Business Cycle Index 11-6-14

The BCI at 184.6 up from last week's 183.4. No recession is signaled by both the derived indicators; BCIg, now at 20.8 up from last week's 20.6, and BCIp at 100.0 indicates that, for this business cycle, BCI is at a new high.

Summary 11-7-14:

The IBH stock market model is out of the market. The MAC stock market model is invested, the bond market model avoids high beta (long) bonds, the yield curve has a steepening trend, the gold and silver models are invested. The recession indicator COMP is lower from last week's level, and iM-BCIg is up from last week's level. MAC-AU is invested.

Stock-market:

The IBH-model is out of the market as shown in Fig. 1. A Sell A signal was generated 19 weeks ago. The IBH-model is described here and the latest rules can be found here .

The MAC-US model stays invested. MAC-US Fig 2 shows the spreads of the moving averages. The sell-spread is near last week's level. A sell signals is not imminent. The sell spread (red graph) has to move below the zero line for a sell signal.

The MAC-AU model stays invested. MAC-AU Fig 2.1 shows the spreads of the moving averages of the Australia All Ordinaries Index. The sell-spread is lower than last week's level. The sell spread (red graph) has to move below the zero line for a sell signal. This model and its application is described in MAC-Australia: A Moving Average Crossover System for Superannuation Asset Allocations.

Recession:

In Fig. 3 one can see that COMP is lower than last week's revised level, and far away from signaling recession. COMP can be used for stock market exit timing as discussed in this article The Use of Recession Indicators in Stock Market Timing.

Fig. 3.1 shows our recession indicator iM-BCIg, up from last week's level. A recession is not imminent as one can clearly see.

Bond-market:

The BVR-model avoids high beta bonds (long-bonds) and also intermediate duration bonds. The Bond Value Ratio is shown in Fig 4. The BVR is near from last week's level. According to the model, only when BVR turns upward after having been lower than the lower offset-line should one consider long bonds again.

The Yield Curve:

The yield curve model shows the generally steepening trend from mid 2012 of the 10-year and 2-year Treasuries yield spread. Figure 5 charts (i10 – i2). Although the curve has flattened from the beginning of 2014, the general trend from the middle of 2012 is up. FLAT and STPP are ETNs. STPP profits from a steepening yield curve and FLAT increases in value when the yield curve flattens. This model confirms the direction of the BVR.

Gold:

The modified Coppock Gold indicator is shown in Fig 6. and is now invested. This indicator is described in Is it Time to Buy Gold Again? - Wait for the buy signal ....

Silver:

The modified Coppock Silver indicator shown in Fig 7 and is currently invested. This indicator is described in Silver - Better Than Gold: A Modified Coppock Indicator for Silver.

Monthly Updates

Unemployment

The unemployment rate recession model (article link), has been updated with the October UER of 5.8%. Based on the historic patterns of the unemployment rate indicators prior to recessions one can reasonably conclude that the U.S. economy is not likely to go into recession anytime soon.

Coppock Indicator for the S&P500

The Coppock indicator for the S&P500 generated the last interim buy signal on January 31, 2014. This indicator is described here and now signals investment in the S&P500 to the end of 2014, unless the S&P500 gains 38% over a shorter period.

TIAA Real Estate Account

Currently the 1-year rolling return is 11.05%. The Vanguard REIT Index Fund is near an all time high signaling that there is further upside potential for the TIAA Real Estate Account. A sell signal is not imminent.

Read more …

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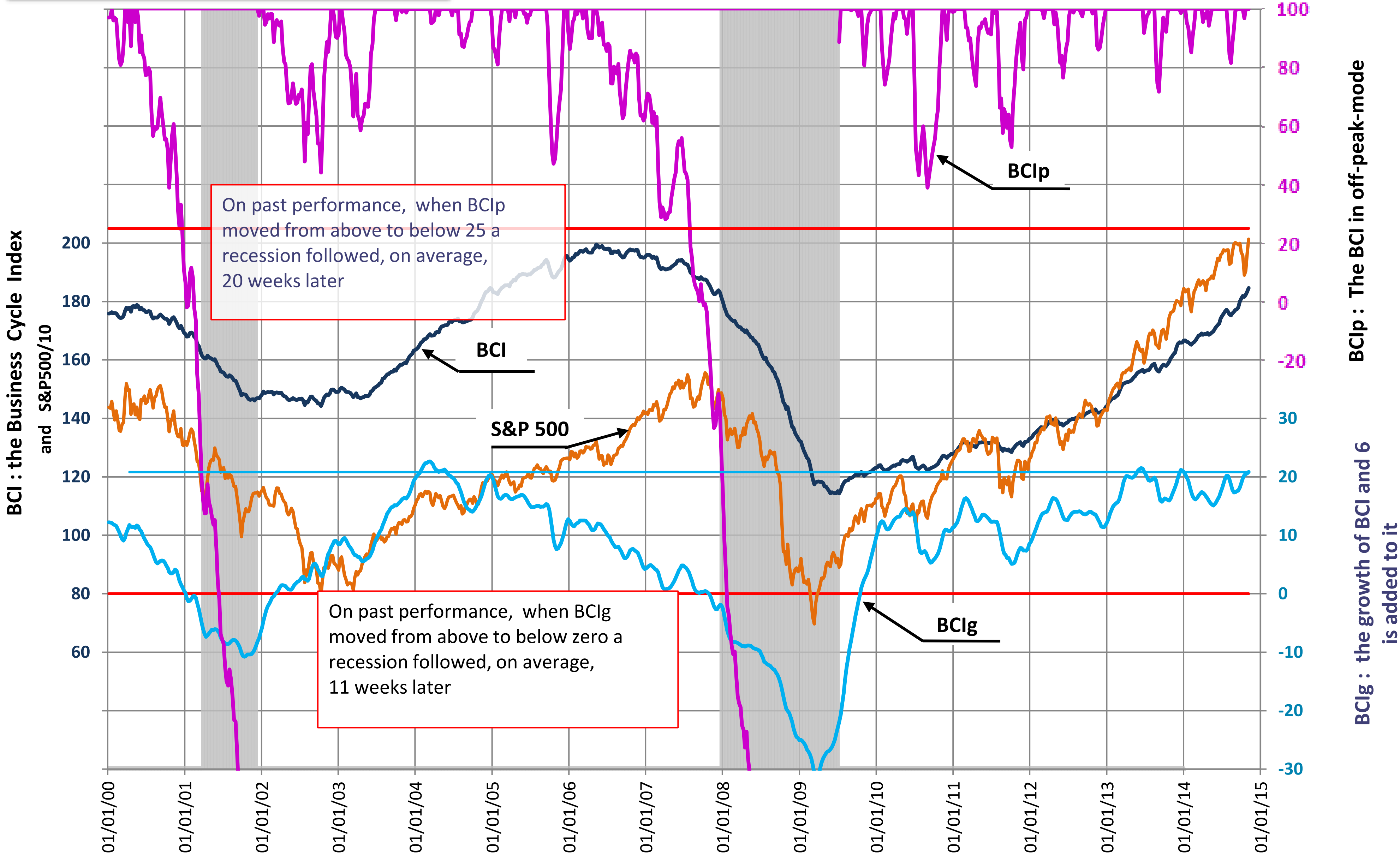
iM's Business Cycle Index (BCI)

BCIp, BCI and BCIg
updated to November 06, 2014

Date	10/09	10/16	10/23	10/30	**11/06**
BCIp	100.0	96.9	100.0	100.0	**100.0**
BCI	181.9	181.6	182.3	183.4	**184.6**
BCIg	19.7	20.3	20.4	20.6	**20.8**

On past performance, BCIp = 100 can be interpreted as an average one year "time-to-live" to a recession.



Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

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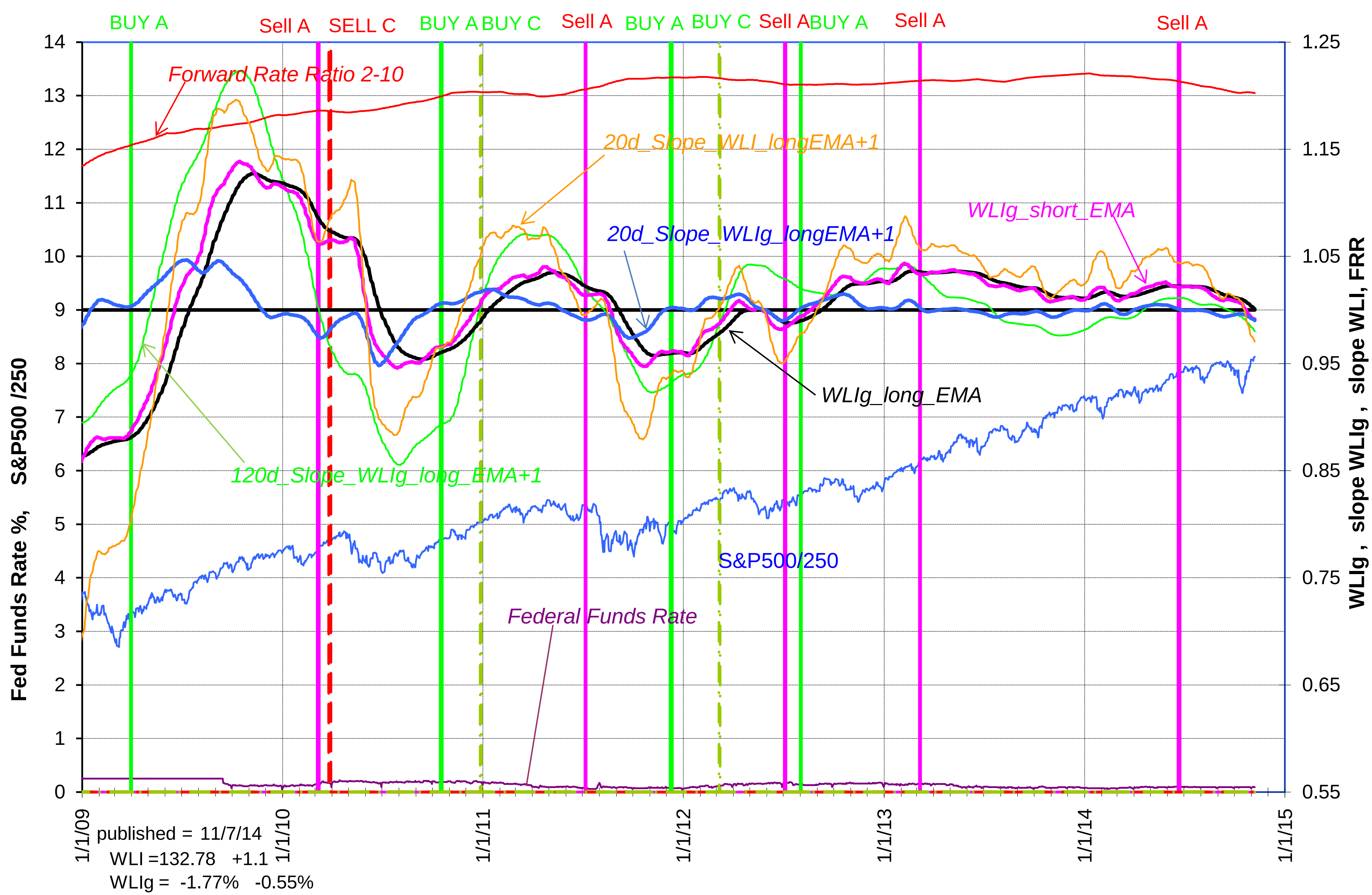
Figure 1 : 2009-14 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI

updated to….11/7/14



WLIg = ECRI Weekly Leading Index growth/200 +1   *WLI = (ECRI Weekly Leading Index -50)/10*

IBH.xlsm

Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

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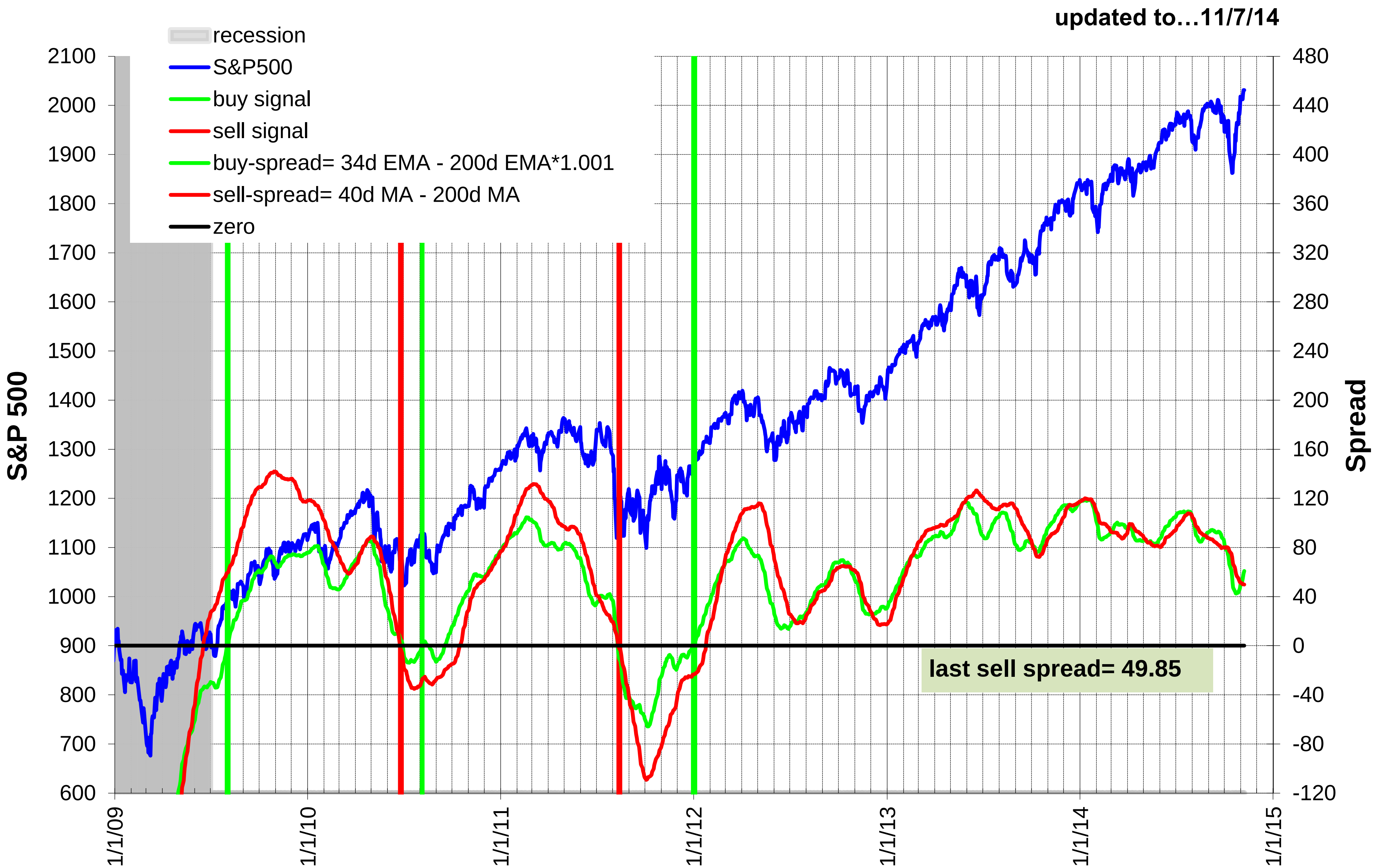
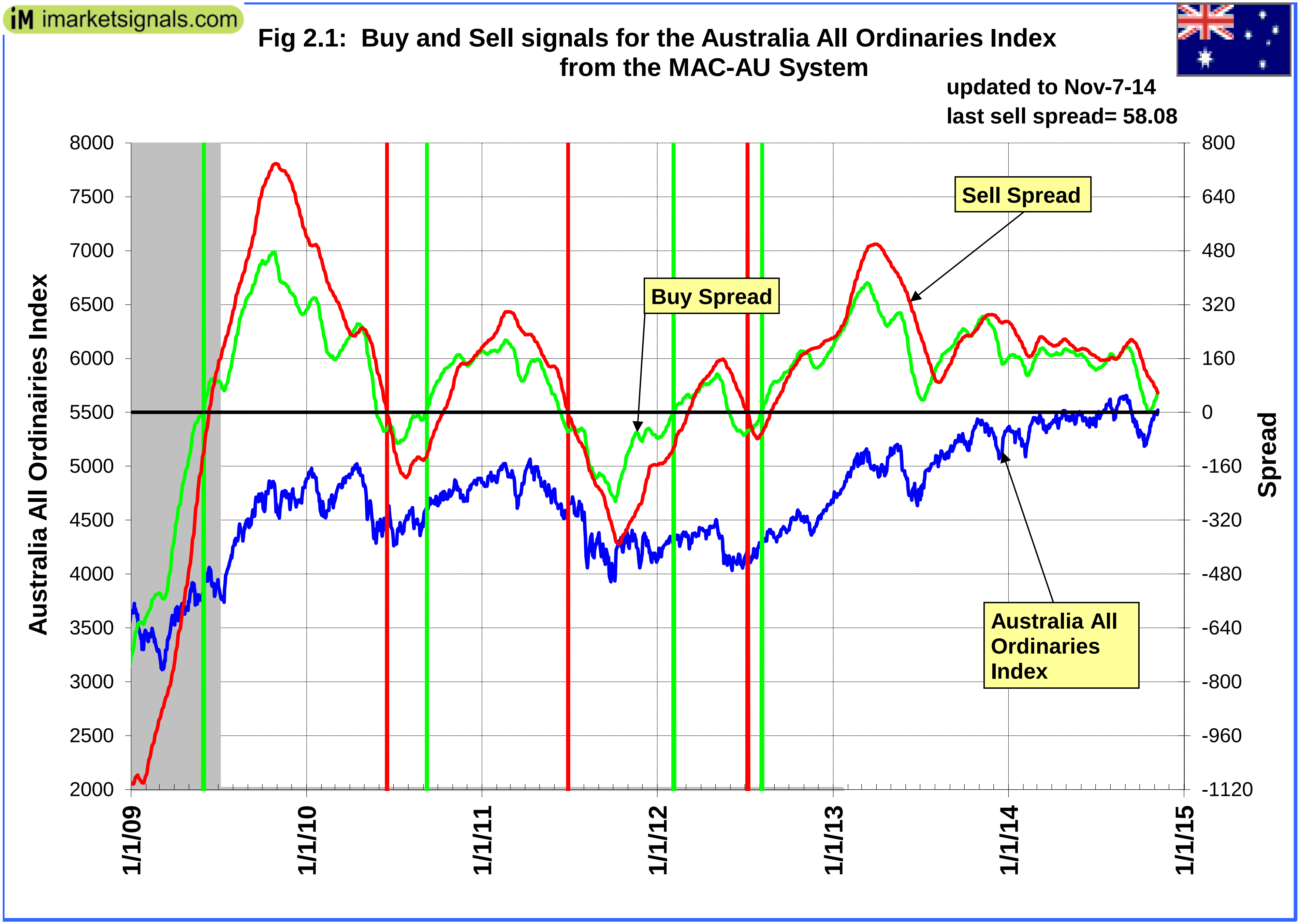
Figure 2: Buy and Sell signals for S&P 500 2009-14 from the modified golden-cross MAC system

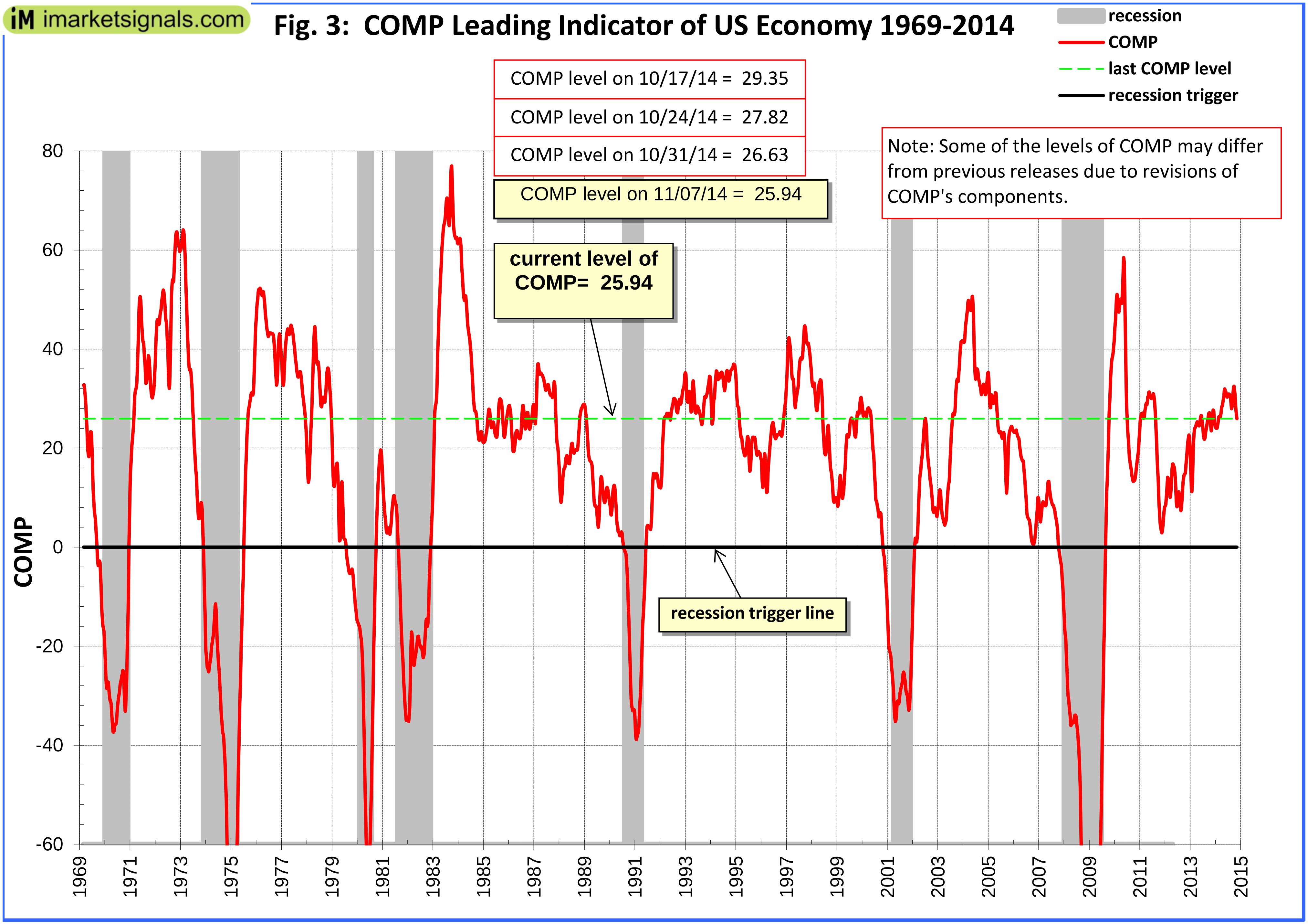


MAC.xlsm

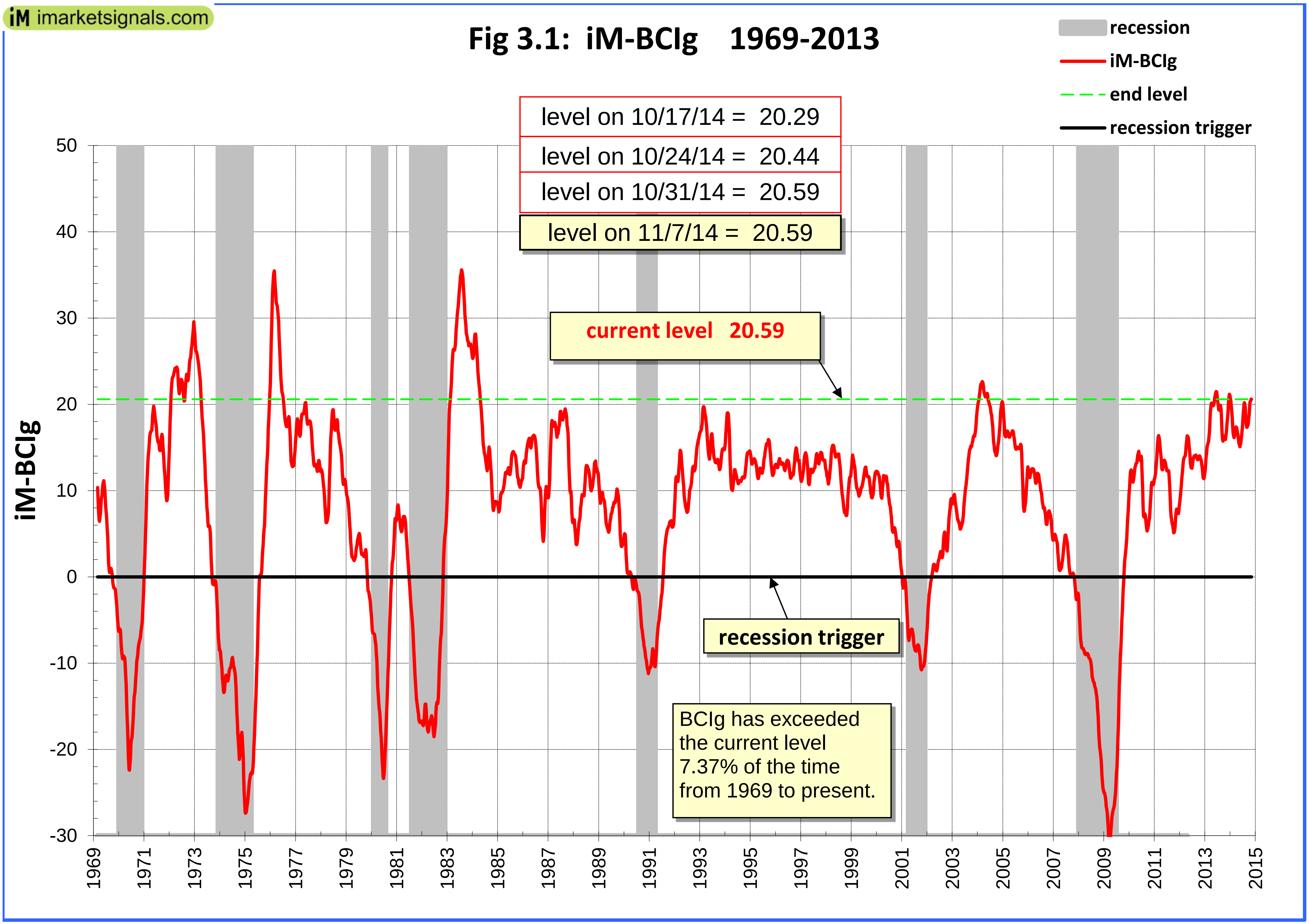
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



MAC Australia.xlsm

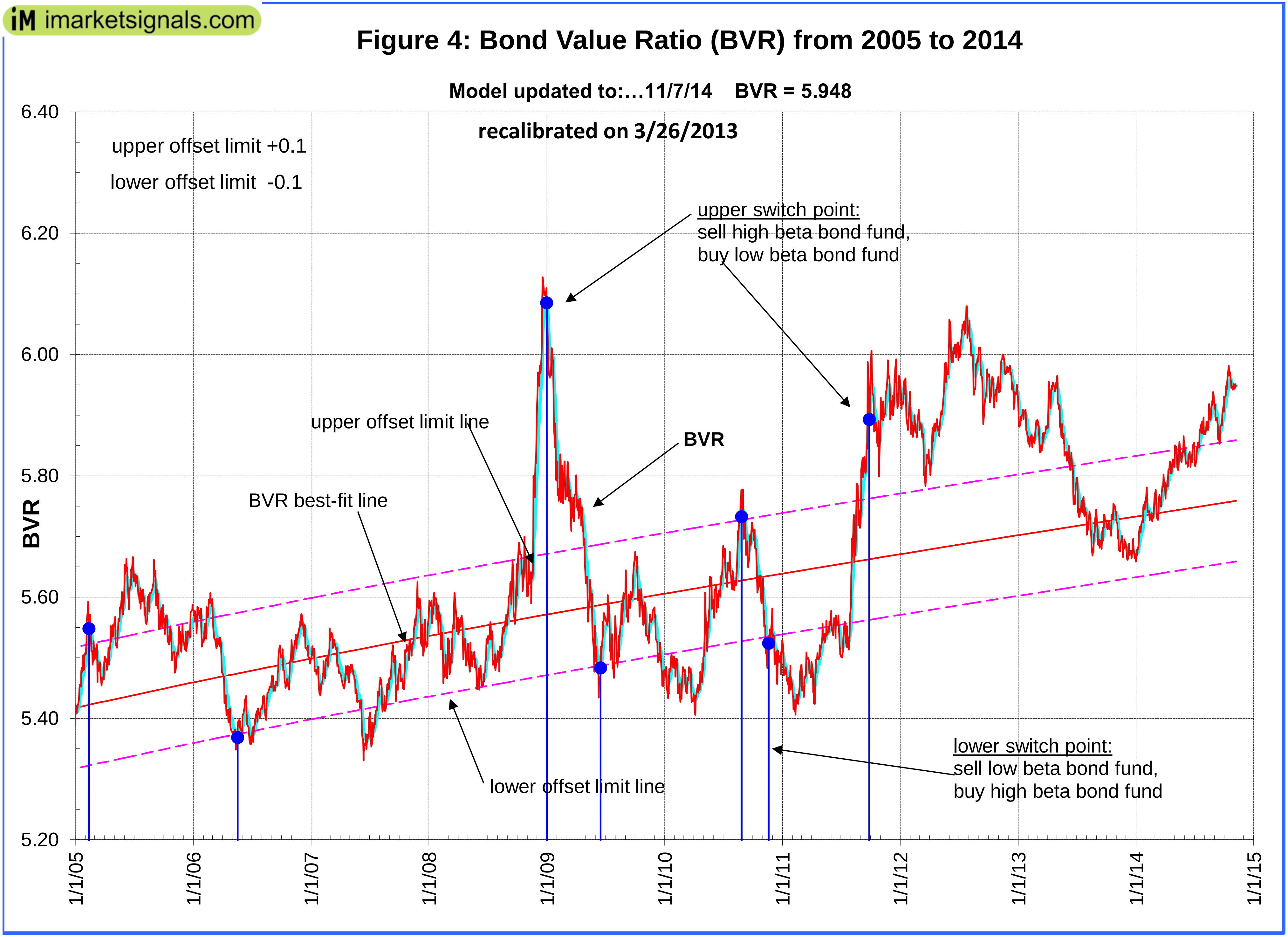

iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2014
recession
COMP
last COMP level
recession trigger
COMP level on 10/17/14 = 29.35
COMP level on 10/24/14 = 27.82
COMP level on 10/31/14 = 26.63
COMP level on 11/07/14 = 25.94
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 25.94
recession trigger line
COMP
80
60
40
20
0
-20
-40
-60
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015

COMP.xls



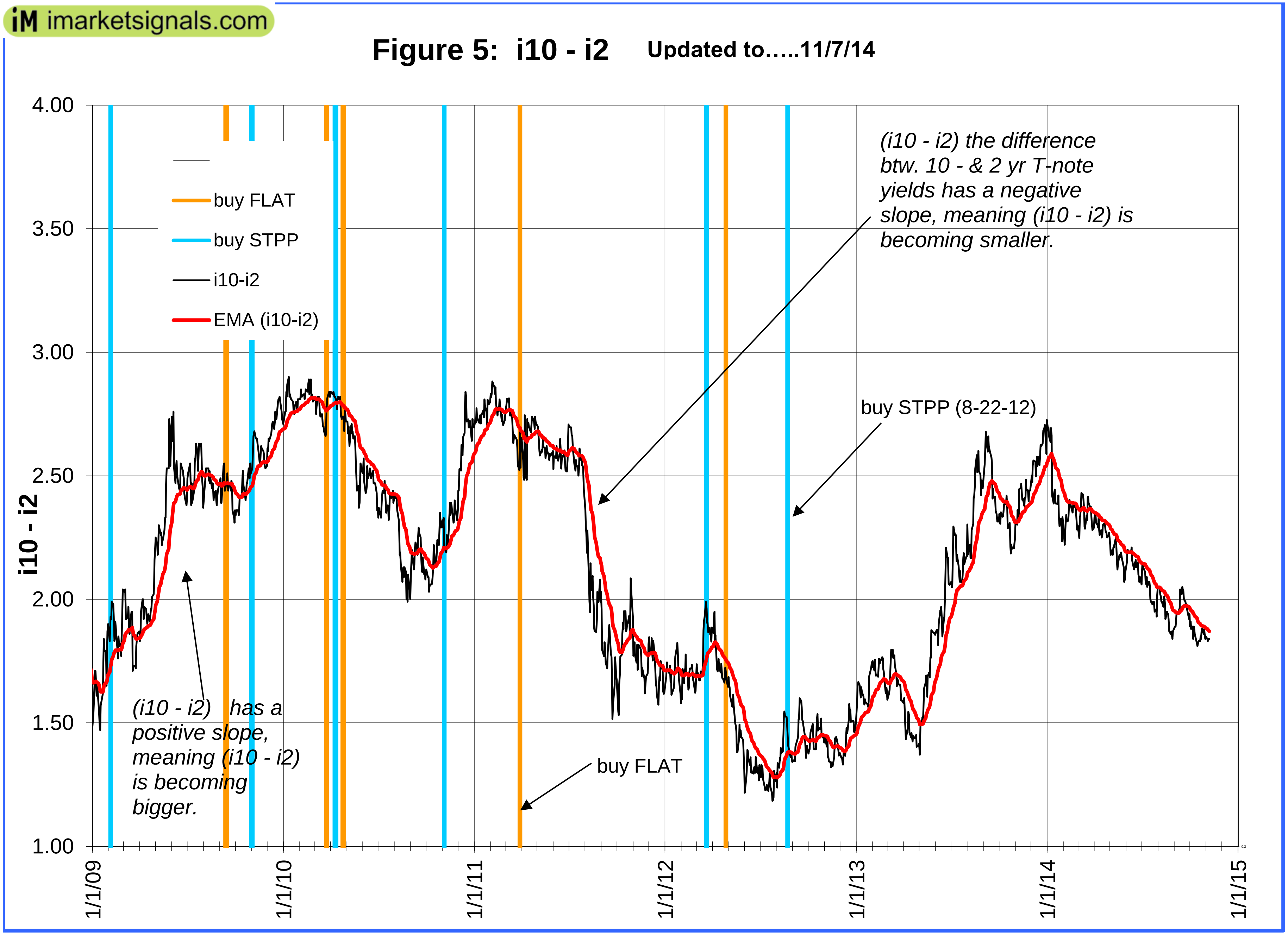
BCIg Toni.xlsm

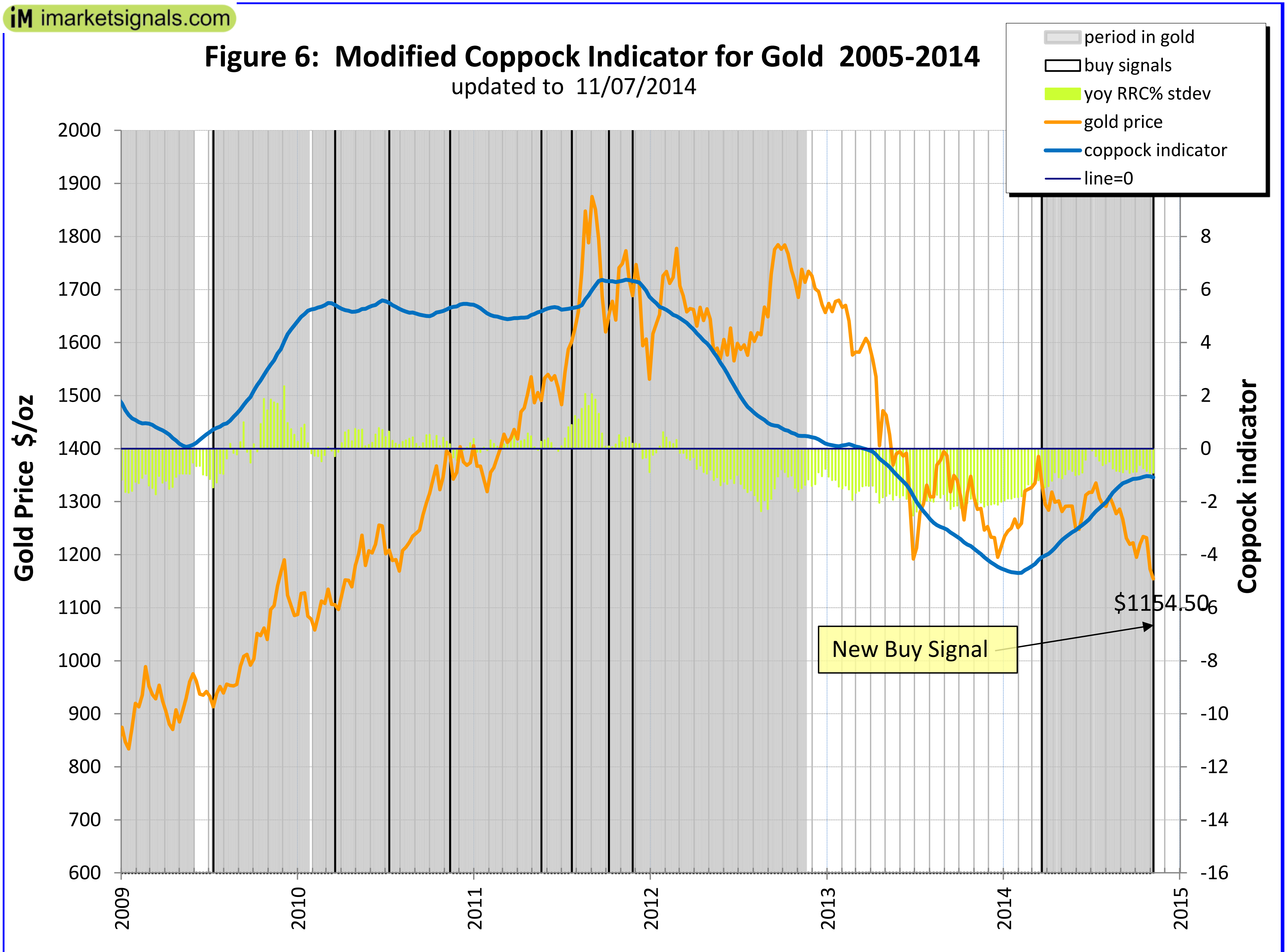
Note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



BVR.xlsm fig4 BVR06-14

Note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.





COPPOCK GOLD for updates.xlsm

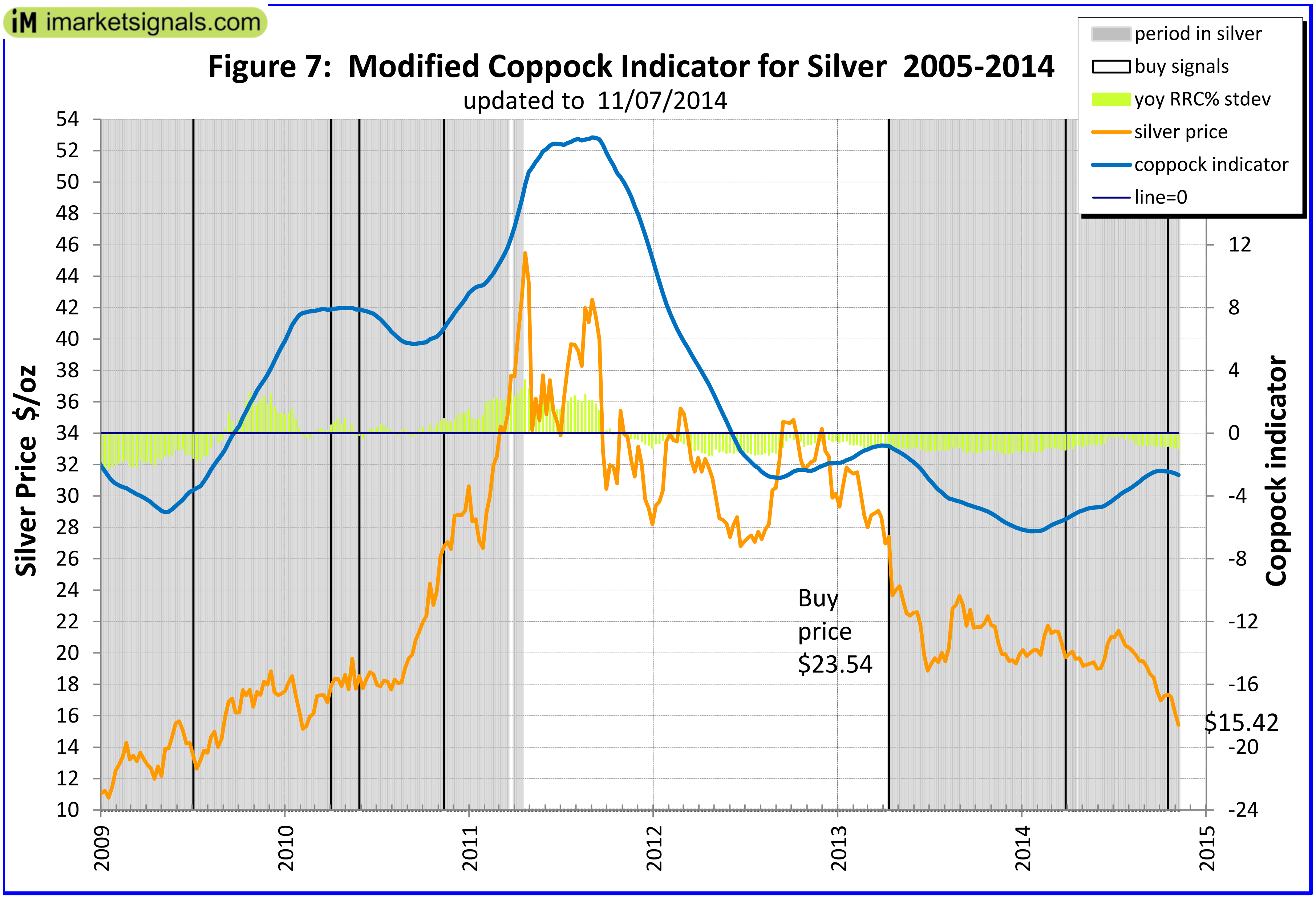
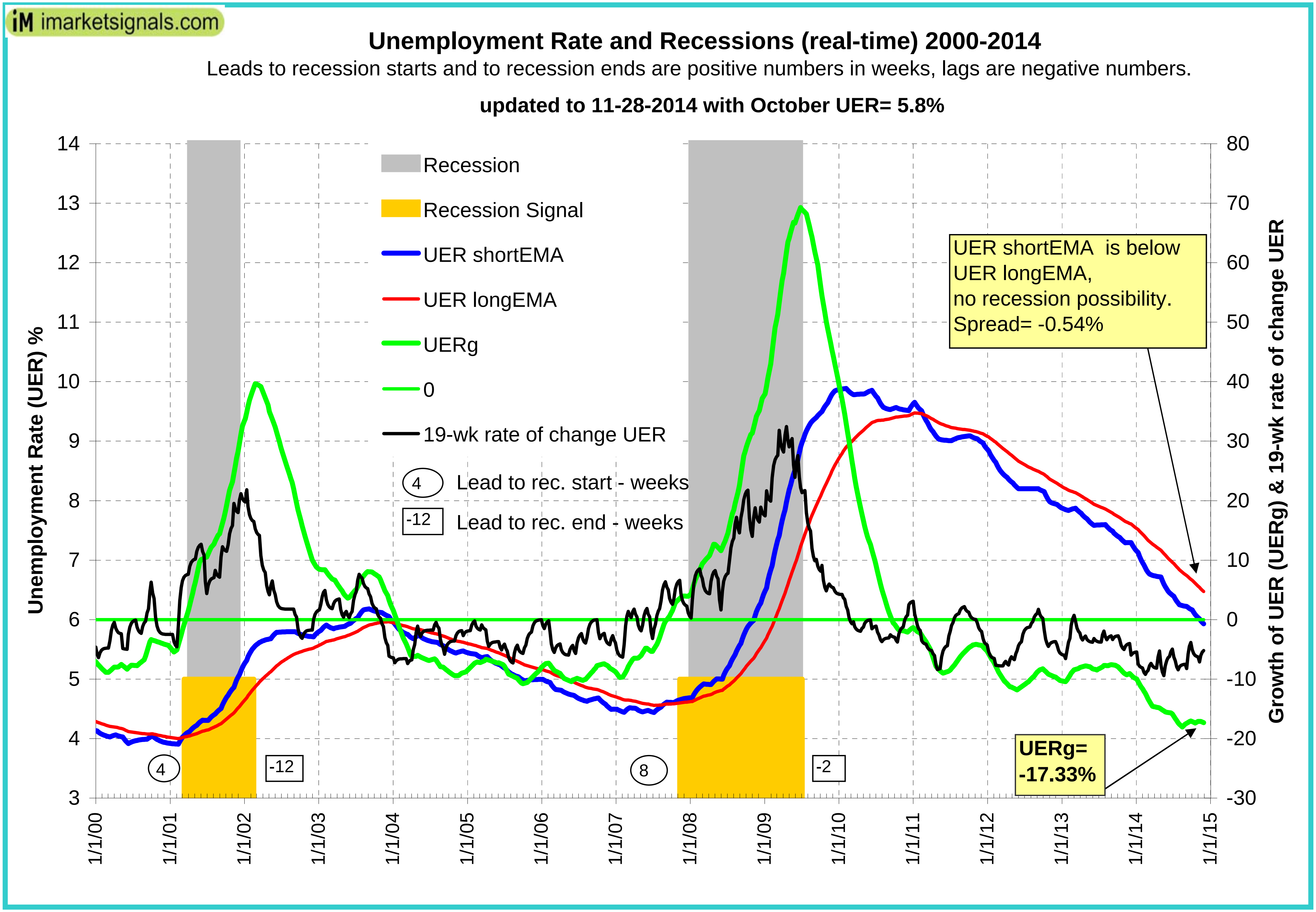


Figure 7: Modified Coppock Indicator for Silver 2005-2014

updated to 11/07/2014



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Unemployment Rate and Recessions (real-time) 2000-2014
Leads to recession starts and to recession ends are positive numbers in weeks, lags are negative numbers.
updated to 11-28-2014 with October UER= 5.8%
Recession
Recession Signal
UER shortEMA
UER longEMA
UERg
0
19-wk rate of change UER
4 Lead to rec. start - weeks
-12 Lead to rec. end - weeks
UER shortEMA is below UER longEMA, no recession possibility. Spread= -0.54%
UERg= -17.33%
Unemployment Rate (UER) %
Growth of UER (UERg) & 19-wk rate of change UER
4
-12
8
-2
14
13
12
11
10
9
8
7
6
5
4
3
80
70
60
50
40
30
20
10
0
-10
-20
-30
1/1/00
1/1/01
1/1/02
1/1/03
1/1/04
1/1/05
1/1/06
1/1/07
1/1/08
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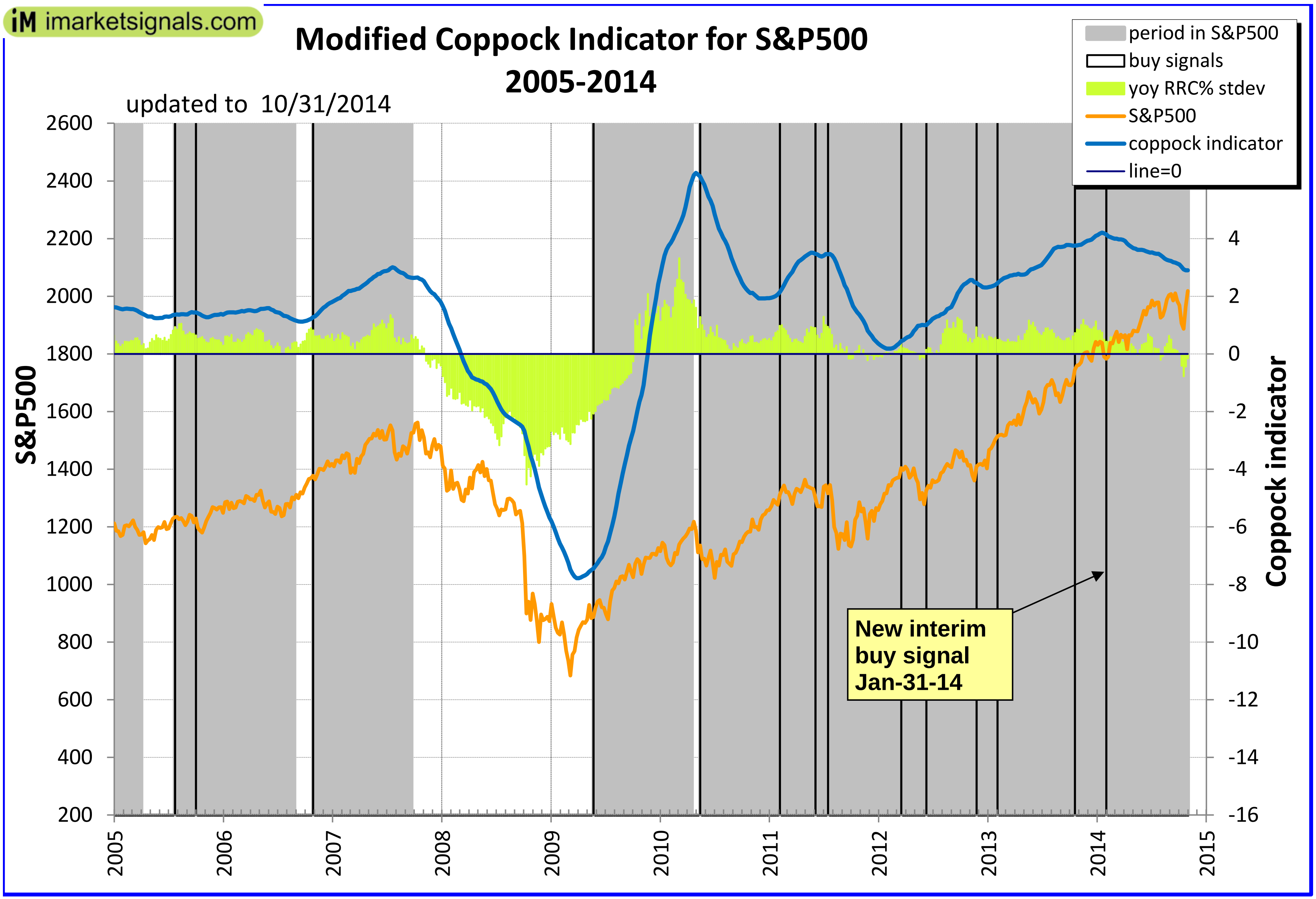
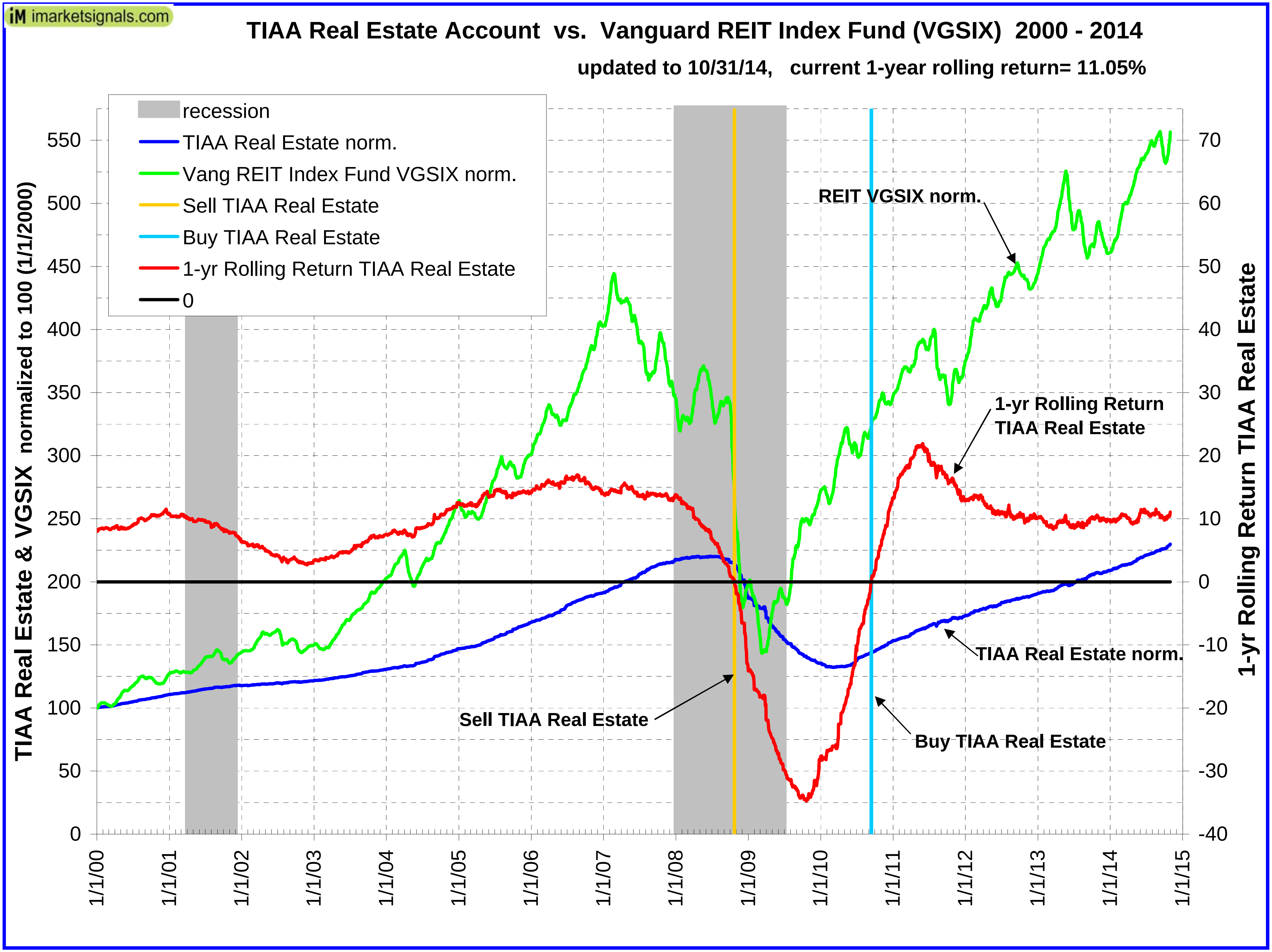
1/1/15

11/7/2014



iM imarketsignals.com
Modified Coppock Indicator for S&P500
2005-2014
updated to 10/31/2014
period in S&P500
buy signals
yoy RRC% stdev
S&P500
coppock indicator
line=0
S&P500
Coppock indicator
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
4
2
0
-2
-4
-6
-8
-10
-12
-14
-16
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
New interim
buy signal
Jan-31-14



Vang REIT Index VGSIX vs TIAA Real Estate for updates.xls TIAA vs REIT norm