Business Cycle Index 3-20-14

The BCI is unchanged from last week's upward revised 167.9. However BCIg , the smoothed annualized growth of BCI, increased to 16.4 up from last week's 15.8.

This week's BCI shows no recessionary trends.

Summary 3-21-14:

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 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 53 weeks ago when the WLIg_shortEMA moved below the WLIg_longEMA. Currently the WLIg_shortEMA indicator is just below WLIg_longEMA. If the sell signal was correct then WLIg_shortEMA should move decisively below WLIg_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 a buy-signal yet from the modified Coppock Gold indicator shown in Fig 6. This model has been out of Gold since Nov-26-2012 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.

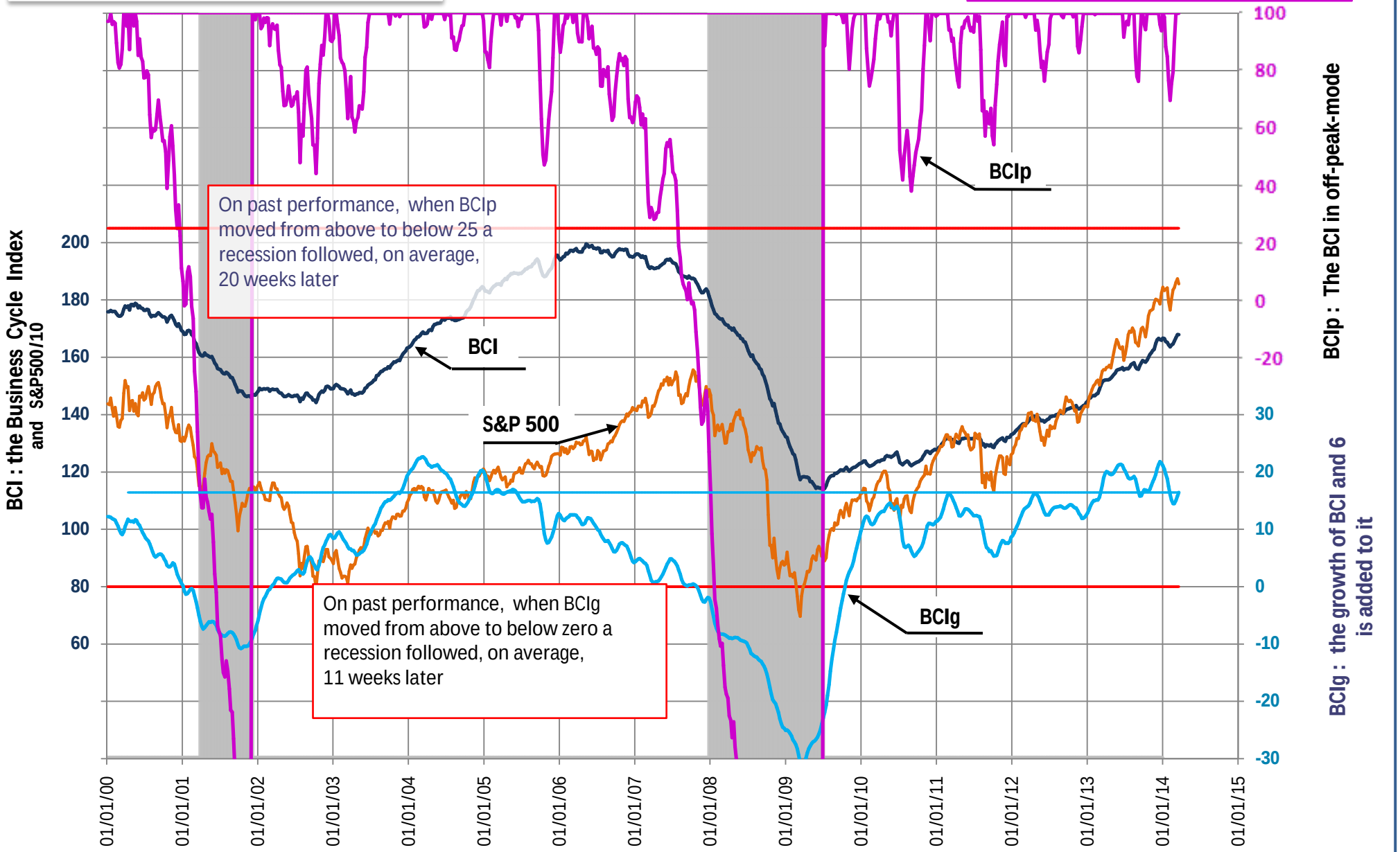
imarketsignals.com

iM's Business Cycle Index (BCI)

BCIp, BCI and BCIg updated to Mar 20, 2014

Date	02/20	02/27	03/06	03/13	**03/20**
BCIp	79.5	90.2	100.0	100.0	**100.0**
BCI	164.6	165.7	166.8	167.9	**167.9**
BCIg	14.5	14.5	15.1	15.8	**16.4**

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

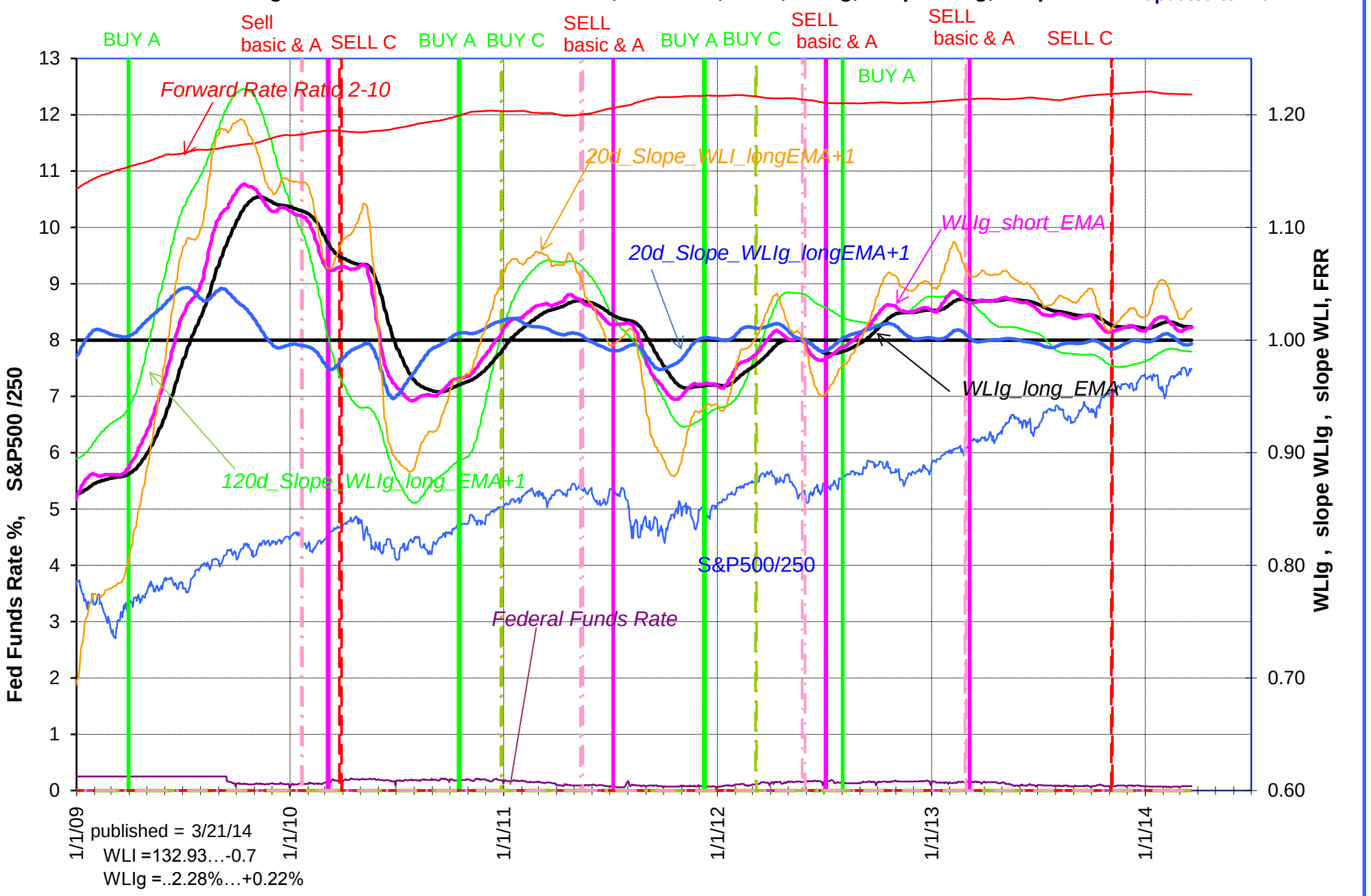


Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

imarketsignals.com

Figure 1 : 2009-13 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI

updated to….3/21/14



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

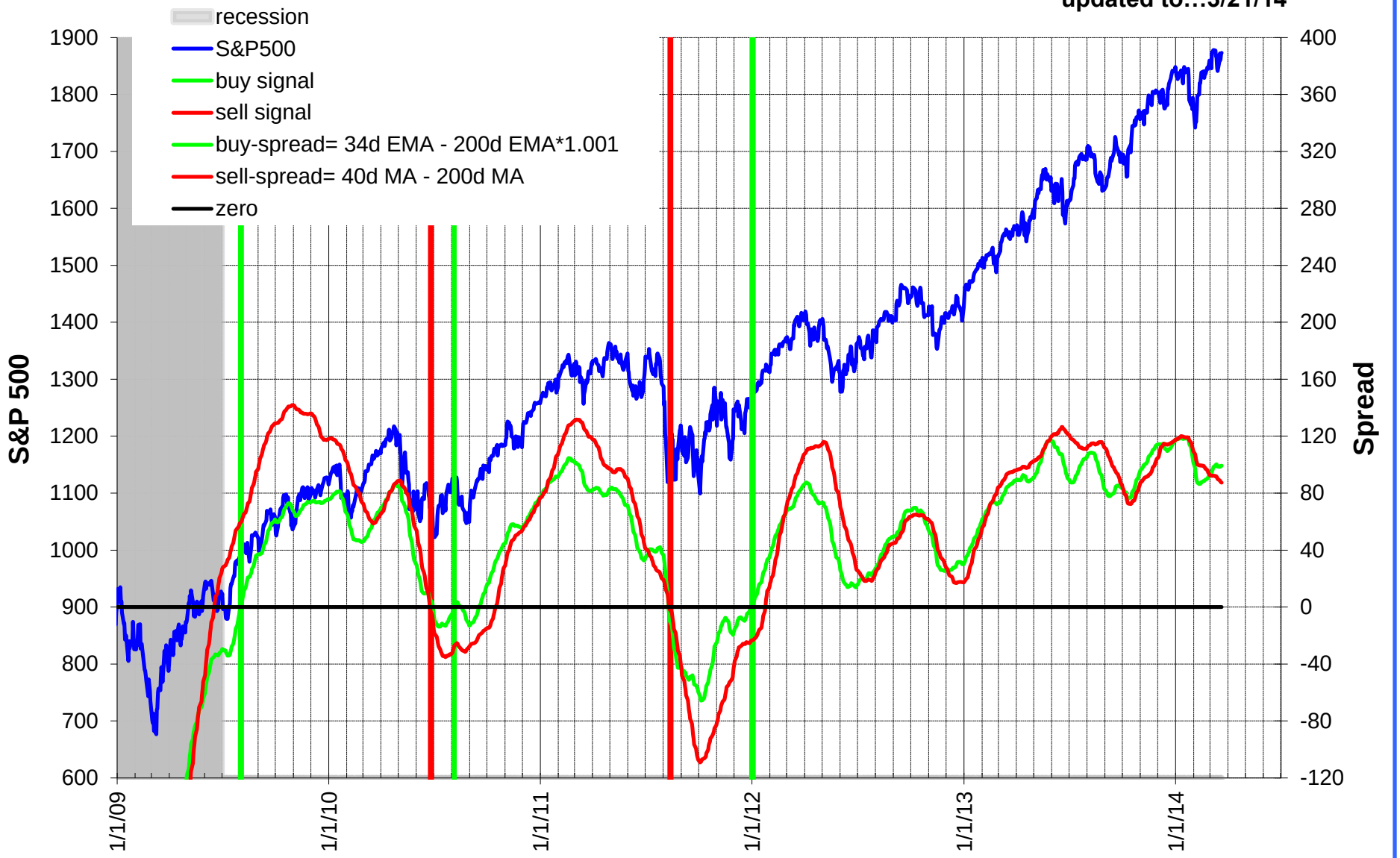
use IBH CCI with Sandy adjust 3-15-13.xlsm

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

imarketsignals.com

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

updated to…3/21/14



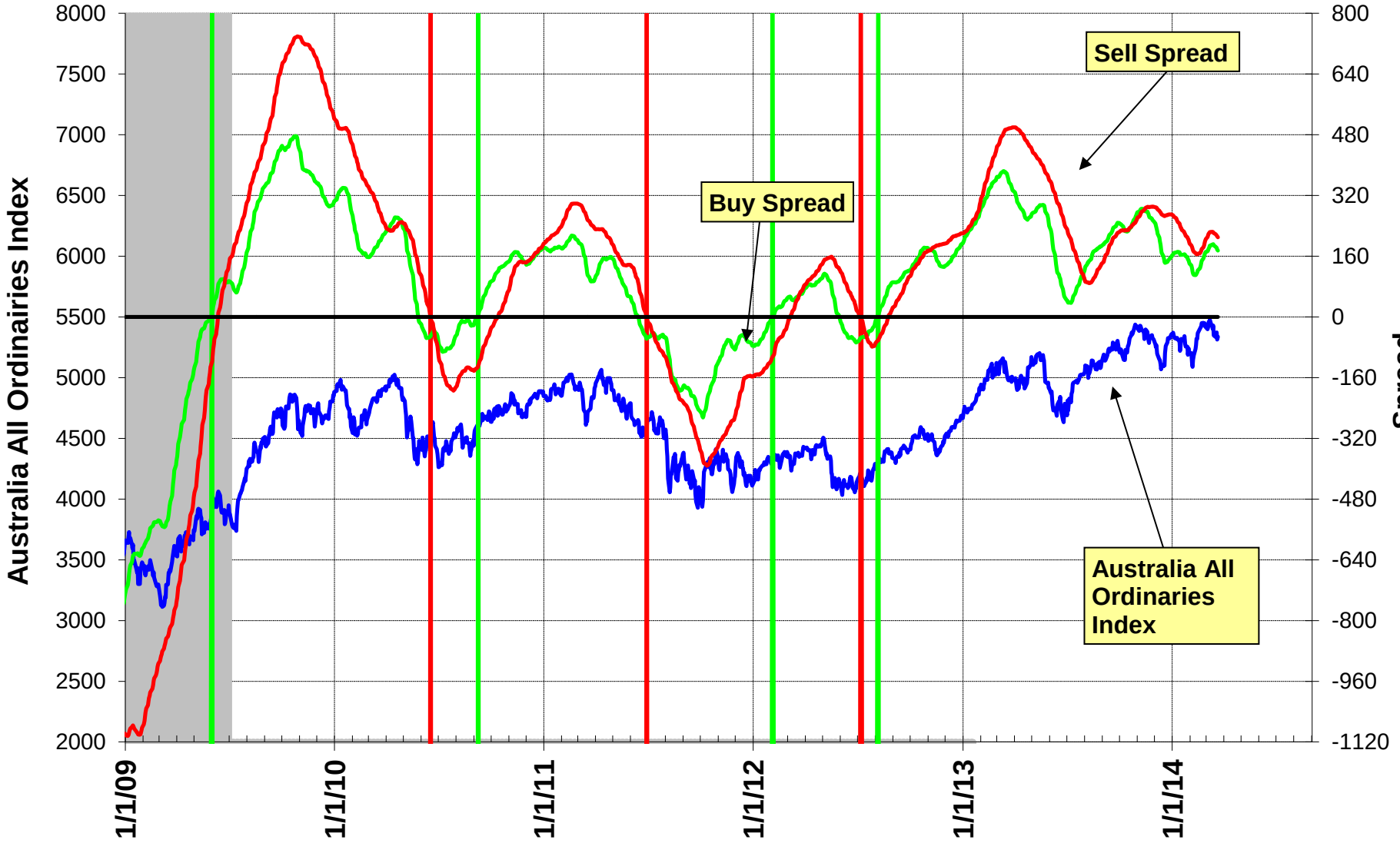
MAC SYSTEM.xlsm

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

imarketsignals.com

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

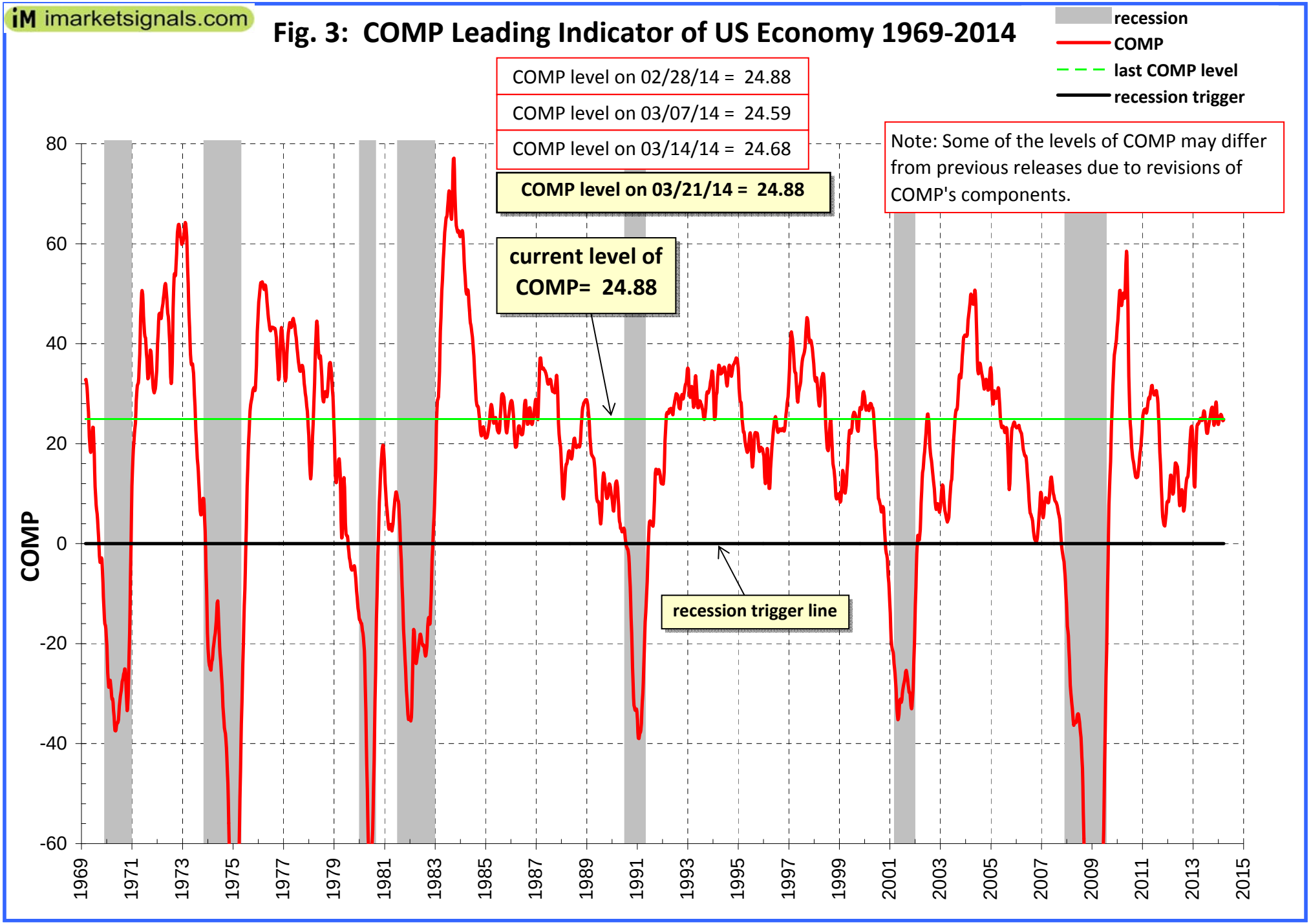
updated to Mar-21-14



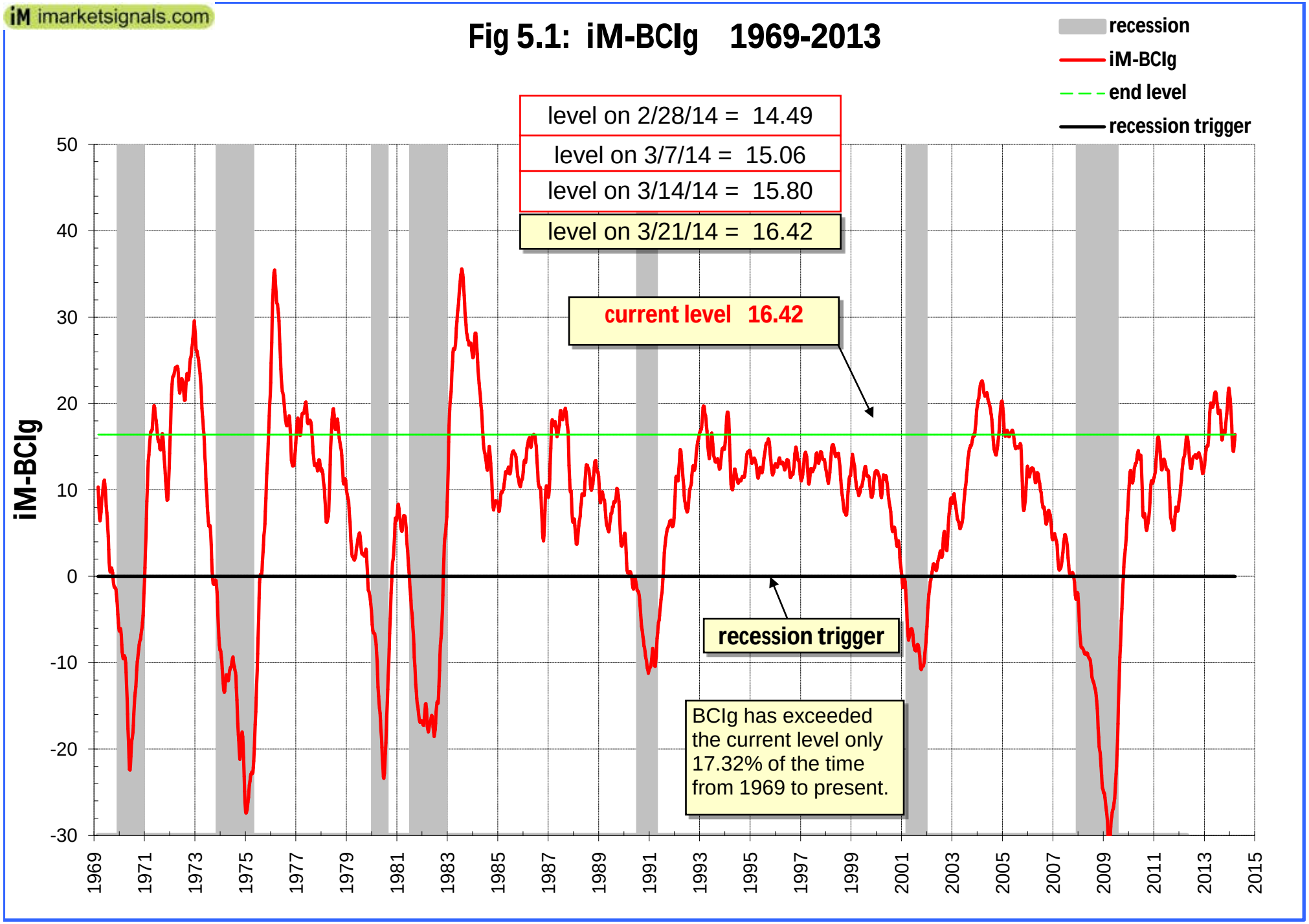
MAC Australia3.xlsm

iM imarketsignals.com

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



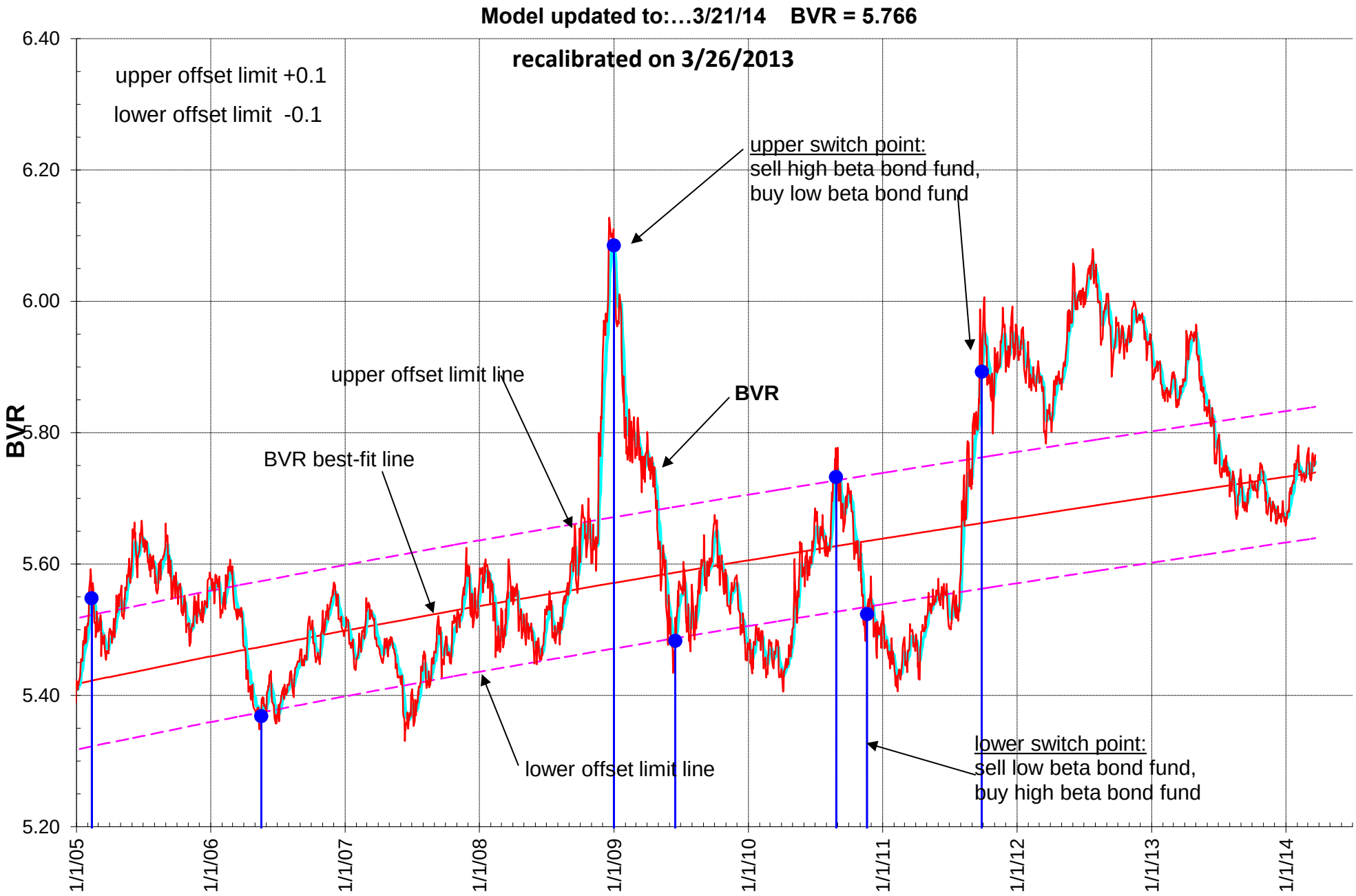
My COMP CBrev.xls


imarketsignals.com
Fig 5.1: iM-BCIg 1969-2013
recession
iM-BCIg
end level
recession trigger
level on 2/28/14 = 14.49
level on 3/7/14 = 15.06
level on 3/14/14 = 15.80
level on 3/21/14 = 16.42
current level 16.42
recession trigger
BCIg has exceeded the current level only 17.32% of the time from 1969 to present.
iM-BCIg
50
40
30
20
10
0
-10
-20
-30
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015

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

imarketsignals.com

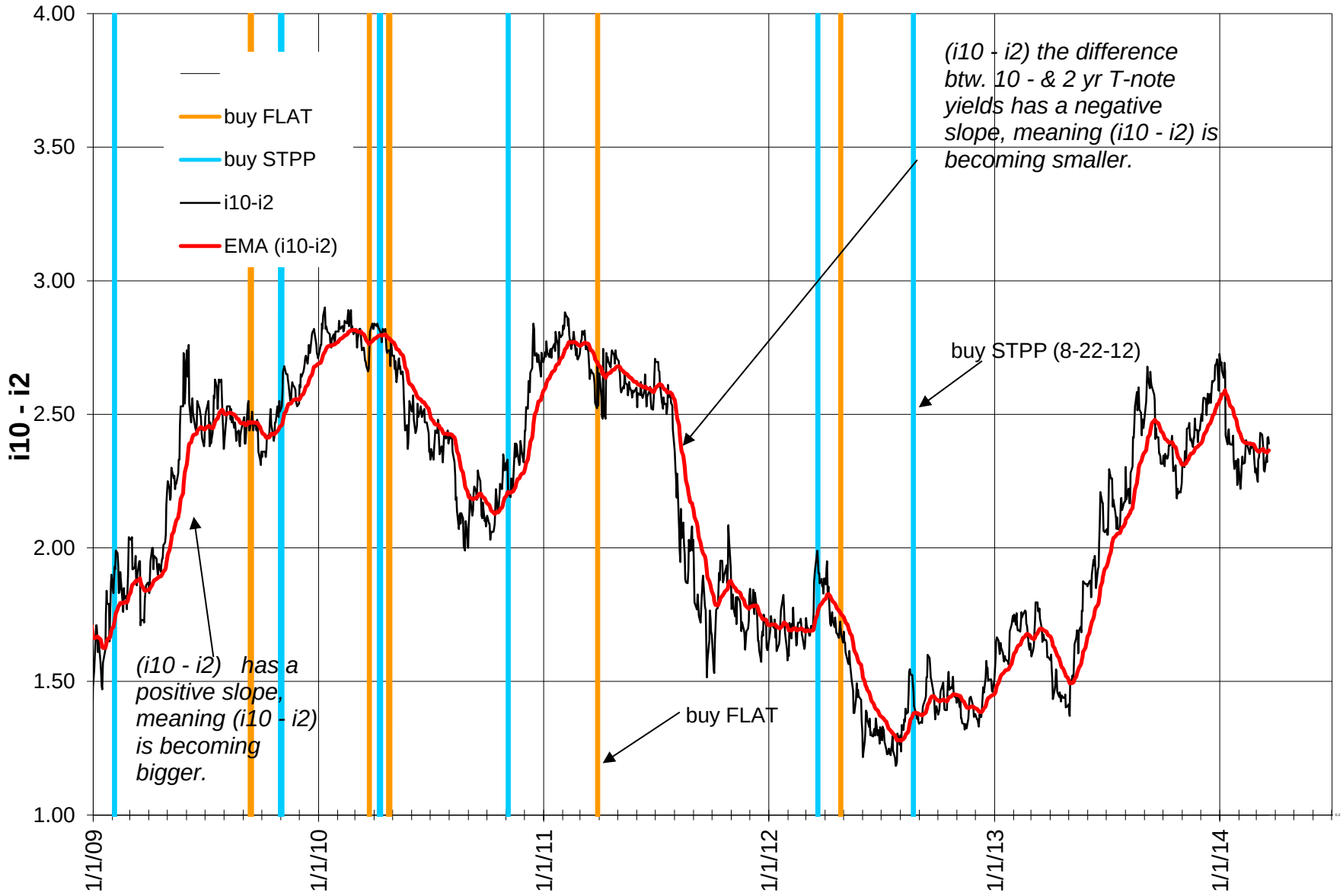
Figure 4: Bond Value Ratio (BVR) from 2006 to 2014



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

imarketsignals.com

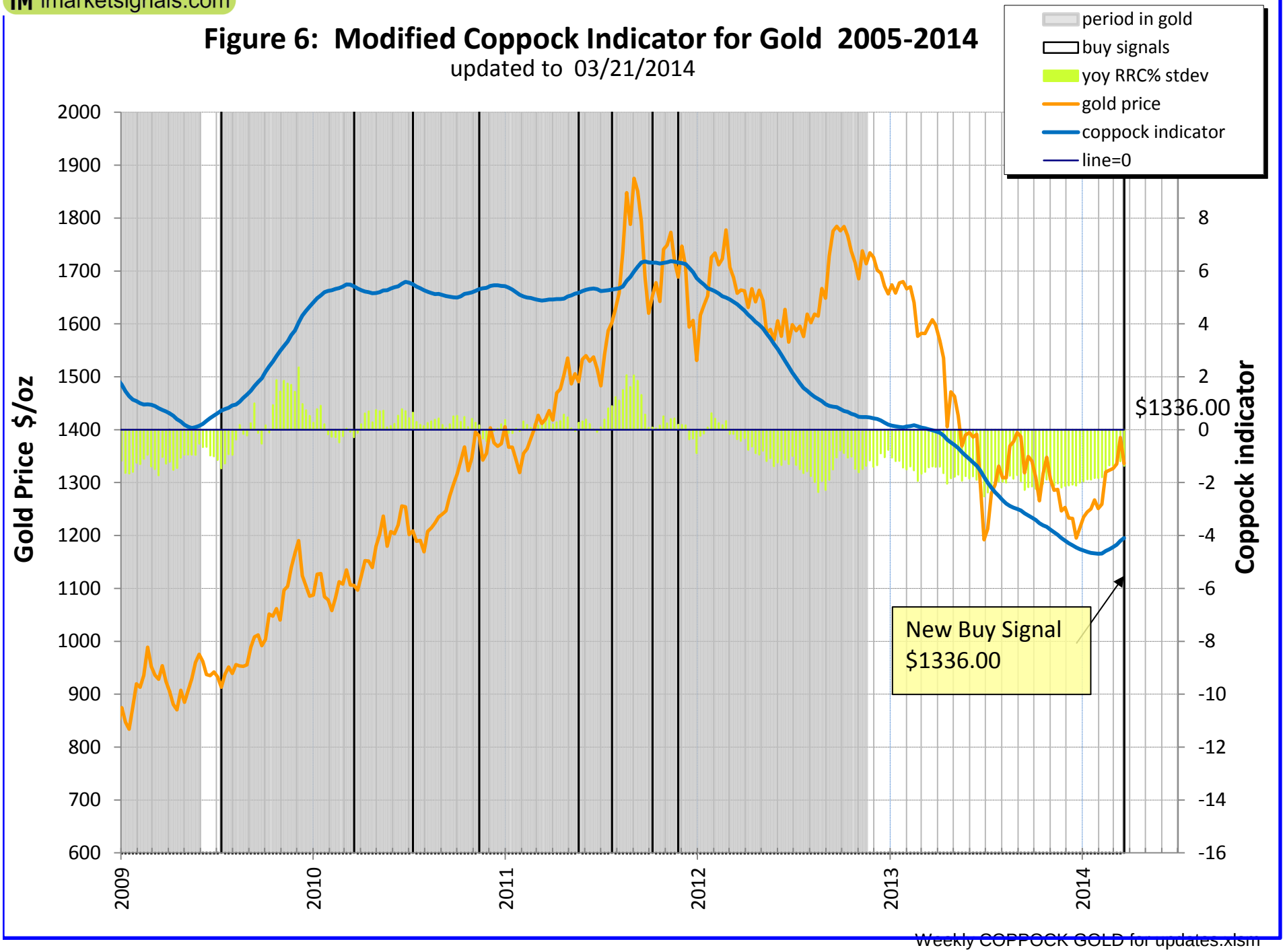
Figure 5: i10 - i2 Updated to…..3/21/14

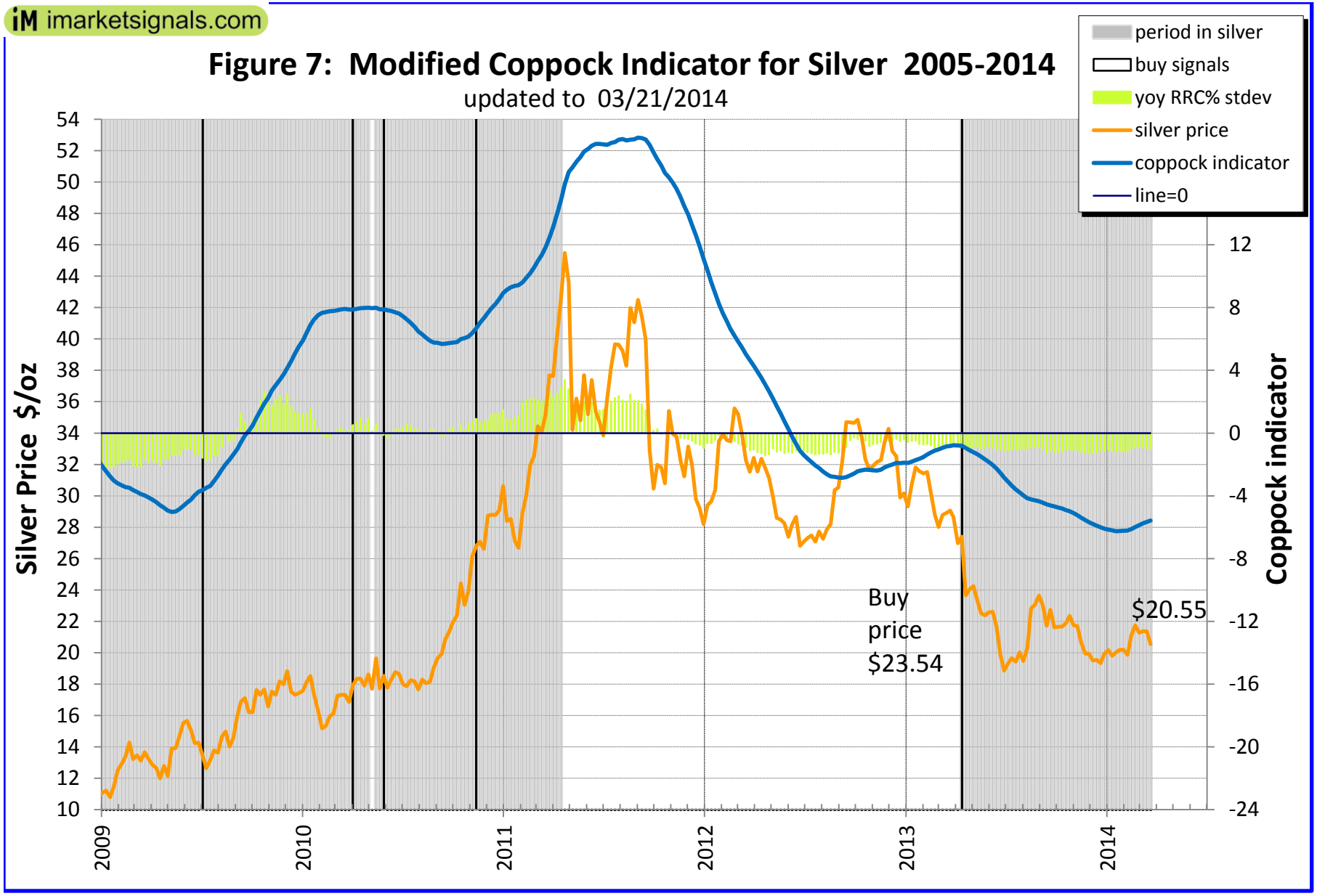


imarketsignals.com

Figure 6: Modified Coppock Indicator for Gold 2005-2014

updated to 03/21/2014




imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2005-2014
updated to 03/21/2014
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
Buy price $23.54
$20.55
2009
2010
2011
2012
2013
2014