

Business Cycle Index 3-10-2016:

The BCI at 198.0 is up from last week's 197.4. It reached a new high in the current business cycle, which is indicated by BCIp now at 100. However, the 6-month smoothed annualized growth BCIg at 9.8 is unchanged from last week.

No recession is signaled.

Summary 3-11-2016:

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 and the silver model are invested.

Stock-market:

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 down 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 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 near 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](#)

The **iM GOLD-TIMER** is shown in Fig. 6.1, it is invested in gold. This indicator is described in our article: [The iM Gold-Timer](#)

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 3-4-2015: (next update 4/8/2016)

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\$ value has fallen and the 6 month moving average upward trend has been slowed.

TIAA Real Estate Account

As of end of December 2015 the 1-year rolling return is 7.42%. 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.

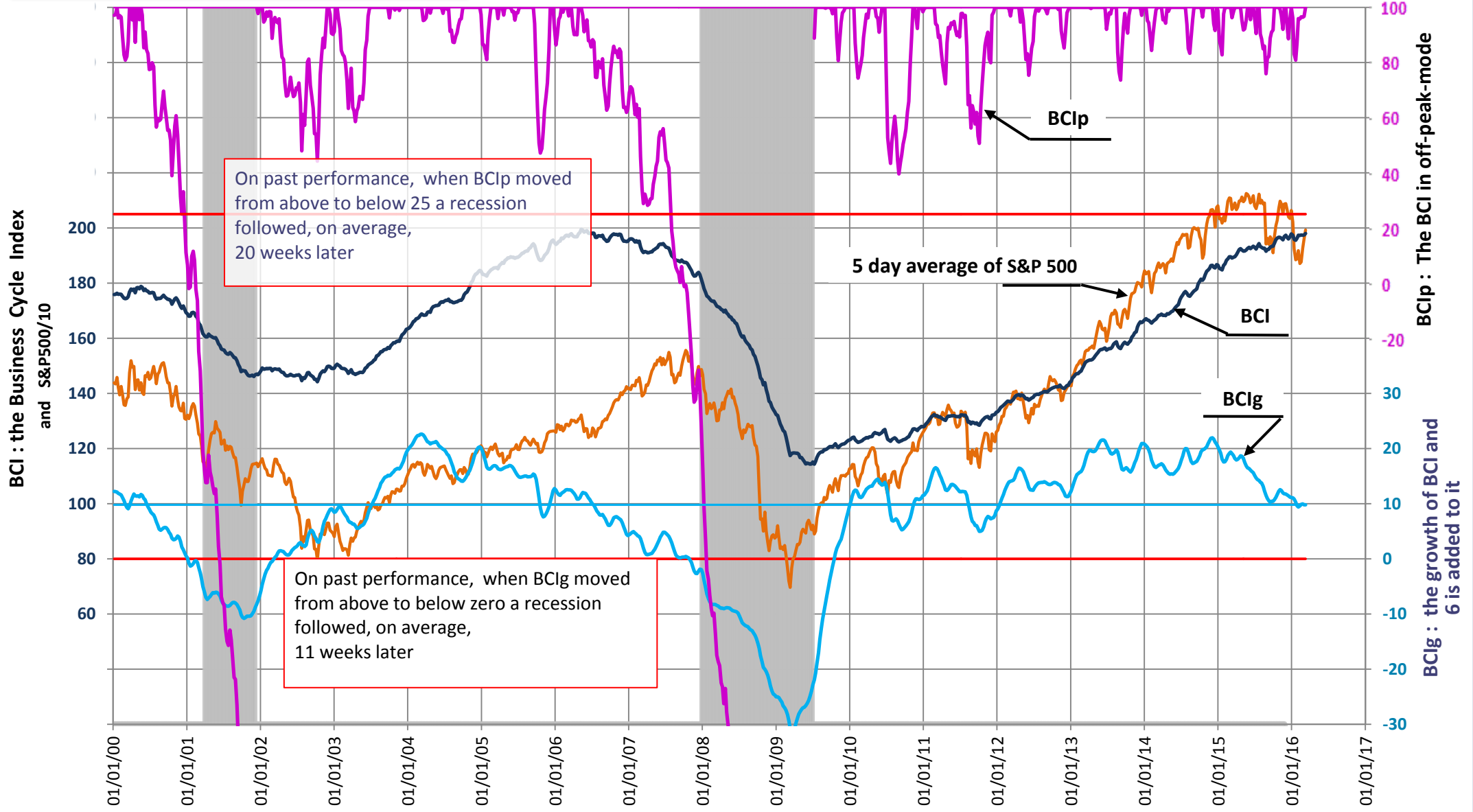
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iM's Business Cycle Index (BCI)

Date	02/11	02/18	02/25	03/03	03/10
BCIp	95.8	96.5	96.4	96.7	100.0
BCI	197.3	197.4	197.4	197.4	198.0
BCIg	9.6	9.9	10.0	9.8	9.8

BCIp, BCI and BCIG
updated to March 10, 2016

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

5 day average of S&P 500

BCIp

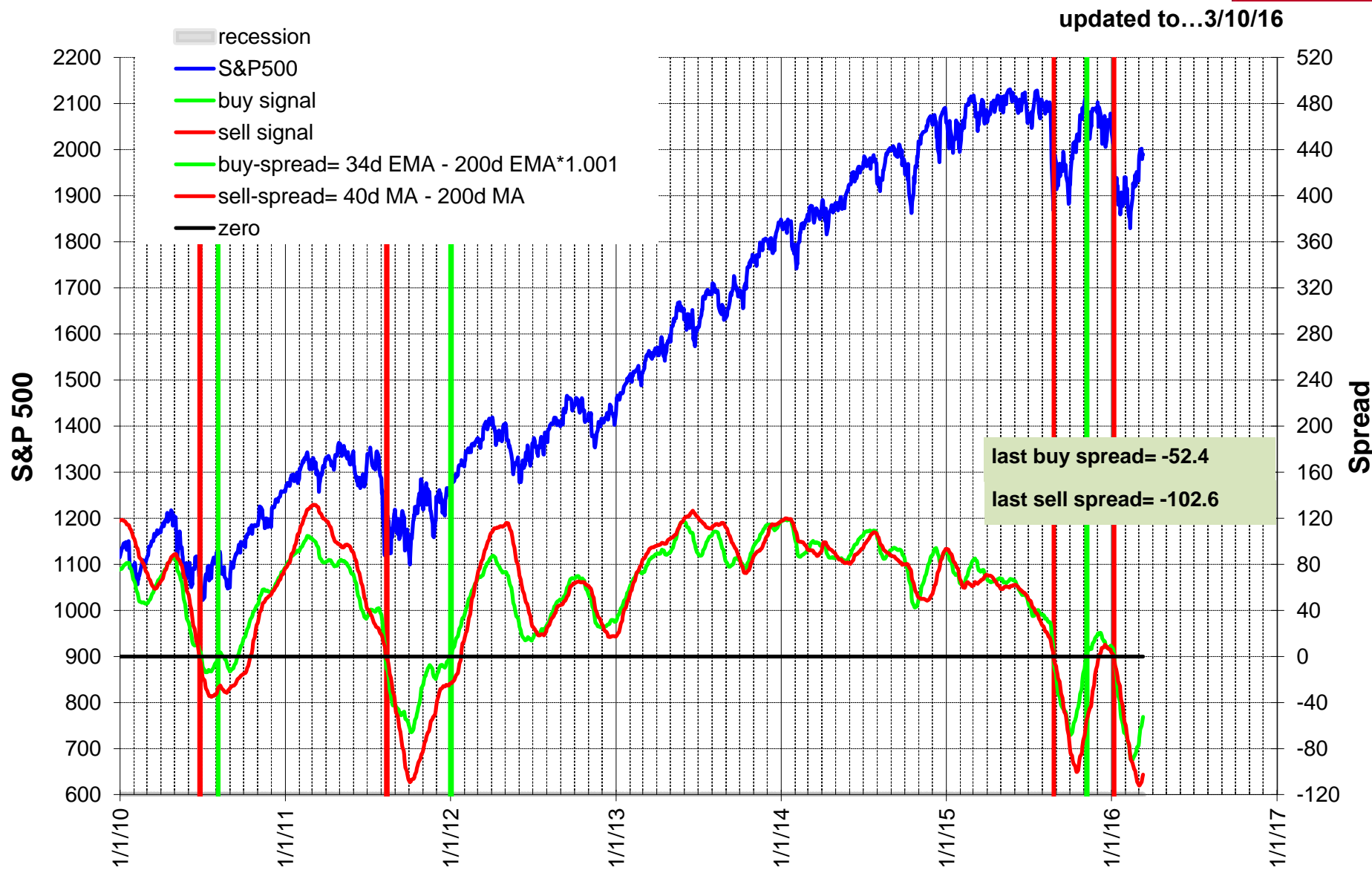
BCI

BCIG

BCIp : The BCI in off-peak-mode
BCIg : the growth of BCI and BCIG 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.

Figure 2: Buy and Sell signals for S&P 500 2010-16 from the modified golden-cross MAC-System



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

updated to Mar-11-16
last buy spread = -41.2

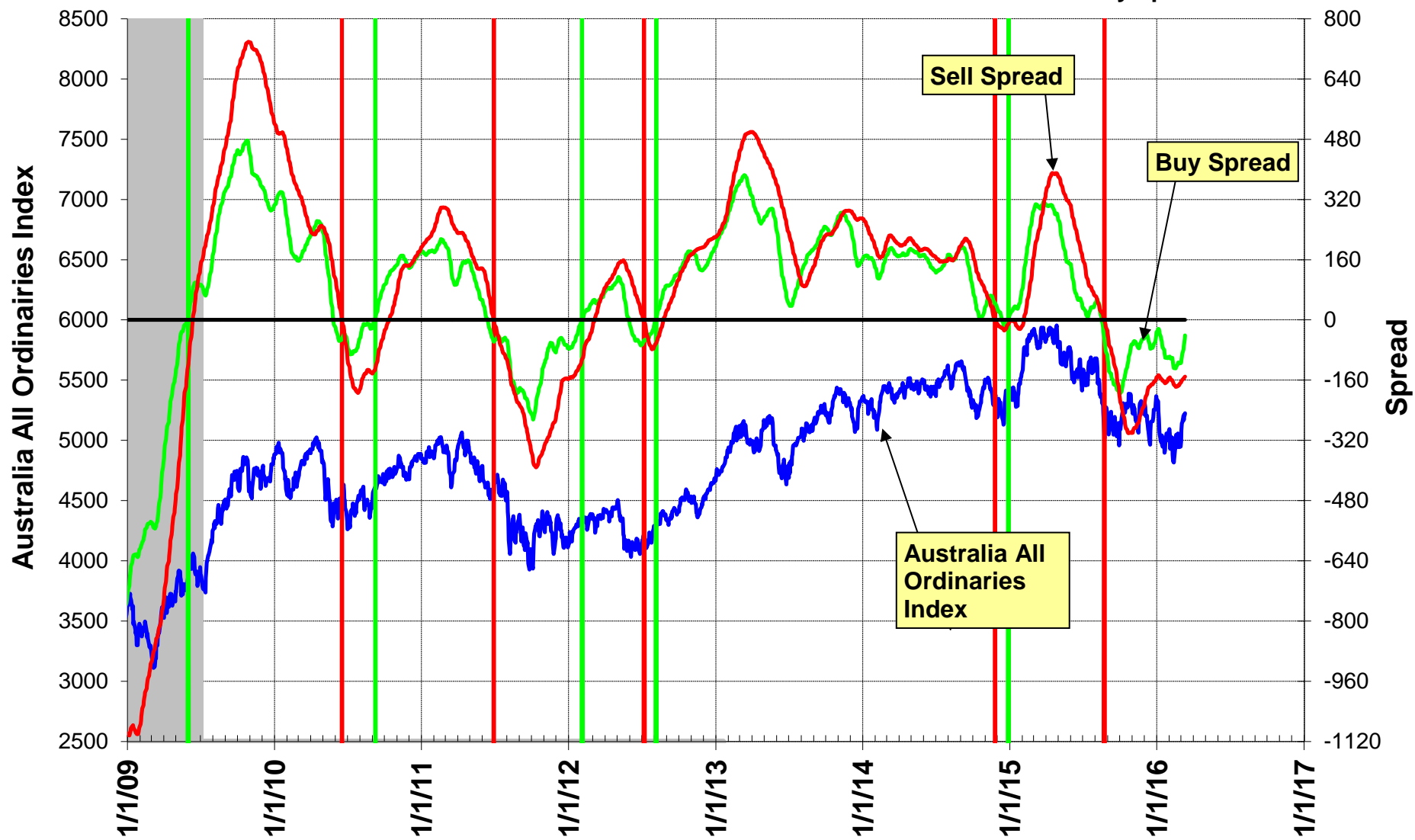
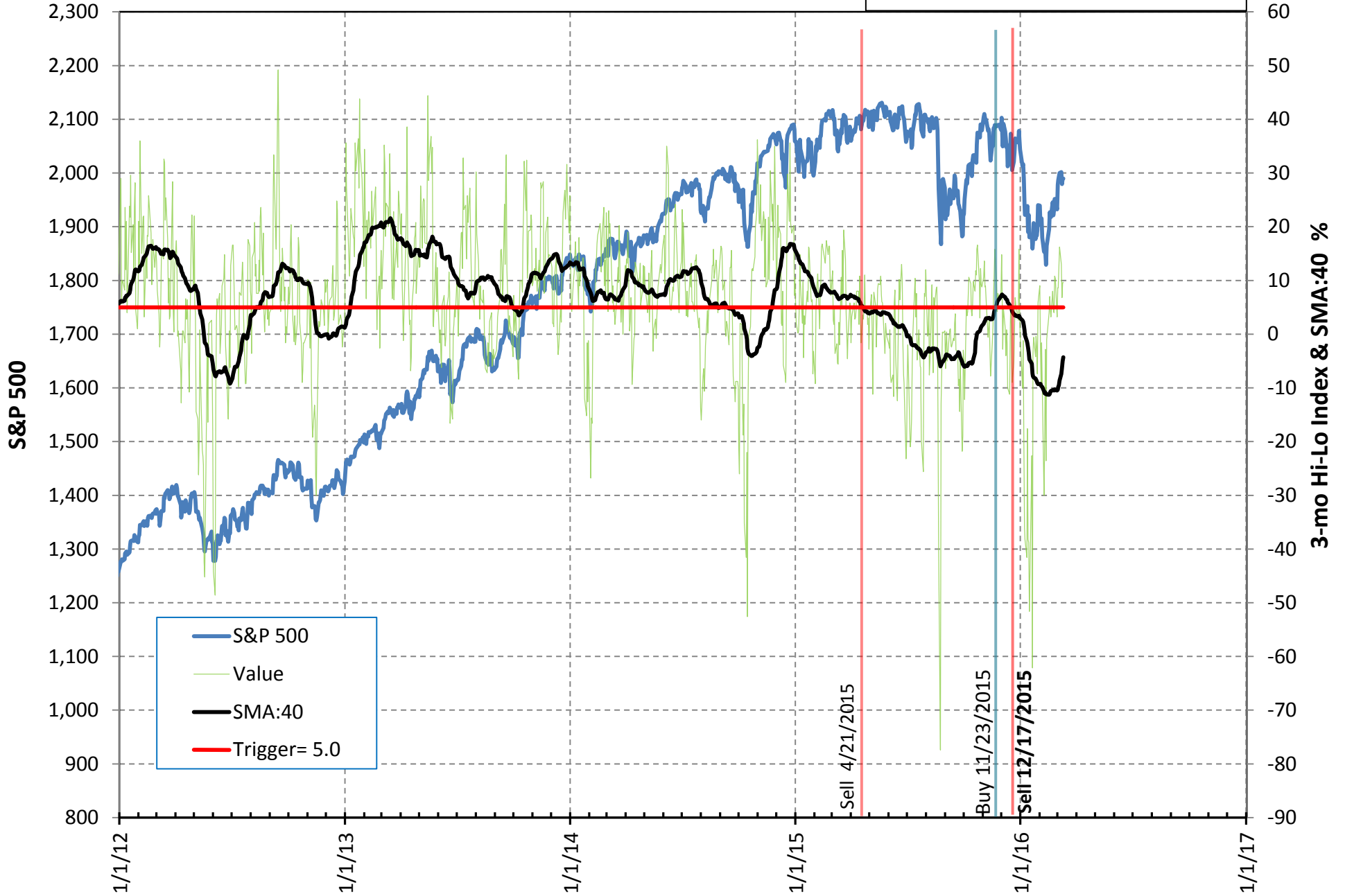


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

updated to 3/10/2016

last SMA:40= -4.31%



Market Timer based on Performance of Vanguard Market Neutral Fund VMNFX vs. SPY

updated to 3/07/2016

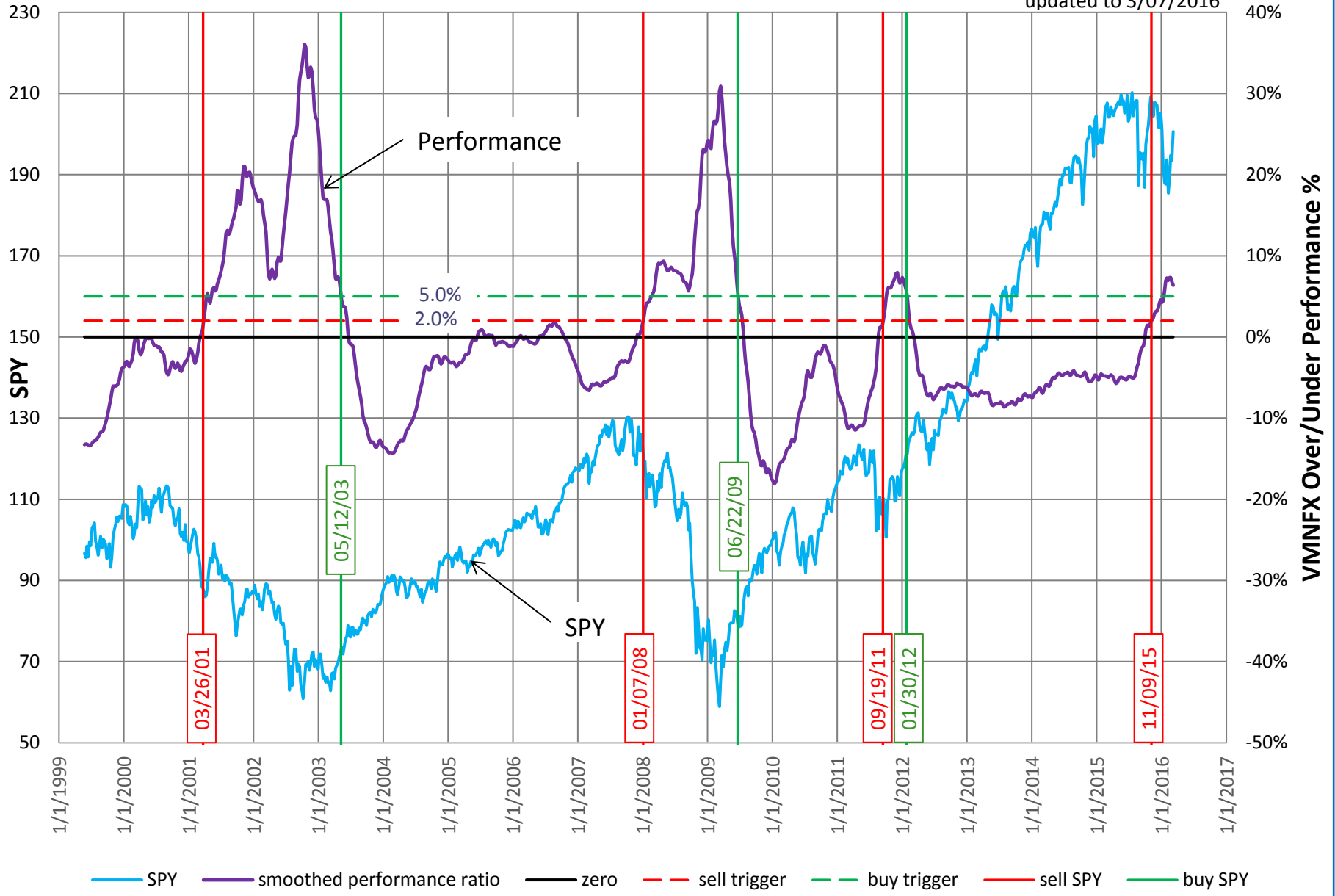


Fig. 3: COMP Leading Indicator of US Economy 1969-2016

- recession
- COMP
- last COMP level
- recession trigger

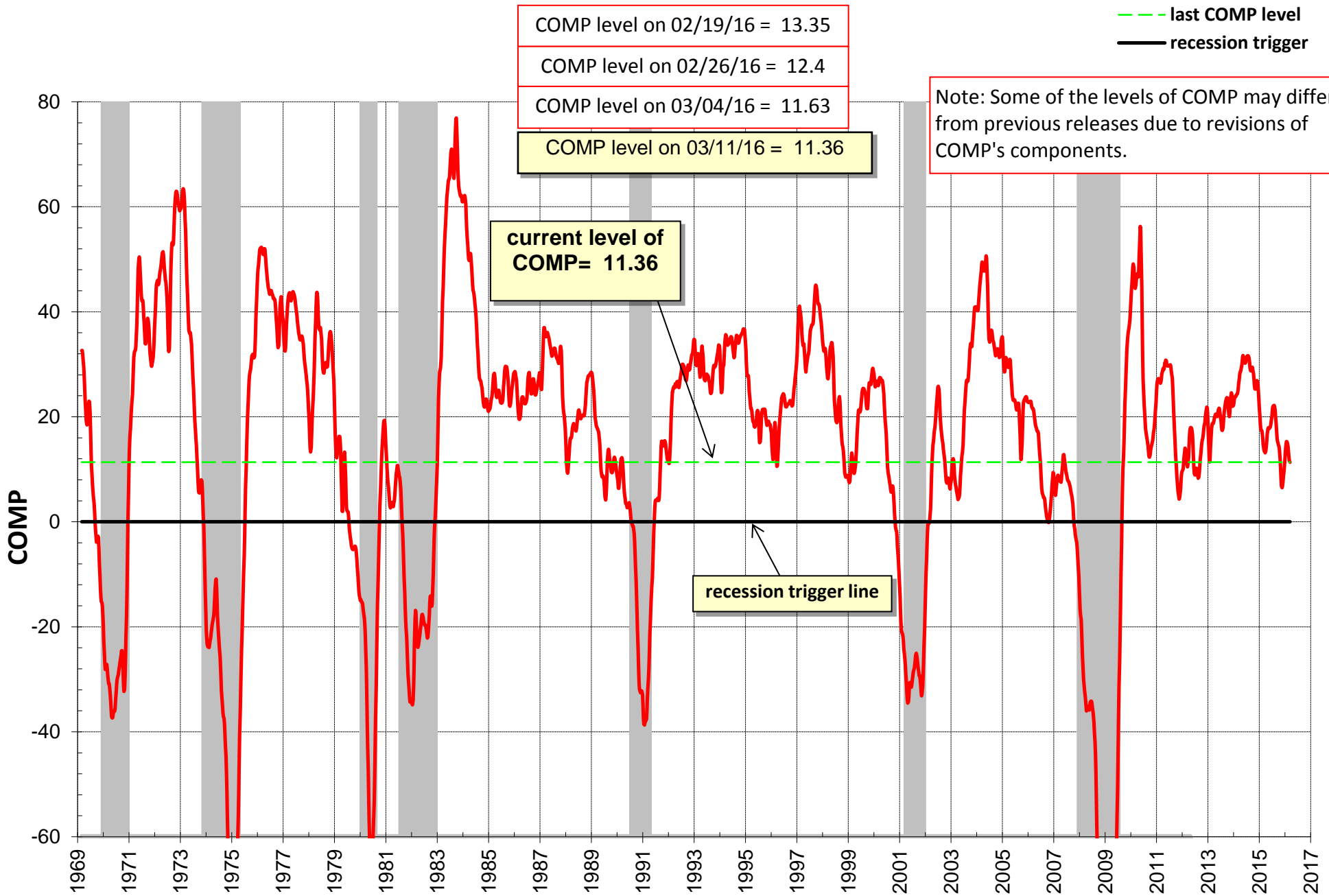


Fig 3.1: iM-BCI_g 1969-2016

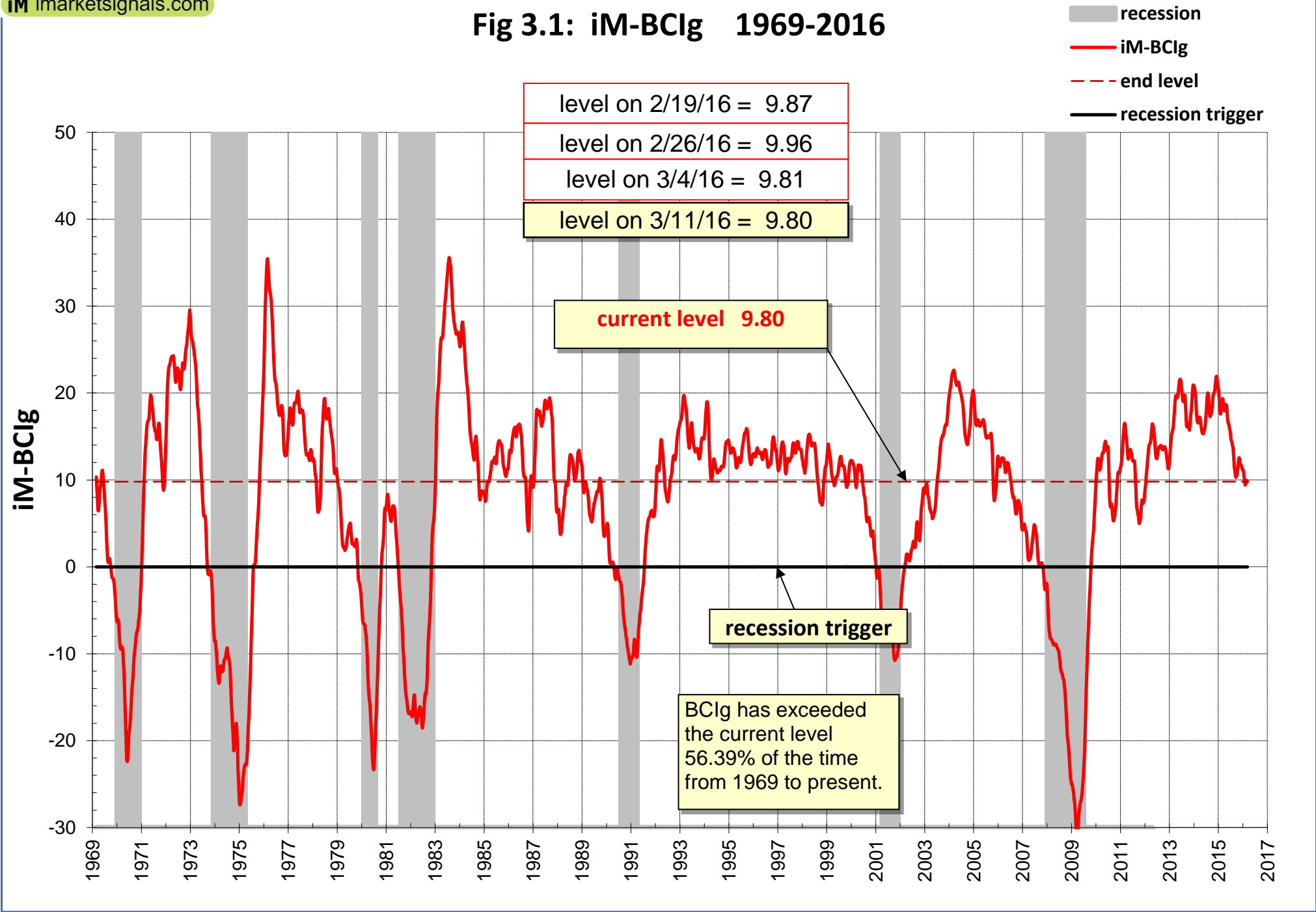


Figure 3.2: Forward Rate Ratio FRR2-10 - leads to Recessions

updated to 03/10/2016
EMA of FRR2-10 = 1.14

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

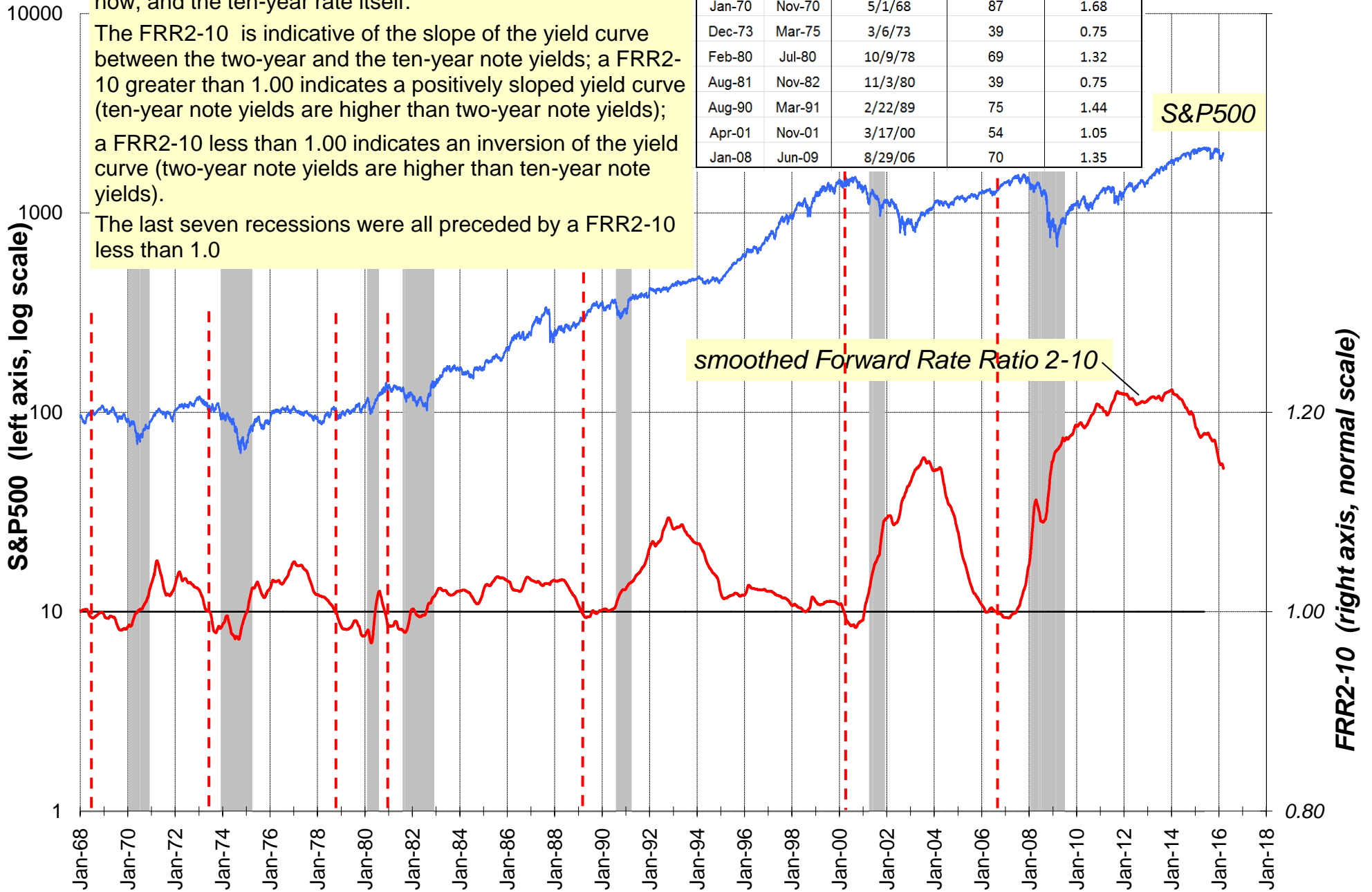


Figure 4: Bond Value Ratio (BVR) from 2005 to 2016

Model updated to: 3/11/2016 BVR = 6.045

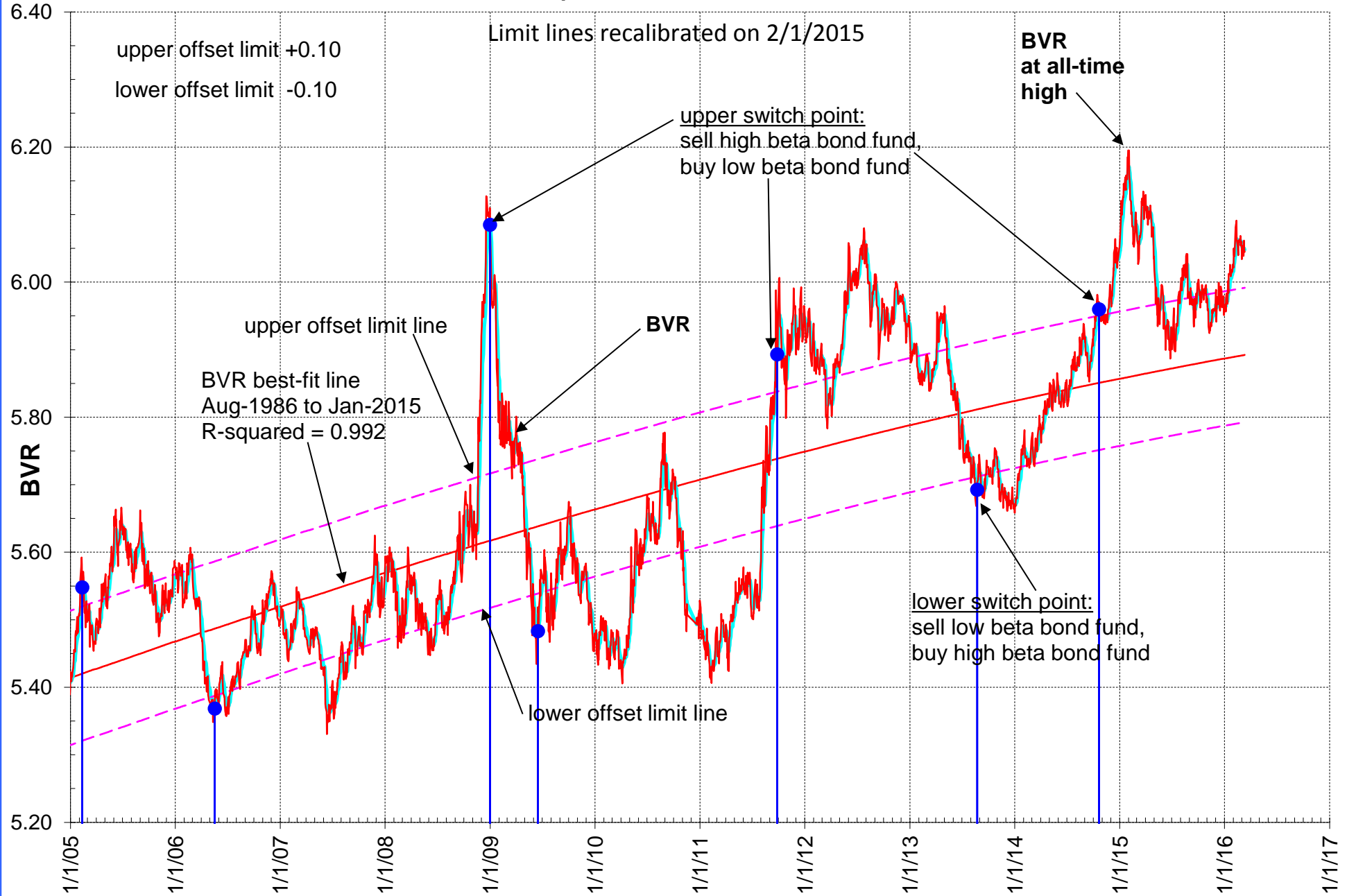


Figure 5: i10 - i2 Updated to.....3/11/16

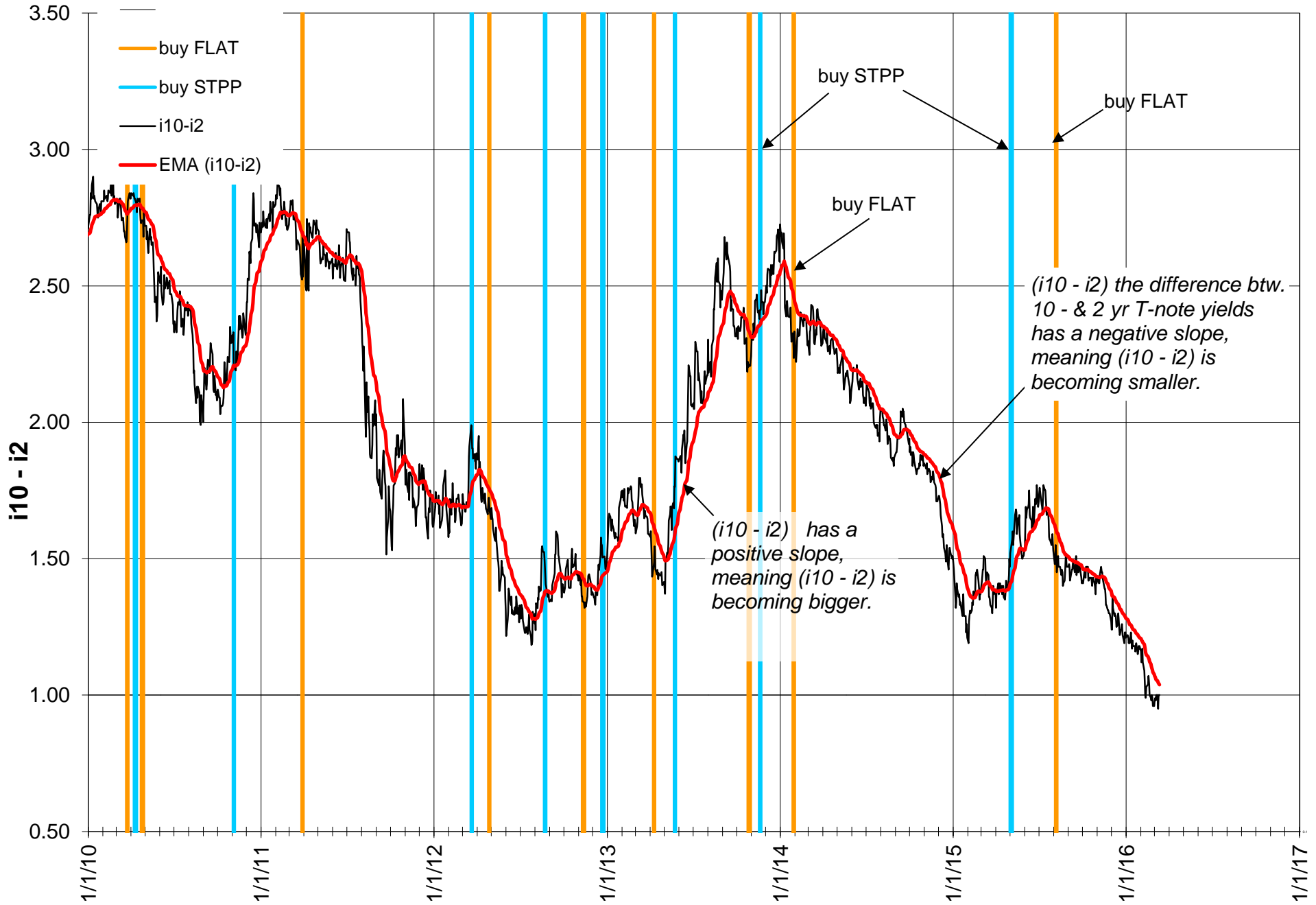


Figure 6: Modified Coppock Indicator for Gold 2009-2016

updated to 03/11/2016

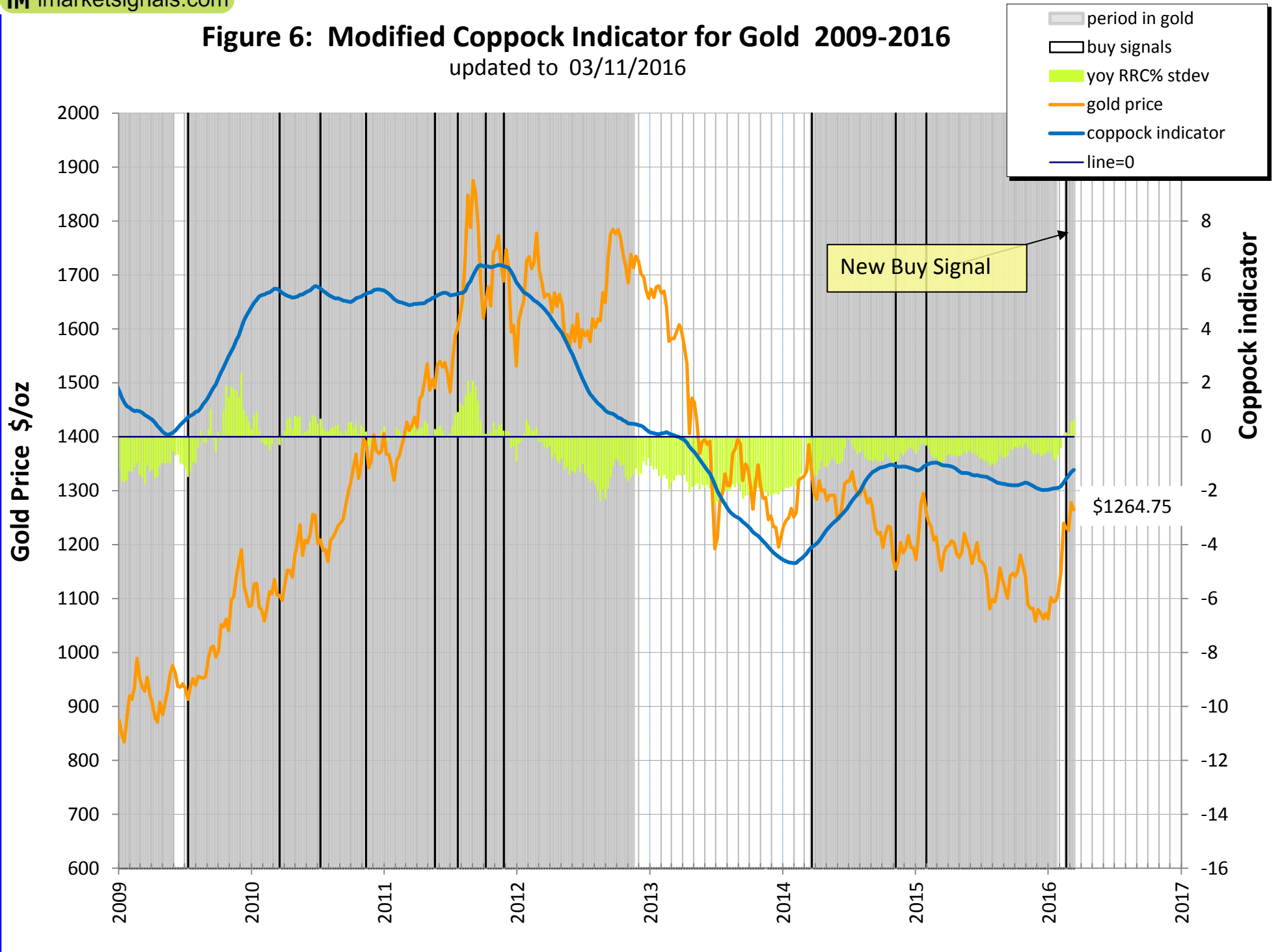


Fig. 6.1 iM GOLD-TIMER

Updated to: 3/10/2016

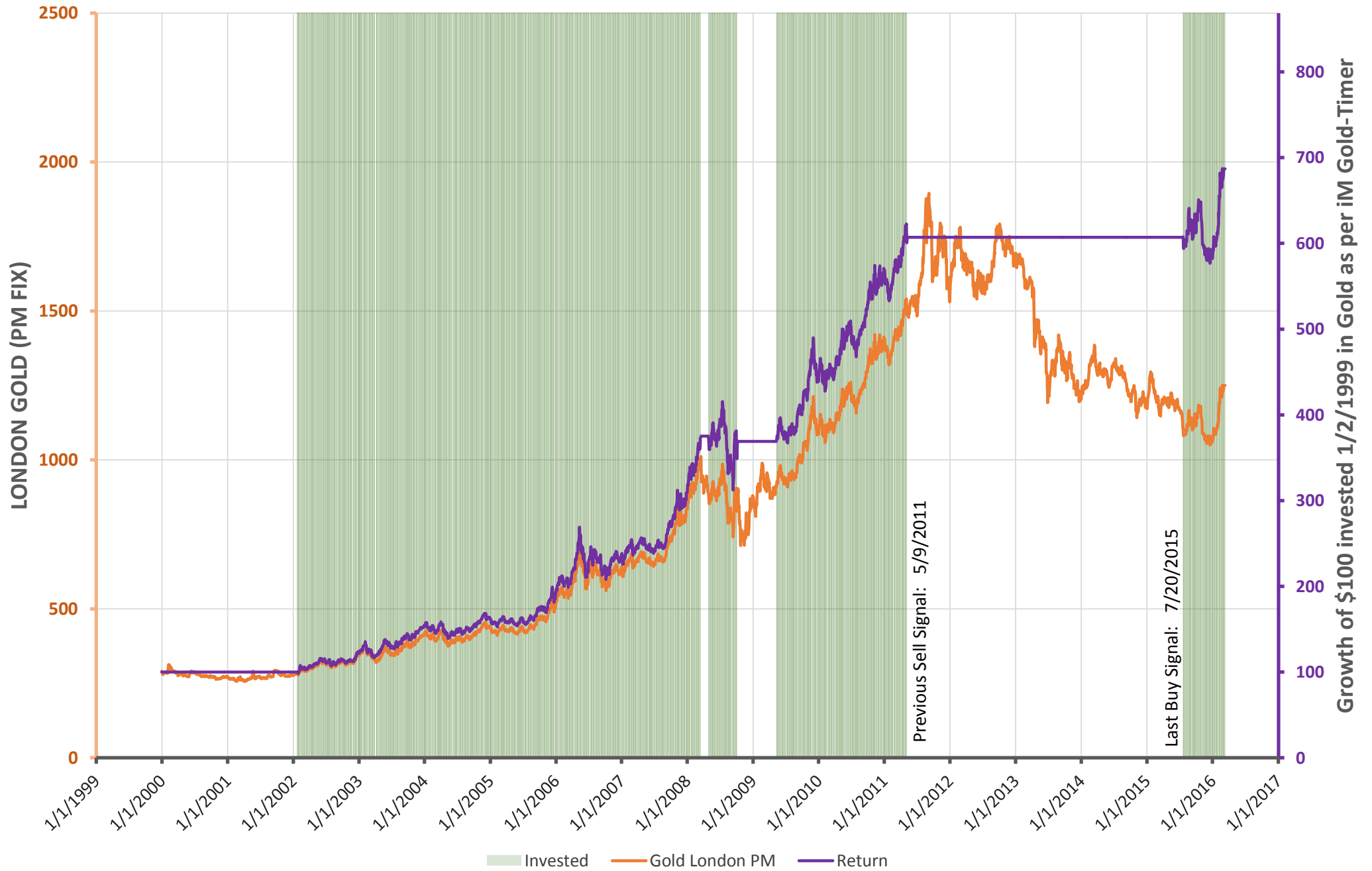


Figure 7: Modified Coppock Indicator for Silver 2009-2016

updated to 03/11/2016

