

Business Cycle Index 5-14-15

The BCI at 192.5 is near last week's downward revised level of 192.5. The 6-month smoothed annualized growth BCIg at 18.1 is down from last week's 18.8, and BCIp at 95.0 indicates that for this business cycle the BCI is slightly down from the previous high.

No recession is signaled.

Summary 5-15-15:

The IBH stock market model generating a Buy-C signal this week. The MAC stock market model is invested, the bond market model avoids high beta (long) bonds, the yield spread has formed a trough and last week a STPP buy signal was generated, the gold and silver models are invested. The recession indicator COMP is up from last week's level, and iM-BCIg is down from last week's level. MAC-AU is invested in stock-market.

Stock-market:

This 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 signal 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 down 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](#) shows the declining trend from Jan-2014 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.

Last week a buy STPP signal was generated.

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:

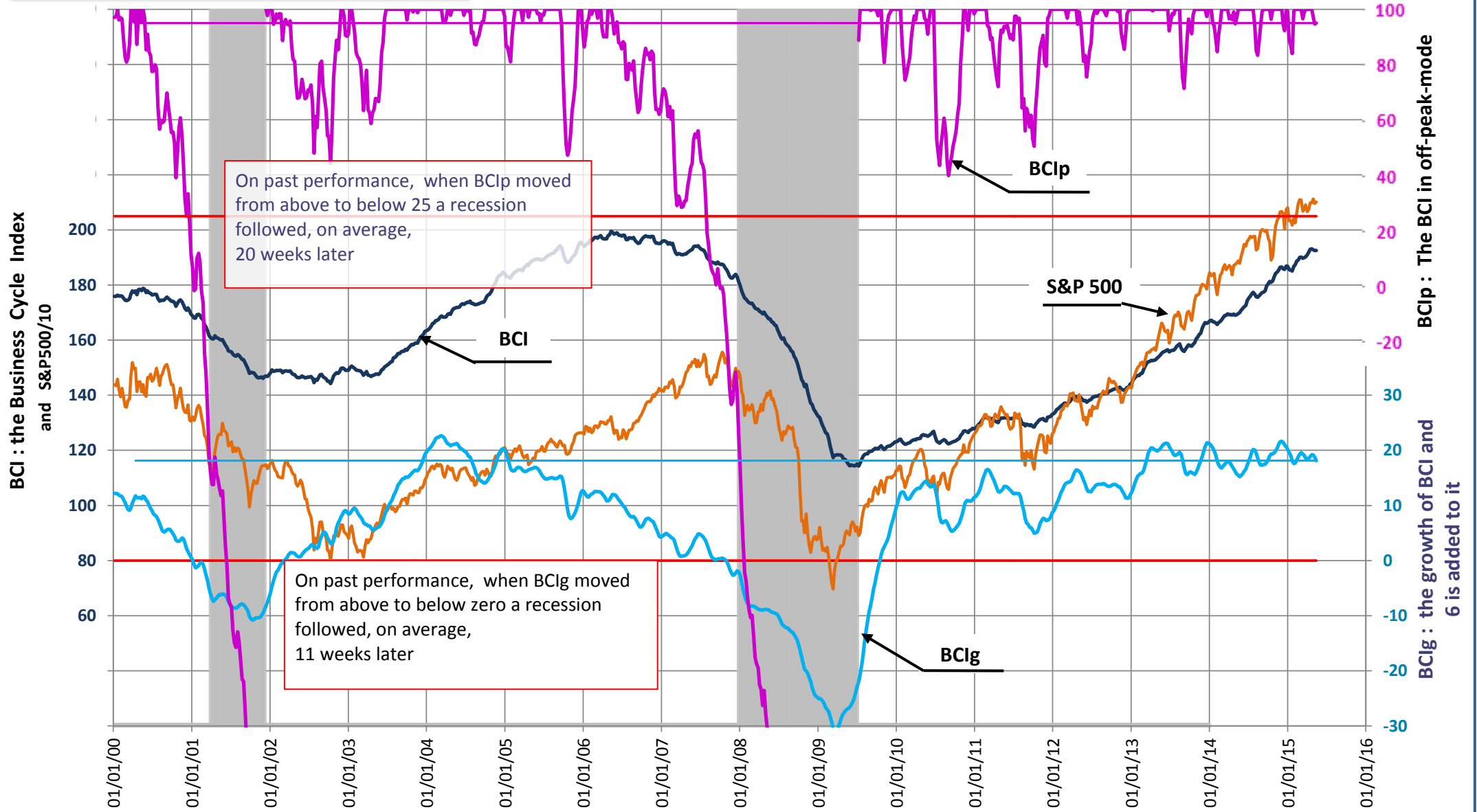
The modified Coppock Silver indicator shown in Fig 7 and is currently invested. This indicator is described in [Silver - Better Than Gold: A Modified Coppock Indicator for Silver.](#)

iM's Business Cycle Index (BCI)

Date	04/16	04/23	04/30	05/07	05/14
BCIp	100.0	100.0	97.3	94.7	95.0
BCI	193.0	193.1	192.8	192.5	192.5
BCIg	18.9	19.2	19.2	18.8	18.1

BCIp, BCI and BCIG
updated to May 14, 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.

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

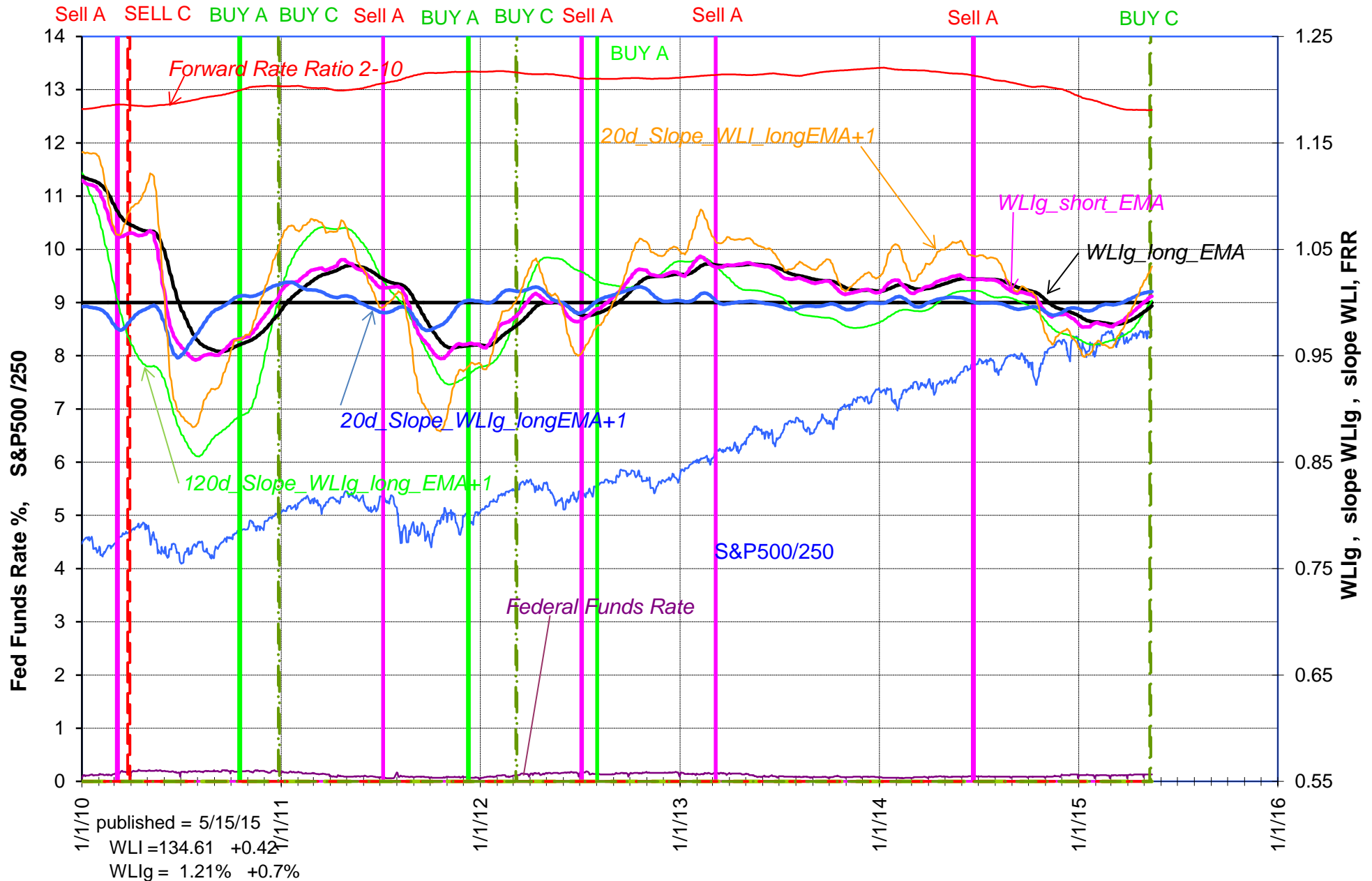


Figure 2: Buy and Sell signals for S&P 500 2010-15 from the modified golden-cross MAC-System



updated to...5/14/15

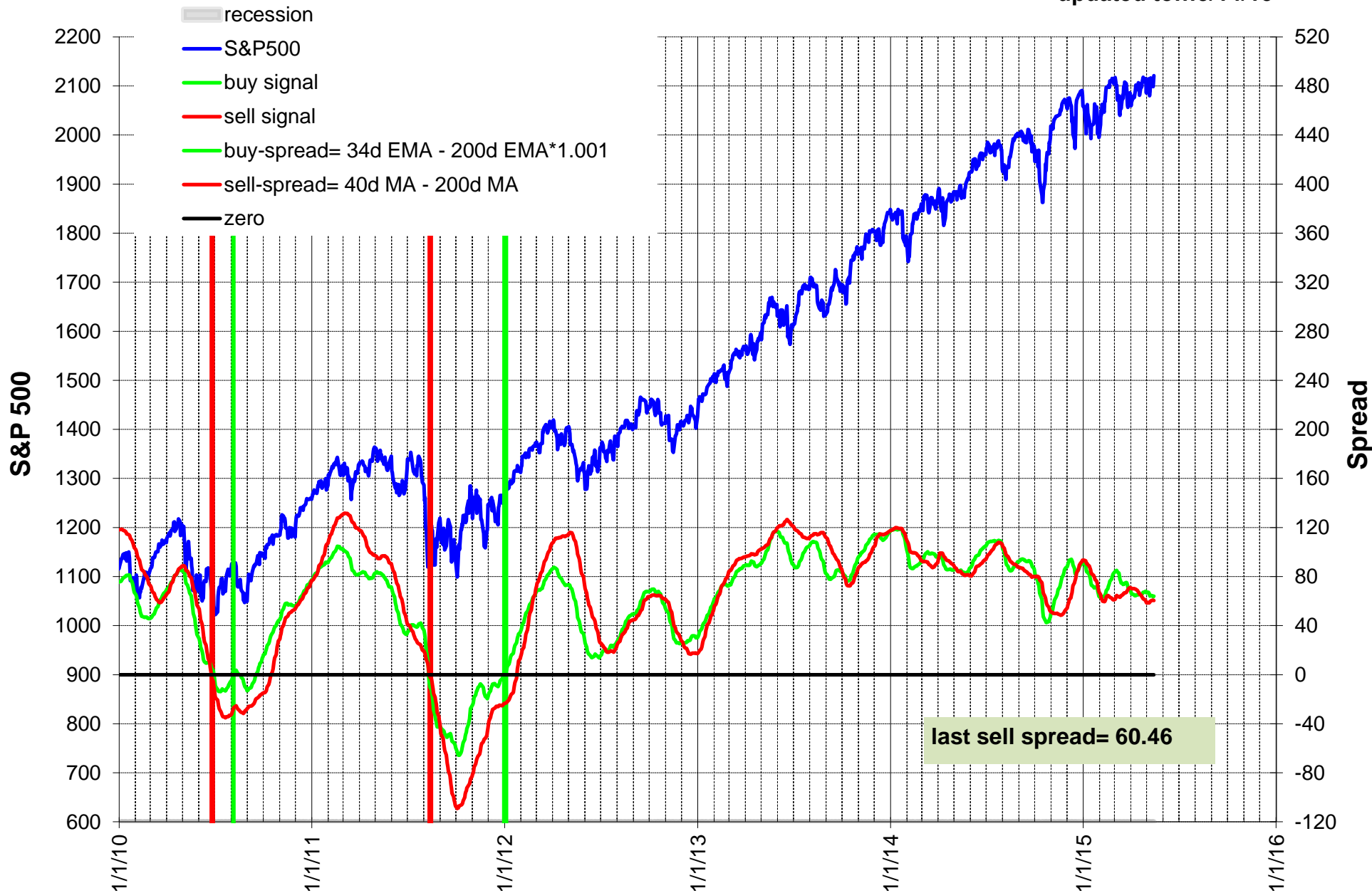




Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

updated to May-15-15
last sell spread= 337.58

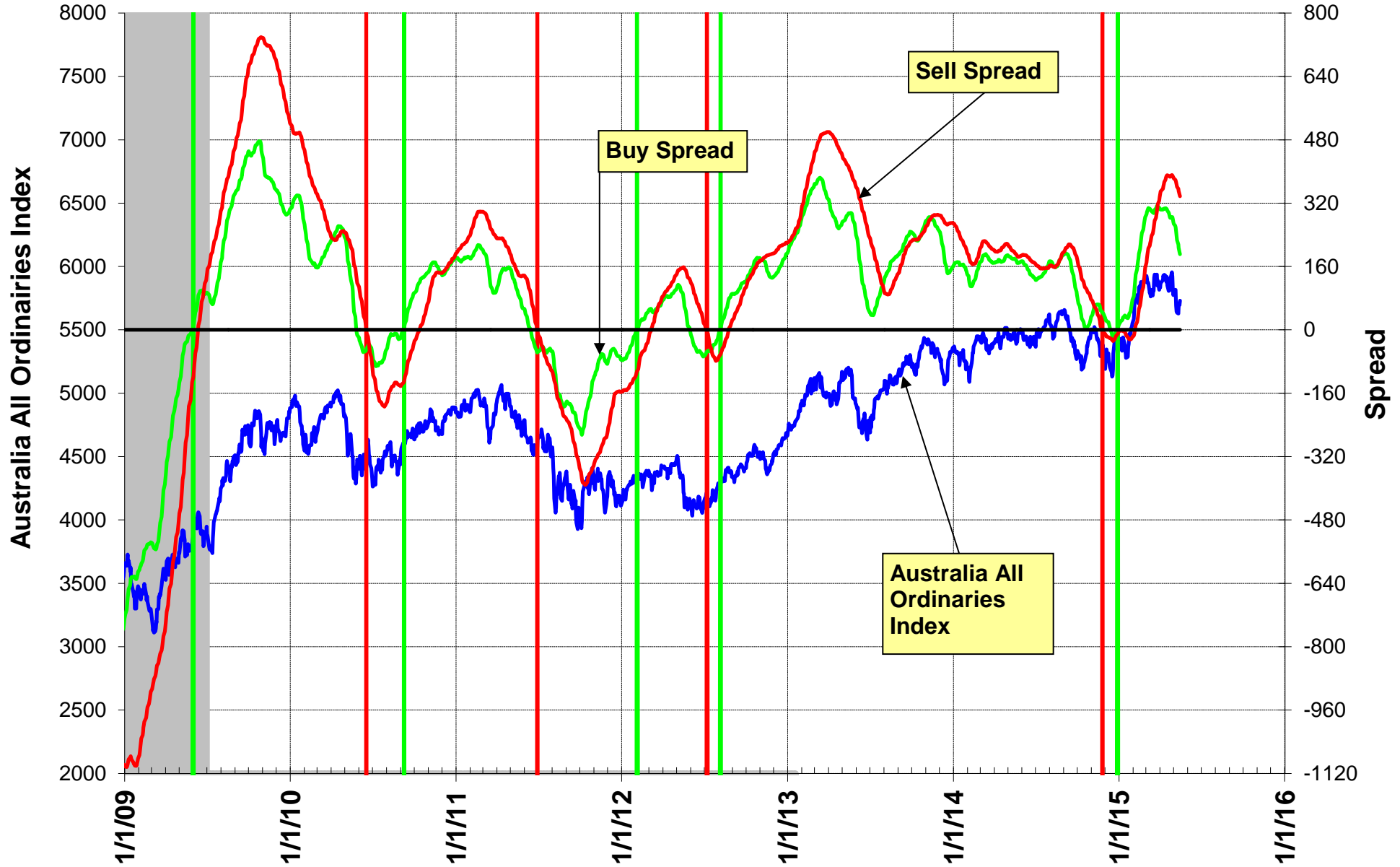


Fig. 3: COMP Leading Indicator of US Economy 1969-2015

- recession
- COMP
- last COMP level
- recession trigger

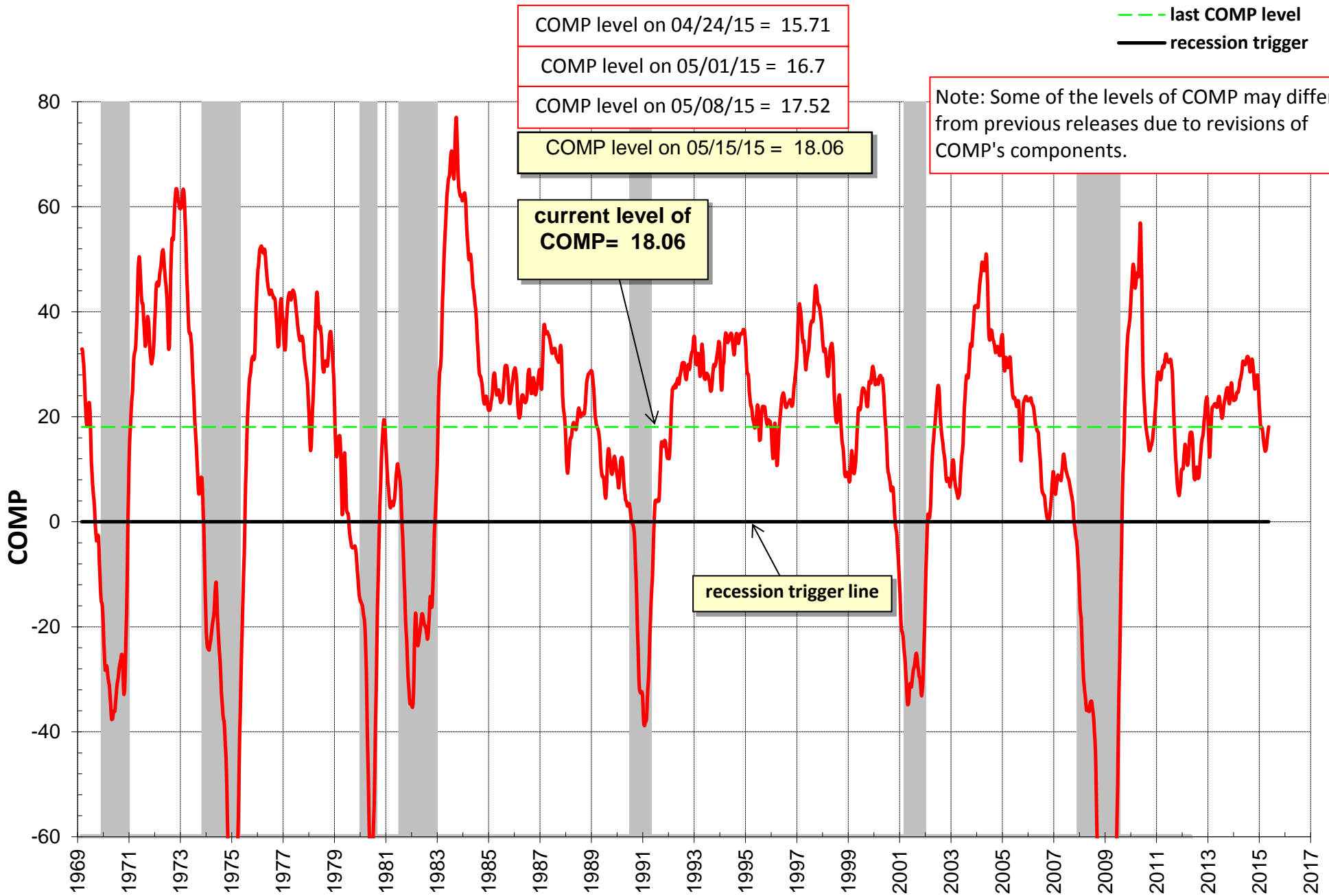


Fig 3.1: iM-BCI_g 1969-2015

- recession
- iM-BCI_g
- end level
- recession trigger

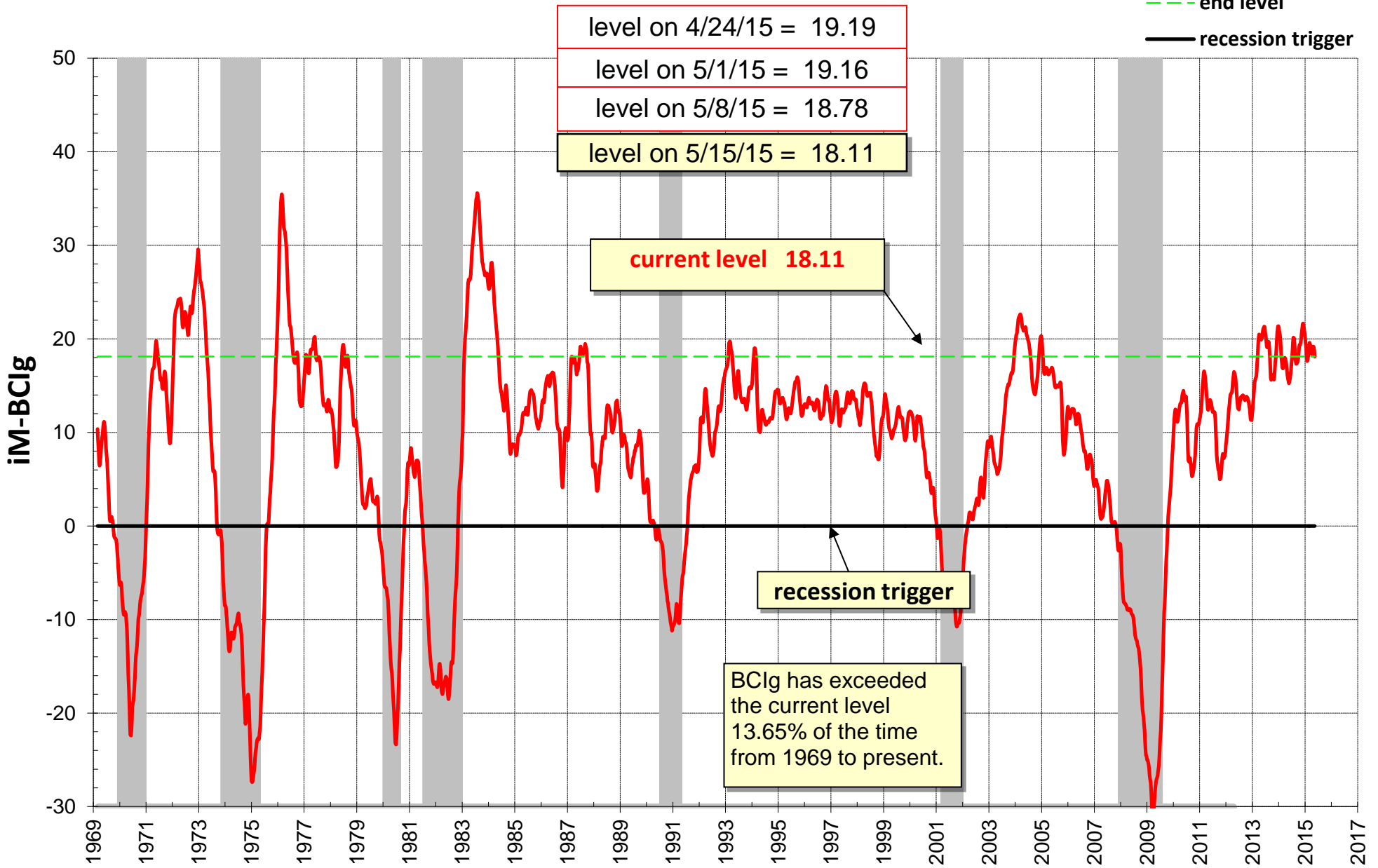


Figure 4: Bond Value Ratio (BVR) from 2005 to 2015

Model updated to: 5/14/2015 BVR = 5.946

recalibrated on 2/1/2015

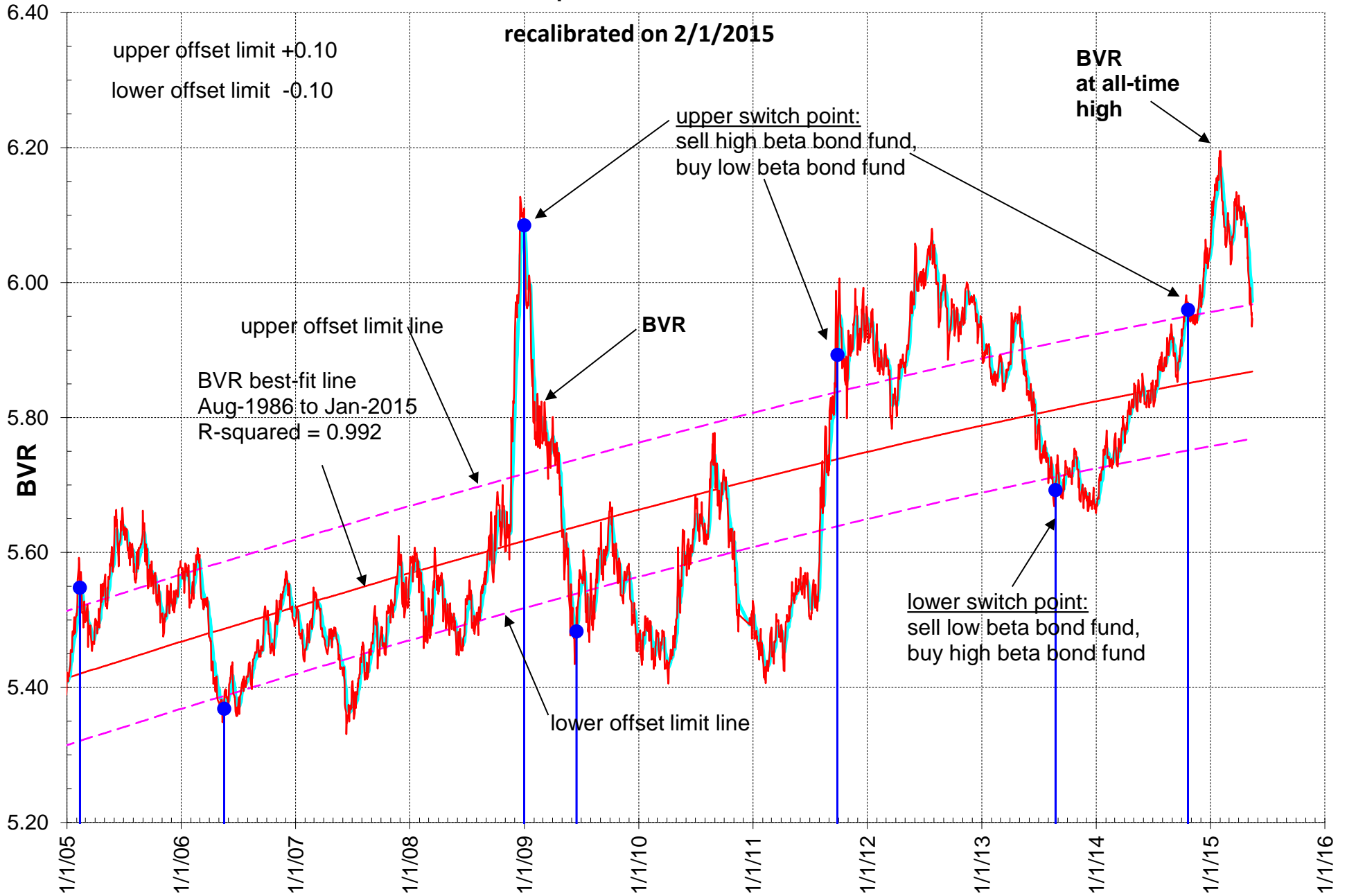


Figure 5: i10 - i2 Updated to.....5/15/15

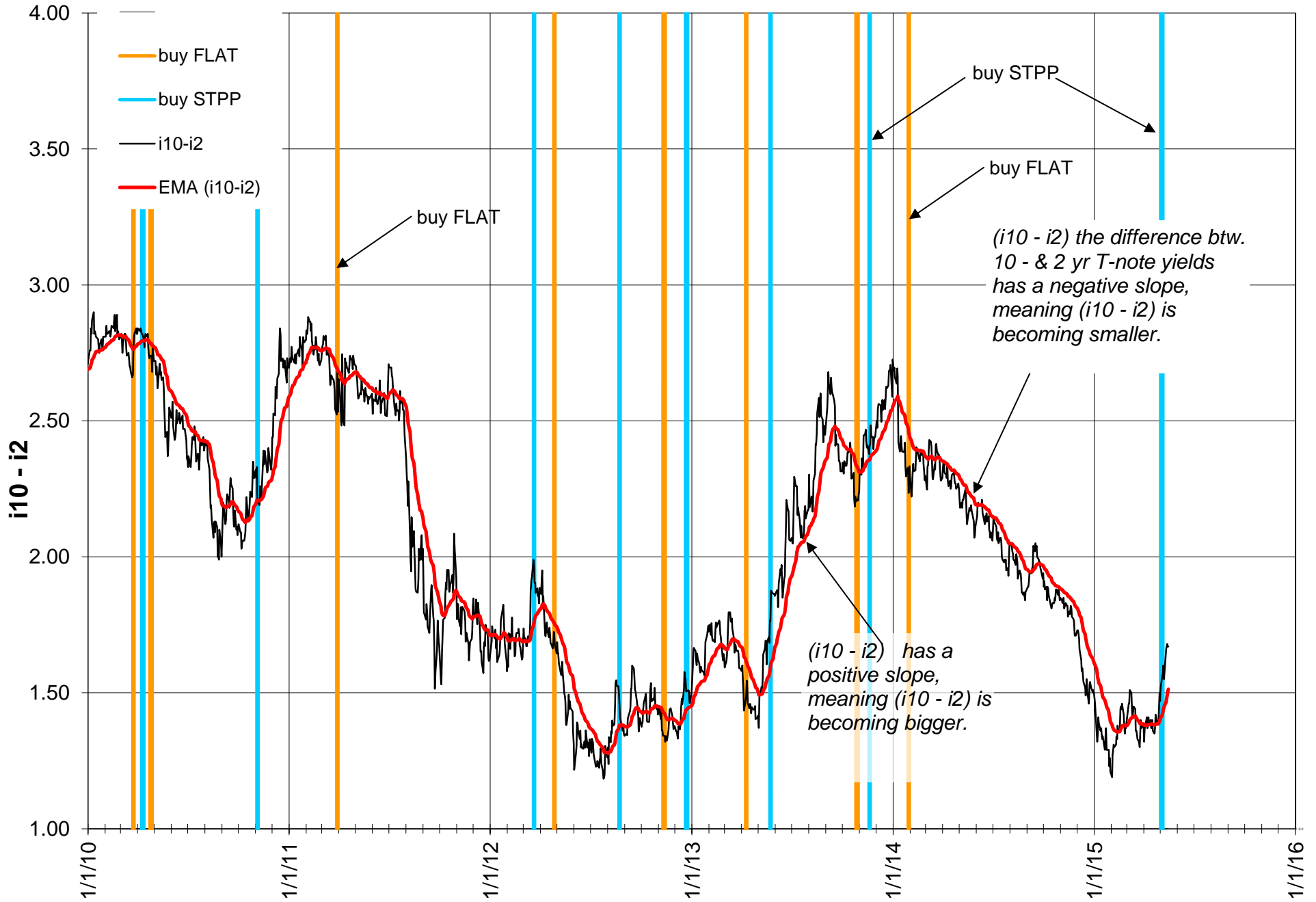


Figure 6: Modified Coppock Indicator for Gold 2009-2015

updated to 05/15/2015

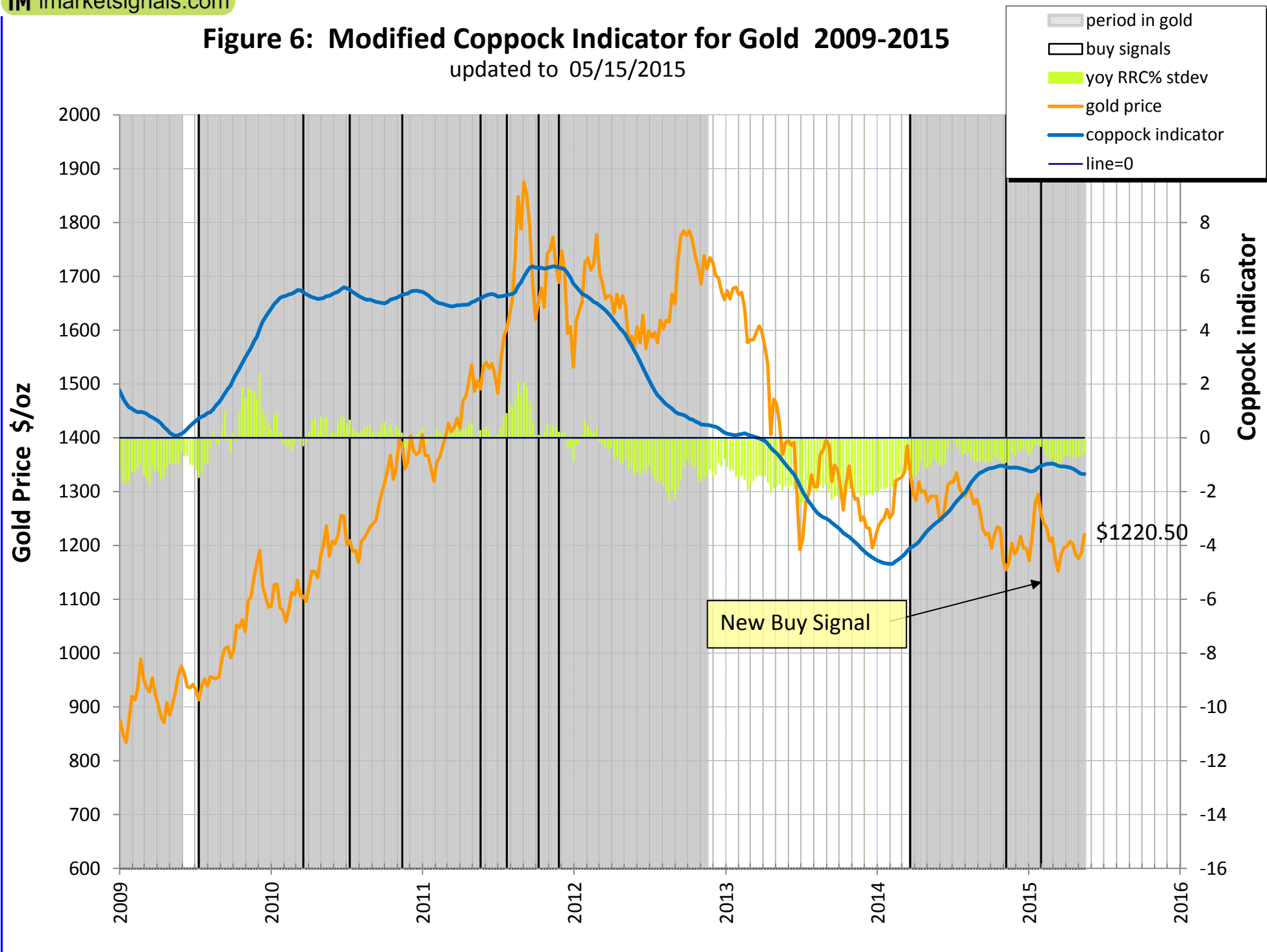


Figure 7: Modified Coppock Indicator for Silver 2009-2016

updated to 05/15/2015

