Business Cycle Index 5-22-15

The BCI at 193.0 is up from last week's revised level of 192.6. The 6-month smoothed annualized growth BCIg at 17.6 is down from last week's 18.1, and BCIp at 99.3 indicates that for this business cycle the BCI is near its previous high.

No recession is signaled.

Summary 5-15-15:

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 up from last week's level, and iM-BCIg is lower than last week's level. MAC-AU is invested in stock-market.

Stock-market:

Last week the IBH-model generated a Buy-C signal, which relies only 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 up 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 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 up 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 is down from last week's level.   A recession is not imminent.

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 up from 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 upward sloping graph indicates that long bonds have gained from January 2014 to end of January 2015. 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.   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 ....
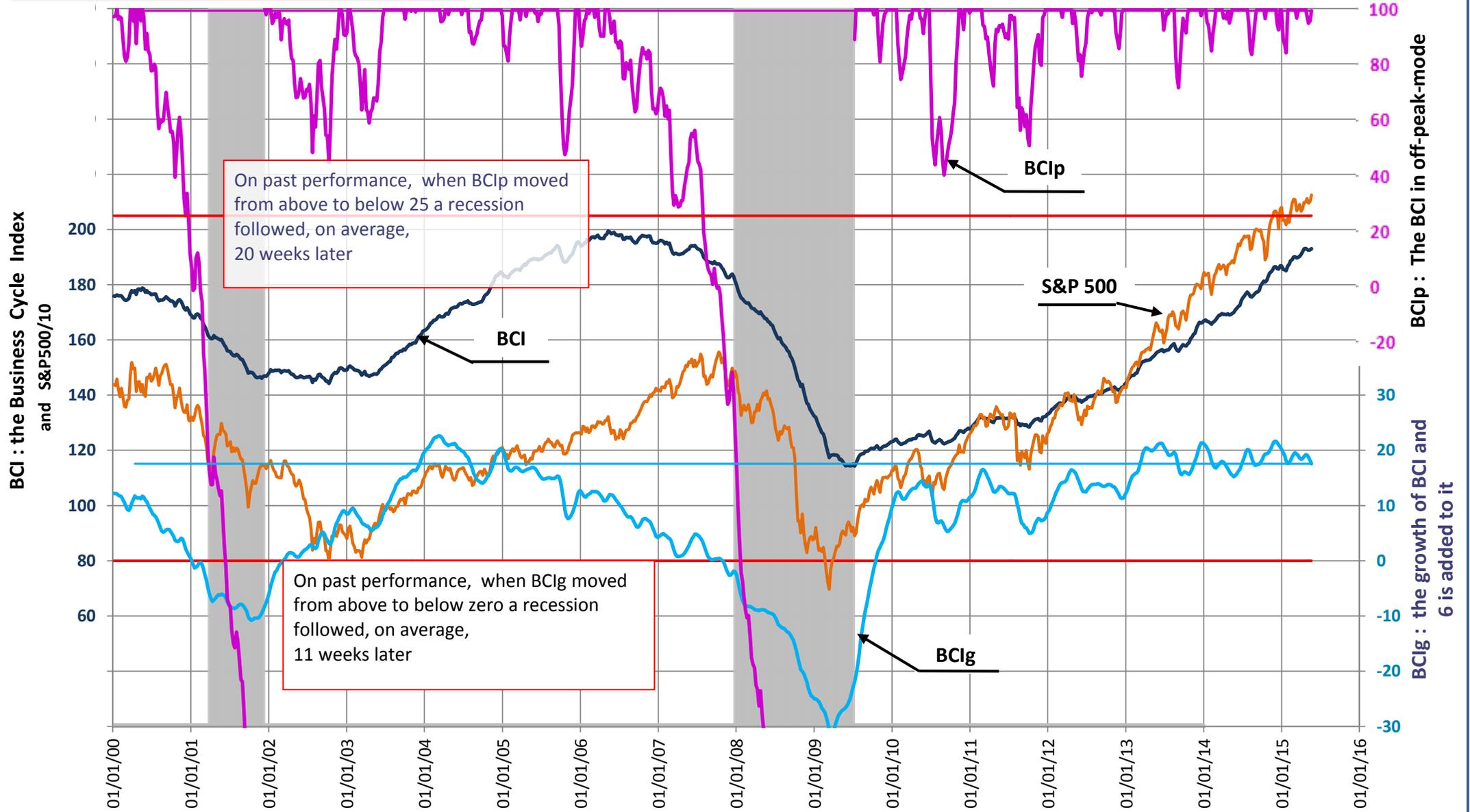
Silver:

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.

iM's Business Cycle Index (BCI)

BCIp, BCI and BCIg
updated to May 21, 2015

imarketsignals.com

Date	04/23	04/30	05/07	05/14	**05/21**
BCIp	100.0	97.3	94.7	95.6	**99.3**
BCI	193.1	192.8	192.5	192.6	**193.0**
BCIg	19.2	19.2	18.8	18.1	**17.6**

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

On past performance, when BCIp moved from above to below 25 a recession followed, on average, 20 weeks later

On past performance, when BCIg moved from above to below zero a recession followed, on average, 11 weeks later

BCIp

S&P 500

BCI

BCIg

BCI : the Business Cycle Index and S&P500/10

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.
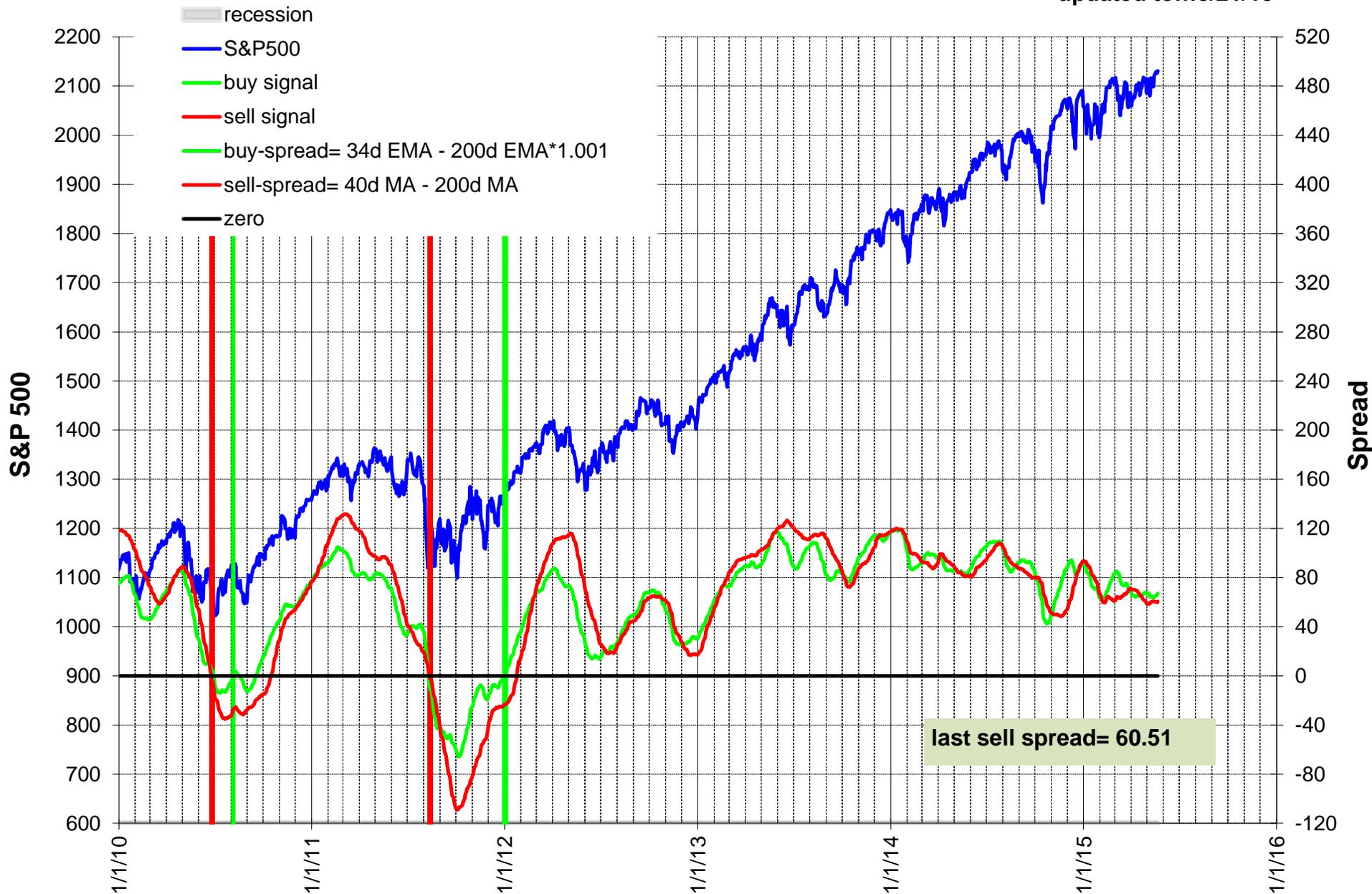
iM imarketsignals.com

Figure 1 : 2010-15 Fed Funds Rate, S&P 500, FRR, WLIg, slope WLIg, slope WLI updated to….5/22/15

Sell A   SELL C   BUY A   BUY C   Sell A   BUY A   BUY C   Sell A   Sell A   Sell A   BUY C

Forward Rate Ratio 2-10

20d_Slope_WLI_longEMA+1

WLIg_short_EMA

WLIg_long_EMA

BUY A

20d_Slope_WLIg_longEMA+1

120d_Slope_WLIg_long_EMA+1

S&P500/250

Federal Funds Rate

published = 5/22/15
    WLI = 133.92   -0.69
    WLIg = 1.54%   +0.33%

1/1/10   1/1/11   1/1/12   1/1/13   1/1/14   1/1/15   1/1/16

Fed Funds Rate %,   S&P500 /250 (left axis: 0–14)

WLIg , slope WLIg , slope WLI, FRR (right axis: 0.55–1.25)

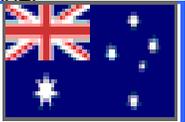*WLIg = ECRI Weekly Leading Index growth/200 +1   WLI = (ECRI Weekly Leading Index -50)/10*

1-IBH.xlsm

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

Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System
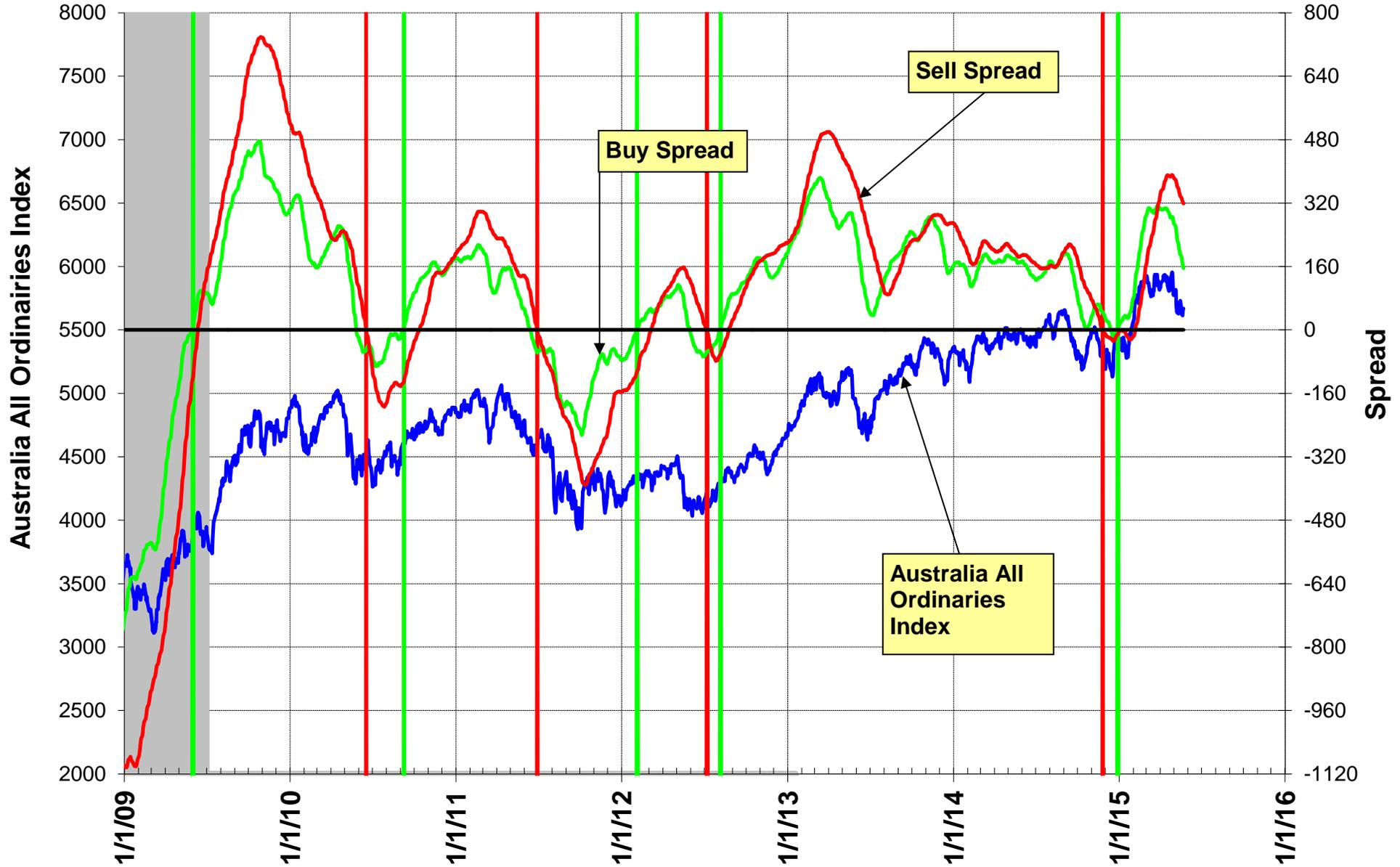
Fig. 3: COMP Leading Indicator of US Economy 1969-2015

Fig 3.1: iM-BCIg 1969-2015

iM imarketsignals.com

- recession
- iM-BCIg
- end level
- recession trigger

level on 5/1/15 = 19.16
level on 5/8/15 = 18.78
level on 5/15/15 = 18.13
level on 5/22/15 = 17.56

current level   17.56

recession trigger

BCIg has exceeded the current level 15.43% of the time from 1969 to present.

BCIg Toni.xlsm
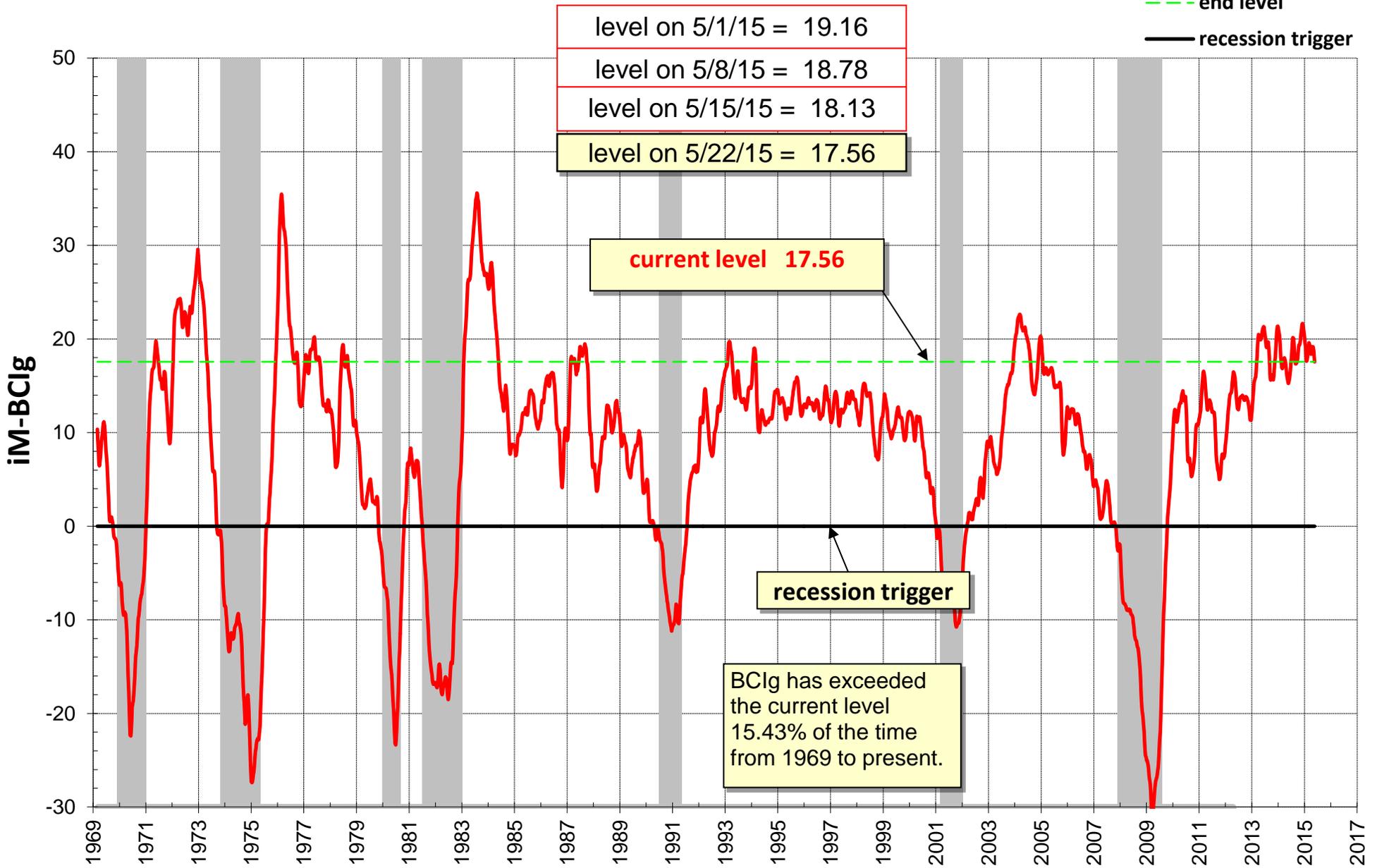
Figure 4: Bond Value Ratio (BVR) from 2005 to 2015

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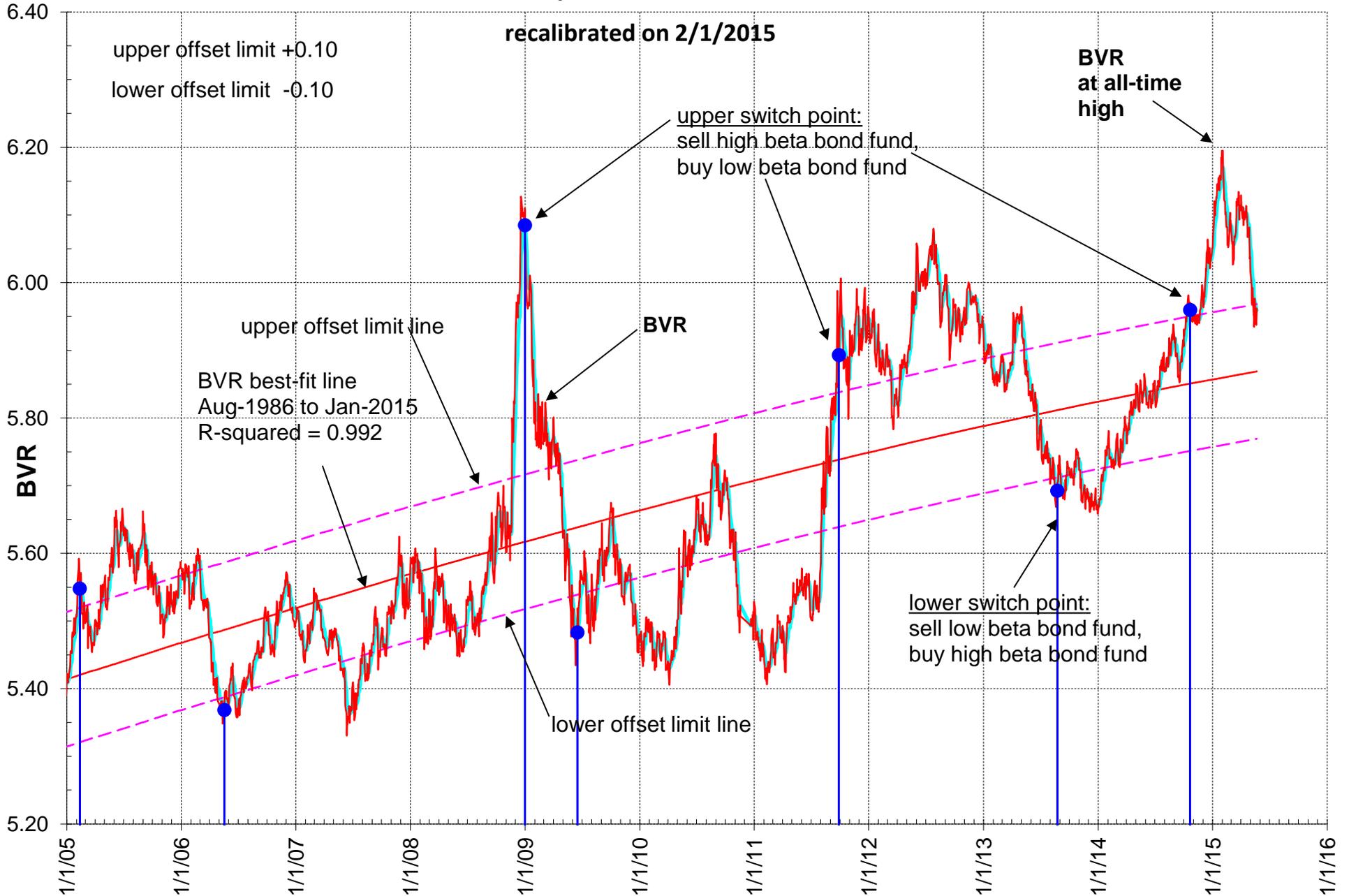
Figure 5: i10 - i2   Updated to…..5/22/15

i10 - i2

buy FLAT

buy STPP

i10-i2

EMA (i10-i2)

buy FLAT

buy STPP

buy FLAT

(i10 - i2) the difference btw. 10 - & 2 yr T-note yields has a negative slope, meaning (i10 - i2) is becoming smaller.

(i10 - i2) has a positive slope, meaning (i10 - i2) is becoming bigger.

4.00

3.50

3.00

2.50

2.00

1.50

1.00

1/1/10   1/1/11   1/1/12   1/1/13   1/1/14   1/1/15   1/1/16

5-Yield Curve.xlsm 09-15
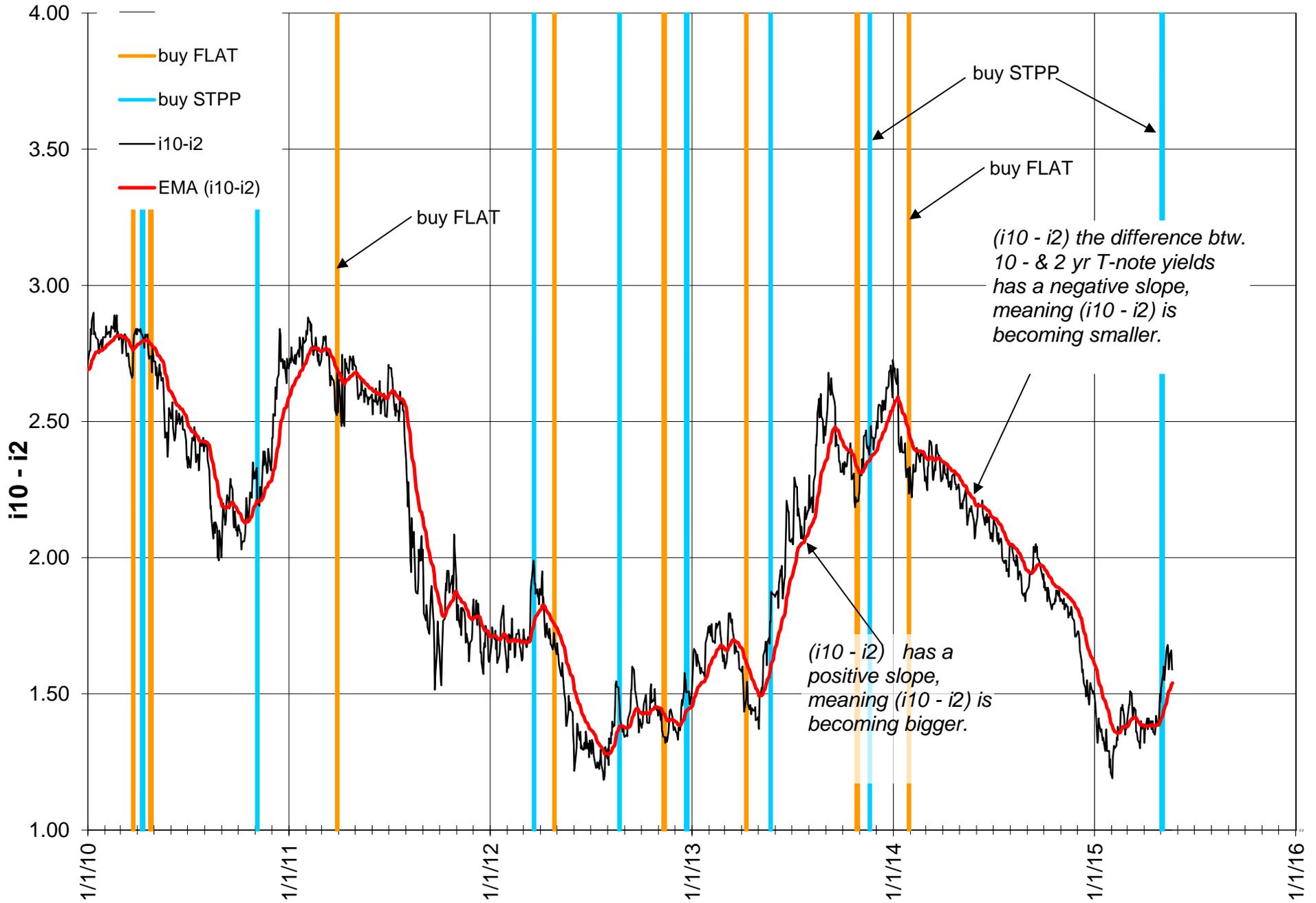
Figure 6: Modified Coppock Indicator for Gold 2009-2015
updated to 05/22/2015
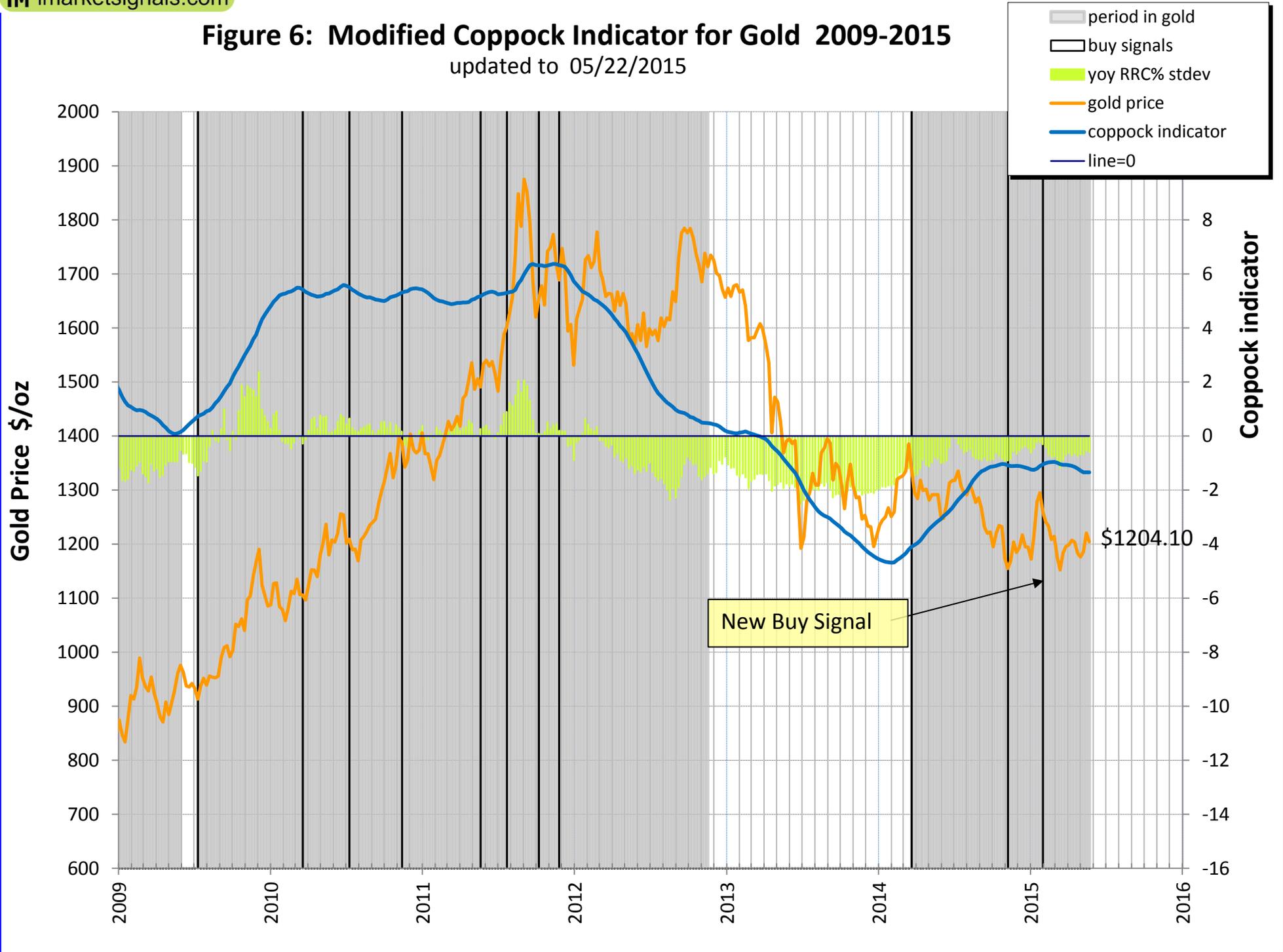
Figure 7: Modified Coppock Indicator for Silver 2009-2016

updated to 05/22/2015

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Legend:
- period in silver
- buy signals
- yoy RRC% stdev
- silver price
- coppock indicator
- line=0

$17.25