Business Cycle Index

The BCI at 186.3 is near last week's downwards revised 186.2. No recession is signaled by both the derived indicators; BCIg, expressed to one decimal place, is unchanged from last week's 21.7, and BCIp at 100.0 indicates that, for this business cycle, BCI is at a new high.

Summary 12-5-14:

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 up from last week's revised level, and iM-BCIg is unchanged from last week's level. MAC-AU is out of the market.

Stock-market:

The IBH-model is out of the market as shown in Fig. 1. A Sell A signal was generated 23 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 up from 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 is out of the market. A sell signal was generated on Nov-25. The model switched to interest bearing instruments. 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 moved below the zero line for a sell signal. A buy signal will only be generated when the buy-spread (green graph) moves from below to above zero. 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 higher from 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, unchanged 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 lower 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 November 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 shorter period.

TIAA Real Estate Account

As of end of November 2014 the 1-year rolling return is 11.85%. The Vanguard REIT Index Fund is at 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 …

iM-Best R2G Performance

This table has been updated to end of November 2014.
Performance comparison of the iM-Best R2G models hosted on P123. Links to the description and to the models can be found **here**

iM Vanguard Systems

Performance comparison and asset allocation for the iM Vanguard Systems, **read more ….**

(Note: CAGR values are from Nov-28-xxxx to Nov-28-2014)

iM TIAA-CREF Systems

Performance comparison and asset allocation for the iM TIAA-CREF Systems, **read more ….**

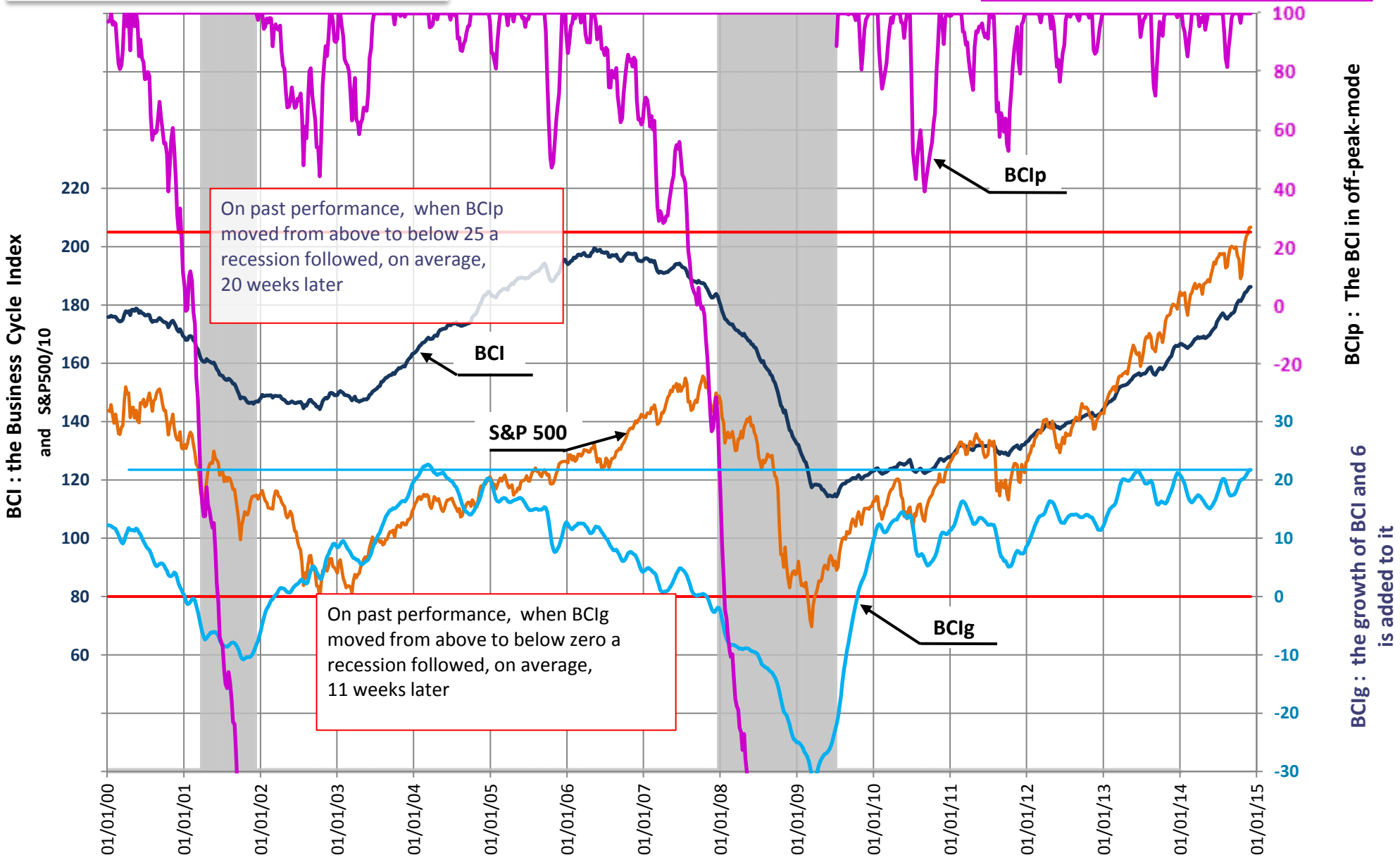
(Note: CAGR values are from Nov-28-xxxx to Nov-28-2014 , and are not exactly the same as shown for the Variable Annuity Accounts on the TIAA-CREF website which are from Nov-30-xxxx to Nov-28-2014.)

iM's Business Cycle Index (BCI)

Date	11/06	11/13	11/20	11/27	**12/04**
BCIp	100.0	100.0	100.0	100.0	**100.0**
BCI	184.2	184.5	185.3	186.2	**186.3**
BCIg	20.5	20.9	21.3	21.7	**21.7**

BCIp, BCI and BCIg
updated to December 04, 2014

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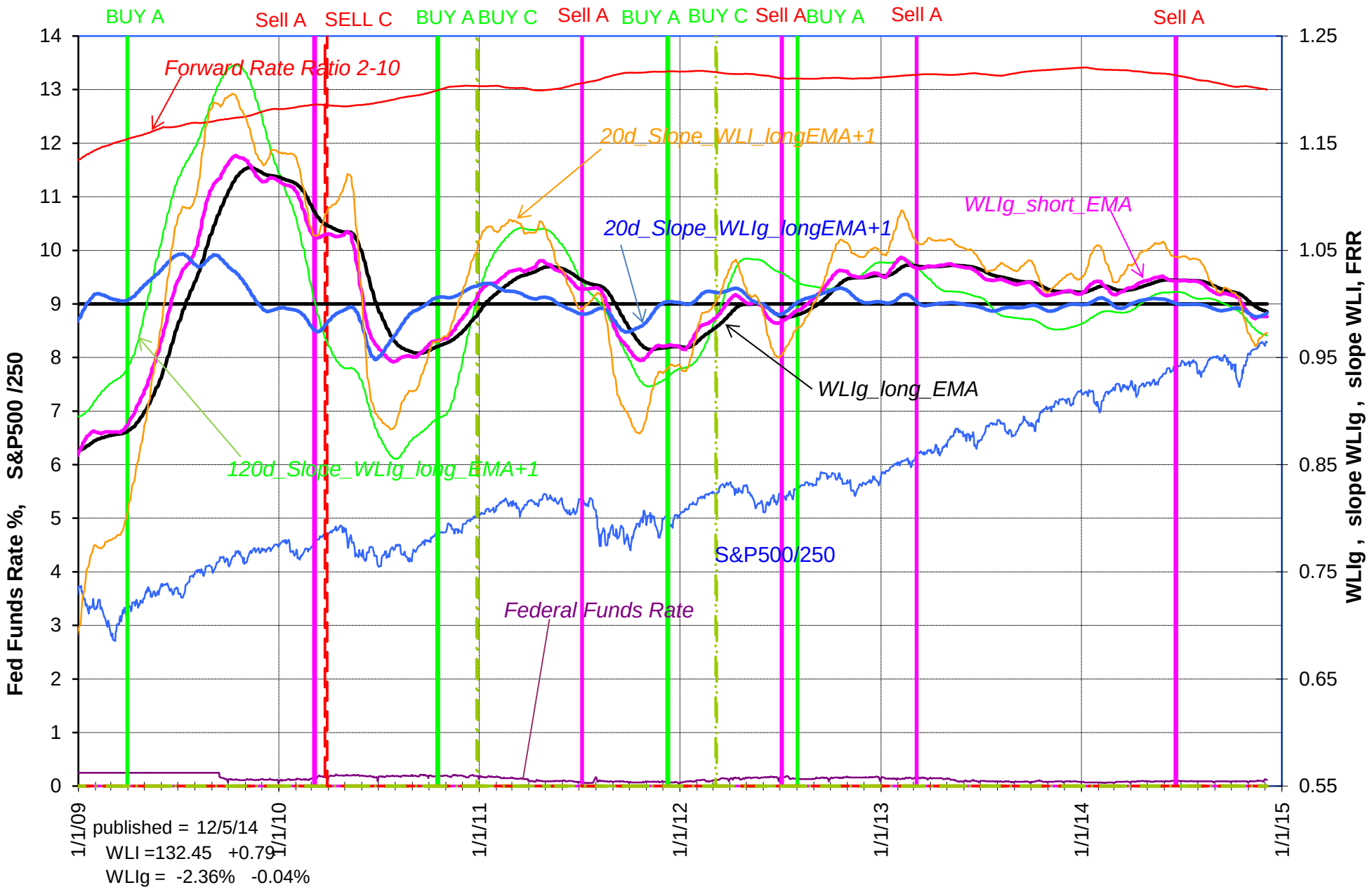
Figure 1 : 2009-14 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI

updated to….12/5/14



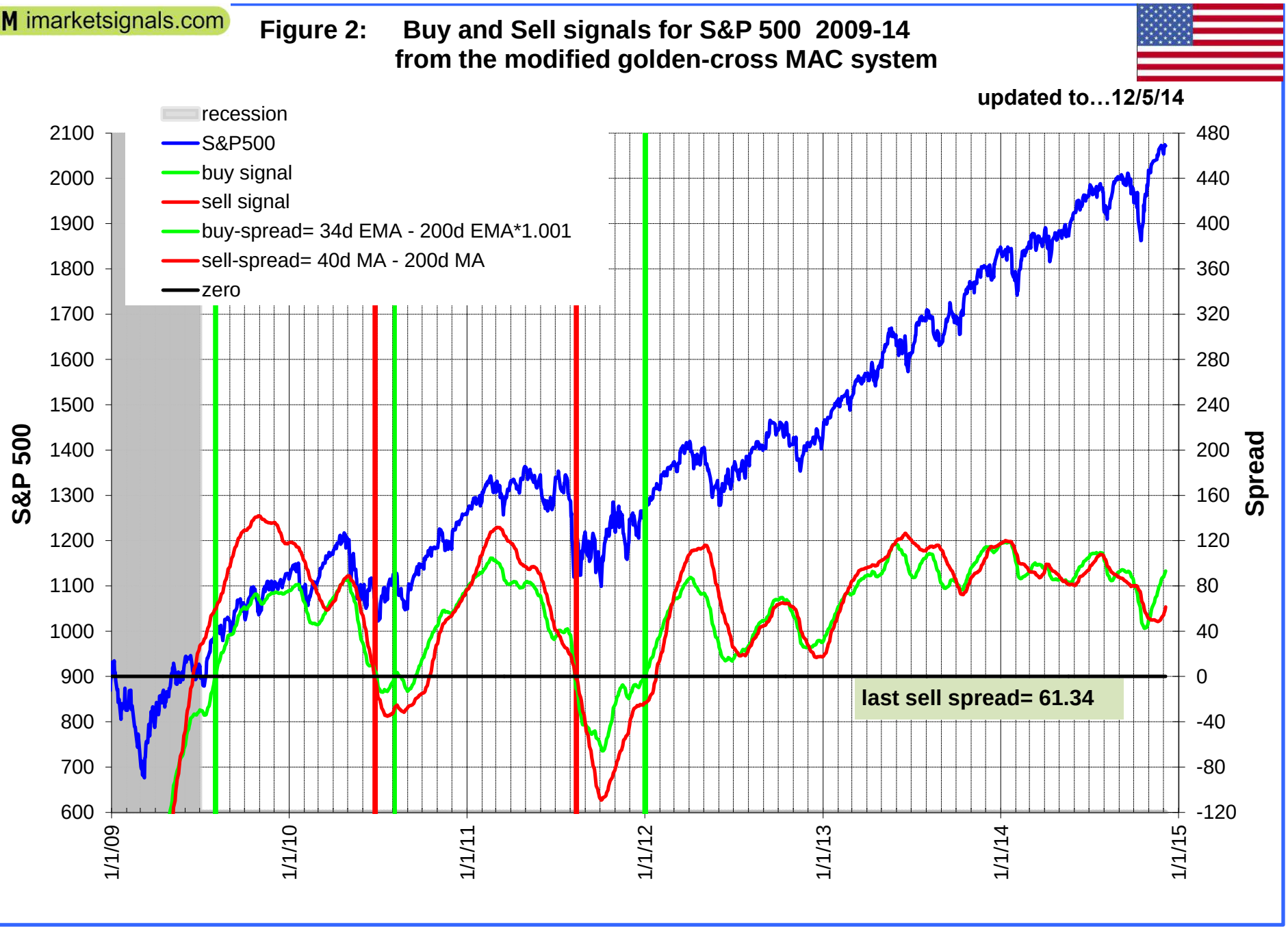
published = 12/5/14
WLI =132.45 +0.79
WLIg = -2.36% -0.04%

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

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

iM imarketsignals.com

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



2-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.

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Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

updated to Dec-5-14

last sell spread= -17.51

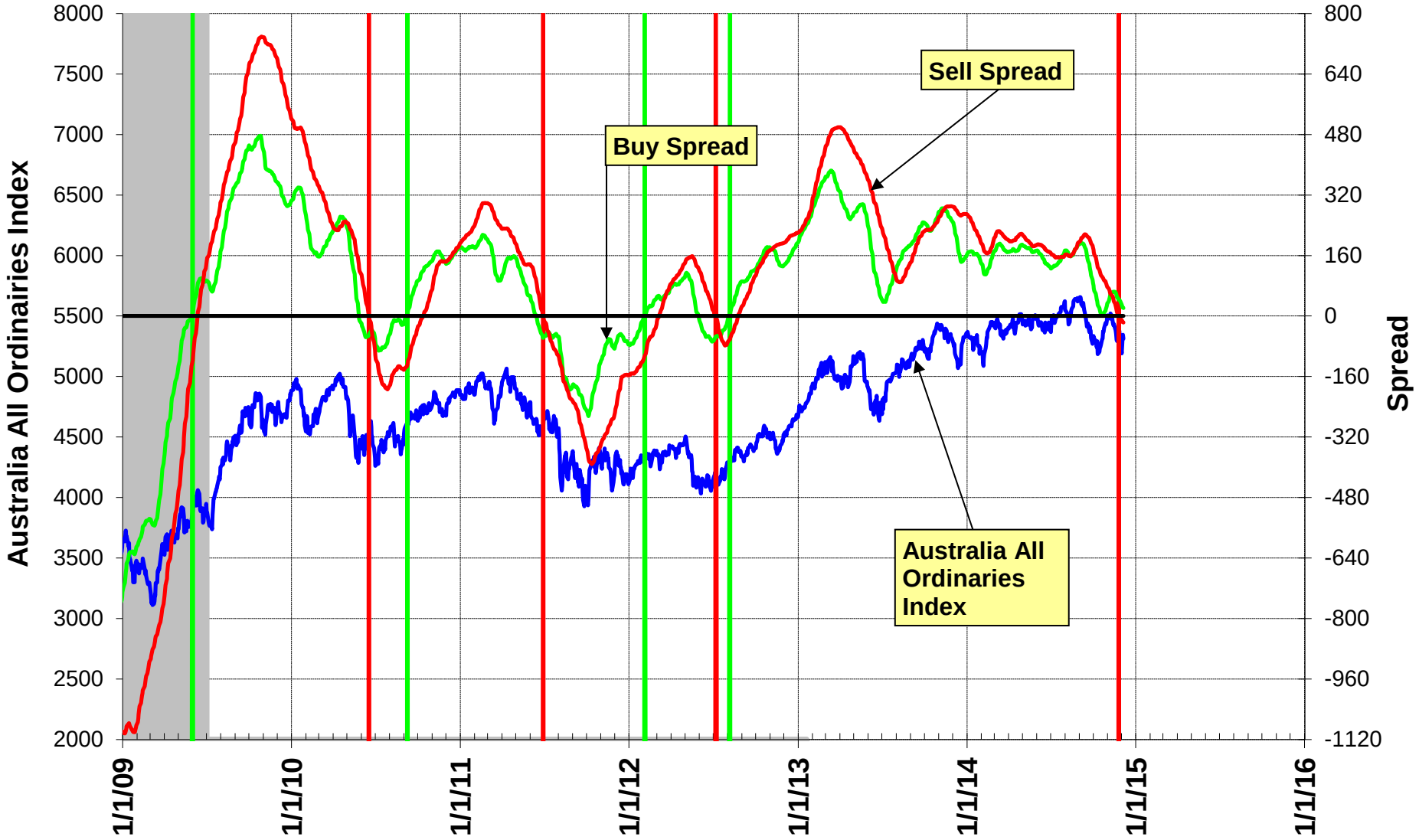

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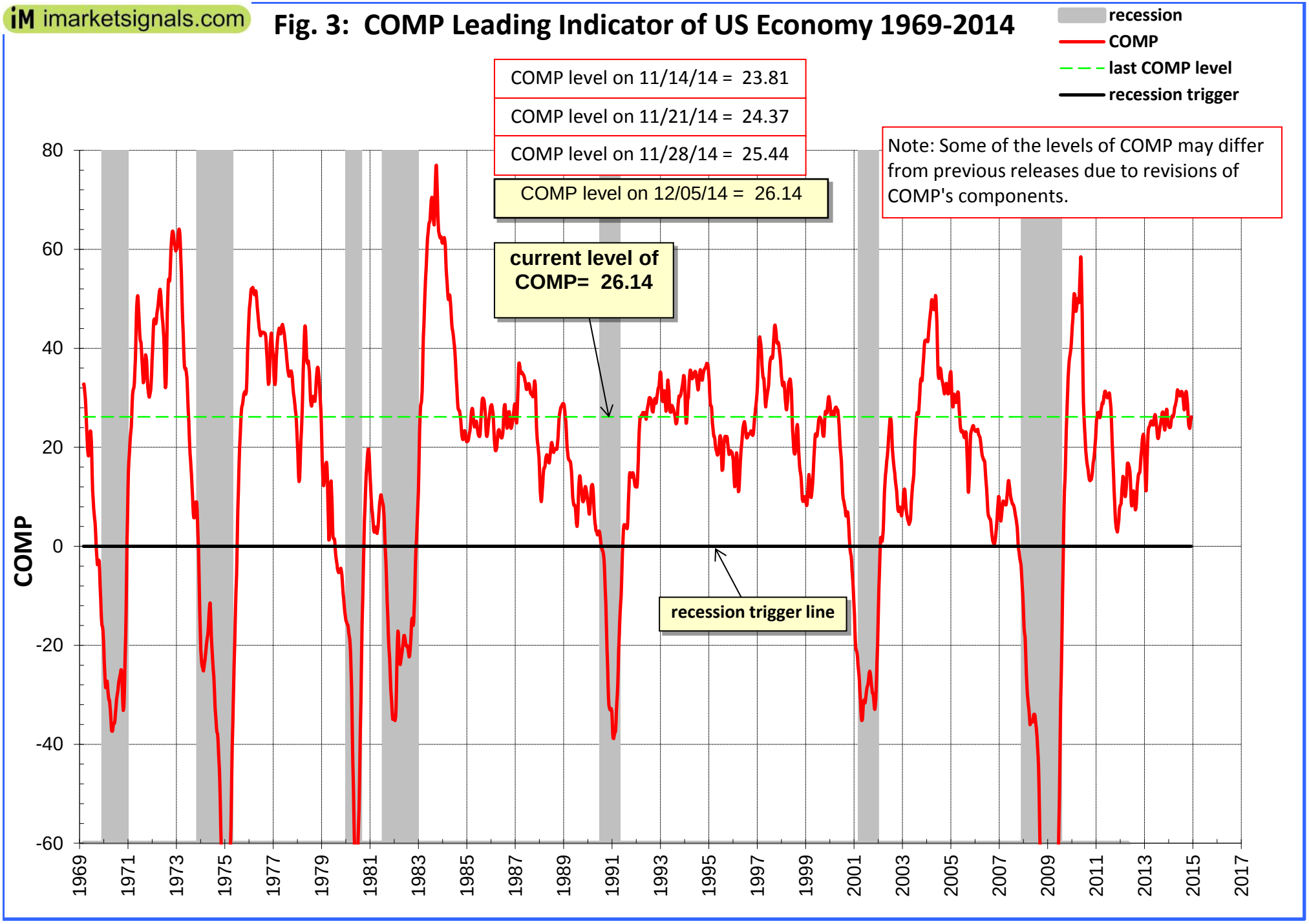
Fig. 3: COMP Leading Indicator of US Economy 1969-2014



3-COMP.xlsm

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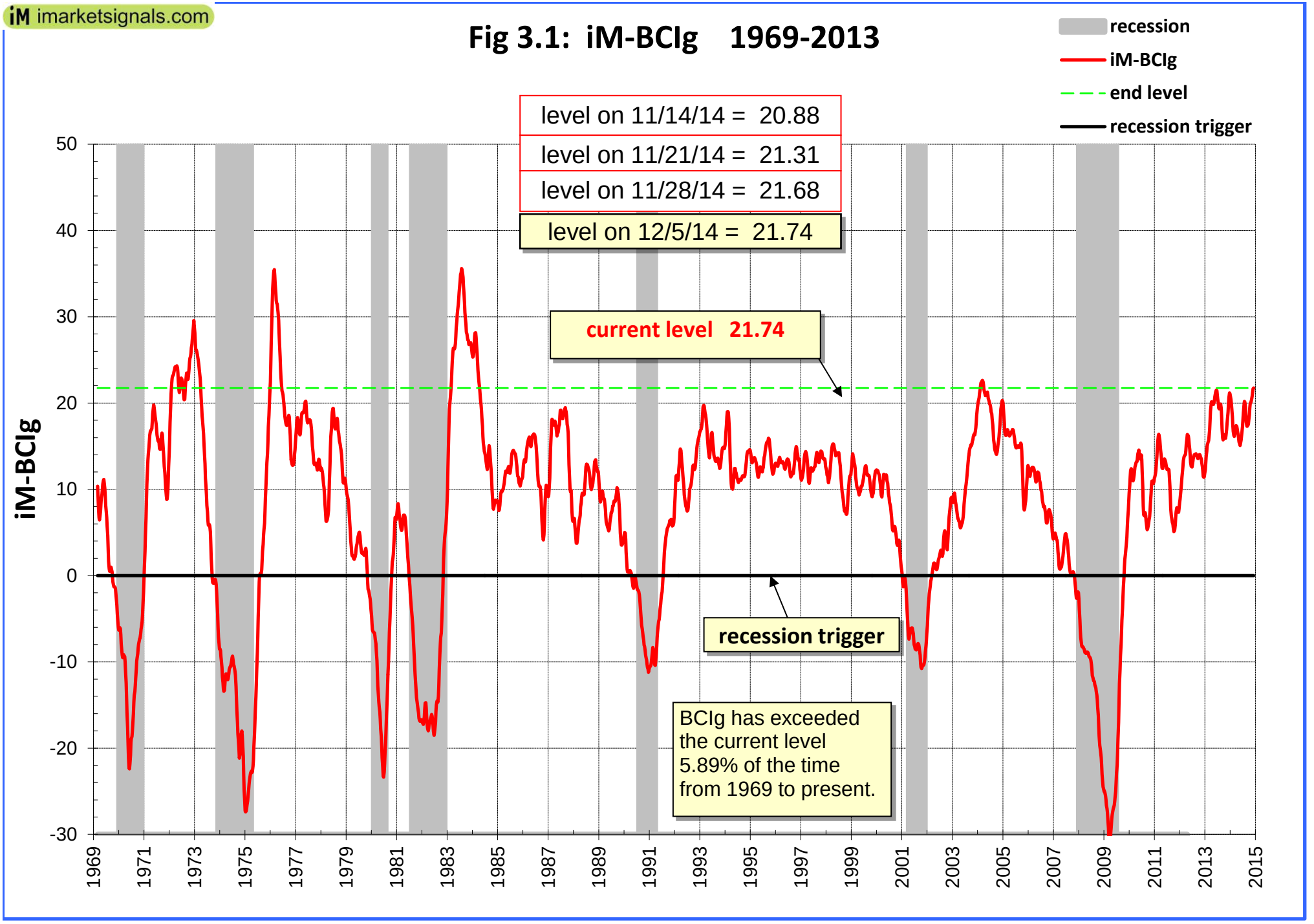
Fig 3.1: iM-BCIg 1969-2013



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.

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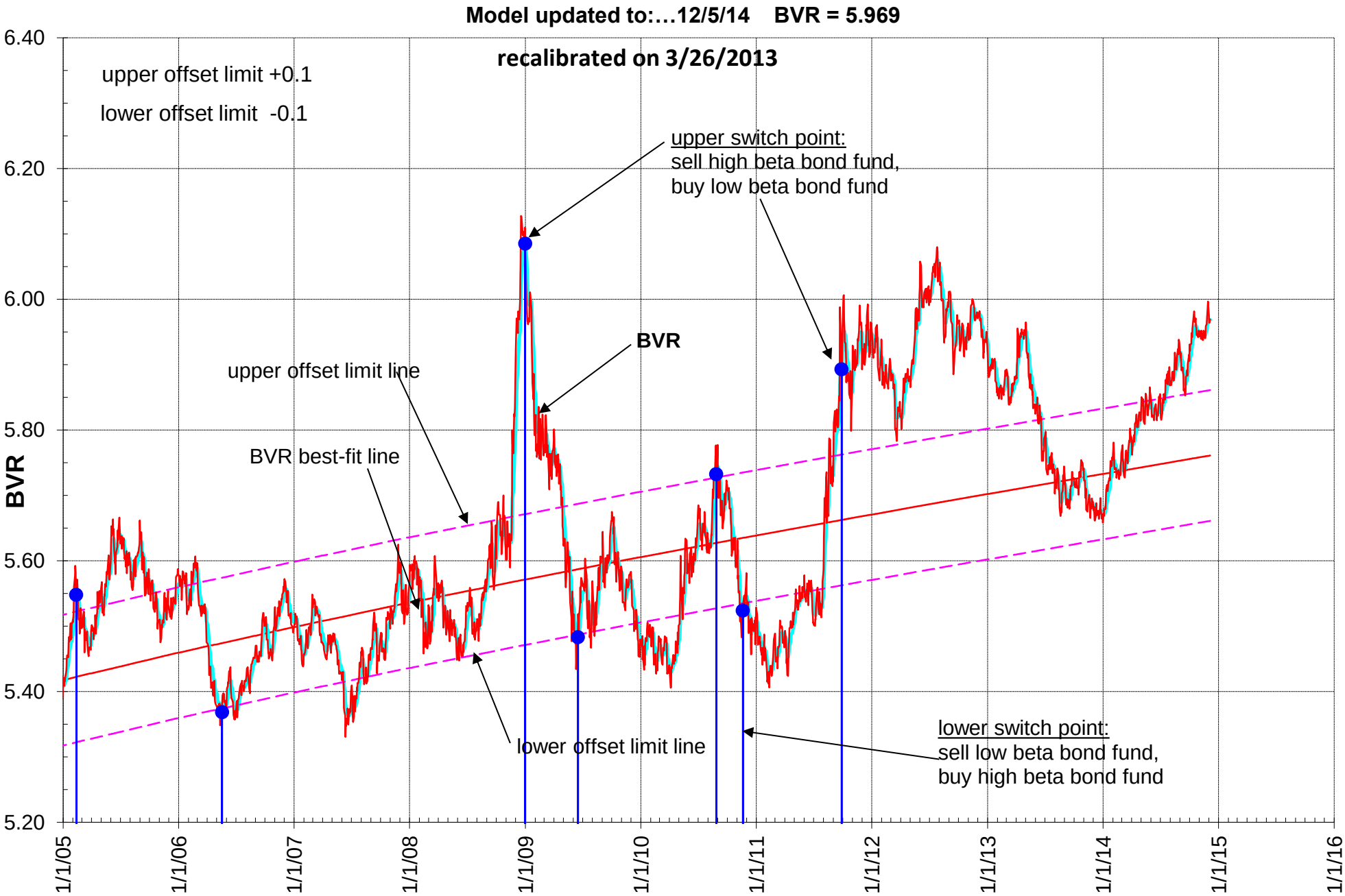
Figure 4: Bond Value Ratio (BVR) from 2005 to 2014



4-BVR.xlsm fig4BVR06-14

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 5: i10 - i2 Updated to…..12/5/14

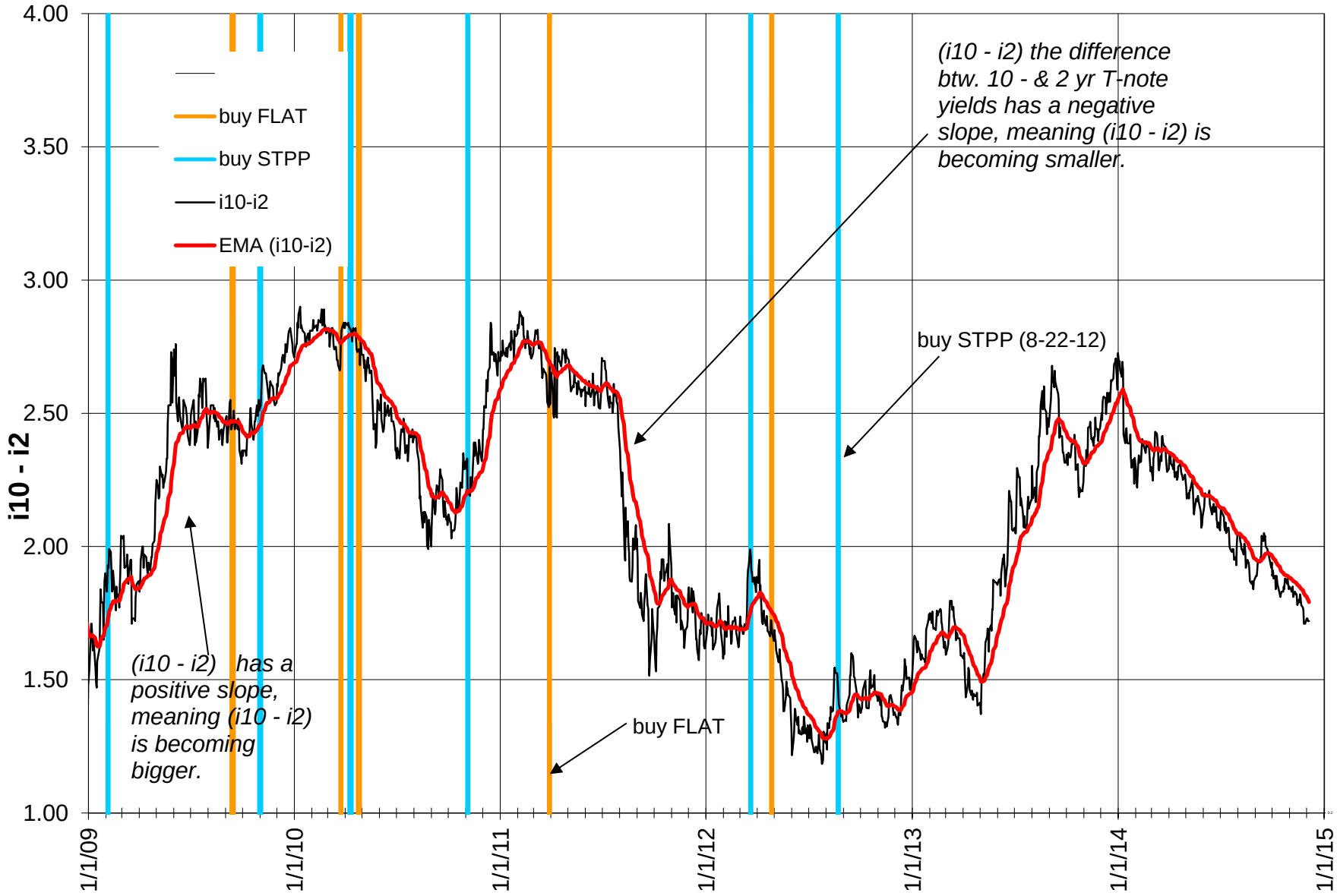
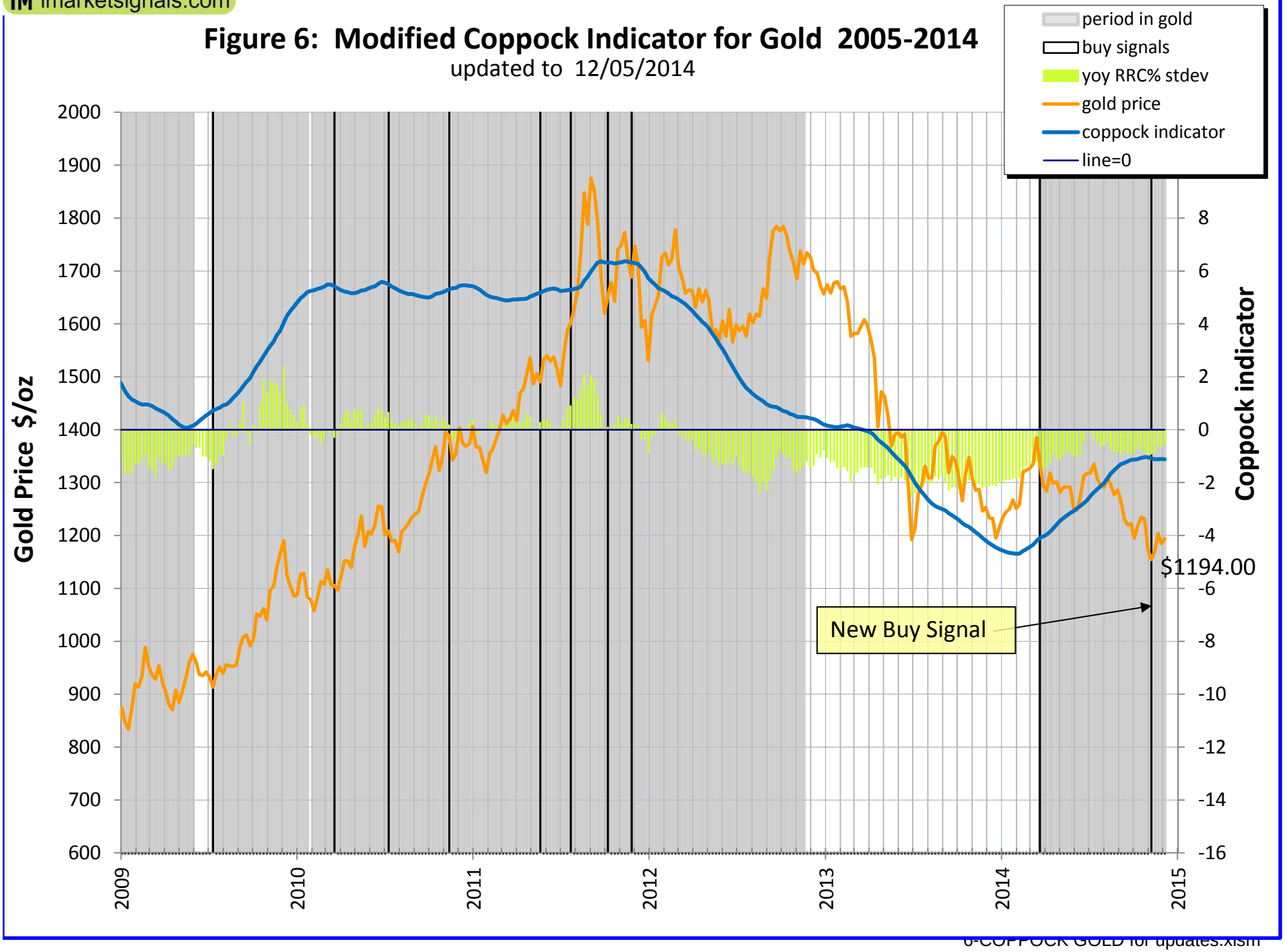


Figure 6: Modified Coppock Indicator for Gold 2005-2014

updated to 12/05/2014



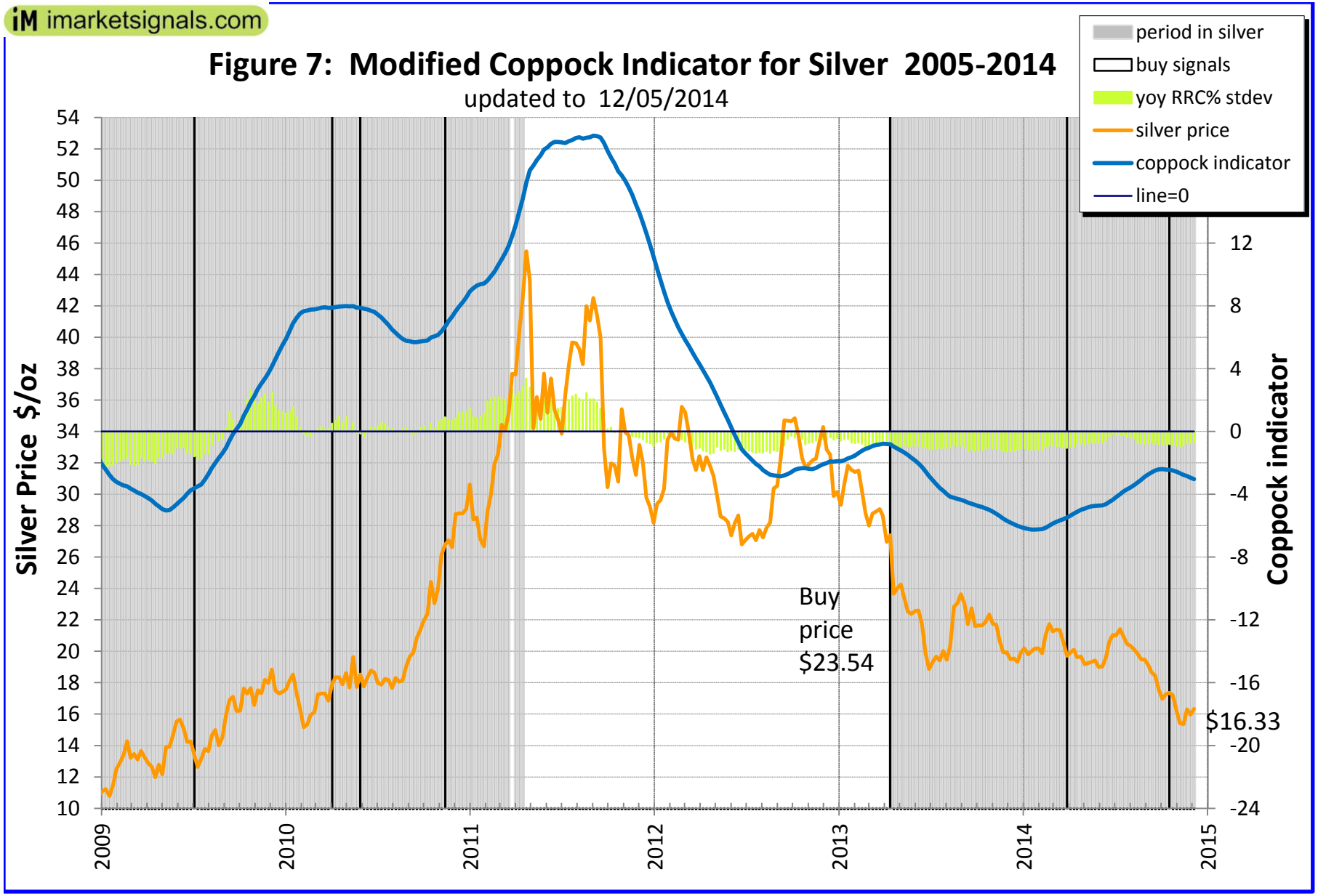

imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2005-2014
updated to 12/05/2014
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
Buy
price
$23.54
$16.33
54
52
50
48
46
44
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
10
12
8
4
0
-4
-8
-12
-16
-20
-24
2009
2010
2011
2012
2013
2014
2015

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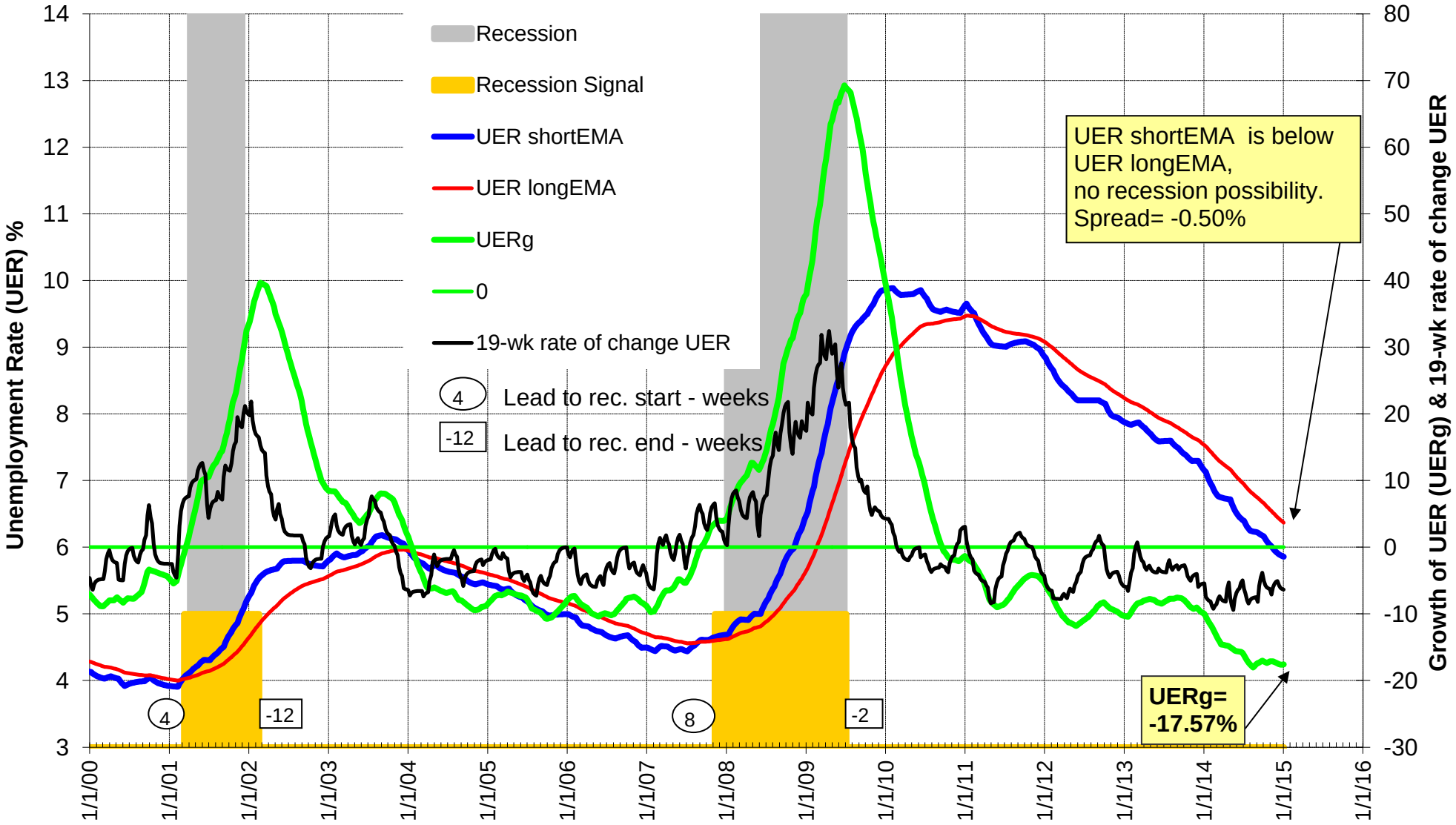
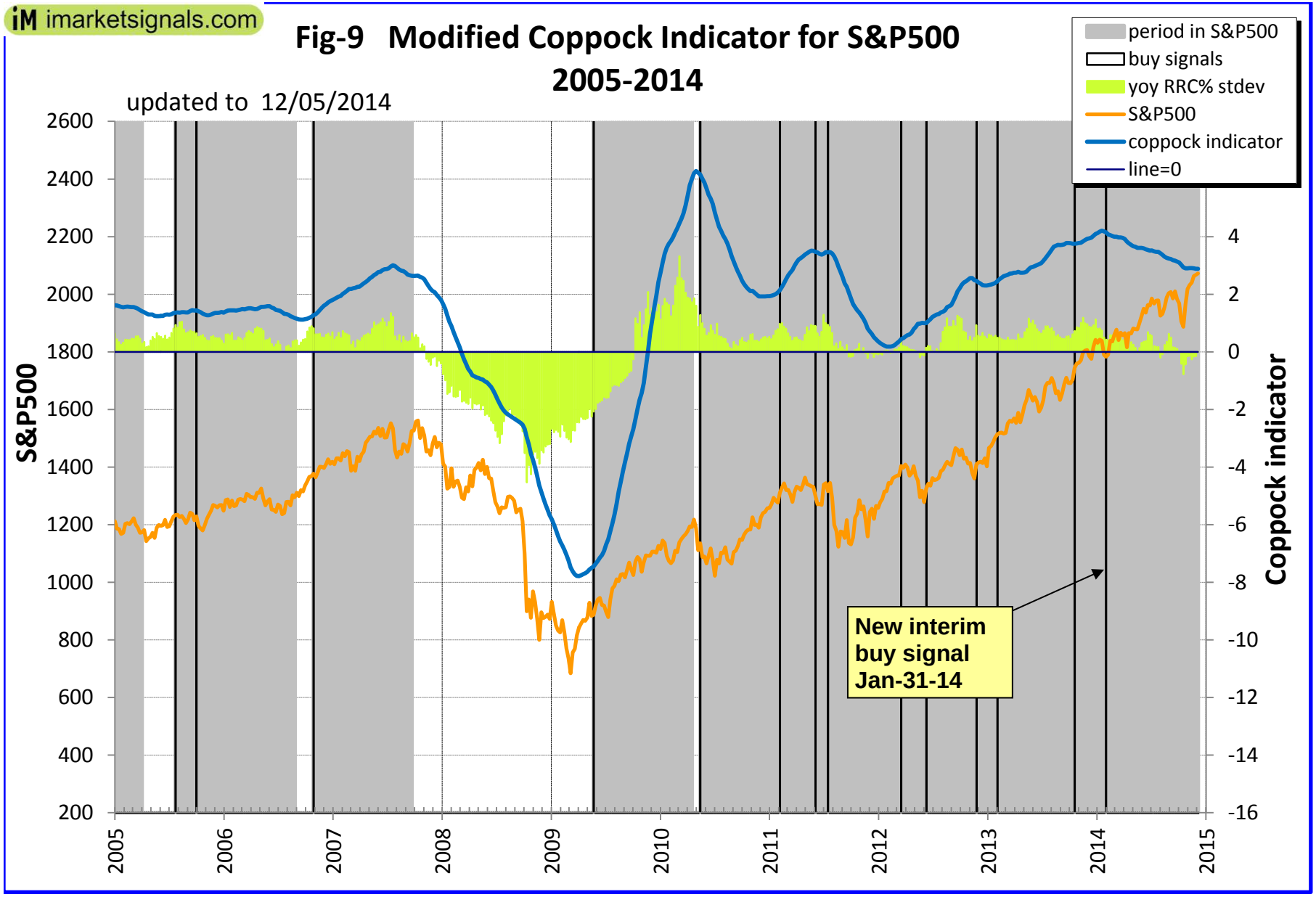
Fig-8 Unemployment Rate and Recessions (real-time) 2000-2014

Leads to recession starts and to recession ends are positive numbers in weeks, lags are negative numbers.

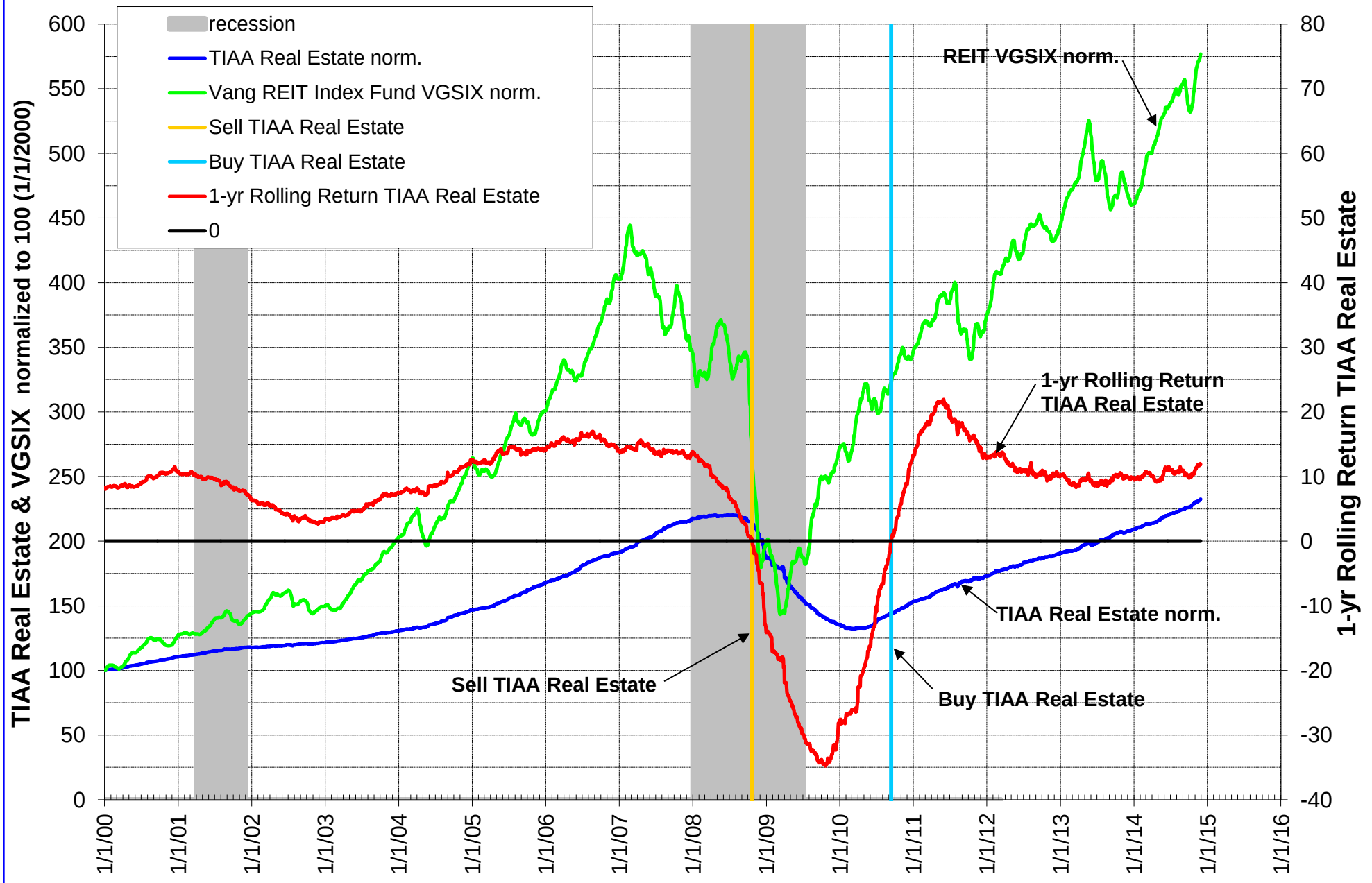
updated to 1-2-2015 with November UER= 5.8%



12/5/2014


imarketsignals.com
Fig-9 Modified Coppock Indicator for S&P500
2005-2014
updated to 12/05/2014
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

imarketsignals.com

Fig-10 TIAA Real Estate Account vs. Vanguard REIT Index Fund (VGSIX) 2000 - 2014

updated to 11/28/14, current 1-year rolling return= 11.85%