

## **Business Cycle Index 5-22-14**

The BCI is unchanged from last week's 168.8. However, the BCIG, the smoothed annualized growth of BCI, is down at 14.3 from last week's 14.9.

This week's BCI does not signal a recession in the near future.

## **Summary 5-23-14:**

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 revised level, and iM-BCIG is also lower 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 62 weeks ago when the WLlg\_shortEMA moved below the WLlg\_longEMA. Currently the WLlg\_shortEMA indicator is moving fractionally above the level of the 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 lower 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 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, lower than 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 a bit lower than 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 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. This model has been out of Gold since Nov-26-2012 but is now invested. This indicator is described in [Is it Time to Buy Gold Again? - Wait for the buy signal .....](#)

### **Silver:**

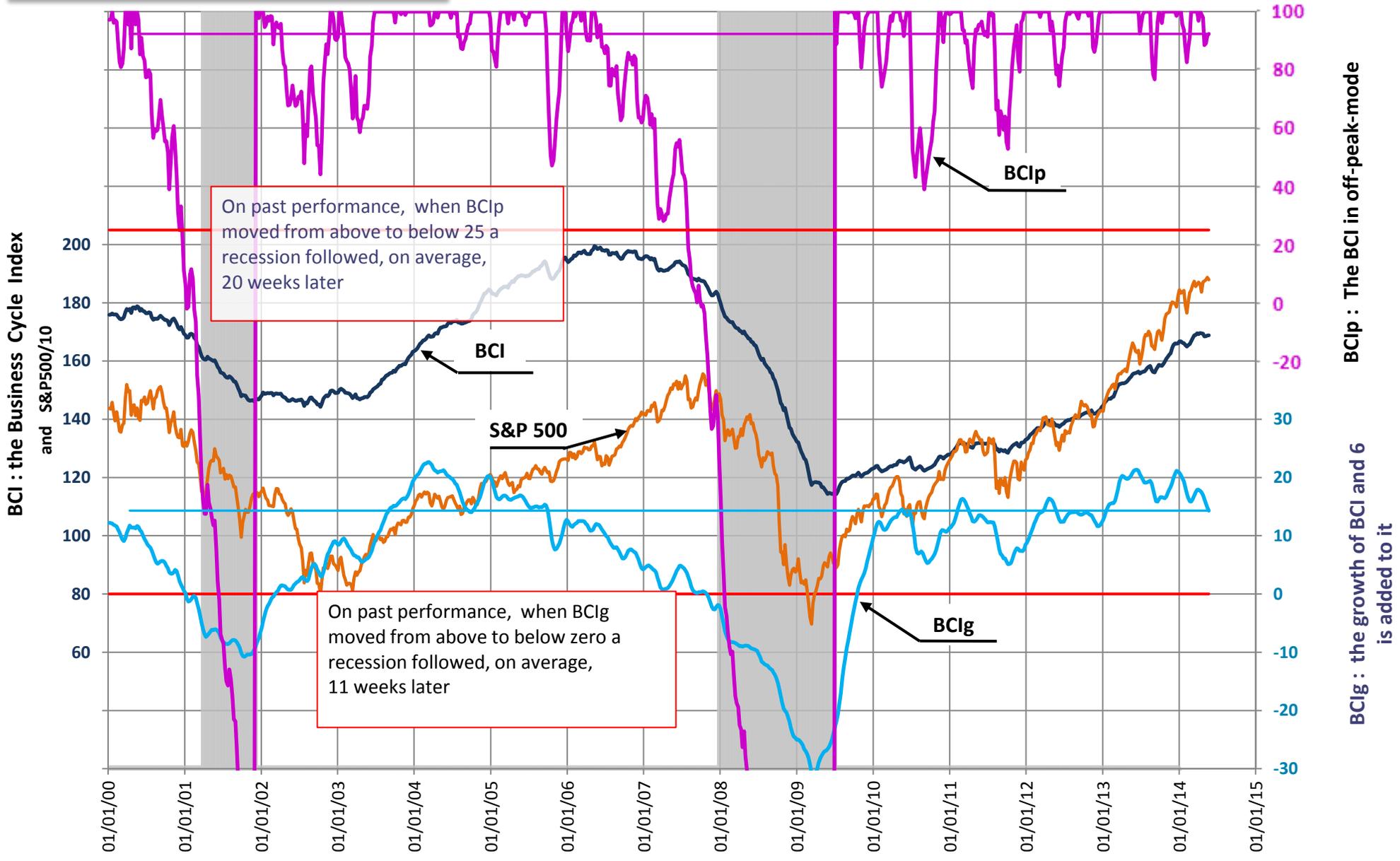
The modified Coppock Silver indicator shown in Fig 7 and is currently invested. This indicator is described in [Silver - Better Than Gold: A Modified Coppock Indicator for Silver.](#)

# iM's Business Cycle Index (BCI)

Date	04/24	05/01	05/08	05/15	05/22
BCIp	97.9	88.5	89.1	91.7	<b>92.3</b>
BCI	169.4	168.4	168.5	168.8	<b>168.8</b>
BCIg	17.0	16.3	15.5	14.9	<b>14.3</b>

**BCIp, BCI and BCIG**  
updated to May 22, 2014

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

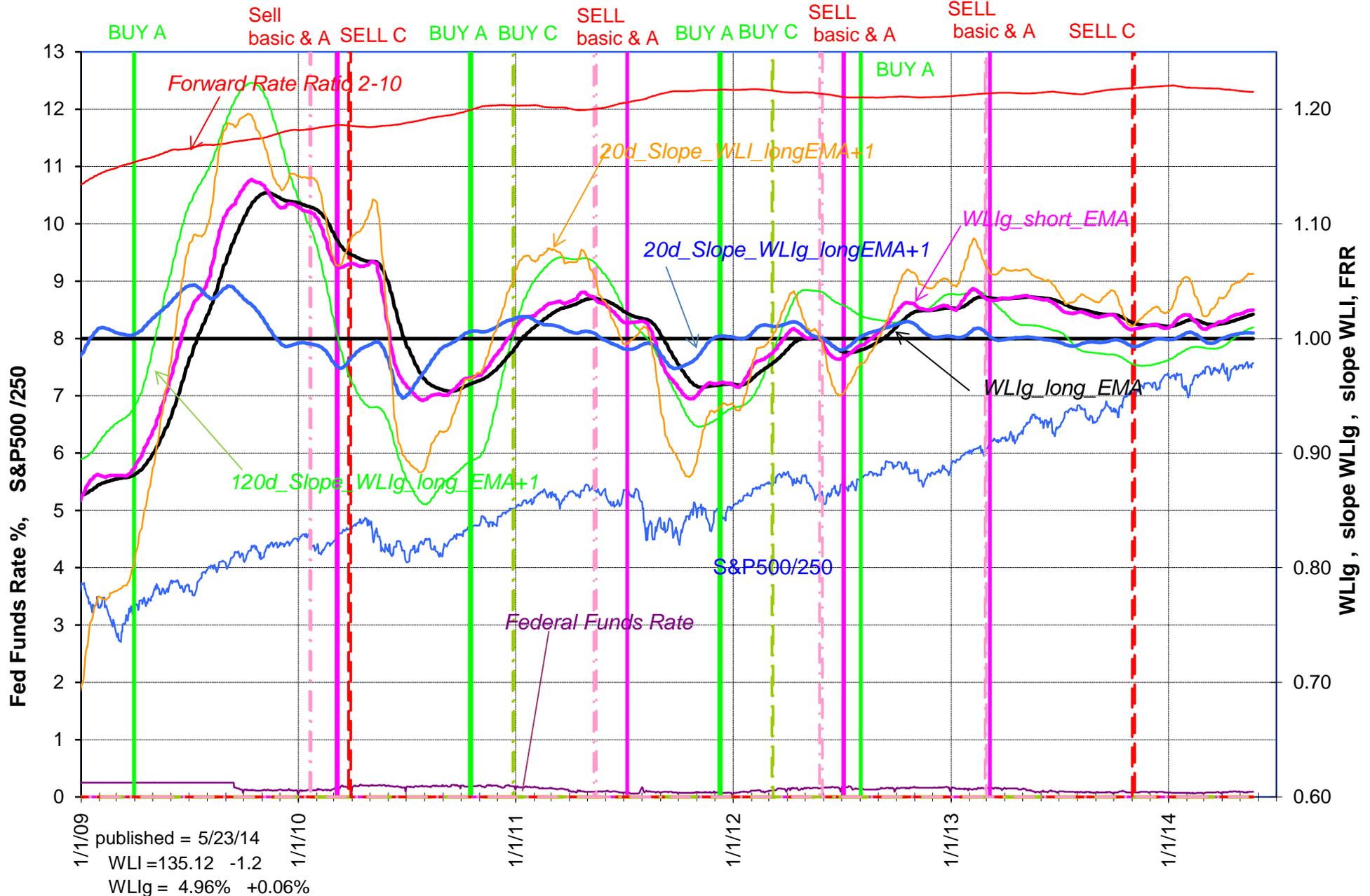


BCIp : The BCI in off-peak-mode

BCIG : the growth of BCI and 6 is added to it

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

Figure 1 : 2009-13 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI updated to....5/23/14

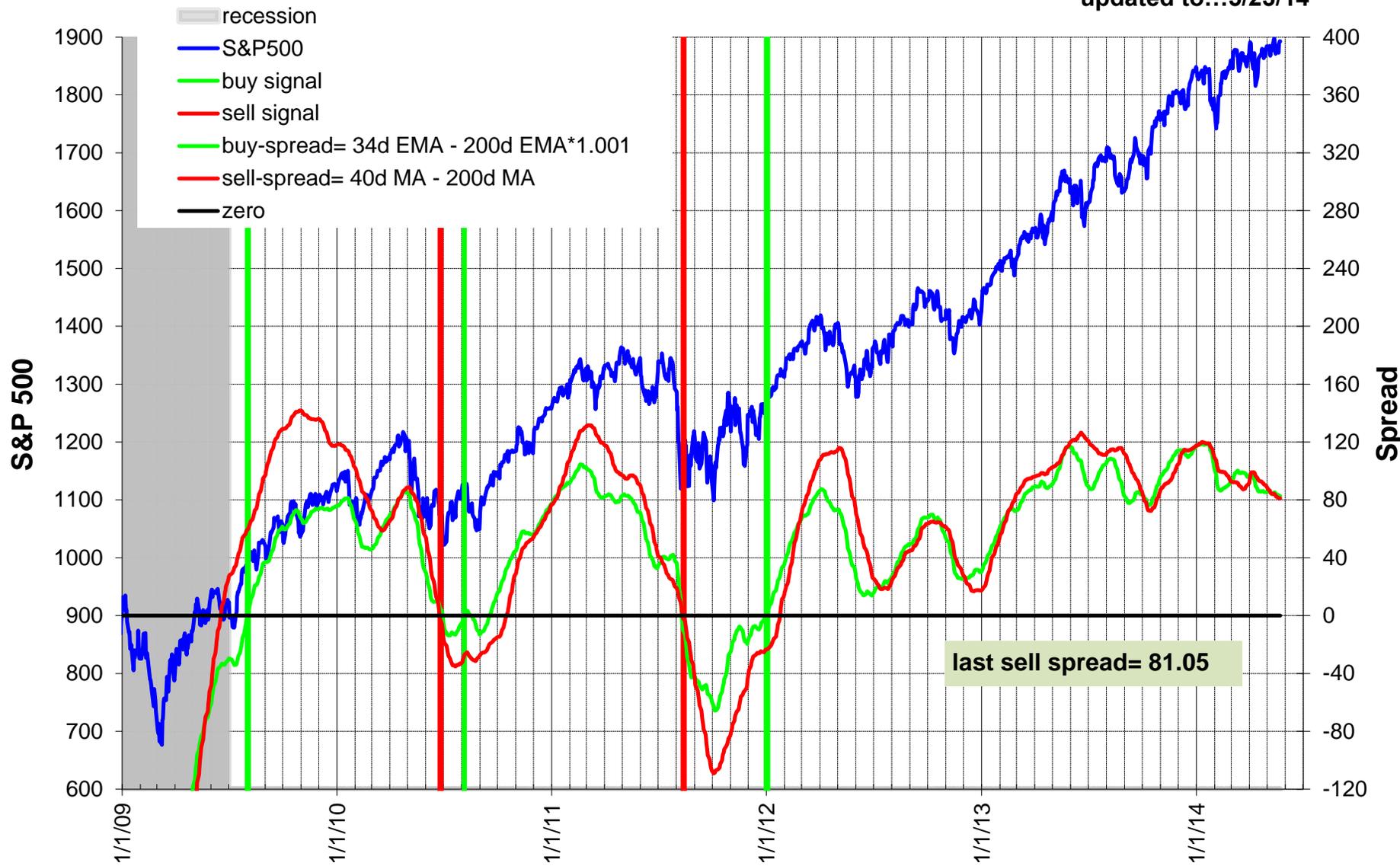


Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

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



updated to...5/23/14



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



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

updated to May-23-14  
last sell spread= 184.25

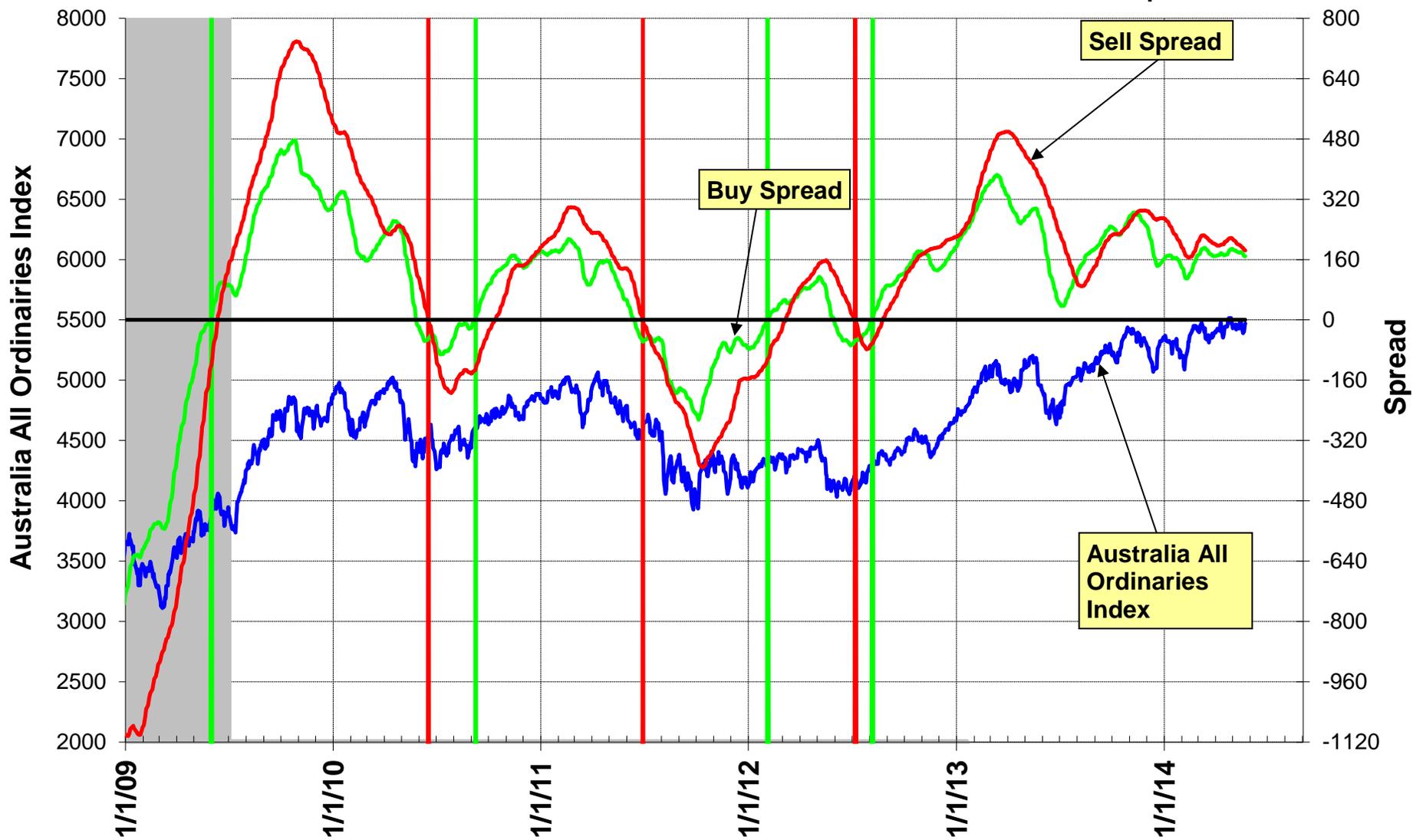
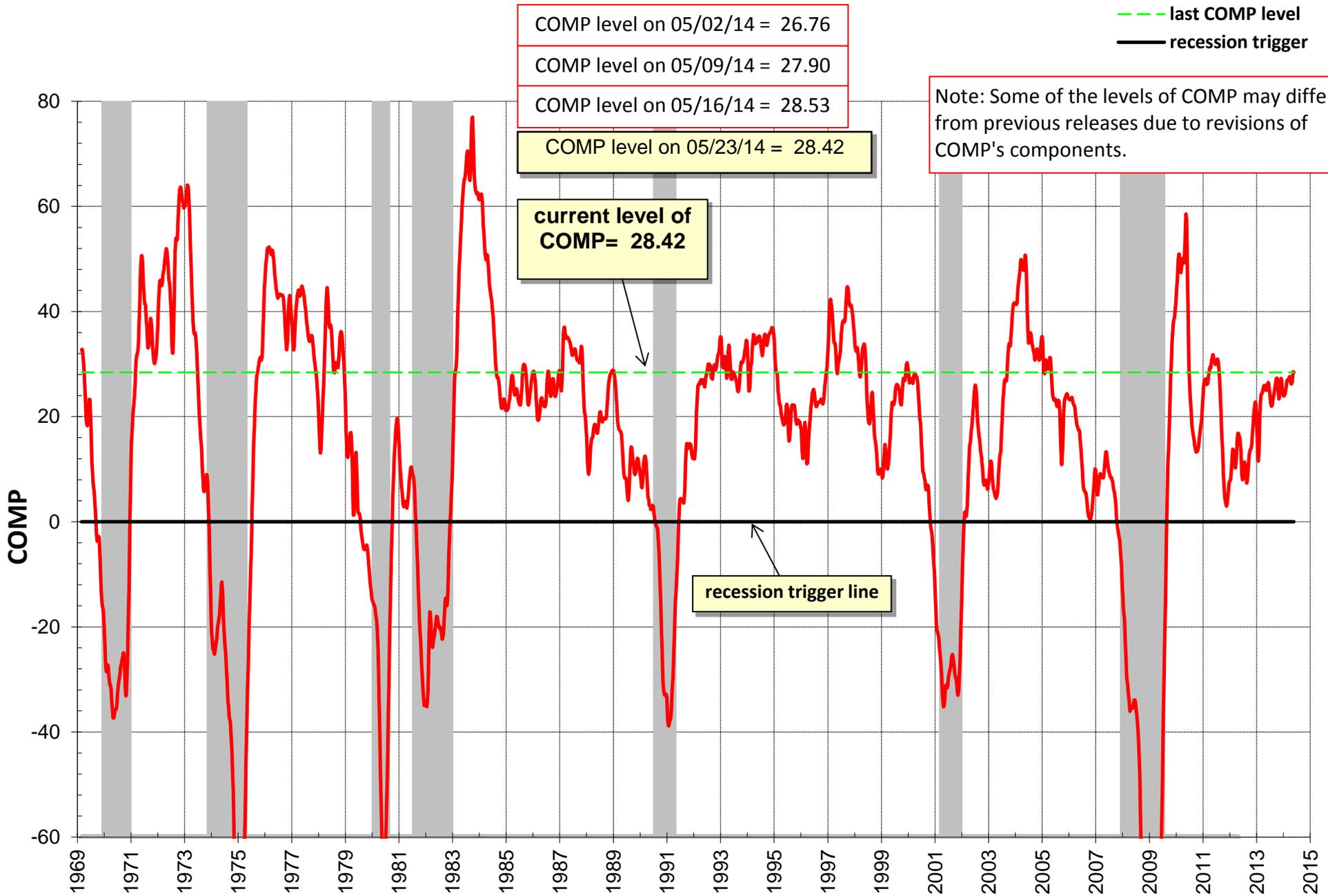
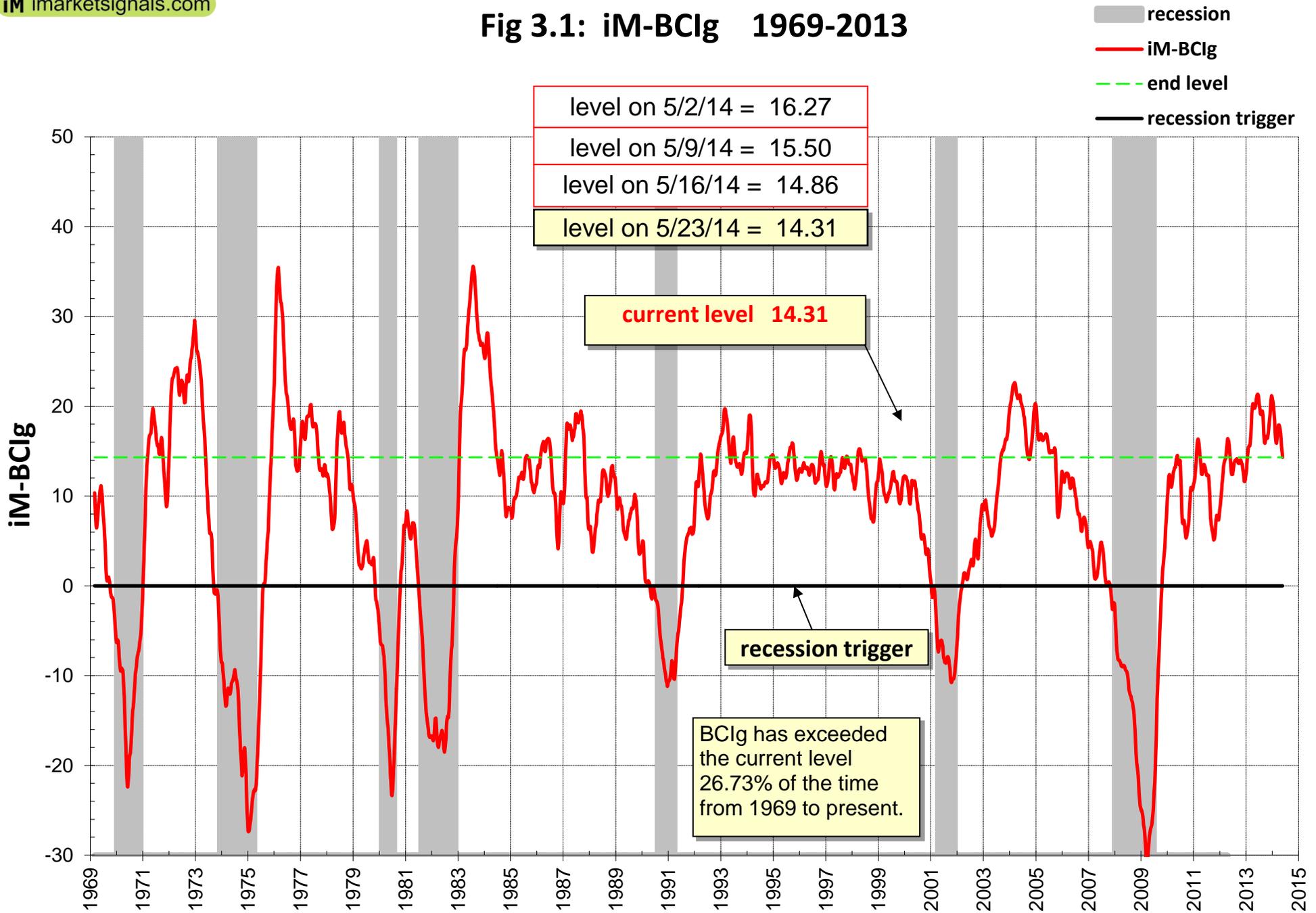


Fig. 3: COMP Leading Indicator of US Economy 1969-2014

- recession
- COMP
- last COMP level
- recession trigger



### Fig 3.1: iM-BCIg 1969-2013



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

Model updated to: ...5/23/14 BVR = 5.824

recalibrated on 3/26/2013



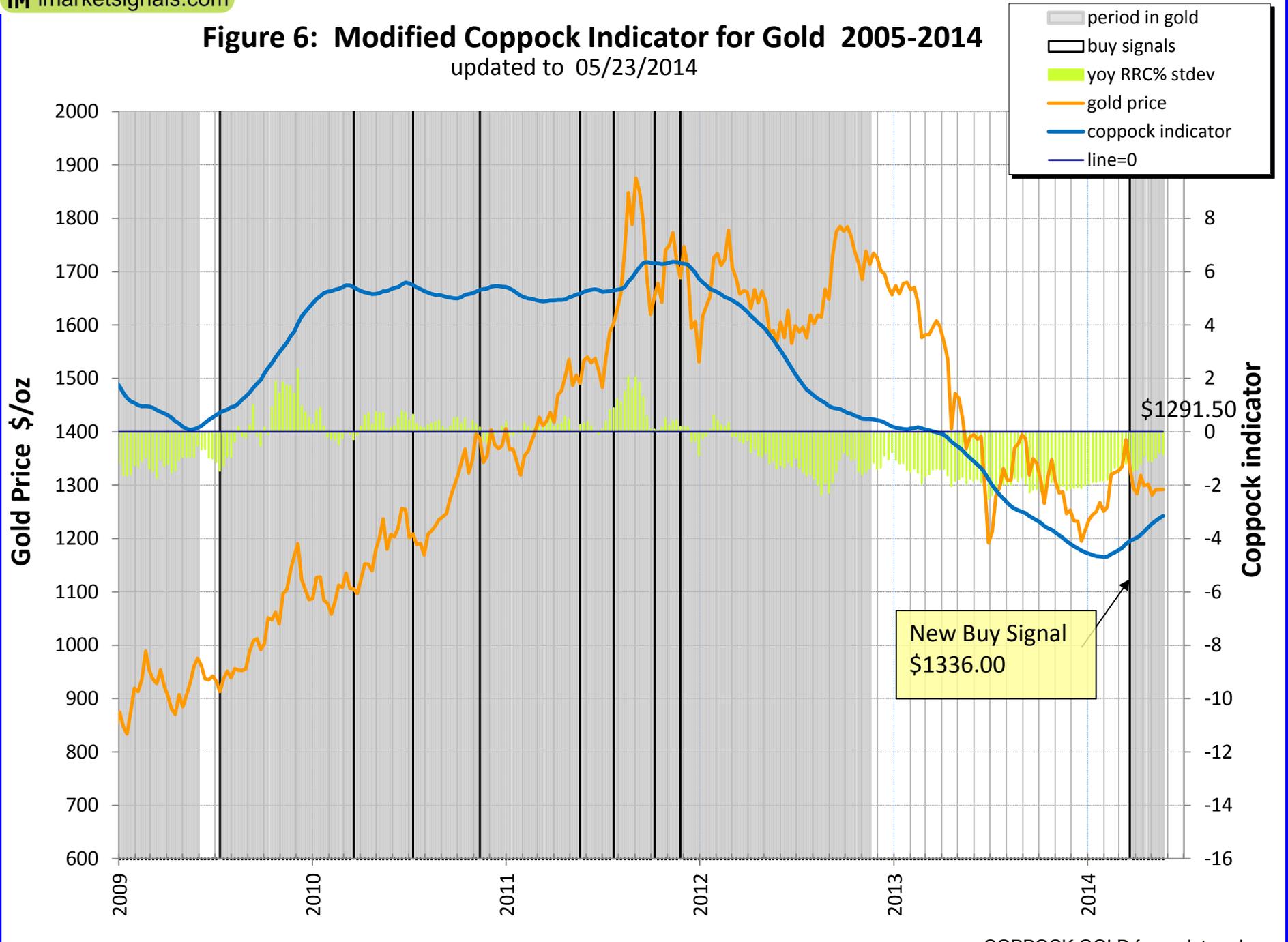
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Figure 5:  $i_{10} - i_2$  Updated to.....5/23/14



### Figure 6: Modified Coppock Indicator for Gold 2005-2014

updated to 05/23/2014



New Buy Signal  
\$1336.00

\$1291.50

### Figure 7: Modified Coppock Indicator for Silver 2005-2014

updated to 05/23/2014

