Our Weekly Paid Newsletter

Richard Cluver Predicts

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

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Students of the 1929 Great Depression believe that, notwithstanding the financial shock of the 1929 Wall Street crash which precipitated it, the reason why it was to become a decades-long financial horror which spread its unemployment tentacles across the entire globe was precisely the measures Donald Trump has threatened to unleash if he becomes US President next Tuesday!

Despite a petition signed by over a thousand US economists opposing it, the Smoot-Hawley Tariff Act was enacted in June 1930 in an attempt to rebuild the US economy by erecting a further 20 percent tariff barrier to already high import taxes. The initial focus of the Smoot-Hawley legislation was to increase protection for US farmers who were struggling to compete with agricultural imports from overseas. But, as a direct result, international trade declined by two thirds because some 25 leading nations retaliated by raising their own tariff barriers.

One notable loser in the trade wars was Germany, which was already struggling to repay war reparations to the victors of the First World War. The resultant runaway inflation in Germany was the principal reason Adolph Hitler and his Nazis came to power which in turn led inevitably to World War Two!

Donald Trump has vowed to immediately introduce a ten percent tariff increase on all global imports, and a 60% increase against China. So, as I write, the polls are giving Donald Trump 46 percent of the vote and Kamala Harris 46.8. But the road to the White House is anything but straightforward. Five previous winners of the popular vote have lost the election because the outcome depends on Electoral College votes: a provision which gives each state a share of the country's 538 electors, distributed according to population. It's a complicated and very controversial system.

What has, however, long worried me, is ShareFinder's AI projections which have long made it clear that most investment markets globally will not be happy with the outcome and so I assume Trump will win. He certainly has the vote of US business because of his promises to further cut corporate taxes and, of course South Africa's wealthiest export Elon Musk thinks Trump will win and accordingly make it easier for his electric cars to compete against Chinese imports.

But, already the world's markets are signalling their concern with, for example, the gold graph on the right hitting record peaks. That green trend line shows that in the past 12 months gold has been rising at an unprecedented compound annual average rate of 44.3 percent. A clear sign of a retreat to the safety of mankind's oldest store of wealth

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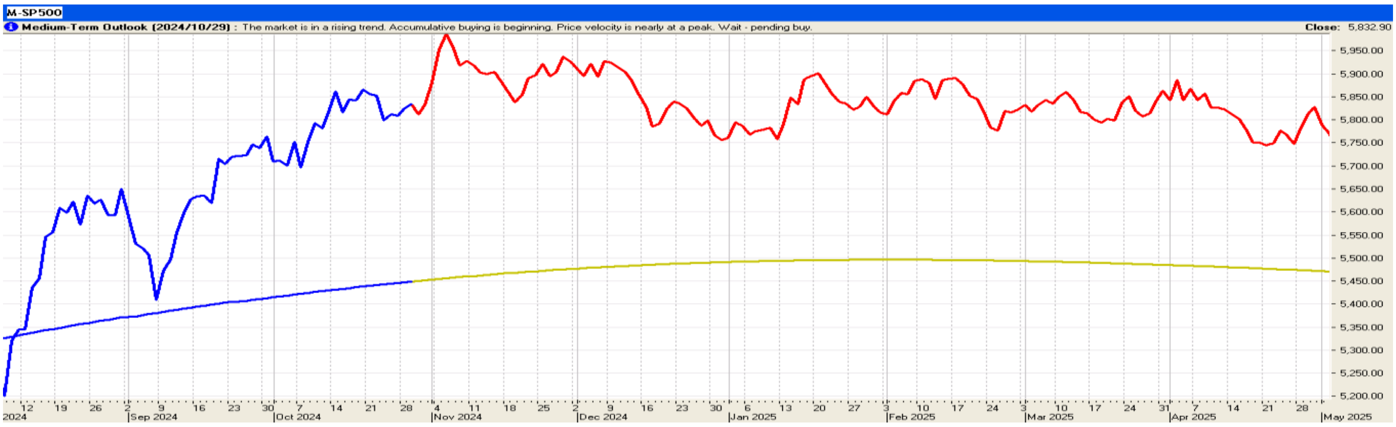
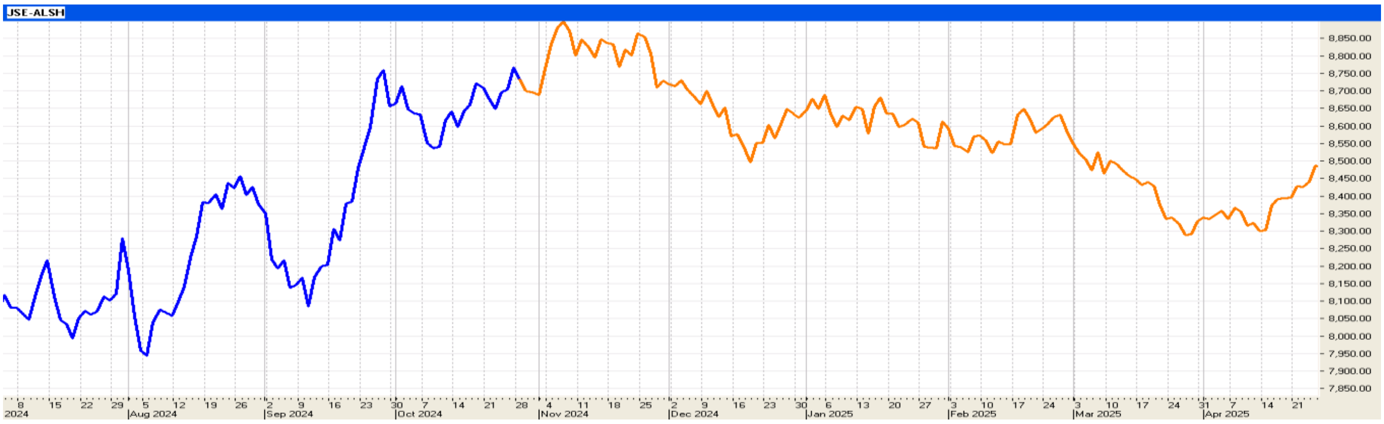
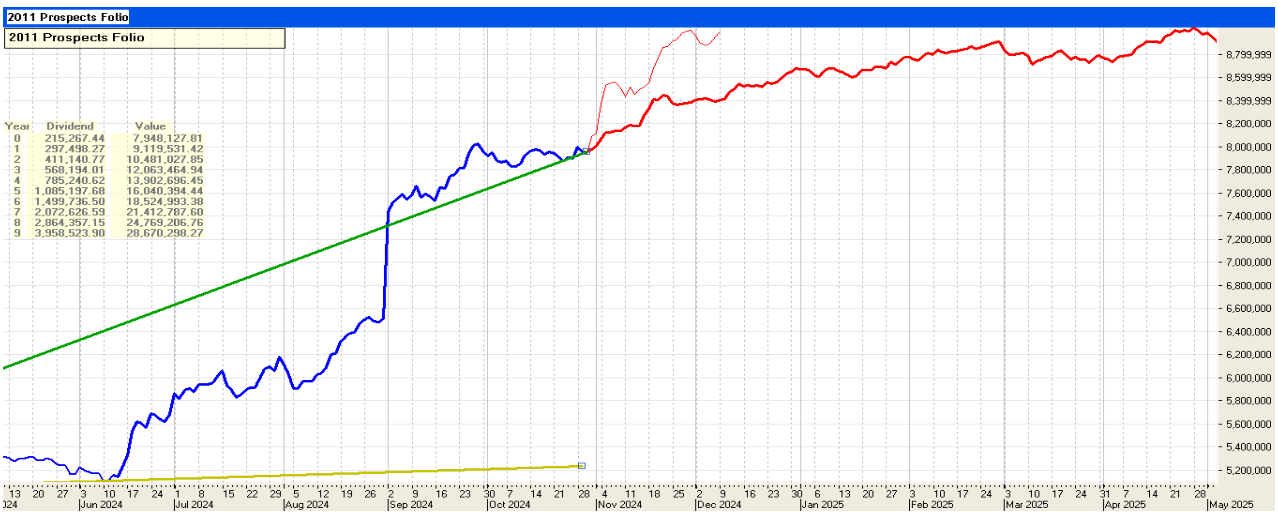
But far more importantly, for over a year now ShareFinder's very reliable AI projection system has been projecting that Wall Street's S&P500 Index will go into decline from next Tuesday:



It sees worse happening in respect of the JSE All Share Index which it projects as likely to go into severe decline until the end of March at least:



All of which is going to pose a critical test for my new algorithm-driven Prospects portfolio because, not only is it one of the world's best-performing managed portfolios having delivered compound 16 percent annually every year since January 2011 as measured by the yellow trend line below and delivered a 3 percent dividend to provide a total annual return of 19 percent, it has been growing at compound 93 percent since last December but, critically, ShareFinder projects that it will CONTINUE gaining in the coming post-US election period as illustrated in the graph below:



If it fulfils this ShareFinder promise it will have passed the critical test of being robust in times of market distress and represent a triumphant milestone for our project to create a completely autonomous computer-driven investment management system which will form the basis of my hope of creating a Prospects unit trust….provided in turn that enough of you come on board to give us the R200-million critical mass demanded by our chosen fund administrators!

We are still very short of that number.

The month ahead:

New York's SP500: I correctly predicted a brief last gasp recovery until the US election. Thereafter I see weakness FOR THE NEXT YEAR.

Nasdaq: Ditto the Nasdaq which I expect to peak on the 5th before going into At least year-long decline. January could offer some temporary relief but other than that the outlook is bleak.

London's Footsie: I also correctly predicted the start of a lengthy decline that should continue until February. Here, mid-December could offer brief relief but a longer recovery is only likely to begin in February.

France's Cac 40: I correctly predicted a decline likely to last until early January before a sustained recovery sets in.

HongKong's Hangsen: I correctly projected a bottoming and now I see gains until early December.

Japan's Nikkei: I wrongly predicted the recovery would continue to the end of November but thereafter I see losses for most of the year.

Australia's All Ordinaries: I correctly saw a very brief gain ahead of weakness to mid-February. Thereafter I still see a VERY volatile recovery until mid-May.

JSE Top 40 Index: I correctly warned that weakness would begin now and I expect it to last until mid-year.

ShareFinder JSE Blue Chip Index: I correctly predicted weakness which I see lasting to mid-April followed by three months of modest gains.

Rand/Dollar: I correctly predicted the brief weakness would end this week followed by gains until the end of April.

Rand/Euro: I correctly predicted gains starting now through to the end of June.

The Predicts accuracy rate on a running average basis since January 2001 has been 87.4 percent. For the past 12 months it has been 95.39 percent