Business Cycle Index 2-25-2016:

The BCI at 197.4 is unchanged from last week's upward revised level, and is below the previous peak of this Business Cycle indicated by BCIp now at 96.5. However, the 6-month smoothed annualized growth BCIg at 10.0 is up from last week's upward revised 9.9.

No recession is signaled.

Summary 2-26-2016:

The MAC-US is out of the market, so is the 3-mo Hi-Lo Index of the S&P500, and the MAC-AU also remains out of the markets. The recession indicators COMP and iM-BCIg do not signal a recession. The bond market model avoids high beta (long) bonds, the yield spread is trending downwards. The gold model generated a buy signal last week and the silver model is invested.

Stock-market:

The IBH-model has been discontinued

The MAC-US model generated a sell-signal early January and is not invested in the stock-markets. The buy-spread is up from last week's level. The next buy signal will emerge once the buy-spread (green graph) moves above the zero line.

The 3-mo Hi-Lo Index of the S&P500 signaled an exit from the stock markets on 12/17/2015 as the 40-day moving average (MA40) moved below the 5% threshold. The MA40 is up from last week's level.

The VMNFX vs. SPY Timer signaled an exit from the stock markets on 11/09/2015. For this model to invest in the markets the indicator has to fall below the 5% trigger line; this week it is up from last week's level.

The MAC-AU model generated a sell signal end of August and thus in cash. The buy-spread is higher than last week's level. The next buy signal will emerge once the buy-spread (green graph) moves above the zero line. This model and its application is described in MAC-Australia: A Moving Average Crossover System for Superannuation Asset Allocations

Recession:

Fig. 3 shows the COMP is below last week's revised level, and does not signaling a 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 slightly higher than last week's level. An imminent recession is not signaled.

Fig 3.2: The Forward Rate Ratio between the 2-year and 10-year U.S. Treasury yields (FRR2-10) is near last week's level and far away from signaling a recession.

A description of this indicator can be found here.

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 below 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 the trend of the 10-year and 2-year Treasuries yield spread. Figure 5 charts (i10 – i2) and after the spread appeared to form a trough in the first half of 2015, it is now continuing its downward trend. 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. This model generated a buy signal last week and is 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 2-5-2015: (next update 3/4/2016)

Unemployment

The unemployment rate recession model (article link), has been updated with the January UER of 4.9%. 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 2015. This model is now out of the market. This indicator is described here .

Trade Weighted USD

The TW$ after an interim decline is recovering and the 6 month moving average trend remains upward.

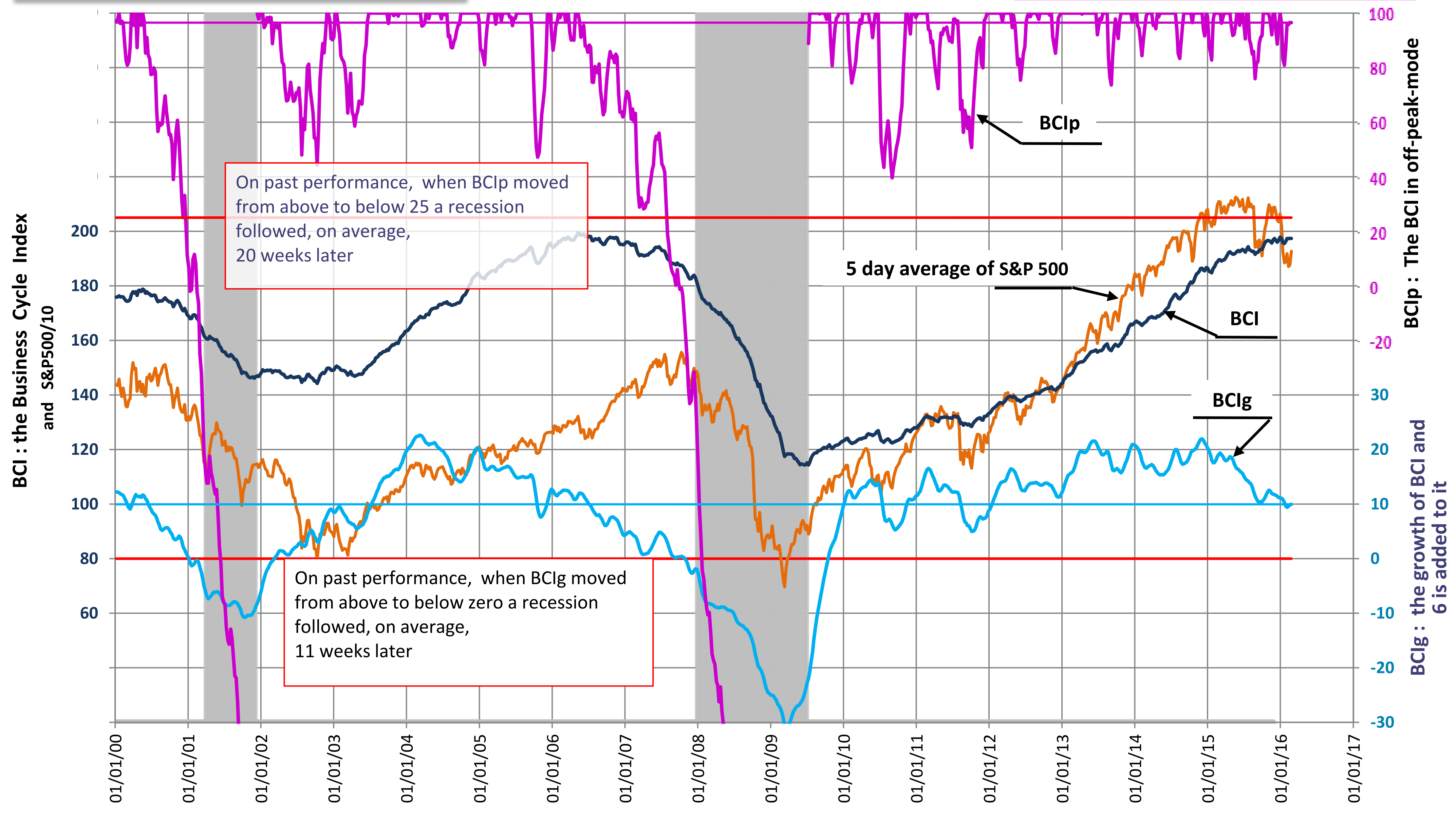
TIAA Real Estate Account

As of end of December 2015 the 1-year rolling return is 7.12%. The Vanguard REIT Index Fund has retreated 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	01/28	02/04	02/11	02/18	**02/25**
BCIp	87.0	95.9	95.8	96.5	**96.5**
BCI	196.3	197.3	197.3	197.4	**197.4**
BCIg	9.6	9.4	9.6	9.9	**10.0**



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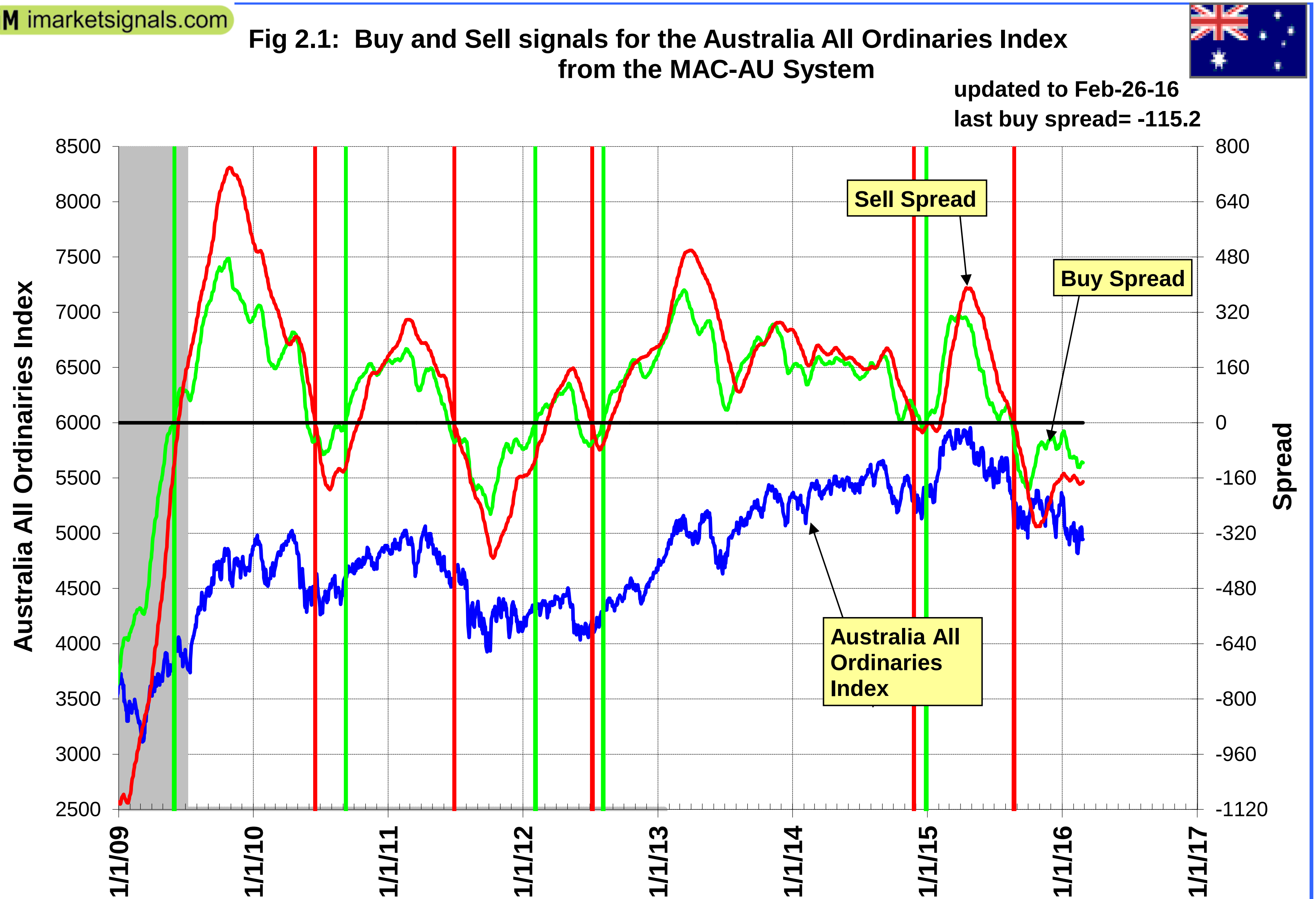
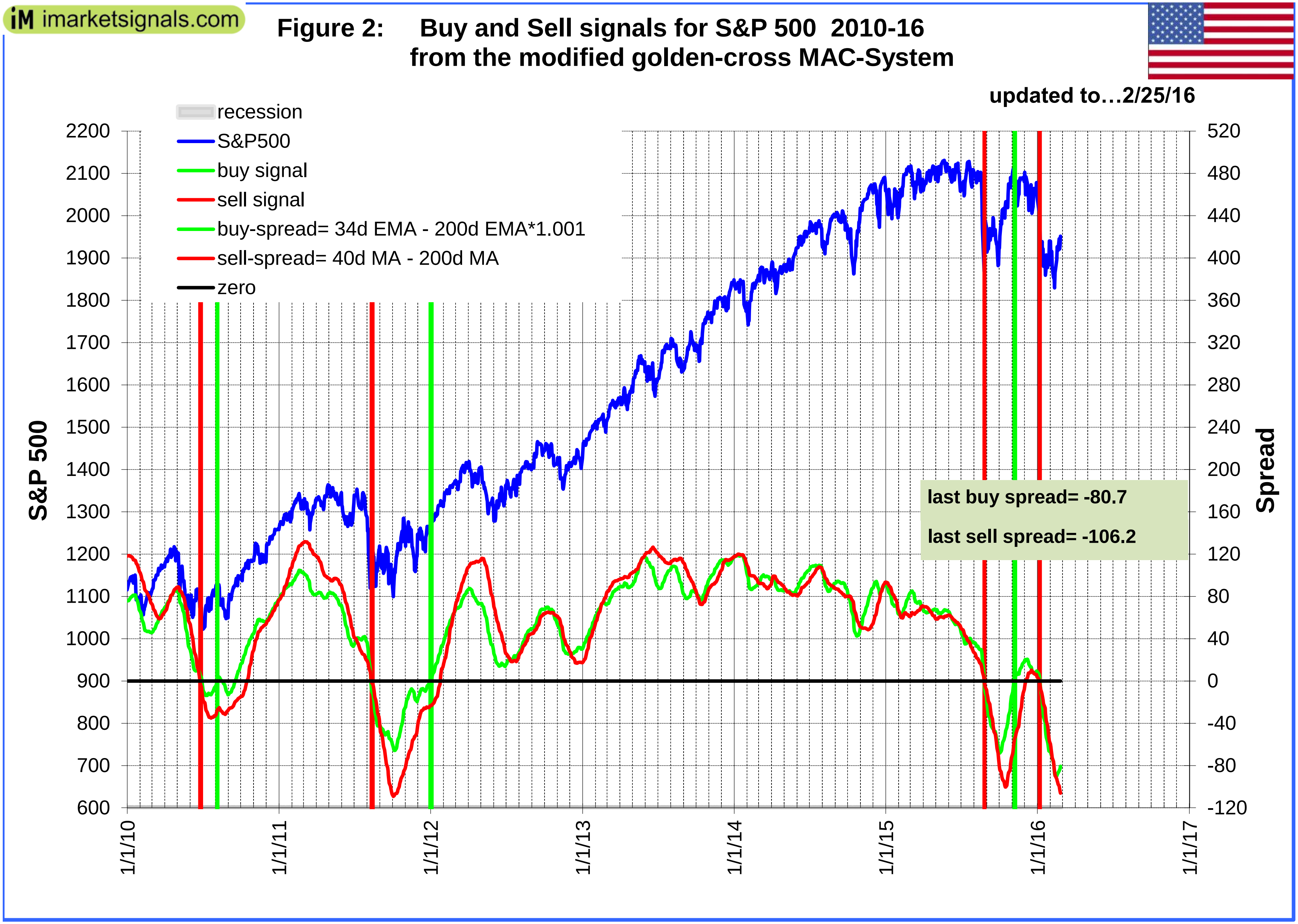
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

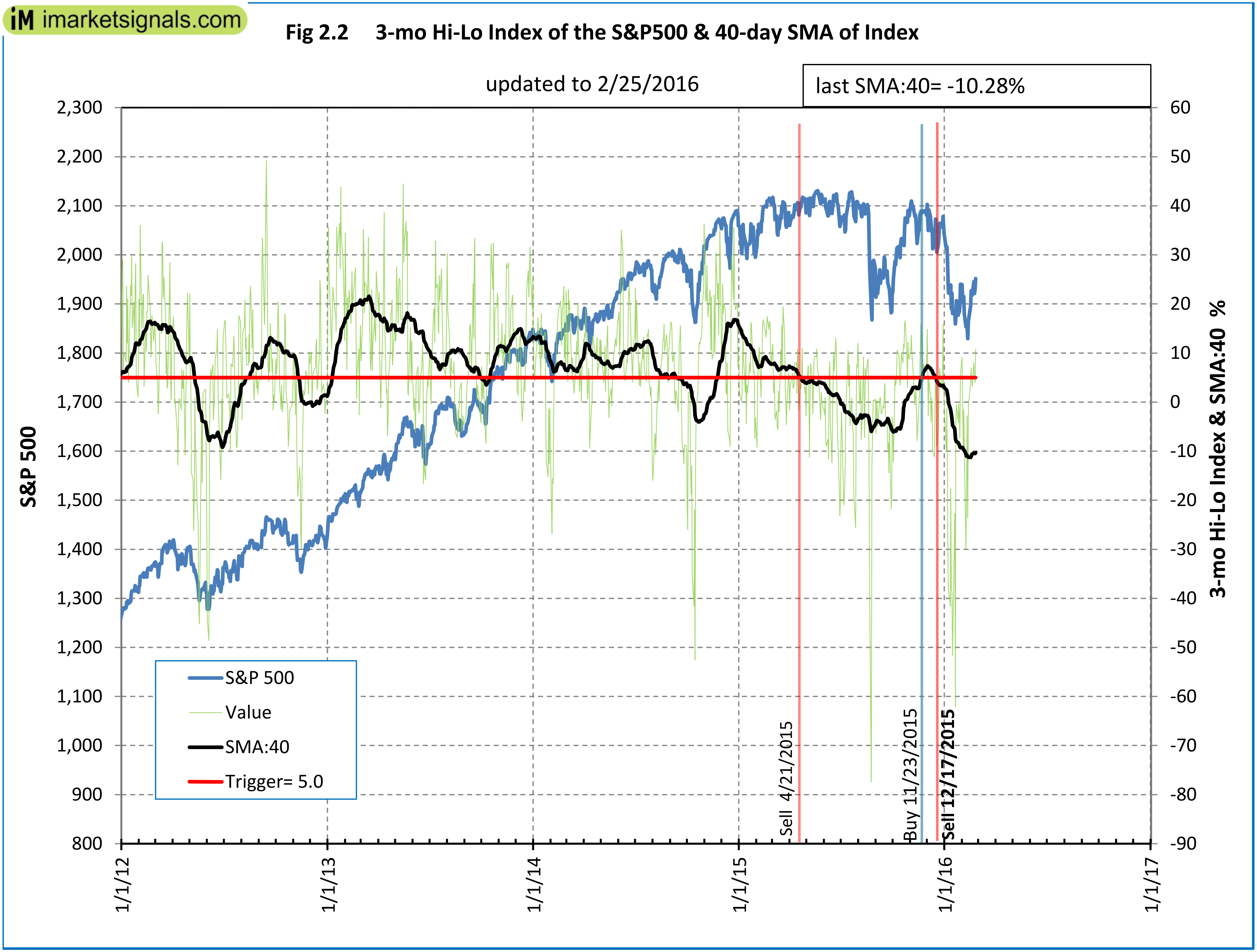


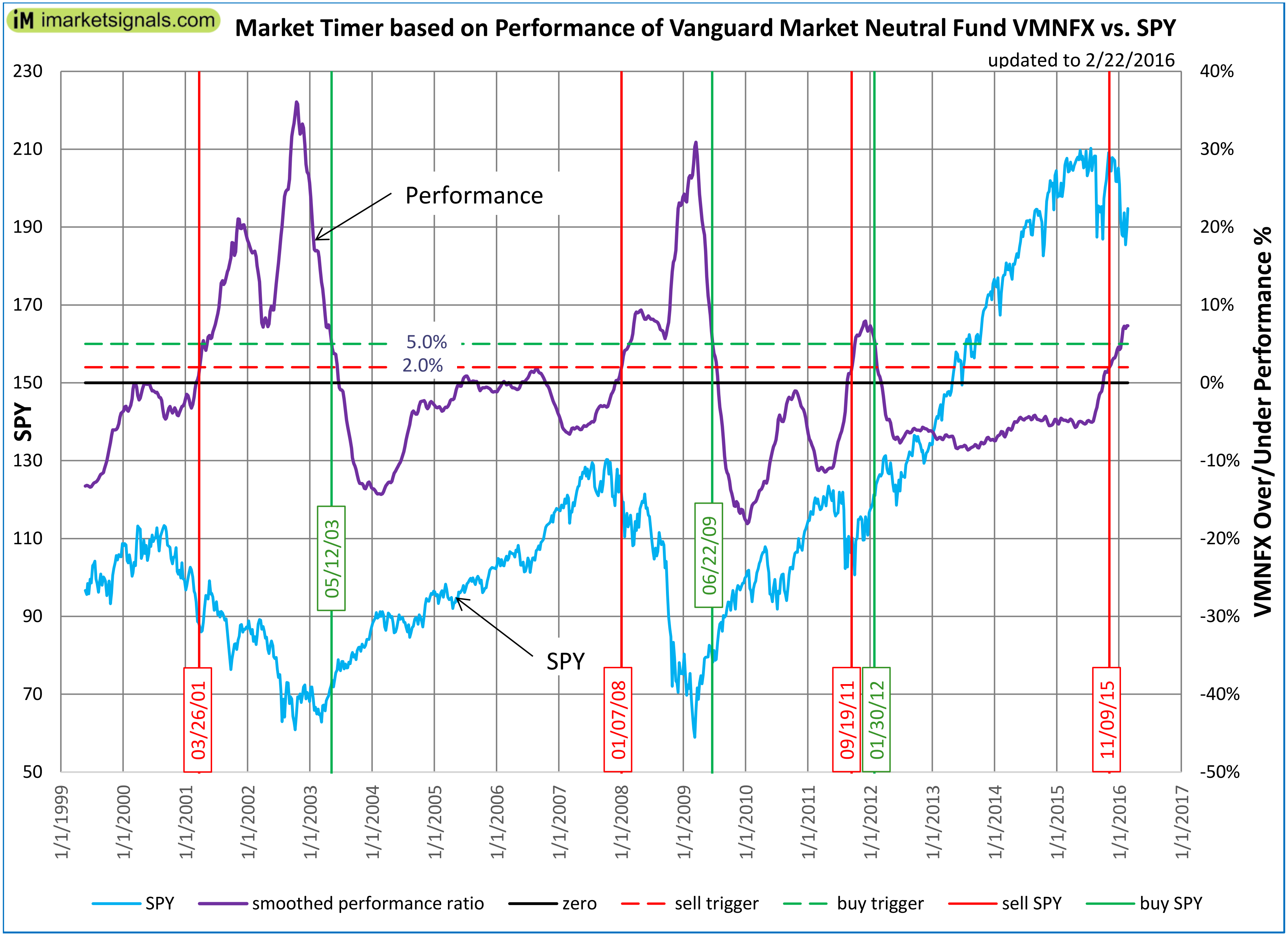
2.1-MAC Australia.xlsm

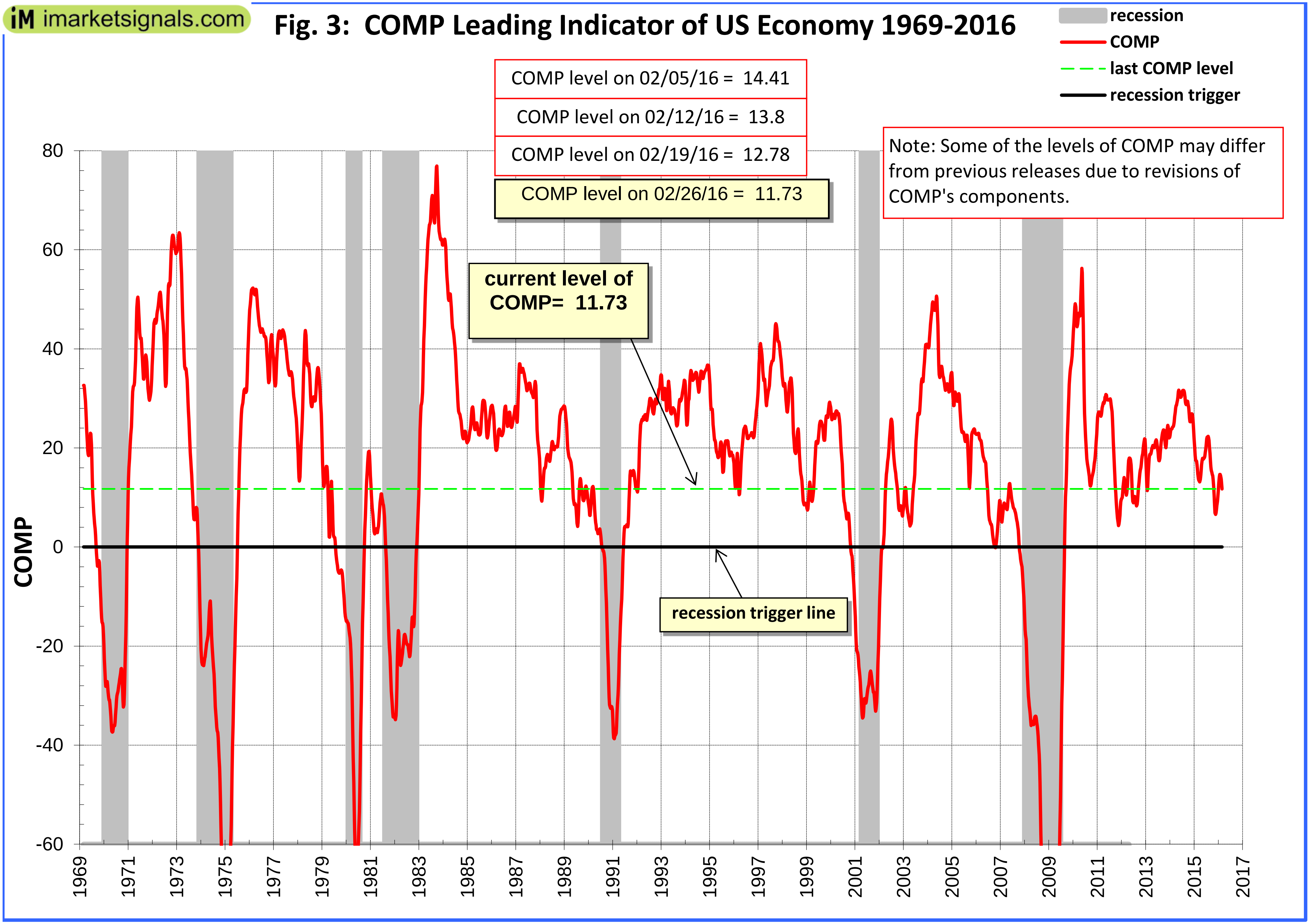
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



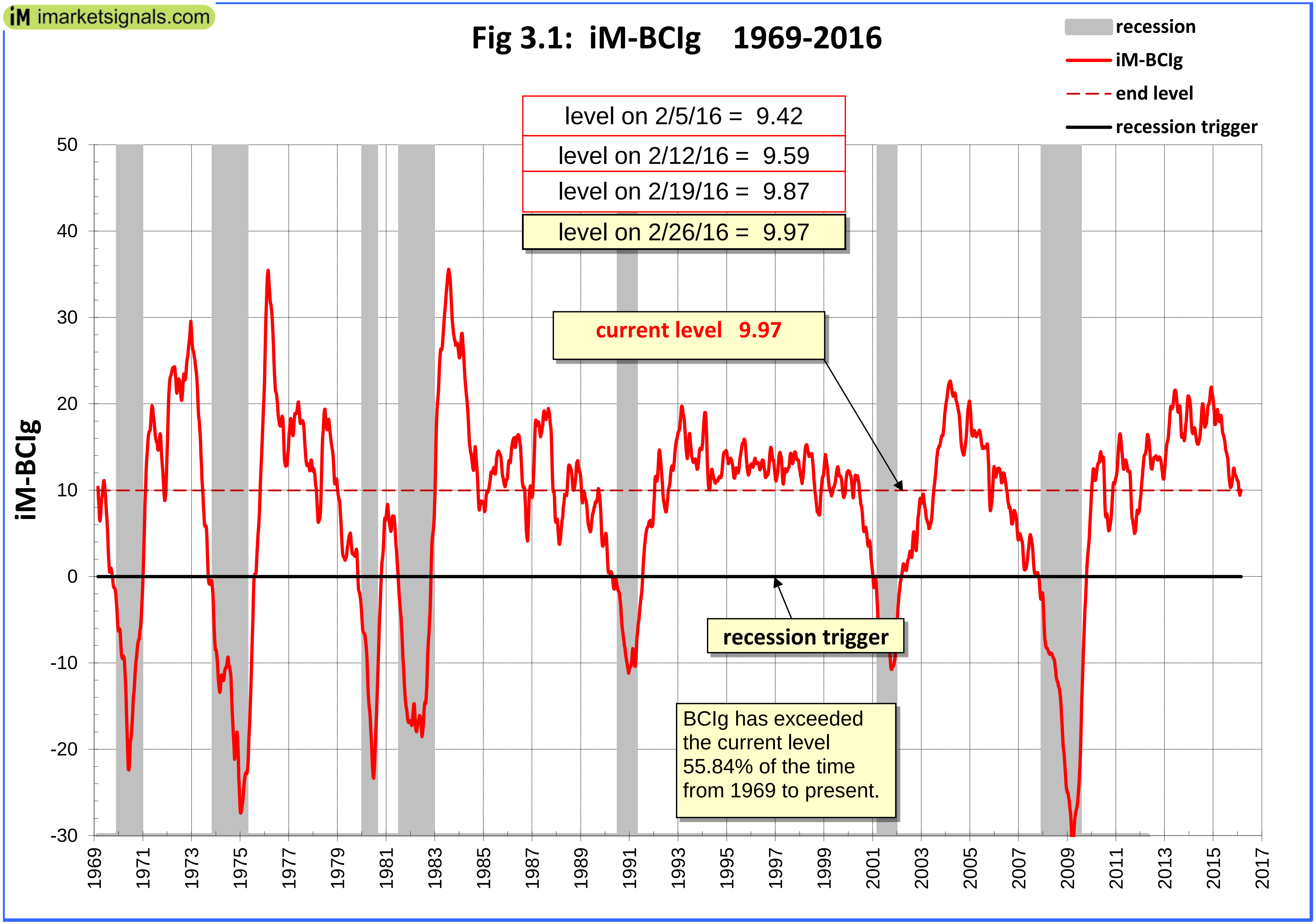
2-MAC rev8-27-15.xlsm


iM imarketsignals.com
Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index
updated to 2/25/2016
last SMA:40= -10.28%
S&P 500
3-mo Hi-Lo Index & SMA:40 %
S&P 500
Value
SMA:40
Trigger= 5.0
Sell 4/21/2015
Buy 11/23/2015
Sell 12/17/2015
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16
1/1/17


iM imarketsignals.com
Market Timer based on Performance of Vanguard Market Neutral Fund VMNFX vs. SPY
updated to 2/22/2016
Performance
SPY
5.0%
2.0%
03/26/01
05/12/03
01/07/08
06/22/09
09/19/11
01/30/12
11/09/15
230
210
190
170
150
130
110
90
70
50
40%
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
VMNFX Over/Under Performance %
1/1/1999
1/1/2000
1/1/2001
1/1/2002
1/1/2003
1/1/2004
1/1/2005
1/1/2006
1/1/2007
1/1/2008
1/1/2009
1/1/2010
1/1/2011
1/1/2012
1/1/2013
1/1/2014
1/1/2015
1/1/2016
1/1/2017
SPY
smoothed performance ratio
zero
sell trigger
buy trigger
sell SPY
buy SPY


iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2016
recession
COMP
last COMP level
recession trigger
COMP level on 02/05/16 = 14.41
COMP level on 02/12/16 = 13.8
COMP level on 02/19/16 = 12.78
COMP level on 02/26/16 = 11.73
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 11.73
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



iM imarketsignals.com
Fig 3.1: iM-BCIg 1969-2016
recession
iM-BCIg
end level
recession trigger
level on 2/5/16 = 9.42
level on 2/12/16 = 9.59
level on 2/19/16 = 9.87
level on 2/26/16 = 9.97
current level 9.97
recession trigger
BCIg has exceeded the current level 55.84% of the time from 1969 to present.
iM-BCIg
50
40
30
20
10
0
-10
-20
-30
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

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);

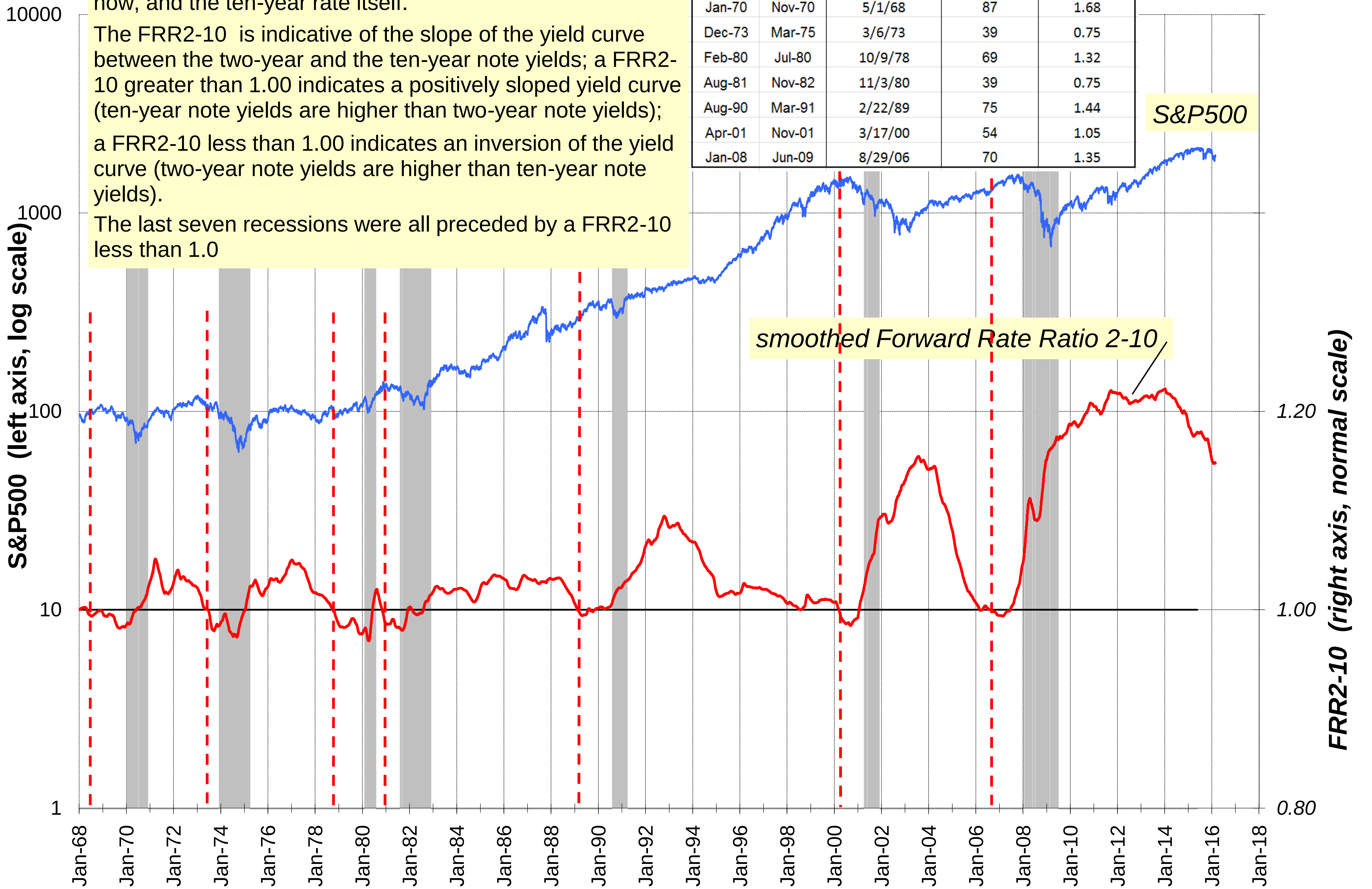
a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

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

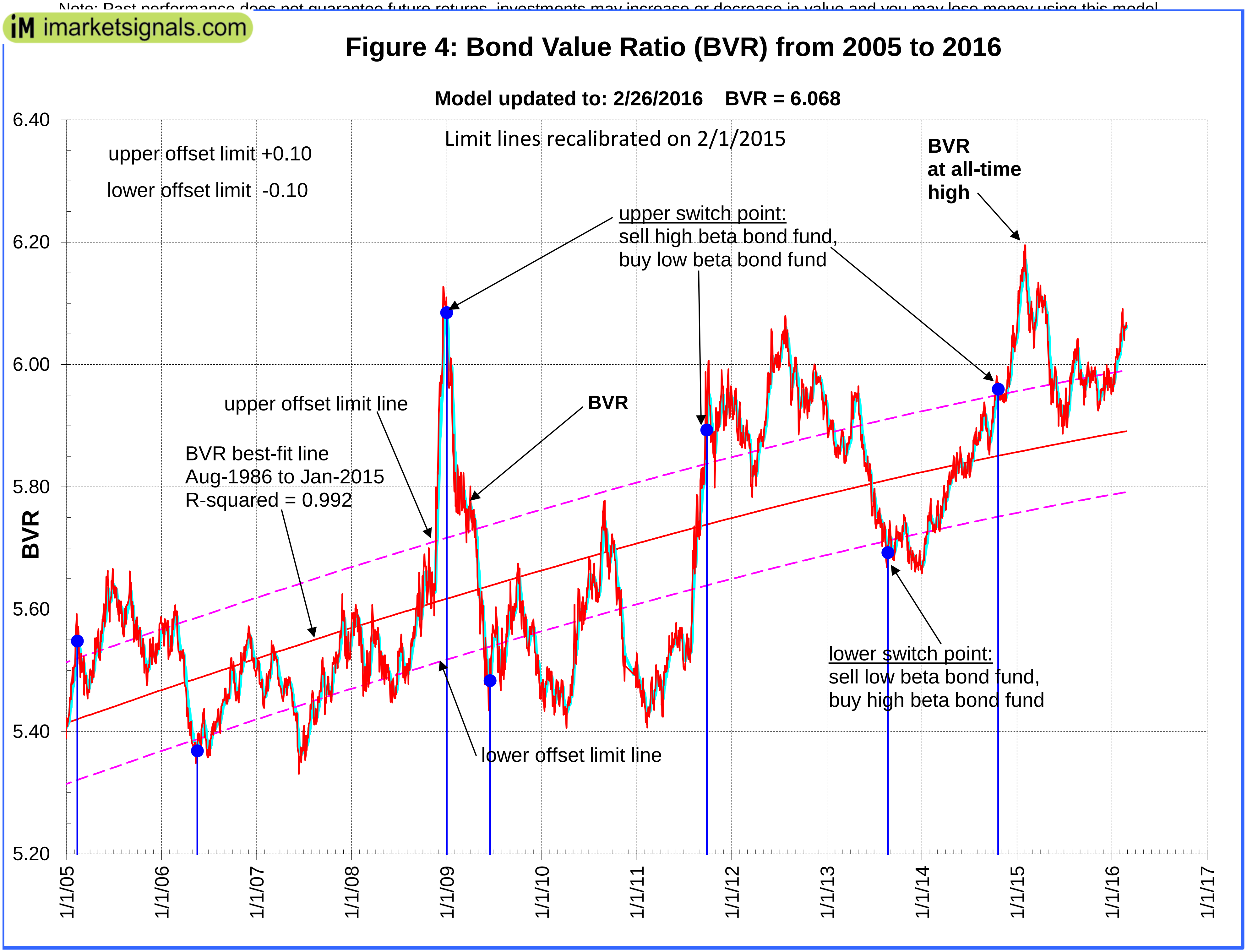
updated to 02/25/2016

EMA of FRR2-10 = 1.15



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

Figure 4: Bond Value Ratio (BVR) from 2005 to 2016



4-BVR recalibrated.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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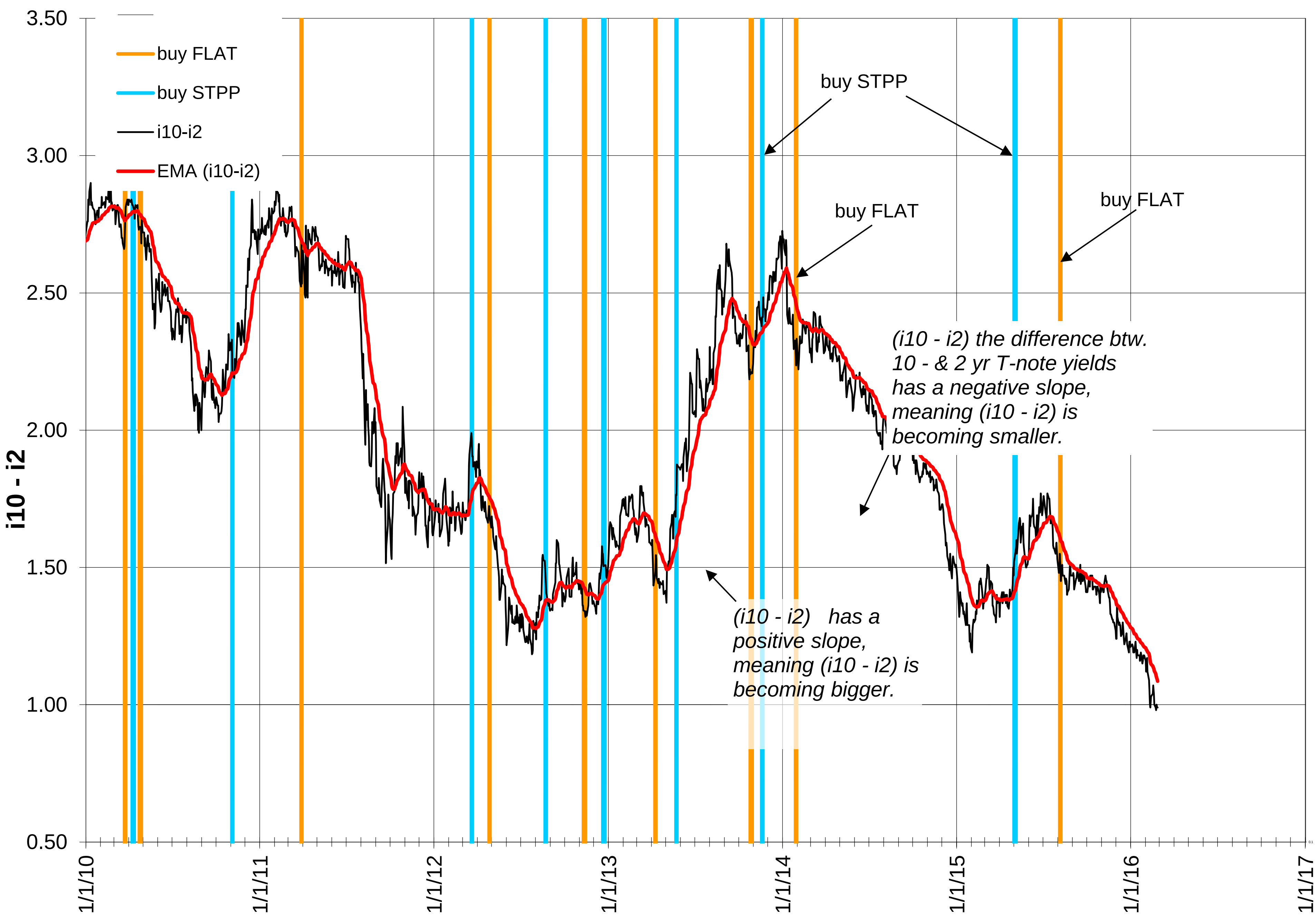
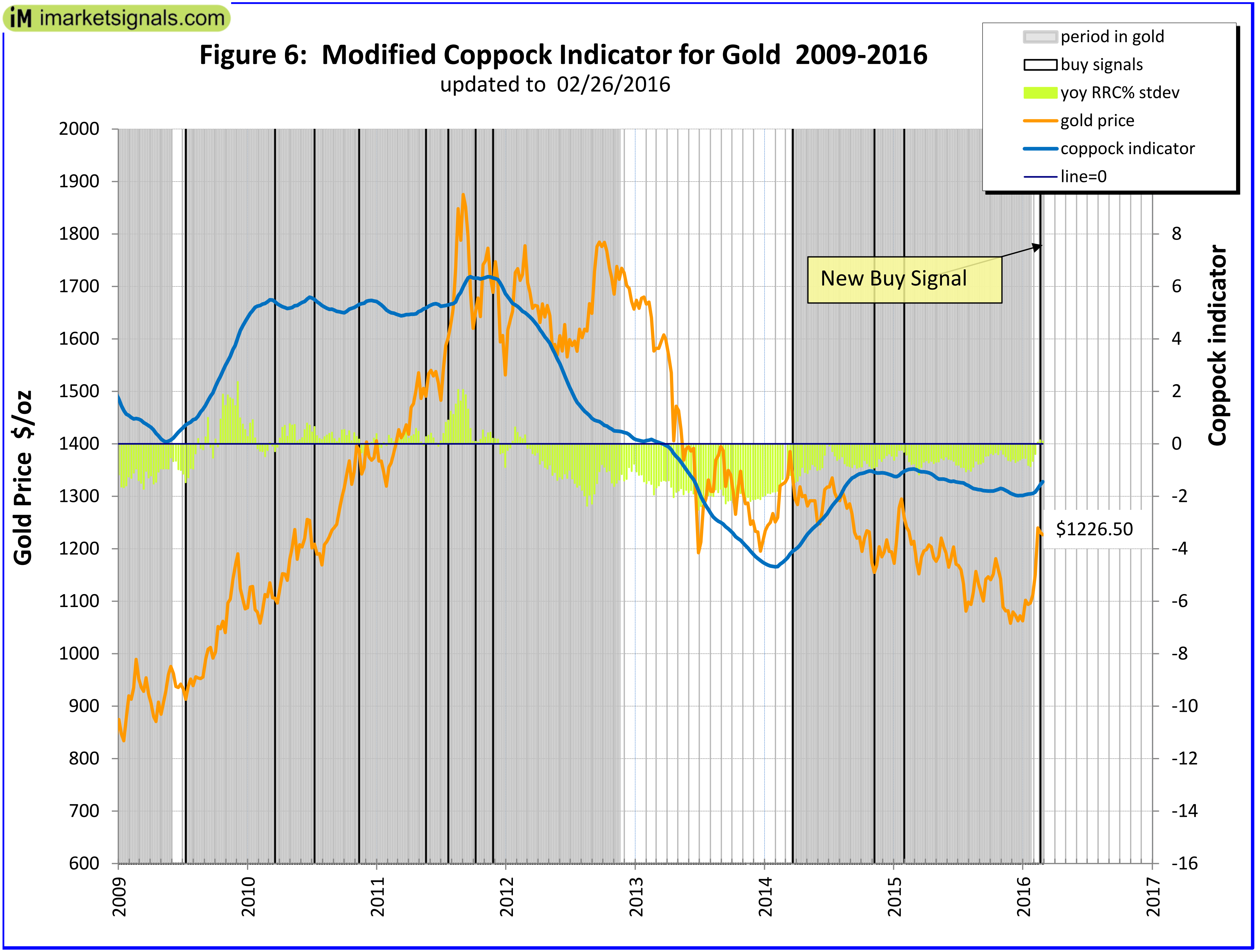
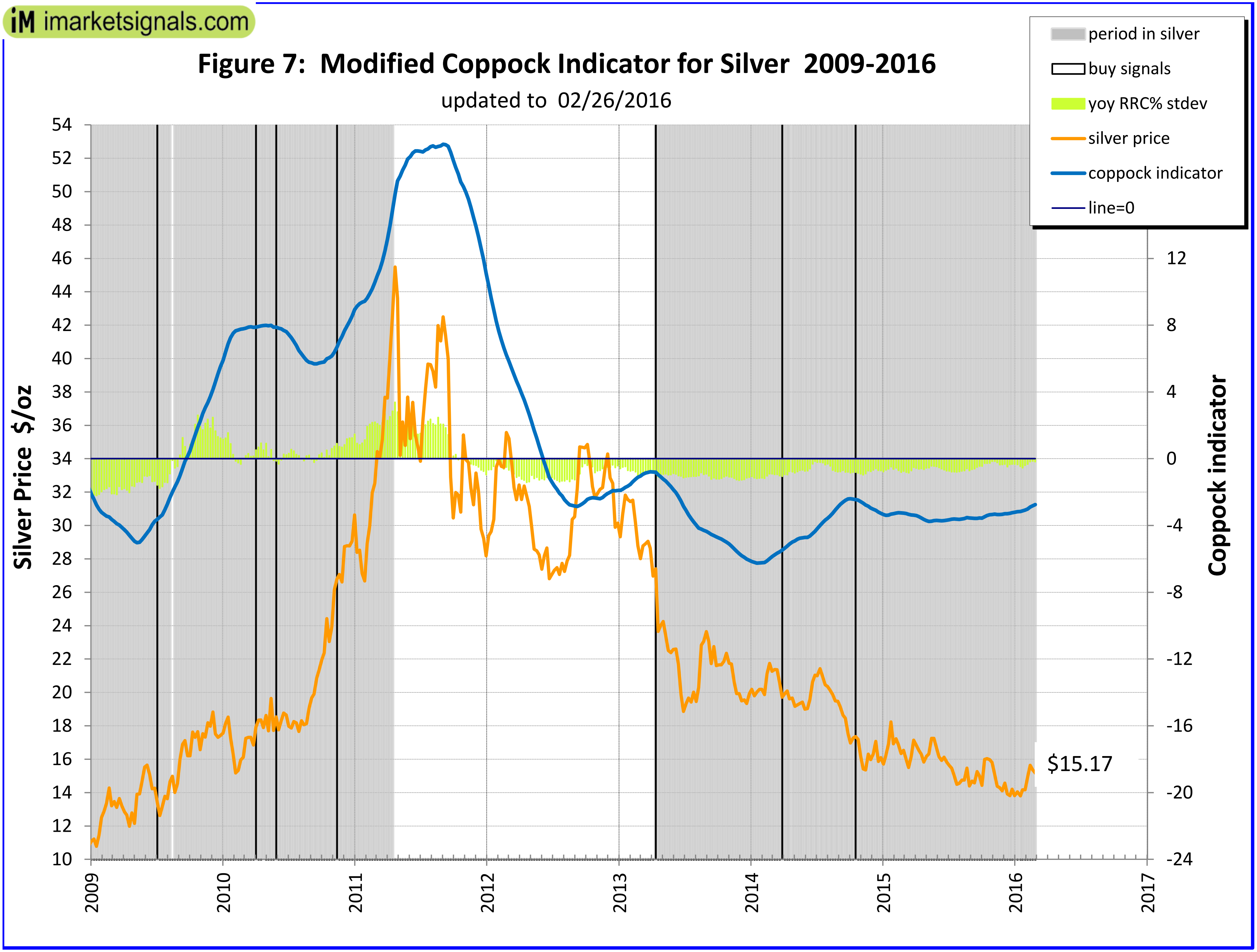
Figure 5: i10 - i2 **Updated to…..2/26/16**





6-COPPOCK GOLD for updates.xlsm



iM imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 02/26/2016
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$15.17
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
2017