Business Cycle Index 6-1-2016:

The BCI at 207.1 is up from last week's 205.7, which is a new high for the current Business Cycle indicated by BCIp at 100. Also, the 6-month smoothed annualized growth BCIg at 15.0 is up from last week's upward revised 14.5.

No recession is signaled.

Summary 6-2-2016:

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. The MAC-AU is also 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 and the silver model are invested.

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 up from 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 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 fall below the 2% trigger line and then rise above it.

The MAC-AU model is invested in the markets after it generated a buy signal on March 21, 2016. The sell-spread is higher than 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 up from last week's downward 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 also up from last week's revised 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, but this trend appears to have ended. 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 6-2-2016: (next update 7/8/2016)

Unemployment

The unemployment rate recession model (article link), has been updated with the May UER of 4.7%. 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 Dynamic Linearly Detrended Enhanced Aggregate Spread (DAGS) is a long leading recession indicator, (article link); the latest DAGS level of 61 (last month 70 is above the recession warning trigger line, indicating that it is highly unlikely for a recession to start during the next 9 months.

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 has been slowed.

TIAA Real Estate Account

As of end of March 2016 the 1-year rolling return is 6.61%. 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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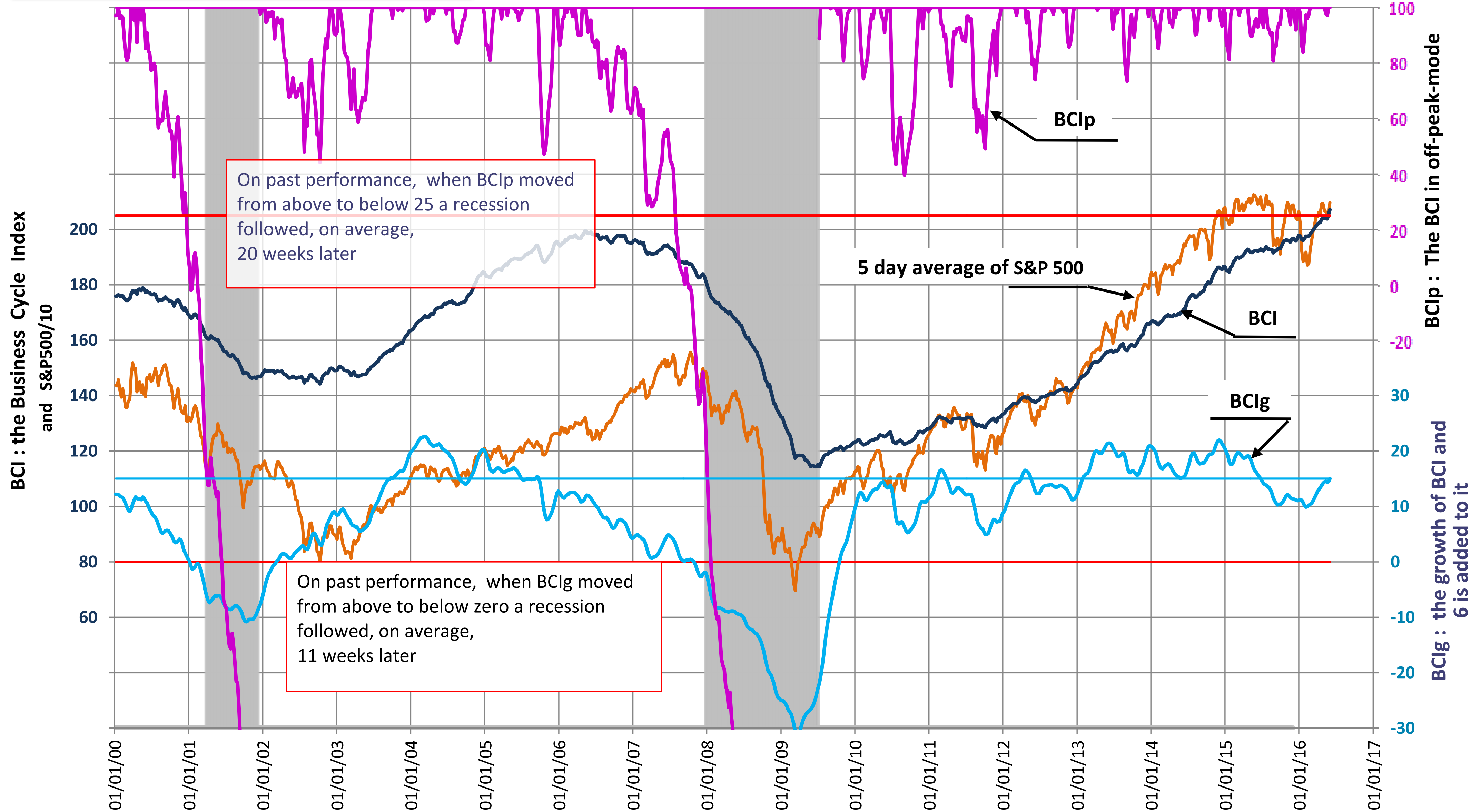
iM's Business Cycle Index (BCI)

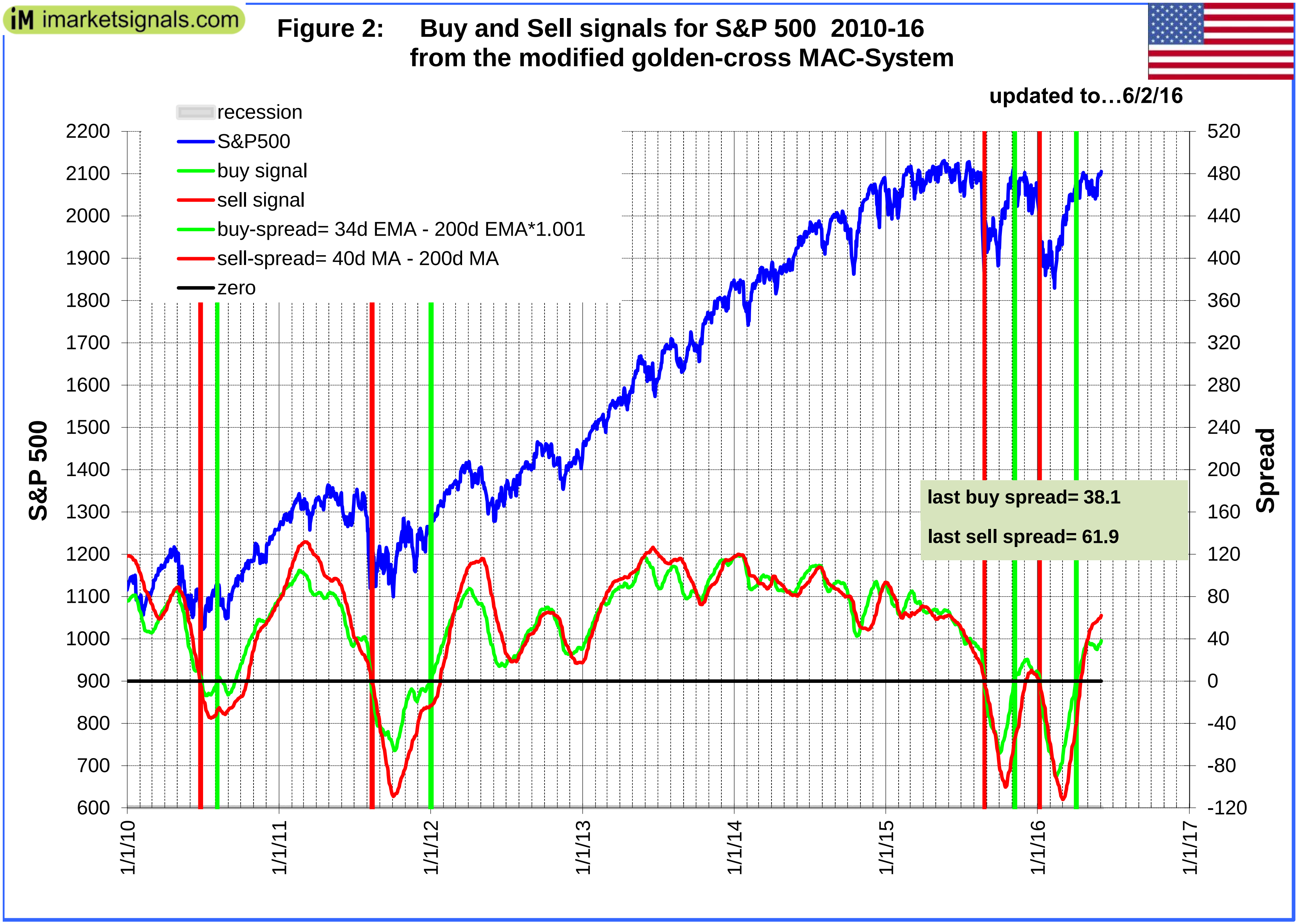
Date	05/05	05/12	05/19	05/26	**06/02**
BCIp	100.0	97.8	97.2	100.0	**100.0**
BCI	204.2	203.9	203.8	205.7	**207.1**
BCIg	14.4	14.6	14.4	14.5	**15.0**

BCIp, BCI and BCIg
updated to June 02, 2016

On past performance, BCIp = 100 can be interpreted as an average one year "time-to-live" to a recession.

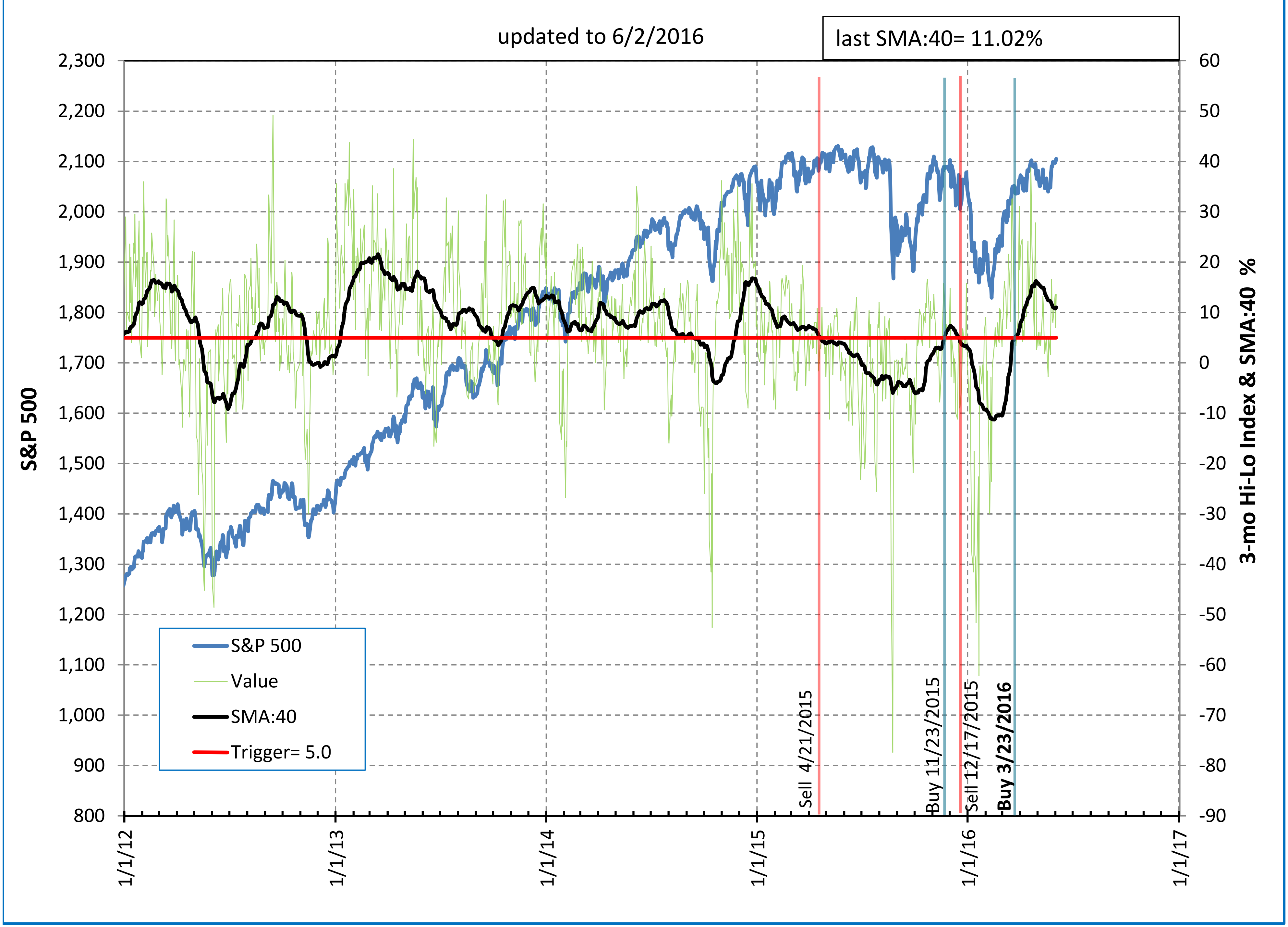


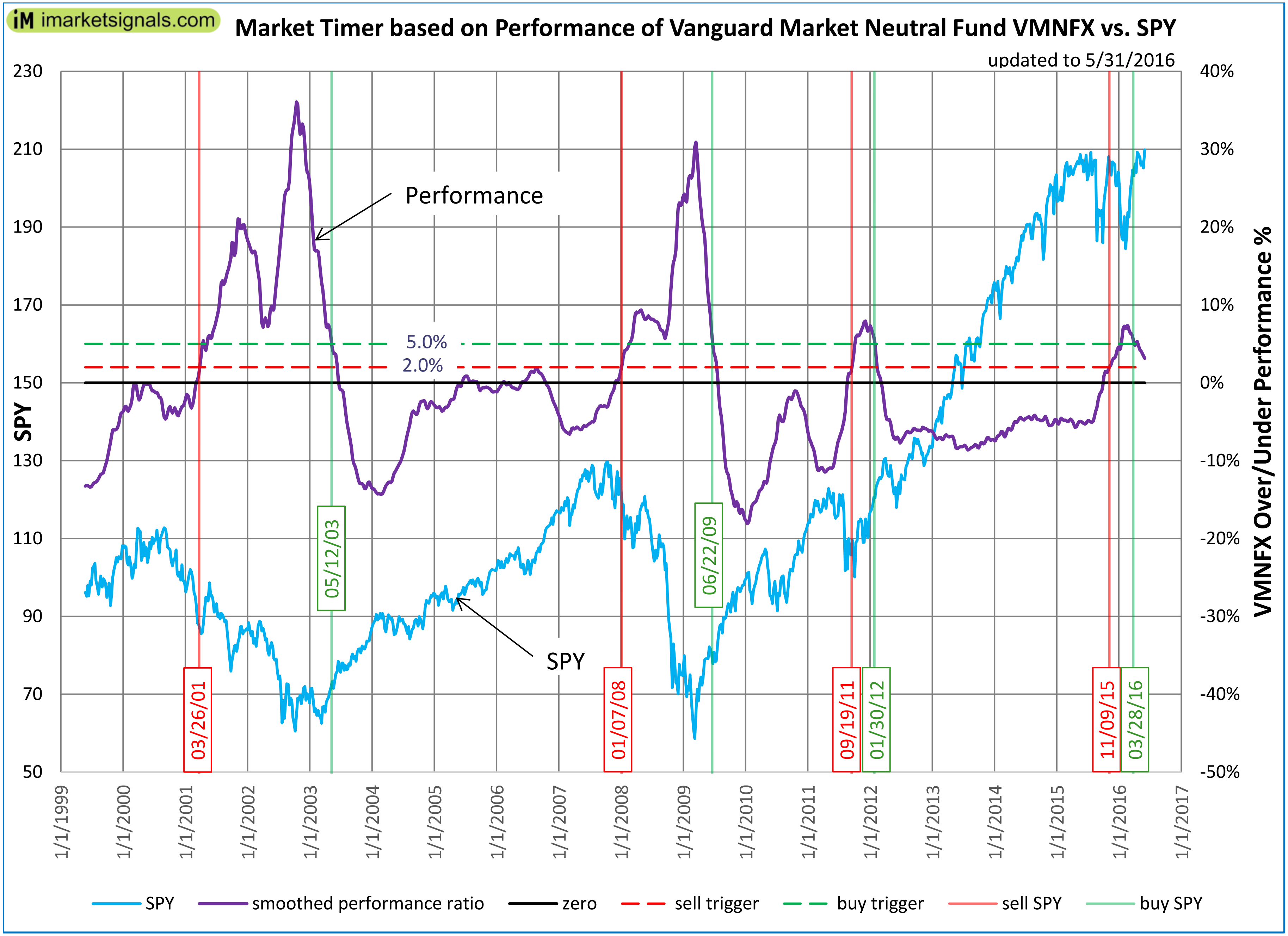
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



2-MAC rev8-27-15.xlsm

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





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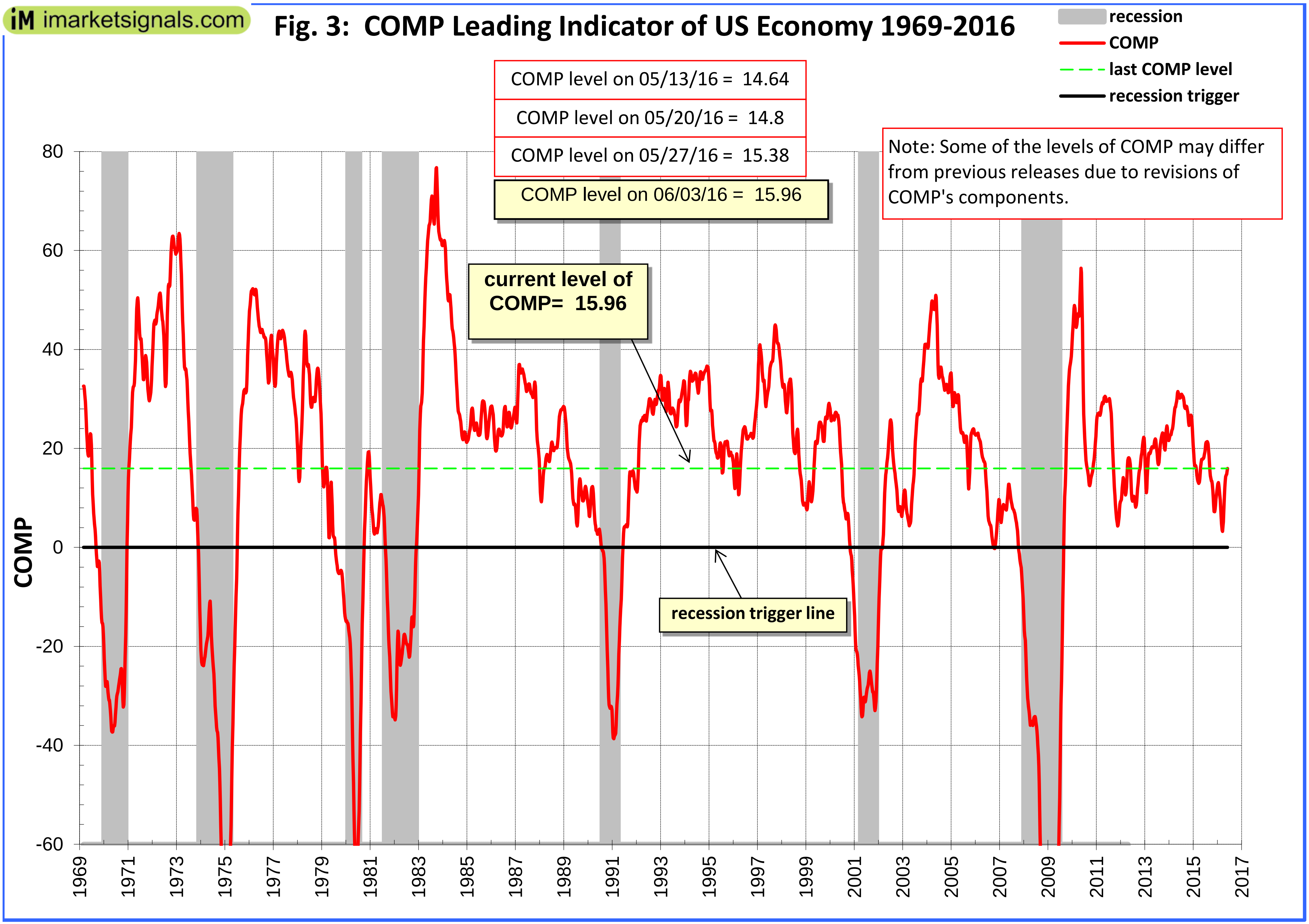
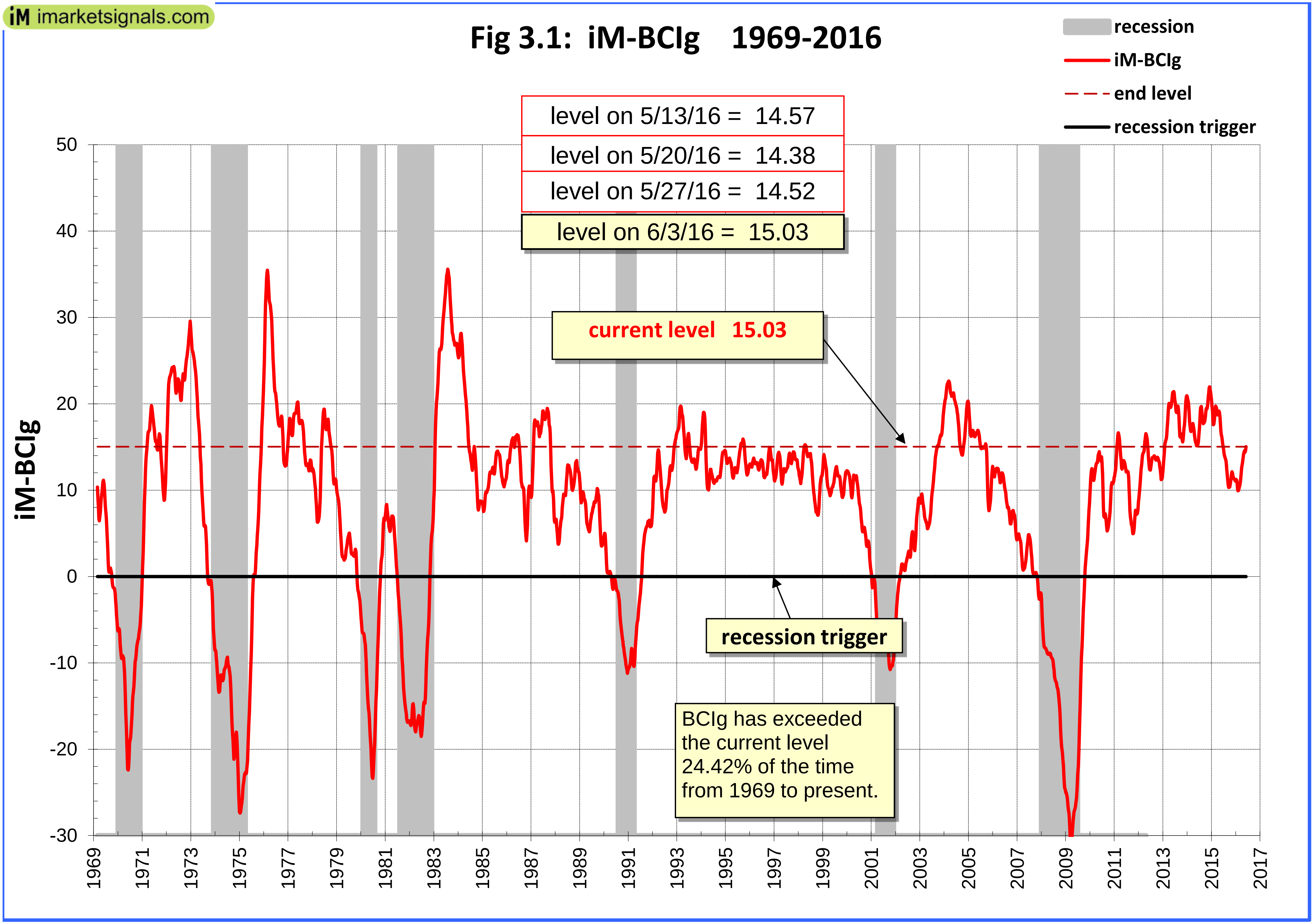
Market Timer based on Performance of Vanguard Market Neutral Fund VMNFX vs. SPY
updated to 5/31/2016
Performance
SPY
5.0%
2.0%
03/26/01
05/12/03
01/07/08
06/22/09
09/19/11
01/30/12
11/09/15
03/28/16
SPY
VMNFX Over/Under Performance %
230
210
190
170
150
130
110
90
70
50
40%
30%
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
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 05/13/16 = 14.64
COMP level on 05/20/16 = 14.8
COMP level on 05/27/16 = 15.38
COMP level on 06/03/16 = 15.96
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 15.96
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);

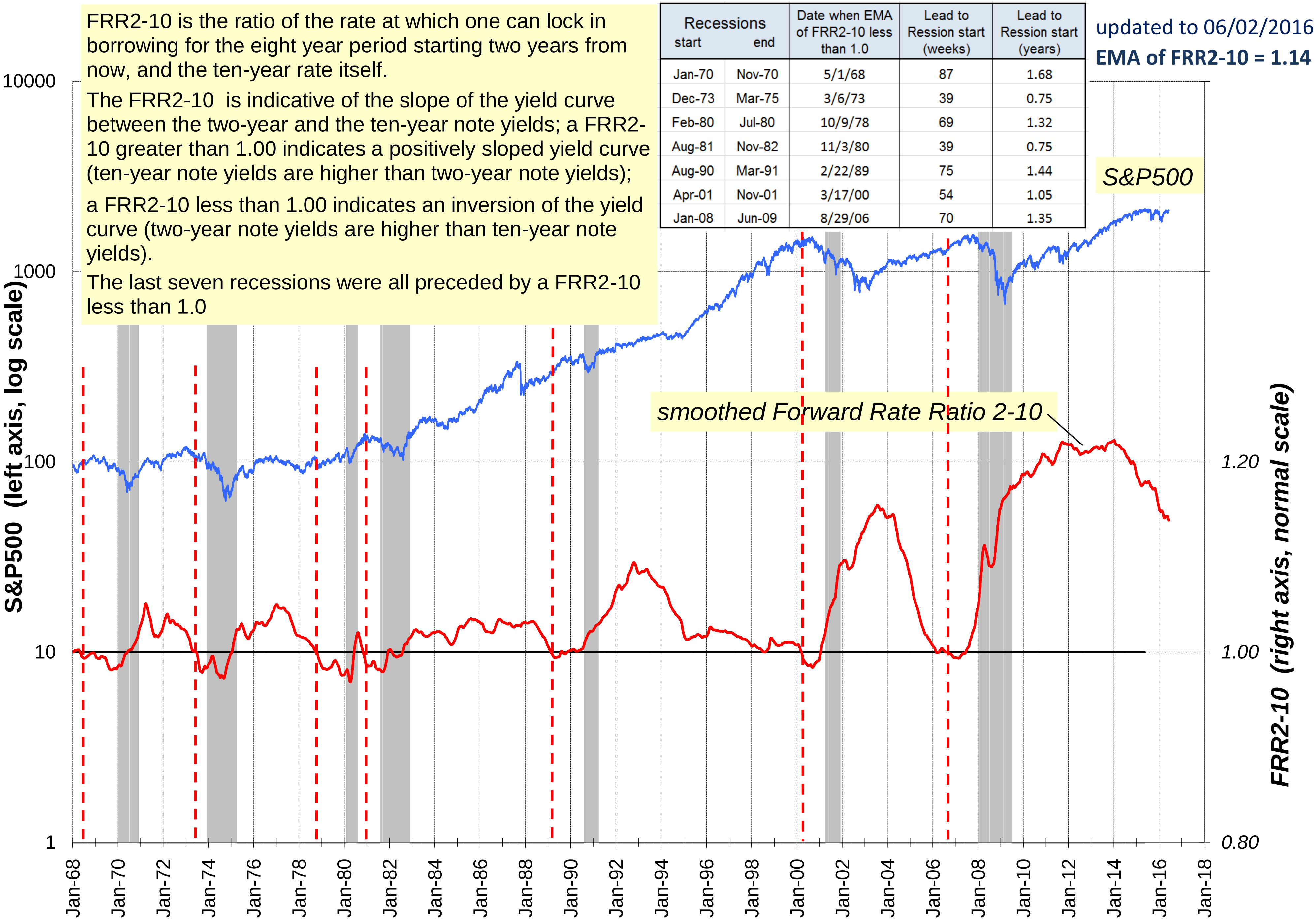
a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

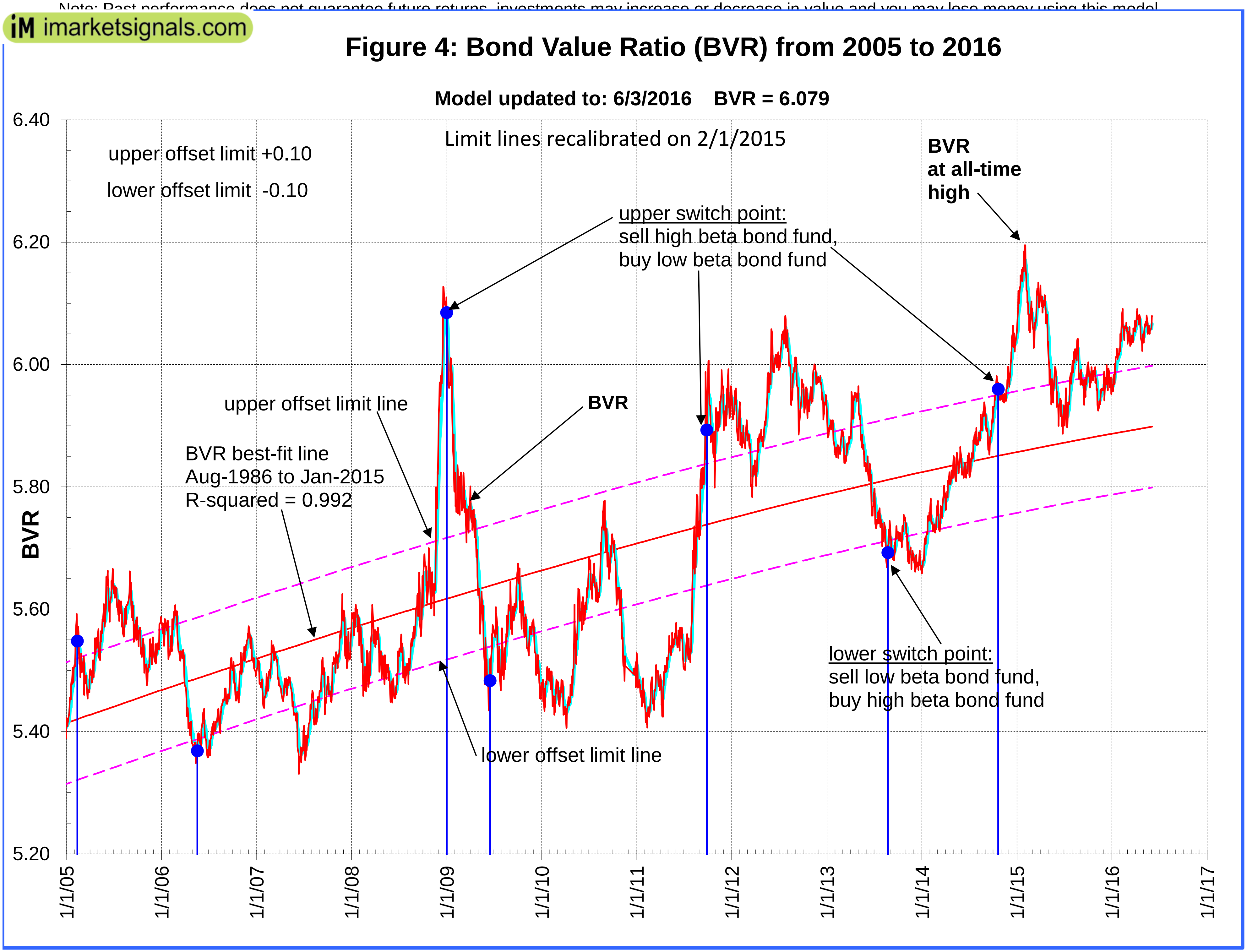
The last seven recessions were all preceded by a FRR2-10 less than 1.0

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 06/02/2016

EMA of FRR2-10 = 1.14





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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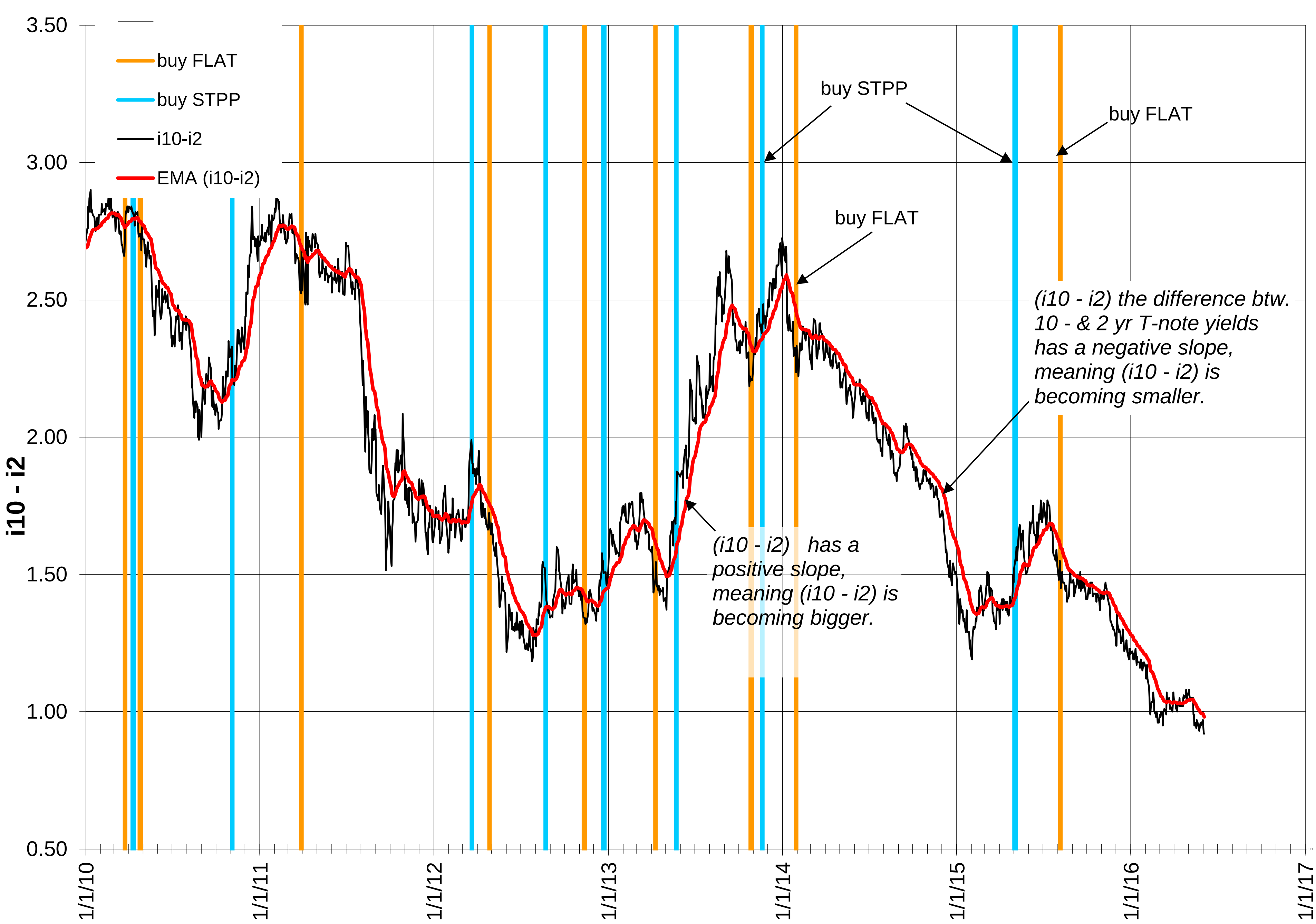
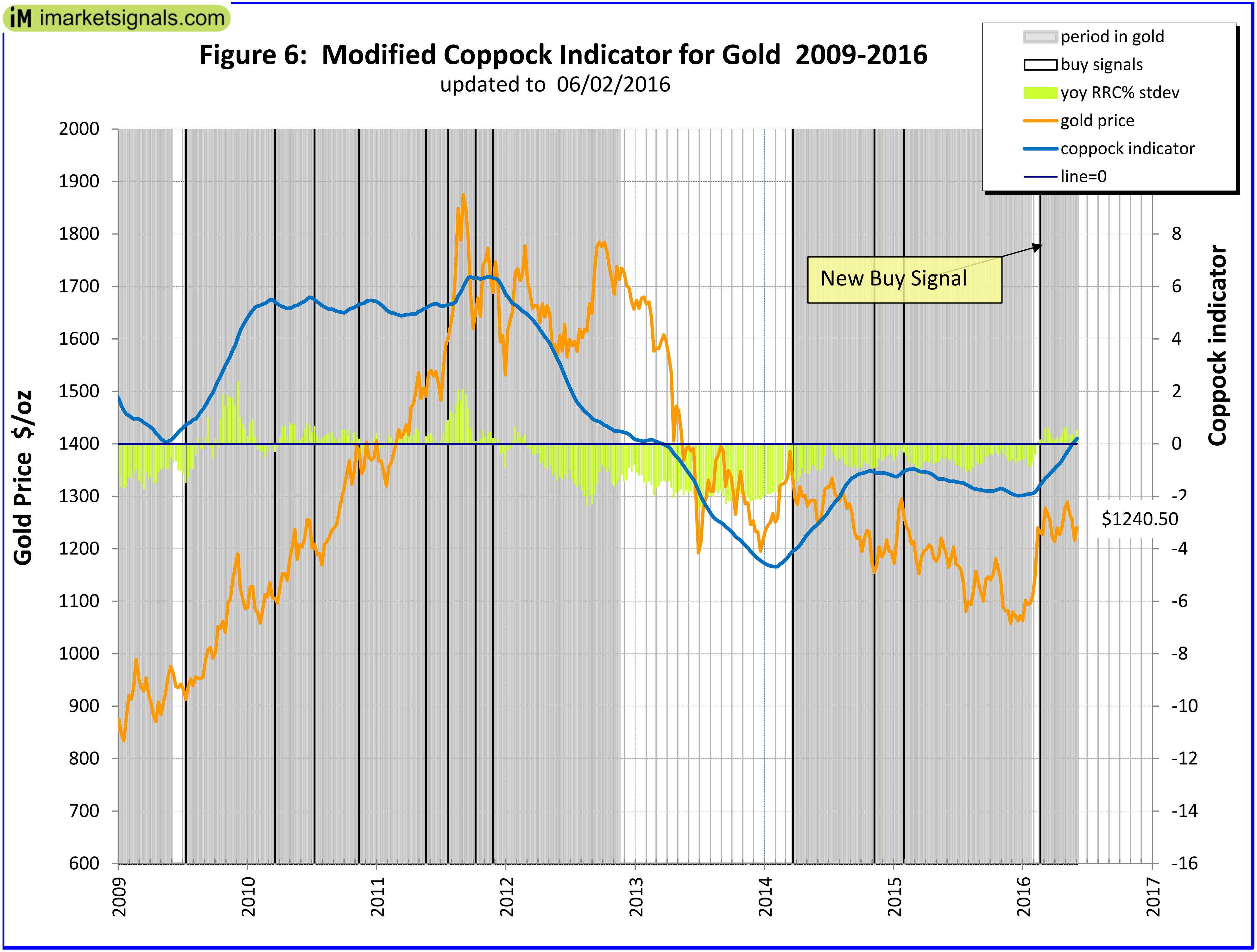
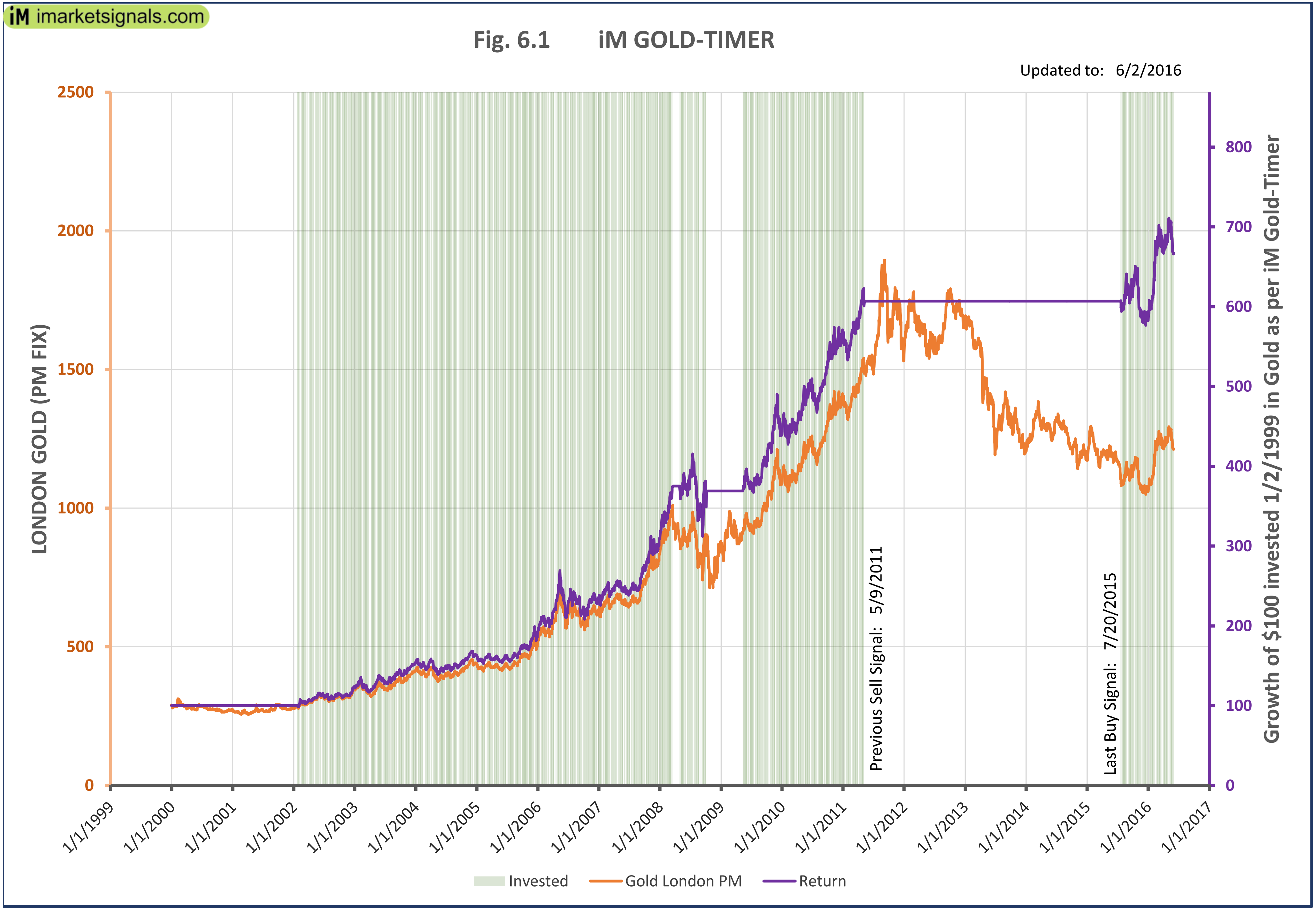
Figure 5: i10 - i2 **Updated to…..6/3/16**





6-COPPOCK GOLD for updates.xlsm

Fig. 6.1 iM GOLD-TIMER



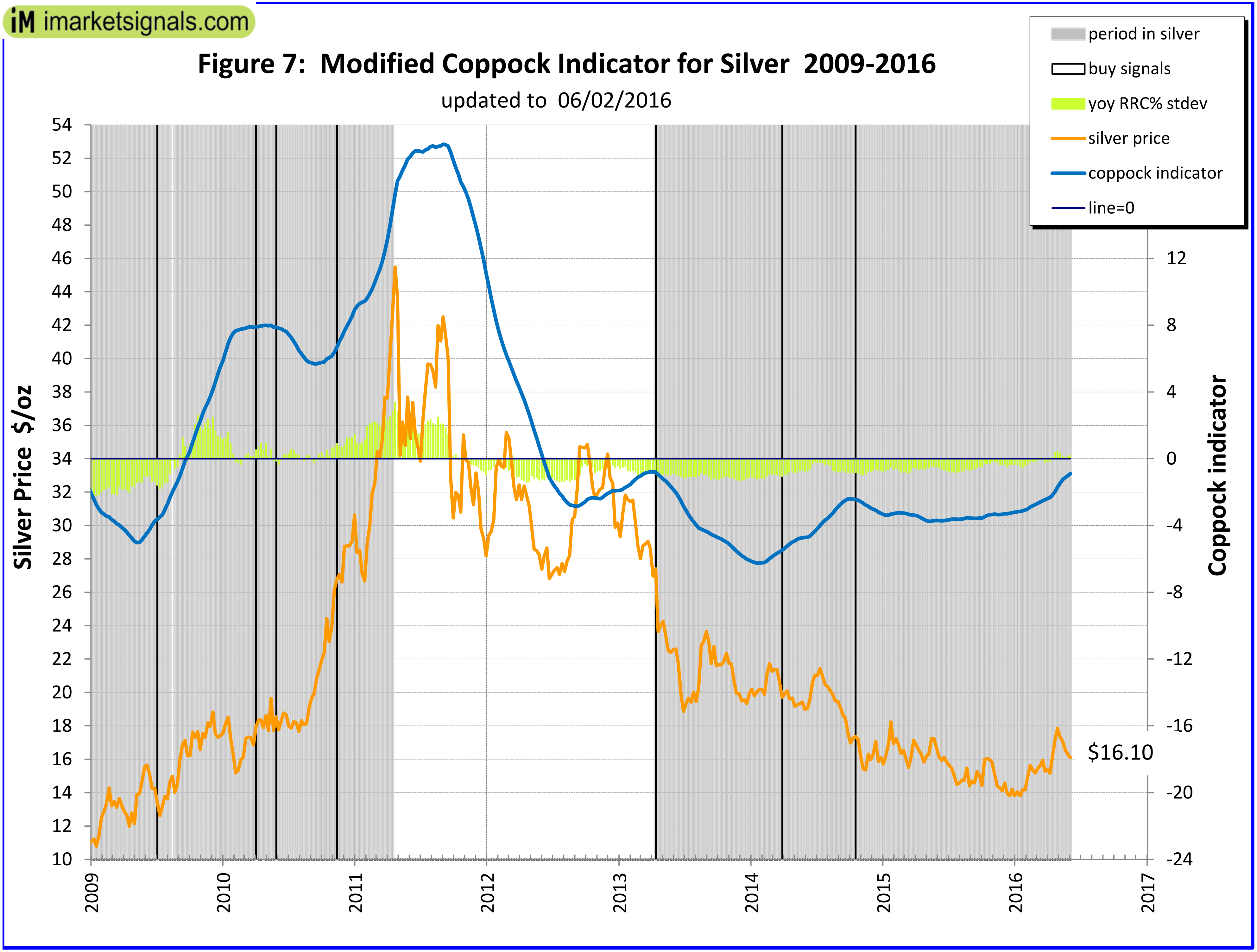


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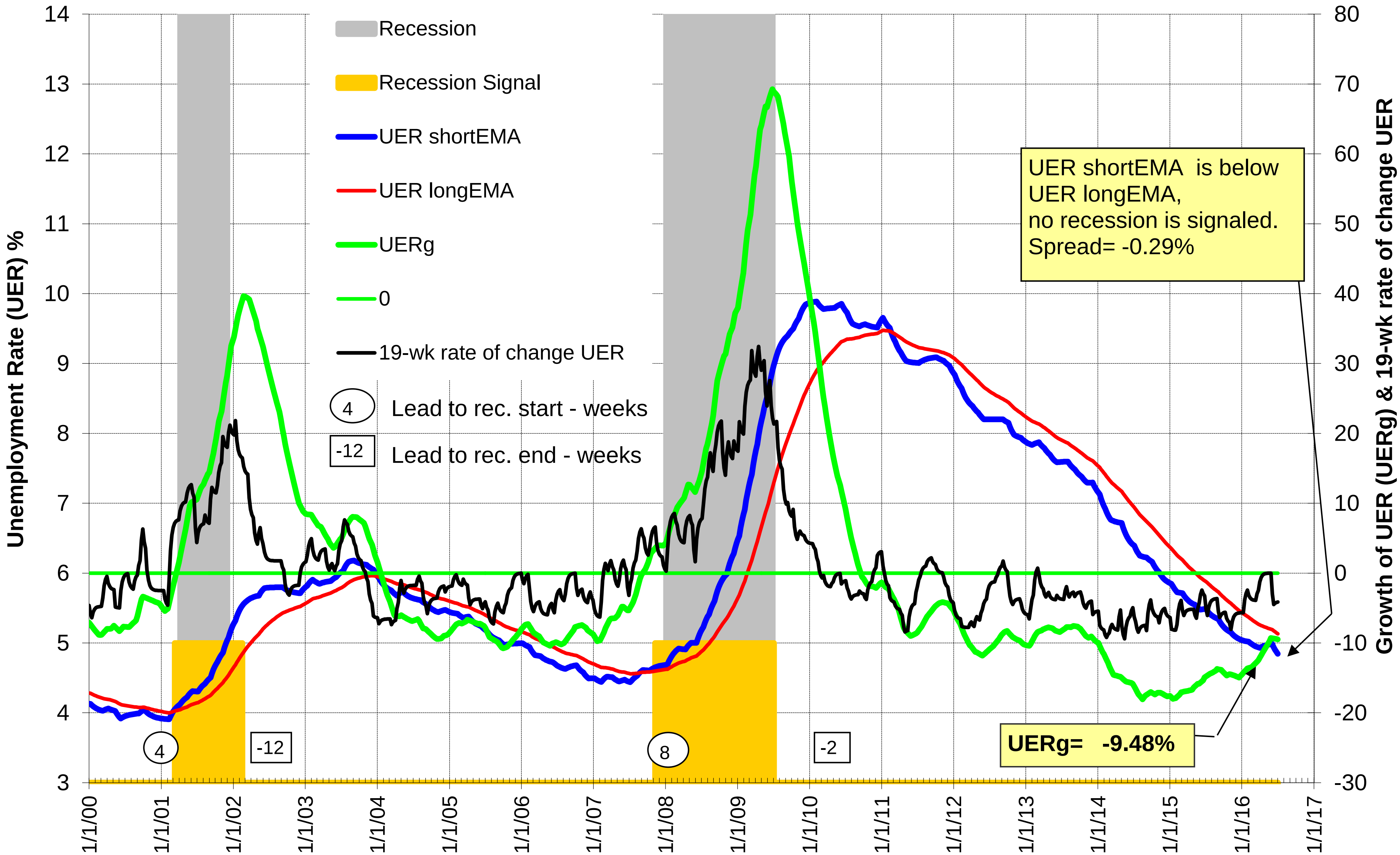
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 06/02/2016
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$16.10
54
52
50
48
46
44
42
40
38
36
34
32
30
28
26
24
22
20
18
16
14
12
10
12
8
4
0
-4
-8
-12
-16
-20
-24
2009
2010
2011
2012
2013
2014
2015
2016
2017

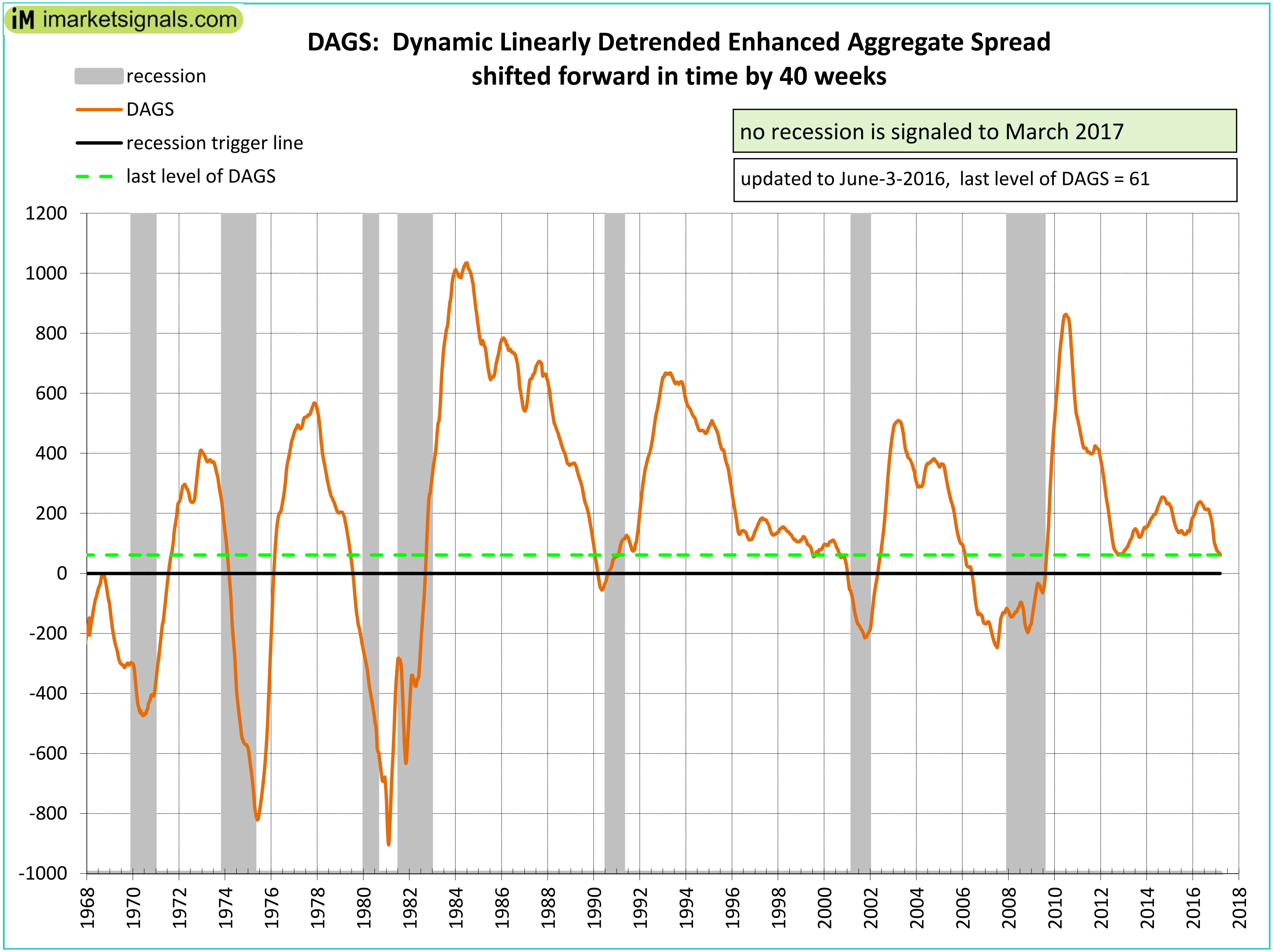
Fig-8 Unemployment Rate and Recessions (real-time) 2000-2016

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

updated to 7-1-2016 with May UER= 4.7%

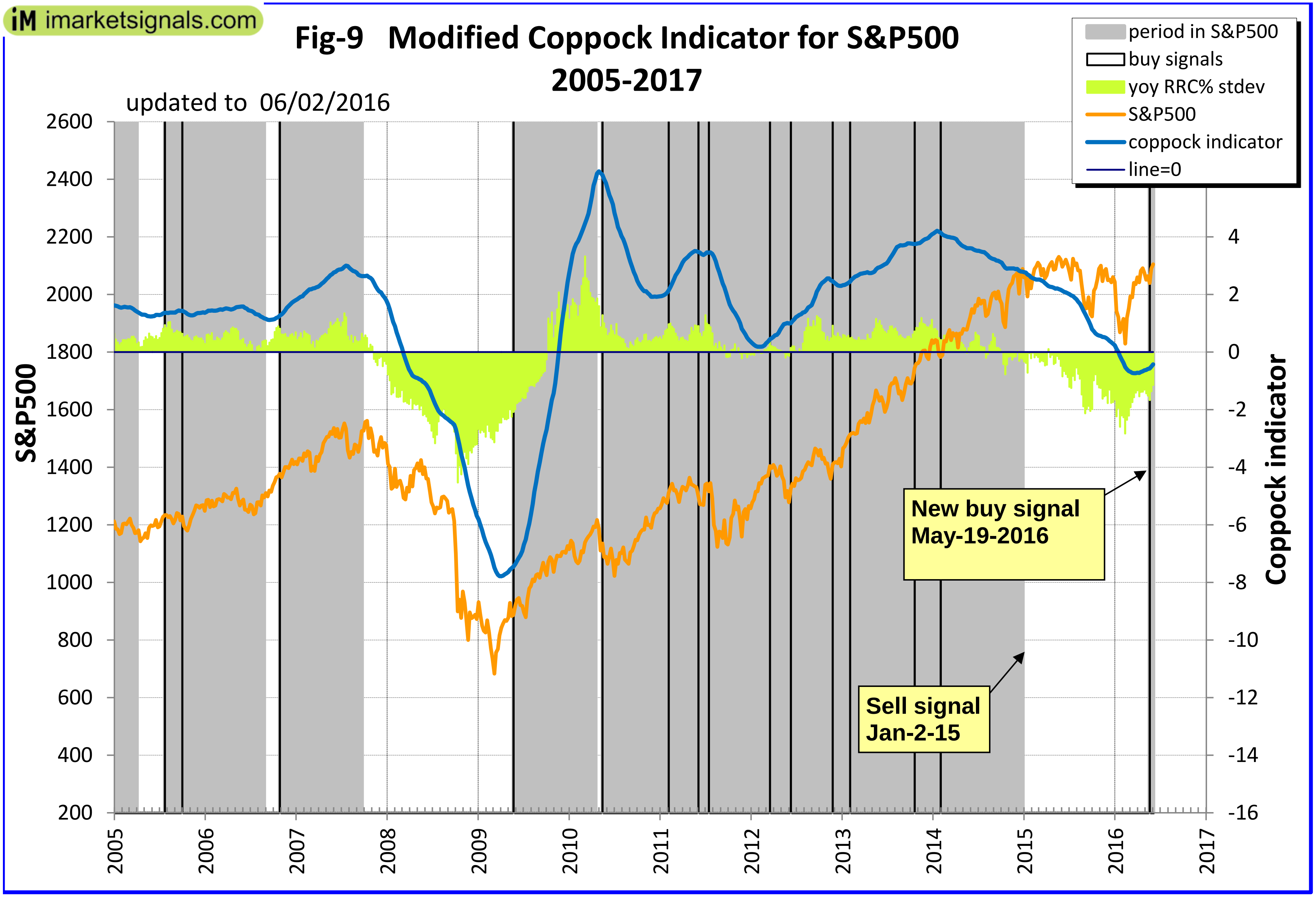


6/3/2016

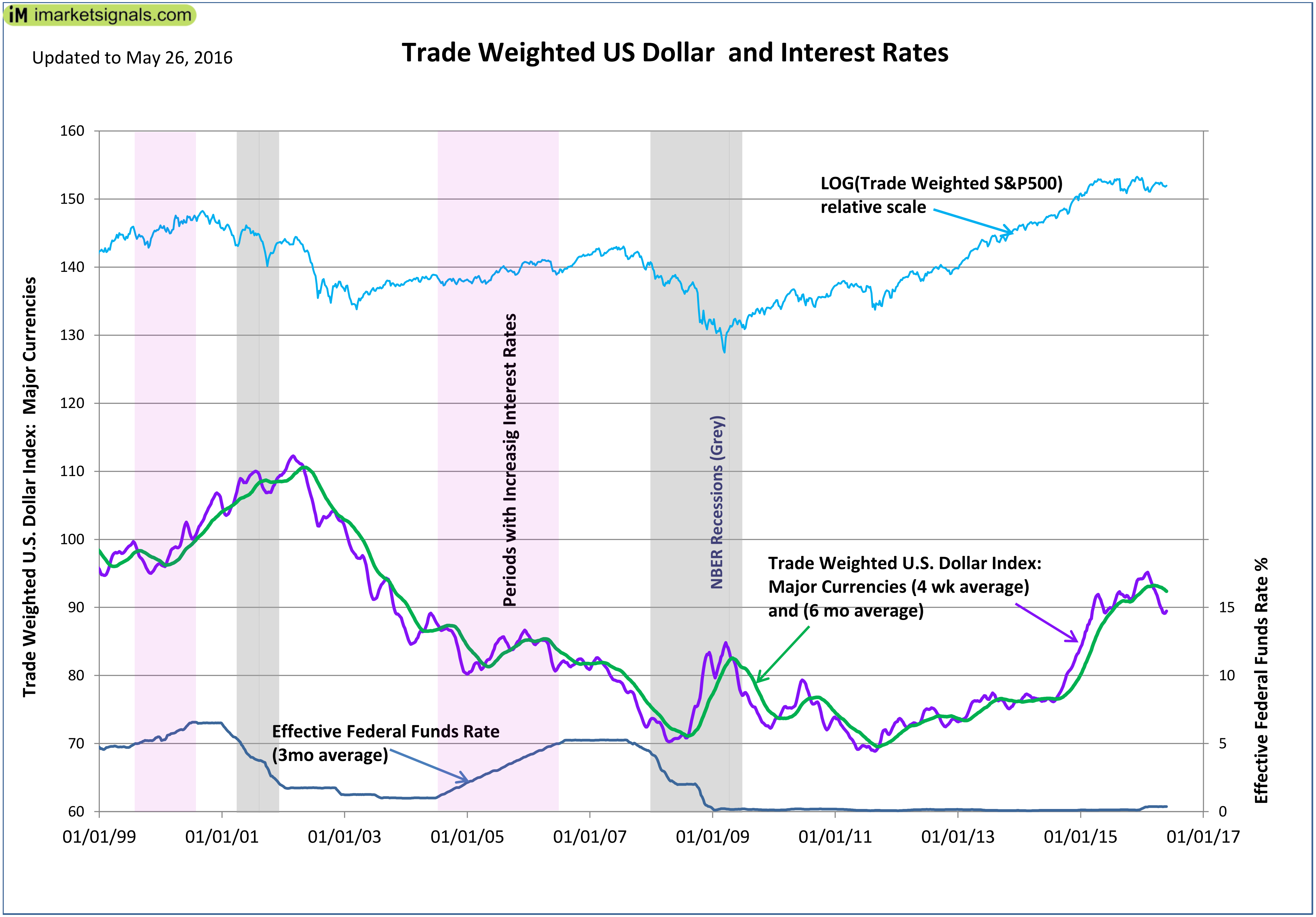


iM imarketsignals.com
DAGS: Dynamic Linearly Detrended Enhanced Aggregate Spread
shifted forward in time by 40 weeks
recession
DAGS
recession trigger line
last level of DAGS
no recession is signaled to March 2017
updated to June-3-2016, last level of DAGS = 61
1200
1000
800
600
400
200
0
-200
-400
-600
-800
-1000
1968
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018

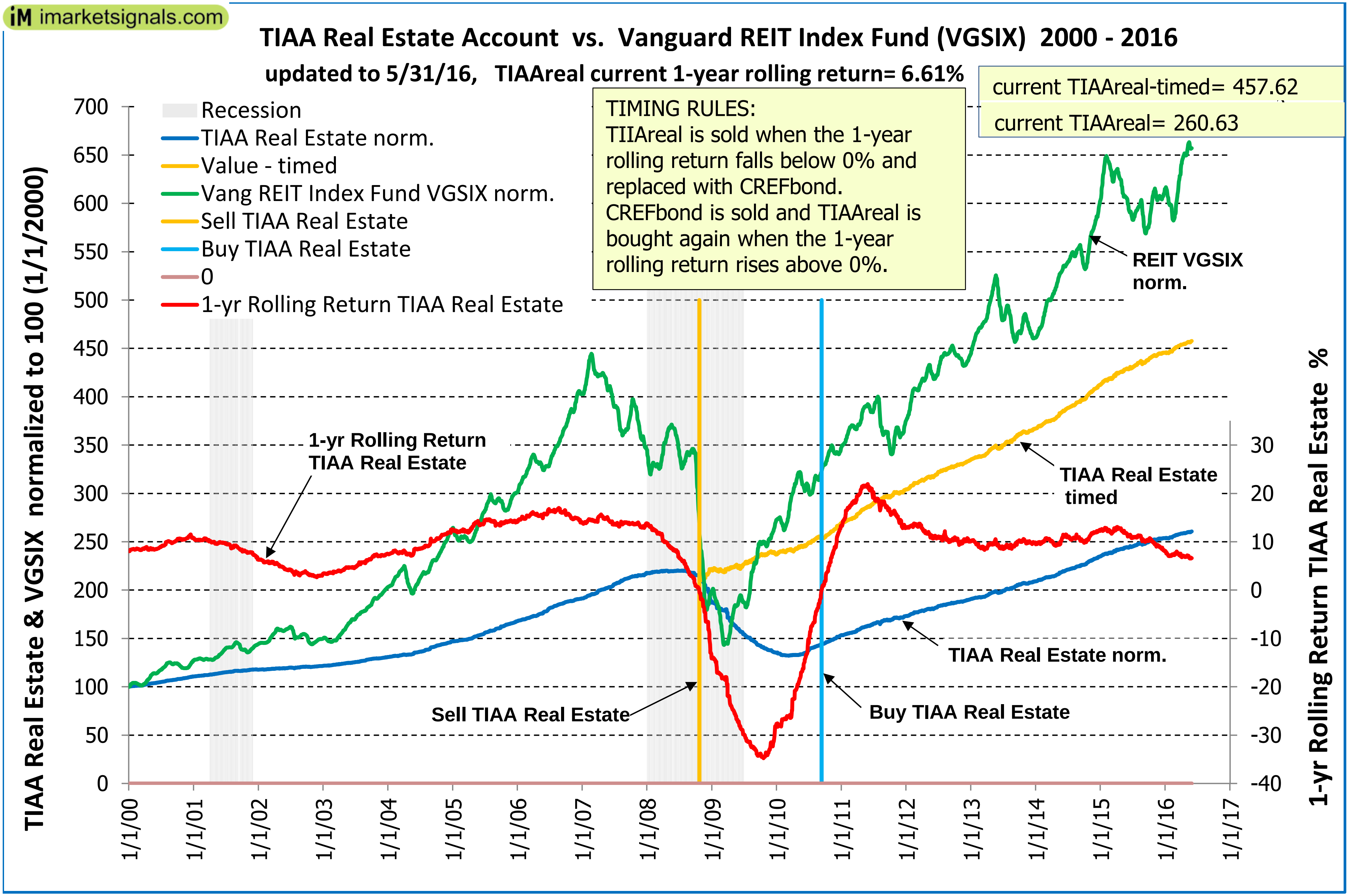
iM-DAGS.xls



iM imarketsignals.com
Fig-9 Modified Coppock Indicator for S&P500
2005-2017
updated to 06/02/2016
period in S&P500
buy signals
yoy RRC% stdev
S&P500
coppock indicator
line=0
S&P500
Coppock indicator
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
4
2
0
-2
-4
-6
-8
-10
-12
-14
-16
New buy signal
May-19-2016
Sell signal
Jan-2-15
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017



iM imarketsignals.com
Updated to May 26, 2016
Trade Weighted US Dollar and Interest Rates
LOG(Trade Weighted S&P500)
relative scale
Periods with Increasig Interest Rates
NBER Recessions (Grey)
Trade Weighted U.S. Dollar Index:
Major Currencies (4 wk average)
and (6 mo average)
Effective Federal Funds Rate
(3mo average)
Trade Weighted U.S. Dollar Index: Major Currencies
Effective Federal Funds Rate %
160
150
140
130
120
110
100
90
80
70
60
15
10
5
0
01/01/99
01/01/01
01/01/03
01/01/05
01/01/07
01/01/09
01/01/11
01/01/13
01/01/15
01/01/17



iM imarketsignals.com
TIAA Real Estate Account vs. Vanguard REIT Index Fund (VGSIX) 2000 - 2016
updated to 5/31/16, TIAAreal current 1-year rolling return= 6.61%
current TIAAreal-timed= 457.62
current TIAAreal= 260.63
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%.
Recession
TIAA Real Estate norm.
Value - timed
Vang REIT Index Fund VGSIX norm.
Sell TIAA Real Estate
Buy TIAA Real Estate
0
1-yr Rolling Return TIAA Real Estate
1-yr Rolling Return
TIAA Real Estate
REIT VGSIX
norm.
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
1/1/17