May 17, 2018

Business Cycle Index

The BCI at 245.8 is above last week's upward revised 243.5, and for the current Business Cycle is at a new high indicated by the BCIp at 100. Also, the 6-month smoothed annualized growth BCIg at 16.1 is above last week's 15.2.

No recession is signaled.

May 18, 2018

Market Signals Summary:

The MAC-US model is invested. However, the "3-mo Hi-Lo Index of the S&P500" generated a sell signal on 15/3/2018 and is disinvested from the markets. The monthly updated S&P500 Coppock indicator is also invested. 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, and the yield curve is flattening and signaled buy FLAT end March 2019. Both the gold and silver Coppock models are invested, and the iM-Gold Timer is in gold since 7/10/2017.

Stock-markets:

MAC-US

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

3-mo Hi-Lo Index

The 3-mo Hi-Lo Index of the S&P500 is below last week's level at minus 0.91% (last week minus 1.91%) and is disinvested from the market since 3/15/2018..

MAC-Australia

The MAC-AU model is invested in the markets after it generated a buy signal on March 21, 2016. The sell-spread remains 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:

COMP

Figure 3 shows the COMP below last week's upward revised level. No recession is indicated. COMP can be used for stock market exit timing as discussed in this article The Use of Recession Indicators in Stock Market Timing.

BCIg

Figure 3.1 shows the recession indicator iM-BCIg above from last week's level. An imminent recession is not signaled. Please also refer to the BCI page

Forward Rate Ratio

The Forward Rate Ratio between the 2-year and 10-year U.S. Treasury yields (FRR2-10) is at last week's level and is not signaling a recession. The FRR2-10 general trend is downwards.

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.

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) shows that the yield curve is flattening and signaled a buy FLAT end March 2018. 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 shown in Fig 6. This model generated a new buy signal end November 2017 and is invested in gold. This indicator is described in Is it Time to Buy Gold Again? – Wait for the buy signal …….

The iM GOLD-TIMER Rev-1 is invested in gold since 7/10/2017.

Silver:

The modified Coppock Silver indicator shown in Fig 7. This model generated a new buy signal late November 2016 and is invested in silver. This indicator is described in Silver – Better Than Gold: A Modified Coppock Indicator for Silver.

Monthly Updates (next update May 4)

April 6, 2018

Unemployment

The unemployment rate recession model (article link), has been updated with the April UER of 3.9%. 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 growth rate UERg is at minus 10.76% (last month minus 11.76%) and EMA spread of the UER is at minus 0.23% (last month minus 0.18%).

The Dynamic Linearly Detrended Enhanced Aggregate Spread:

The updated level of this indicator, -144bps, above last months -133bps, confirms the January 20, 2017 signal. Based on past history a recession could have started at the earliest in October 2017, but not later than May 2019. The average lead time to previous recessions provided by DAGS was 15 months which would indicate a recession start for April 2018. (Note: All our other recession indicators are far from signal a recession.)

Coppock Indicator for the S&P500

The Coppock indicator for the S&P500 entered the market end May 2017 and generated a new buy signal in mid-February 2018. This model is in stocks. This model is in stocks. This indicator is described here.

CAPE-Cycle-ID

Fig 9a depicts the CAPE-Cycle-ID and the year-on-year rate-of-change of the Shiller CAPE. A model using this indicator invests in the market when the Cycle-ID is +2 or 0, and when the Cycle-ID equals -2 the model is in cash. This indicator is described here.

Trade Weighted USD

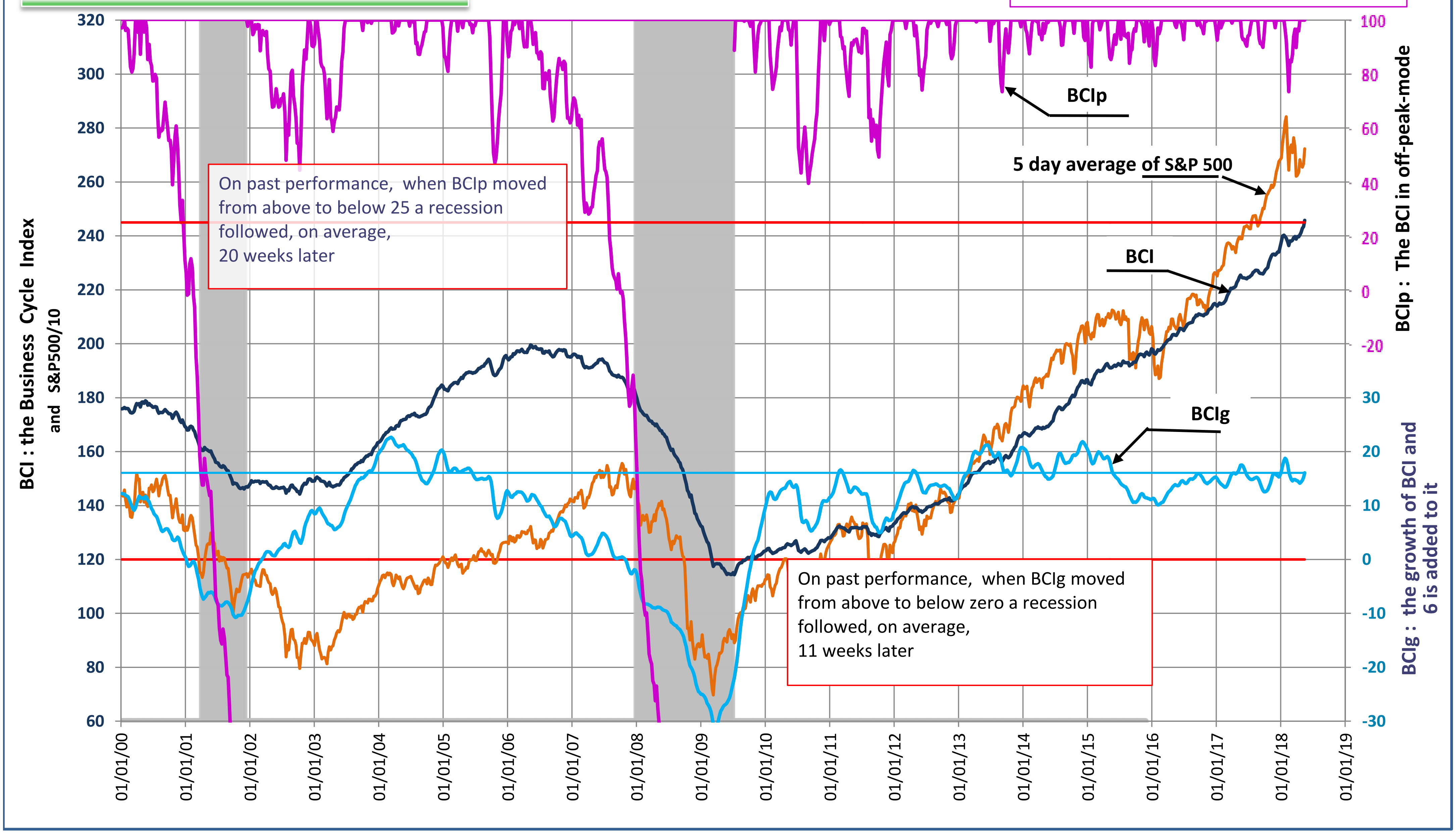
The Trade Weighted $ value is holding its level.

TIAA Real Estate Account

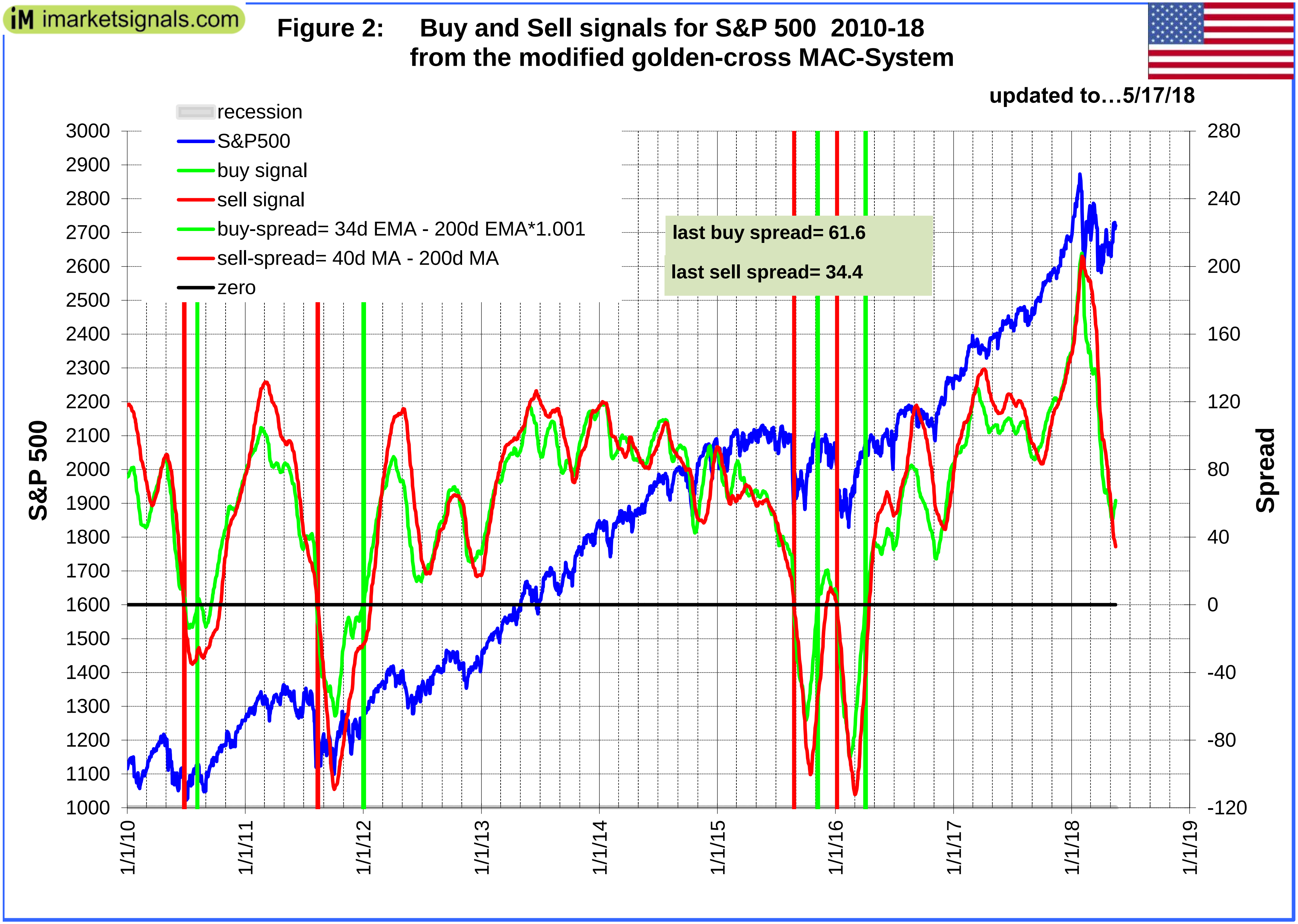
The 1-year rolling return for the end of last month is 4.42%. A sell signal is not imminent. Read more …

iM's Business Cycle Index (BCI)

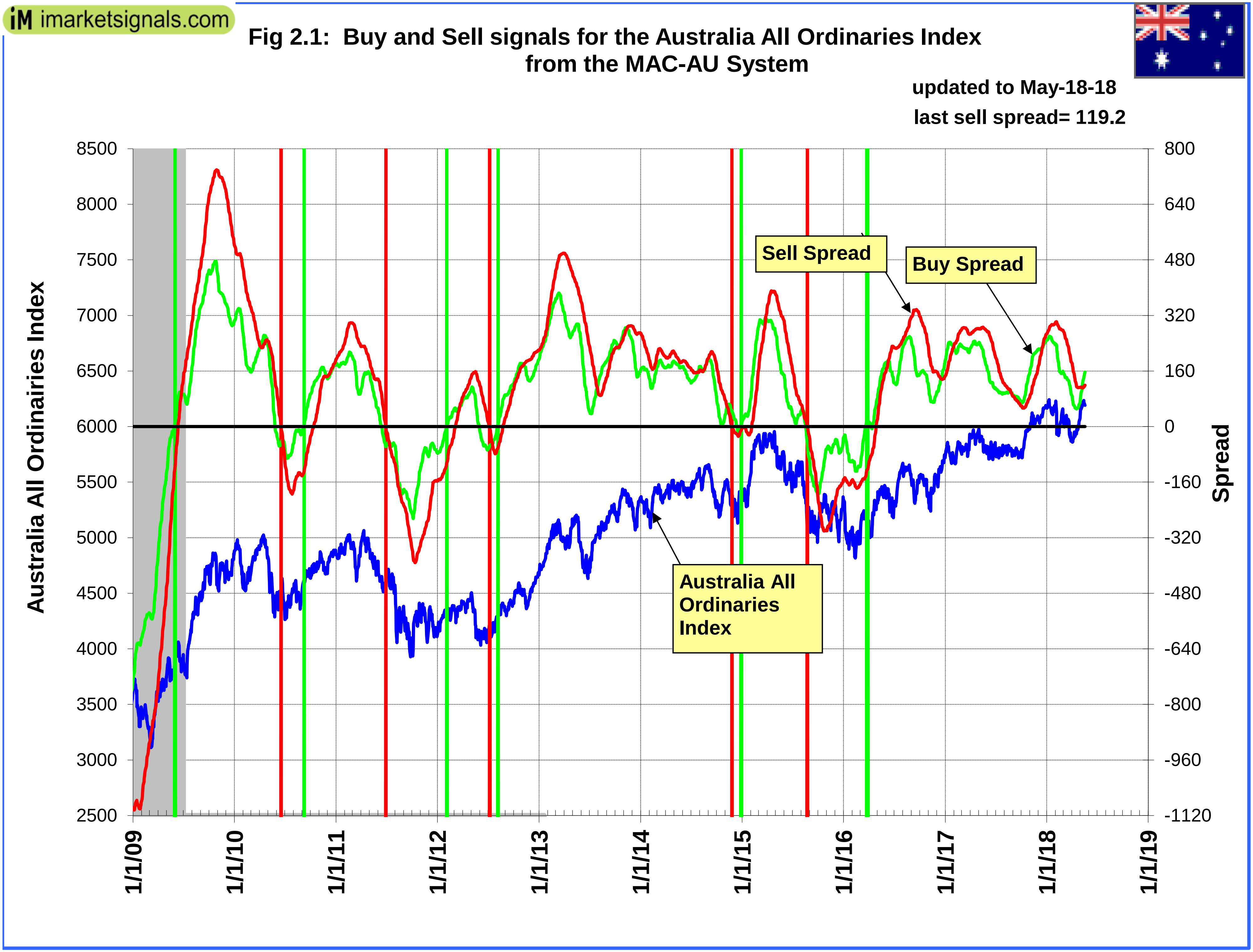
Date	04/19	04/26	05/03	05/10	**05/17**
BCIp	100.0	100.0	100.0	100.0	**100.0**
BCI	240.3	241.2	242.8	243.5	**245.8**
BCIg	14.1	14.3	14.7	15.2	**16.1**



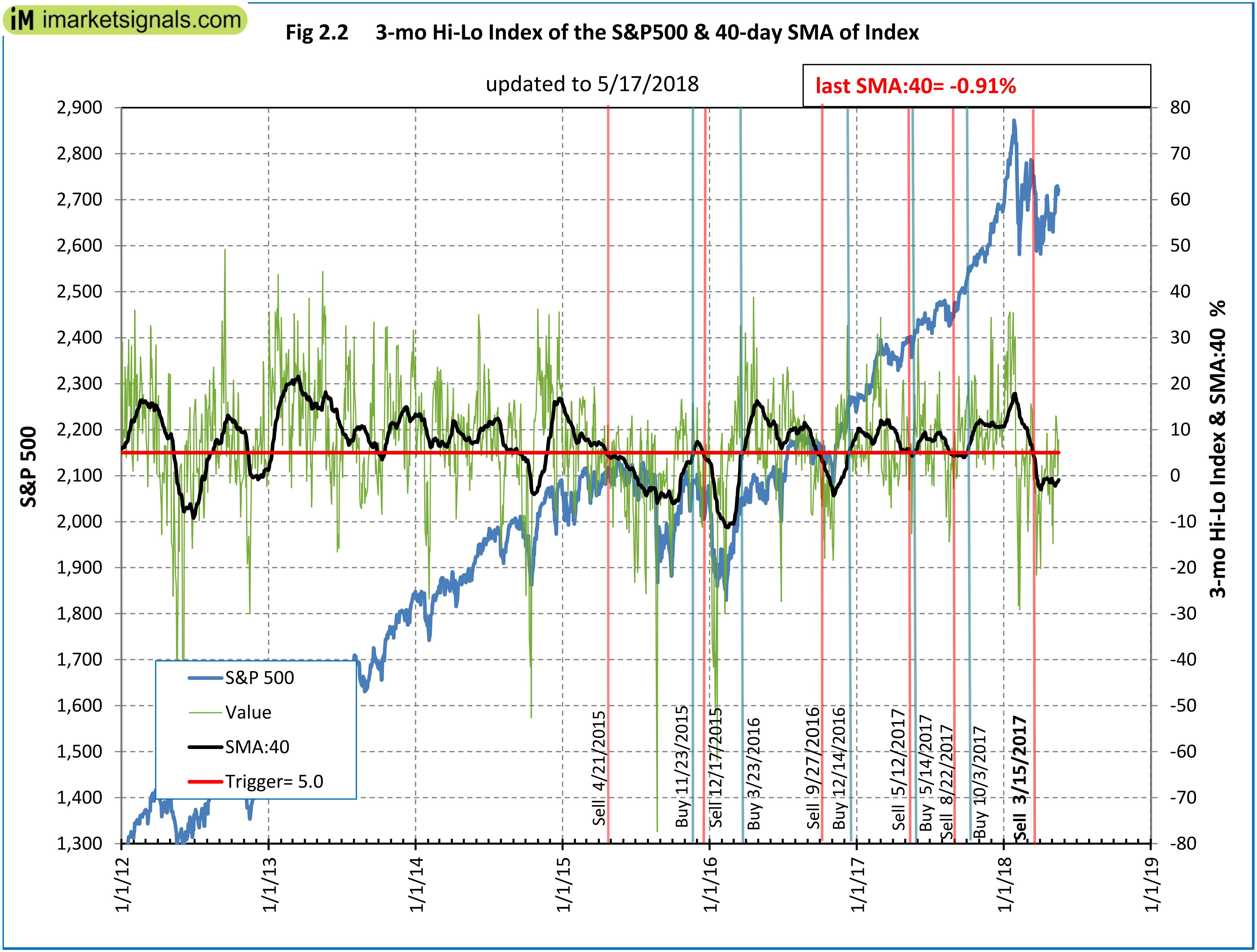
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.



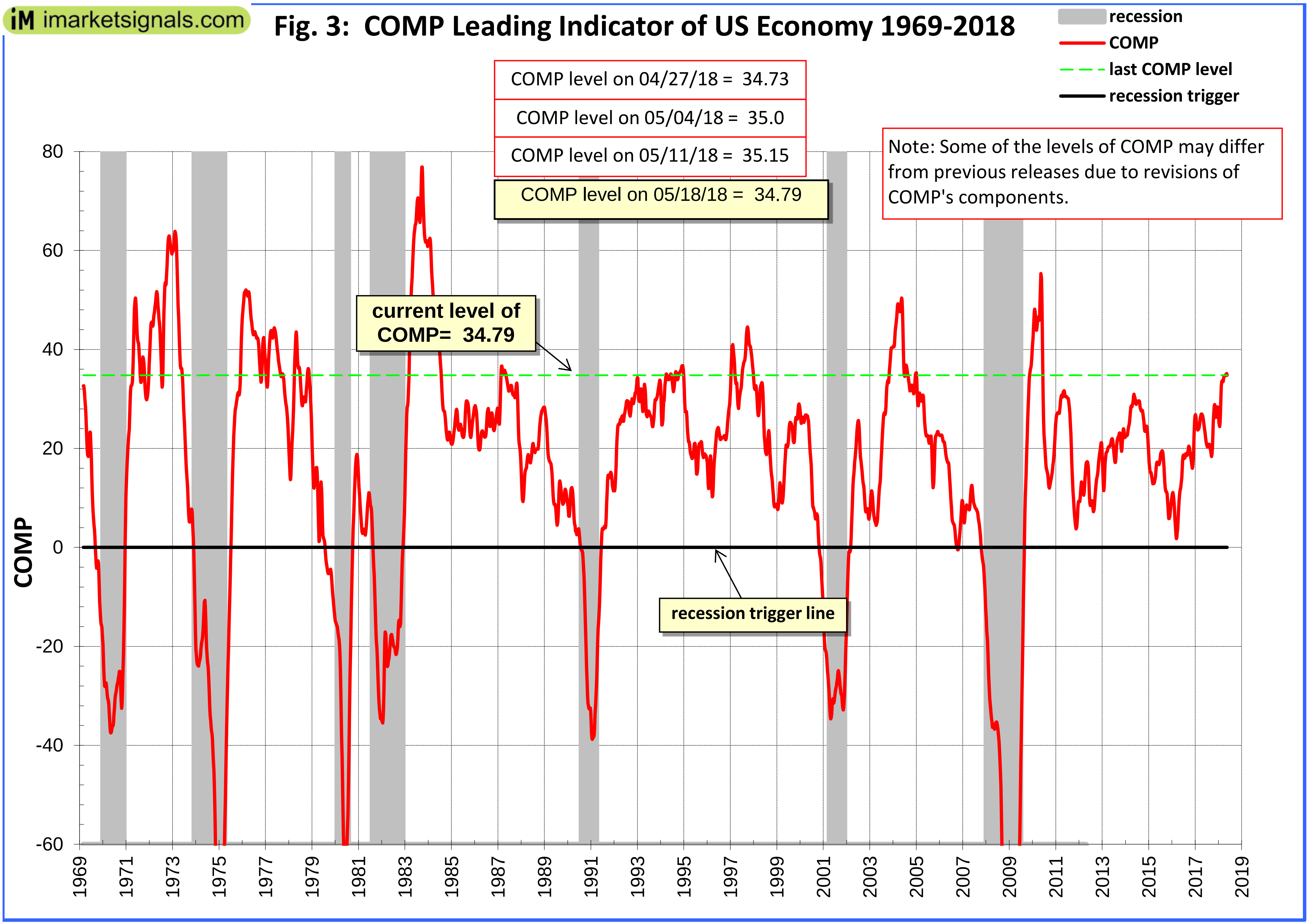
2-MAC rev8-27-15.xlsm



iM imarketsignals.com
Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index
from the MAC-AU System
updated to May-18-18
last sell spread= 119.2
Australia All Ordinairies Index
Spread
Sell Spread
Buy Spread
Australia All Ordinaries Index
8500
8000
7500
7000
6500
6000
5500
5000
4500
4000
3500
3000
2500
800
640
480
320
160
0
-160
-320
-480
-640
-800
-960
-1120
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
1/1/18
1/1/19

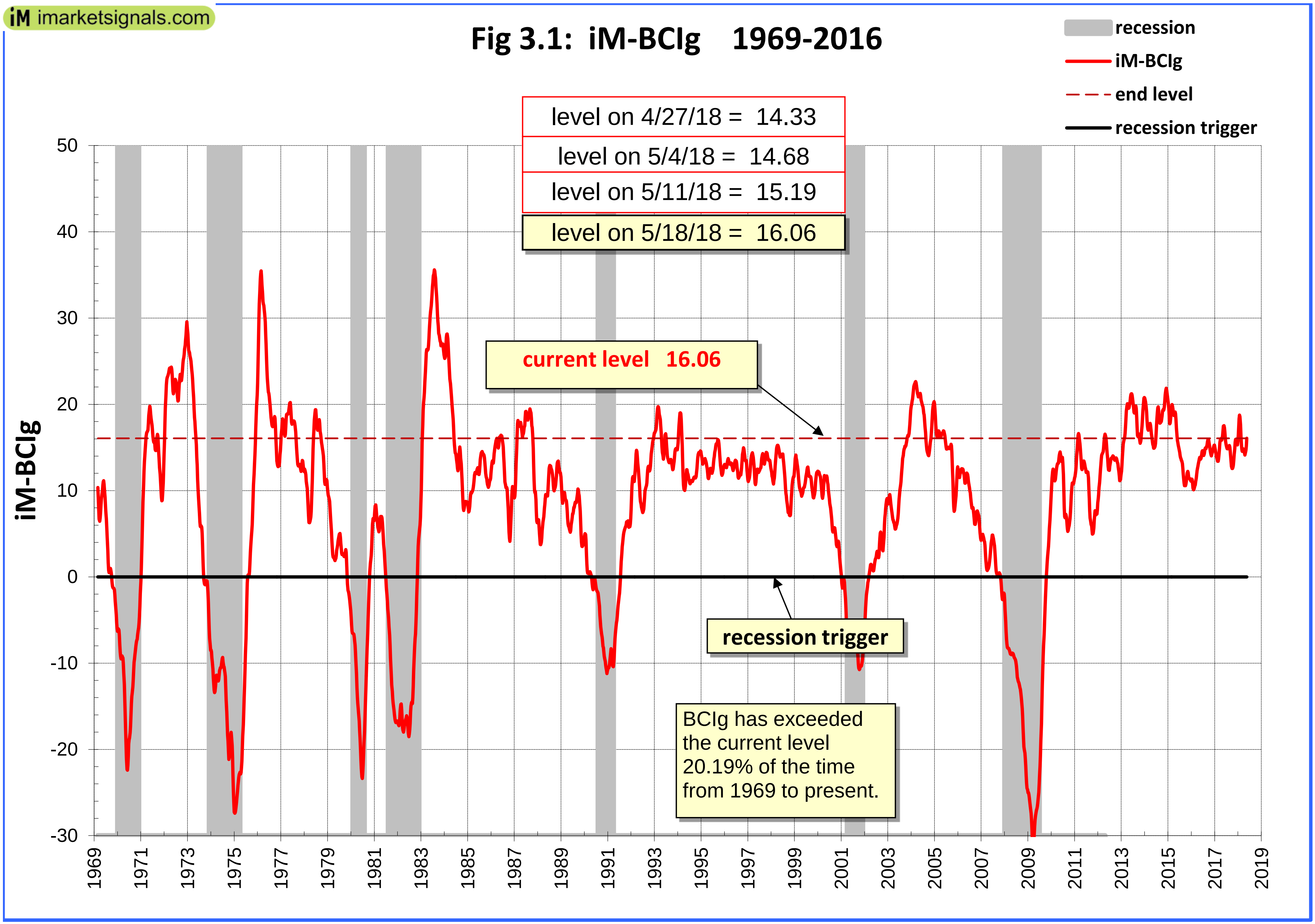


iM imarketsignals.com
Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index
updated to 5/17/2018
last SMA:40= -0.91%
S&P 500
3-mo Hi-Lo Index & SMA:40 %
S&P 500
Value
SMA:40
Trigger= 5.0
Sell 4/21/2015
Buy 11/23/2015
Sell 12/17/2015
Buy 3/23/2016
Sell 9/27/2016
Buy 12/14/2016
Sell 5/12/2017
Buy 5/14/2017
Sell 8/22/2017
Buy 10/3/2017
Sell 3/15/2017
1/1/12
1/1/13
1/1/14
1/1/15
1/1/16
1/1/17
1/1/18
1/1/19



iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2018
recession
COMP
last COMP level
recession trigger
COMP level on 04/27/18 = 34.73
COMP level on 05/04/18 = 35.0
COMP level on 05/11/18 = 35.15
COMP level on 05/18/18 = 34.79
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 34.79
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
2019

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);

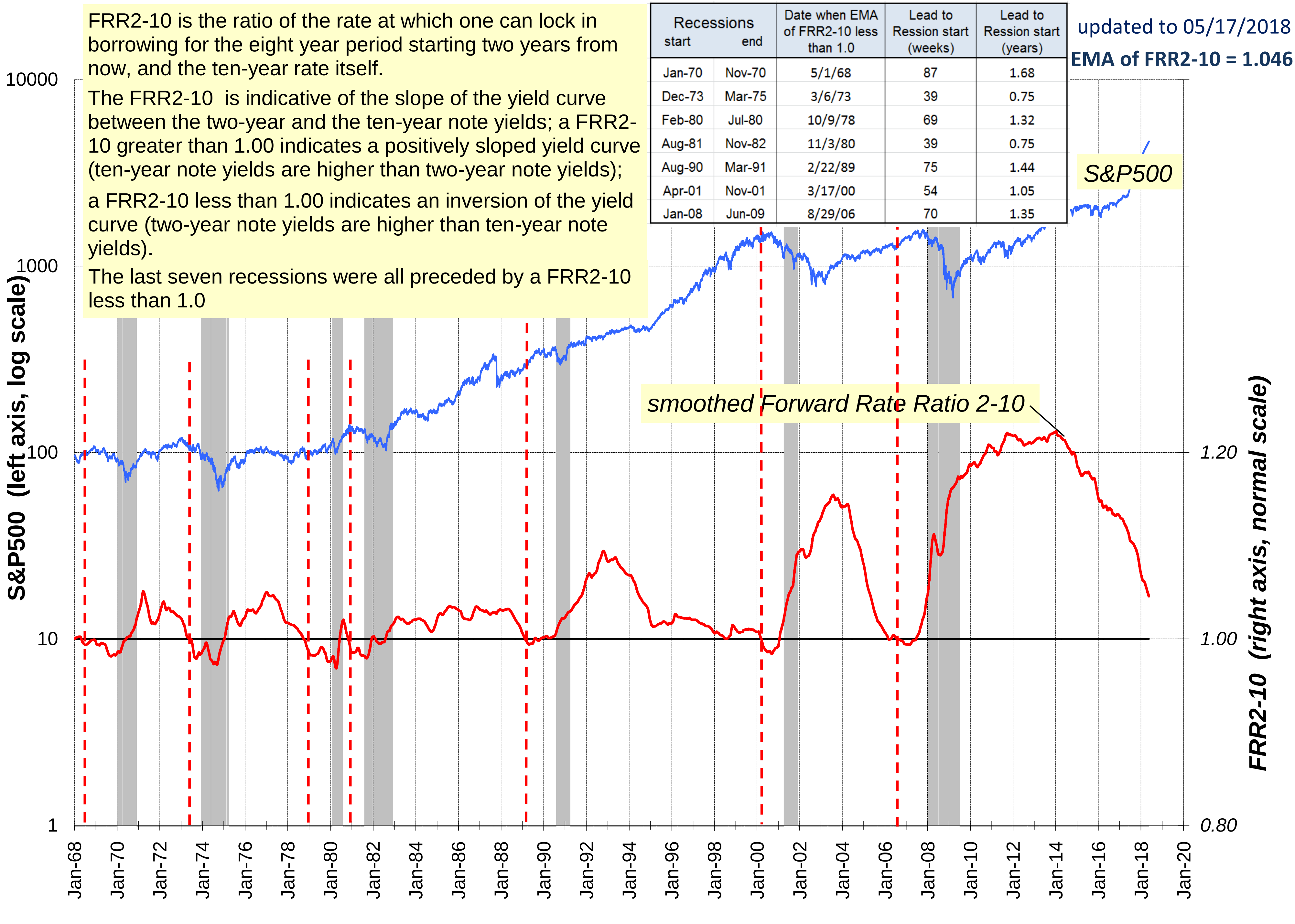
a FRR2-10 less than 1.00 indicates an inversion of the yield curve (two-year note yields are higher than ten-year note yields).

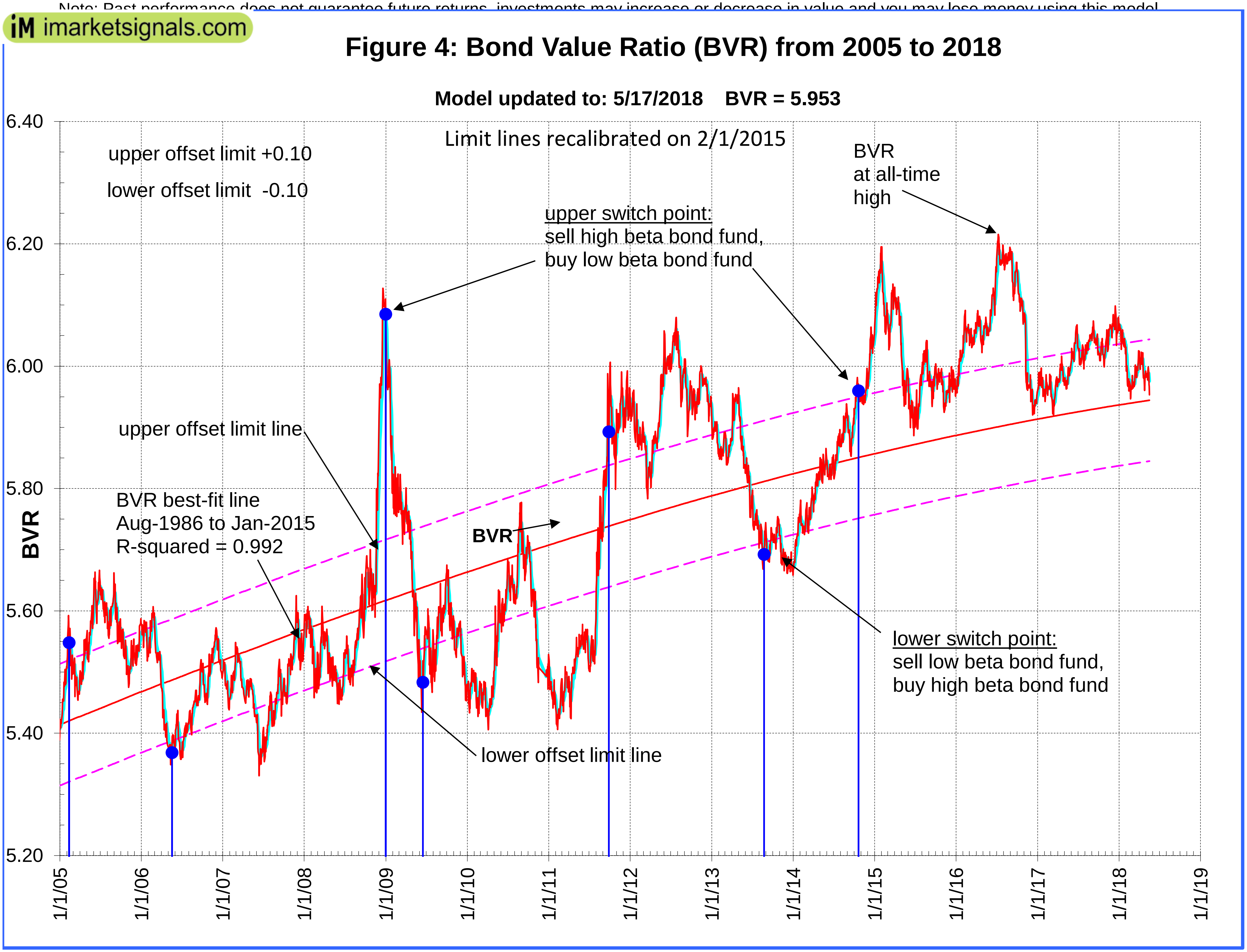
The last seven recessions were all preceded by a FRR2-10 less than 1.0

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 05/17/2018

EMA of FRR2-10 = 1.046



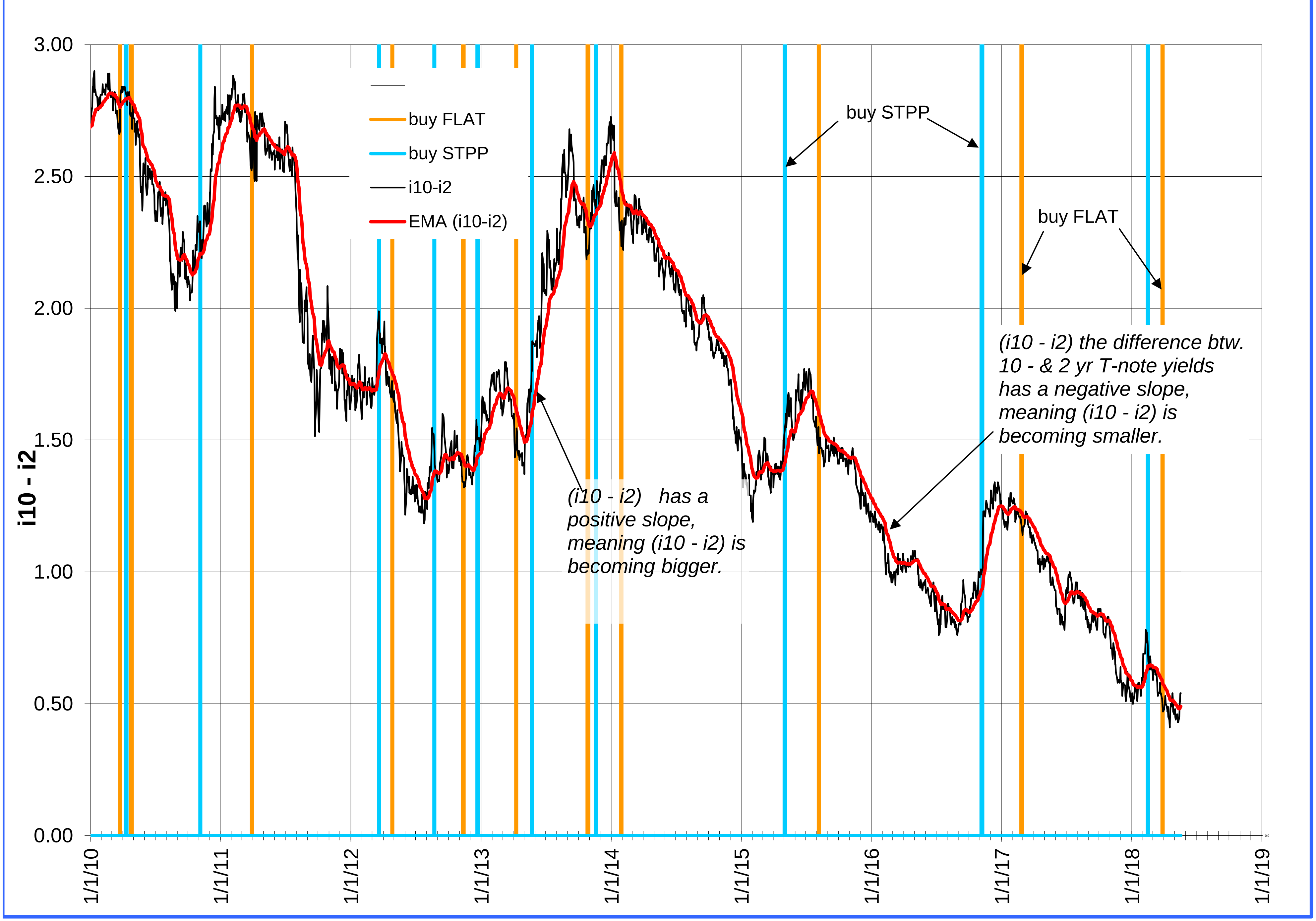


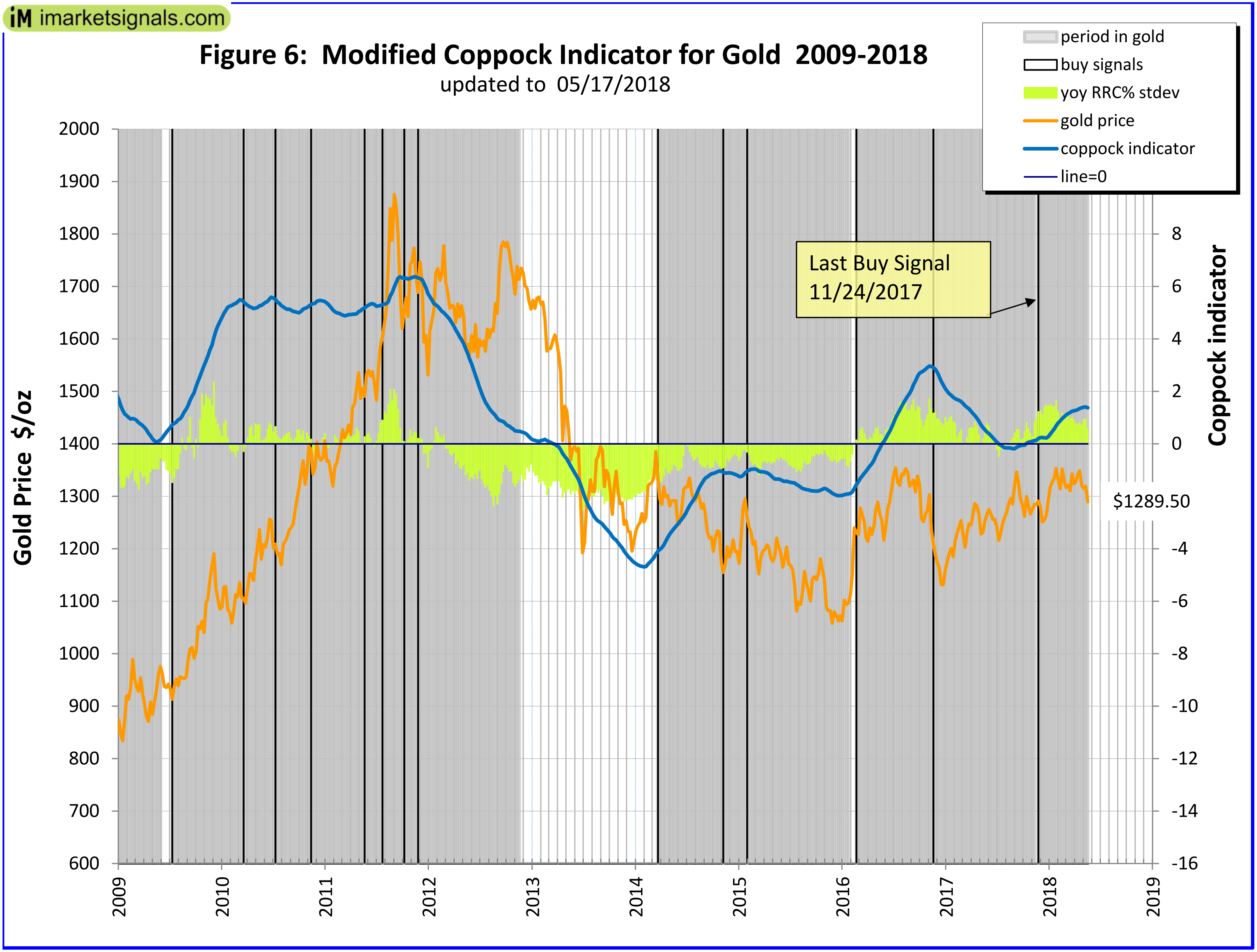
4-BVR recalibrated.xlsm fig4BVR06-14

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

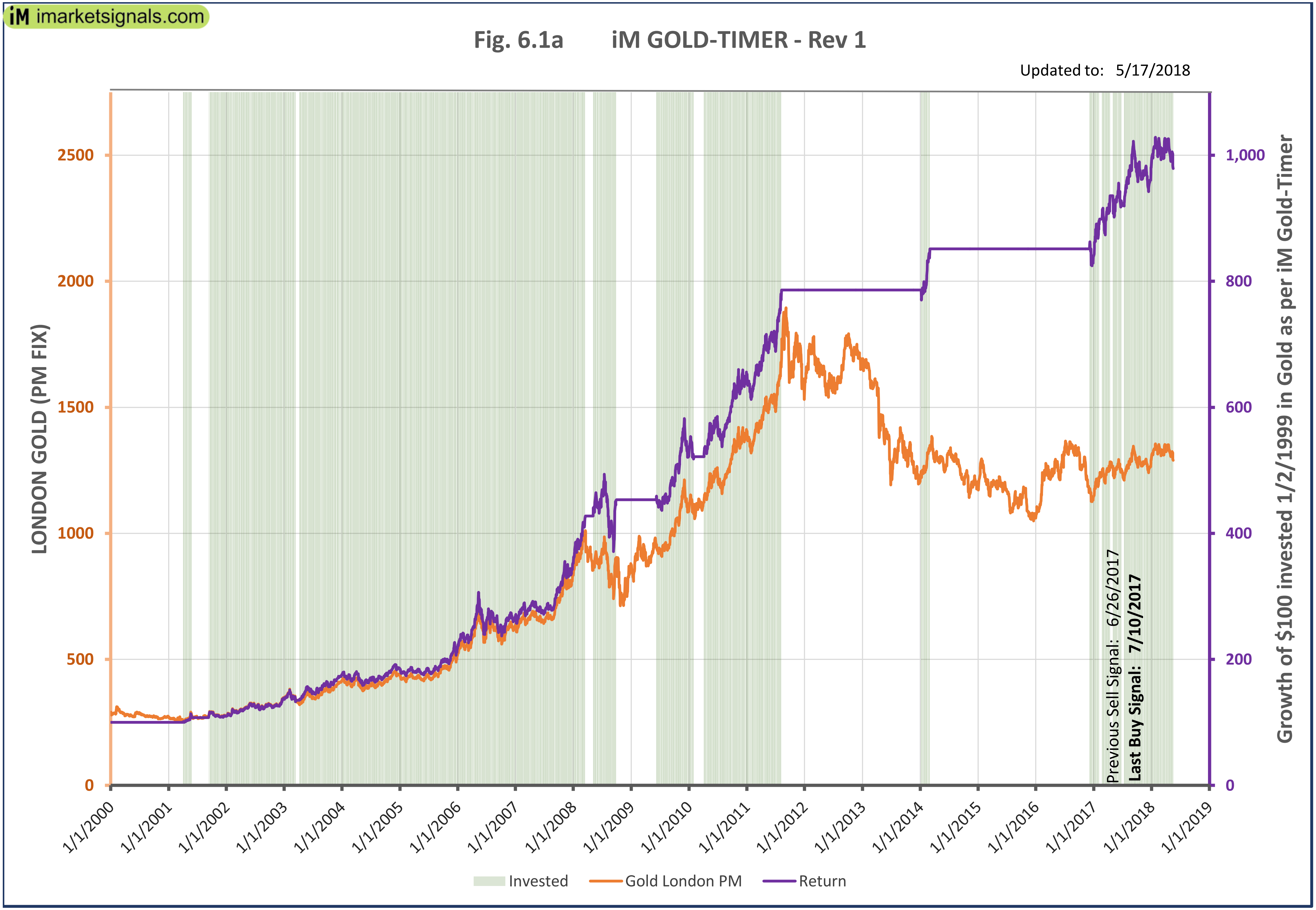
imarketsignals.com

Figure 5: i10 - i2 Updated to…..5/18/18

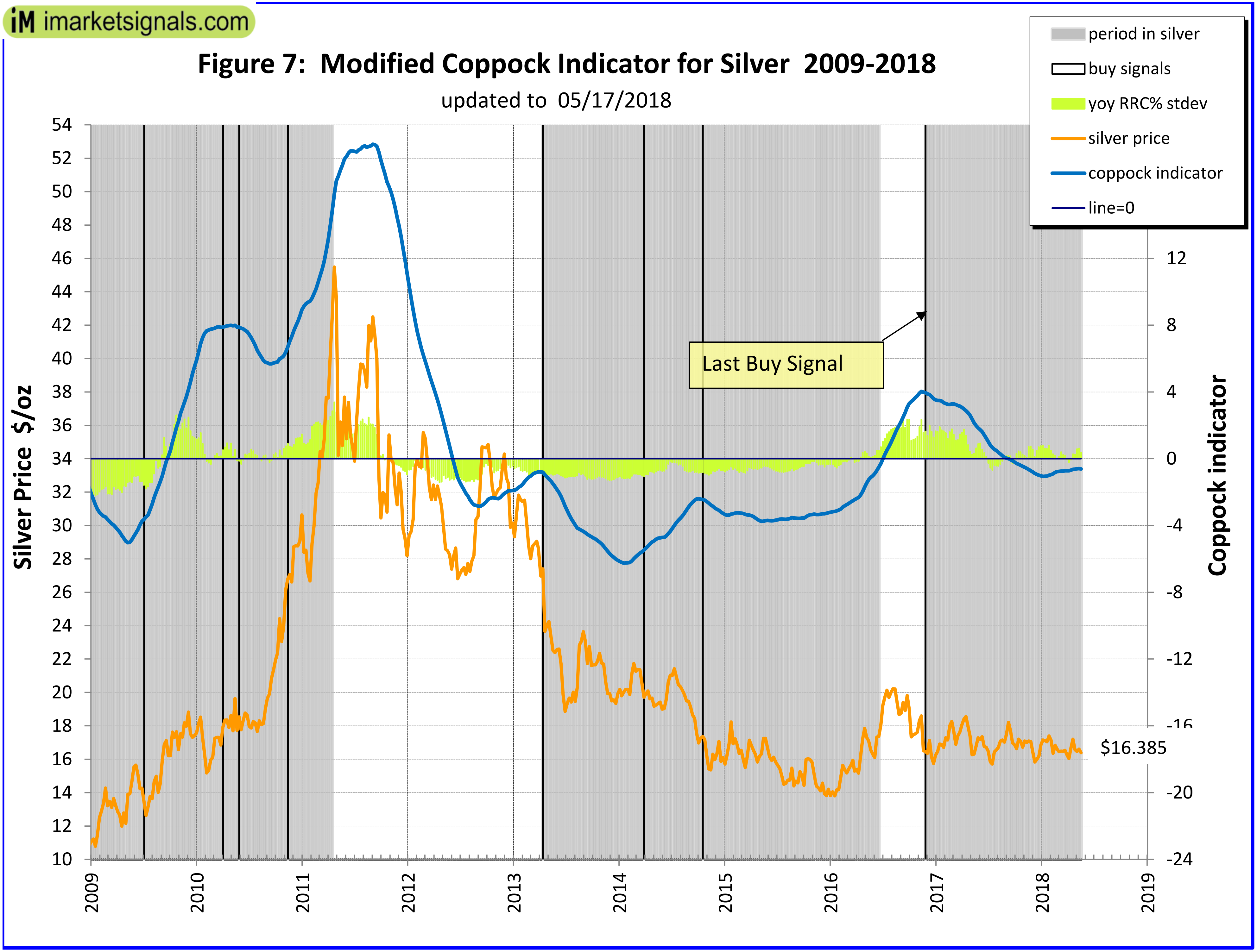




6-COPPOCK GOLD for updates.xlsm



imarketsignals.com
Fig. 6.1a iM GOLD-TIMER - Rev 1
Updated to: 5/17/2018
LONDON GOLD (PM FIX)
Growth of $100 invested 1/2/1999 in Gold as per iM Gold-Timer
Previous Sell Signal: 6/26/2017
Last Buy Signal: 7/10/2017
Invested
Gold London PM
Return



iM imarketsignals.com
Figure 7: Modified Coppock Indicator for Silver 2009-2018
updated to 05/17/2018
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Last Buy Signal
$16.385
Silver Price $/oz
Coppock indicator
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
2018
2019