

Business Cycle Index 7-16-2015:

The BCI at 194.6 is up from last week's 193.5. However, the 6-month smoothed annualized growth BCIG at 15.4 is lower than last week's 15.7, and BCIP at 100 indicates that for this business cycle the BCI is at a new high. No recession is signaled.

Summary 7-17-2015:

Both the IBH and MAC stock market models are invested, the bond market model avoids high beta (long) bonds, the yield spread is rising, the gold and silver models are invested. The recession indicator COMP is down from last week's level, and iM-BCIG is lower than last week's level. MAC-AU is invested in stock-market.

Stock-market:

The IBH-model is invested in the markets., The IBH model relies mostly on the long and short EMAs of the U.S. Weekly Leading Index's growth rate. 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 down 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 is in the market. The sell-spread is lower than last week's level. A sell signal will only be generated when the sell-spread (red graph) moves from above to below zero. This model and its application is described in [MAC-Australia: A Moving Average Crossover System for Superannuation Asset Allocations.](#)

Recession:

Fig. 3 shows COMP down from last week's level, 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 recession indicator iM-BCIG lower than last week's level. A recession is not imminent.

Fig 3.2 shows the long leading recession indicator FFR2-10. This indicates we are far from a recession.

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 higher 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. . It would appear that [BVR has peaked](#) end of January 2015.

The Yield Curve:

The [yield curve model](#) indicates a rising trend of the 10-year and 2-year Treasuries yield spread. Figure 5 charts (i10 – i2) and it would appear that the spread has formed a trough and is rising. 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 Update Summary 5-8-2015:

Unemployment

The unemployment rate recession model (article link), has been updated with the June UER of 5.3%. Based on the historic patterns of the unemployment rate indicators prior to recessions one can reasonably conclude that the U.S. economy is not likely to go into recession anytime soon.

Coppock Indicator for the S&P500

The Coppock indicator for the S&P500 generated the last interim buy signal on January 31, 2014 and a sell signal early in January. This model is now out of the market. This indicator is described [here](#) .

Trade Weighted USD

A downward trend of the Trade Weighted USD (TW\$) could signal the start of possible increases in federal fund rates. The TW\$ after an interim decline is recovering and the 6 month moving average trend remains upward. Please see [our article](#) and [Buffett and Welch comment](#)

TIAA Real Estate Account

As of end of June 2015 the 1-year rolling return is 10.75%. The Vanguard REIT Index Fund seemingly is retreating from the all-time high; however, the good positive returns of TIAA Real Estate Account are expected to continue. A sell signal is not imminent.

[Read more ...](#)

iM's Business Cycle Index (BCI)

Date	06/18	06/25	07/02	07/09	07/16
BCIp	100.0	100.0	96.4	91.0	100.0
BCI	194.0	194.6	194.2	193.5	194.6
BCIg	16.7	16.6	16.1	15.7	15.4

BCIp, BCI and BCIg
updated to July 16, 2015

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

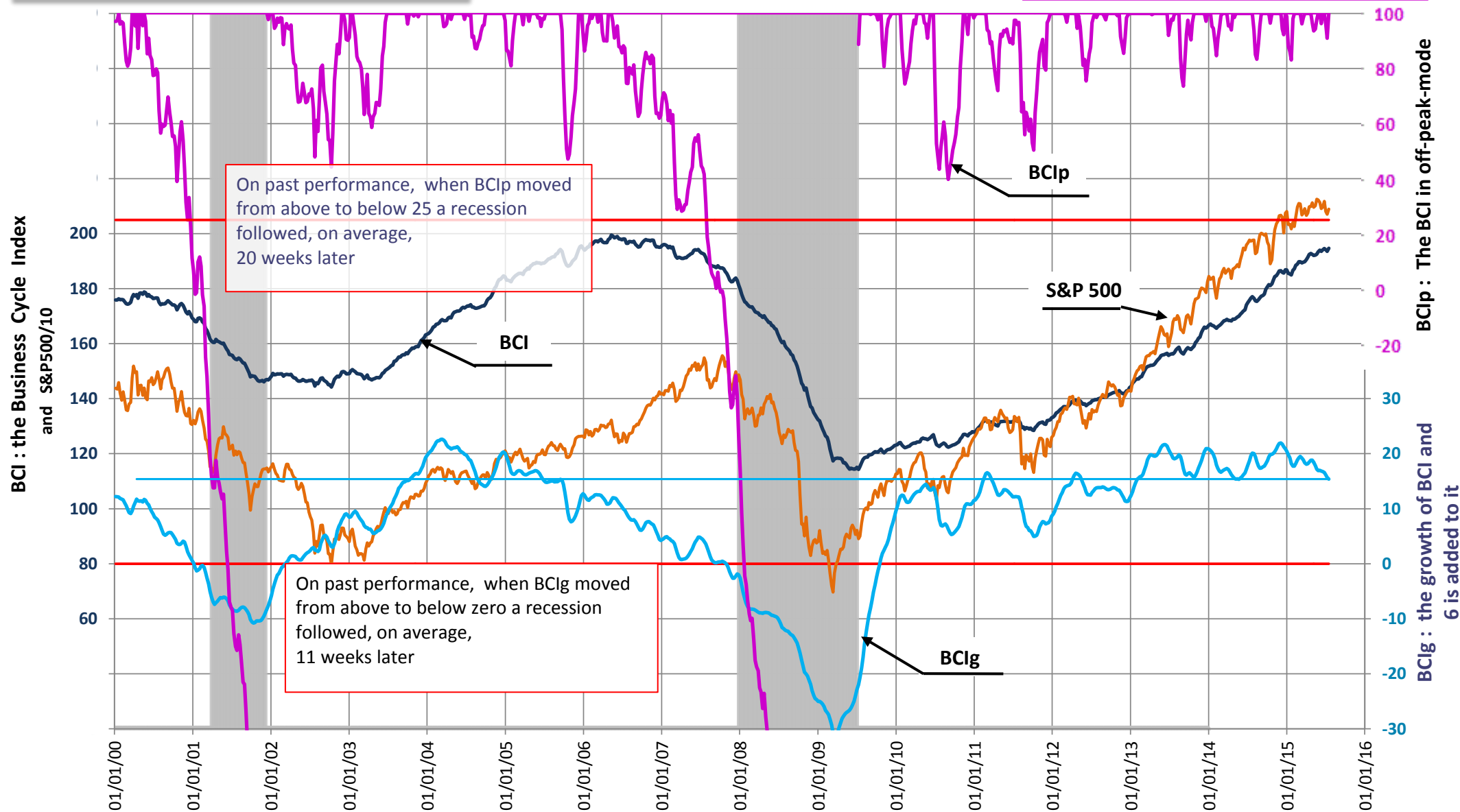


Figure 1 : 2010-15 Fed Funds Rate, S&P 500, FRR, WLlg, slope WLlg, slope WLI updated to 7/17/15

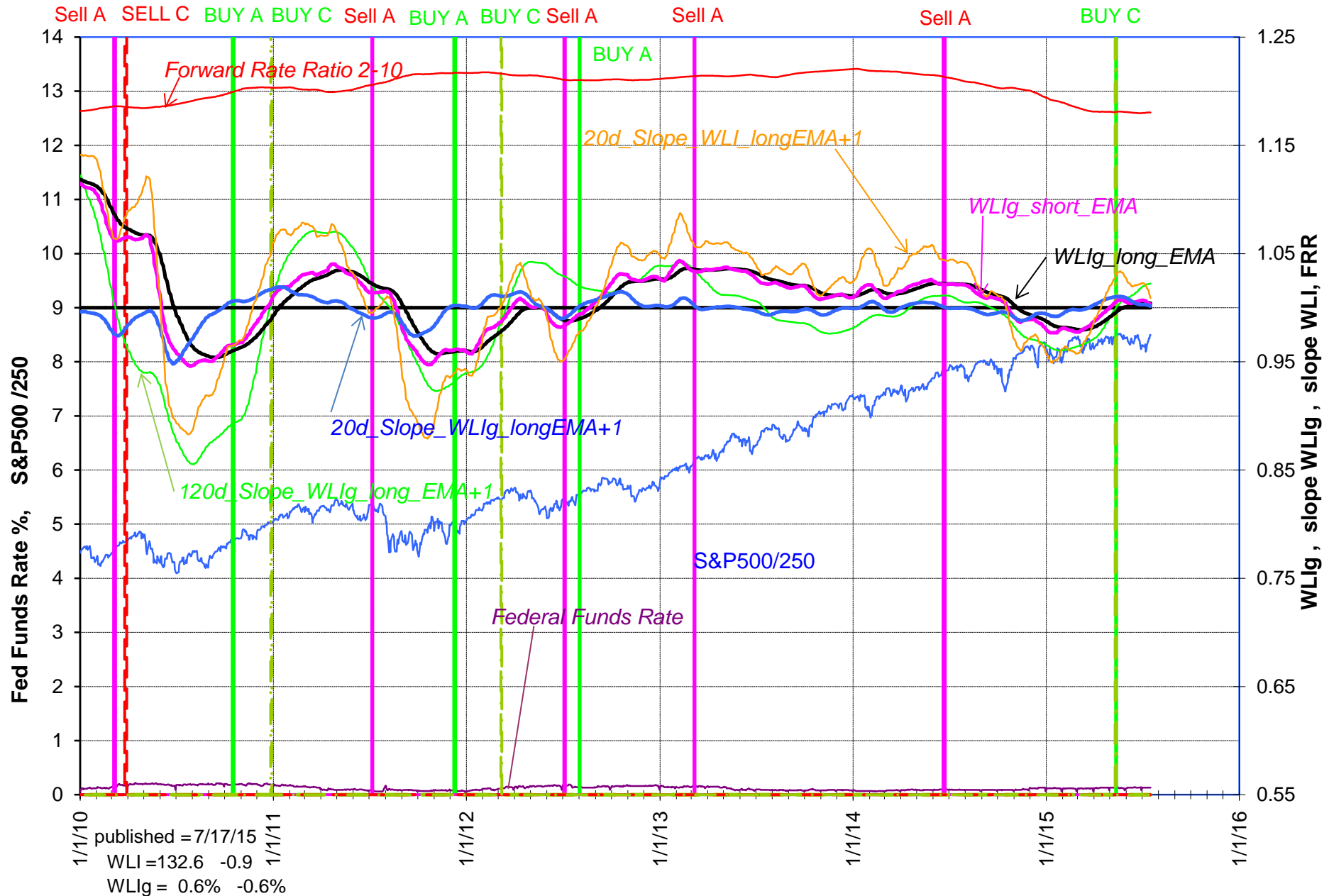


Figure 2: Buy and Sell signals for S&P 500 2010-15
from the modified golden-cross MAC-System



updated to...7/16/15

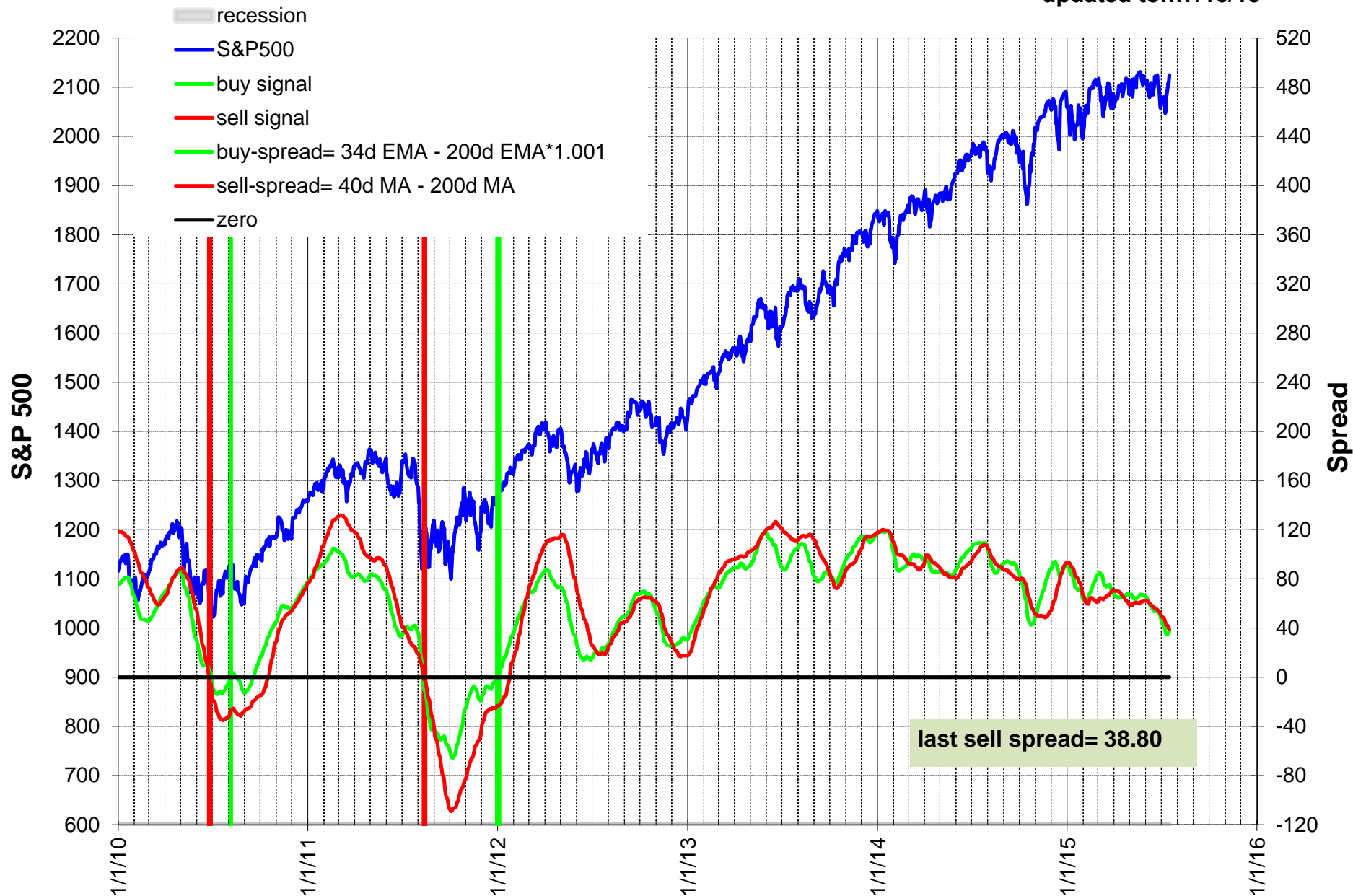




Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

updated to Jul-17-15
last sell spread= 92.29

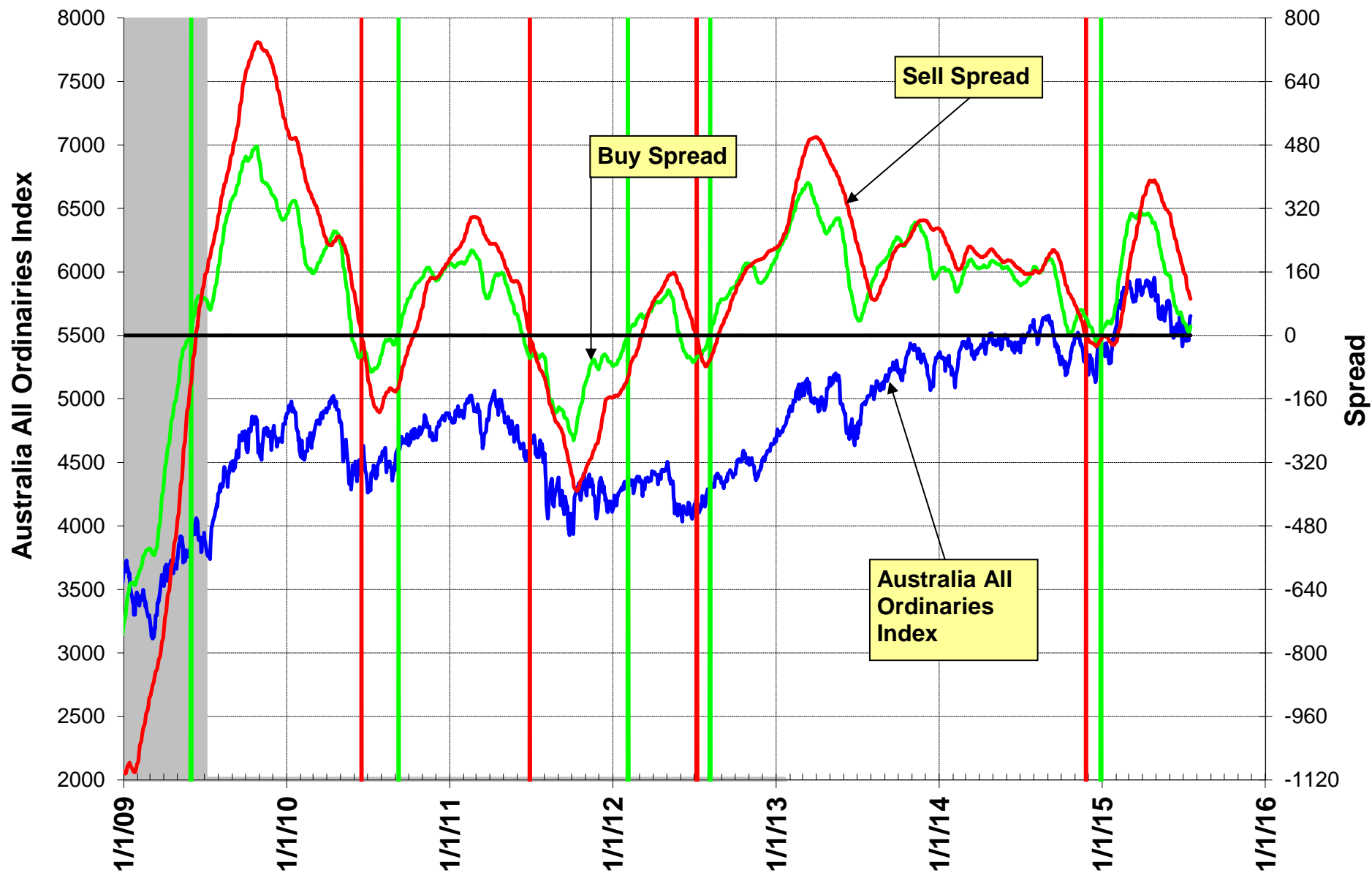


Fig. 3: COMP Leading Indicator of US Economy 1969-20:

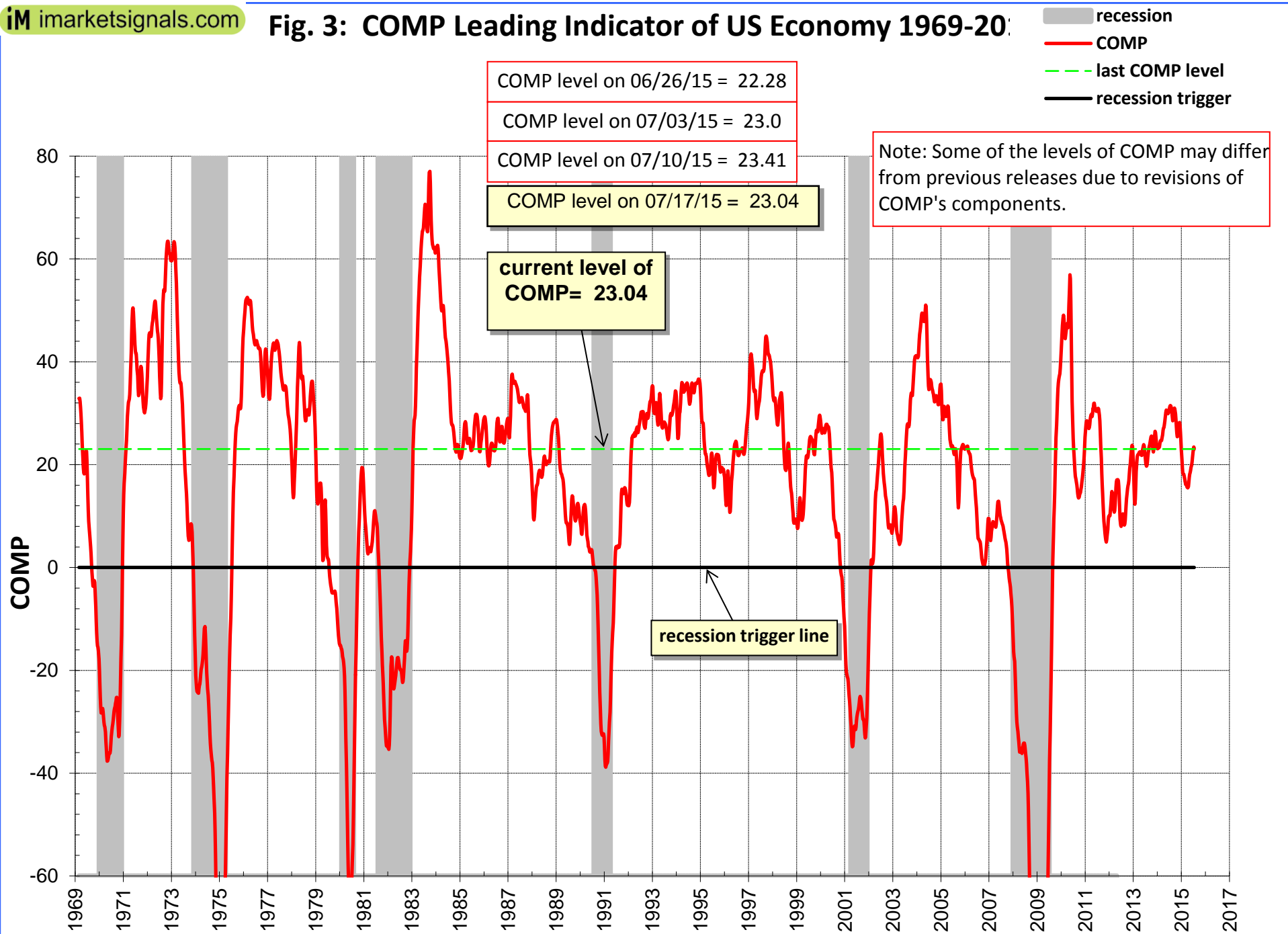


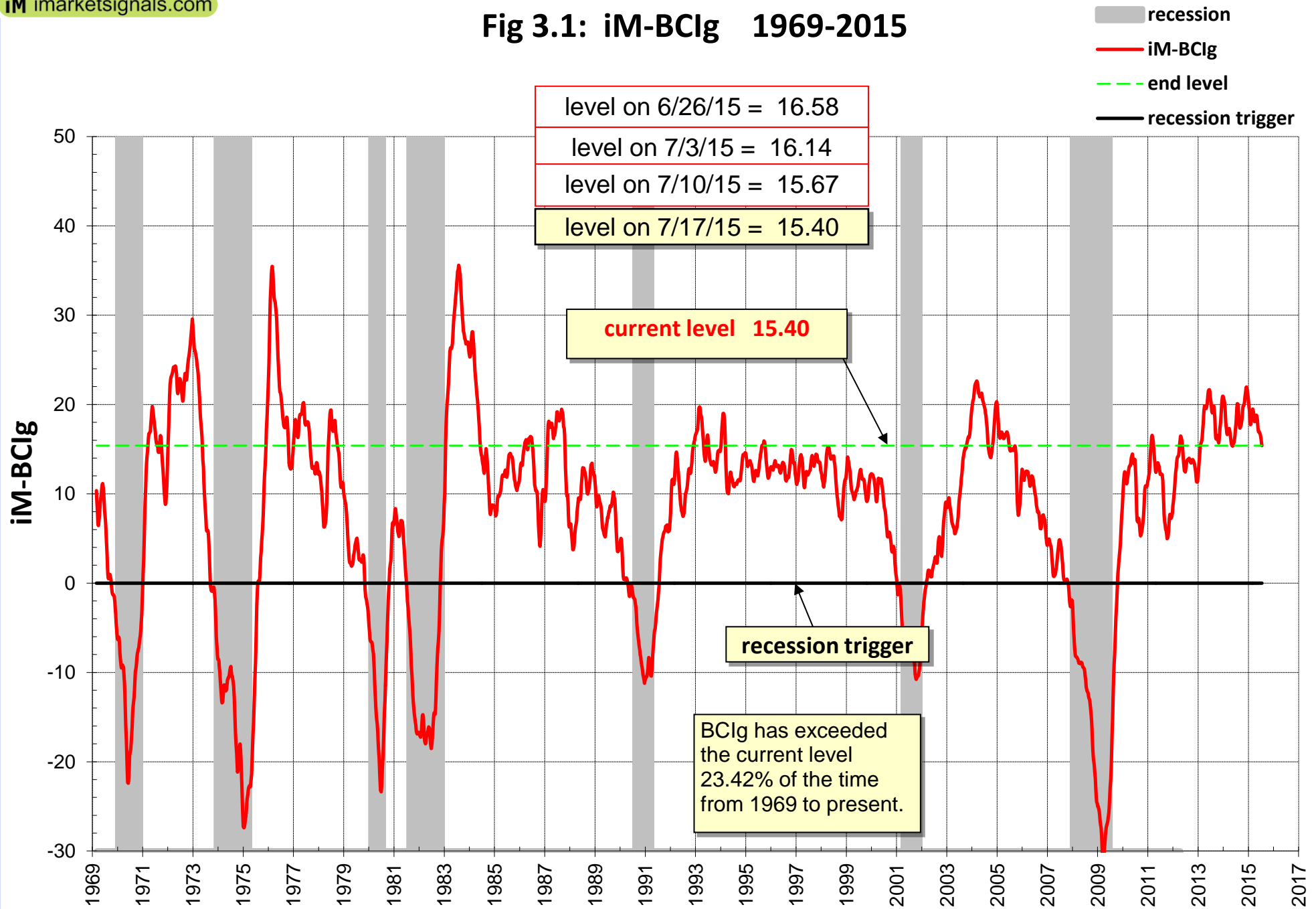
Fig 3.1: iM-BCI_g 1969-2015

Figure 3.2: Forward Rate Ratio FRR2-10 - leads to Recessions

FRR2-10 is the ratio of the rate at which one can lock in borrowing for the eight year period starting two years from now, and the ten-year rate itself.

The FRR2-10 is indicative of the slope of the yield curve between the two-year and the ten-year note yields; a FRR2-10 greater than 1.00 indicates a positively sloped yield curve (ten-year note yields are higher than two-year a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

The last seven recessions were all preceded by a FRR2-10 less than 1.0

Recessions start	Recessions end	Date when EMA of FRR2-10 less than 1.0	Lead to Ression start (weeks)	Lead to Ression start (years)
Jan-70	Nov-70	5/1/68	87	1.68
Dec-73	Mar-75	3/6/73	39	0.75
Feb-80	Jul-80	10/9/78	69	1.32
Aug-81	Nov-82	11/3/80	39	0.75
Aug-90	Mar-91	2/22/89	75	1.44
Apr-01	Nov-01	3/17/00	54	1.05
Jan-08	Jun-09	8/29/06	70	1.35

updated to 7/17/15
EMA of FRR2-10 = 1.18

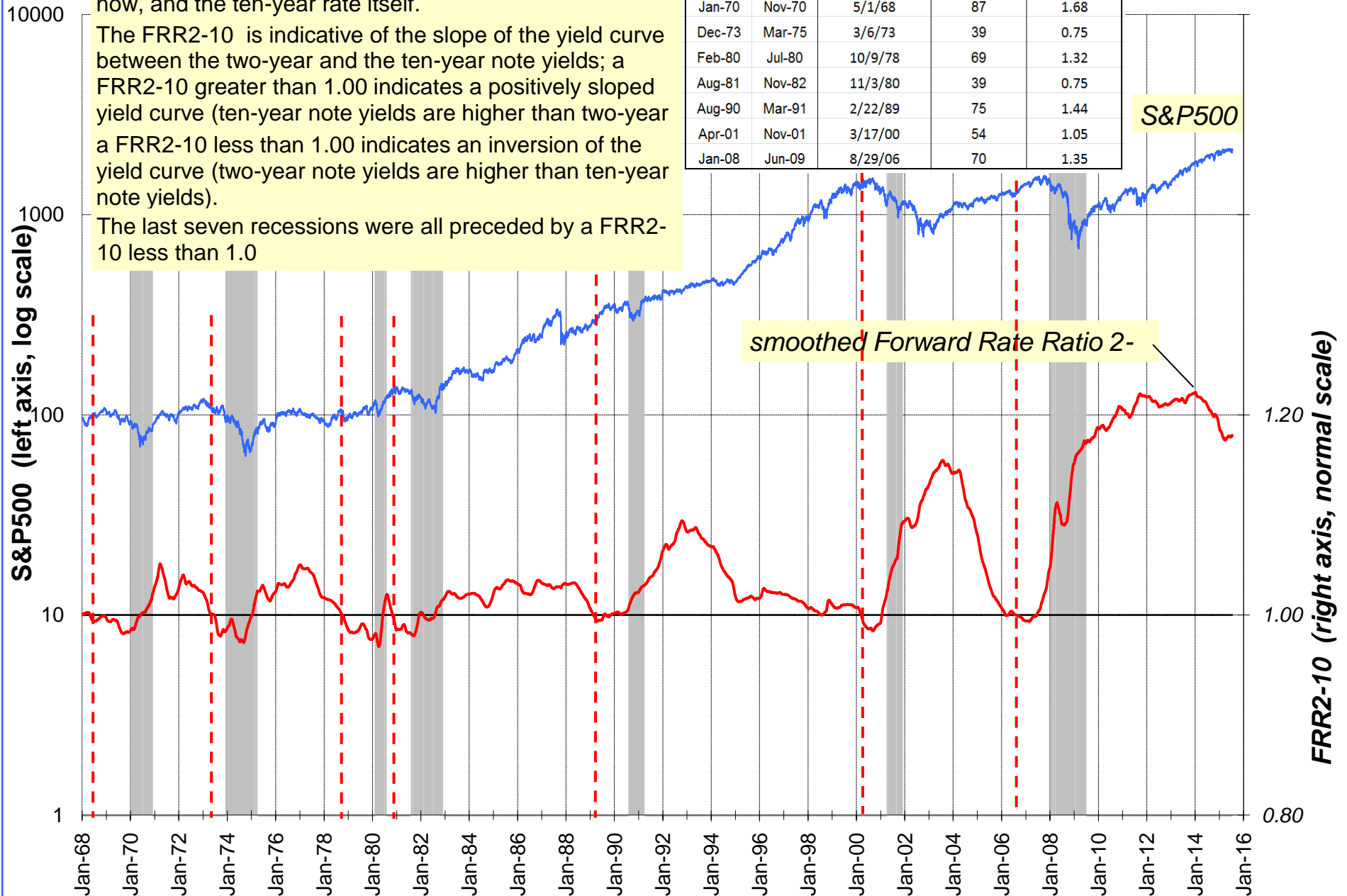


Figure 4: Bond Value Ratio (BVR) from 2005 to 2015

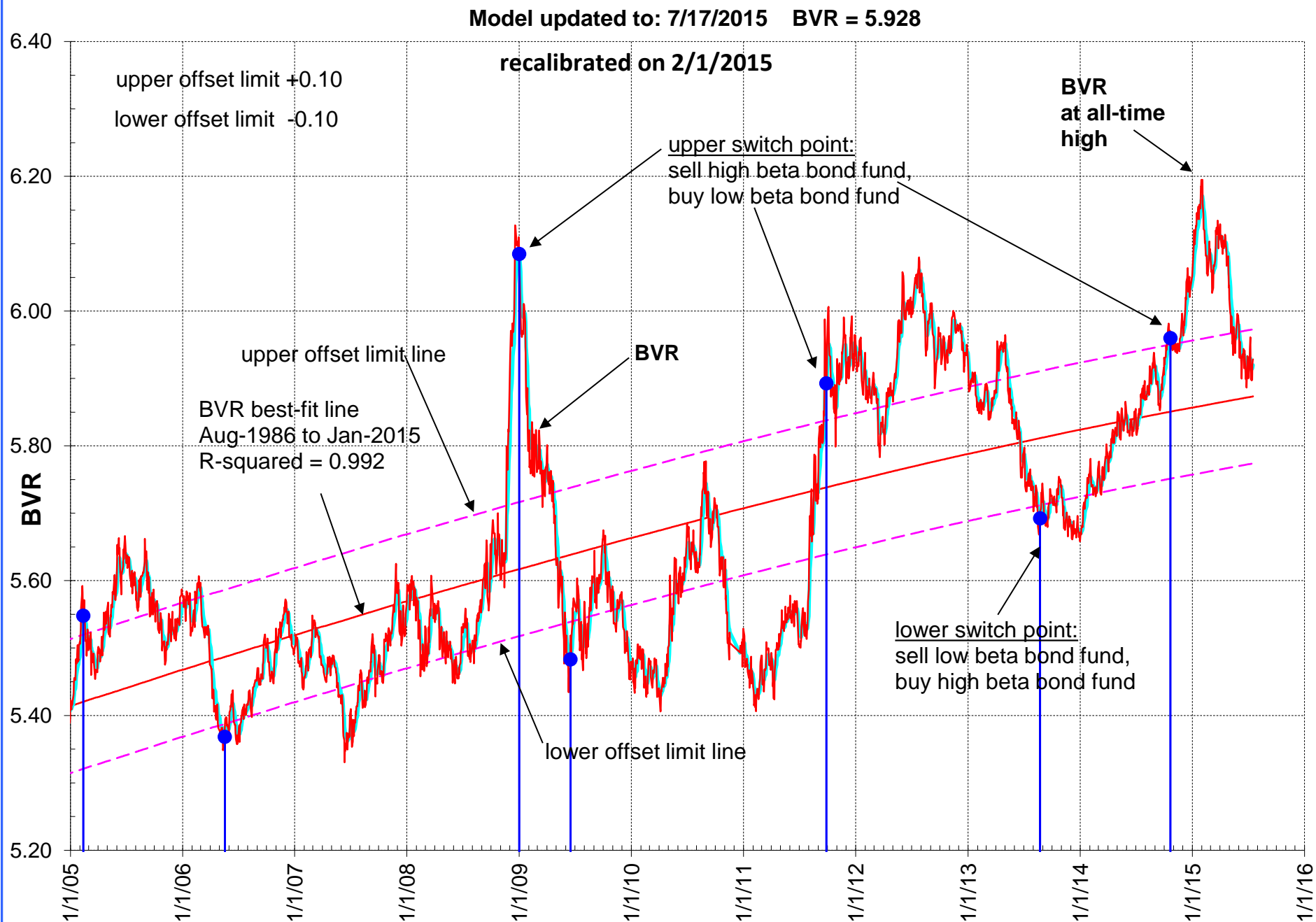


Figure 5: i10 - i2 Updated to.....7/17/15

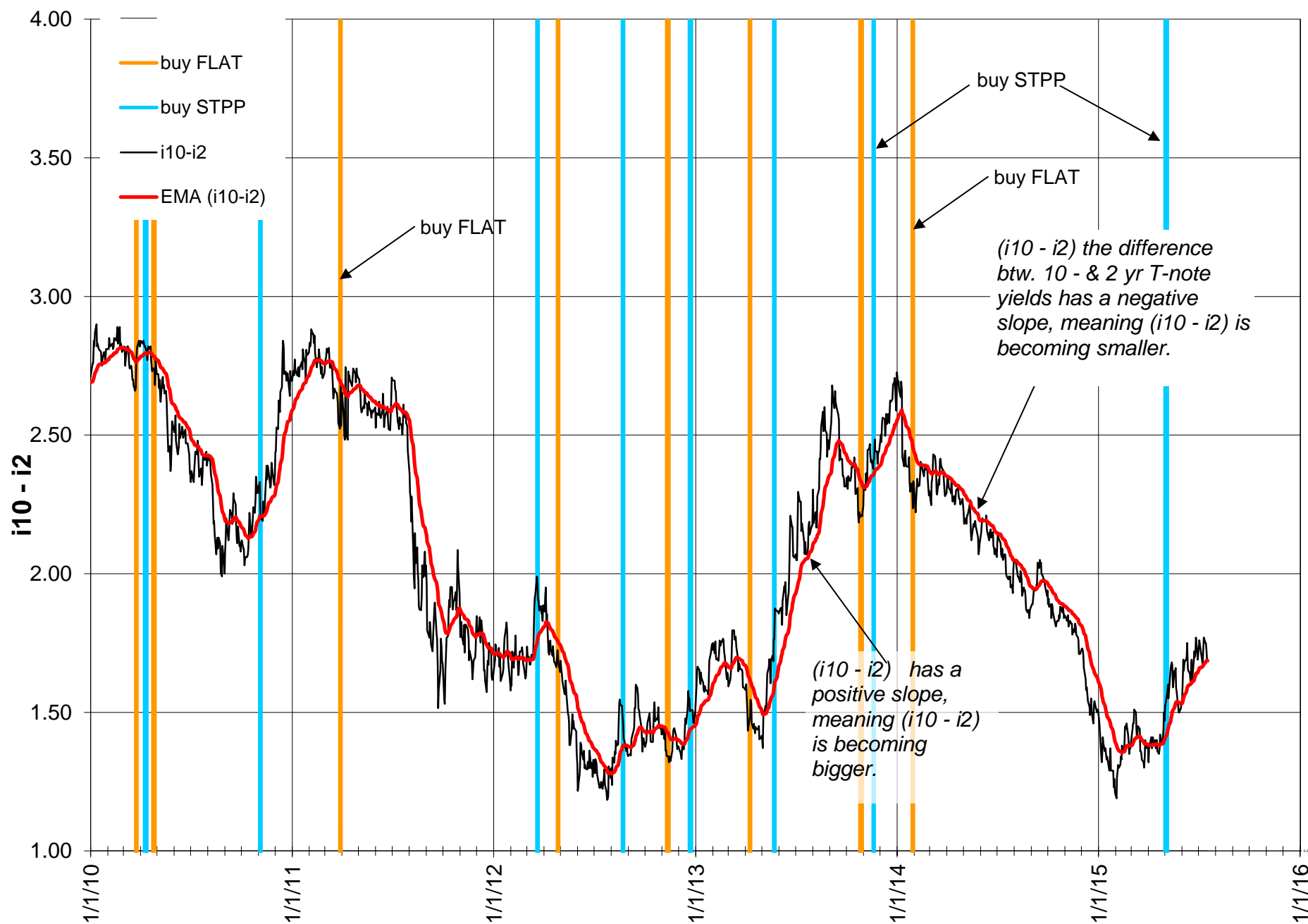


Figure 6: Modified Coppock Indicator for Gold 2009-2015

updated to 07/17/2015

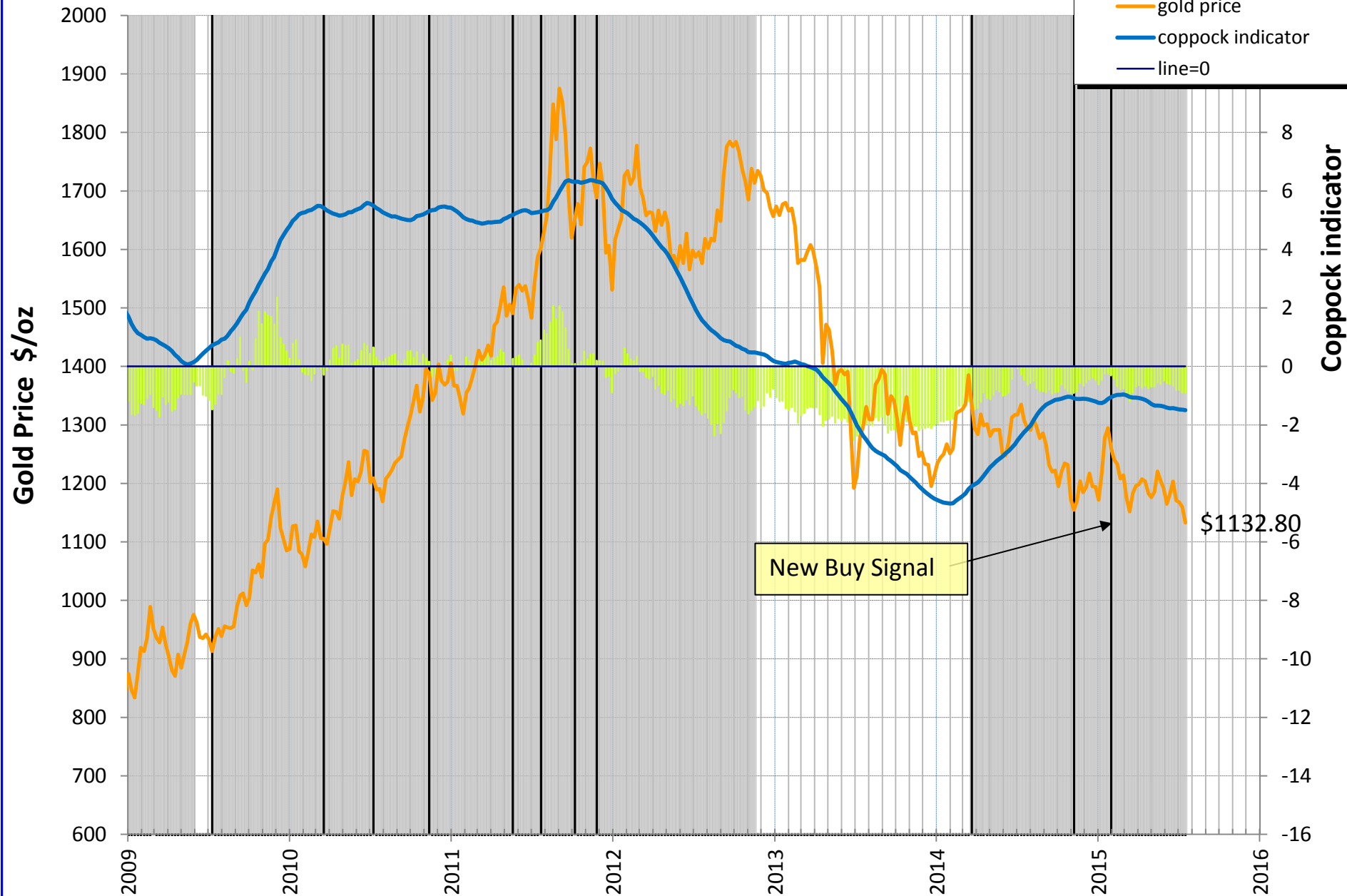


Figure 7: Modified Coppock Indicator for Silver 2009-2016

updated to 07/17/2015

