Business Cycle Index 9-22-2016:

The BCI at 211.9 is up from last week's 211.3, it is above its previous high for this Business Cycle as indicated by the BCIp at 100.0. Also, the 6-month smoothed annualized growth BCIg at 16.6 is up from last week's 16.5.

No recession is signaled.

Summary 9-23-2016:

The MAC-US model is invested, also invested are the "VMNFX vs. SPY Timer", as well as the "3-mo Hi-Lo Index of the S&P500" which may sell next week. The monthly update S&P500 Coppock indicator entered the markets in May. The MAC-AU is also invested. 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 downwards. The gold model is invested and the silver model exited the market on June 24.

The MAC-US model generated a buy-signal 4/5/2016 and thus is invested in the stock-markets. The sell-spread is below 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 below last week's level and at 5.46 (last week 6.95) still above the sell trigger of 5.0, **and may generate a sell signal next week.**

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 below 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 above last week's 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 above 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) 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 9-2-2016: (next update 10/7/2016)

Unemployment

The unemployment rate recession model (article link), has been updated with the August 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 25 (last month 24) 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 .

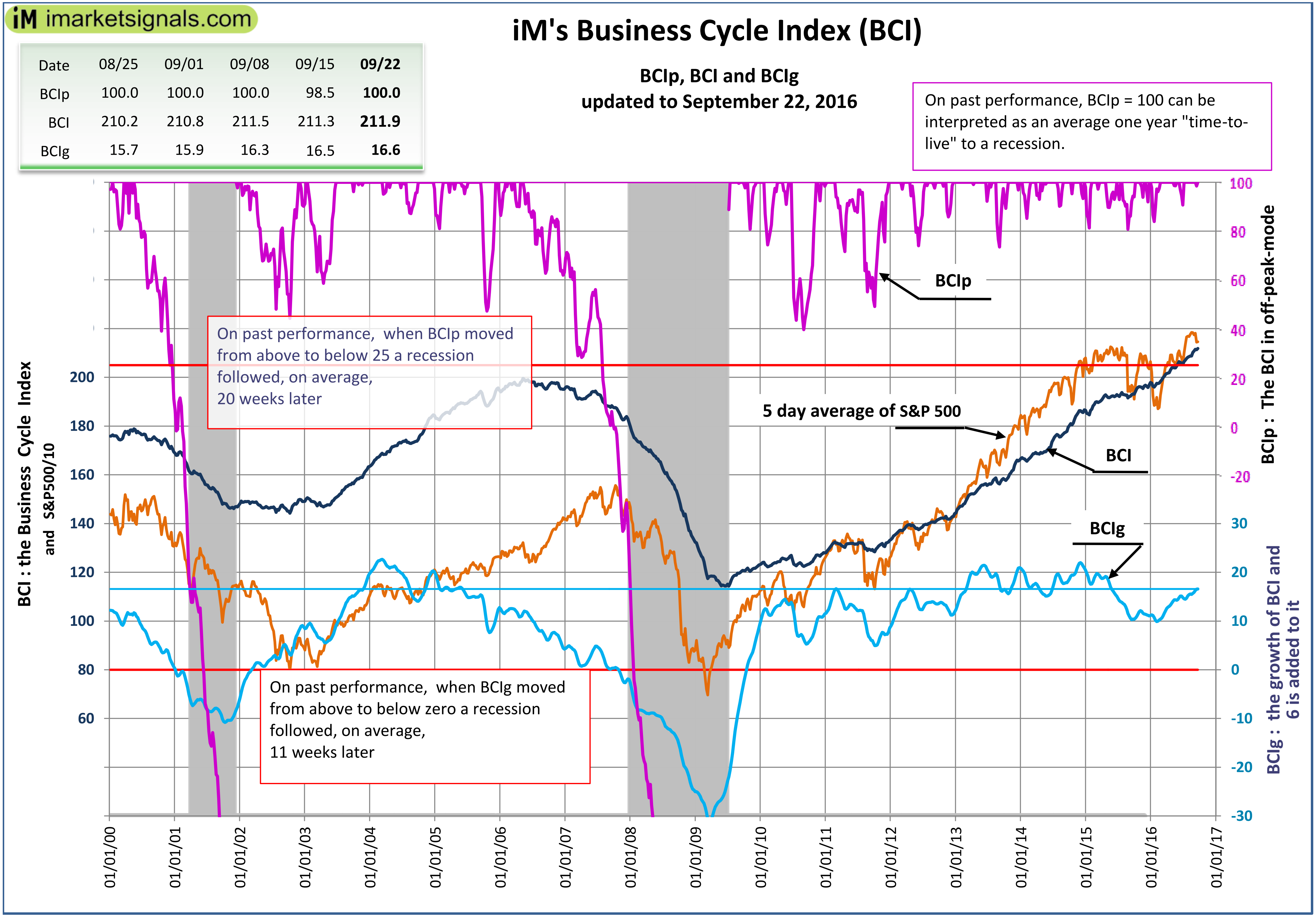
Trade Weighted USD

The TW$ value has steadied and the 6 month moving average trend is still falling.

TIAA Real Estate Account

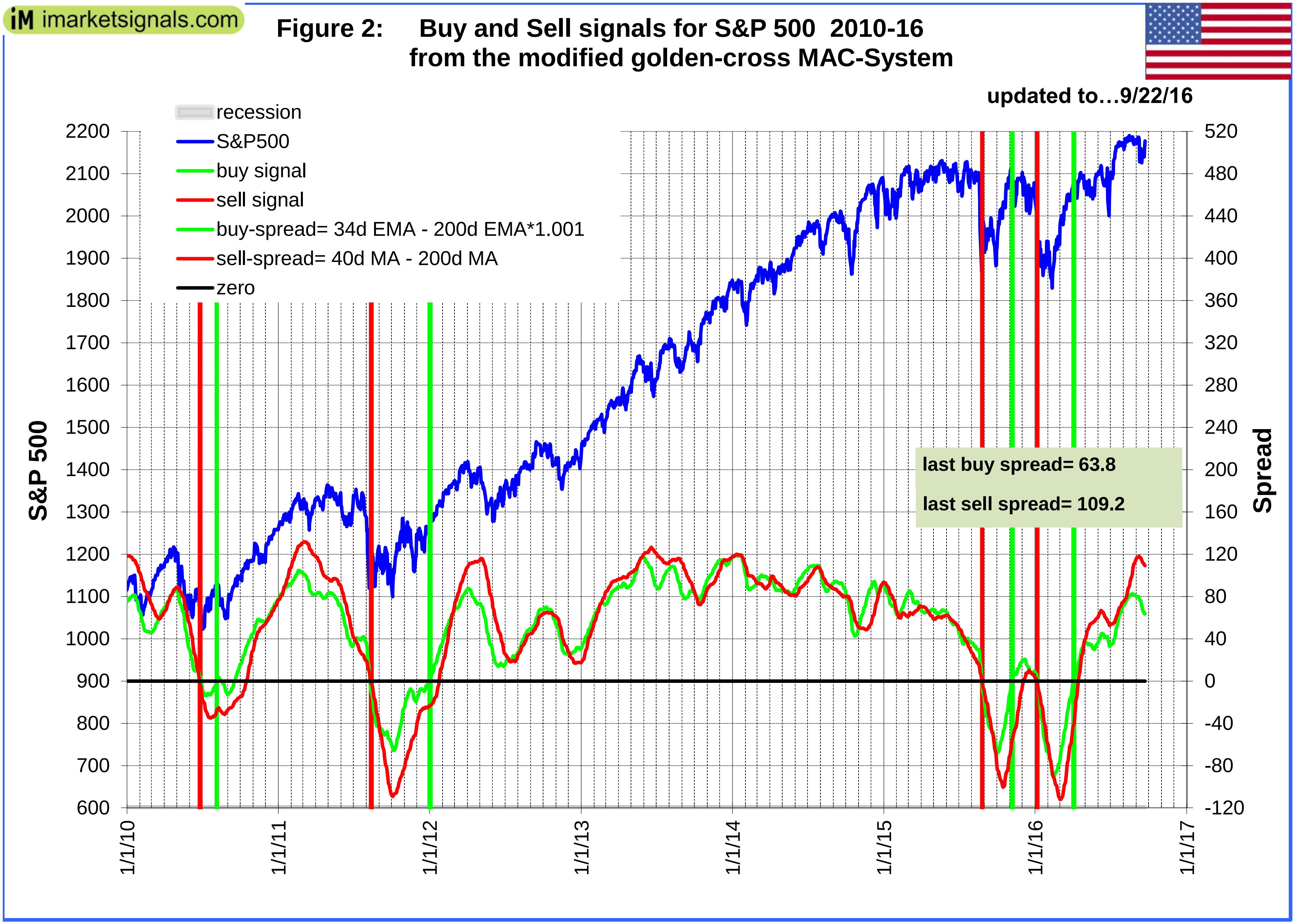
As of end of August 2016 the 1-year rolling return is 6.16%. The Vanguard REIT Index Fund has retreated from the all-time high; however, the good positive returns of TIAA Real Estate Account are expected to continue. A sell signal is not imminent.

Read more …



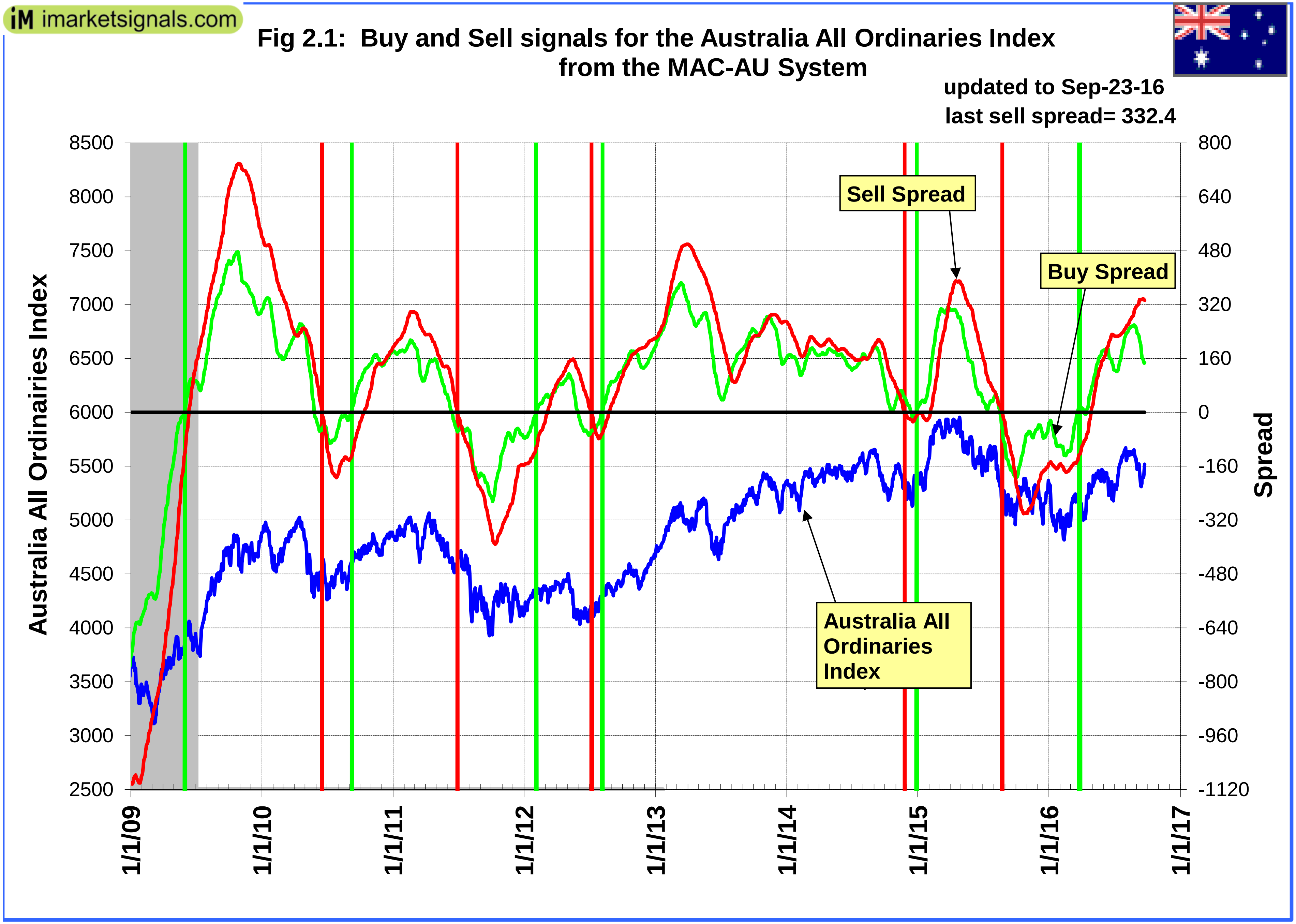
iM imarketsignals.com
iM's Business Cycle Index (BCI)
BCIp, BCI and BCIg
updated to September 22, 2016
Date 08/25 09/01 09/08 09/15 09/22
BCIp 100.0 100.0 100.0 98.5 100.0
BCI 210.2 210.8 211.5 211.3 211.9
BCIg 15.7 15.9 16.3 16.5 16.6
On past performance, BCIp = 100 can be interpreted as an average 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
BCIp
5 day average of S&P 500
BCI
BCIg
BCI : the Business Cycle Index and S&P500/10
BCIp : The BCI in off-peak-mode
BCIg : the growth of BCI and 6 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.

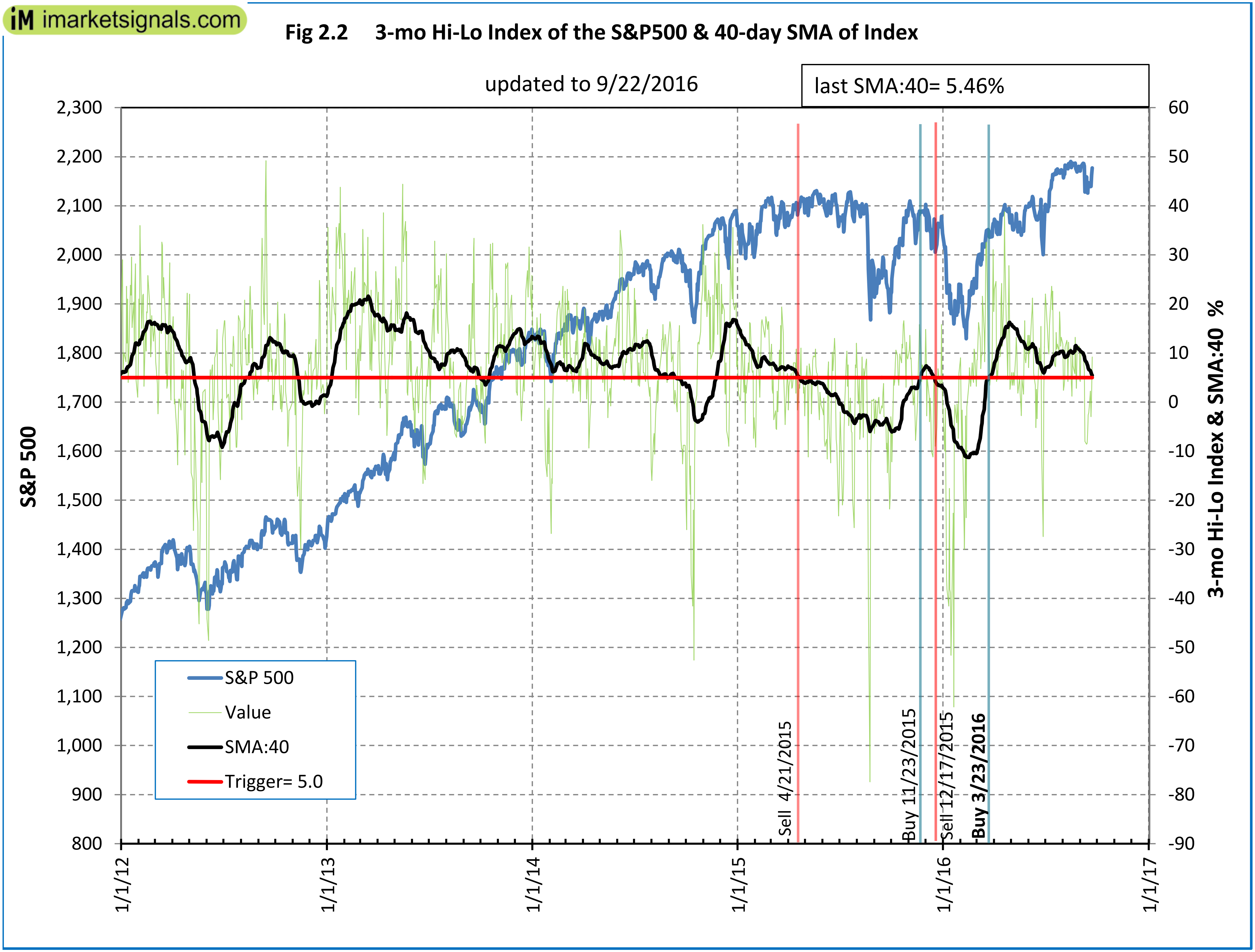


2-MAC rev8-27-15.xlsm

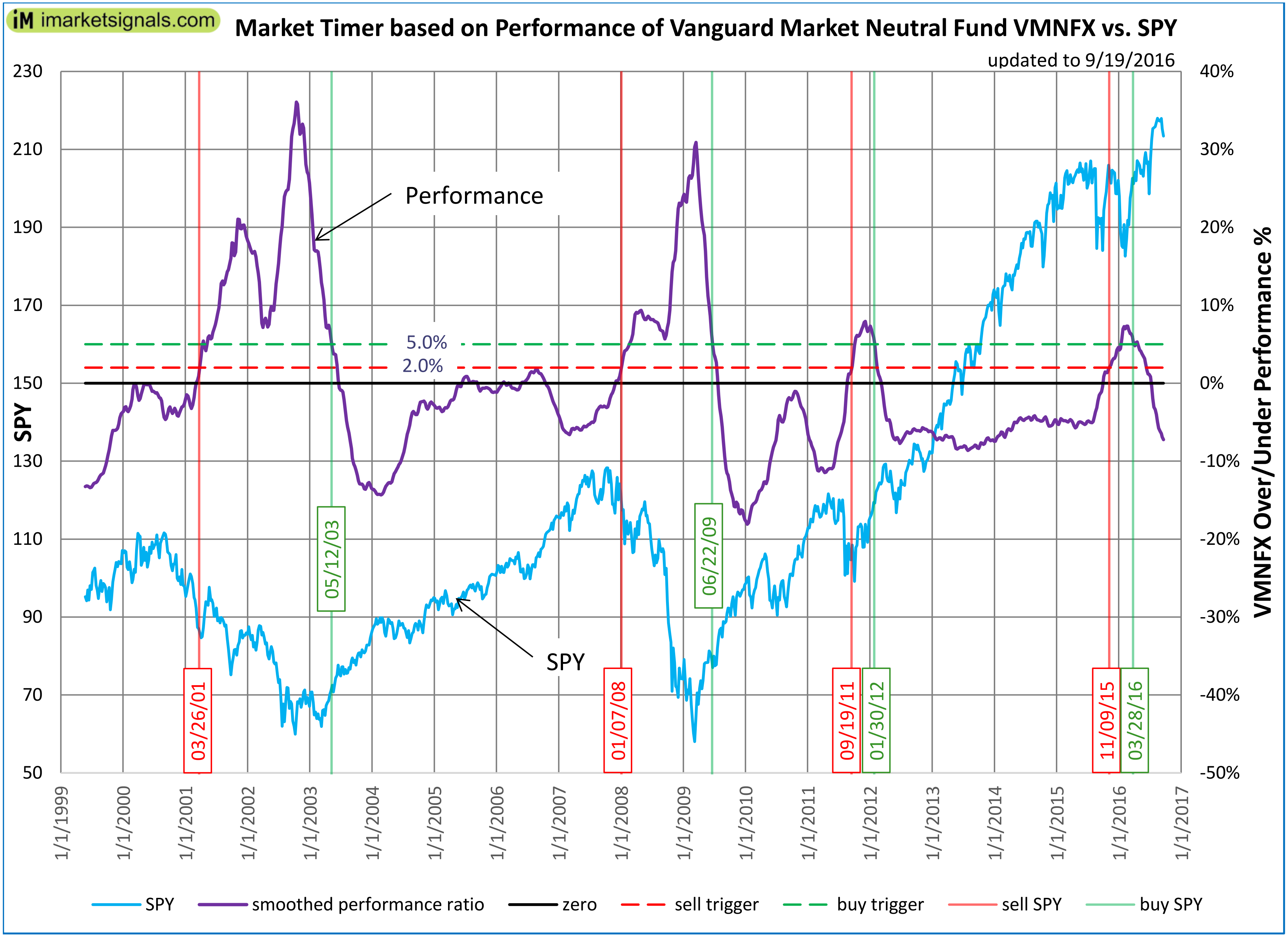
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



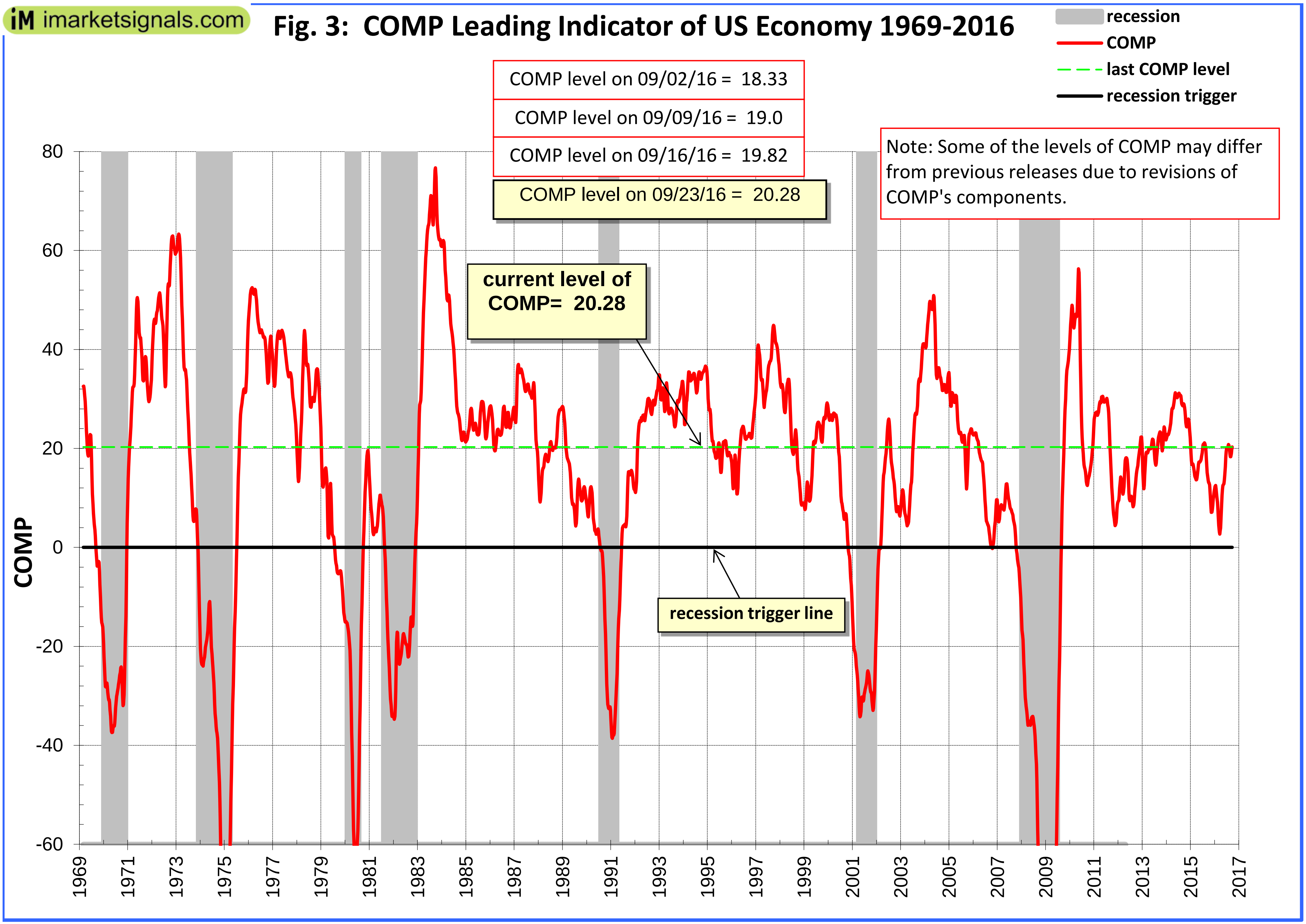
2.1-MAC Australia.xlsm



iM imarketsignals.com
Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index
updated to 9/22/2016
last SMA:40= 5.46%
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
Buy 3/23/2016
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16
1/1/17

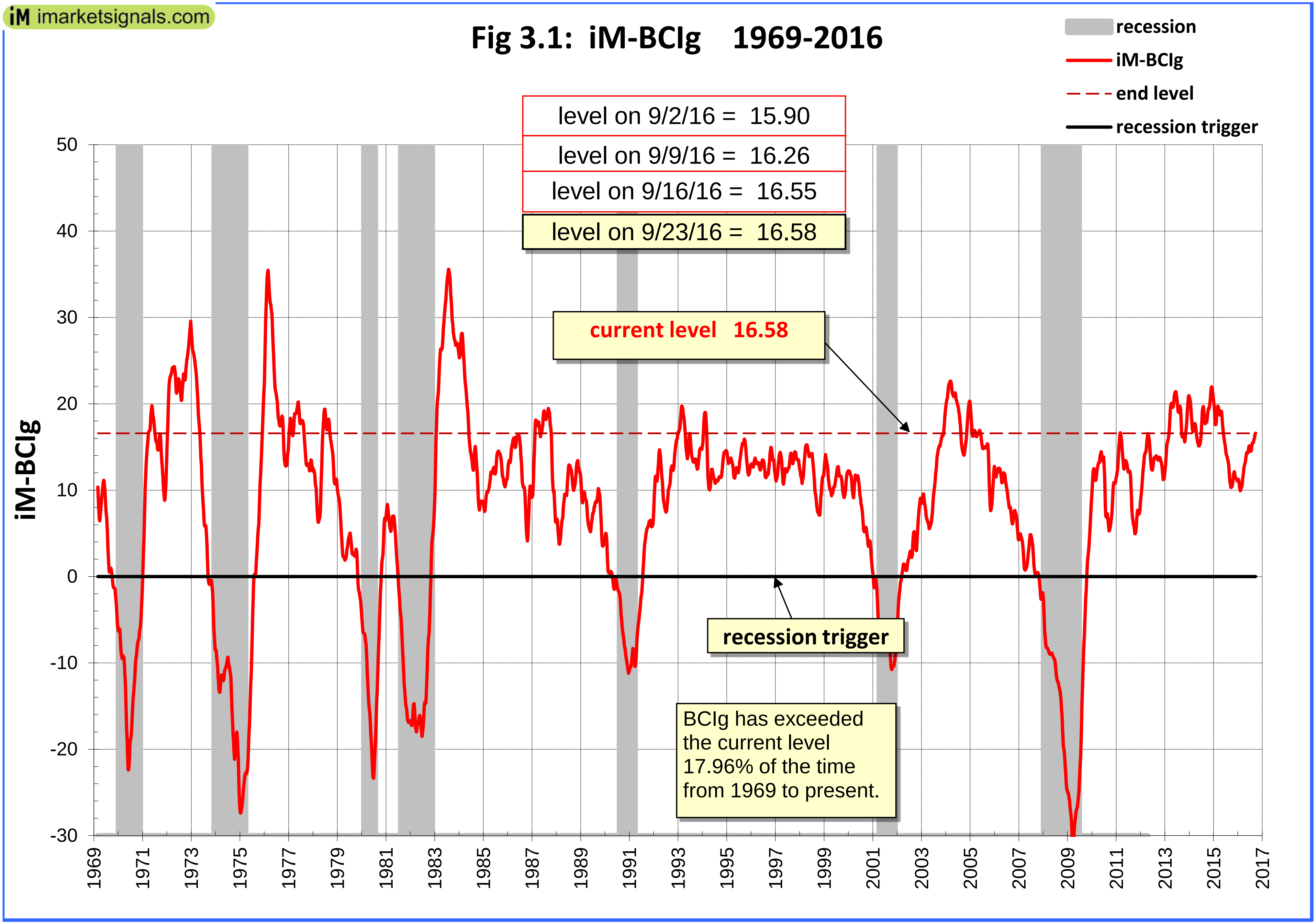


iM imarketsignals.com
Market Timer based on Performance of Vanguard Market Neutral Fund VMNFX vs. SPY
updated to 9/19/2016
Performance
SPY
5.0%
2.0%
03/26/01
05/12/03
01/07/08
06/22/09
09/19/11
01/30/12
11/09/15
03/28/16
SPY
VMNFX Over/Under Performance %
230
210
190
170
150
130
110
90
70
50
40%
30%
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



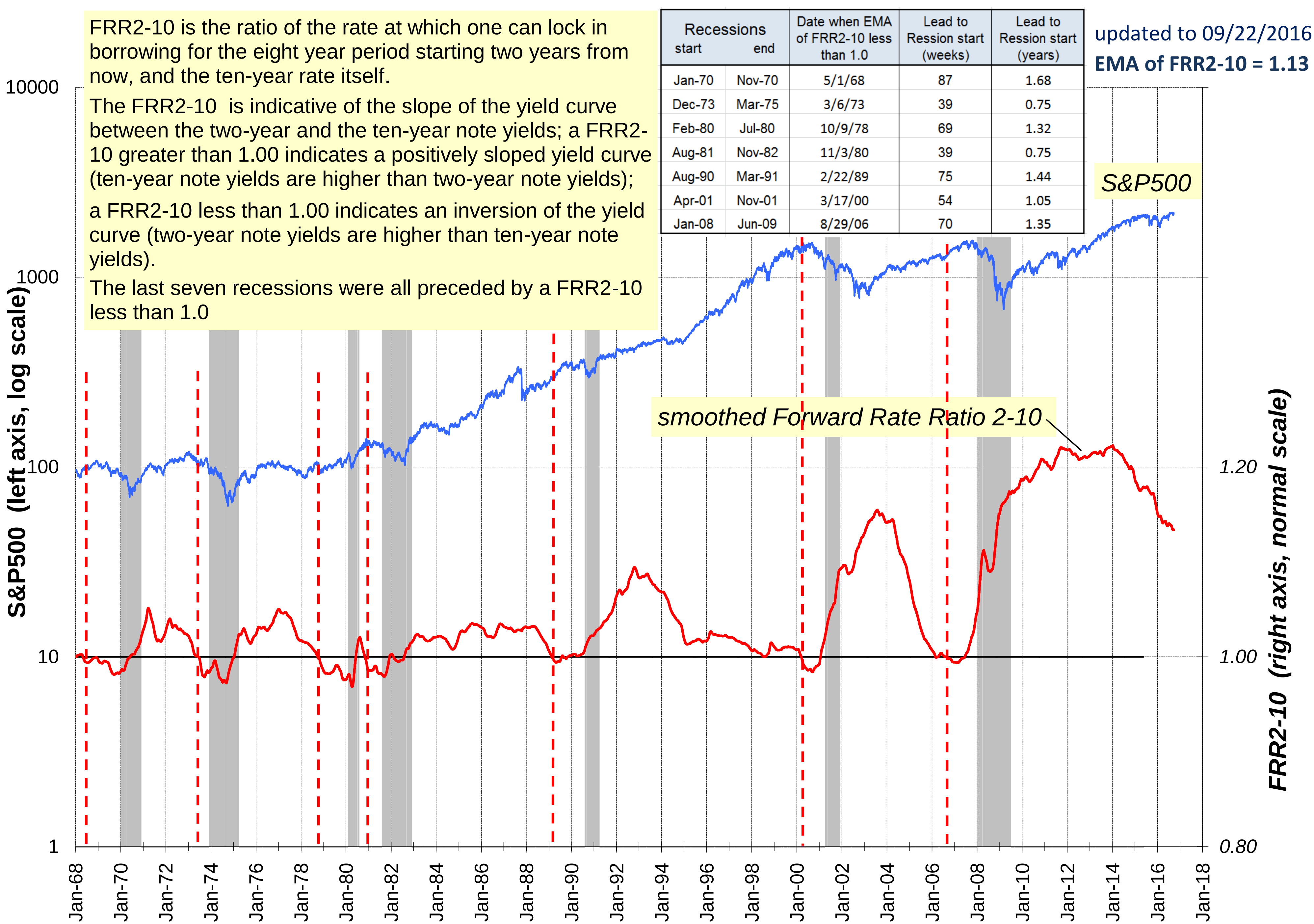
iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2016
recession
COMP
last COMP level
recession trigger
COMP level on 09/02/16 = 18.33
COMP level on 09/09/16 = 19.0
COMP level on 09/16/16 = 19.82
COMP level on 09/23/16 = 20.28
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 20.28
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.

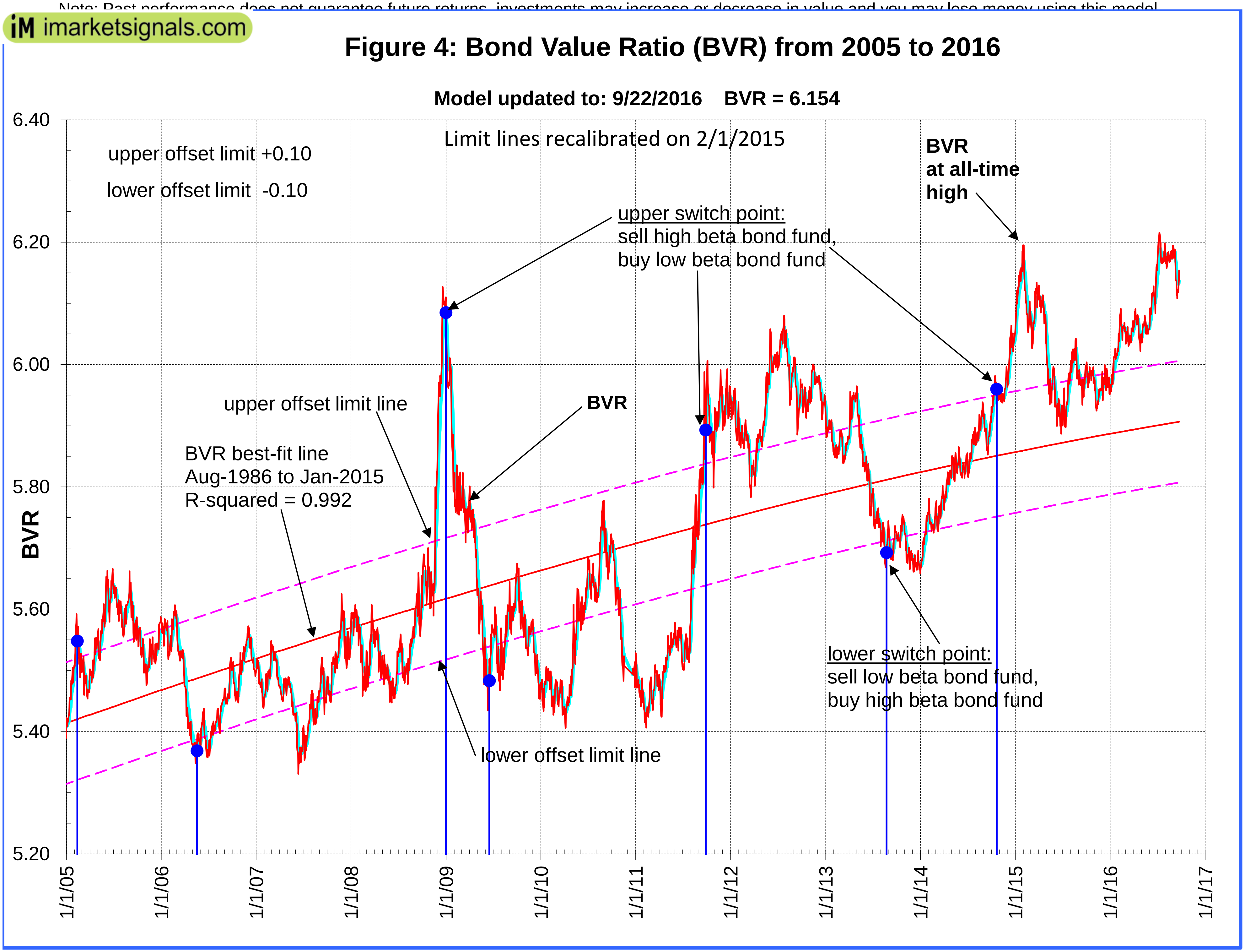
The FRR2-10 is indicative of the slope of the yield curve between the two-year and the ten-year note yields; a FRR2-10 greater than 1.00 indicates a positively sloped yield curve (ten-year note yields are higher than two-year note yields);

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

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

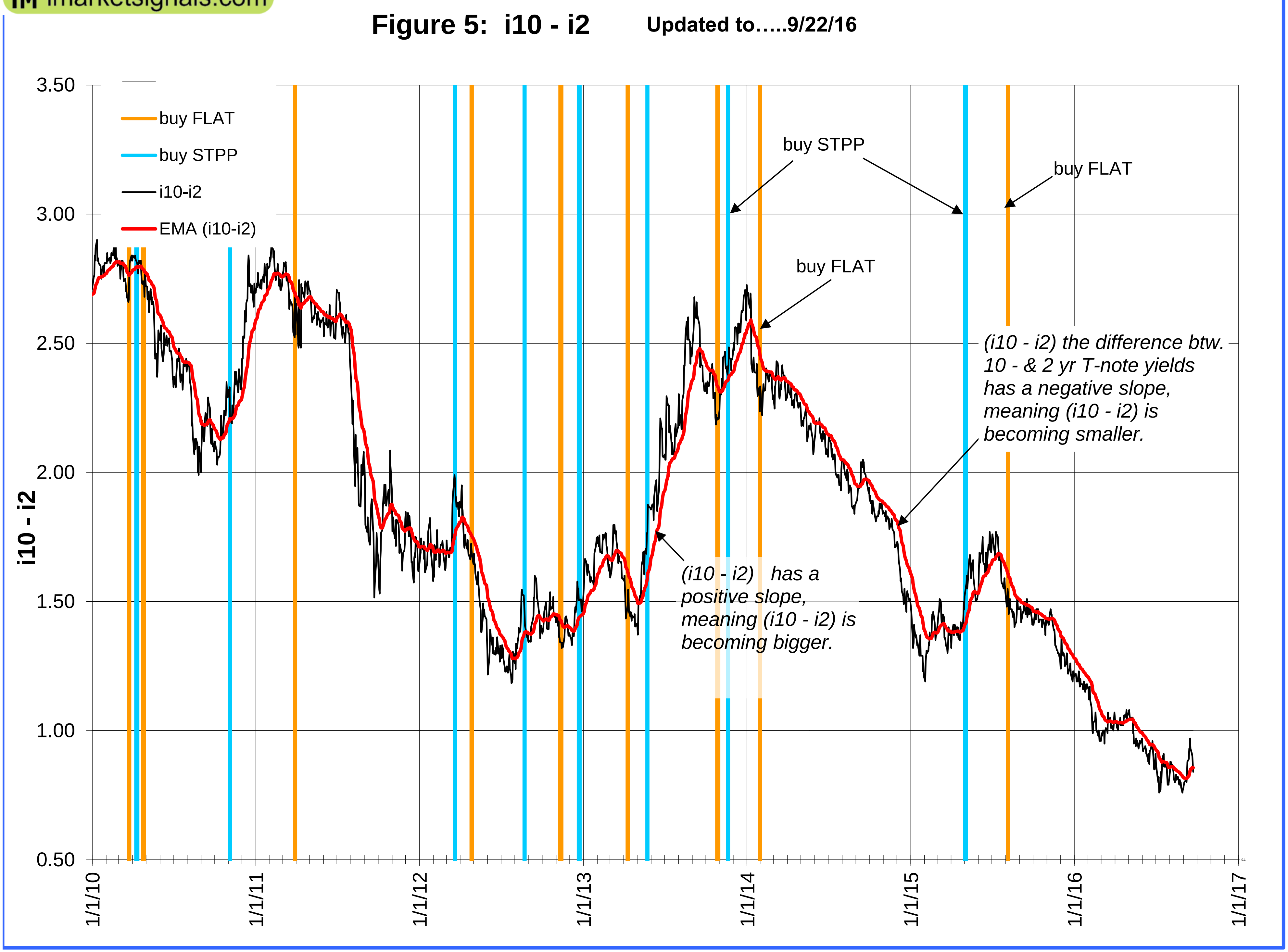
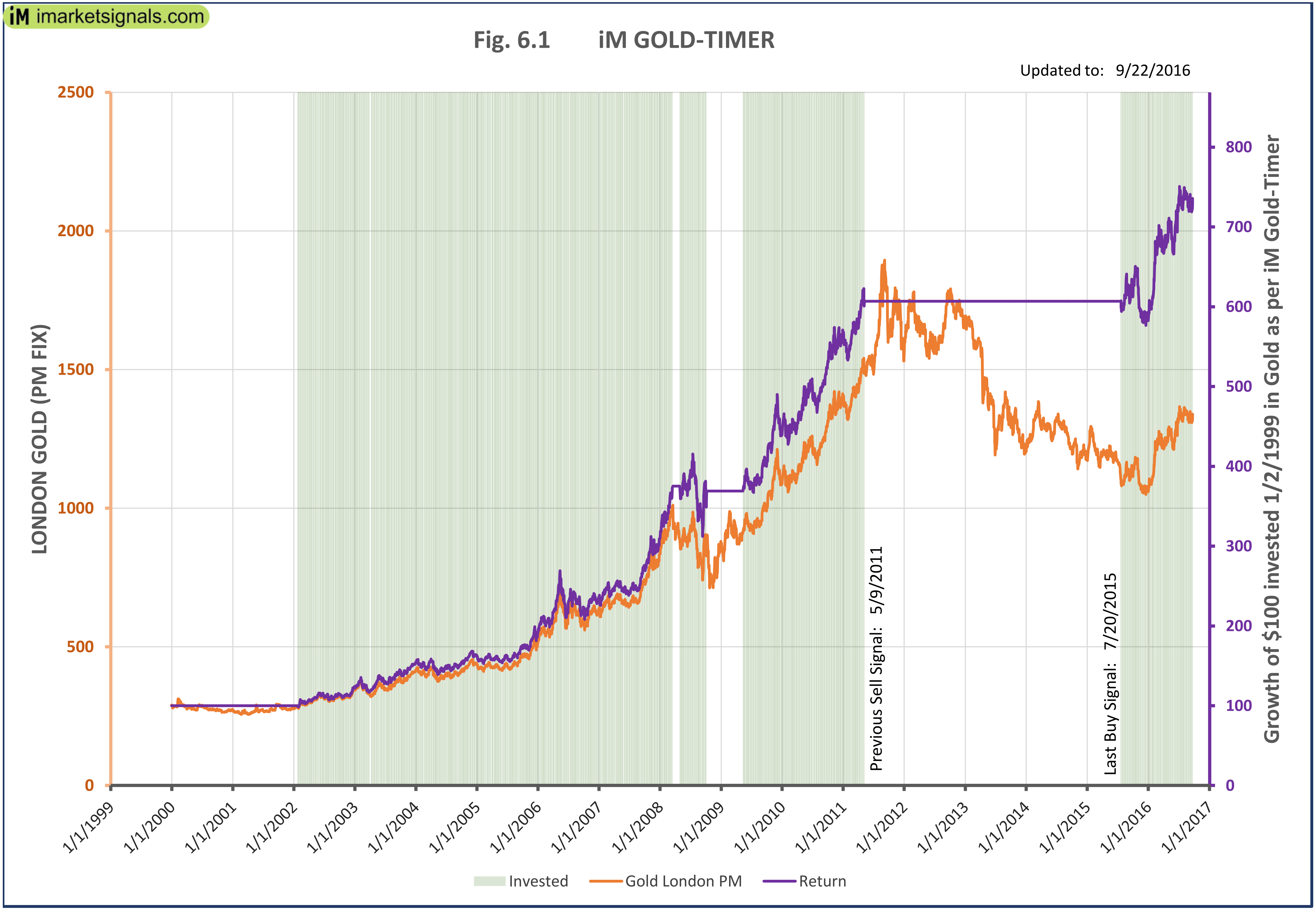
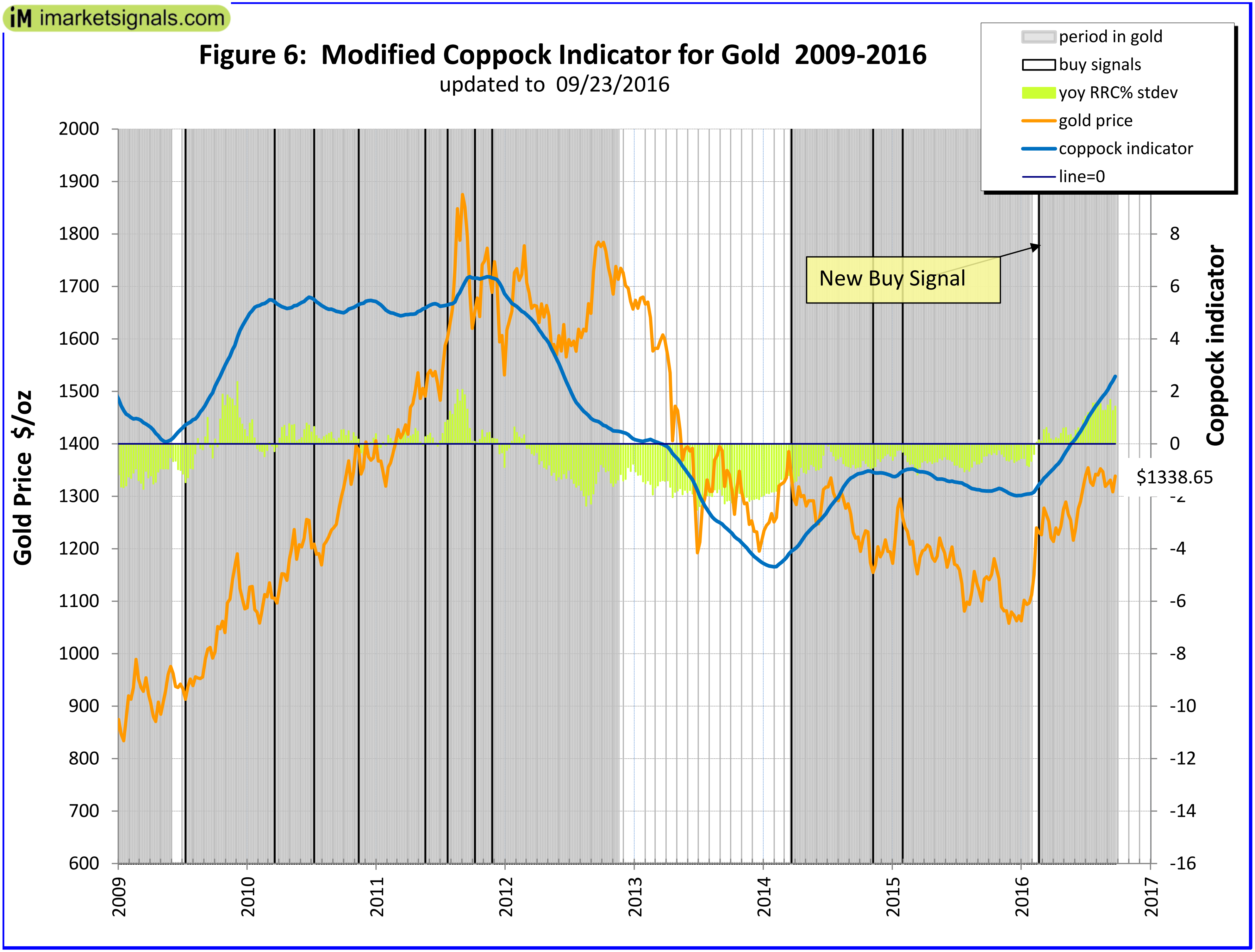


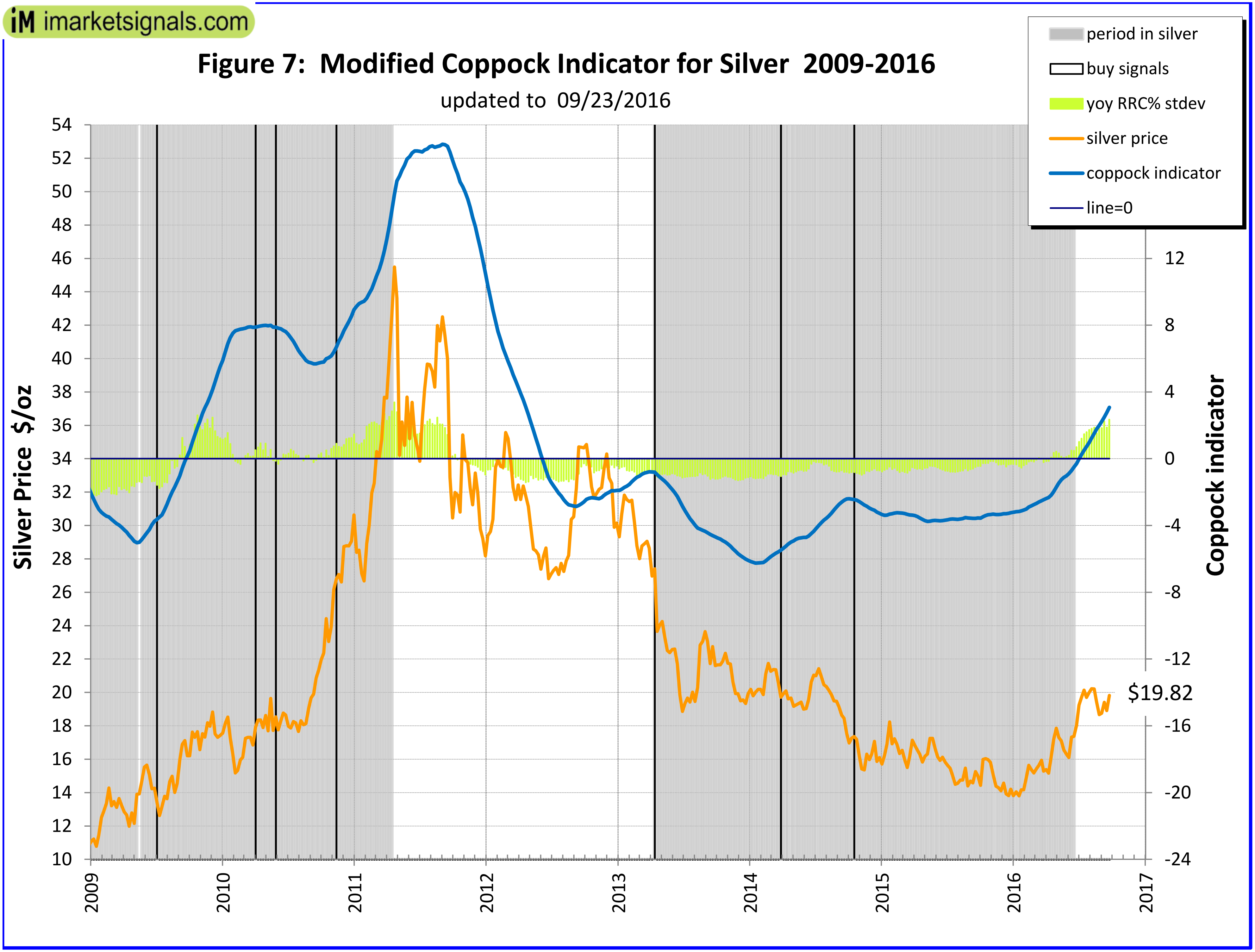
Figure 5: i10 - i2
Updated to…..9/22/16
buy FLAT
buy STPP
i10-i2
EMA (i10-i2)
buy STPP
buy FLAT
buy FLAT
(i10 - i2) the difference btw. 10 - & 2 yr T-note yields has a negative slope, meaning (i10 - i2) is becoming smaller.
(i10 - i2) has a positive slope, meaning (i10 - i2) is becoming bigger.
i10 - i2
3.50
3.00
2.50
2.00
1.50
1.00
0.50
1/1/10
1/1/11
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16
1/1/17



imarketsignals.com
Fig. 6.1 iM GOLD-TIMER
Updated to: 9/22/2016
LONDON GOLD (PM FIX)
Growth of $100 invested 1/2/1999 in Gold as per iM Gold-Timer
Previous Sell Signal: 5/9/2011
Last Buy Signal: 7/20/2015
Invested
Gold London PM
Return



6-COPPOCK GOLD for updates.xlsm



imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2009-2016
updated to 09/23/2016
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Silver Price $/oz
Coppock indicator
$19.82
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