

## **Business Cycle Index**

The BCI at 176.5 is up from last week's 175.3. The BCIG, the smoothed annualized growth of BCI, at 19.2 is also up from last week's 18.2.

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

## **Summary 7-3-14:**

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 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 68 weeks ago when the WLIg\_shortEMA moved below the WLIg\_longEMA. Another Sell A signal was generated 1 week 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 higher from last week's level. A sell signal 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 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 than 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 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 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. 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 has been updated with the June UER of 6.1%. Here is the link to [latest update.](#)

#### **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**

Currently the 1-year rolling return is 10.96%. The Vanguard REIT Index Fund is at a new all time high indicating that there is further upside potential for the TIAA Real Estate Account. A sell signal is not imminent.

[Read more ...](#)

## iM's Business Cycle Index (BCI)

BCIp, BCI and BCIG  
updated to July 03, 2014

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

Date	06/05	06/12	06/19	06/26	07/03
BCIp	100.0	100.0	100.0	100.0	100.0
BCI	171.9	172.5	173.0	175.3	176.5
BCIg	16.4	16.8	17.3	18.2	19.2

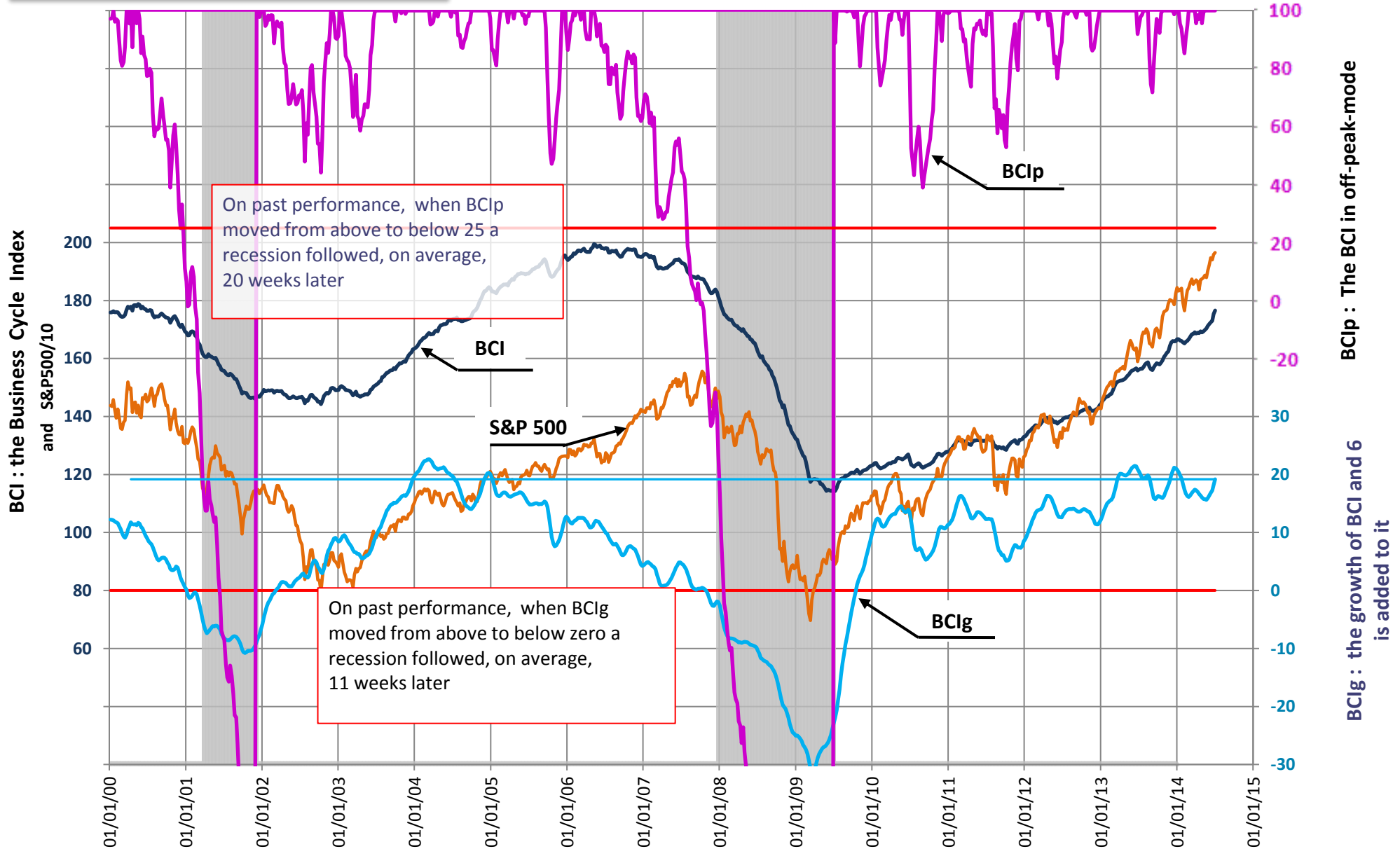
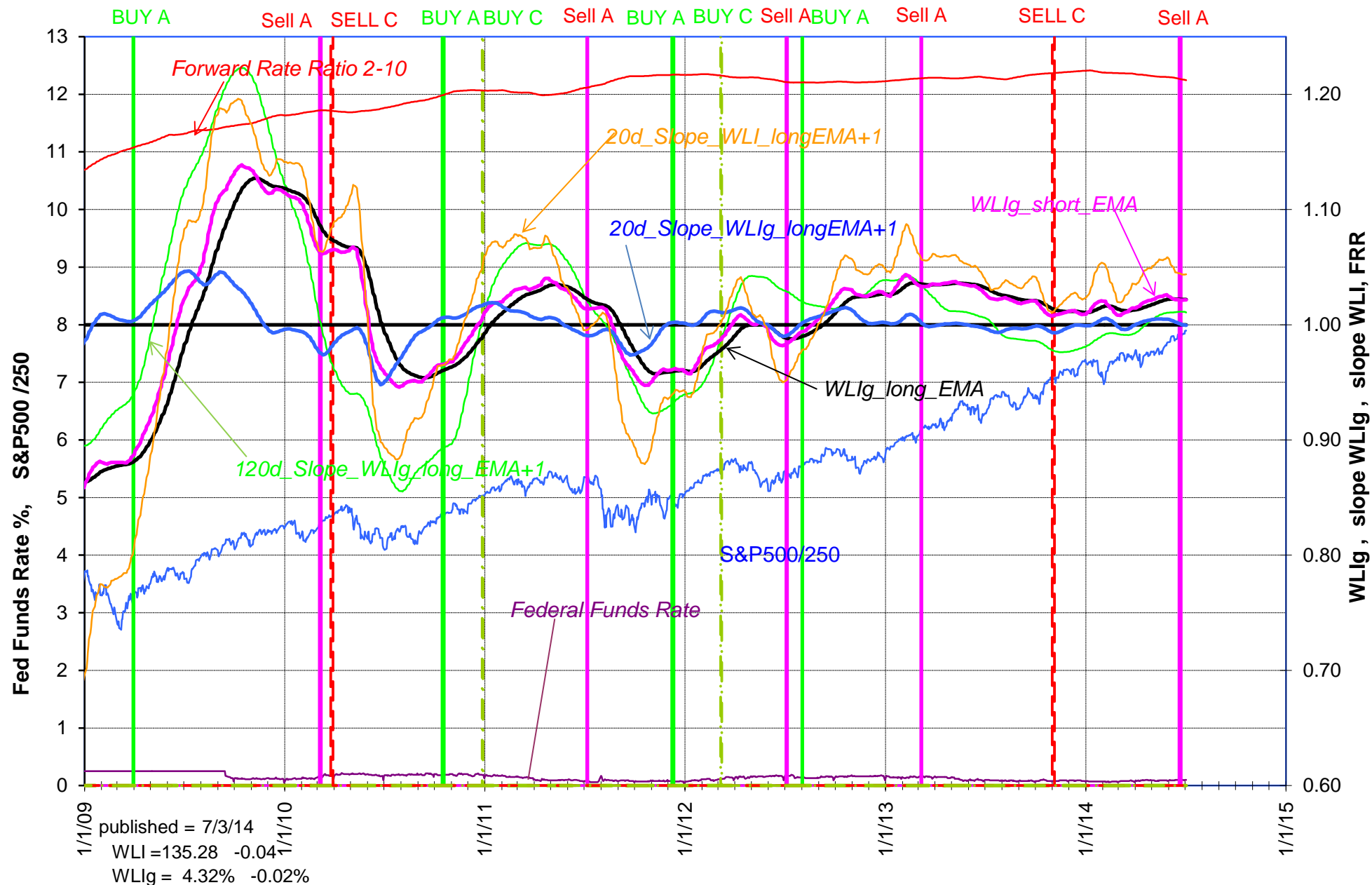


Figure 1 : 2009-13 Fed Funds Rate, S&P 500, FRR, WLlg, slope WLlg, slope WLI updated to....7/3/14



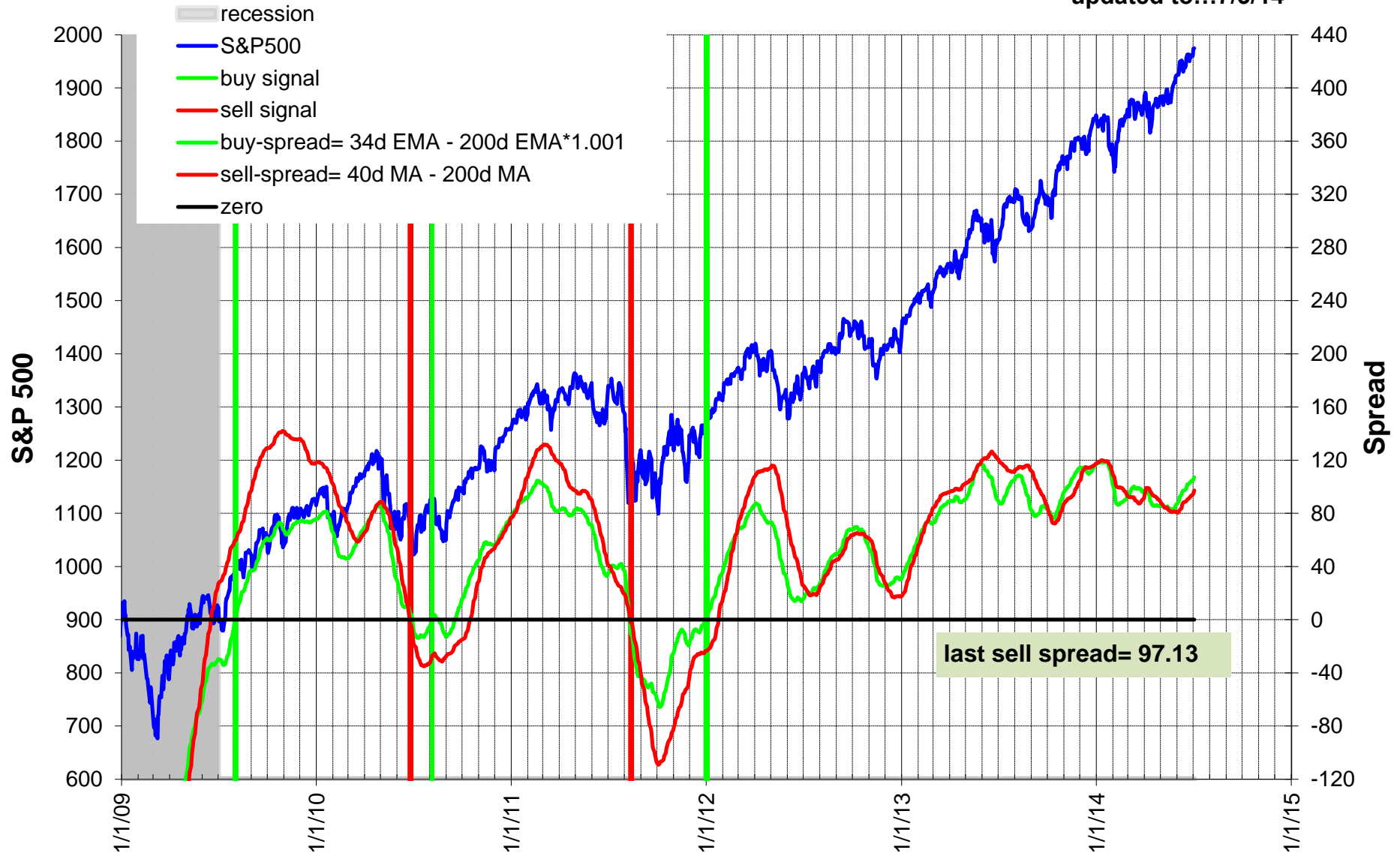
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

iM imarketsignals.com

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



updated to...7/3/14



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 Jul-3-14  
last sell spread= 162.43

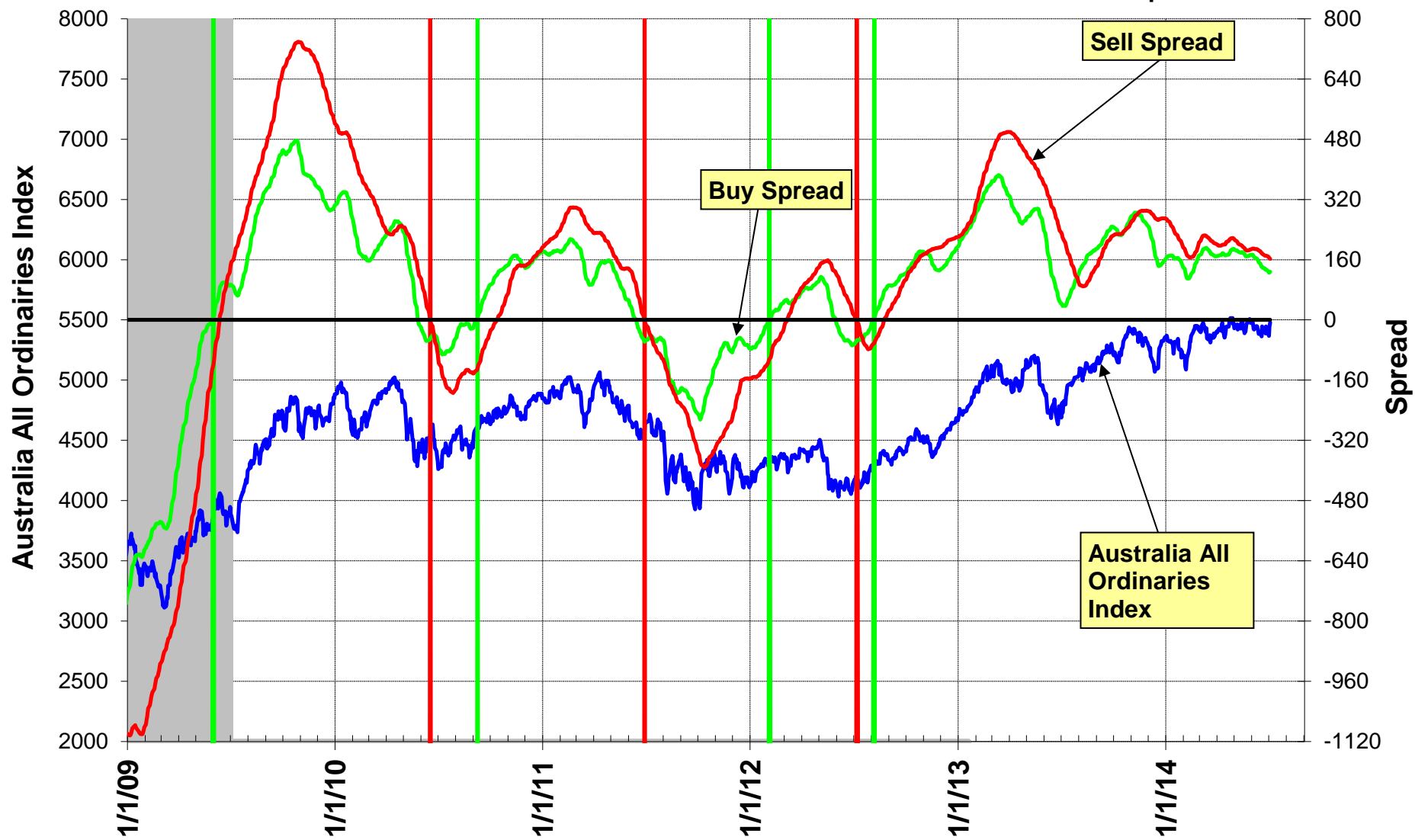


Fig. 3: COMP Leading Indicator of US Economy 1969-2014

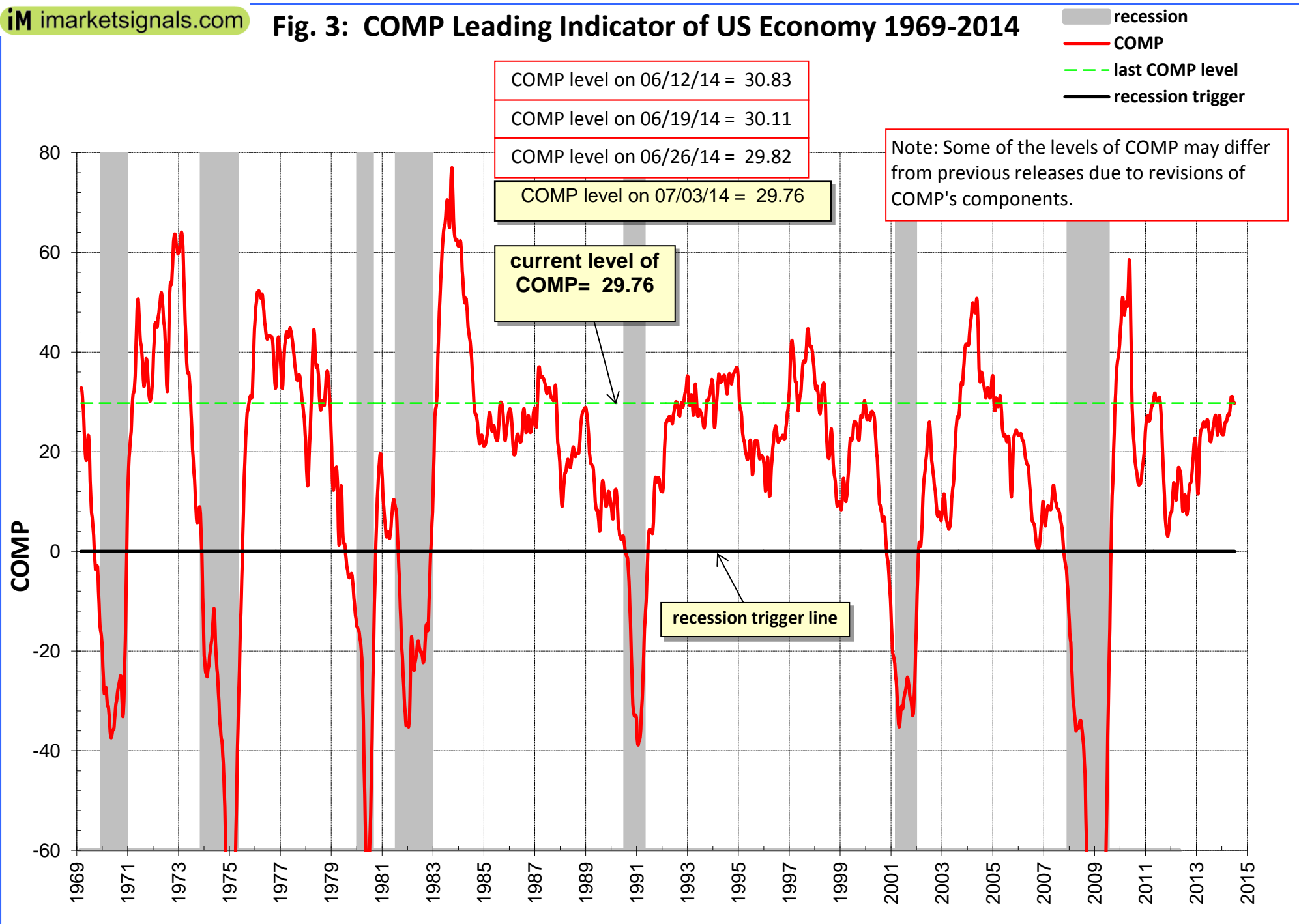
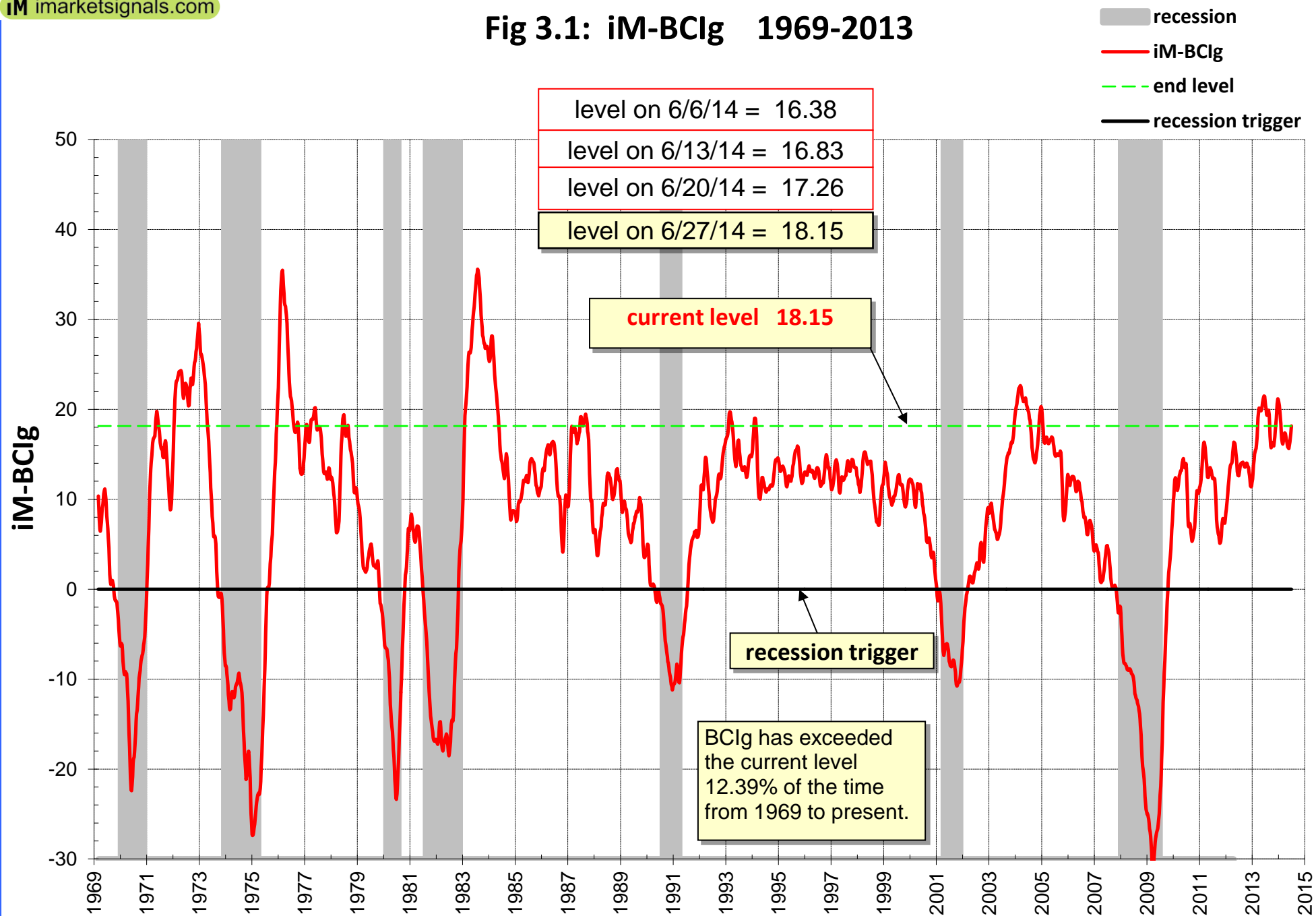


Fig 3.1: iM-BCI<sub>g</sub> 1969-2013



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

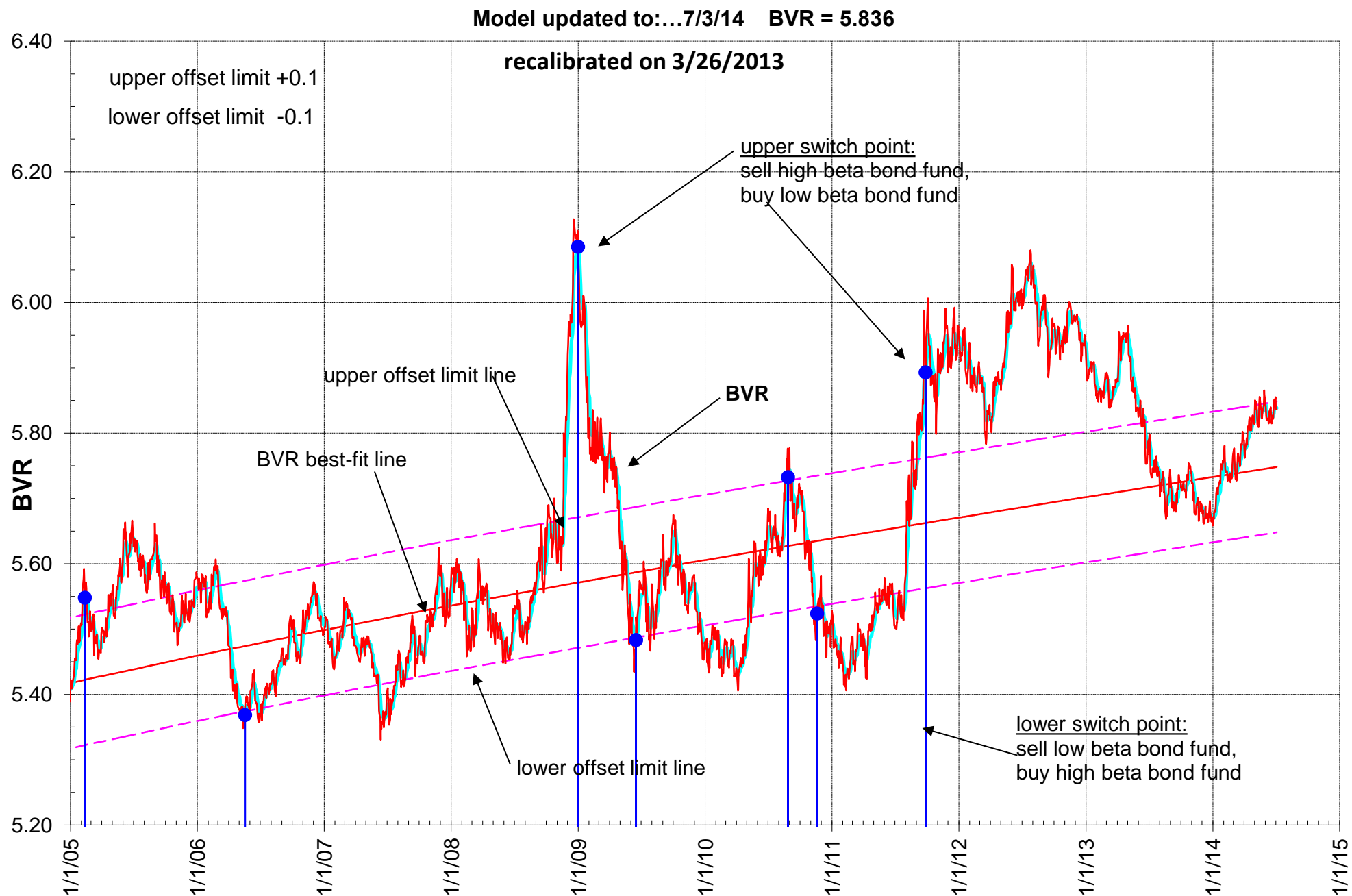
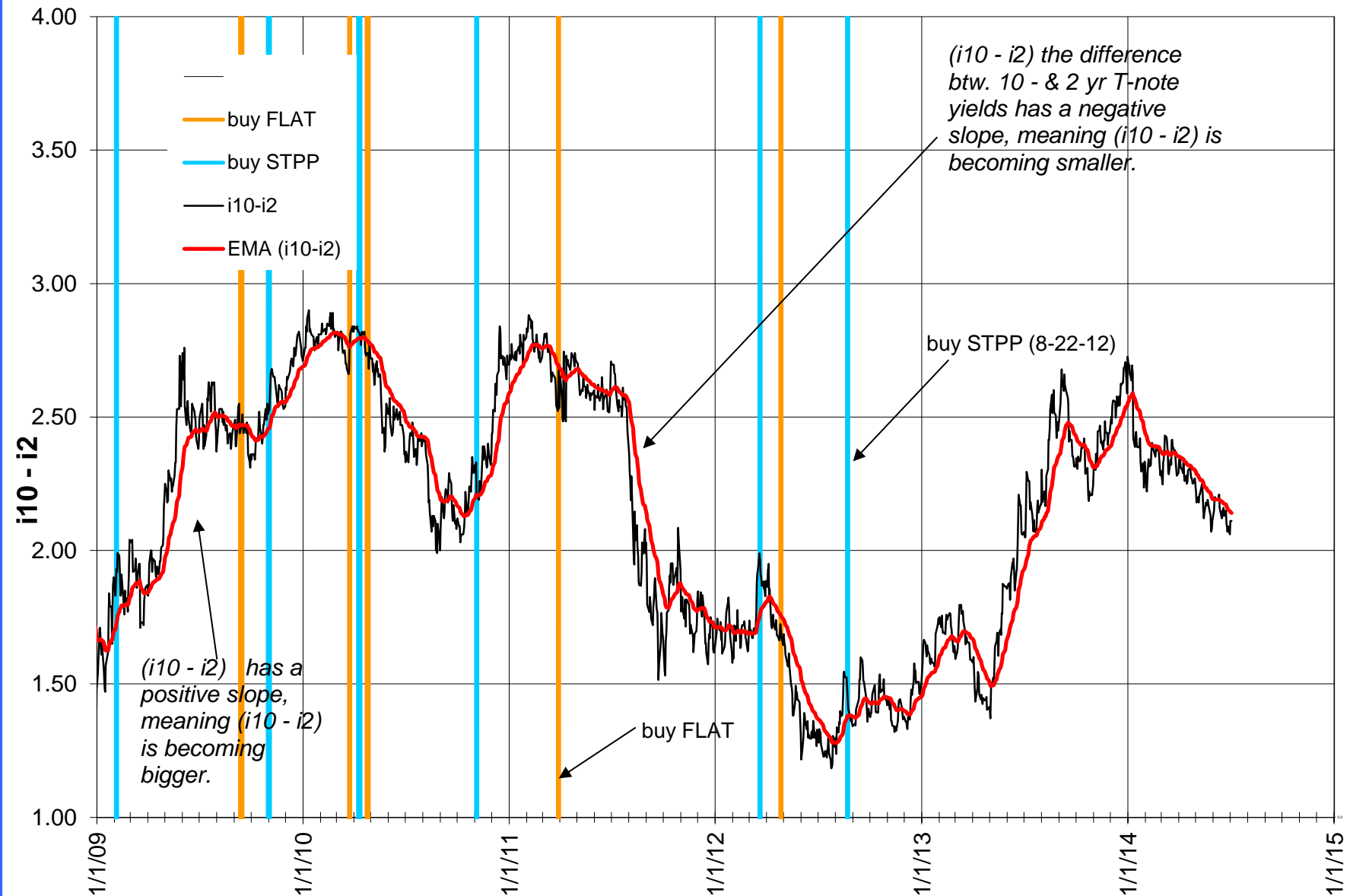
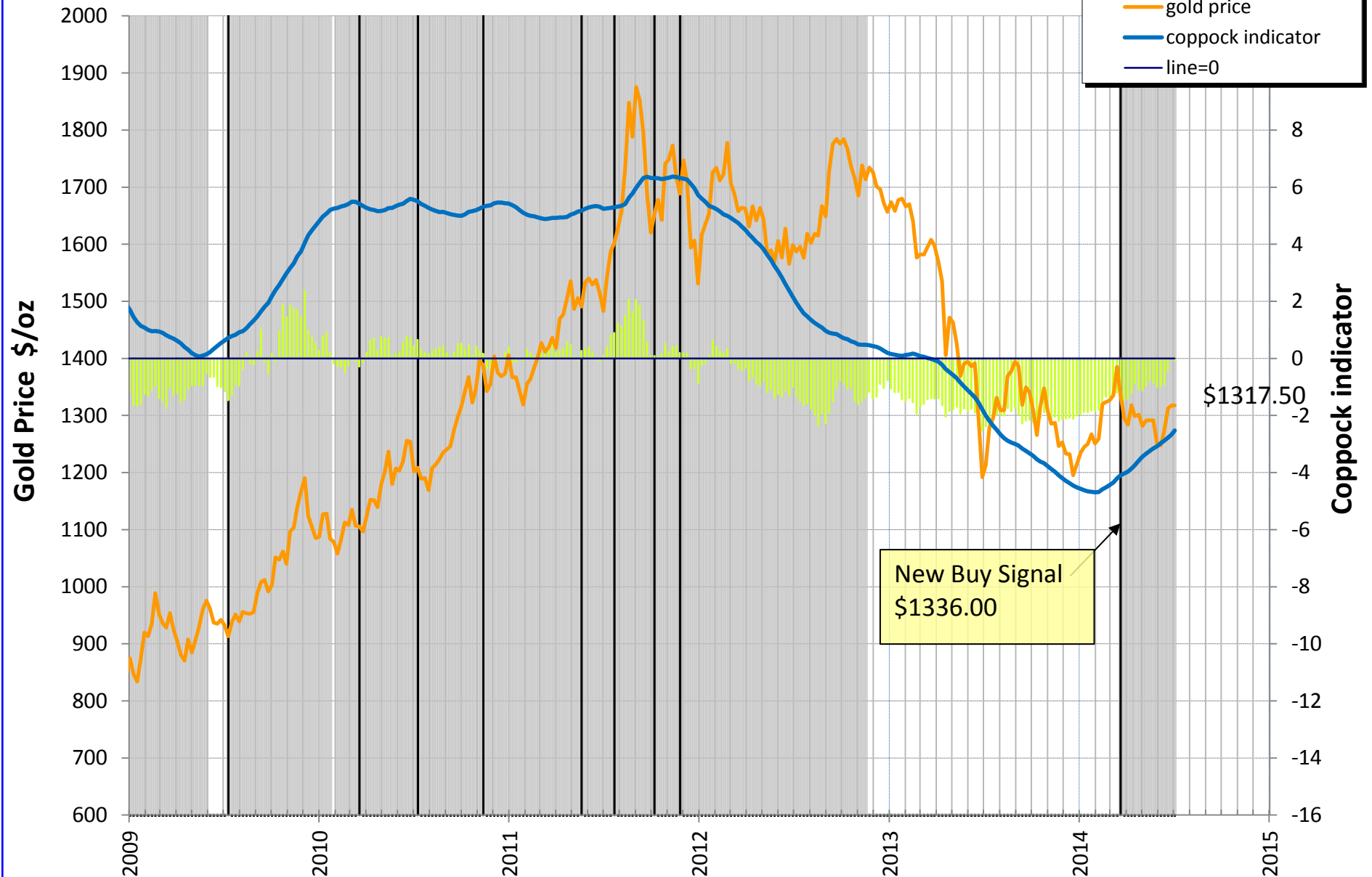


Figure 5:  $i10 - i2$  Updated to.....7/3/14



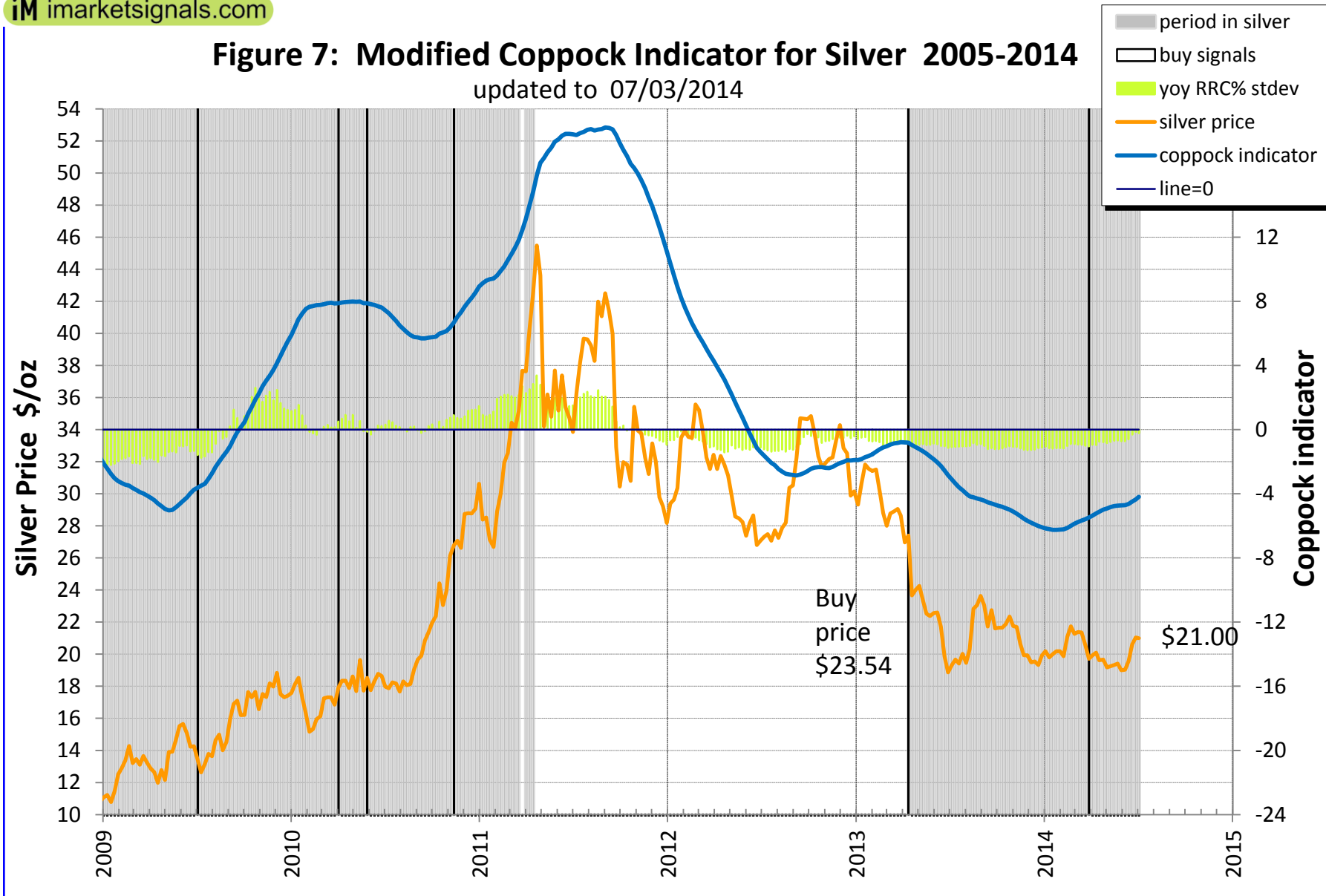
**Figure 6: Modified Coppock Indicator for Gold 2005-2014**

updated to 07/03/2014

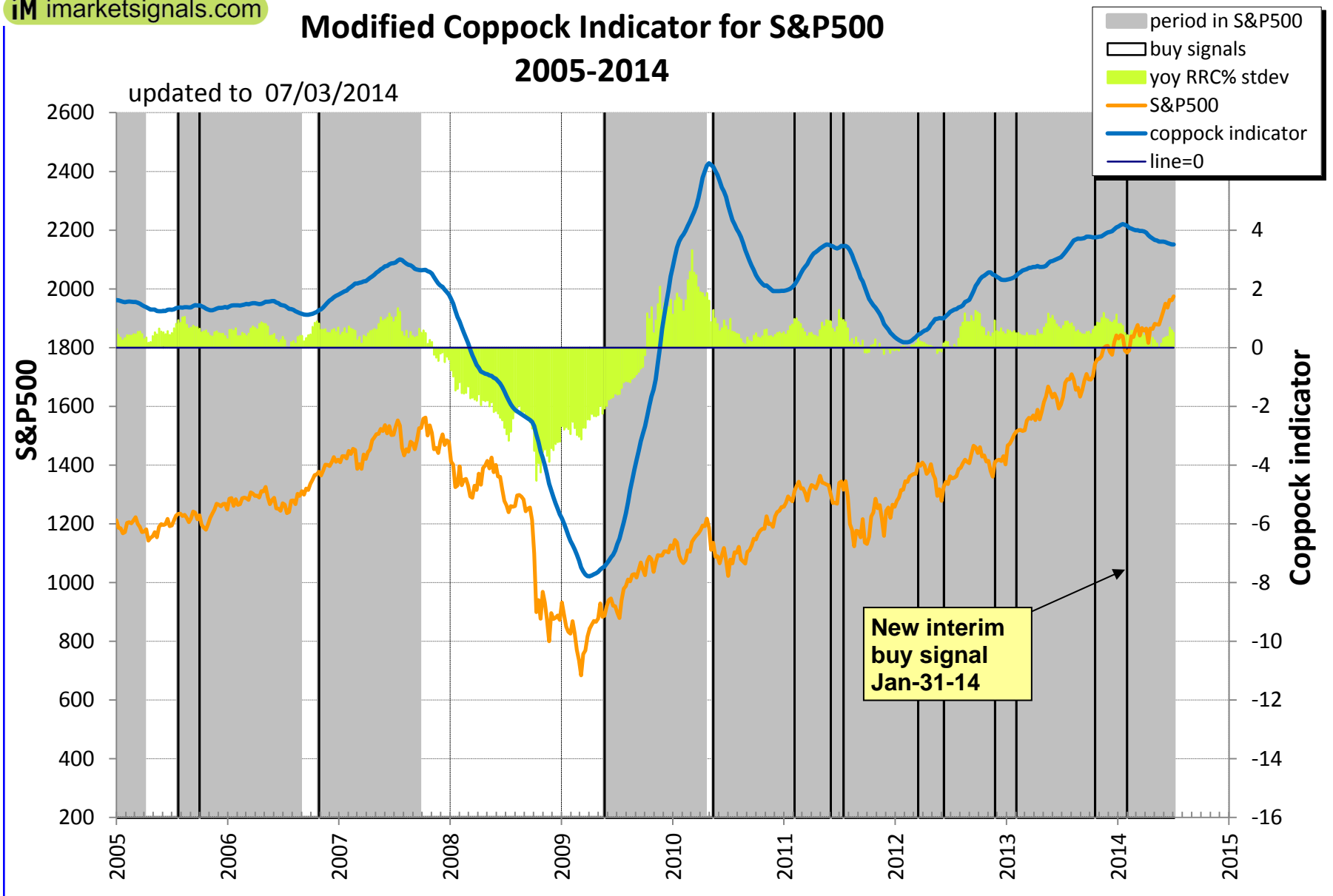


**Figure 7: Modified Coppock Indicator for Silver 2005-2014**

updated to 07/03/2014



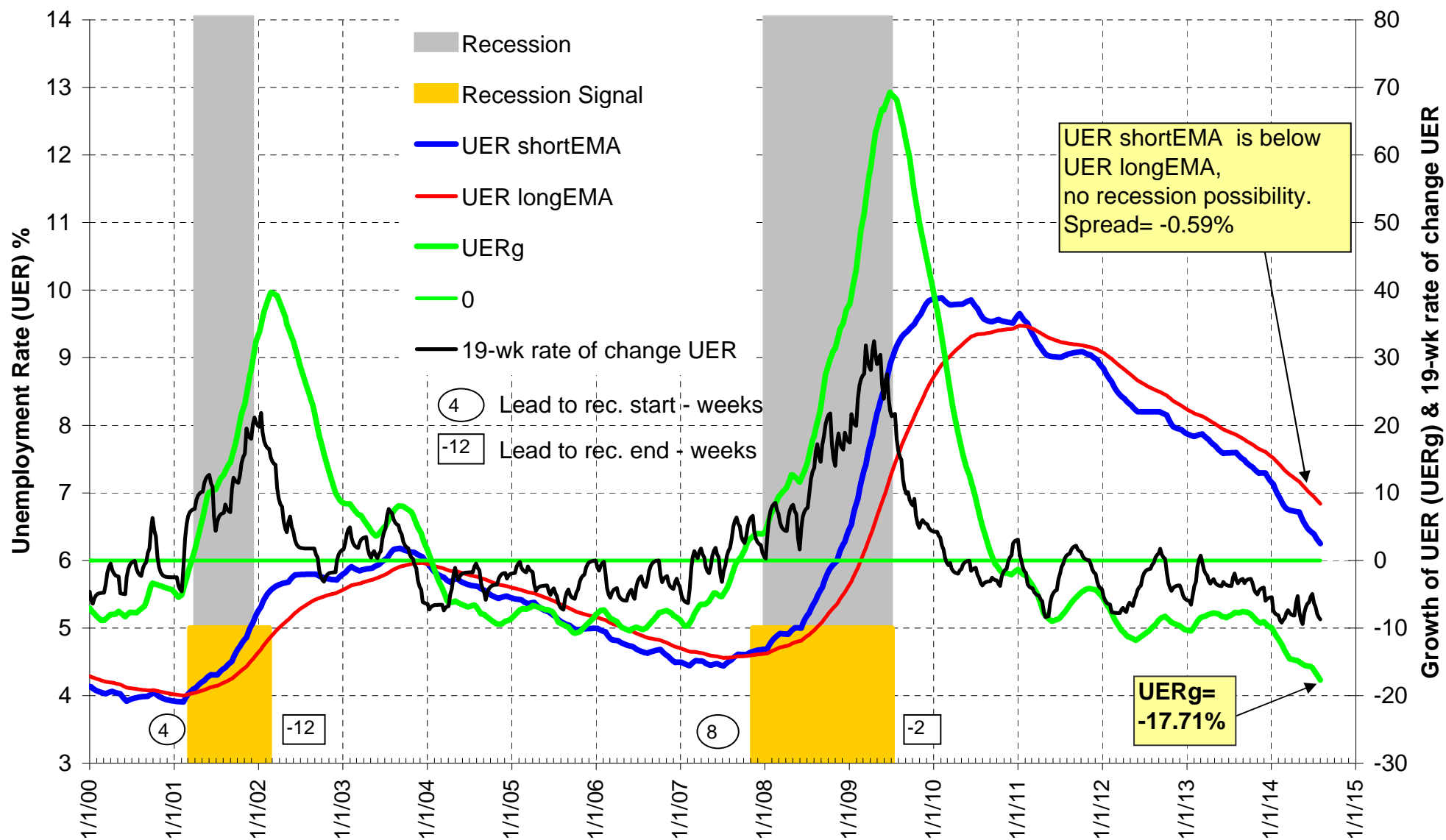
## Modified Coppock Indicator for S&P500 2005-2014



## 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 8-1-2014 with June UER= 6.1%



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

updated to 7/2/14, current 1-year rolling return= 10.96%

