

Business Cycle Index 3-13-14

The BCI stands at 167.8 up from last week's downward revised 167.8. The BCIg, the smoothed annualized growth of BCI, increased to 15.8 is also up from last week's downward revised 15.1. This upward trend is mainly due to the continued reduction of the Insured Unemployed as reported by the DOL. This week's BCI shows no recessionary trends.

Summary 3-14-14:

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 model is not invested, but the silver model is invested. The recession indicator COMP is higher from last week's level, and iM-BCIg is also higher 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 52 weeks ago when the WLlg_shortEMA moved below the WLlg_longEMA. Currently the WLlg_shortEMA indicator is just below WLlg_longEMA. If the sell signal was correct then WLlg_shortEMA should move decisively below WLlg_longEMA, which is currently not the case. However, had it not been for this sell signal, the model would have generated another sell signal on Sep-20-13. A Sell-C signal was generated on during week ending 11/15/13. 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 near 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 higher from last week's 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, higher from last week's level. It is possible that BCIg may have peaked in June. 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 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 steepening trend 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:

There is no buy-signal yet from the modified Coppock Gold indicator shown in Fig 6. This model has been out of Gold since Nov-26-2012, but according to our forward projection a new [buy signal](#) will emerge next Friday, March 21, 2014. This indicator is described in [Is it Time to Buy Gold Again? - Wait for the buy signal](#)

Silver:

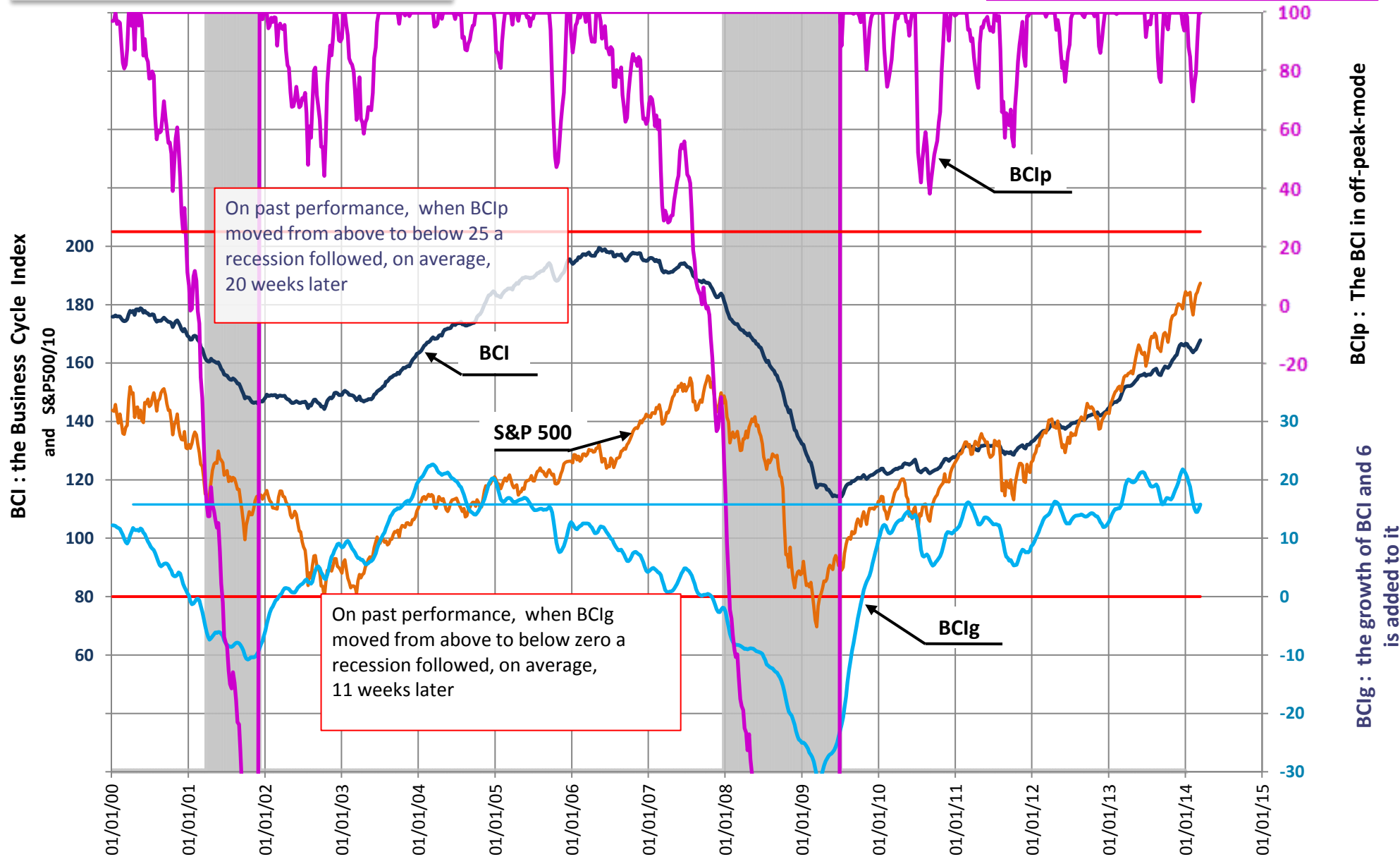
The modified Coppock Silver indicator shown in Fig 7 and is currently invested. This indicator is described in [Silver - Better Than Gold: A Modified Coppock Indicator for Silver.](#)

iM's Business Cycle Index (BCI)

Date	02/13	02/20	02/27	03/06	03/13
BCIp	75.4	79.5	90.2	100.0	100.0
BCI	164.2	164.6	165.7	166.8	167.8
BCIg	15.1	14.5	14.5	15.1	15.8

BCIp, BCI and BCIG
updated to Mar 13, 2014

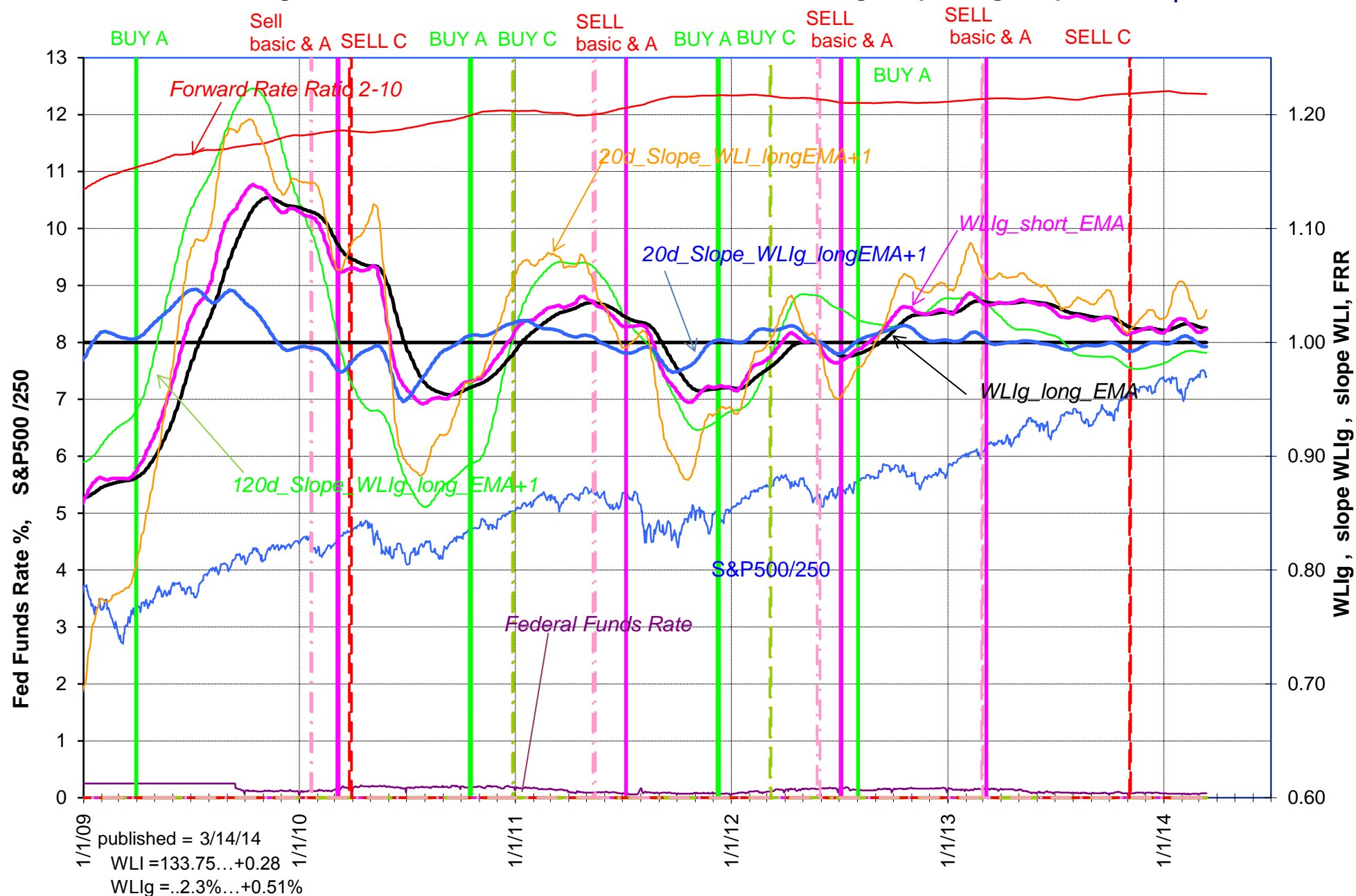
On past performance, BCIp = 100 can be interpreted as an average one year "time-to-live" to a recession.



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 : 2009-13 Fed Funds Rate, S&P 500, FRR, WLlg, slope WLlg, slope WLI updated to....3/14/14



WLlg = ECRI Weekly Leading Index growth/200 +1

WLI = (ECRI Weekly Leading Index -50)/10

use IBH CCI with Sandy adjust 3-15-13

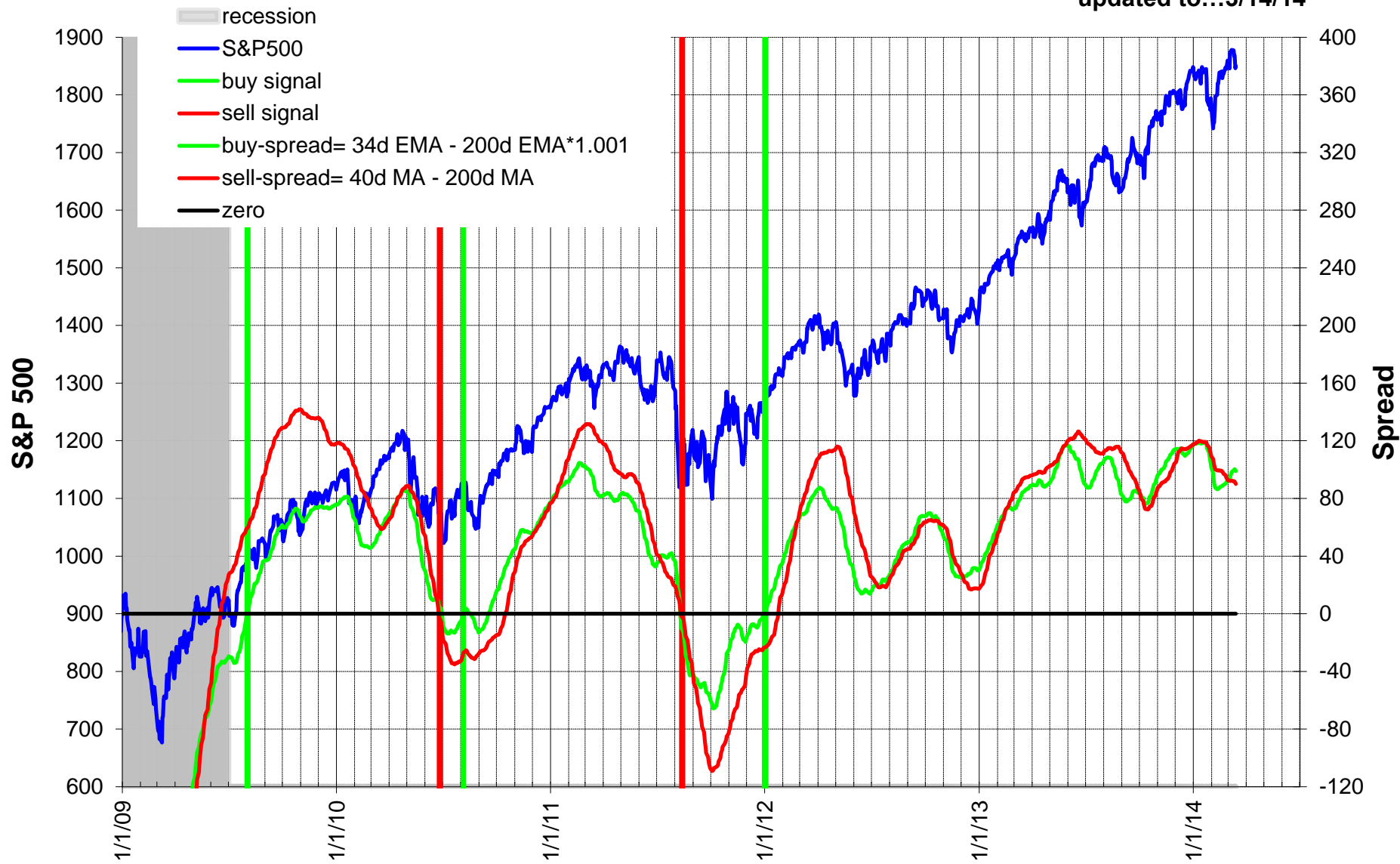
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Figure 2: Buy and Sell signals for S&P 500 2009-13
from the modified golden-cross MAC system



updated to...3/14/14



MAC SYSTEM

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

updated to Mar-14-14

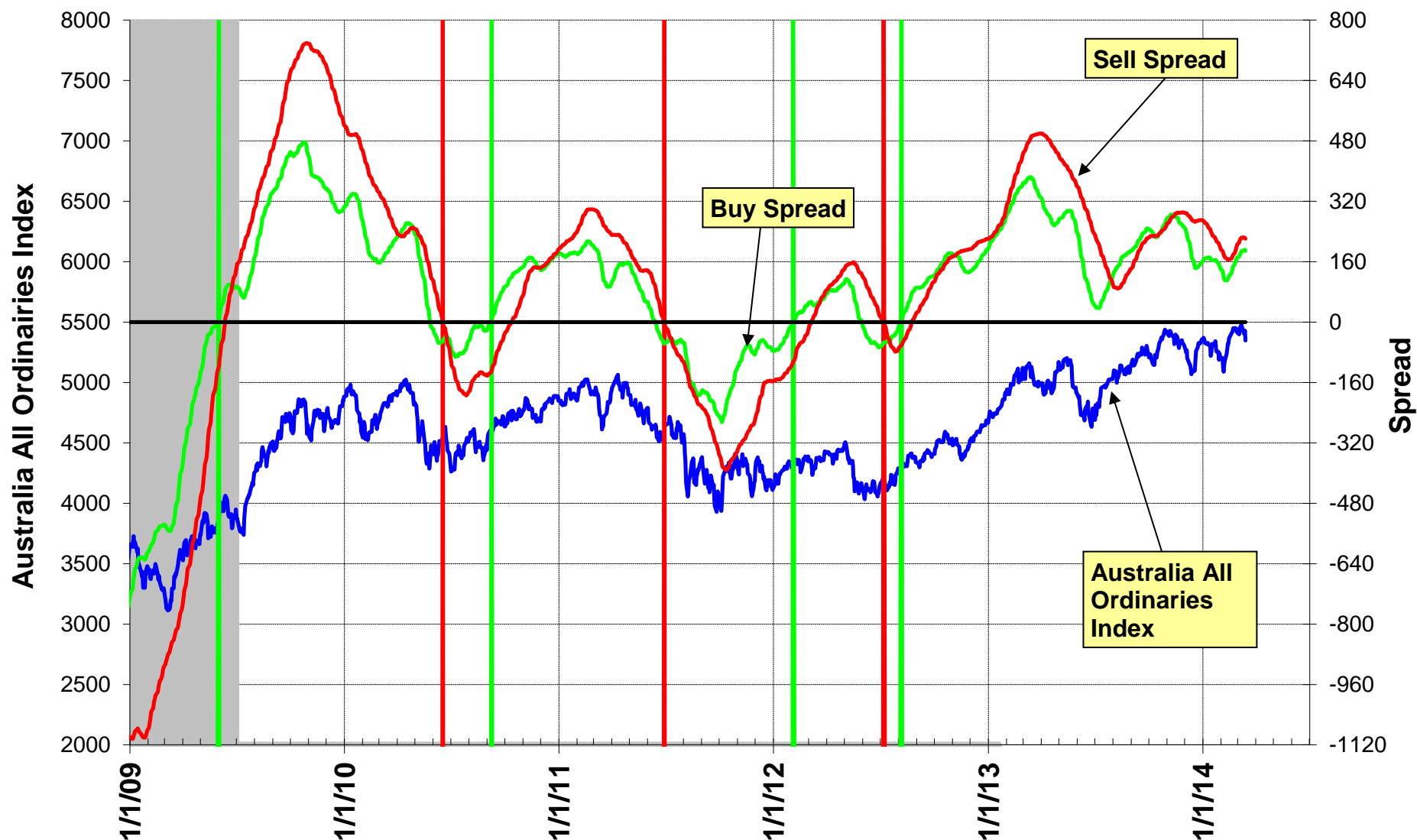


Fig. 3: COMP Leading Indicator of US Economy 1969-2014

recession
COMP
last COMP level
recession trigger

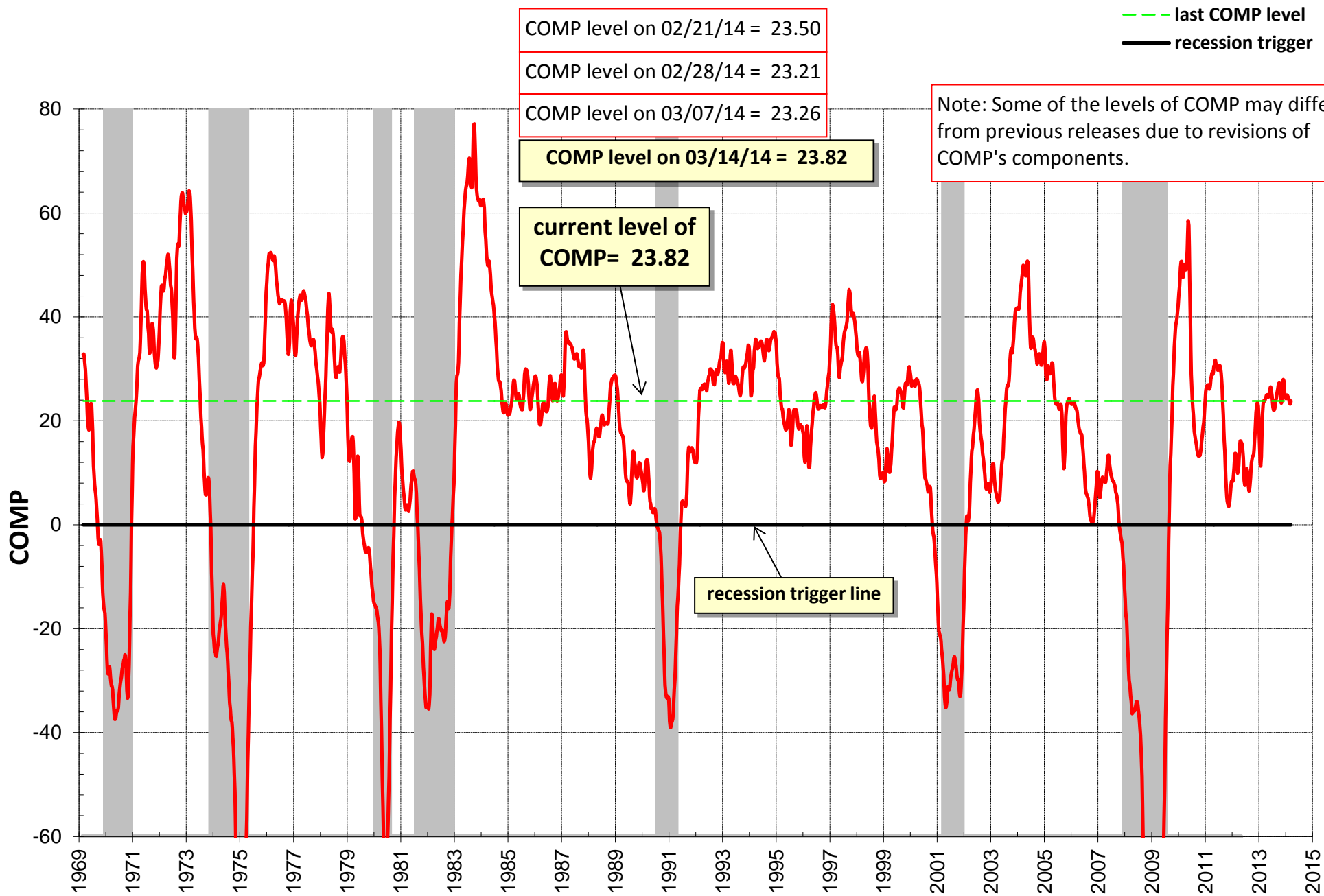


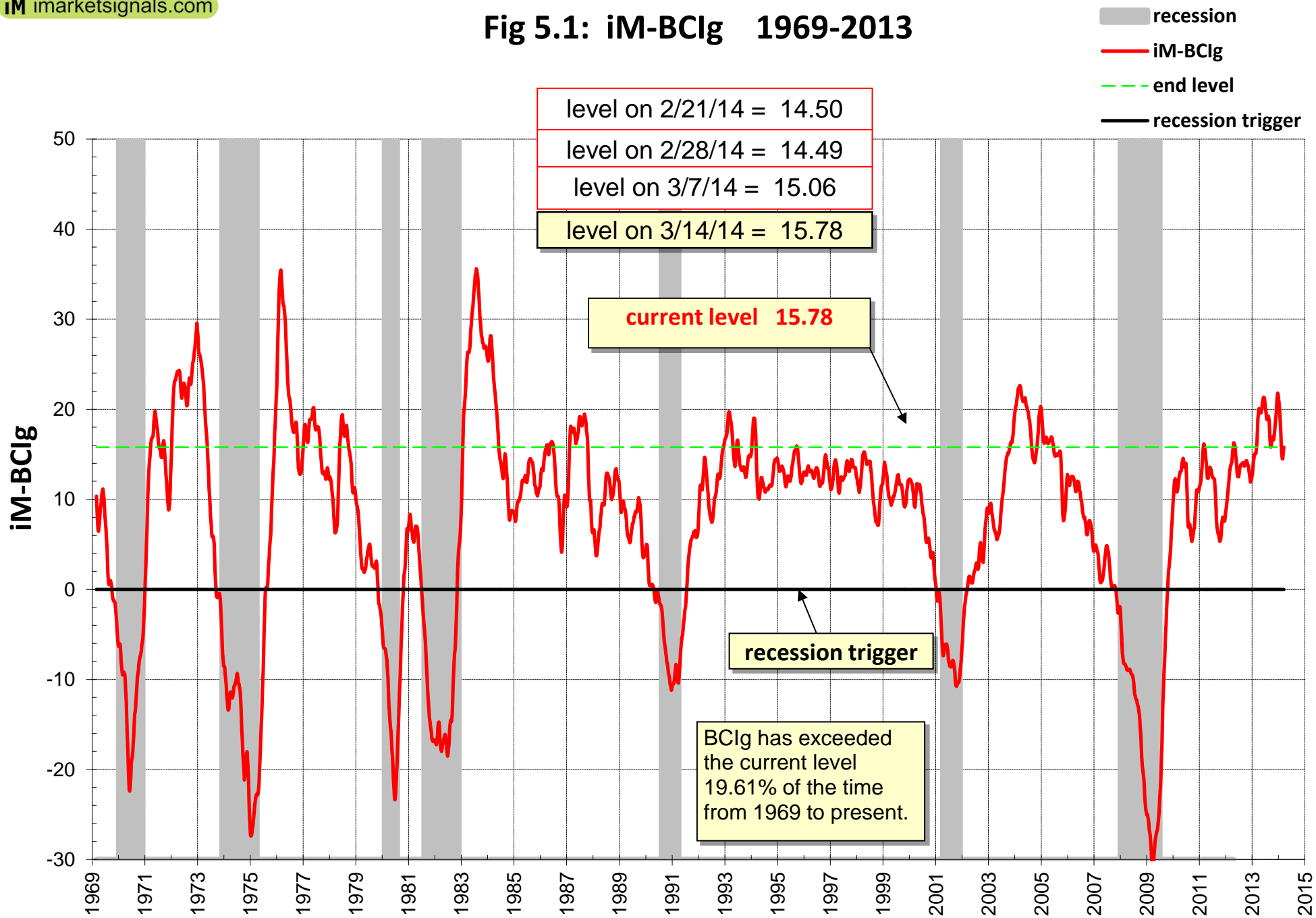
Fig 5.1: iM-BCI_g 1969-2013

Figure 4: Bond Value Ratio (BVR) from 2006 to 2014

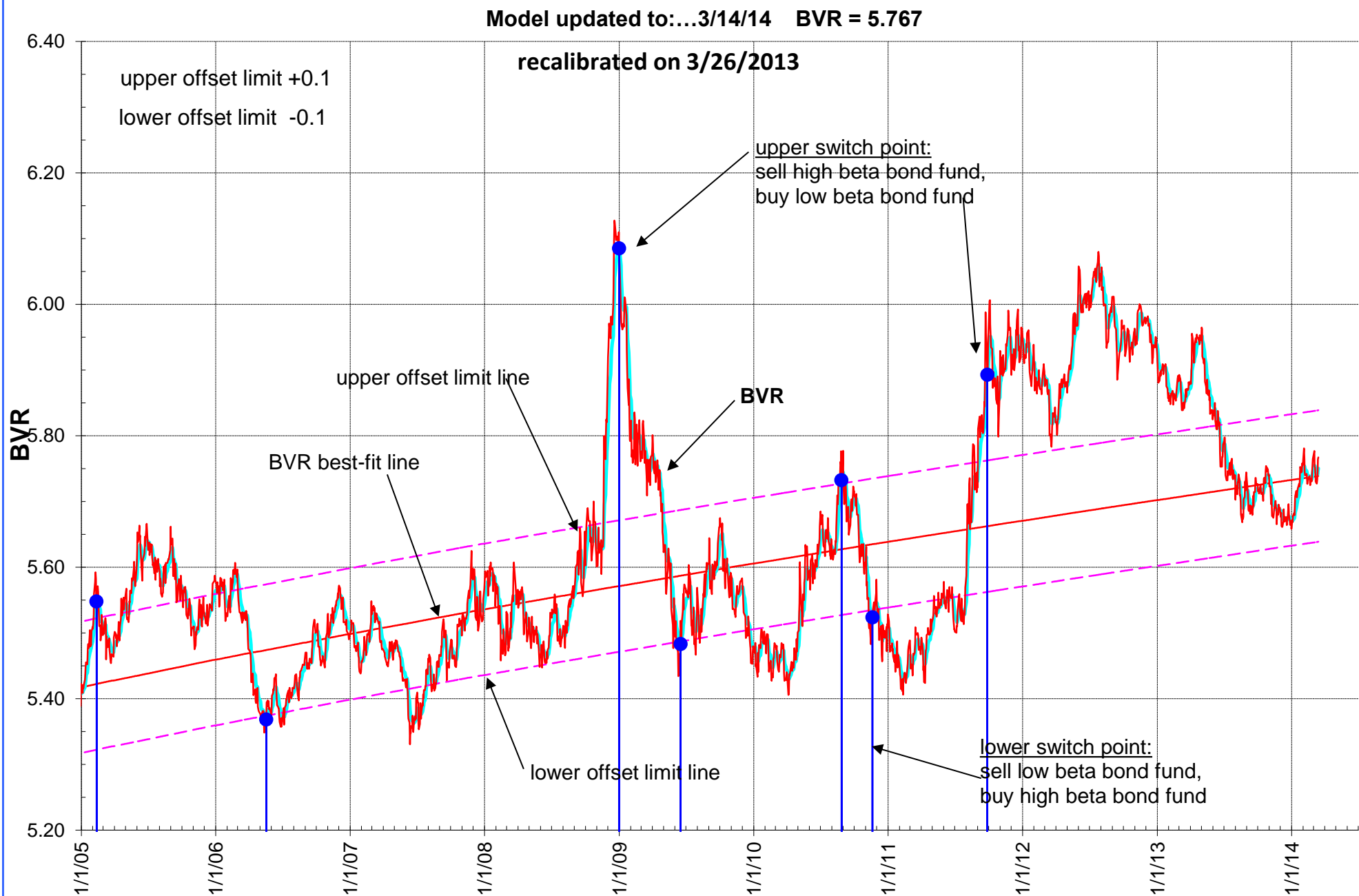


Figure 5: $i10 - i2$ Updated to.....3/14/14

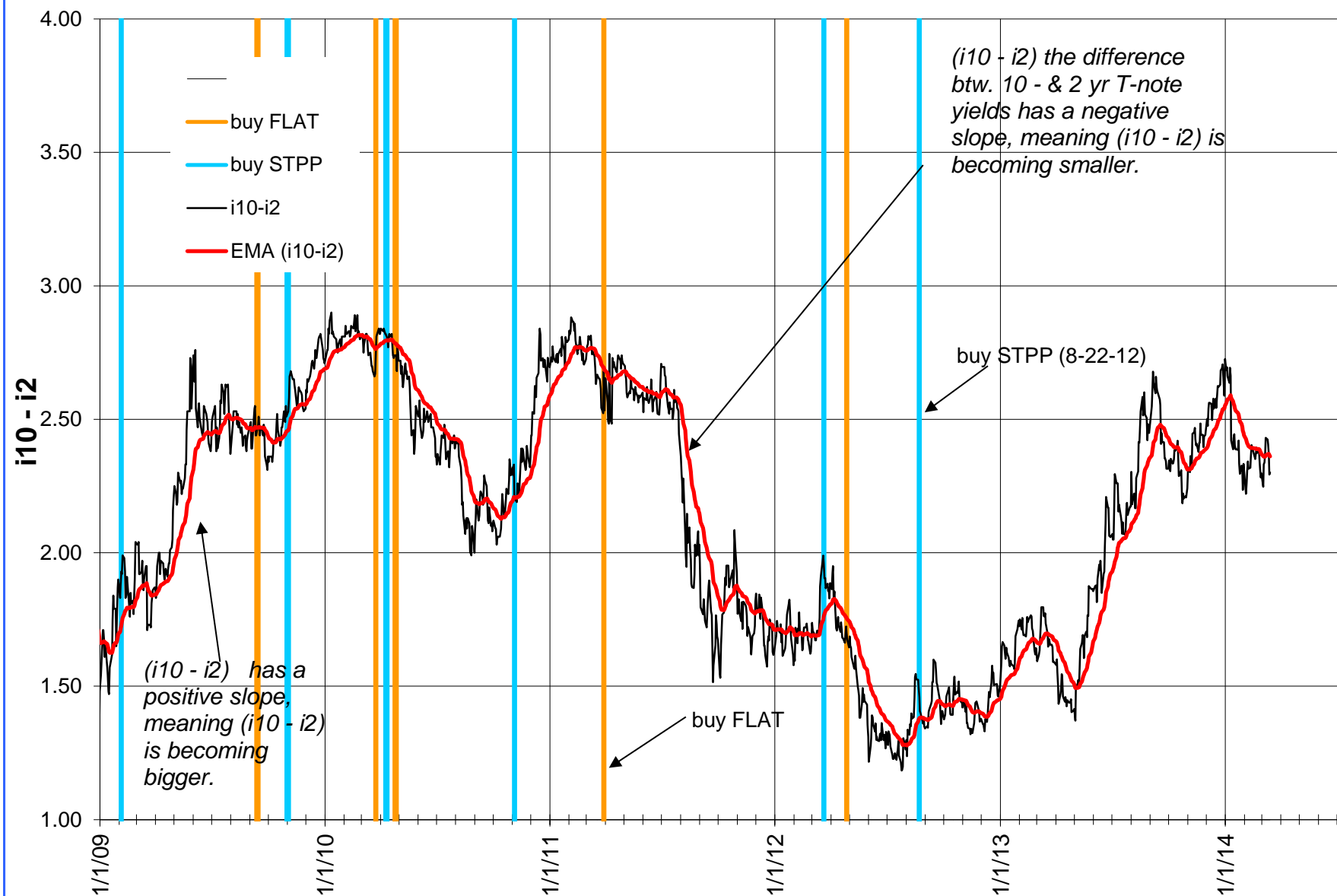


Figure 6: Modified Coppock Indicator for Gold 2005-2014

updated to 03/14/2014

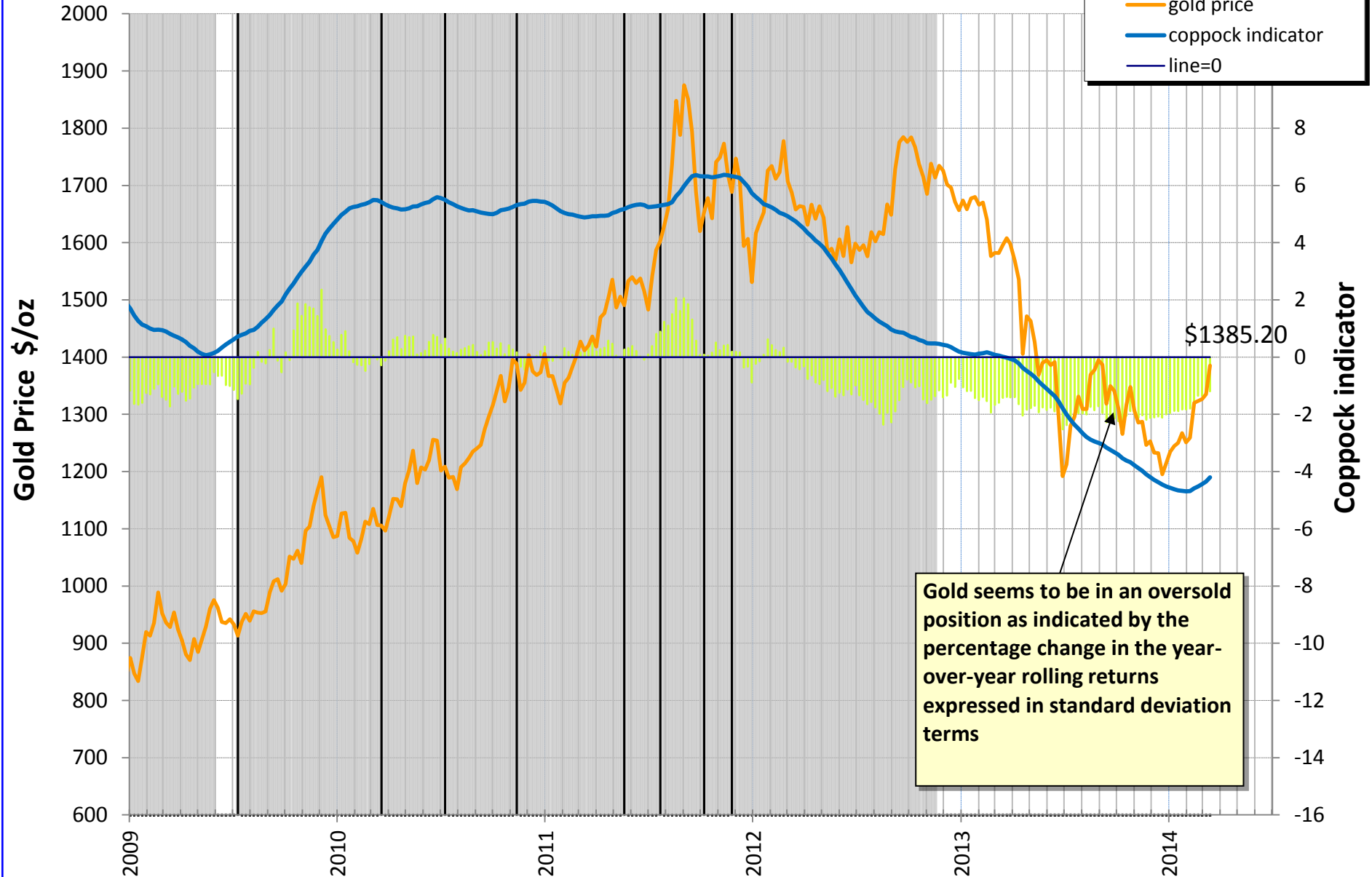


Figure 7: Modified Coppock Indicator for Silver 2005-2014

updated to 03/14/2014

