

## **Business Cycle Index 7-7-2016:**

The BCI at 206.2 is above last week's downward revised 205.3, but the BCI remains below the previous peak of this Business Cycle indicated by the BCIp at 94.4. However, the 6-month smoothed annualized growth BCIG at 14.7 is down from last week's 15.2.

No recession is signaled.

## **Summary 7-8-2016:**

The MAC-US and is invested. Also, both the "3-mo Hi-Lo Index of the S&P500" and the "VMNFX vs. SPY Timer" are invested in the markets. Also, the MAC-AU is invested. The monthly update S&P500 Coppock indicator entered the markets in May. 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. The gold model is invested and the silver model exited the market on June 24.

### **Stock-market:**

The [MAC-US](#) model generated a buy-signal 4/5/2016 and thus is invested in the stock-markets. The sell-spread is near last week's level and has to fall below zero to signal a sell.

The [3-mo Hi-Lo Index](#) of the S&P500, is above last week's level and at 7.15 above the sell trigger of 5.0, it still invested in the market after it generated a buy signal on 3/23/2016.

The [VMNFX vs. SPY Timer](#) signaled an entry into the stock markets on 3/28/2016. For this model to exit the markets the indicator has to rise above the 2% trigger line.

The MAC-AU model is invested in the markets after it generated a buy signal on March 21, 2016. The sell-spread is near last week's level and has to fall below zero to signal a sell. 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 upward 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 is down from last week's downward 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 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. 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) which declined over the last year, which declined over the last year, was temporary halted, and now continues 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 exited the market on June 24, 2016, as the holding period since the last buy has expired. This indicator is described in [Silver - Better Than Gold: A Modified Coppock Indicator for Silver](#).

### **Monthly Update Summary 7-8-2016:** (next update 8/5/2016)

### **Unemployment**

The unemployment rate recession model ([article link](#)), has been updated with the June 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.

### **The Dynamic Linearly Detrended Enhanced Aggregate Spread:**

The latest DAGS level of 35 (last month 61) is above the recession warning trigger line, indicating that it is unlikely for a recession to start during the next 9 months.

However should this downward trend continue then, according to this indicator, a recession could be expected to begin after June-2017.

### **Coppock Indicator for the S&P500**

The Coppock indicator for the S&P500 generated a buy signal on May 19, 2016. This model is now in the market. This indicator is described here.

This indicator is described [here](#) .

### **Trade Weighted USD**

The TW\$ value has fallen and the 6 month moving average upward trend is also falling.

### **TIAA Real Estate Account**

As of end of June 2016 the 1-year rolling return is 6.63%. 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.

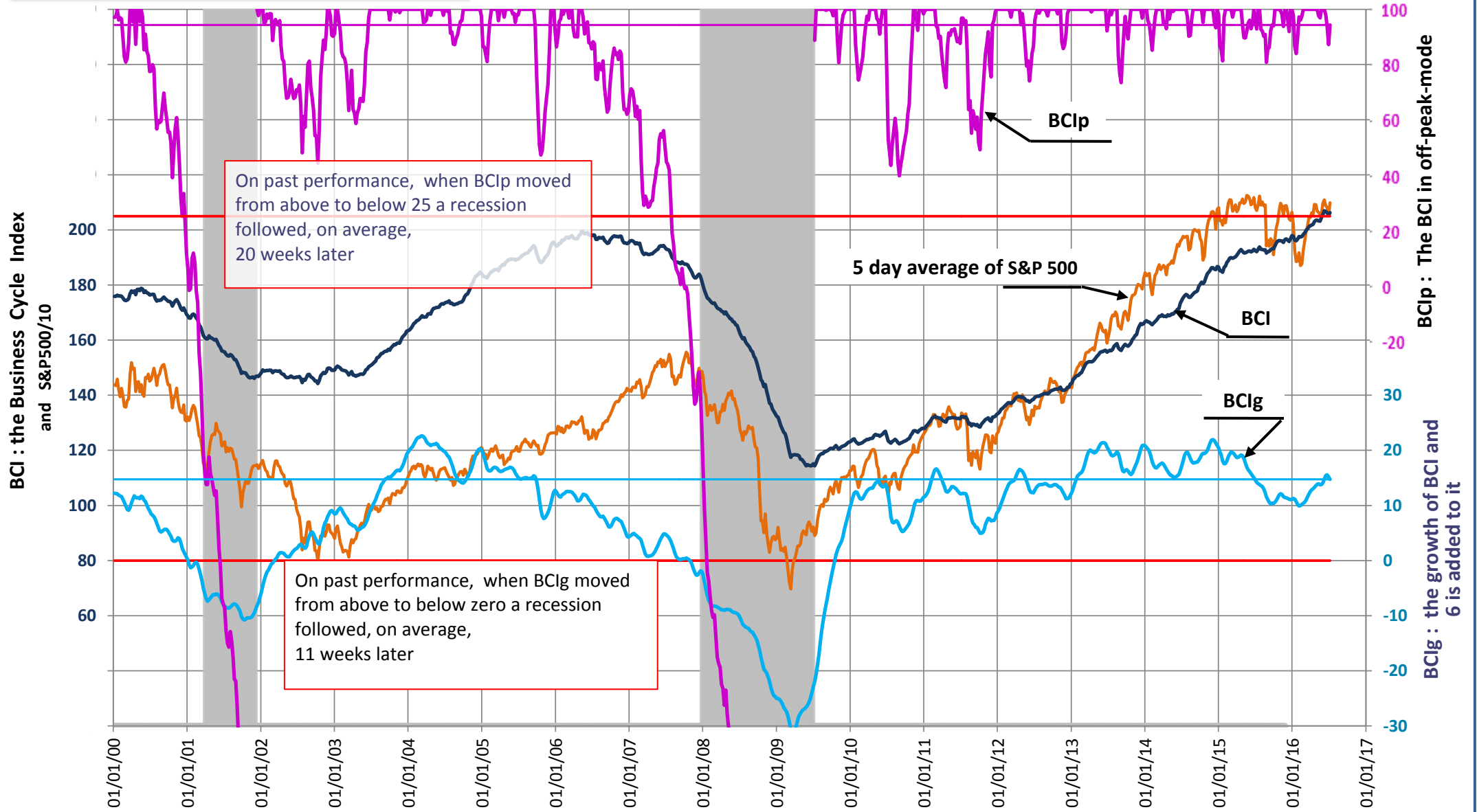
[Read more ...](#)

# iM's Business Cycle Index (BCI)

Date	06/09	06/16	06/23	06/30	07/07
BCIp	100.0	98.0	93.8	87.2	<b>94.4</b>
BCI	206.9	206.7	206.1	205.3	<b>206.2</b>
BCIg	14.8	15.4	15.6	15.2	<b>14.7</b>

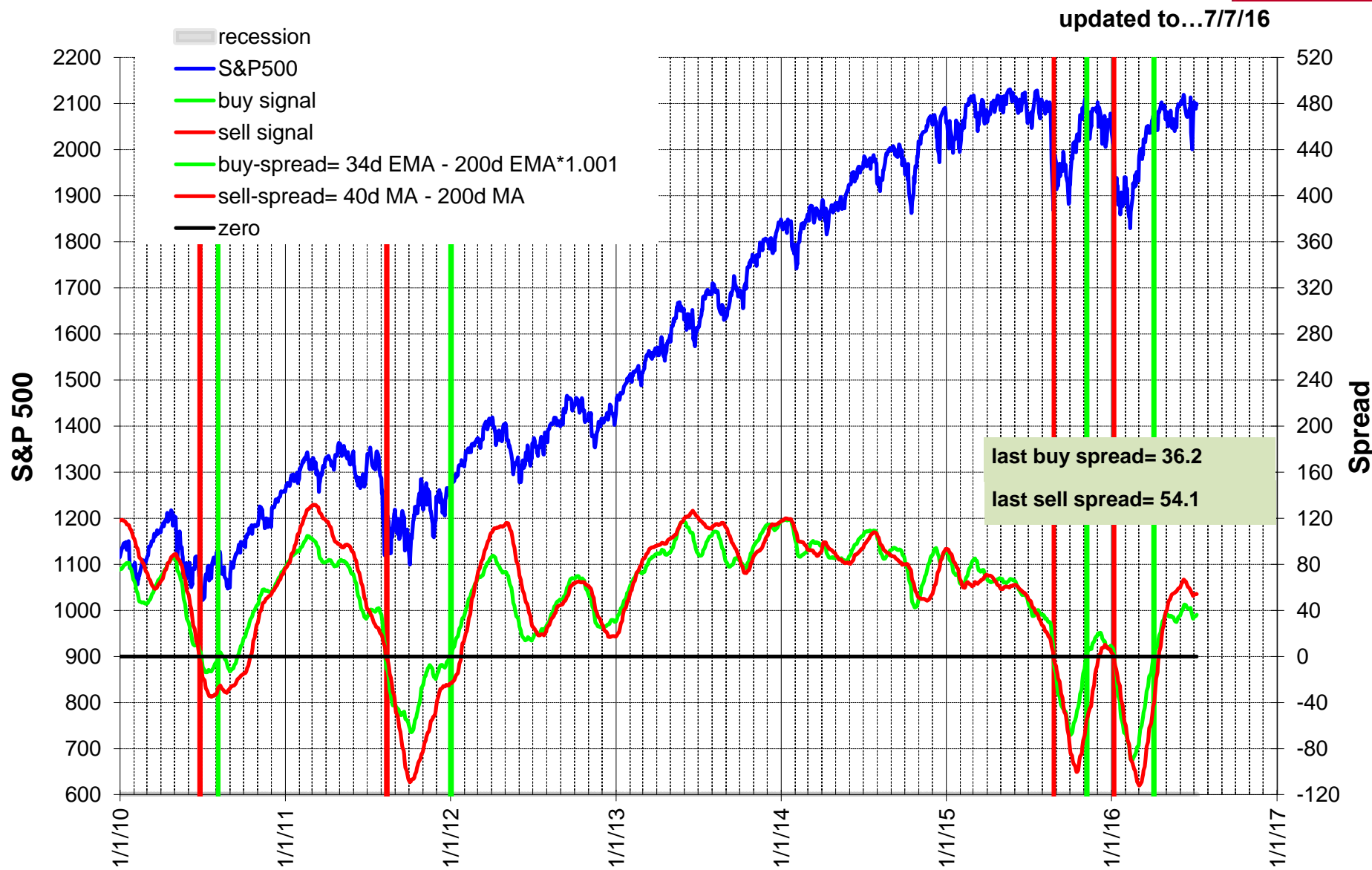
BCIp, BCI and BCIG  
updated to July 07, 2016

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



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 Jul-8-16  
last sell spread= 225.4

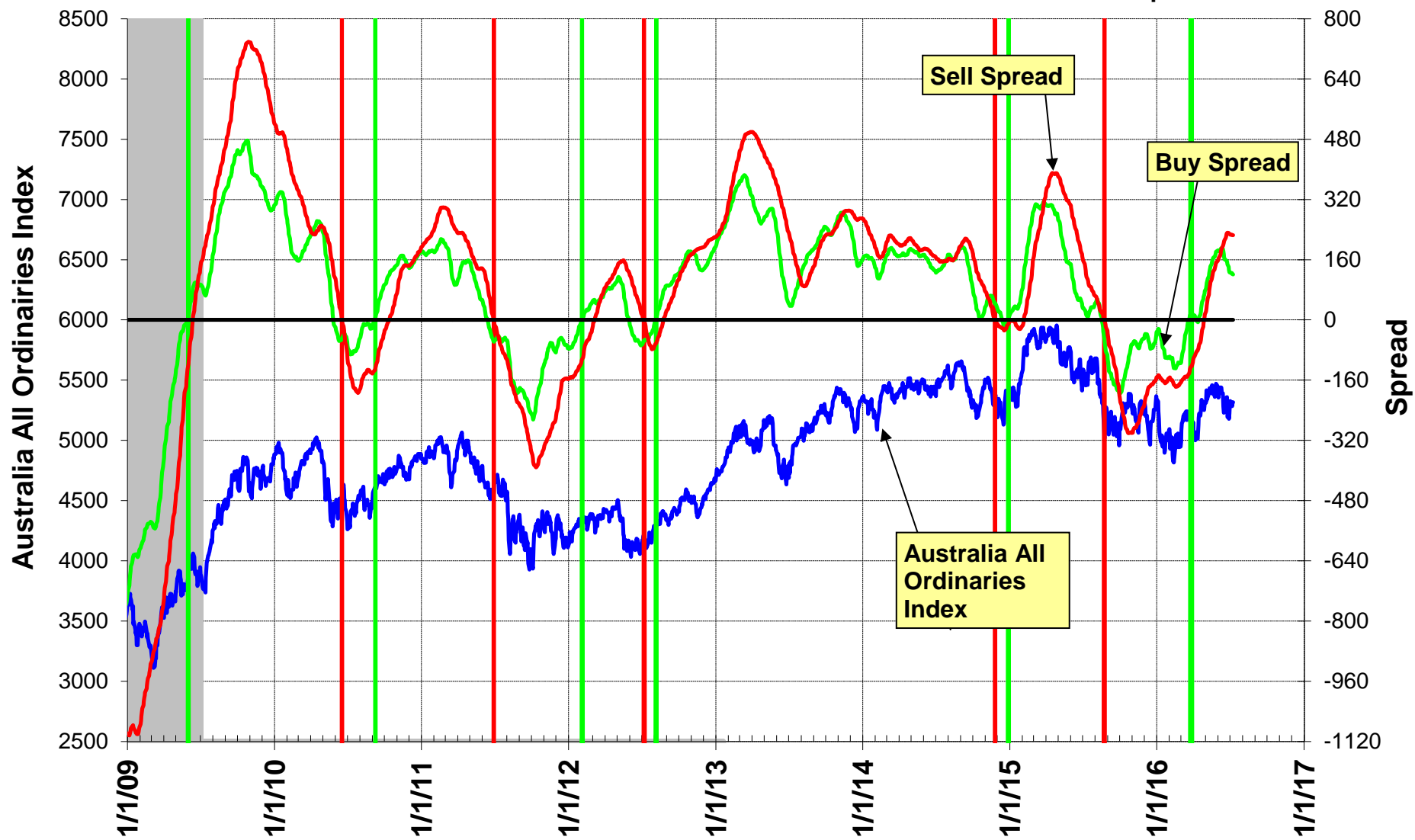
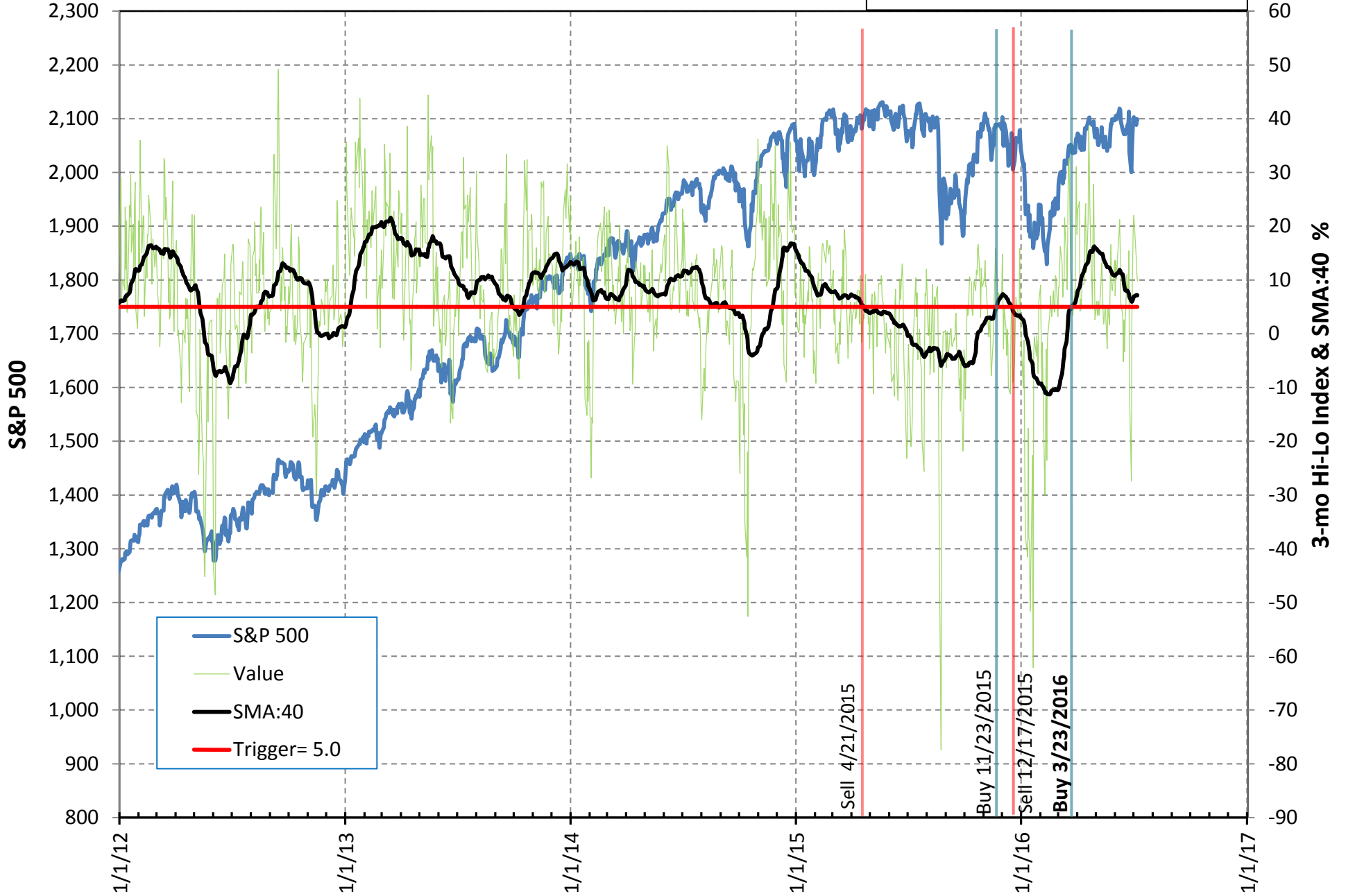


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

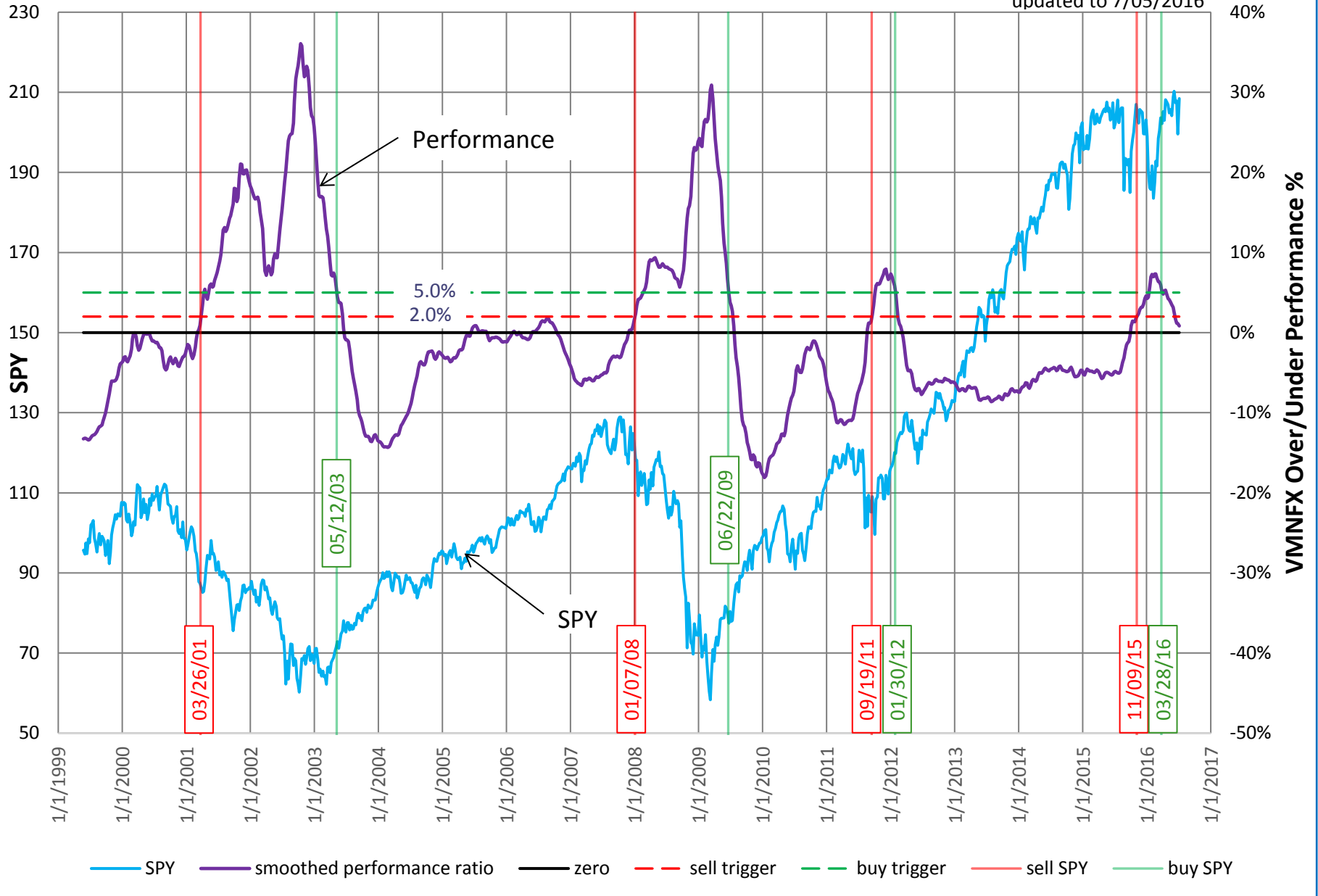
updated to 7/5/2016

last SMA:40= 7.15%



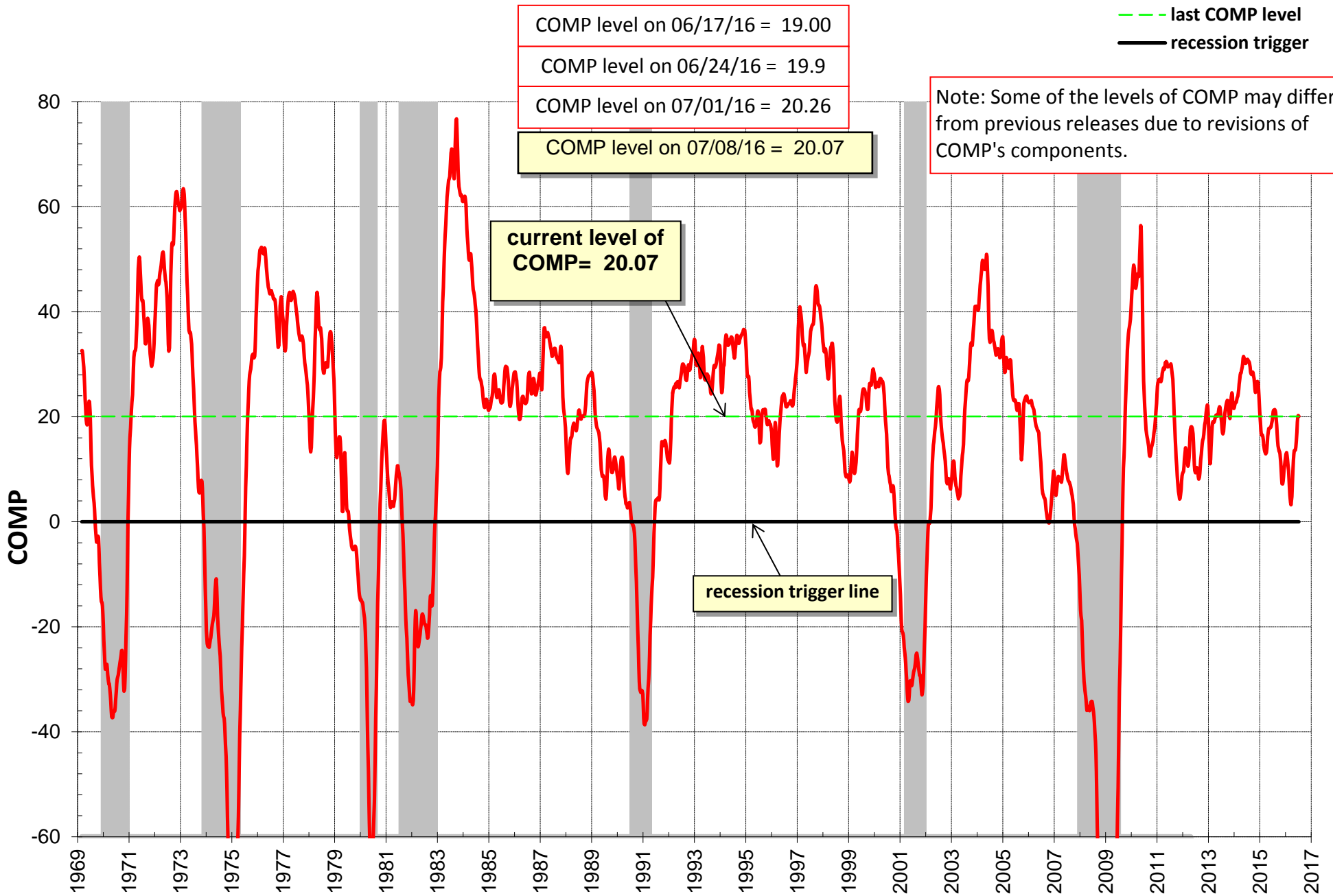
### Market Timer based on Performance of Vanguard Market Neutral Fund VMNFX vs. SPY

updated to 7/05/2016



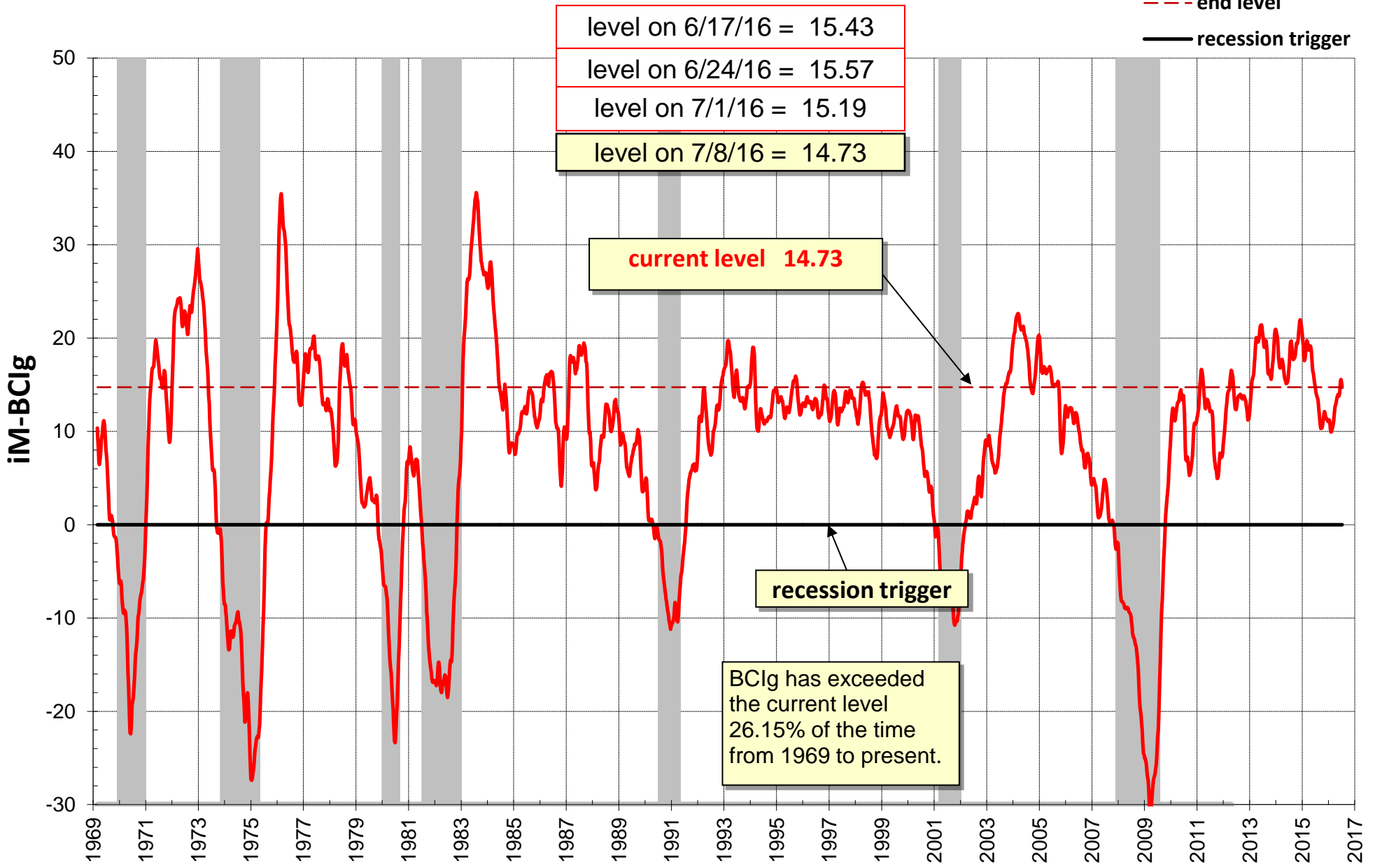
**Fig. 3: COMP Leading Indicator of US Economy 1969-2016**

- recession
- COMP
- last COMP level
- recession trigger



### Fig 3.1: iM-BCI<sub>g</sub> 1969-2016

- recession
- iM-BCI<sub>g</sub>
- end level
- recession trigger



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

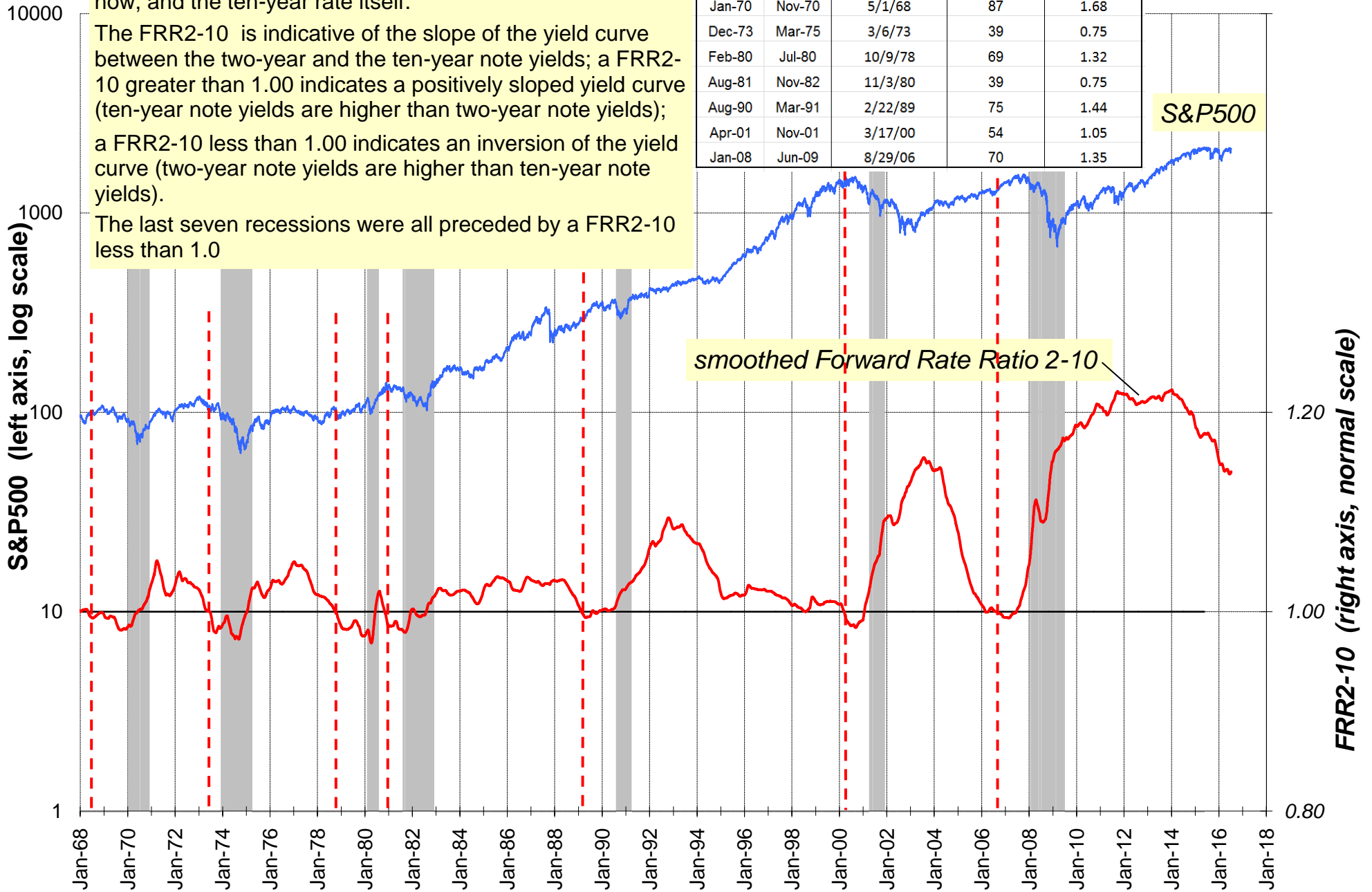
updated to 07/07/2016  
EMA of FRR2-10 = 1.14

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).

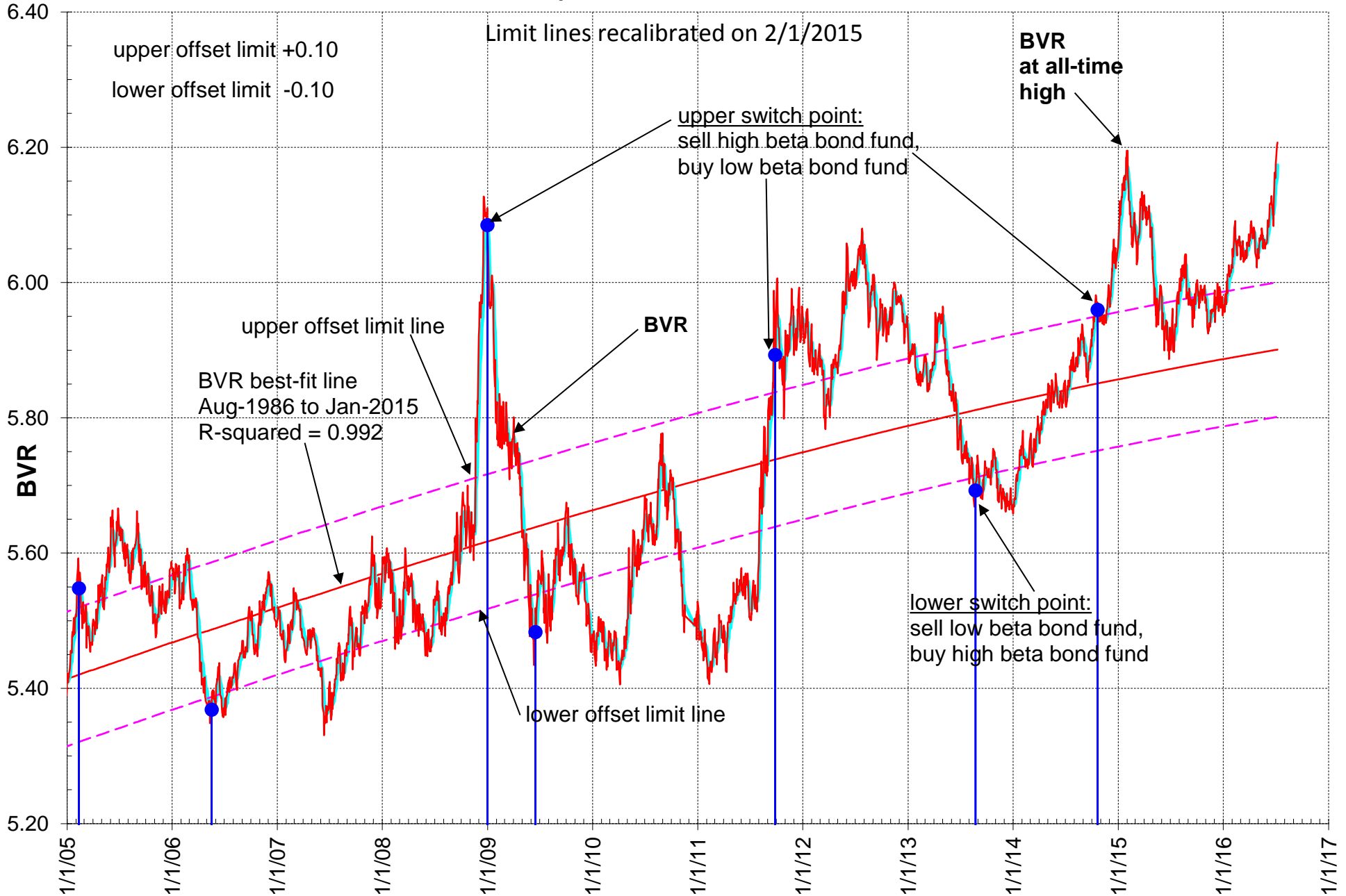
The last seven recessions were all preceded by a FRR2-10 less than 1.0

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

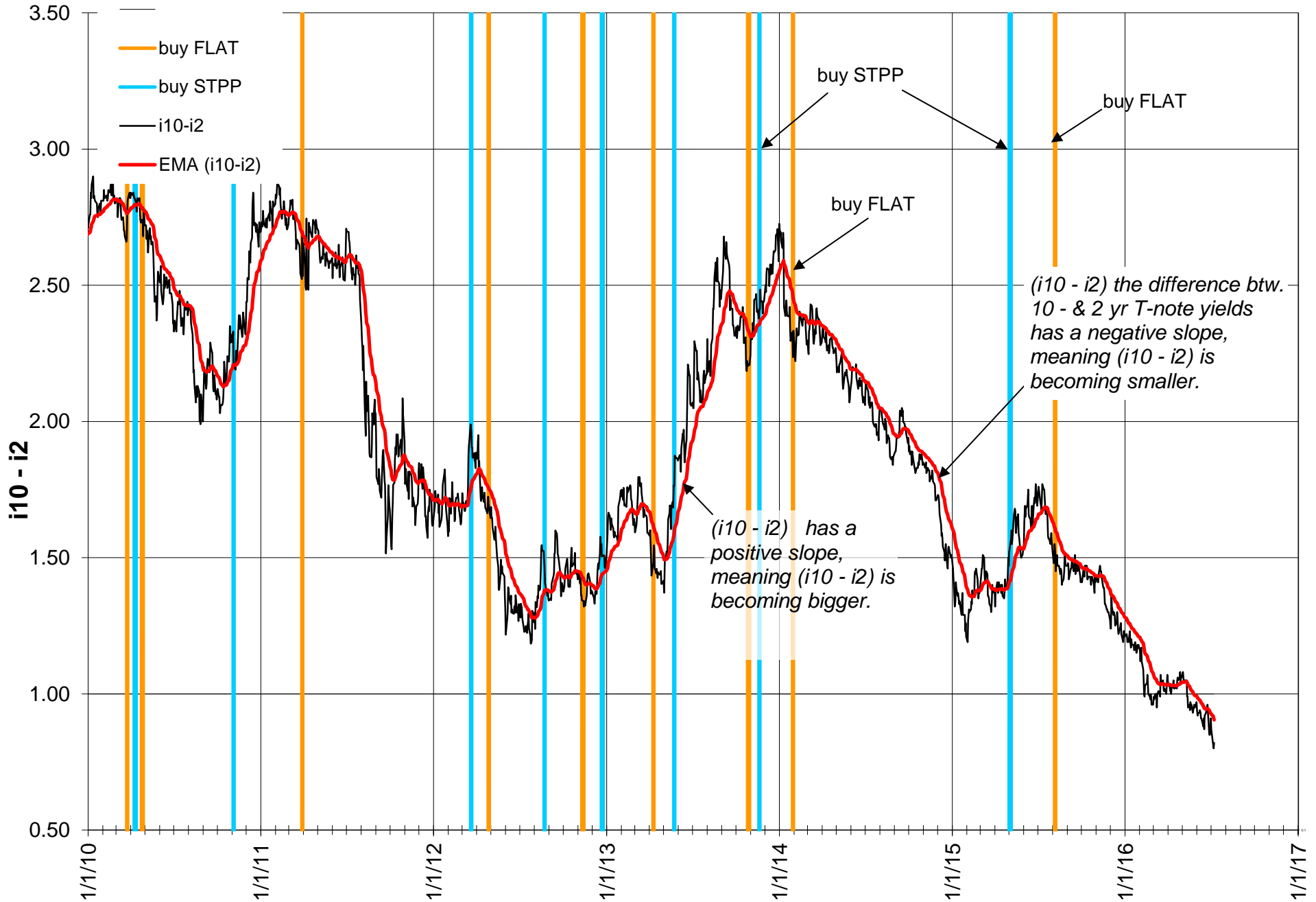


### Figure 4: Bond Value Ratio (BVR) from 2005 to 2016

Model updated to: 7/7/2016 BVR = 6.207



**Figure 5: i10 - i2 Updated to.....7/7/16**



### Figure 6: Modified Coppock Indicator for Gold 2009-2016

updated to 07/08/2016

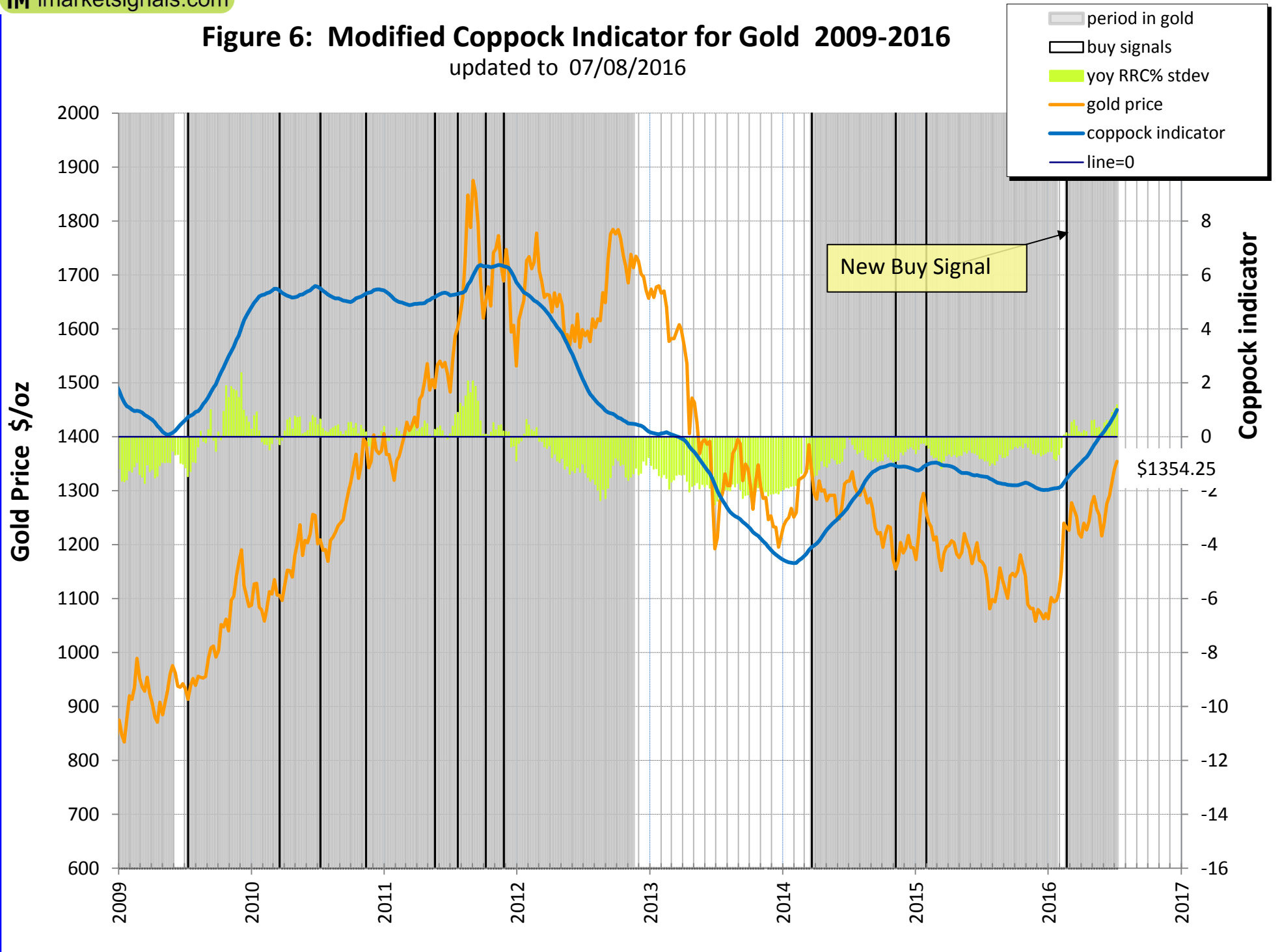
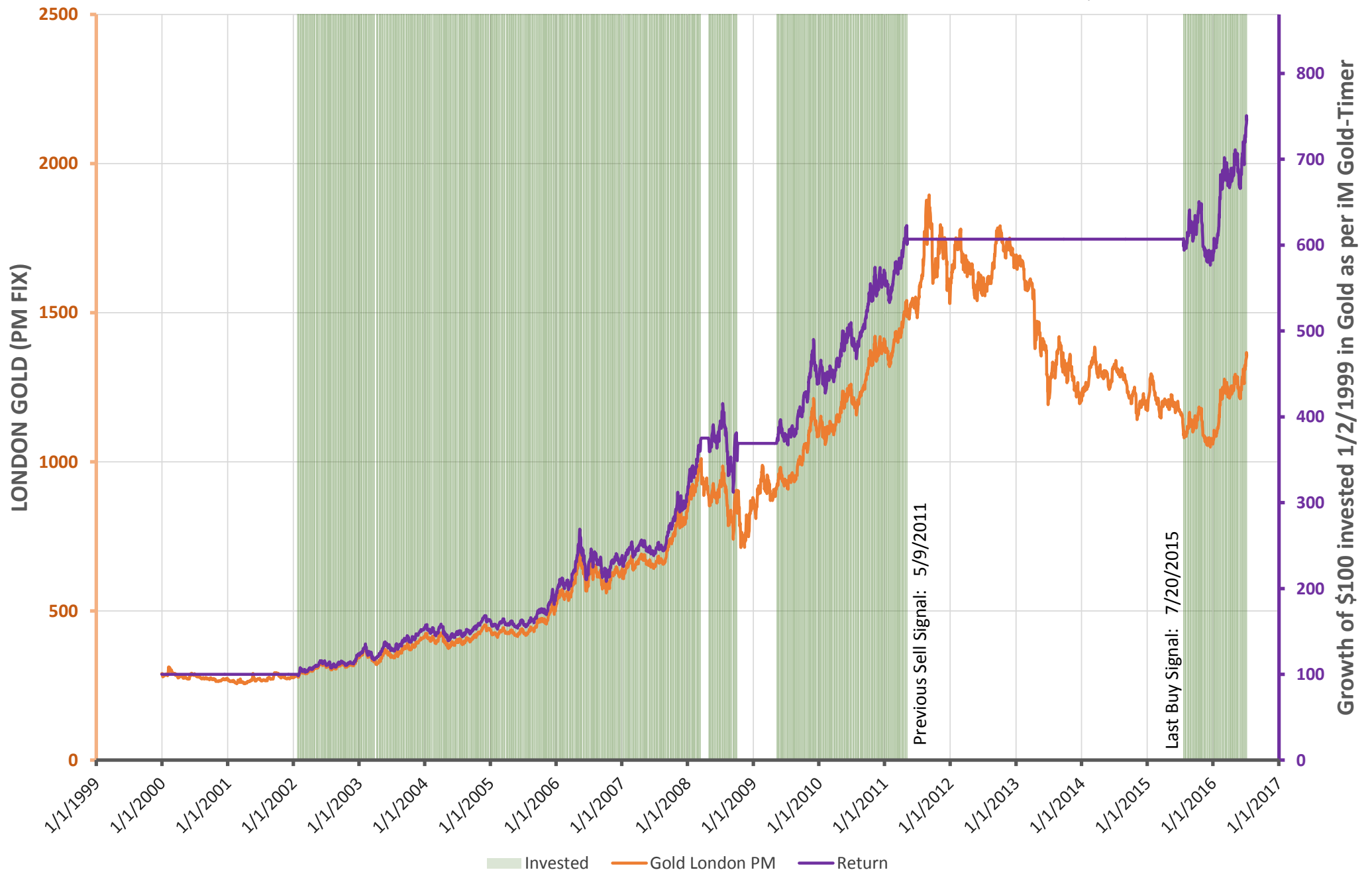


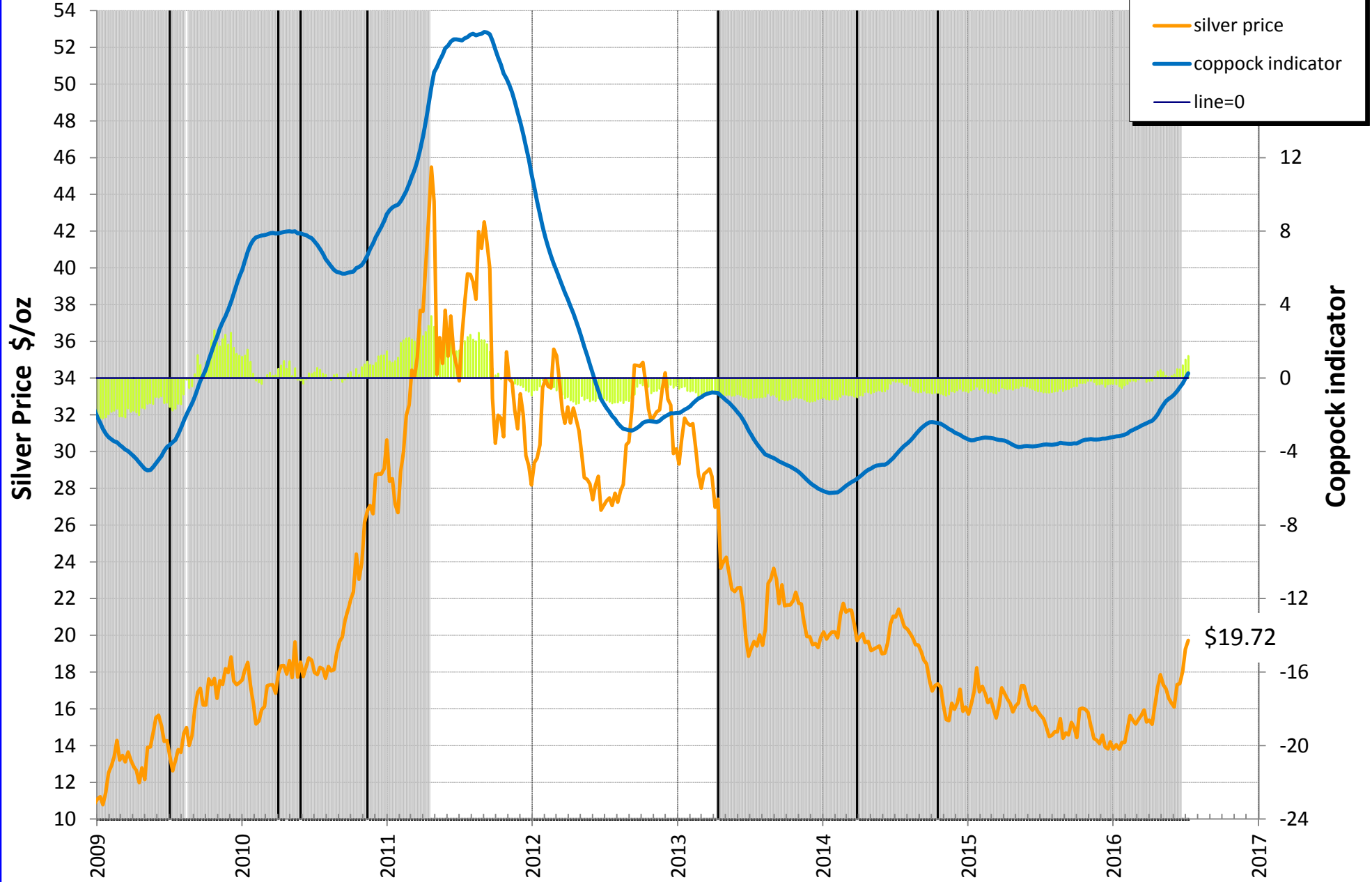
Fig. 6.1 iM GOLD-TIMER

Updated to: 7/7/2016



### Figure 7: Modified Coppock Indicator for Silver 2009-2016

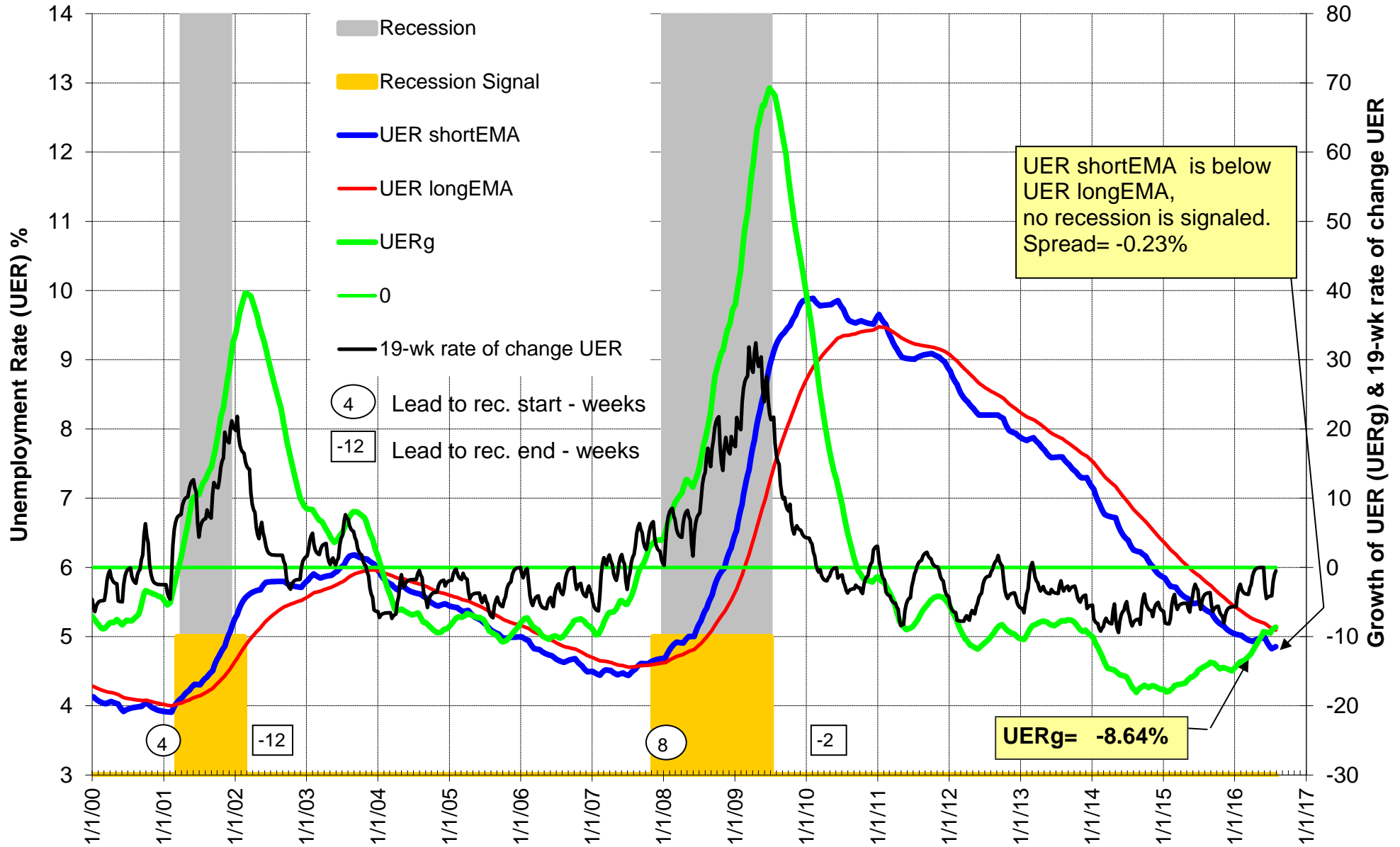
updated to 07/08/2016



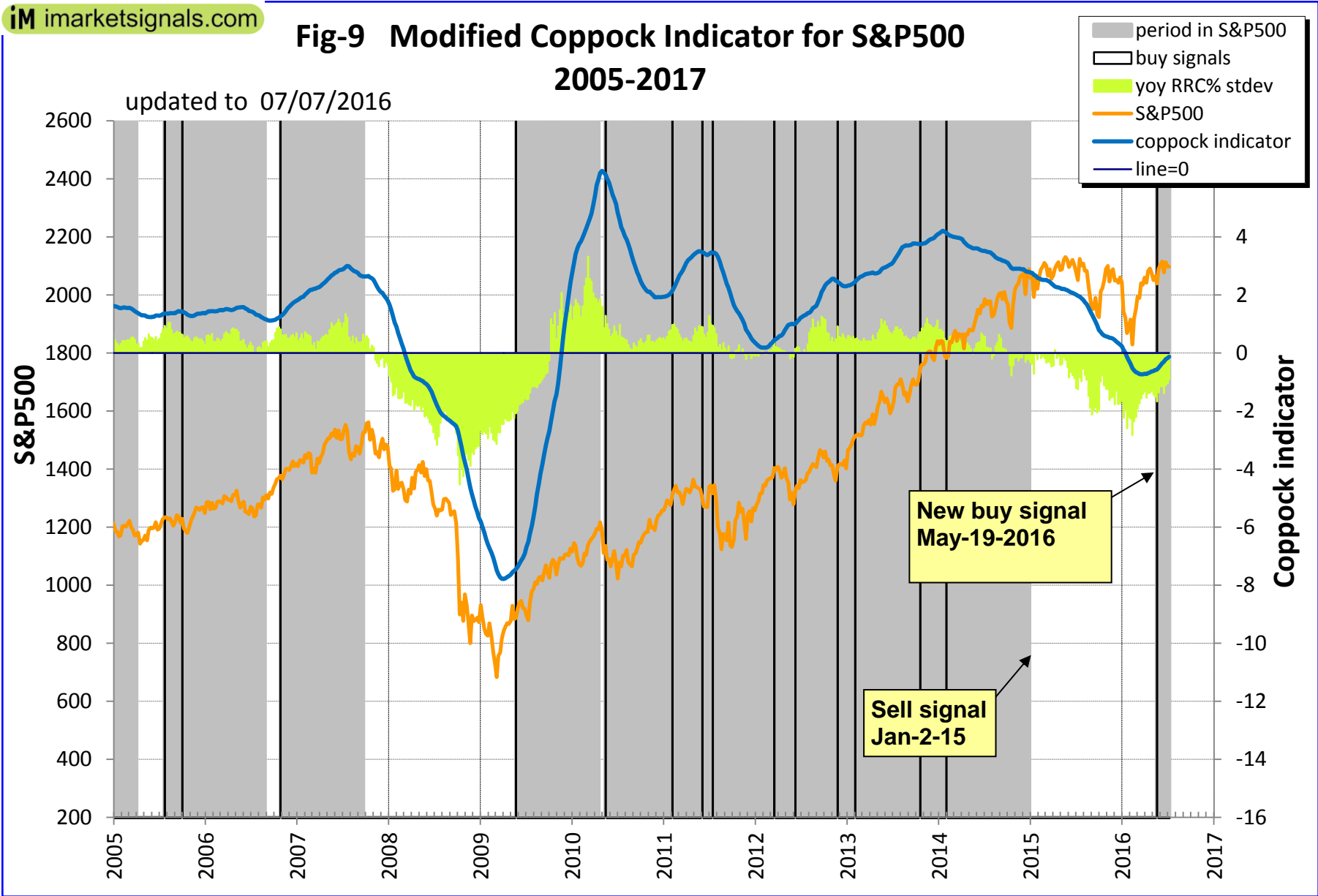
### Fig-8 Unemployment Rate and Recessions (real-time) 2000-2016

Leads to recession starts and to recession ends are positive numbers in weeks, lags are negative numbers.

updated to 7-29-2016 with June UER= 4.9%



### Fig-9 Modified Coppock Indicator for S&P500 2005-2017

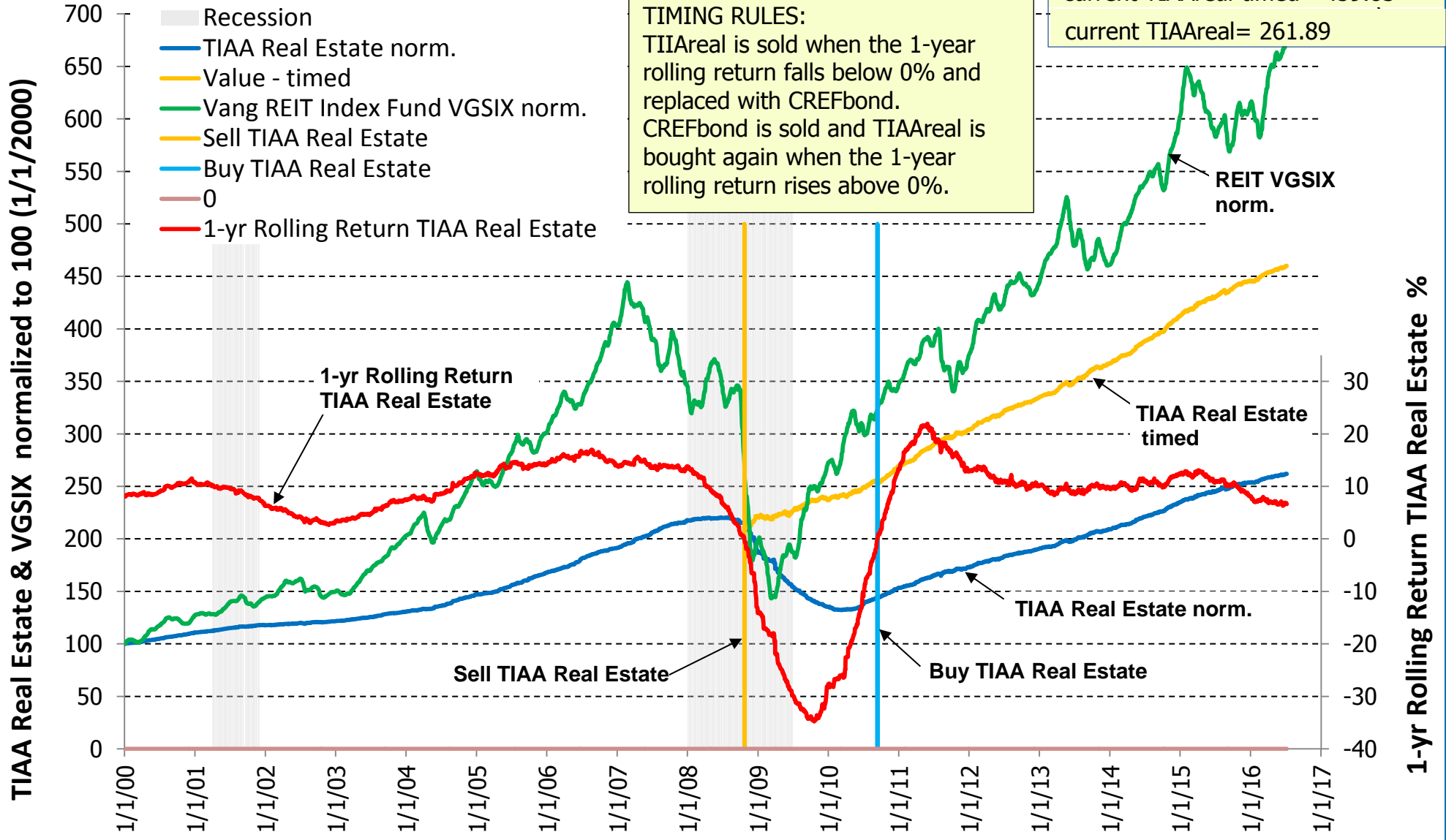


## TIAA Real Estate Account vs. Vanguard REIT Index Fund (VGSIX) 2000 - 2016

updated to 7/7/16, TIAAreal current 1-year rolling return= 6.63%

current TIAAreal-timed= 459.83

current TIAAreal= 261.89



Updated to Jun 30, 2016

# Trade Weighted US Dollar and Interest Rates

