Business Cycle Index 12-31-2015:

The BCI at 197.4 is up from last week's 196.5, and is a new high for this Business Cycle indicated by BCIp of 100. However, the 6-month smoothed annualized growth BCIg at 10.7 is lower than last week's 10.8.

No recession is signaled.

Summary 1-1-2016:

The MAC-US model generated a buy signal early November, thus the model is invested in the markets, however it may generate a sell within the next two weeks. The 3-mo Hi-Lo Index of the S&P500 signaled an exit from the stock the markets on 12/17/2015. The MAC-AU 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 trend of the yield spread is indeterminate. Both the gold and silver model are invested.

Stock-market:

The IBH-model has been discontinued

The MAC-US model generated a buy-signal early November. The sell-spread is lower than last week's level. A simulation using the past two weeks prices shows that the model generates a sell within two weeks.

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 continues to decline..

The MAC-AU model generated a sell signal end of August and thus in cash. The buy-spread is lower 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 higher than last week's 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 recession indicator iM-BCIg lower 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 below 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 it would appear that the spread has formed a trough and was rising and now the general trend is indeterminate. 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 12-3-2015: (next update 1/8/2016)

Unemployment

The unemployment rate recession model (article link), has been updated with the November UER of 5.0%. 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$) could signal the start of possible increases in federal fund rates. The TW$ after an interim decline is recovering and the 6 month moving average trend remains upward.

TIAA Real Estate Account

As of end of November 2015 the 1-year rolling return is 8.82%. 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 …

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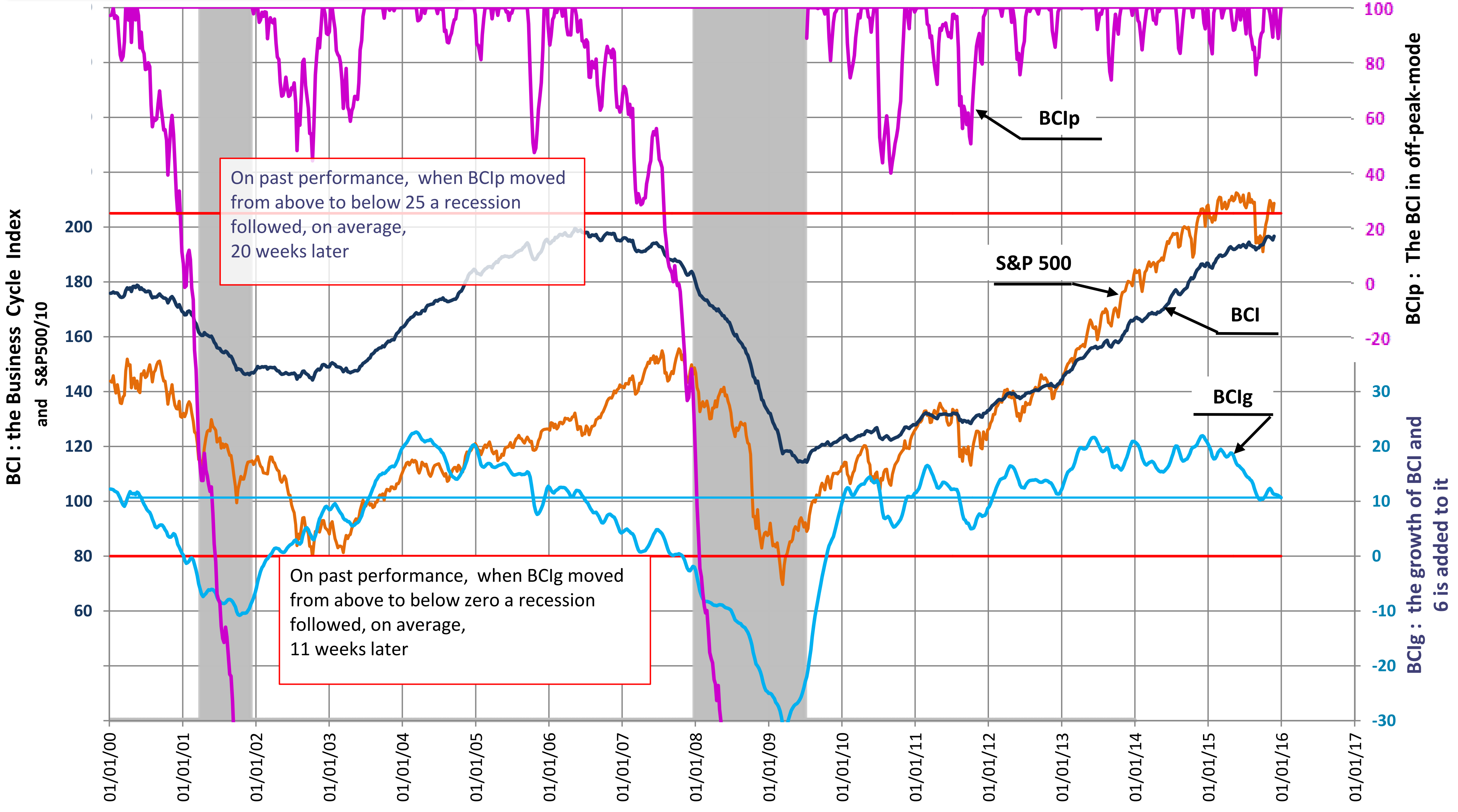
iM's Business Cycle Index (BCI)

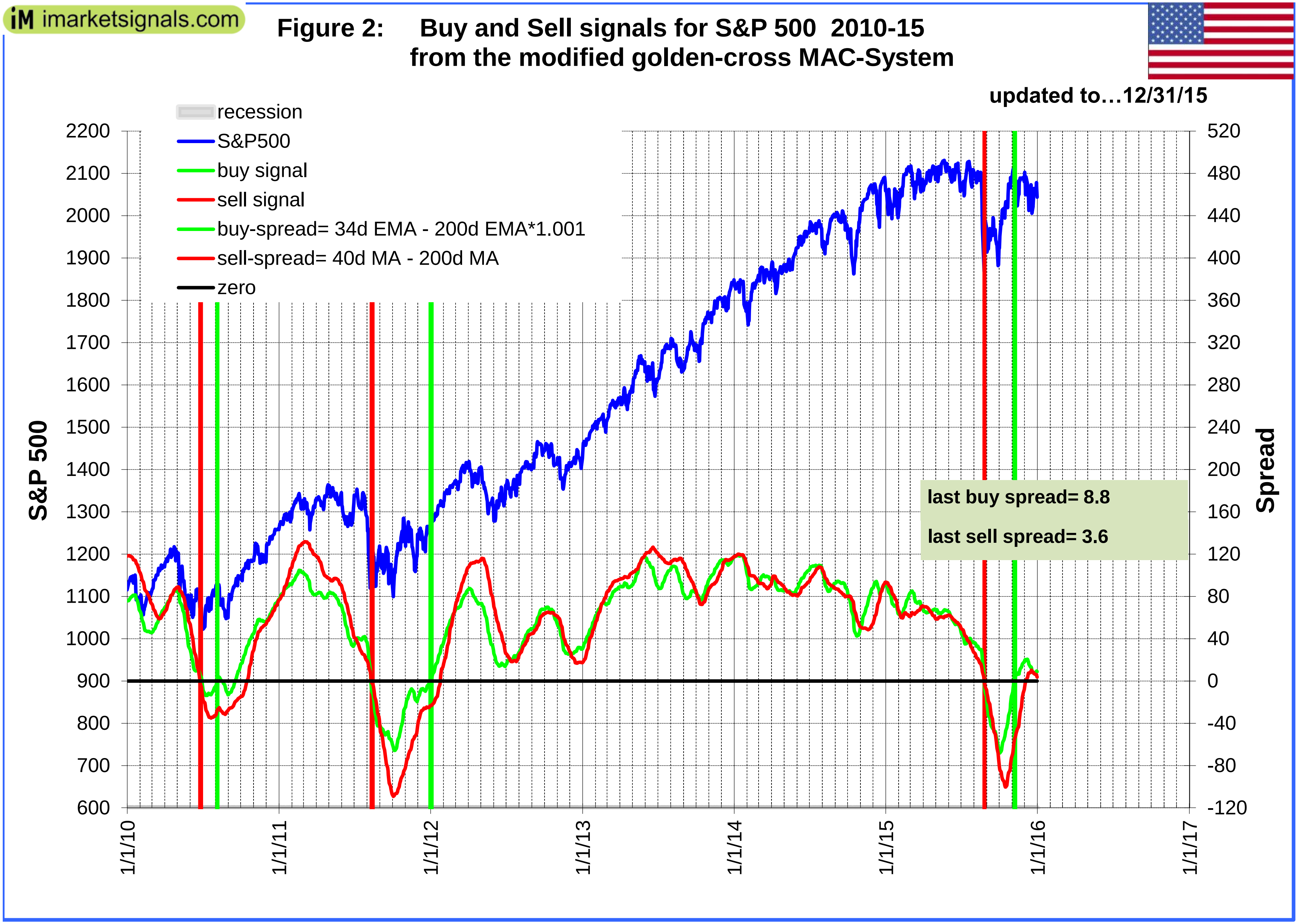
Date	12/03	12/10	12/17	12/24	**12/31**
BCIp	100.0	93.3	88.8	94.4	**100.0**
BCI	197.2	196.4	195.9	196.5	**197.4**
BCIg	11.3	11.2	11.1	10.8	**10.7**

BCIp, BCI and BCIg
updated to December 31, 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.



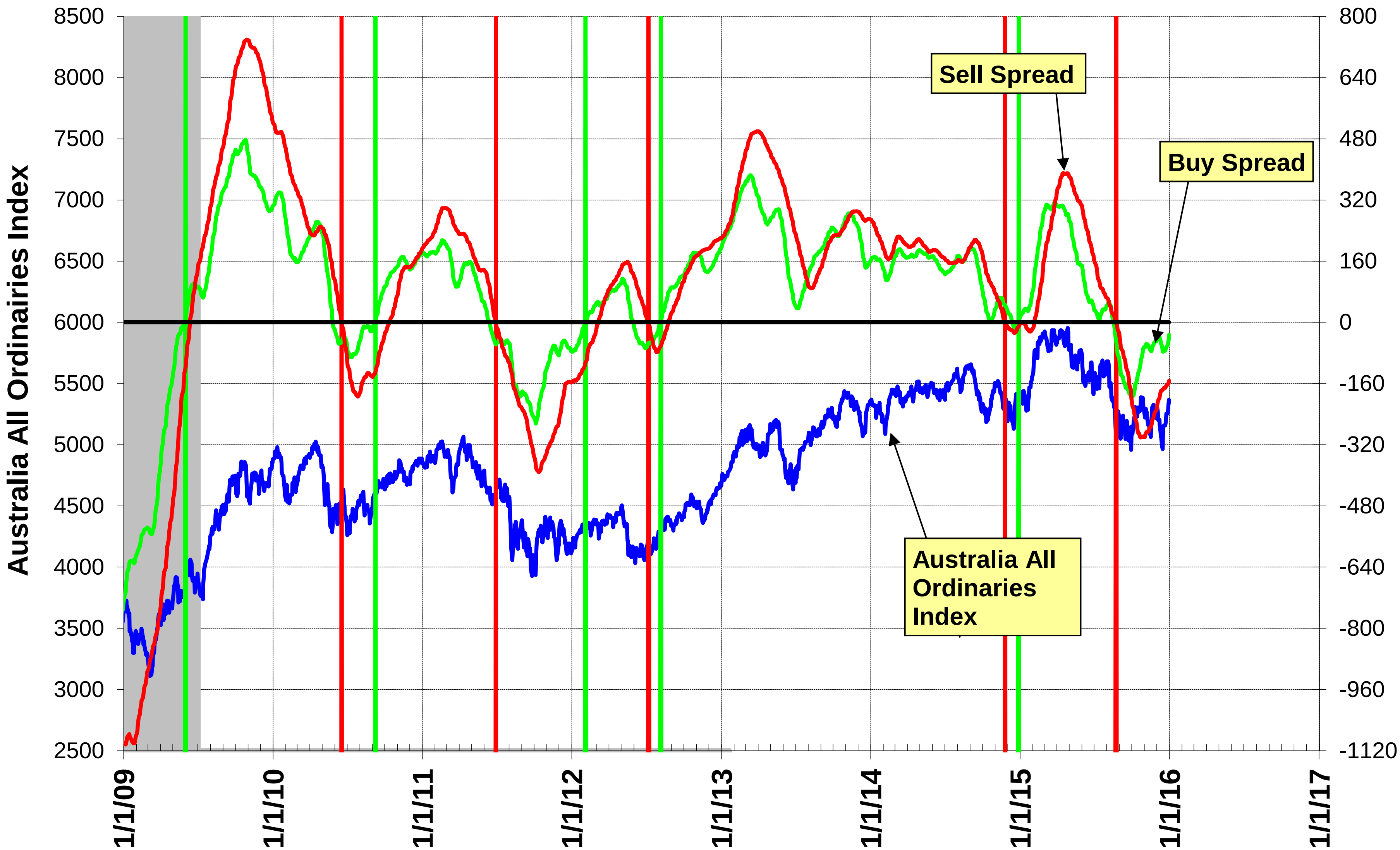
2-MAC rev8-27-15.xlsm

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

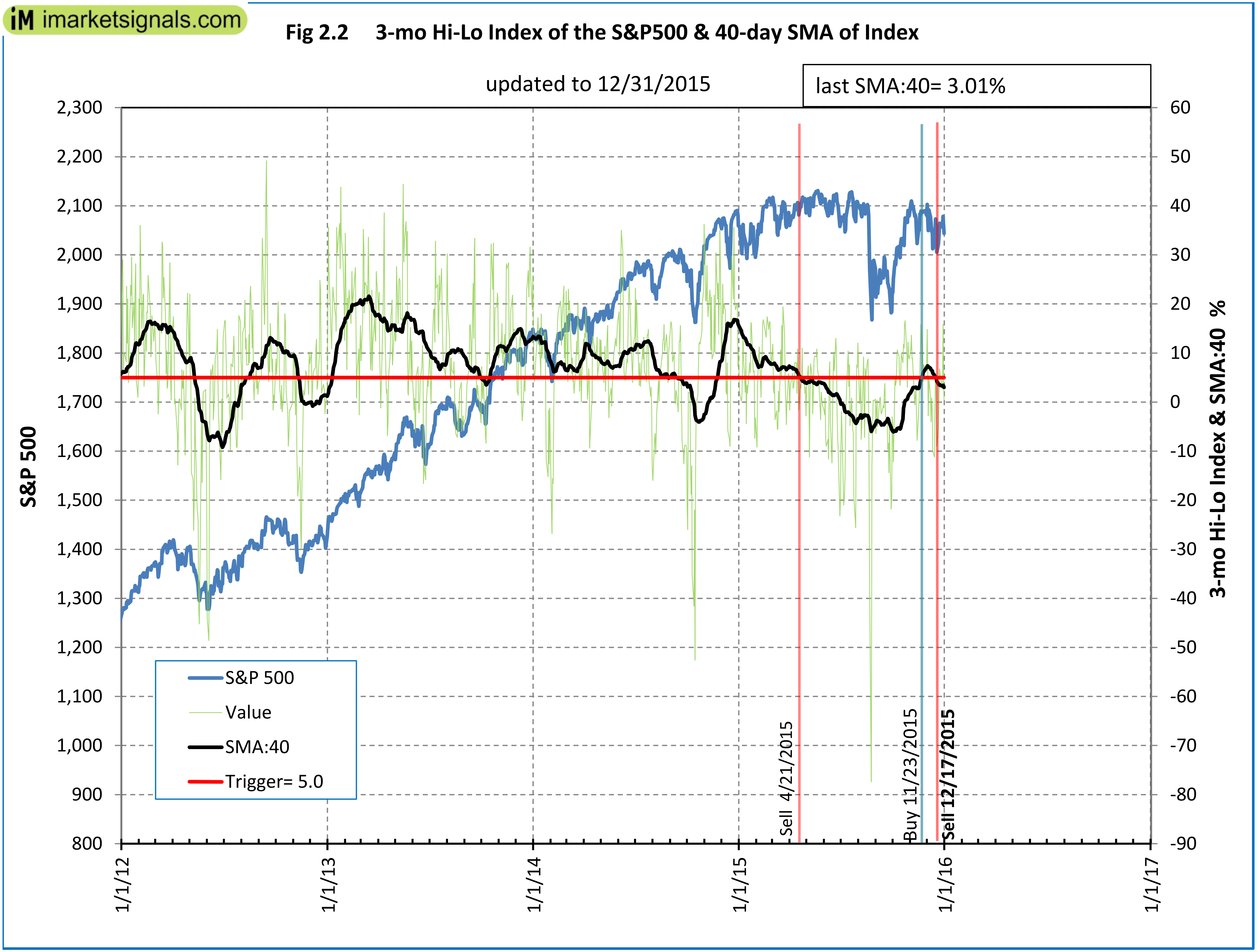
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System

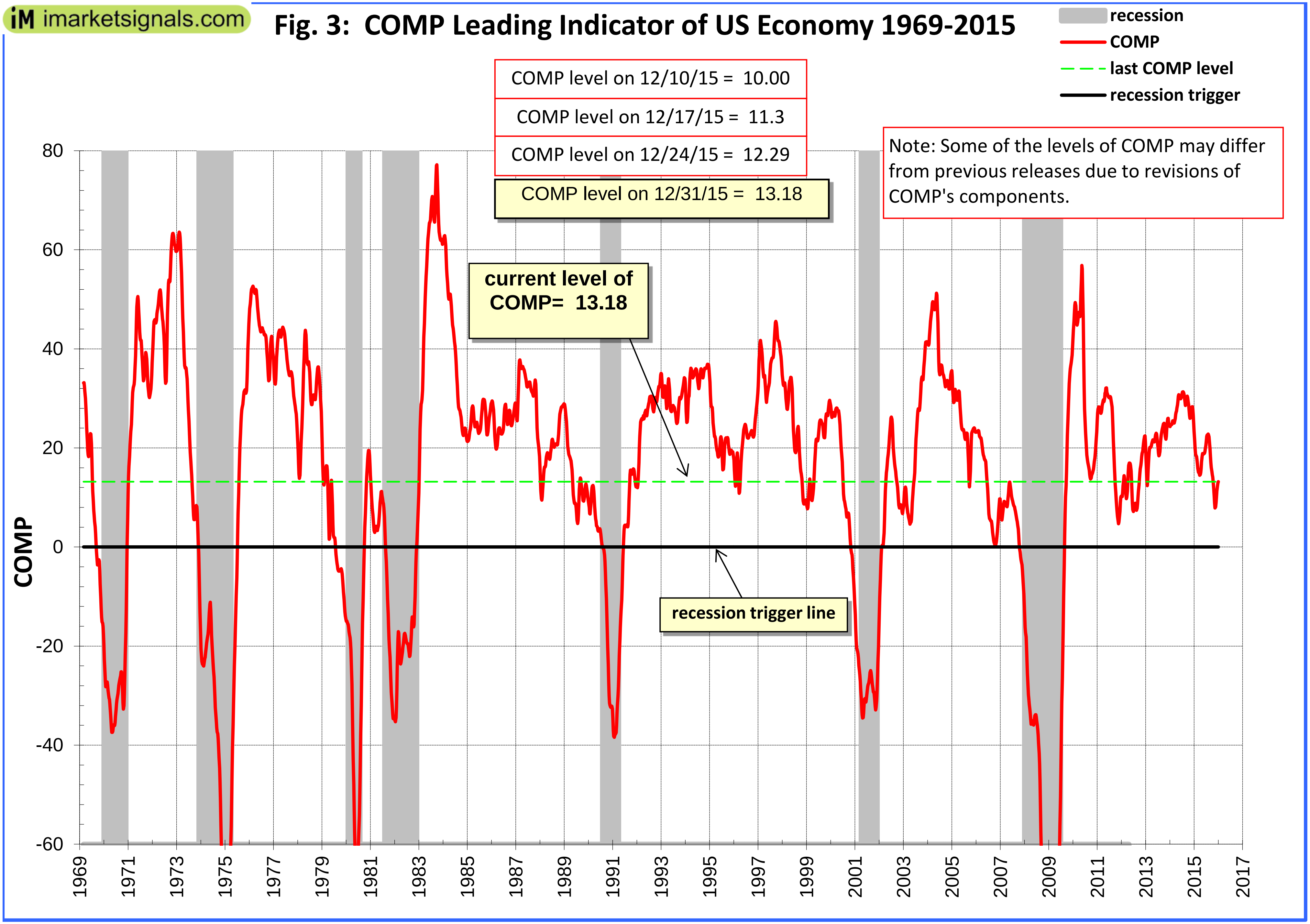
updated to Dec-31-15

last buy spread= -32.8

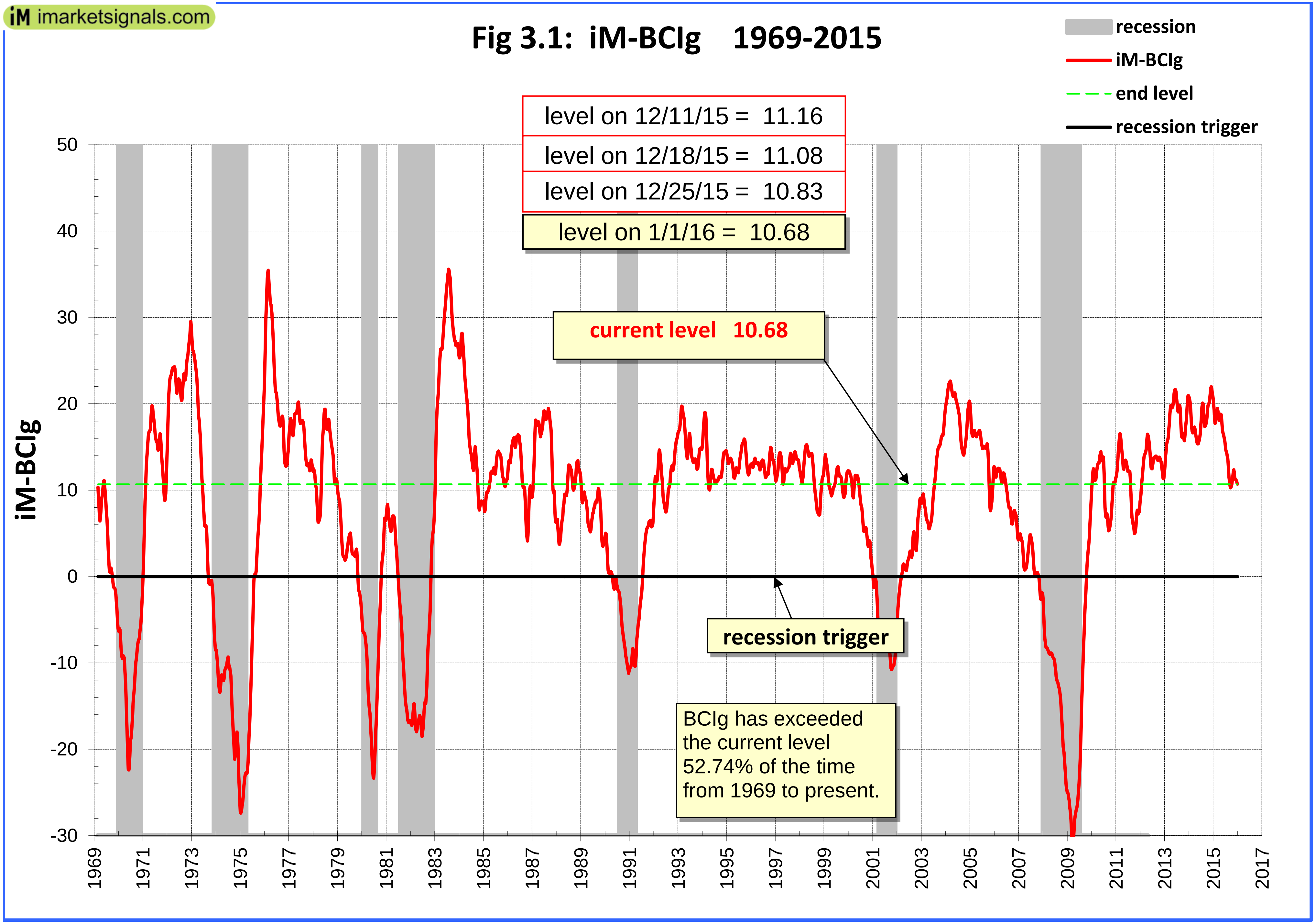


2.1-MAC Australia.xlsm


iM imarketsignals.com
Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index
updated to 12/31/2015
last SMA:40= 3.01%
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
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
60
50
40
30
20
10
0
-10
-20
-30
-40
-50
-60
-70
-80
-90
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16
1/1/17


iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2015
recession
COMP
last COMP level
recession trigger
COMP level on 12/10/15 = 10.00
COMP level on 12/17/15 = 11.3
COMP level on 12/24/15 = 12.29
COMP level on 12/31/15 = 13.18
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 13.18
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

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);

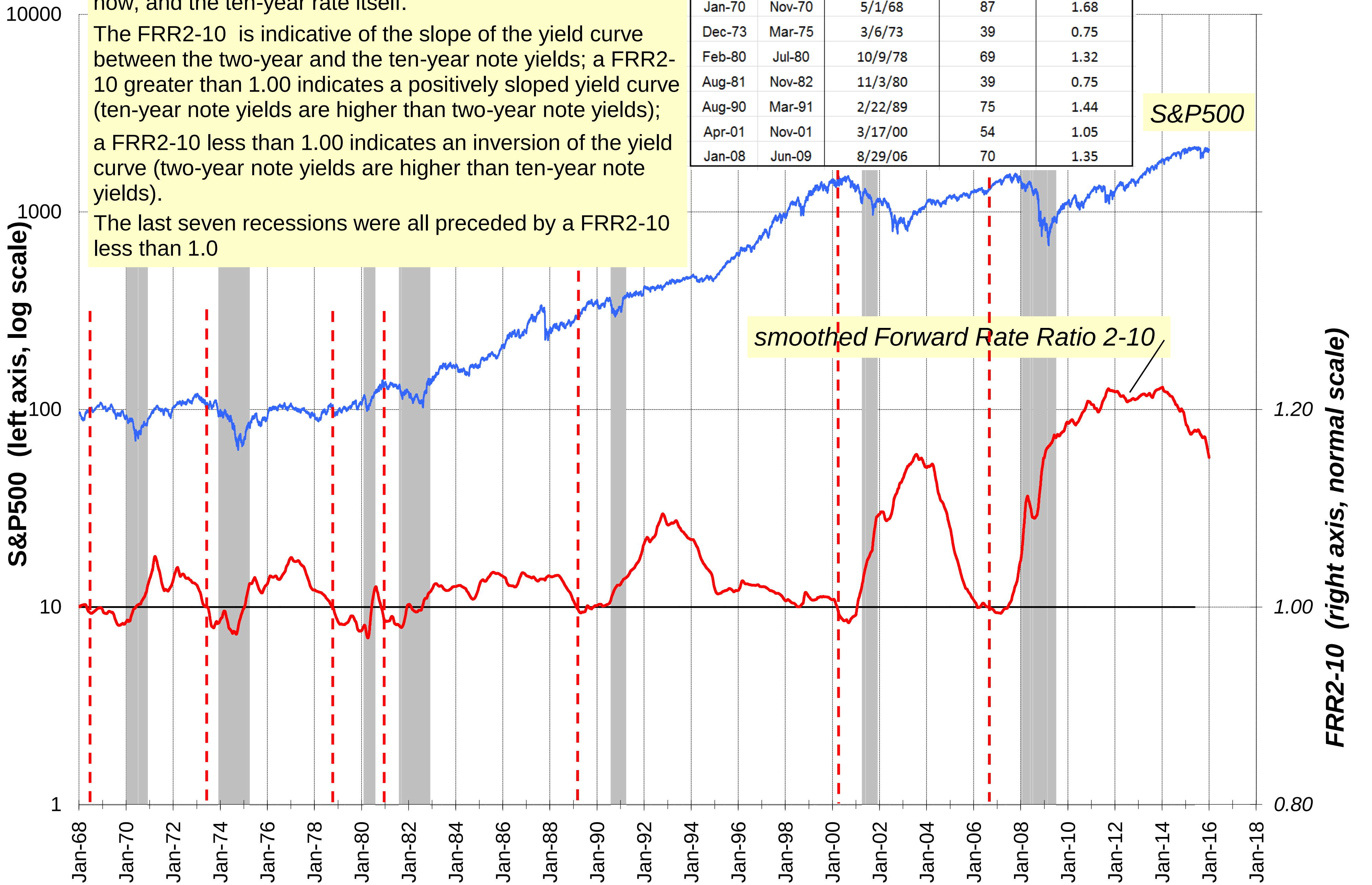
a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

The last seven recessions were all preceded by a FRR2-10 less than 1.0

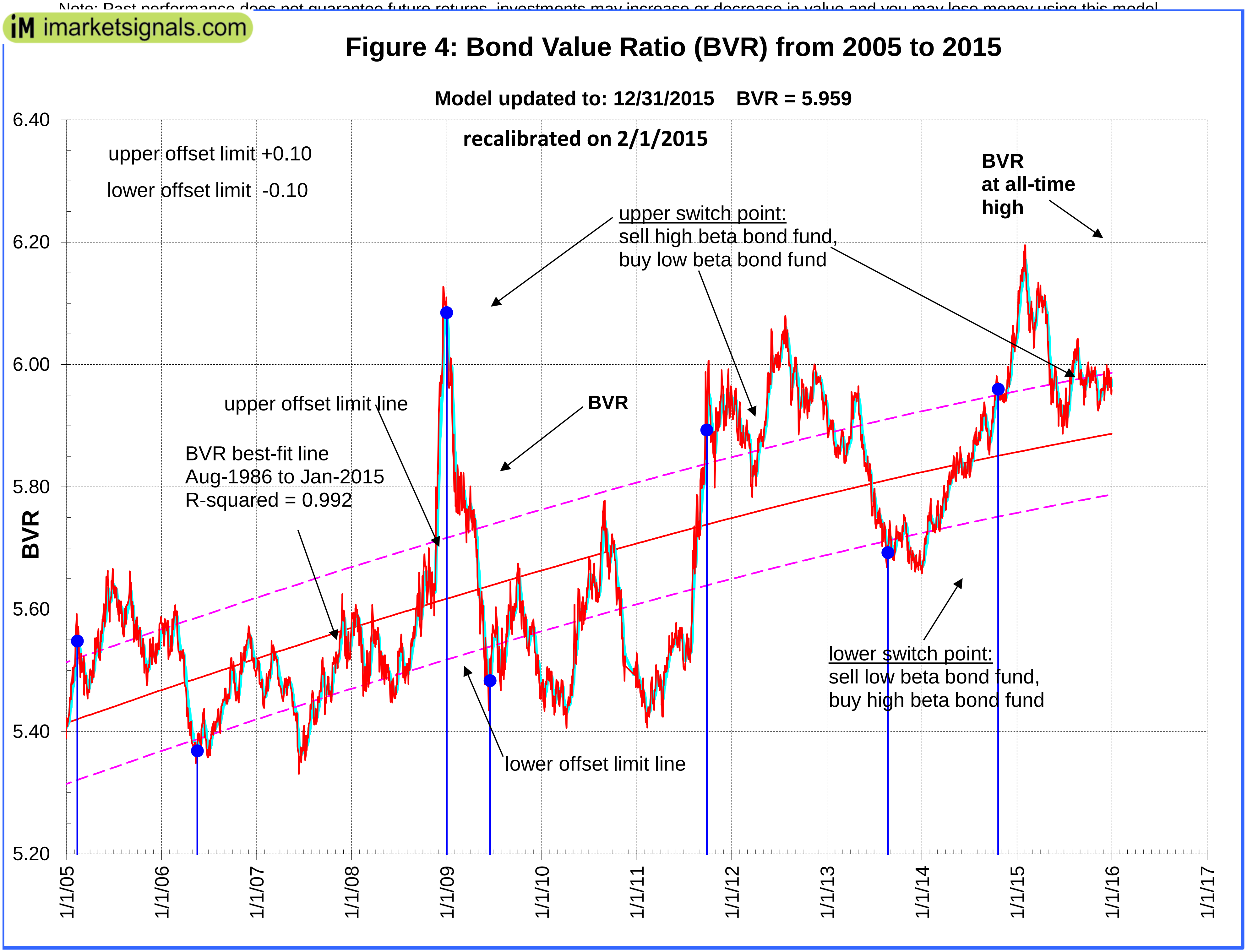
Recessions start	Recessions end	Date when EMA of FRR2-10 less than 1.0	Lead to Ression start (weeks)	Lead to Ression start (years)
Jan-70	Nov-70	5/1/68	87	1.68
Dec-73	Mar-75	3/6/73	39	0.75
Feb-80	Jul-80	10/9/78	69	1.32
Aug-81	Nov-82	11/3/80	39	0.75
Aug-90	Mar-91	2/22/89	75	1.44
Apr-01	Nov-01	3/17/00	54	1.05
Jan-08	Jun-09	8/29/06	70	1.35

updated to 12/31/2015

EMA of FRR2-10 = 1.15

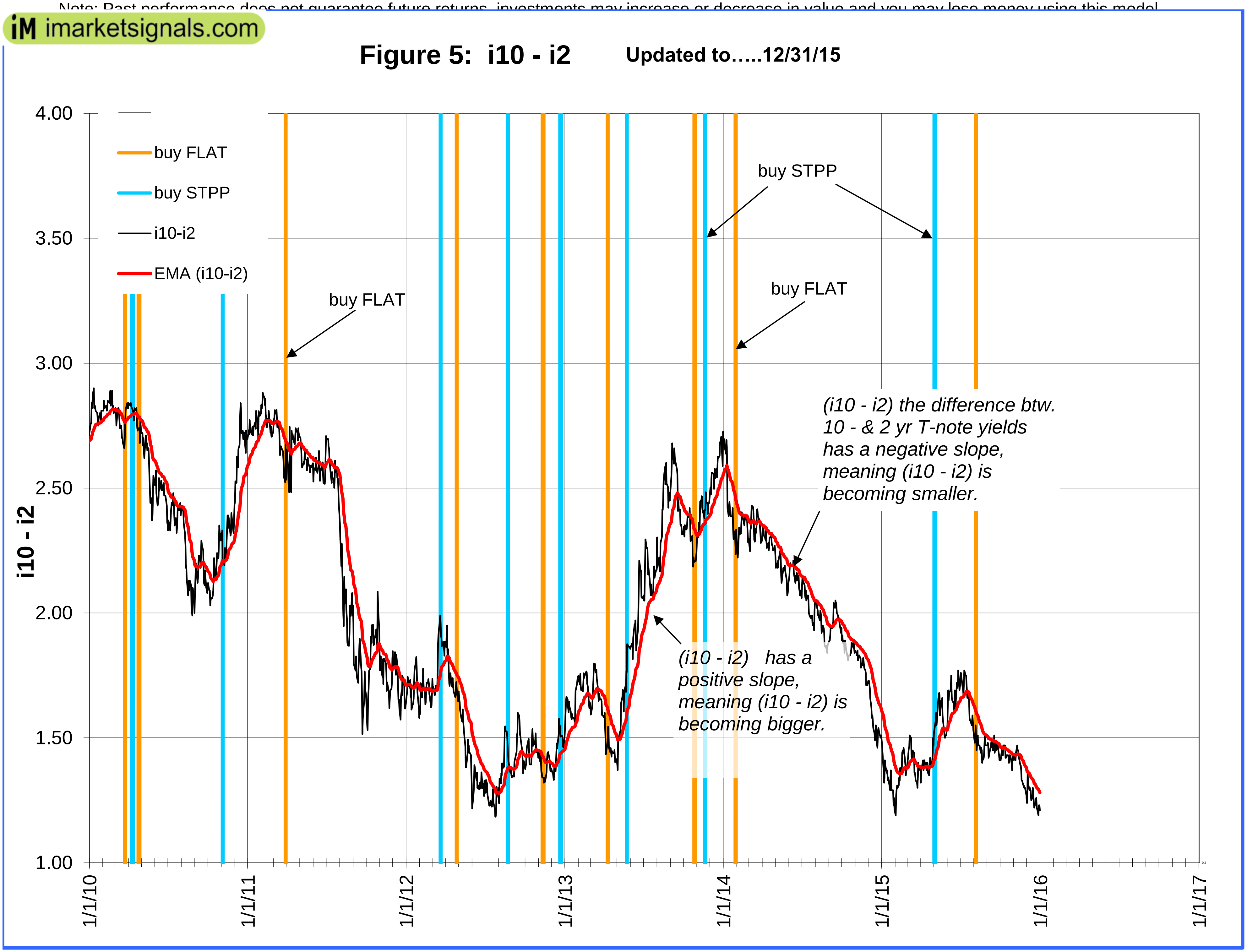


Note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

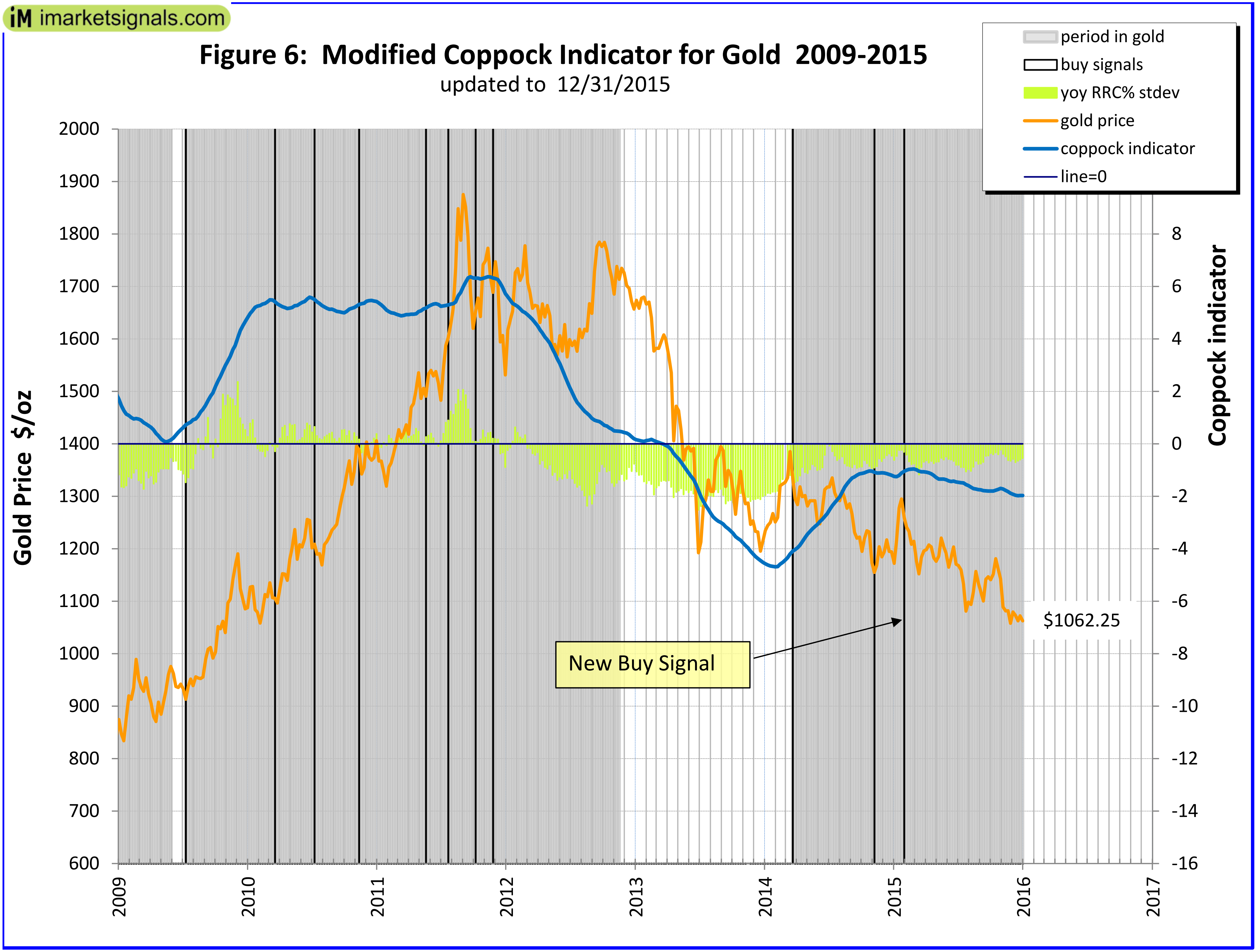


4-BVR recalibrated.xlsm fig4BVR06-14

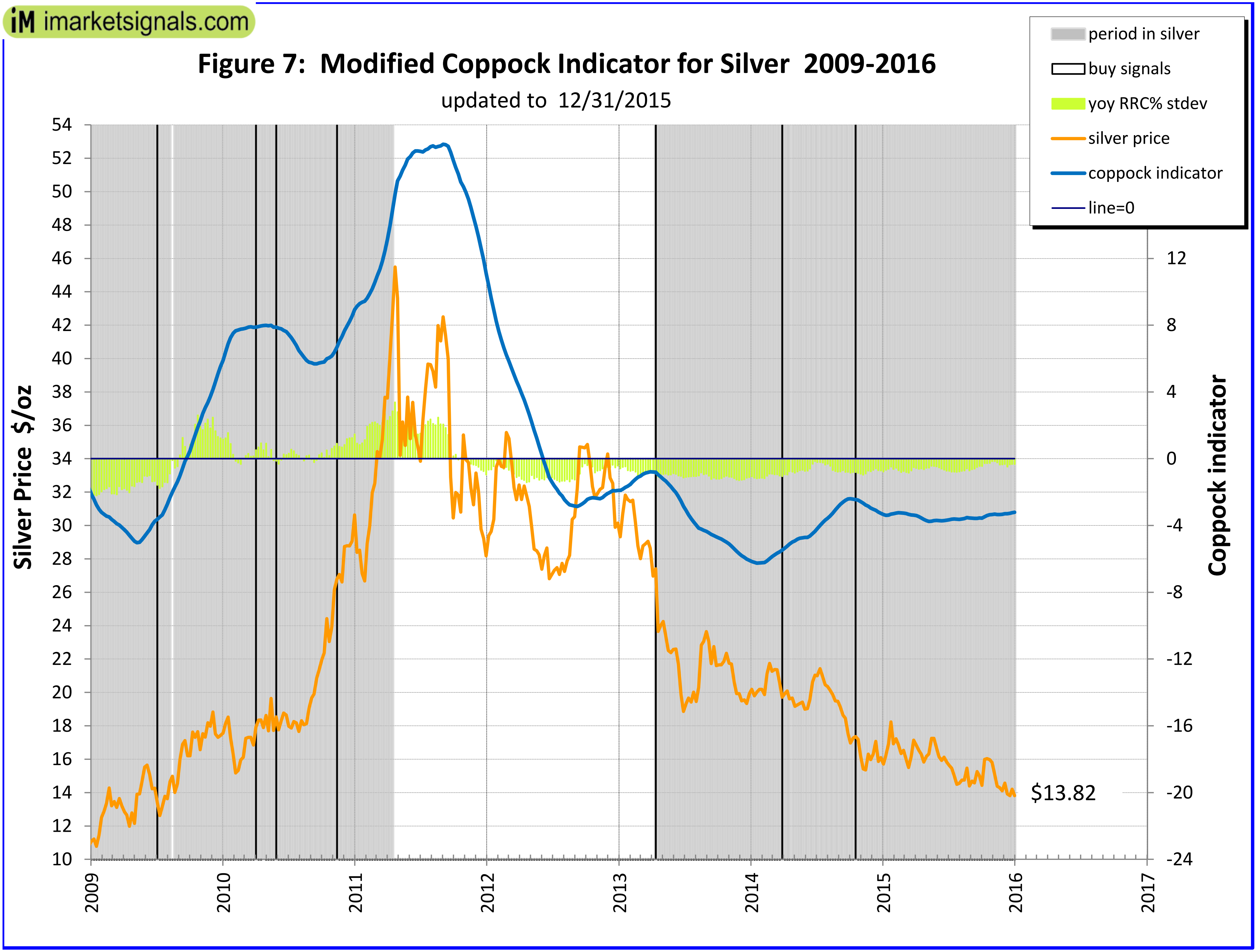
Note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



5-Yield Curve.xlsm 09-15



6-COPPOCK GOLD for updates.xlsm



iM imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 12/31/2015
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$13.82
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