Business Cycle Index 6-4-15:

The BCI at 193.3 is up from last week's 192.7. The 6-month smoothed annualized growth BCIg remained at last week's level of 16.3, and BCIp at 100 indicates that for this business cycle the BCI is at a new high.

No recession is signaled.

Summary 6-5-15:

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:

The IBH-model is invested in the markets., The IBH model 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 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 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 near 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 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.

Monthly Update Summary 5-8-2015:

Unemployment

The unemployment rate recession model (article link), has been updated with the May UER of 5.5%. 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

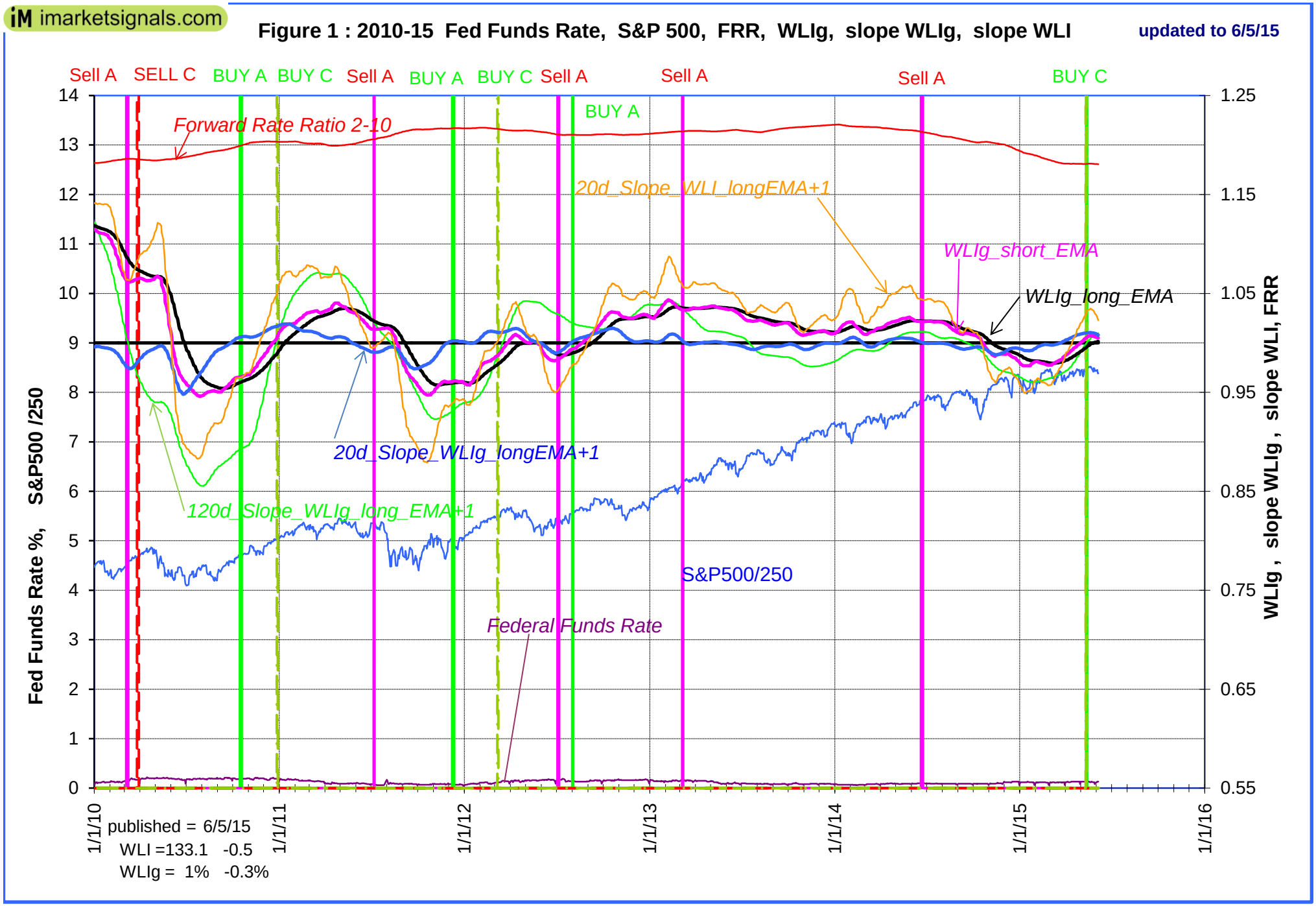
A downward trend of the Trade Weighted USD (TW$) could signal the start of possible increases in federal fund rates. Although the TW$ shows a small decline the 6 month moving average trend remains upward. Please see our article and Buffett and Welch comment

TIAA Real Estate Account

As of end of May 2015 the 1-year rolling return is 12.16%. 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 …

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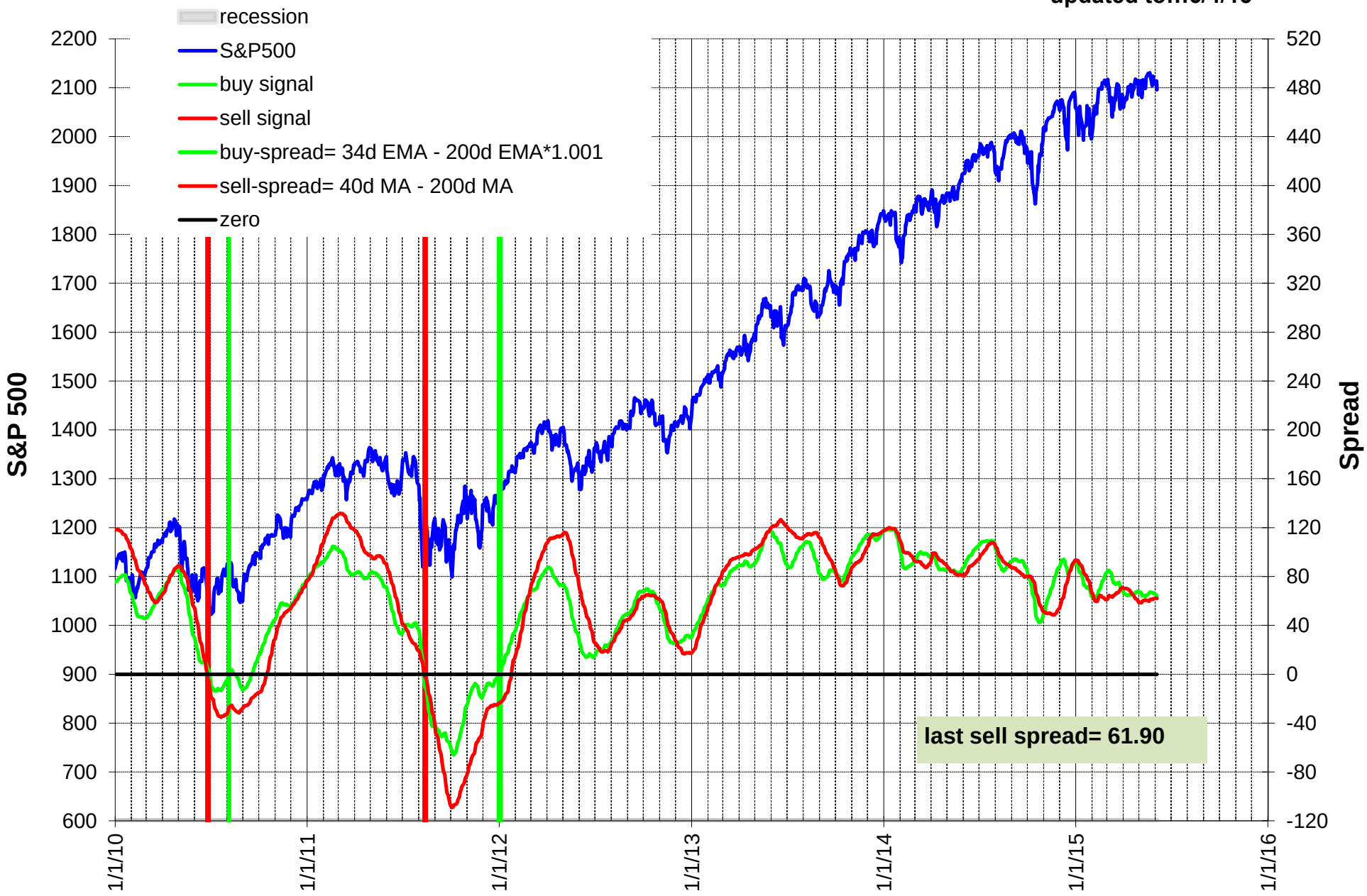
Figure 2: Buy and Sell signals for S&P 500 2010-15 from the modified golden-cross MAC-System

updated to…6/4/15



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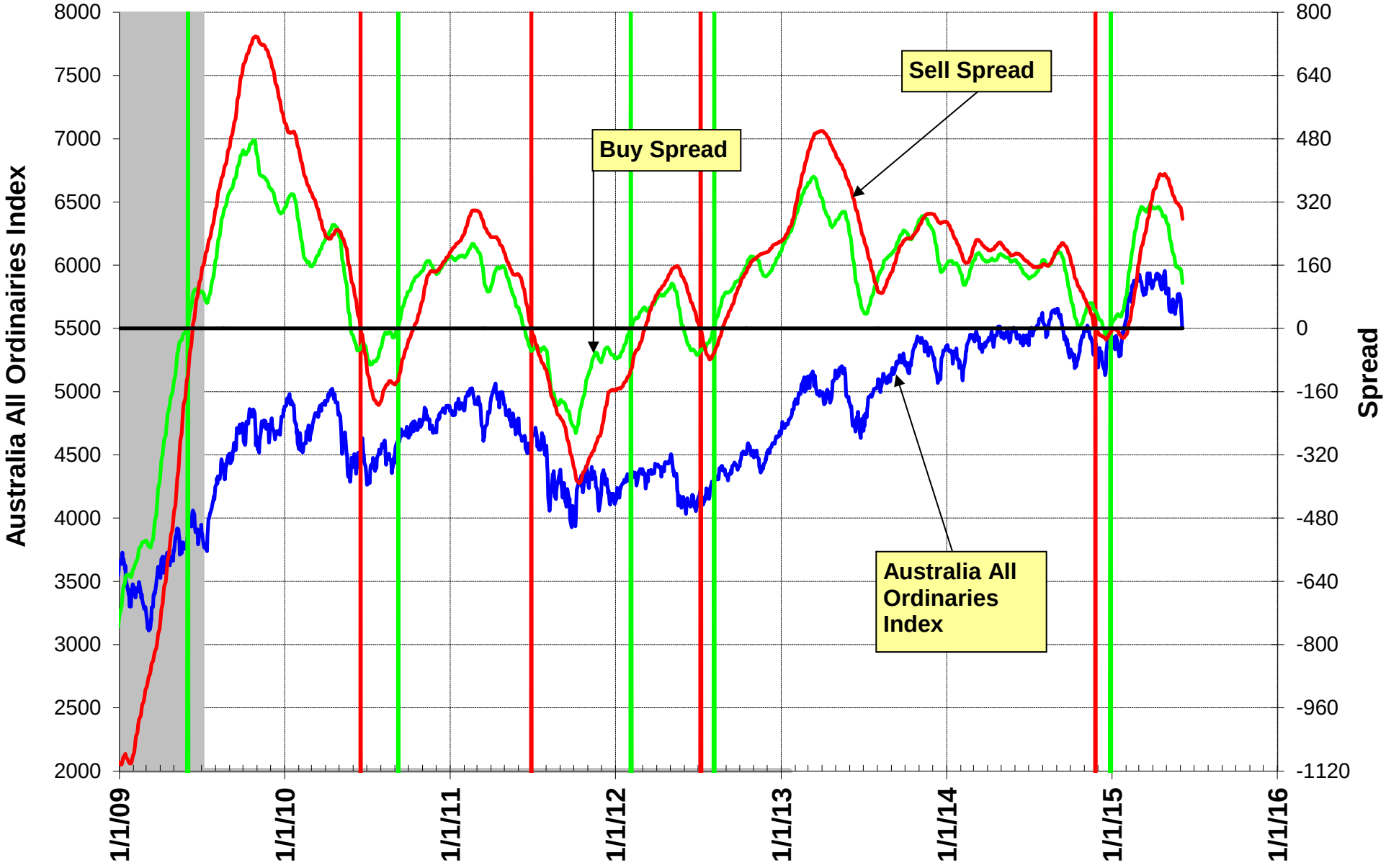
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

updated to Jun-5-15

last sell spread= 276.88



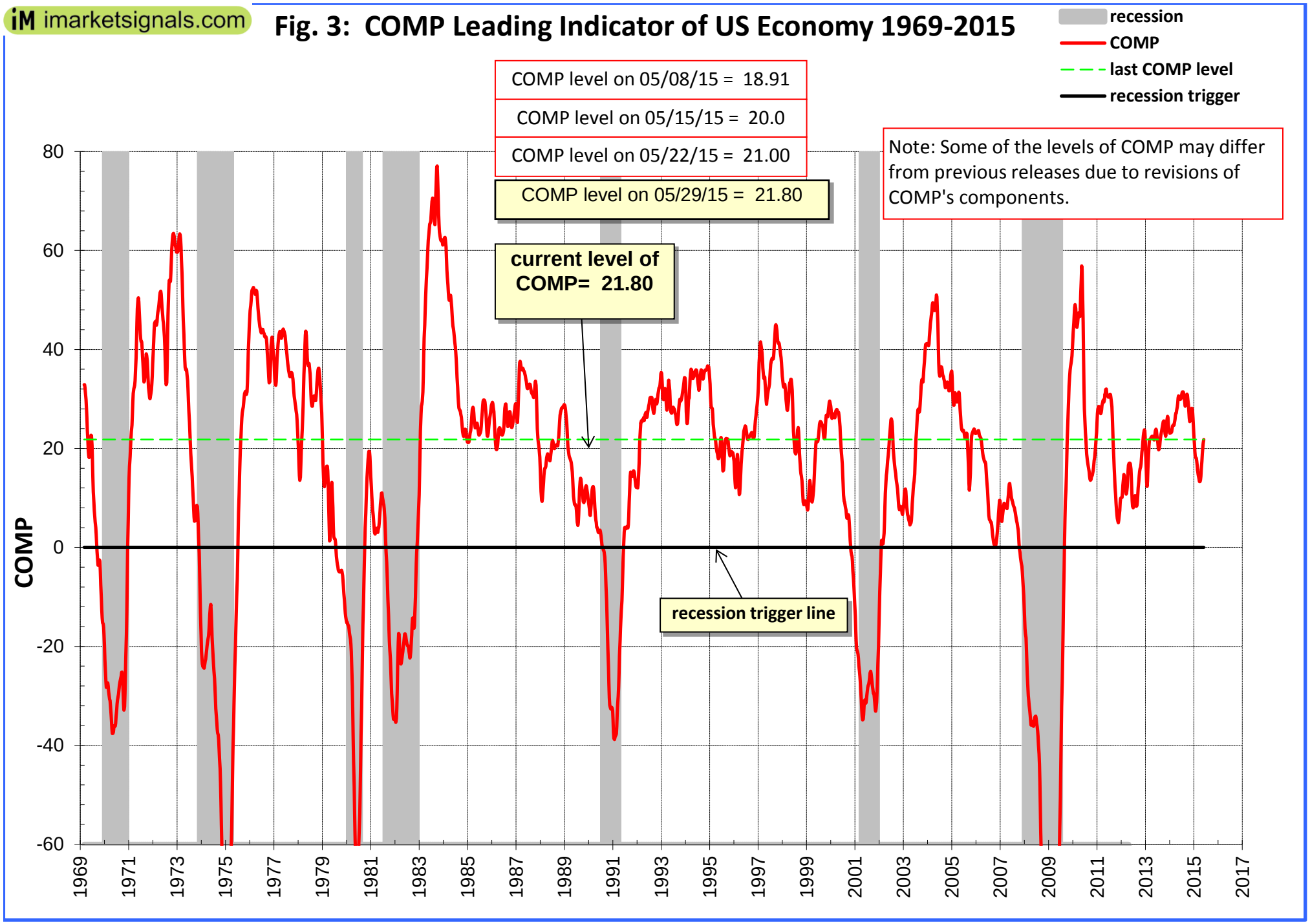

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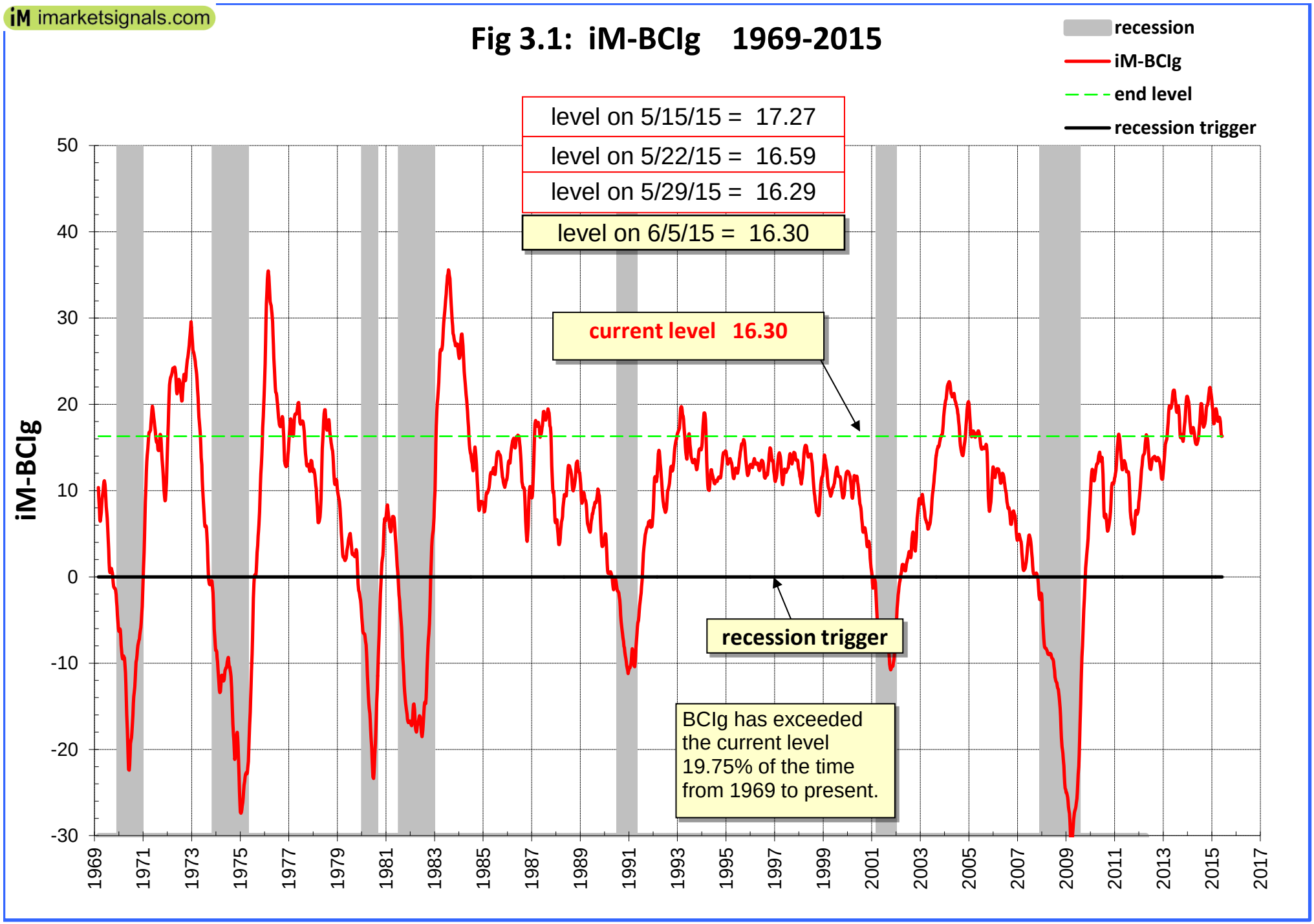
Fig. 3: COMP Leading Indicator of US Economy 1969-2015
recession
COMP
last COMP level
recession trigger
COMP level on 05/08/15 = 18.91
COMP level on 05/15/15 = 20.0
COMP level on 05/22/15 = 21.00
COMP level on 05/29/15 = 21.80
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 21.80
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

iM imarketsignals.com

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 note yields);

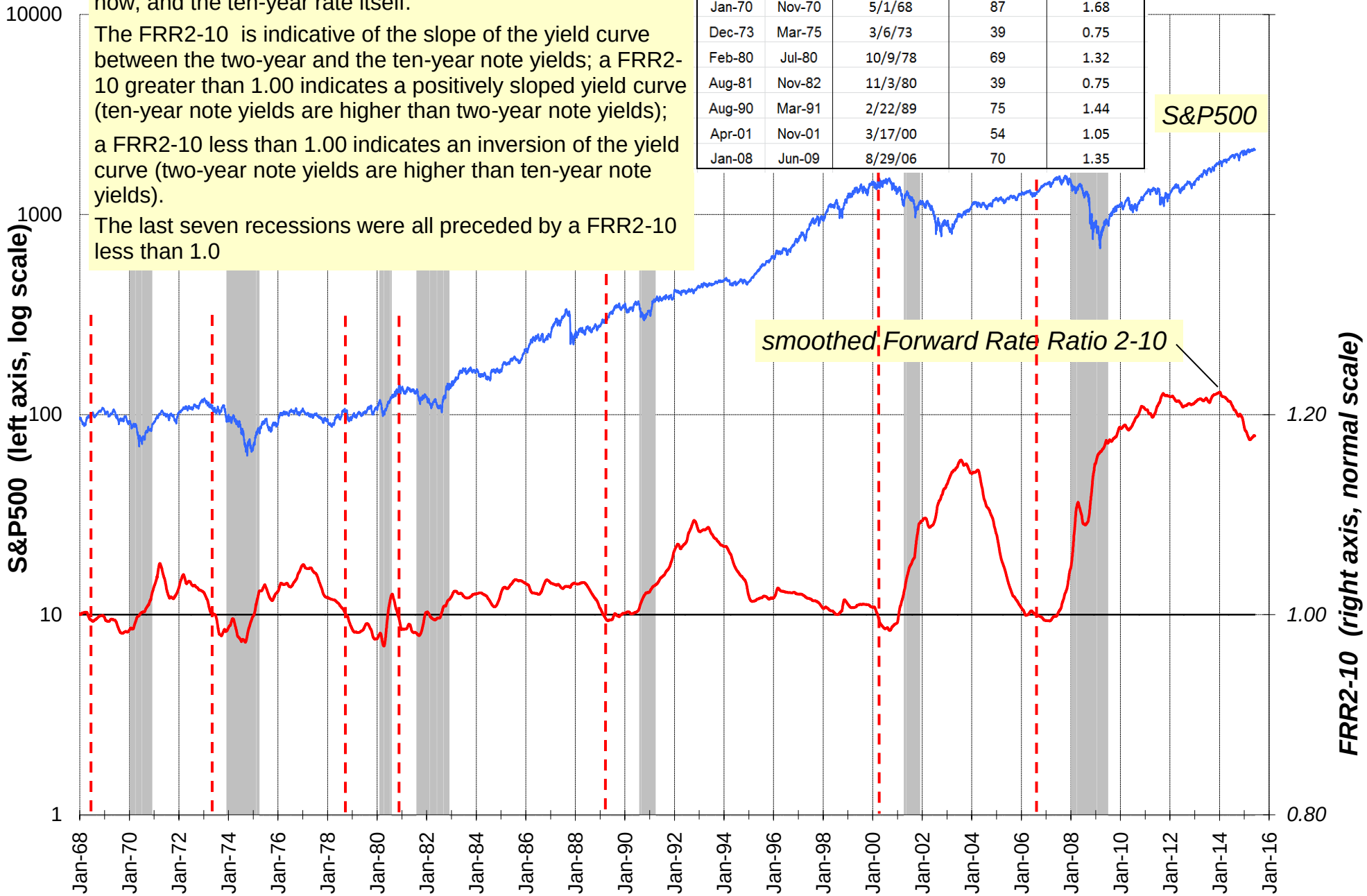
a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

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 6/5/15

EMA of FRR2-10 = 1.18



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

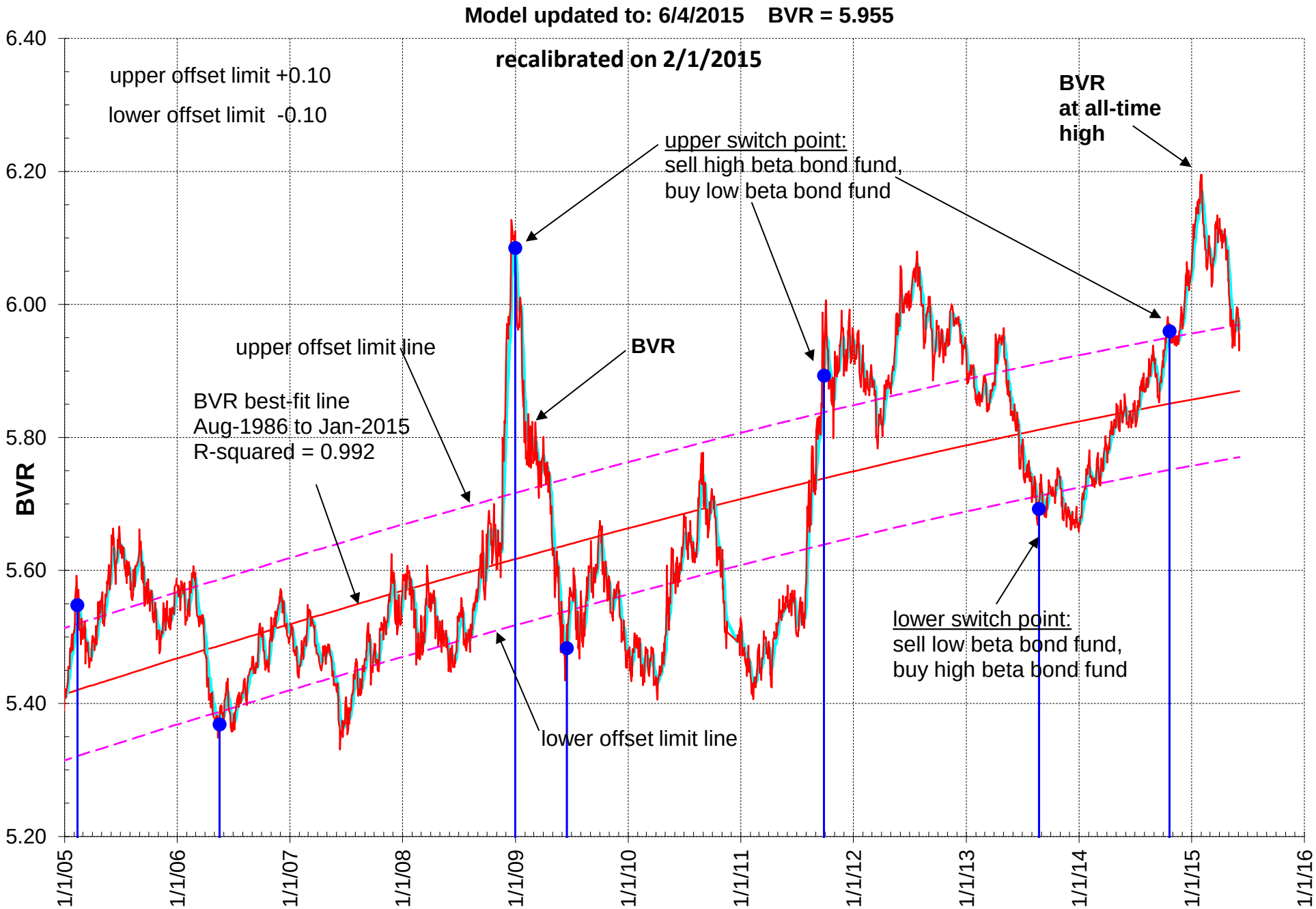

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Figure 5: i10 - i2

Updated to…..6/5/15

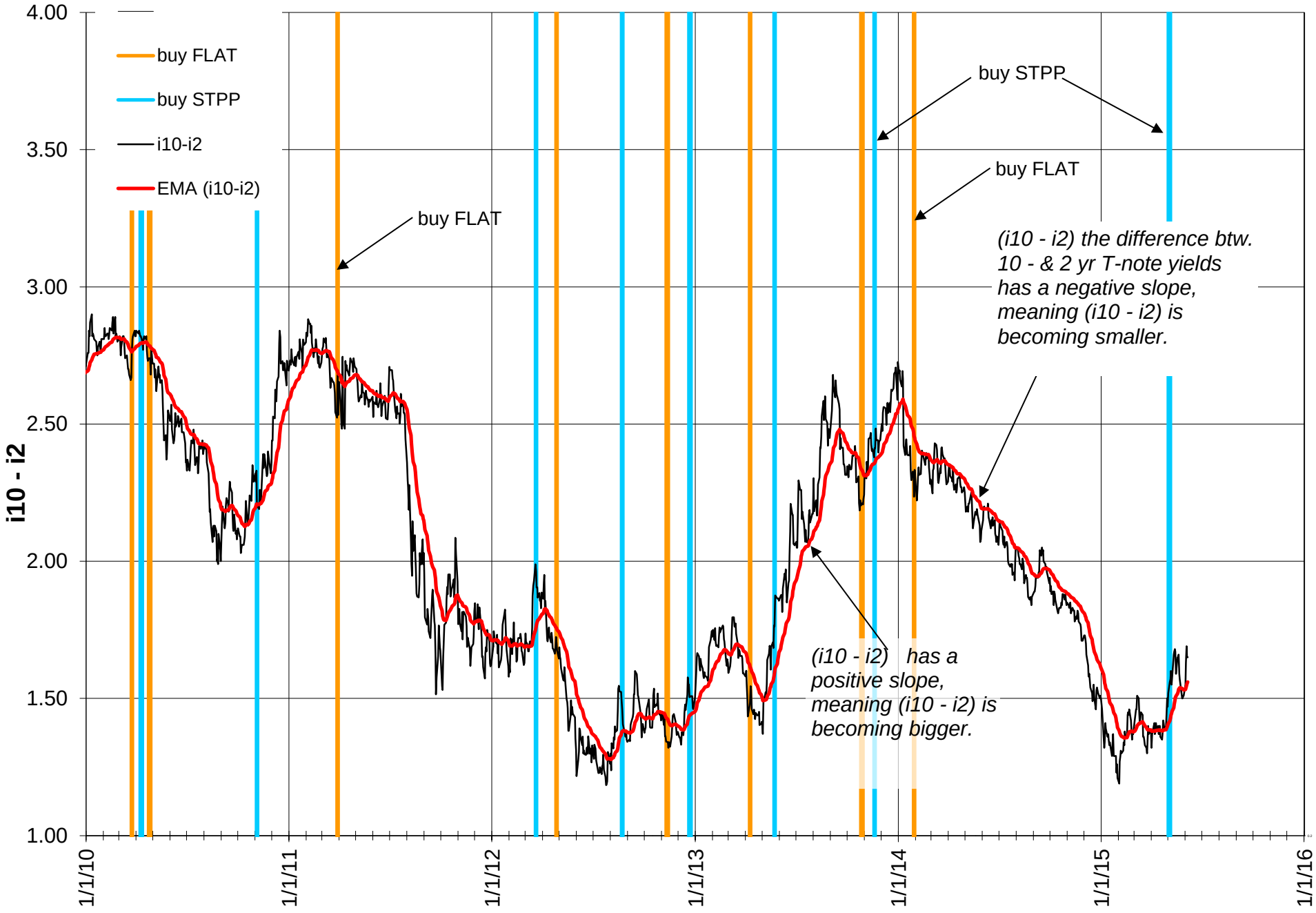
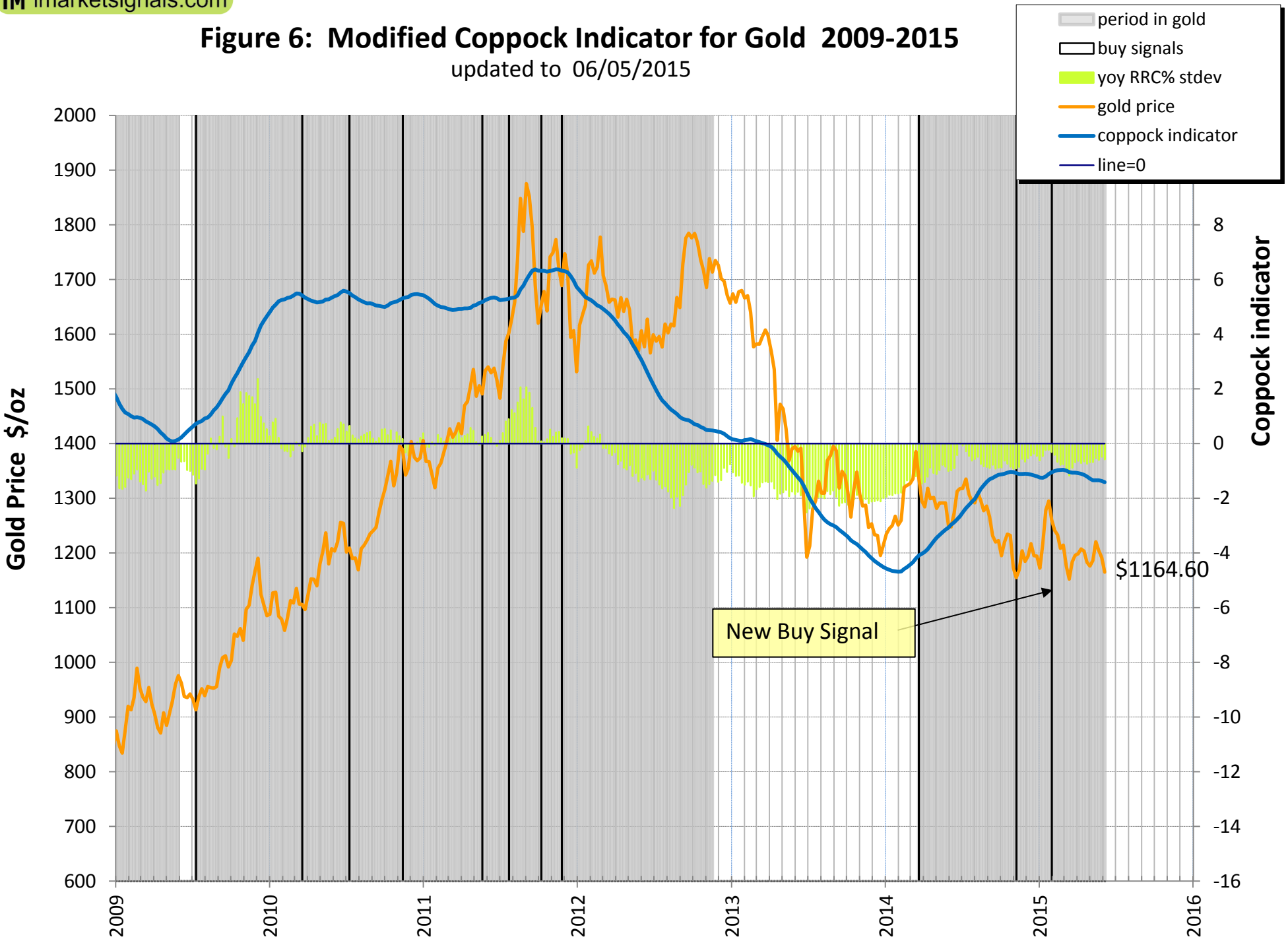


Figure 6: Modified Coppock Indicator for Gold 2009-2015

updated to 06/05/2015



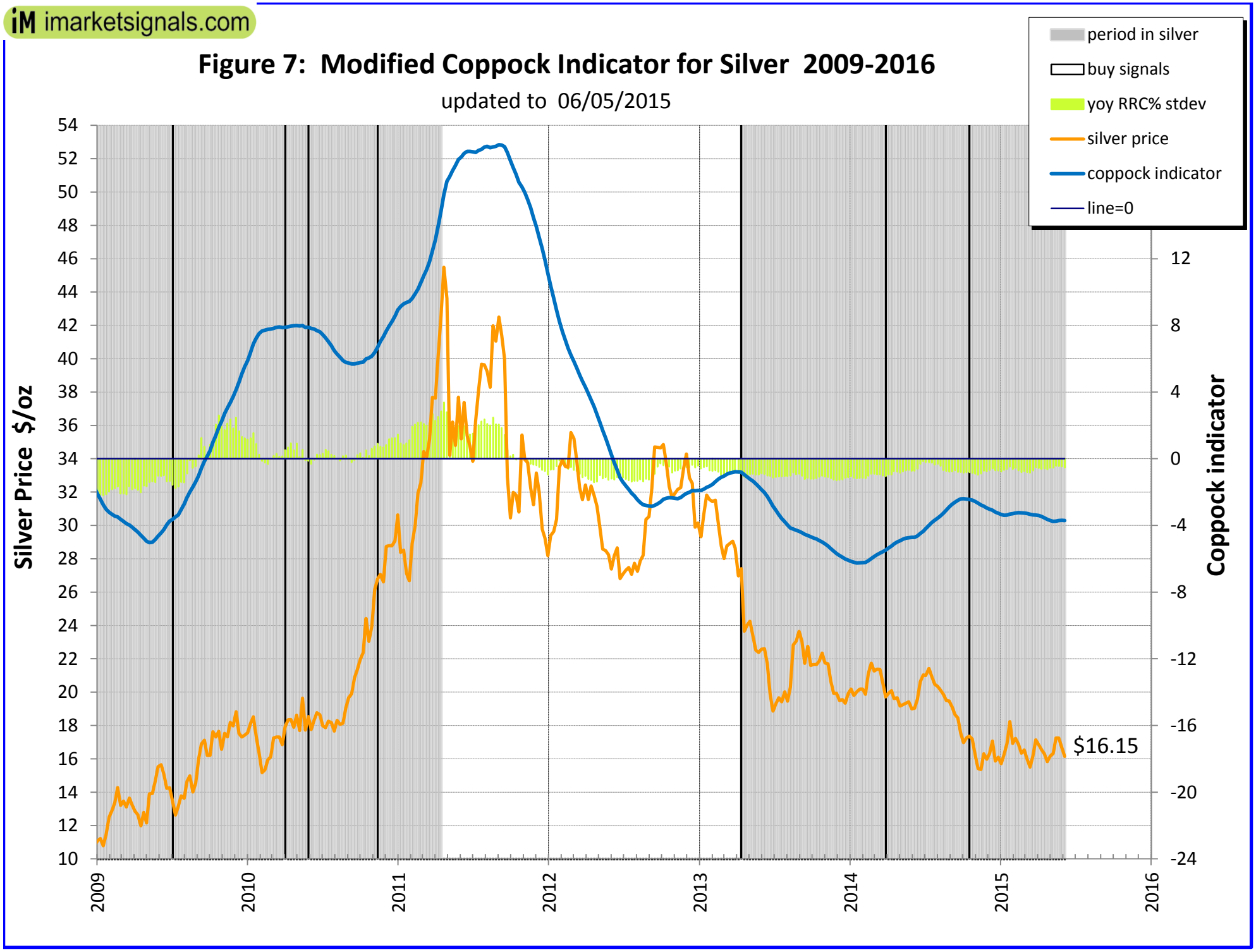


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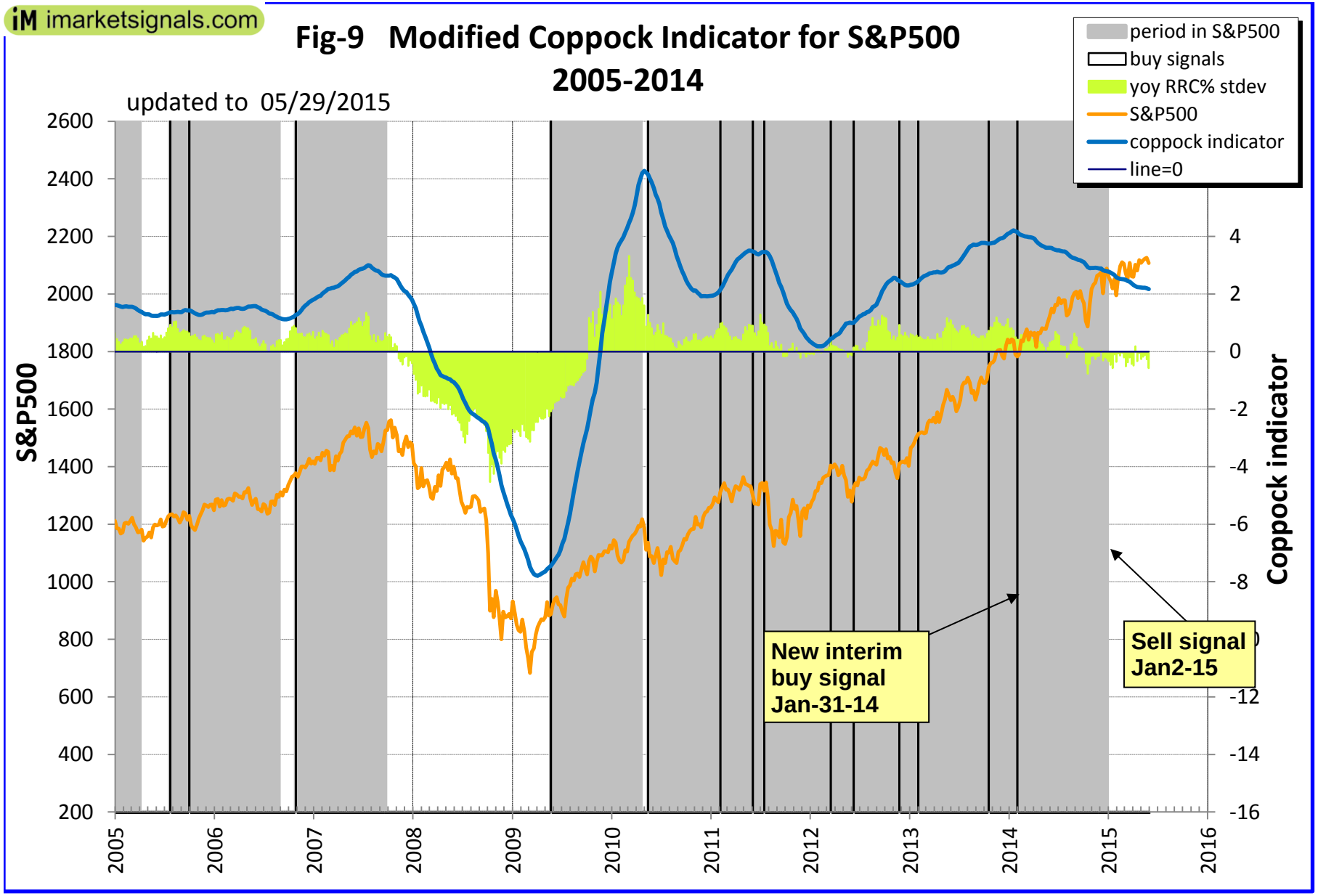
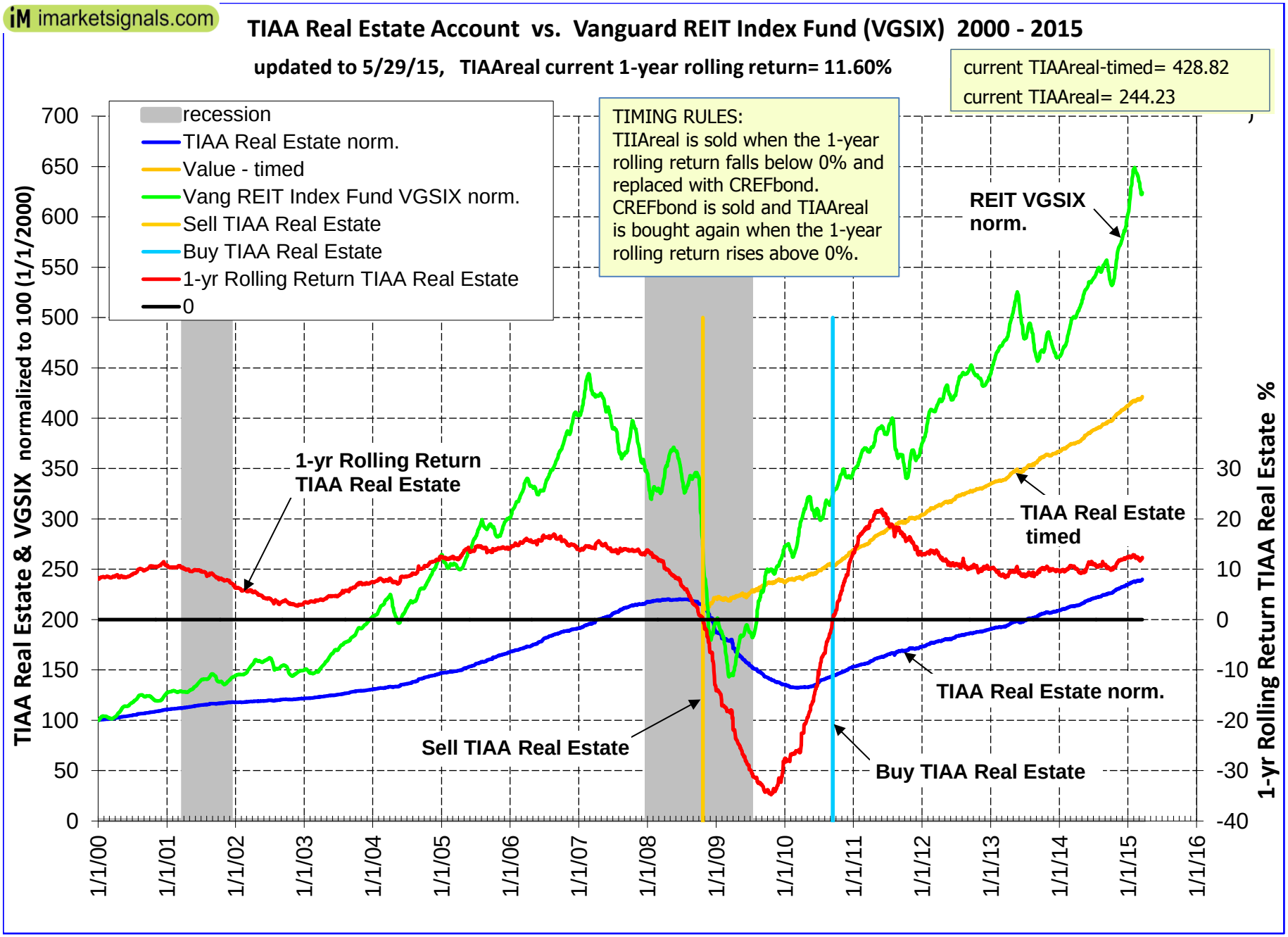
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 06/05/2015
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$16.15
54
52
50
48
46
44
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
10
12
8
4
0
-4
-8
-12
-16
-20
-24
2009
2010
2011
2012
2013
2014
2015
2016


imarketsignals.com
Fig-9 Modified Coppock Indicator for S&P500
2005-2014
updated to 05/29/2015
period in S&P500
buy signals
yoy RRC% stdev
S&P500
coppock indicator
line=0
S&P500
Coppock indicator
New interim buy signal Jan-31-14
Sell signal Jan2-15
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
4
2
0
-2
-4
-6
-8
-12
-14
-16
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016


imarketsignals.com
TIAA Real Estate Account vs. Vanguard REIT Index Fund (VGSIX) 2000 - 2015
updated to 5/29/15, TIAAreal current 1-year rolling return= 11.60%
current TIAAreal-timed= 428.82
current TIAAreal= 244.23
recession
TIAA Real Estate norm.
Value - timed
Vang REIT Index Fund VGSIX norm.
Sell TIAA Real Estate
Buy TIAA Real Estate
1-yr Rolling Return TIAA Real Estate
0
TIMING RULES:
TIIAreal is sold when the 1-year rolling return falls below 0% and replaced with CREFbond.
CREFbond is sold and TIAAreal is bought again when the 1-year rolling return rises above 0%.
REIT VGSIX norm.
1-yr Rolling Return TIAA Real Estate
TIAA Real Estate timed
TIAA Real Estate norm.
Sell TIAA Real Estate
Buy TIAA Real Estate
TIAA Real Estate & VGSIX normalized to 100 (1/1/2000)
1-yr Rolling Return TIAA Real Estate %
700
650
600
550
500
450
400
350
300
250
200
150
100
50
0
30
20
10
0
-10
-20
-30
-40
1/1/00
1/1/01
1/1/02
1/1/03
1/1/04
1/1/05
1/1/06
1/1/07
1/1/08
1/1/09
1/1/10
1/1/11
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16

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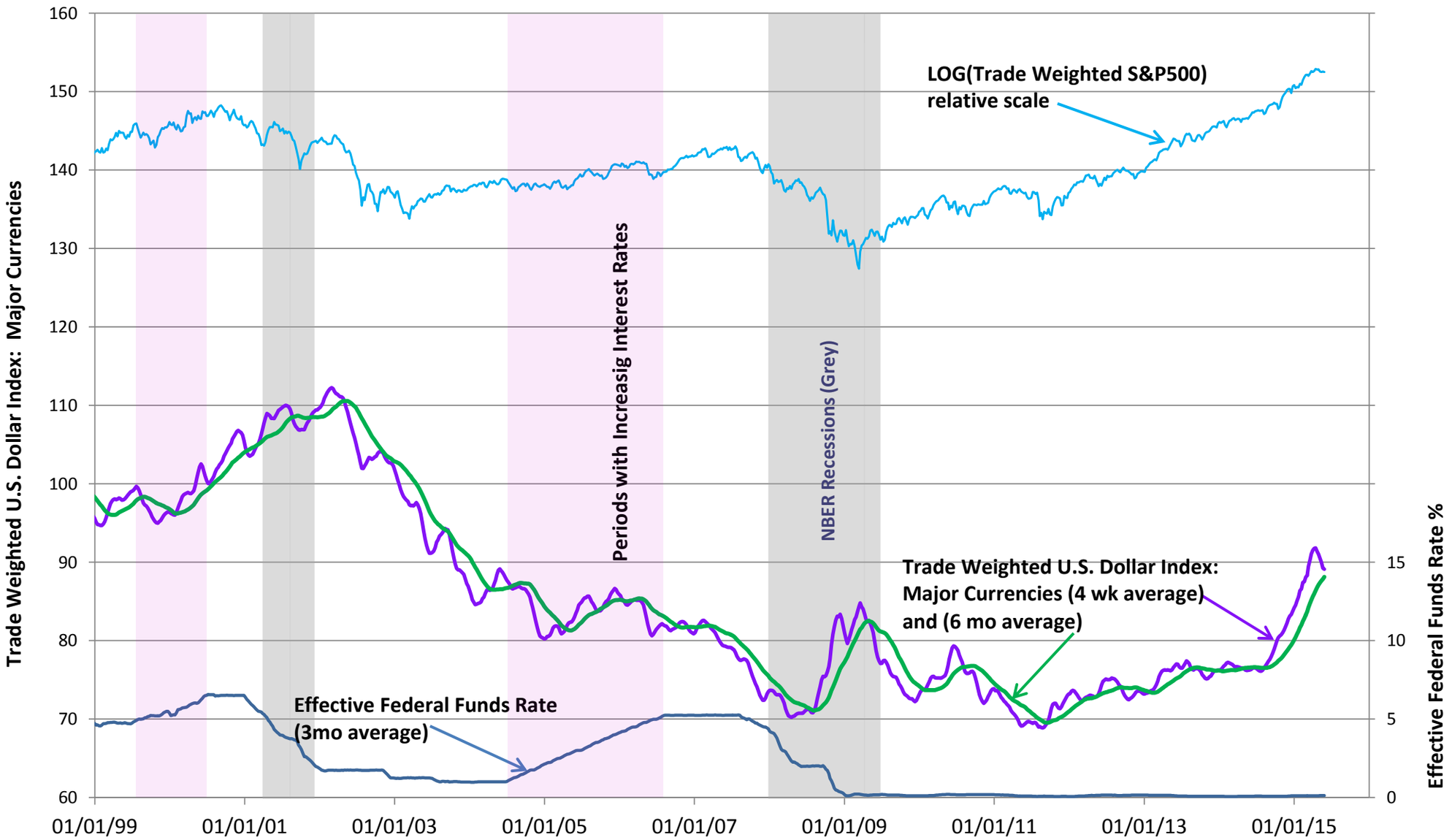
Updated to May 28, 2015

Trade Weighted US Dollar and Interest Rates