Business Cycle Index 1-29-2015

The BCI at 185.5 is up from last week's downward 183.5. No recession is signaled by both the derived indicators; BCIg at 16.4 is down from last week's 16.9, and BCIp at 93.8 indicates that, for this business cycle, BCI is slightly down from its previous peak.

Summary 1-30-15:

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 has been flattening since Jan-2014, the gold and silver models are invested. The recession indicator COMP is up from last week's revised level, and iM-BCIg is down from last week's level. MAC-AU is invested in stock-market.

Stock-market:

The IBH-model is out of the market as shown in Fig. 1. A Sell A signal was generated end of June 2014 with the S&P 500 at 1963. 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. A buy signal was generated early in Jan-2015. The buy-spread is higher than last week's level and above zero. 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:

In Fig. 3 one can see that COMP is higher from 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 from 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 and is up from last week's level and

now at an all time high. According to the model, only when BVR turns upward after having been lower than the lower offset-line should one consider long bonds again. One can see from the upward sloping graph that long bonds have gained from January 2014 onward. The model failed to signal the lower turning point of BVR.

The Yield Curve:

The yield curve model shows the declining trend from Jan-2014 of the 10-year and 2-year Treasuries yield spread. Figure 5 charts (i10 – i2). 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 with a new buy signal generated this week. 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.

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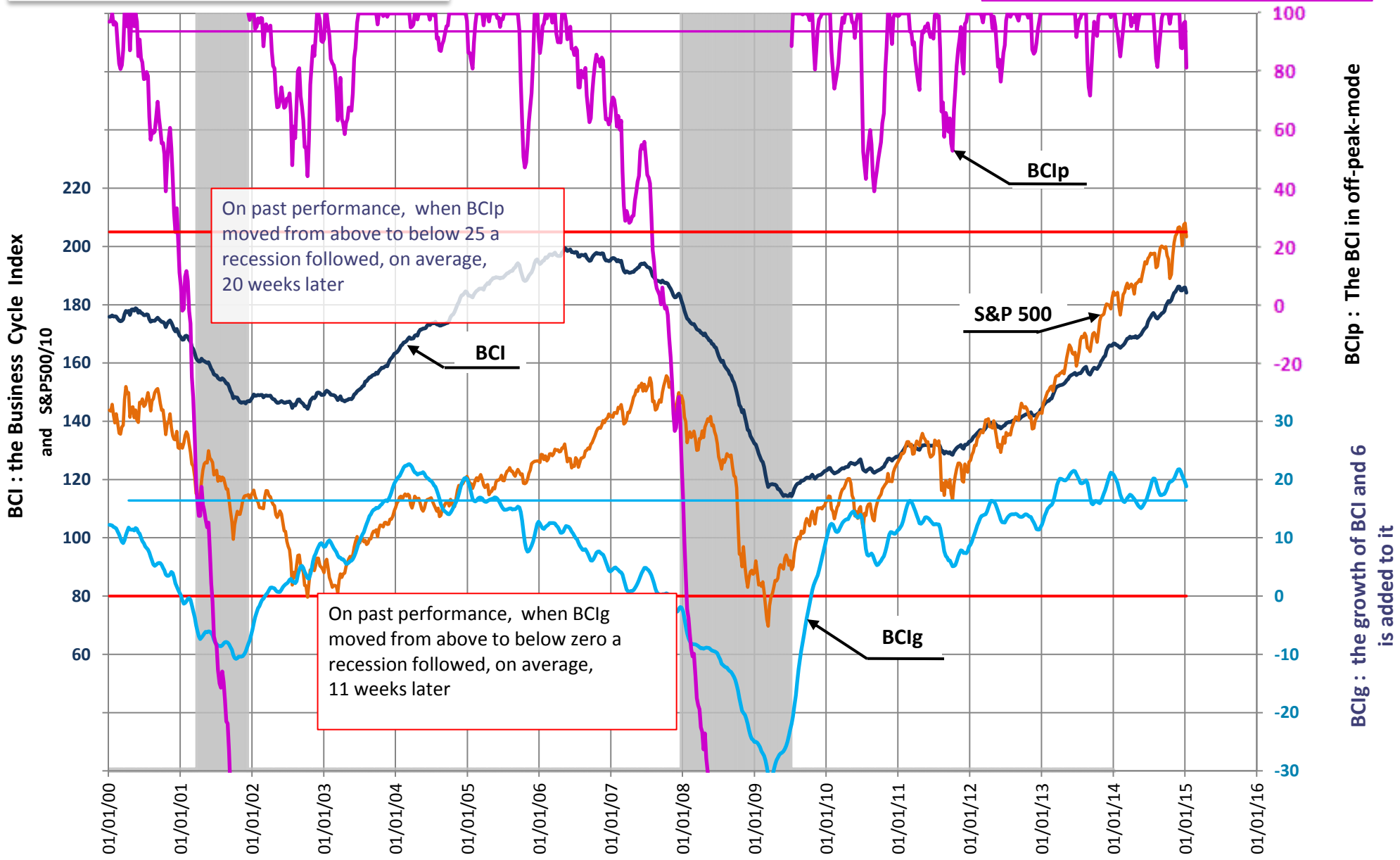
iM's Business Cycle Index (BCI)

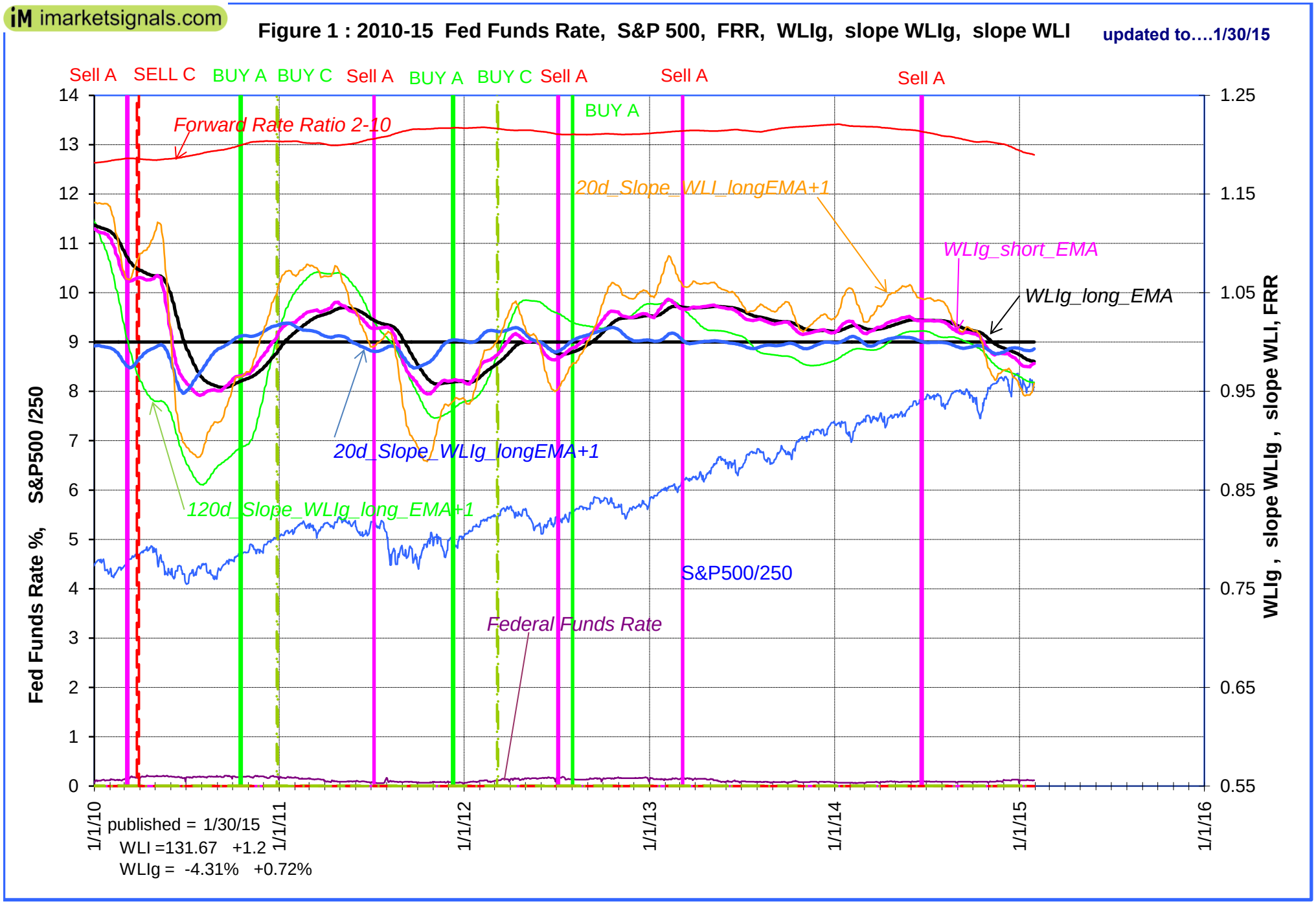
Date	01/01	01/08	01/15	01/22	**01/29**
BCIp	97.1	81.3	79.9	75.1	**93.8**
BCI	185.9	184.2	184.0	183.5	**185.5**
BCIg	19.5	18.8	18.1	16.9	**16.4**

BCIp, BCI and BCIg
updated to January 29, 2015

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.



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

1-IBH.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.

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

2-MAC.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.

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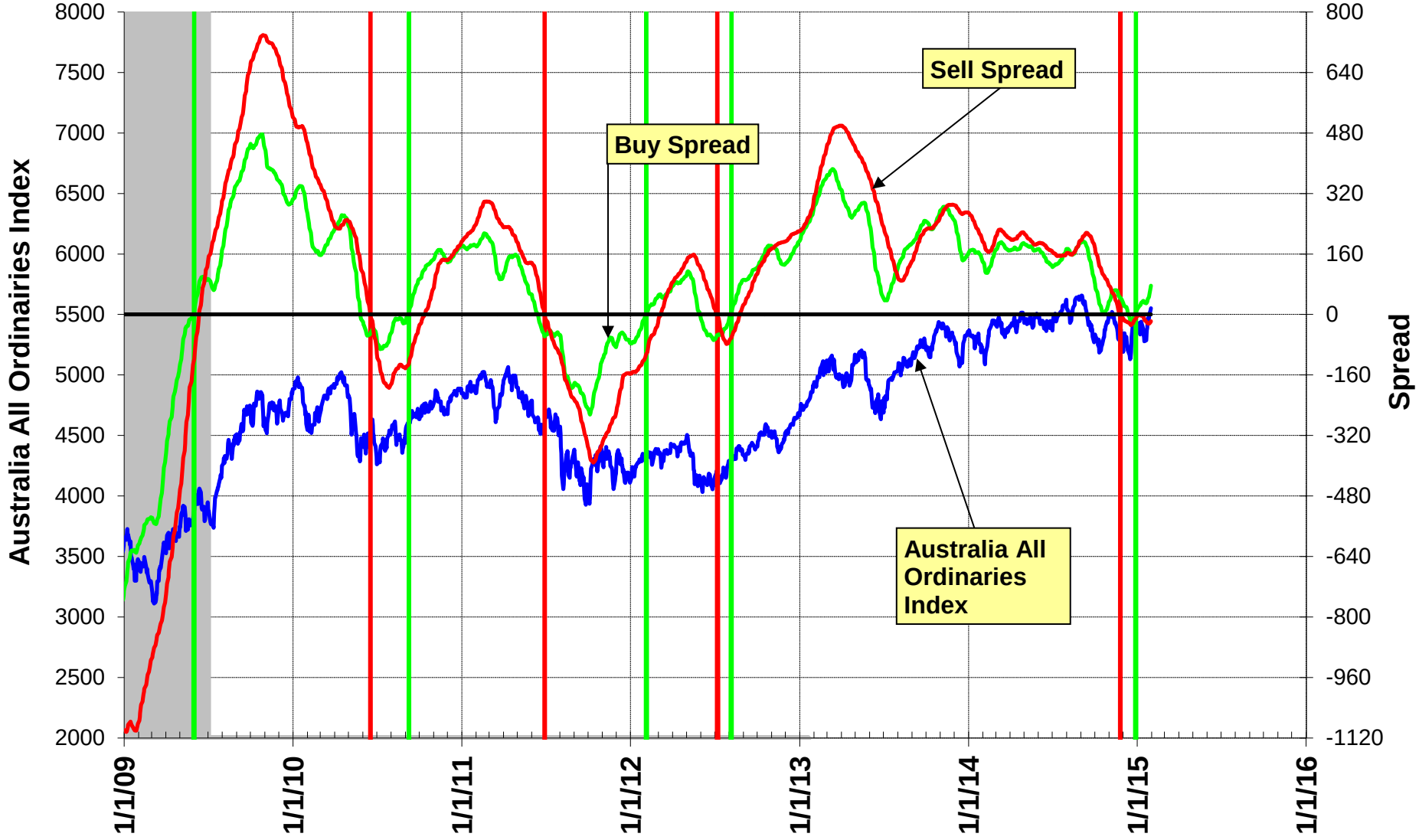
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

updated to Jan-30-15
last buy spread= 76.25



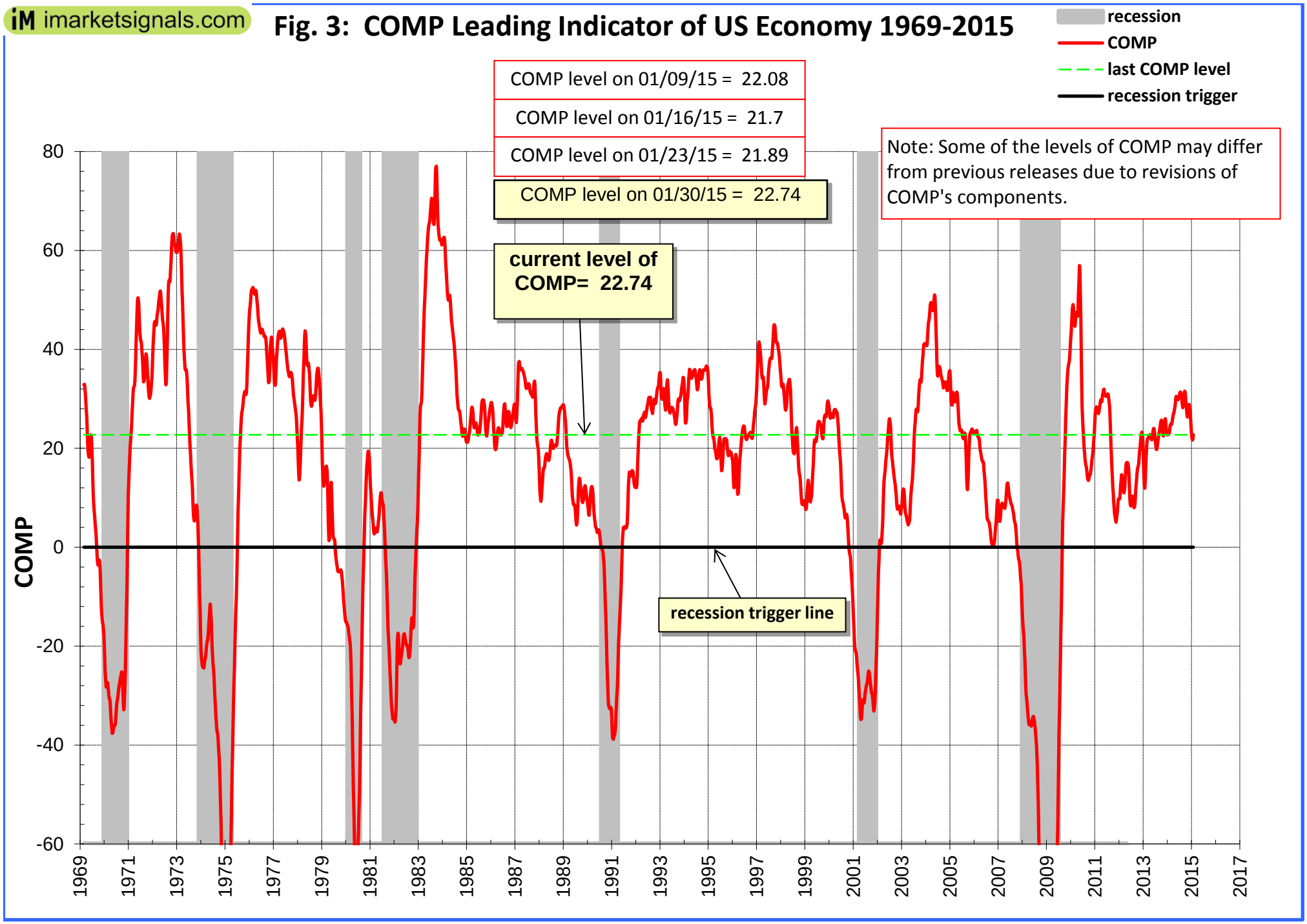

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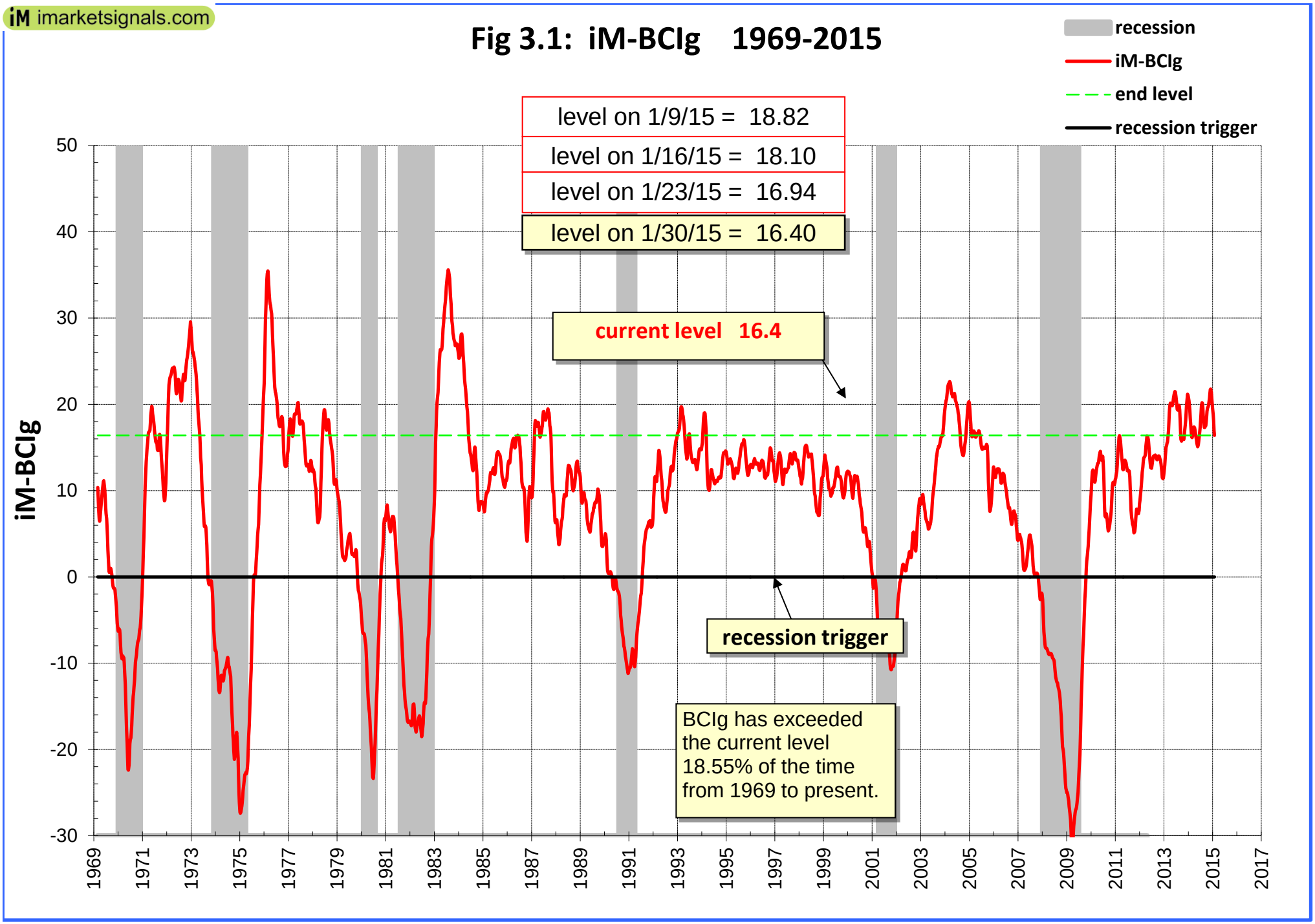
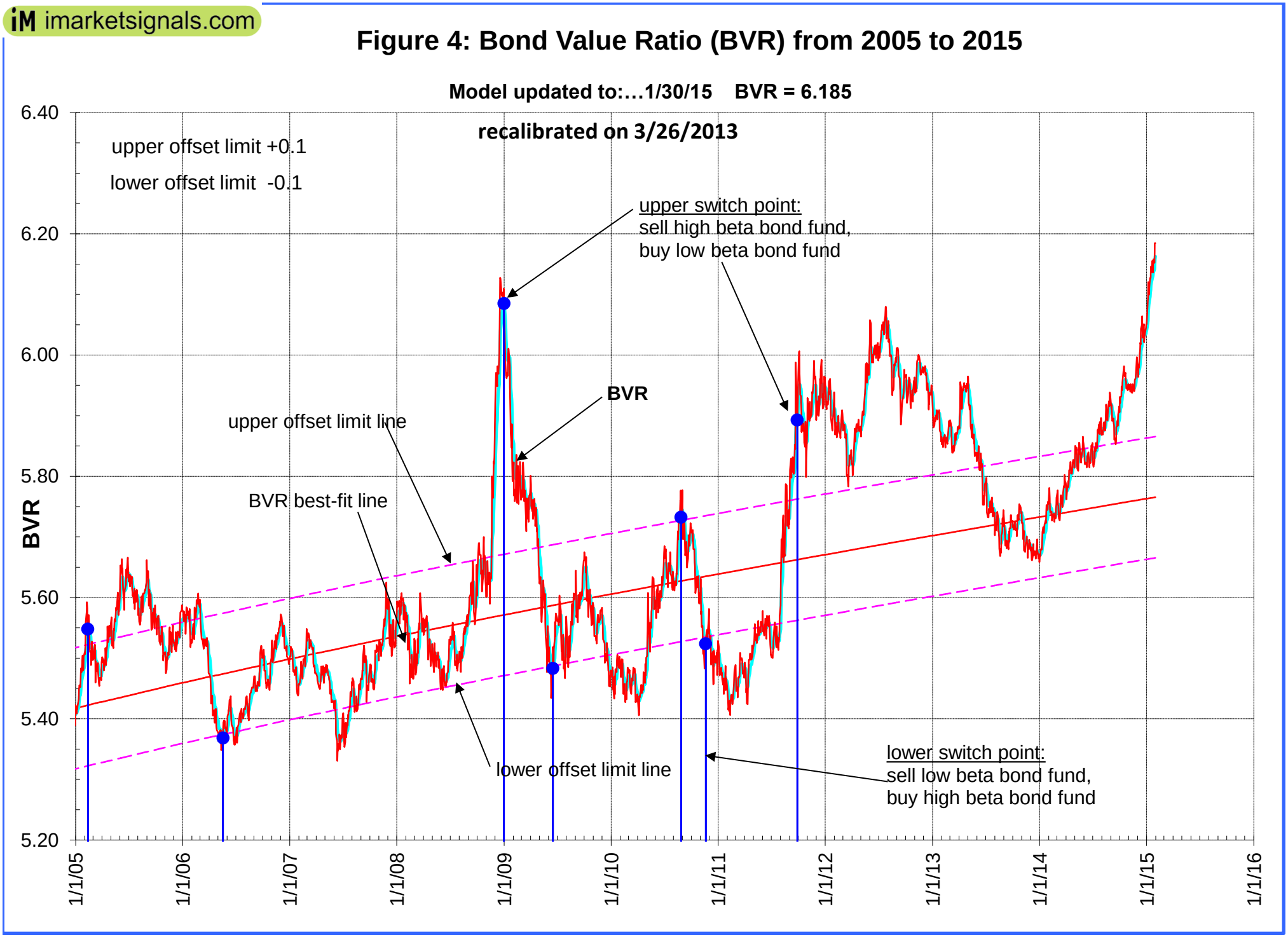
Fig. 3: COMP Leading Indicator of US Economy 1969-2015
recession
COMP
last COMP level
recession trigger
COMP level on 01/09/15 = 22.08
COMP level on 01/16/15 = 21.7
COMP level on 01/23/15 = 21.89
COMP level on 01/30/15 = 22.74
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 22.74
recession trigger line
COMP
80
60
40
20
0
-20
-40
-60
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017

3-COMP.xlsm



BCIg Toni.xlsm

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



4-BVR.xlsm fig4BVR06-14

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

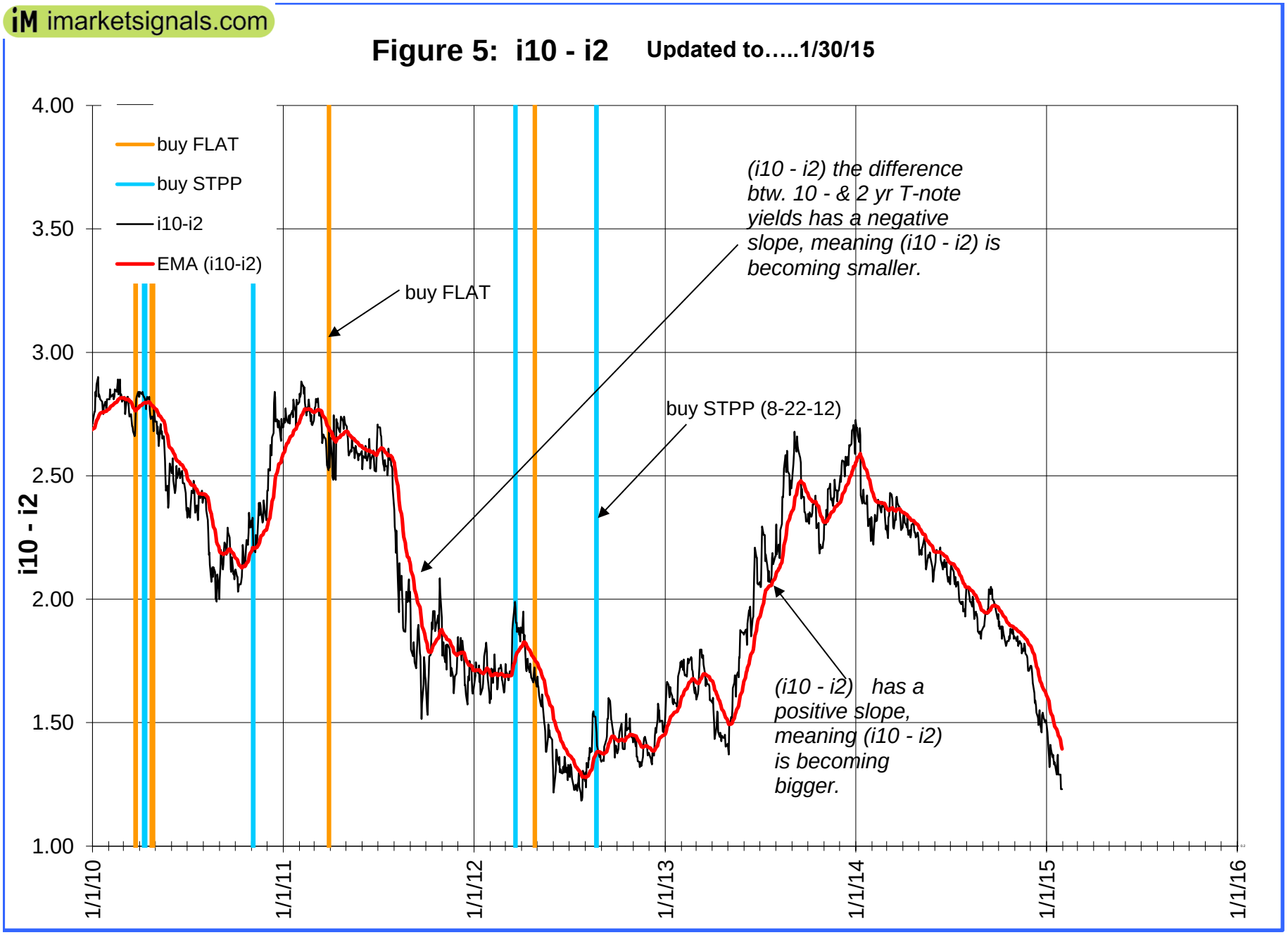


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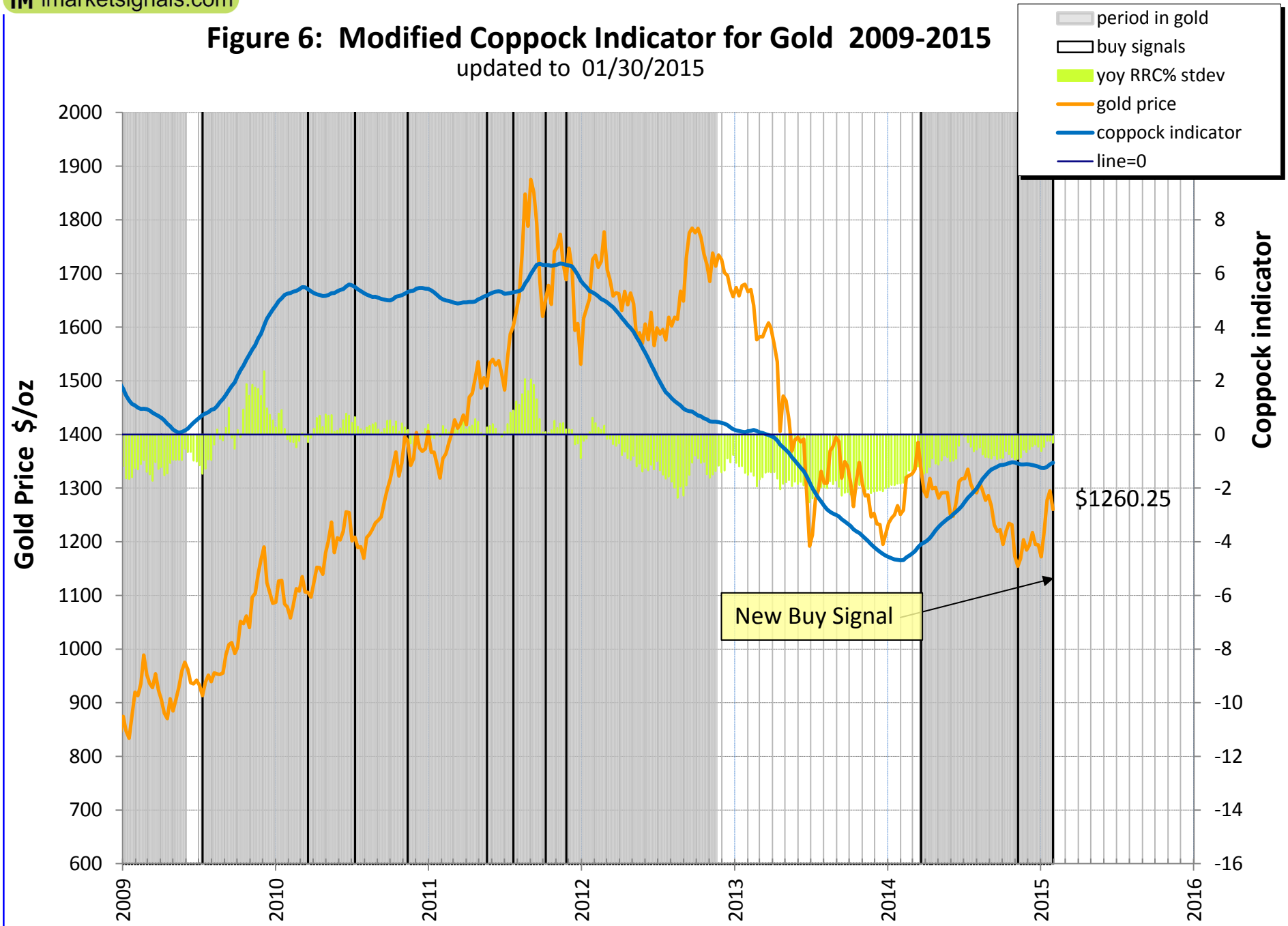
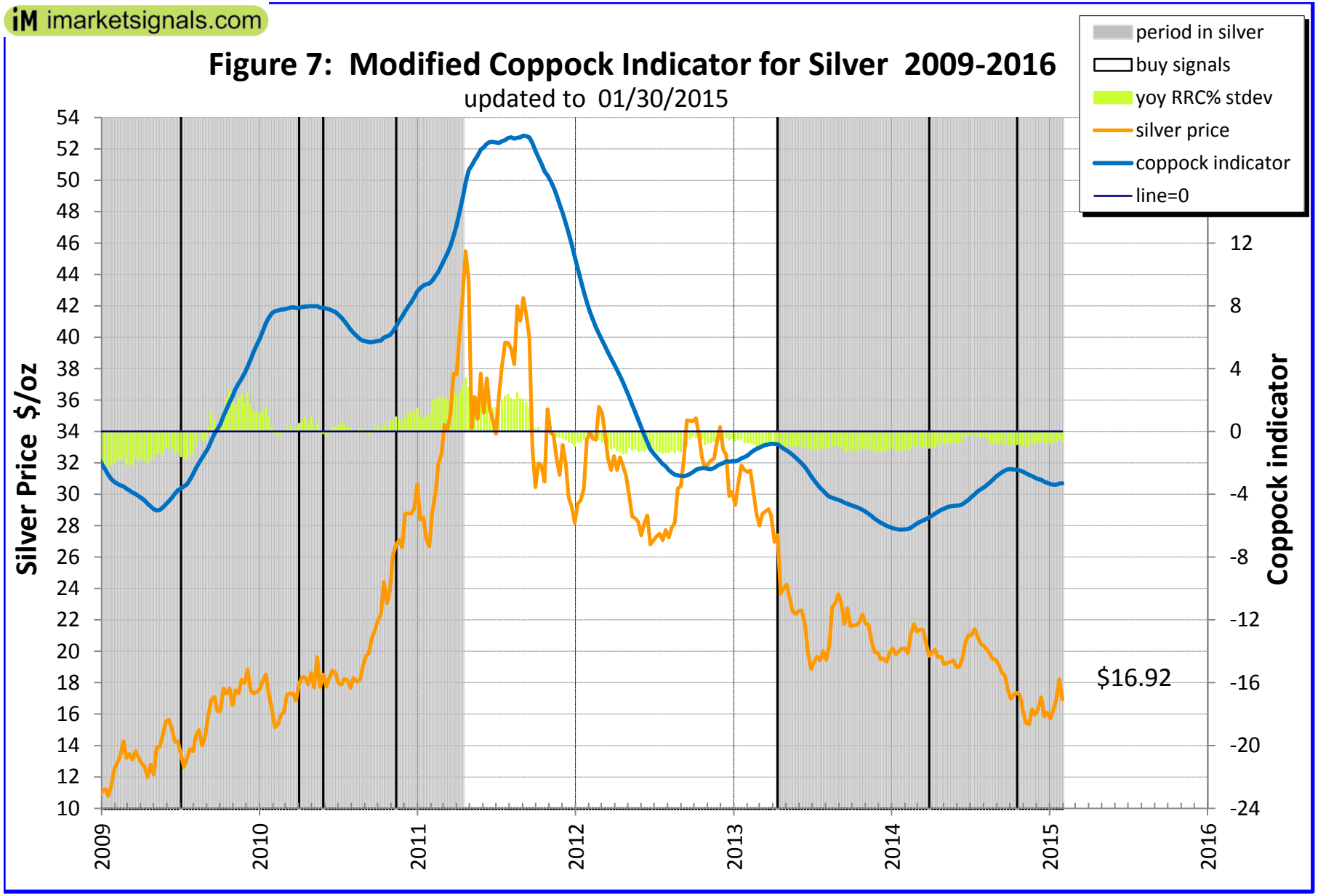
Figure 6: Modified Coppock Indicator for Gold 2009-2015

updated to 01/30/2015



6-COPPOCK GOLD for updates.xlsm


iM imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 01/30/2015
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$16.92
54
52
50
48
46
44
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
10
12
8
4
0
-4
-8
-12
-16
-20
-24
2009
2010
2011
2012
2013
2014
2015
2016