Business Cycle Index 10-9-2014

The BCI rose 0.9 points to 182.4 from last week's 181.5. No recession is signaled by both the derived indicators; BCIg rising to 20.4 from last week's 19.7 and BCIp remains at 100.

Summary 10-10-14:

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 is steepening, the gold and silver models are invested. The recession indicator COMP is near 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 signal was generated 80 weeks ago when the WLIg_shortEMA moved below the WLIg_longEMA. This signal was obviously incorrect. Another Sell A signal was generated 15 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 near 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 up 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). The general trend is up, as one can see, although the yield curve has flattened recently. 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.

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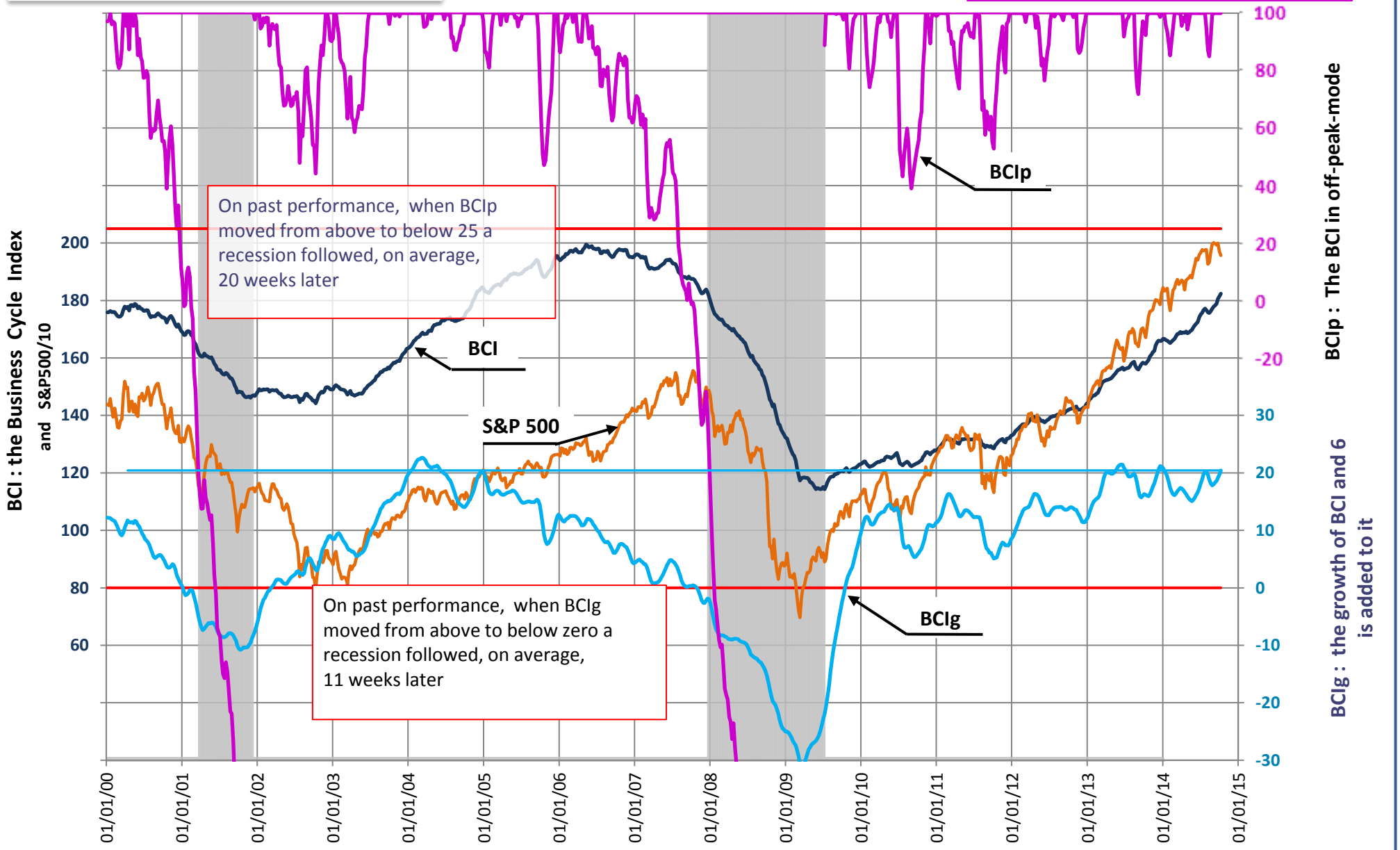
iM's Business Cycle Index (BCI)

Date	09/11	09/18	09/25	10/02	**10/09**
BCIp	100.0	100.0	100.0	100.0	**100.0**
BCI	178.2	178.9	180.6	181.5	**182.4**
BCIg	18.3	18.6	19.1	19.7	**20.4**

BCIp, BCI and BCIg
updated to October 09, 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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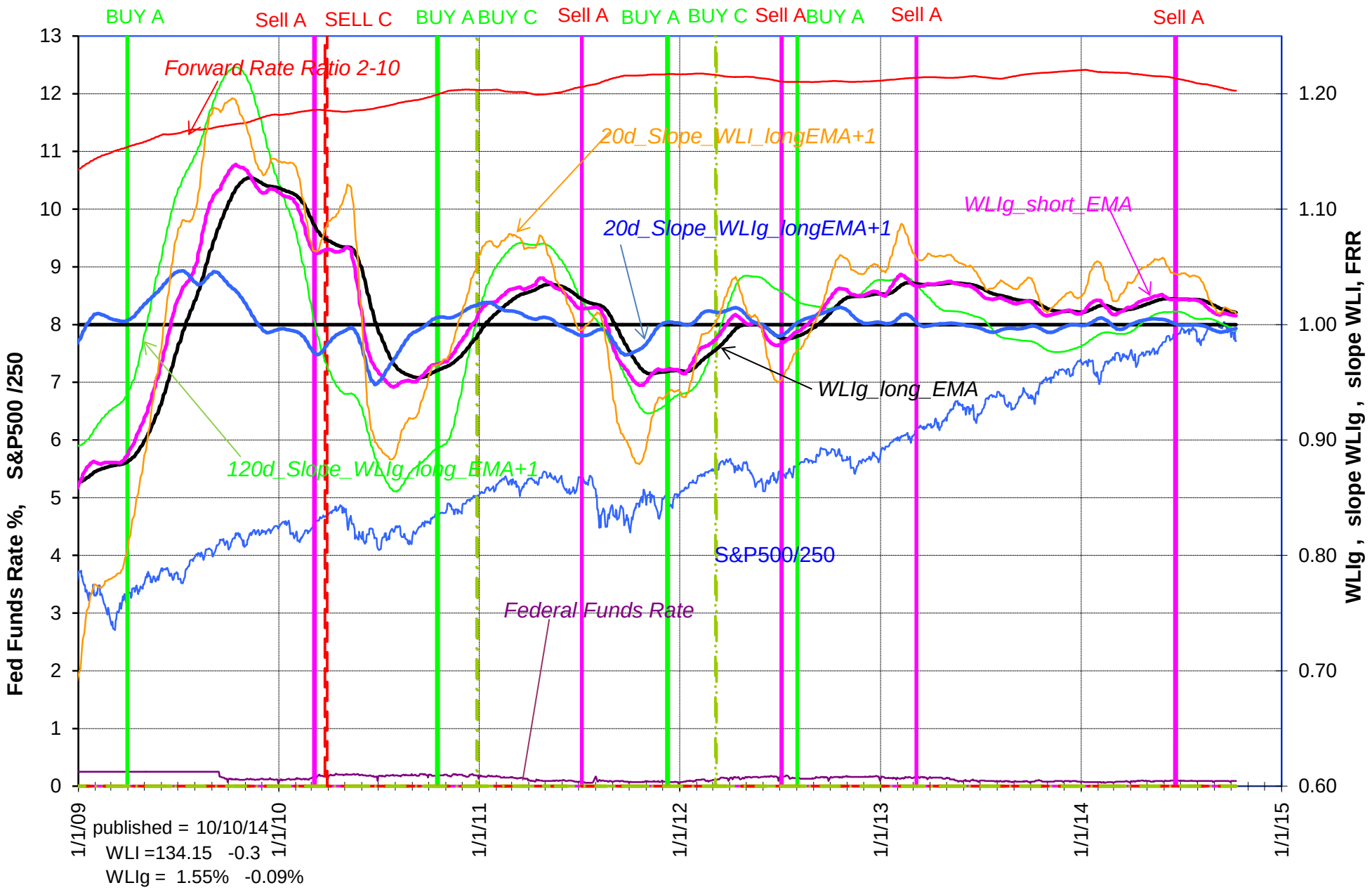
Figure 1 : 2009-14 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI

updated to….10/10/14



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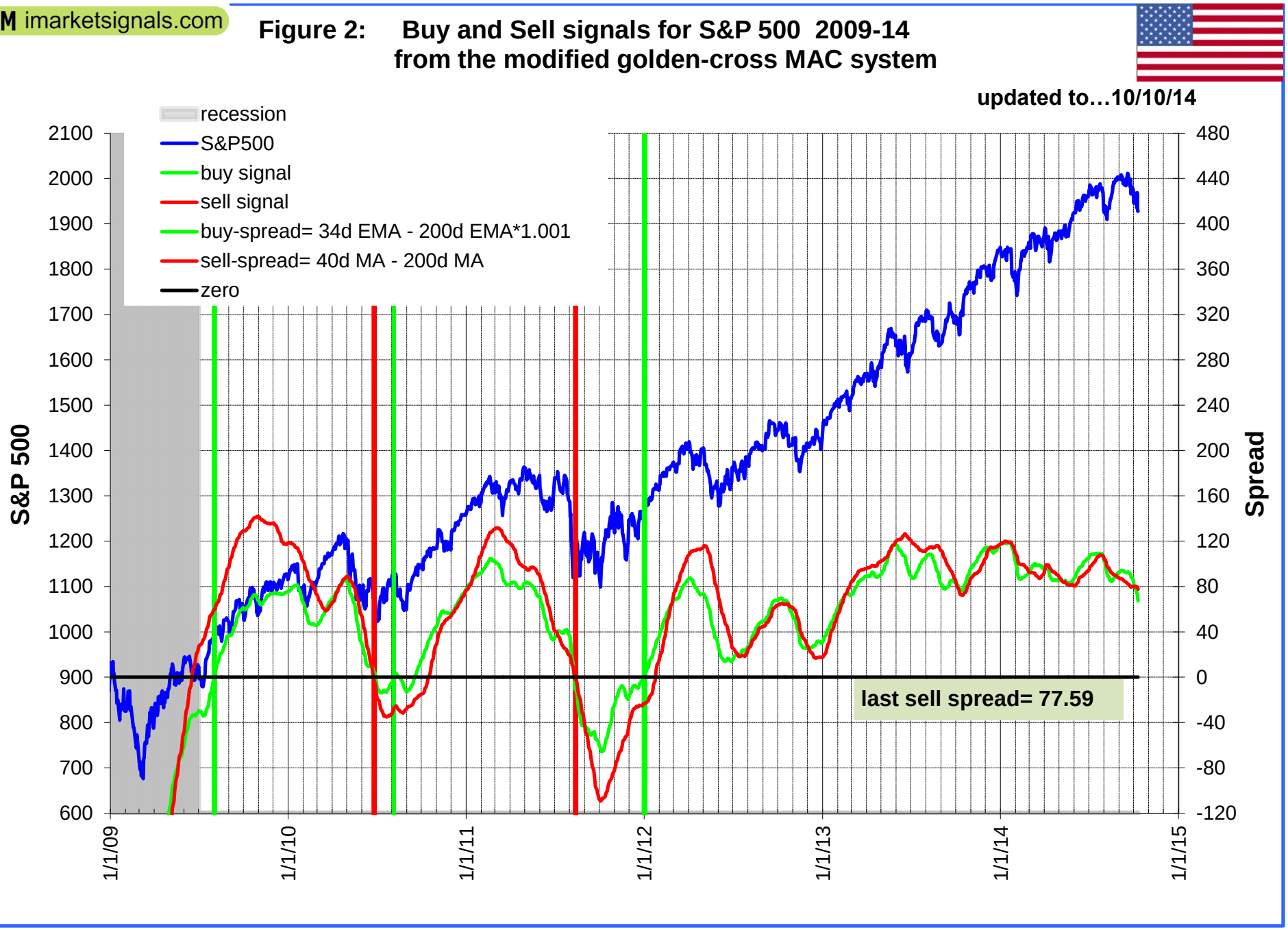
Figure 2: Buy and Sell signals for S&P 500 2009-14 from the modified golden-cross MAC system



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.

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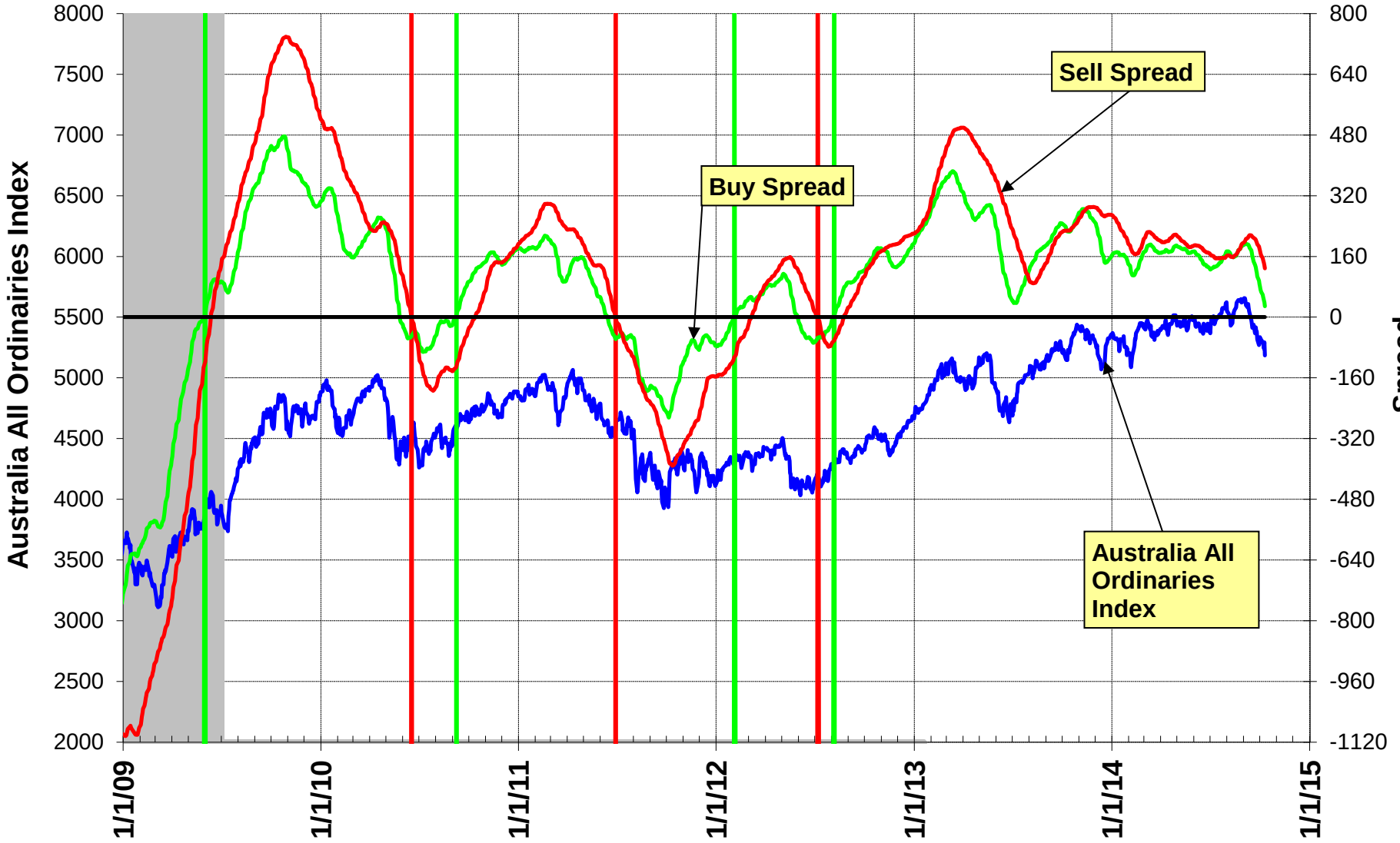
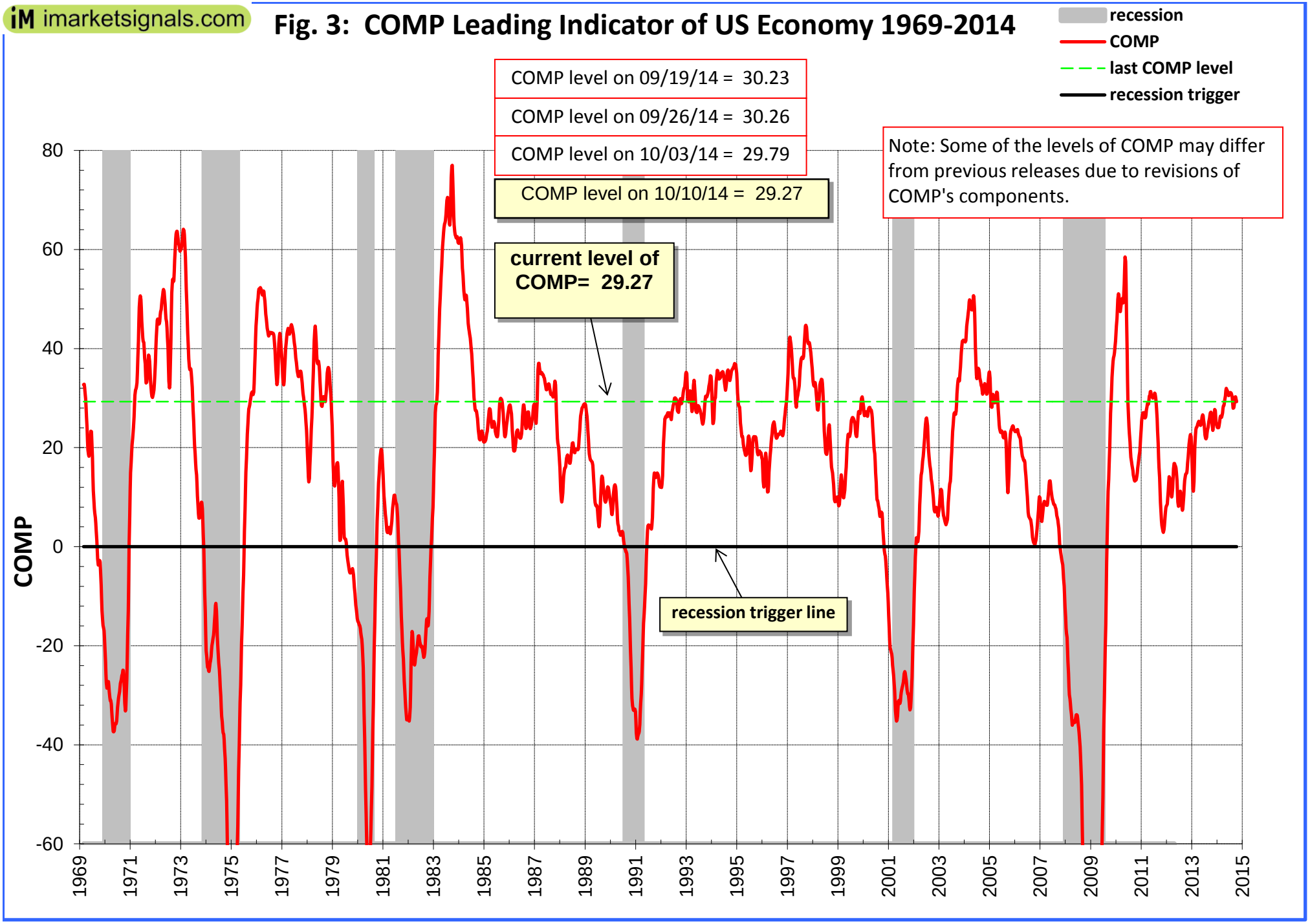
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System



MAC Australia.xlsm

iM imarketsignals.com

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



COMP.xls

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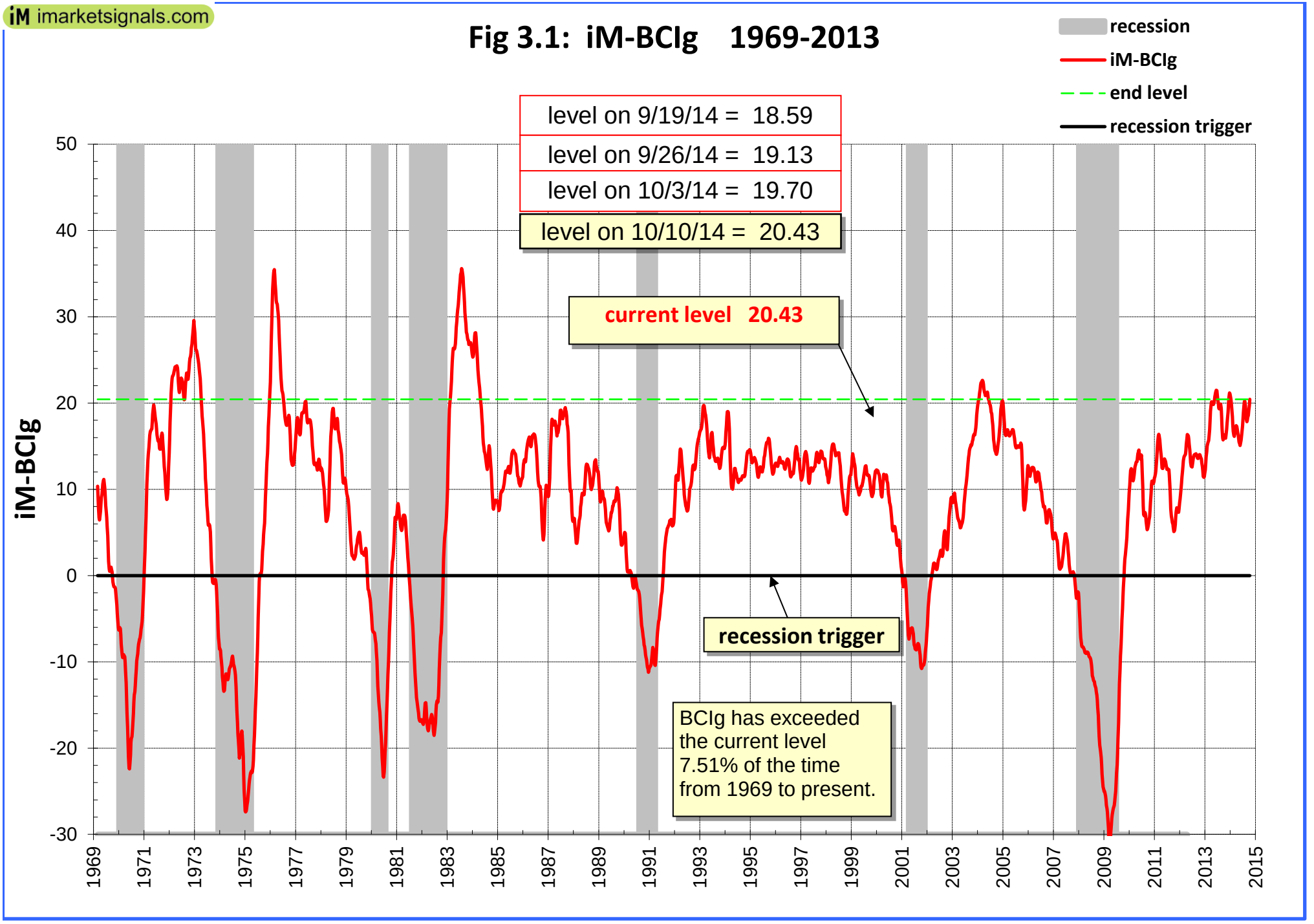
Fig 3.1: iM-BCIg 1969-2013



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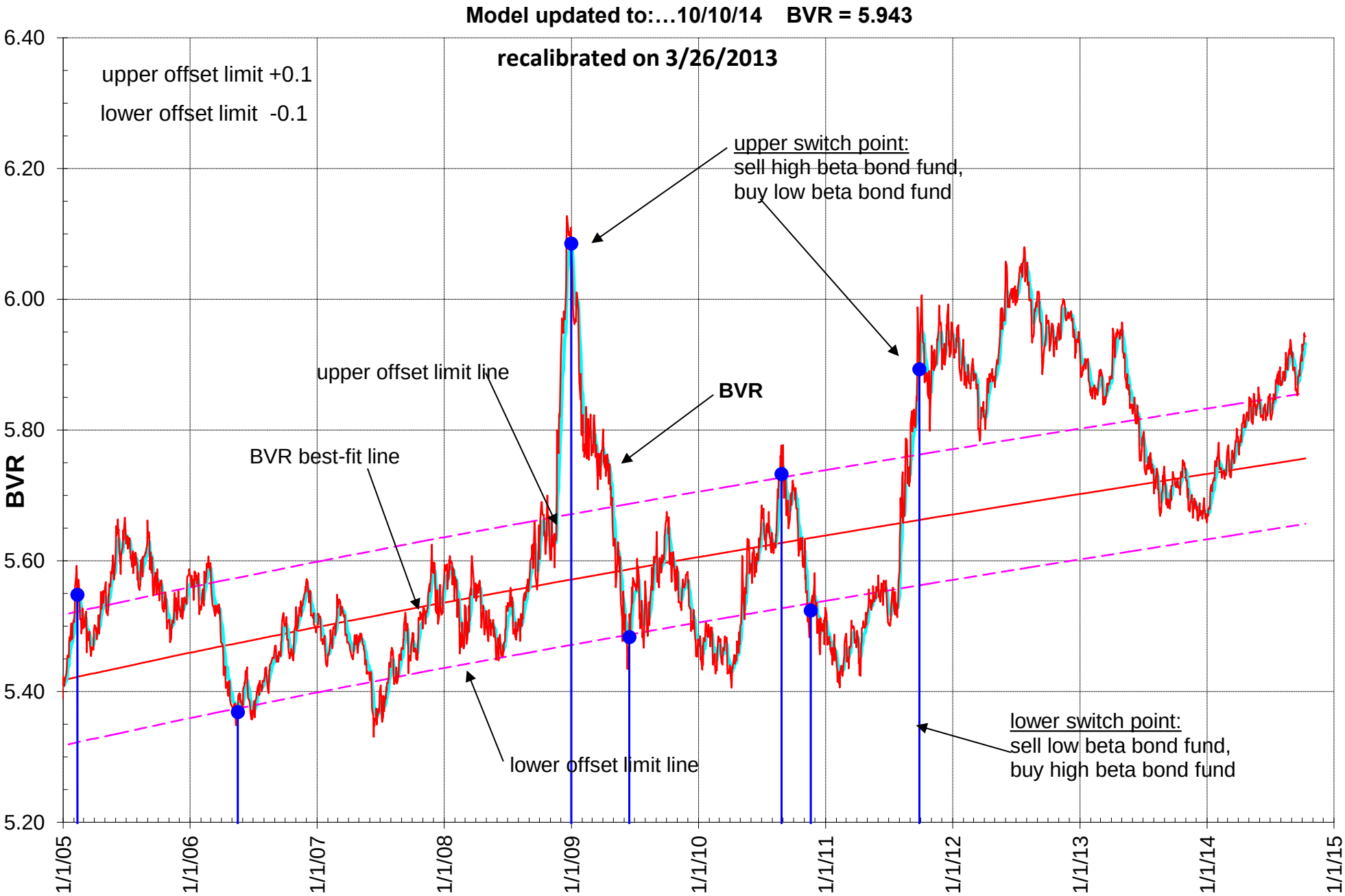
Figure 4: Bond Value Ratio (BVR) from 2005 to 2014



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…..10/10/14

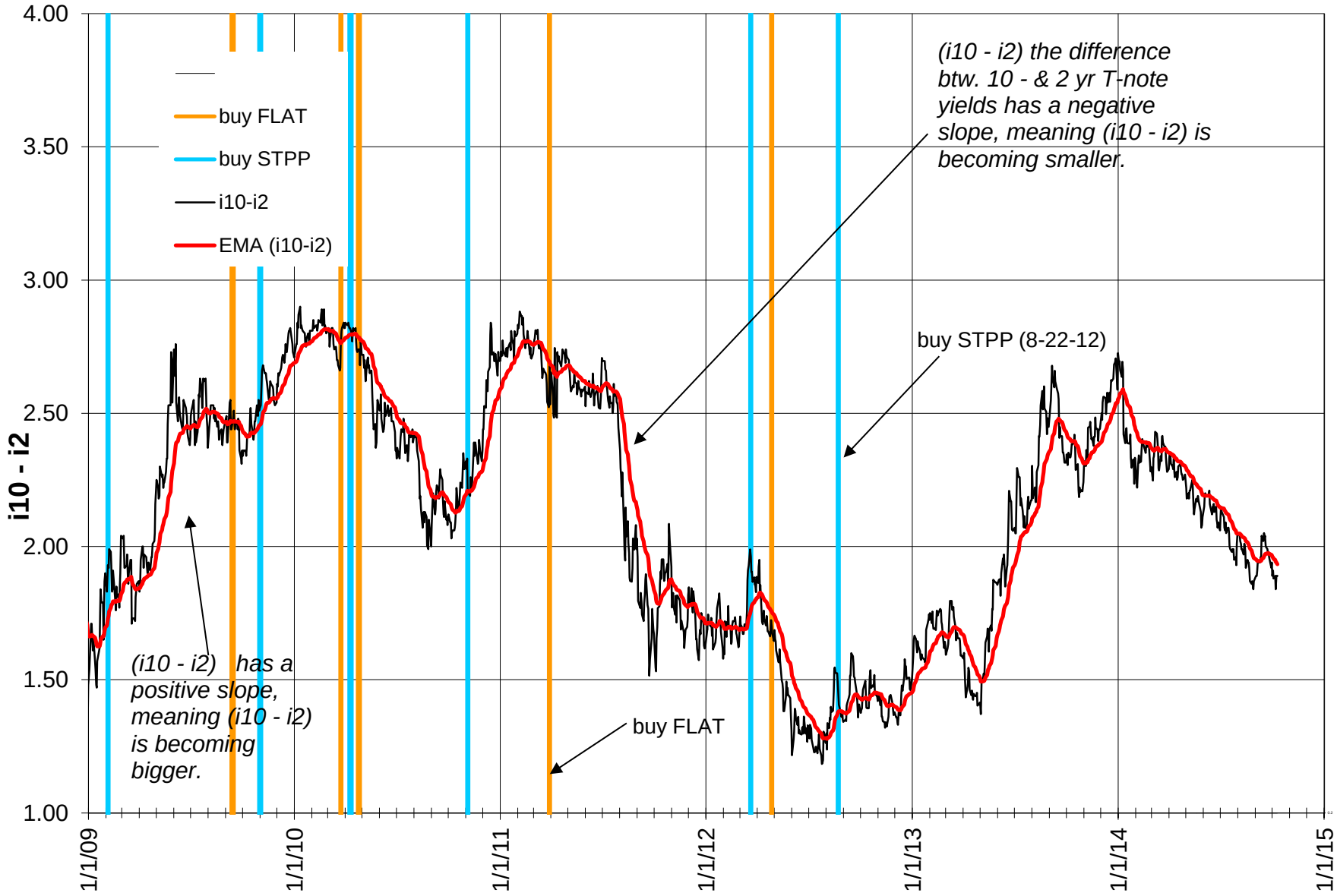

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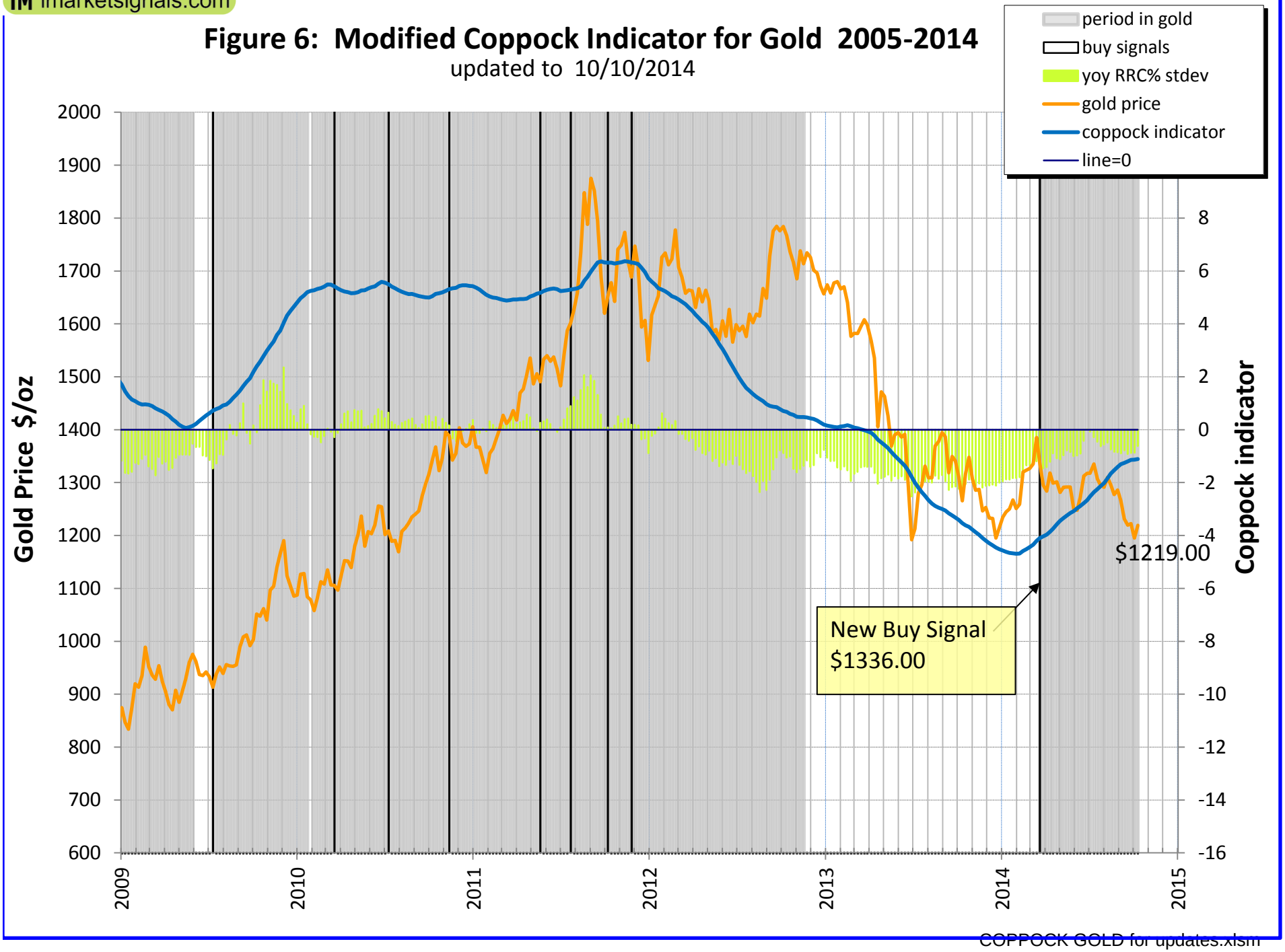
Figure 6: Modified Coppock Indicator for Gold 2005-2014

updated to 10/10/2014



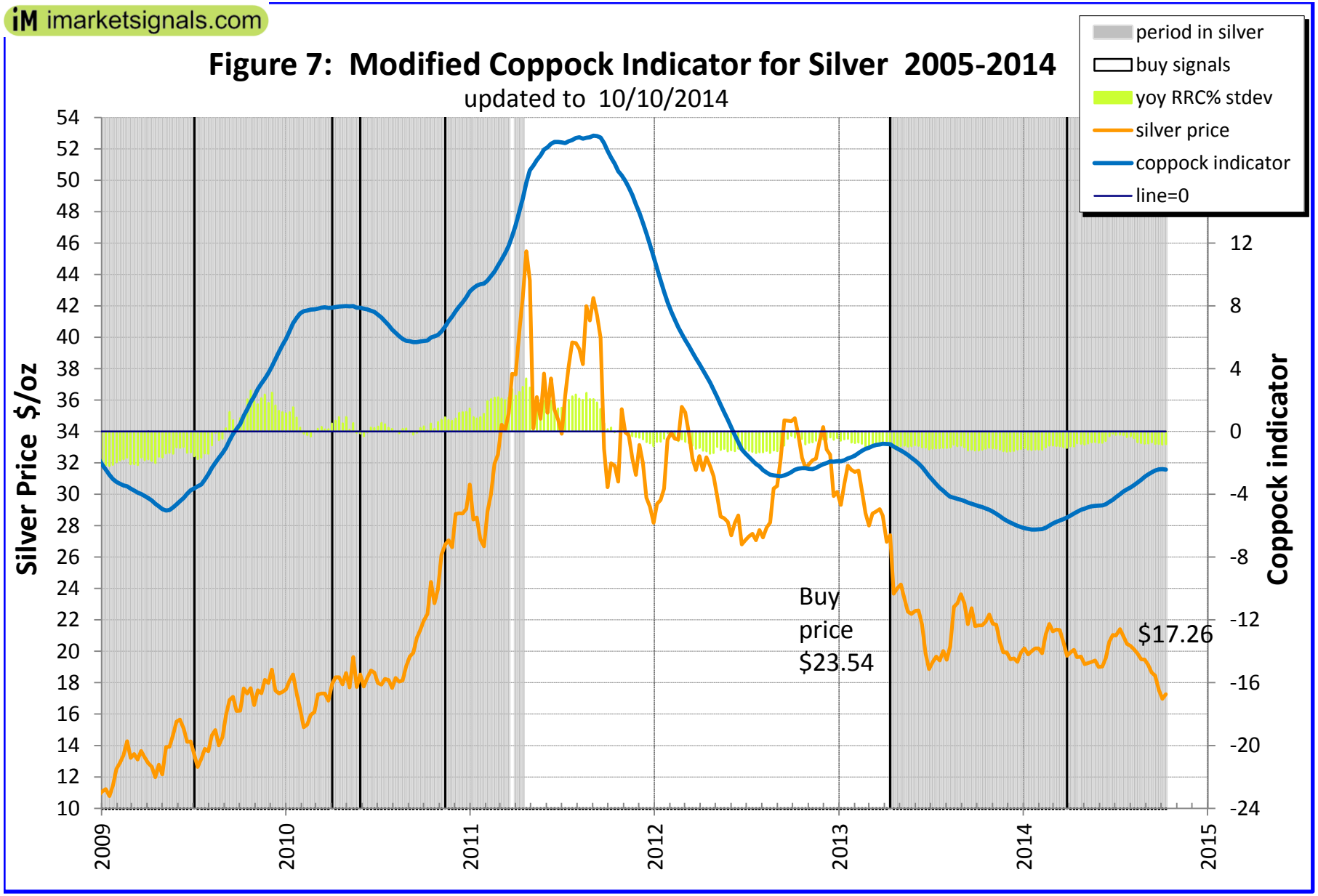

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Figure 7: Modified Coppock Indicator for Silver 2005-2014
updated to 10/10/2014
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
Buy price $23.54
$17.26
54
52
50
48
46
44
42
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2009
2010
2011
2012
2013
2014
2015