness before growth resumes.

Rand/Dollar: I correctly predicted a recovery. Now, however, I see weakness from March 13 to April 11 followed by two weeks of recovery and then fresh weakness until Election Day. Thereafter I see a volatile period of continued gains into the New Year.

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 87.17 percent. For the past 12 months it has been 92.03 percent.