FEBRUARY 8, 2018

BUSINESS CYCLE INDEX

The BCI at 236.3 is below last week's downward revised 237.6, and it is below this business cycle's peak as indicated by the BCIp at 84.5. Also, the 6-month smoothed annualized growth BCIg is at 16.3, which is below last week's downward revised 17.3.

No recession is signaled.

FEBRUARY 9, 2018

MARKET SIGNALS SUMMARY:

TThe MAC-US model is invested. Also, the "3-mo Hi-Lo Index of the S&P500" generated a buy signal on 10/3/2017 and is invested in 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 has steepened. Both the gold and silver Coppock models are invested, and the iM-Gold Timer is in gold since 7/10/2017.

STOCK-MARKETS:

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.

The 3-mo Hi-Lo Index of the S&P500 is below last week's level at 13.77% (last week 16.20%) and is in the market since 8/22/2017.

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:

Figure 3 shows the COMP above last week's 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.

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

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

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 has steepened. A buy FLAT signal was generated on 2/8/2017. 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.

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.

MONTHLY UPDATES (Next Update March 9, 2018)

JFEBRUARY 2, 2018

UNEMPLOYMENT

The unemployment rate recession model, has been updated with the January UER of 4.1%. 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 13.10% (last month 13.56%) and EMA spread of the UER is at minus 0.23% (last month minus 0.28%).

THE DYNAMIC LINEARLY DETRENDED ENHANCED AGGREGATE SPREAD:

The updated level of this indicator, -140bps, above last months -146bps, 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. This model is in stocks. This indicator is described here.

CAPE-CYCLE-ID

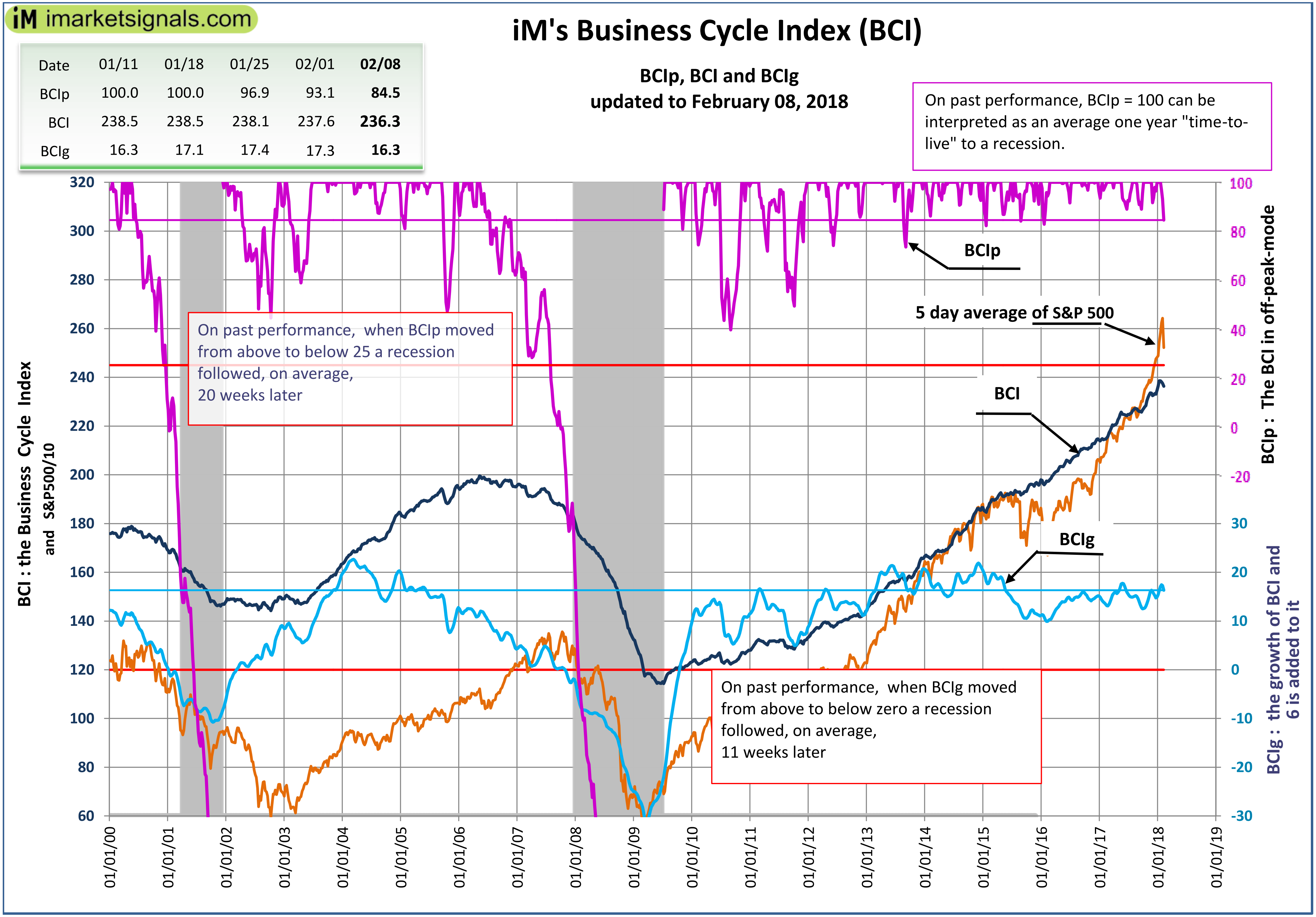
Fig 9a depicts the CAPE-Cycle-ID and the year-on-year rate-of-change of the Shiller CAPE. A model using this indicator invests in the market when the Cycle-ID is +2 or 0, and when the Cycle-ID equals -2 the model is in cash.

TRADE WEIGHTED USD

The Trade Weighted $ value is continuing to weaken.

TIAA REAL ESTATE ACCOUNT

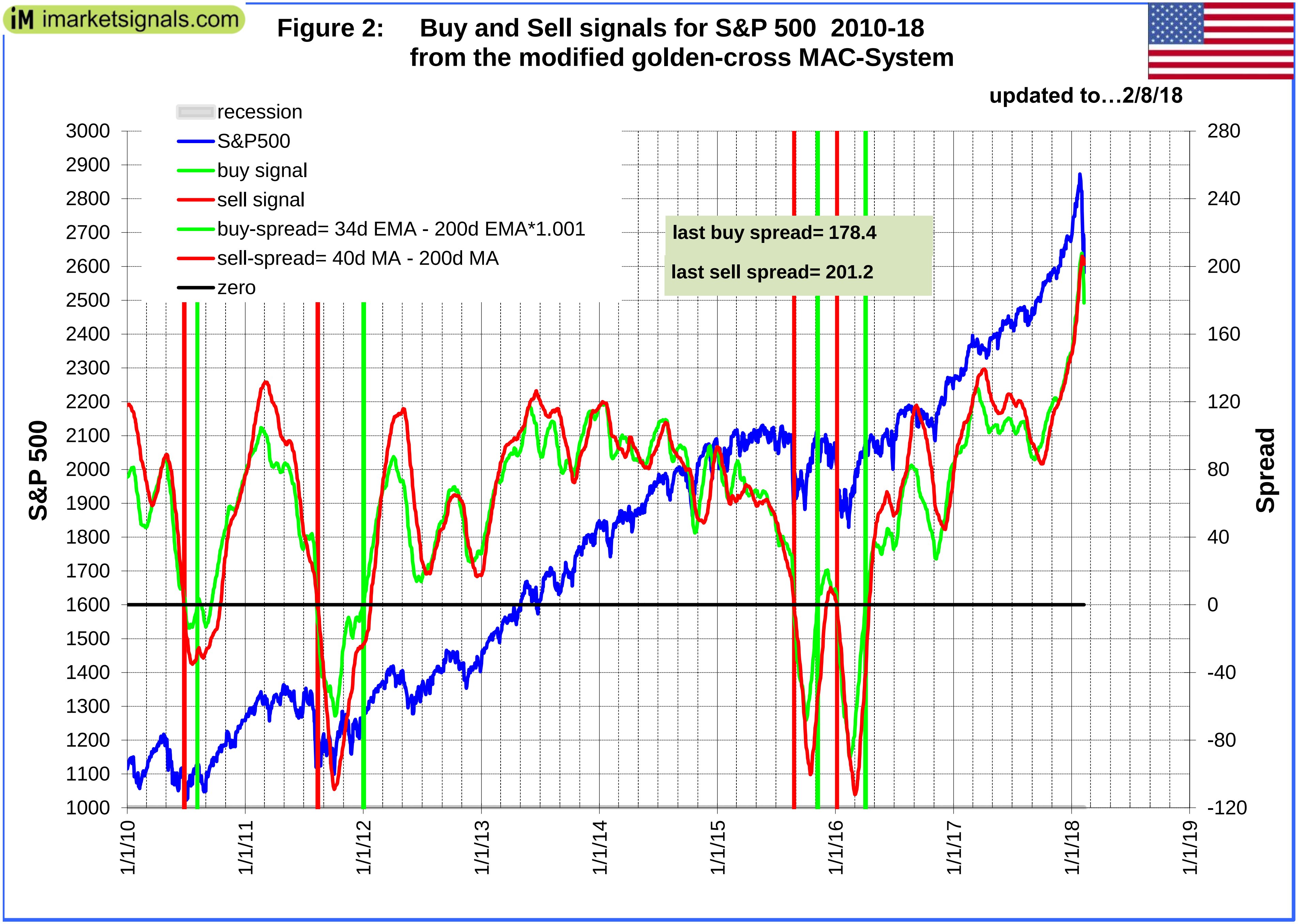
The 1-year rolling return for the end of last month is 4.04%. A sell signal is not imminent.



Date	01/11	01/18	01/25	02/01	**02/08**
BCIp	100.0	100.0	96.9	93.1	**84.5**
BCI	238.5	238.5	238.1	237.6	**236.3**
BCIg	16.3	17.1	17.4	17.3	**16.3**

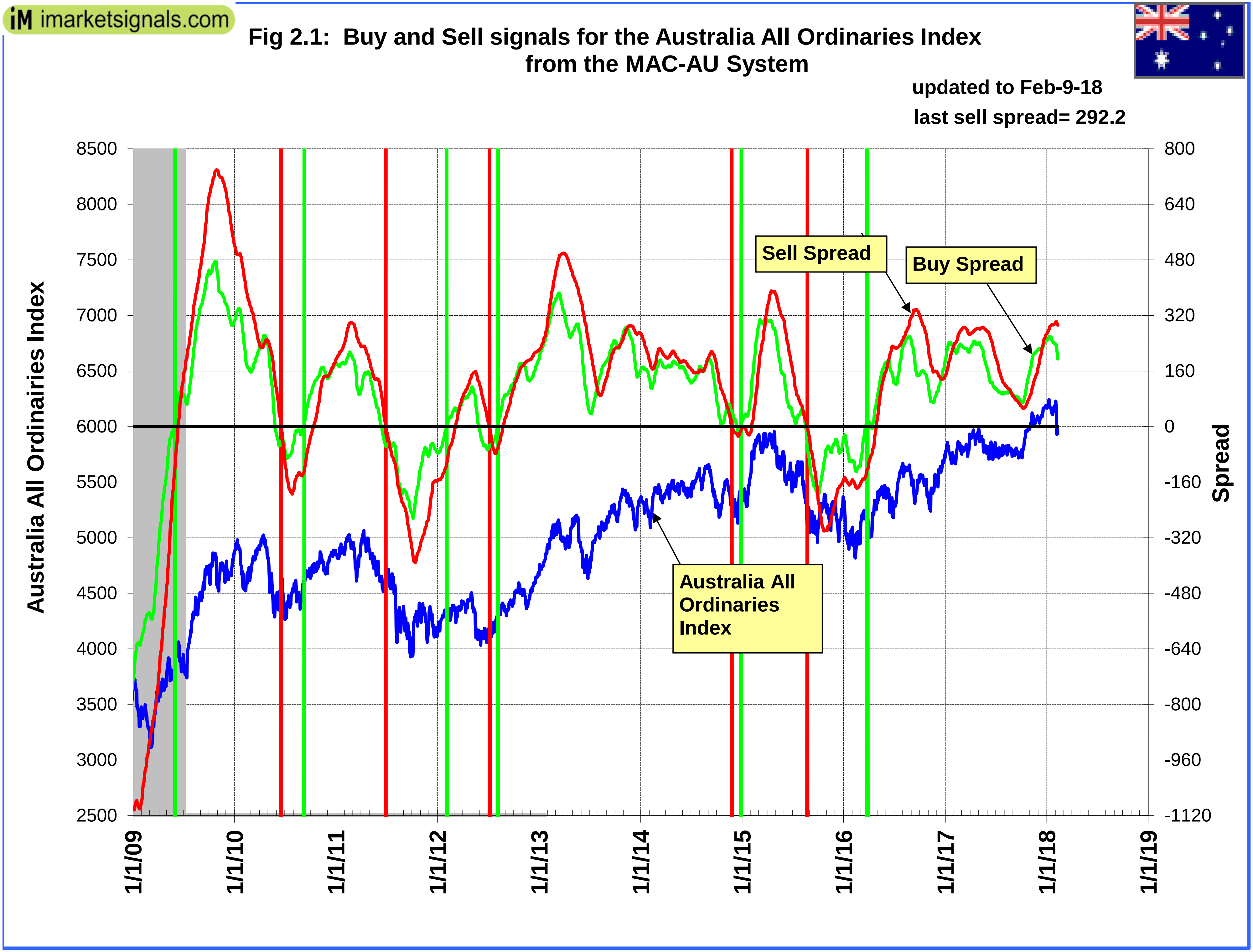
Please note: Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money using this model.

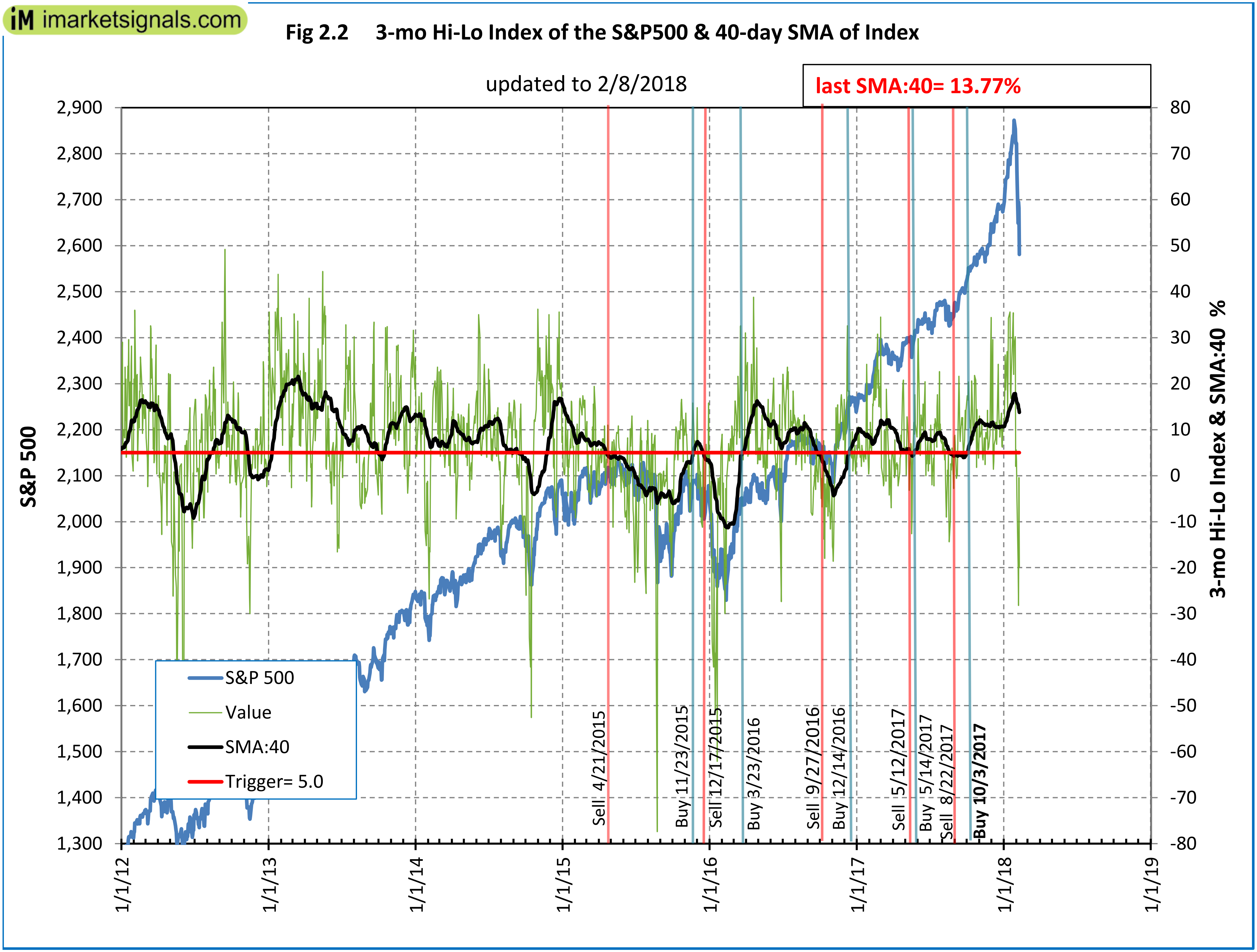
Figure 2: Buy and Sell signals for S&P 500 2010-18 from the modified golden-cross MAC-System



2-MAC rev8-27-15.xlsm

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





iM imarketsignals.com
Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index
updated to 2/8/2018
last SMA:40= 13.77%
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
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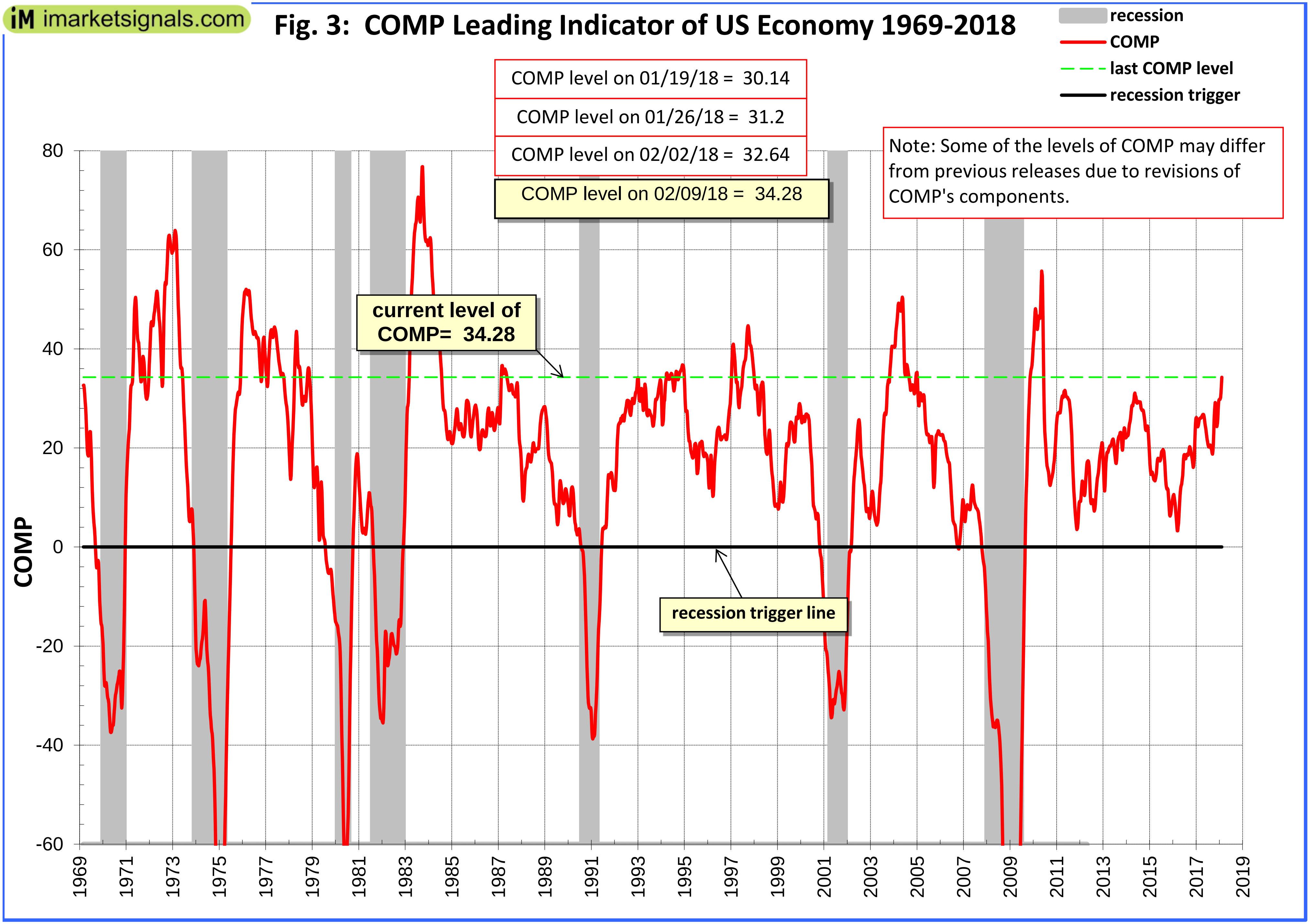
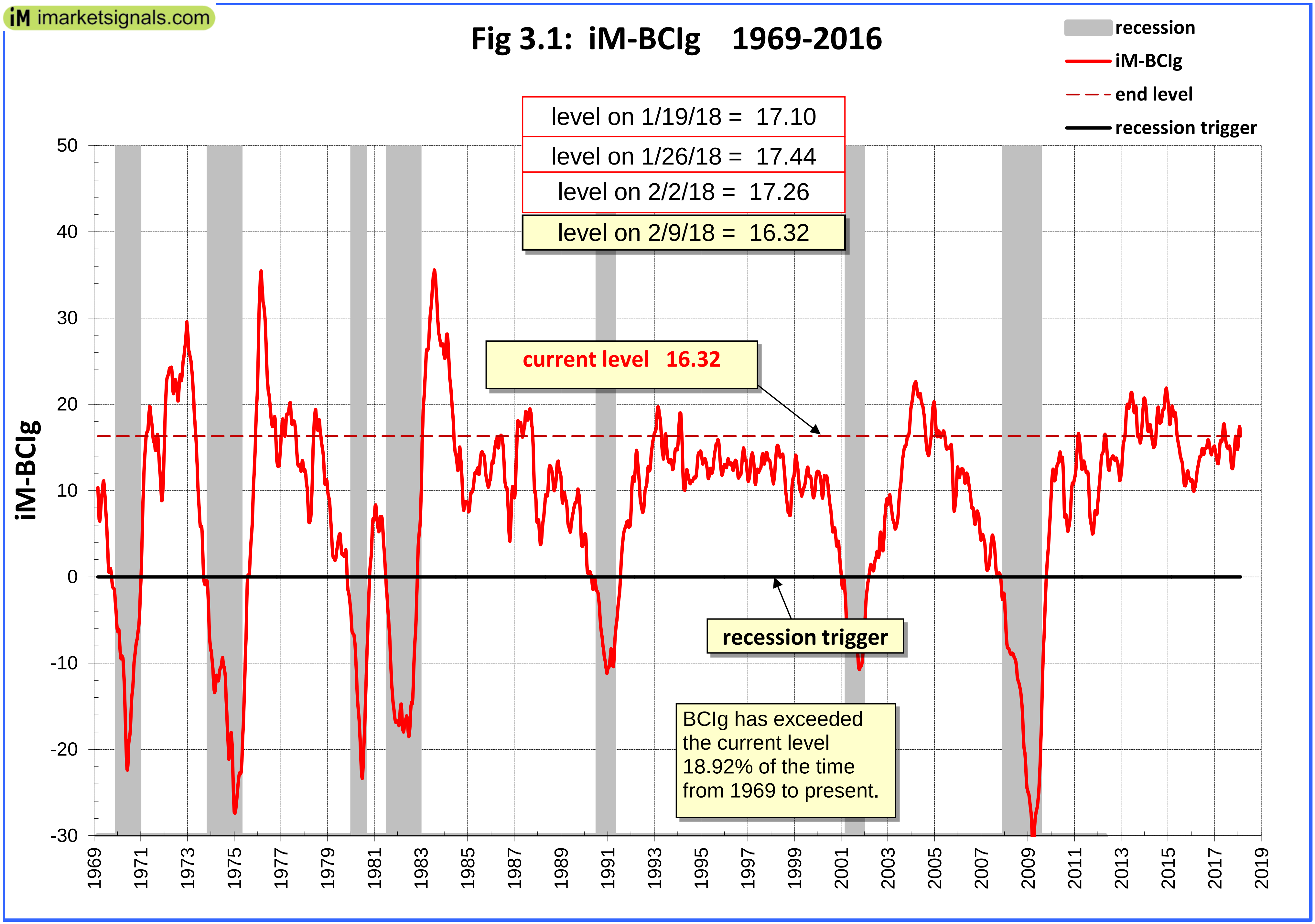
1/1/16
1/1/17
1/1/18
1/1/19



iM imarketsignals.com
Fig. 3: COMP Leading Indicator of US Economy 1969-2018
recession
COMP
last COMP level
recession trigger
COMP level on 01/19/18 = 30.14
COMP level on 01/26/18 = 31.2
COMP level on 02/02/18 = 32.64
COMP level on 02/09/18 = 34.28
Note: Some of the levels of COMP may differ from previous releases due to revisions of COMP's components.
current level of COMP= 34.28
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
2019

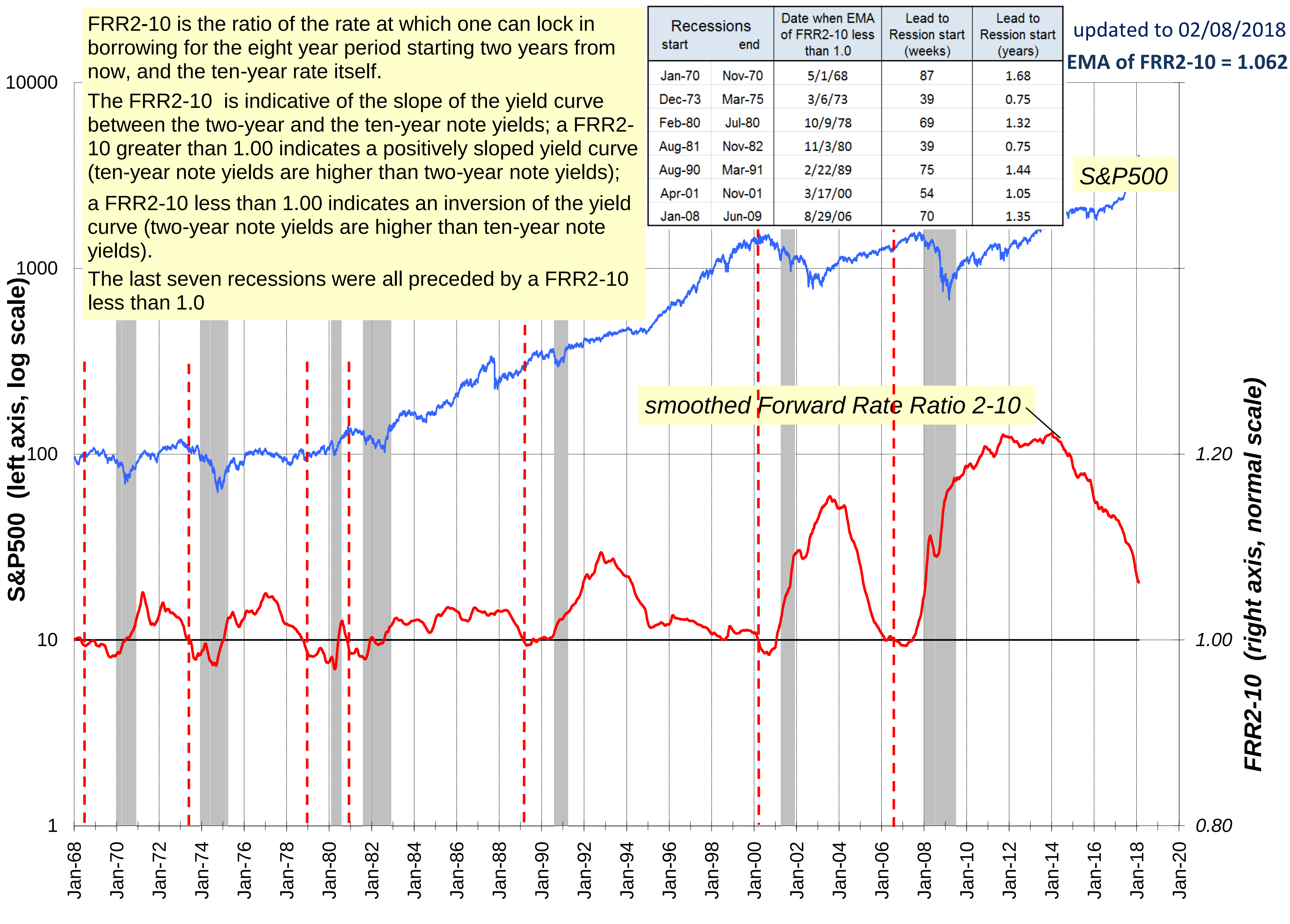
3-COMP.xlsm



BCIg Toni.xlsm

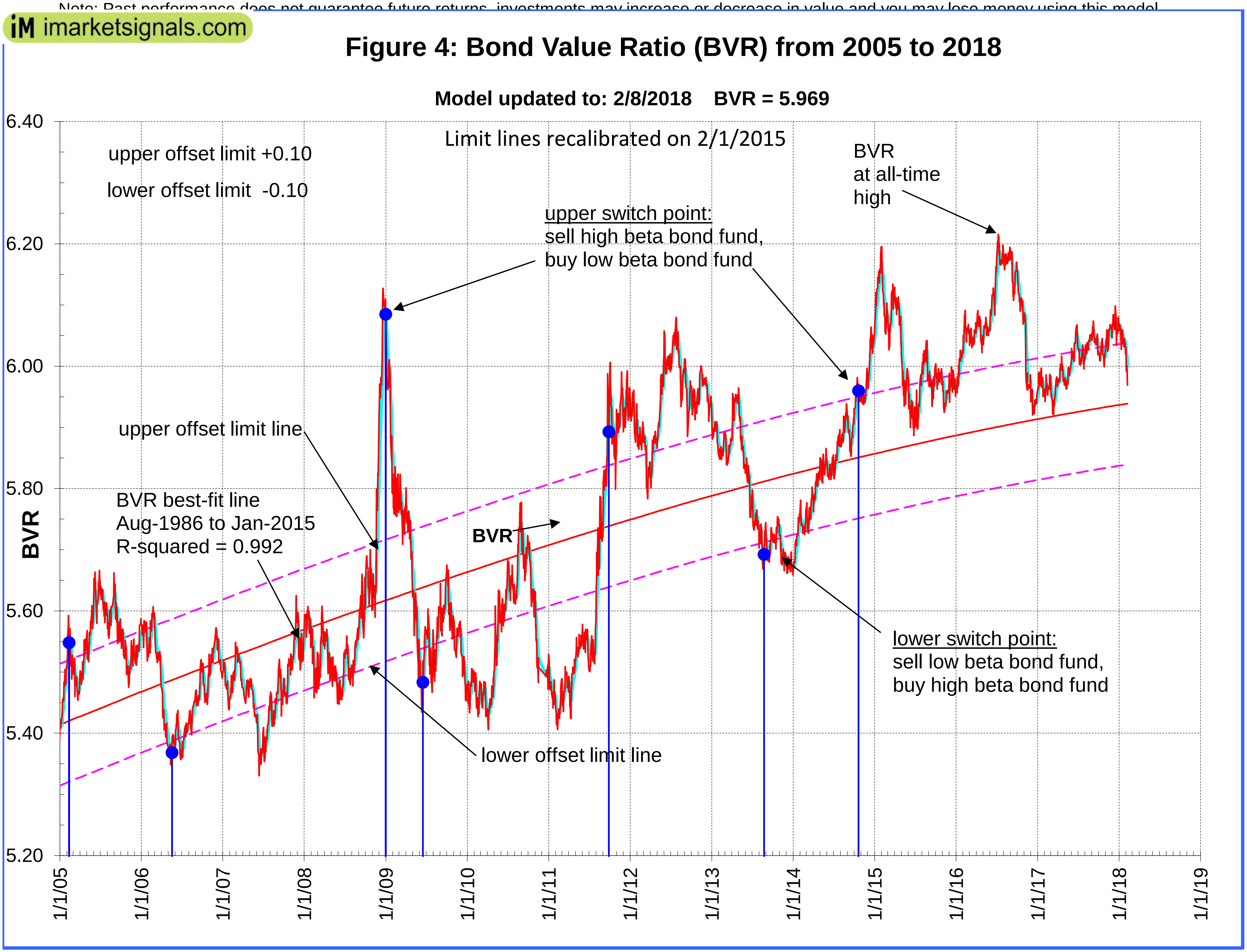
iM imarketsignals.com

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



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.

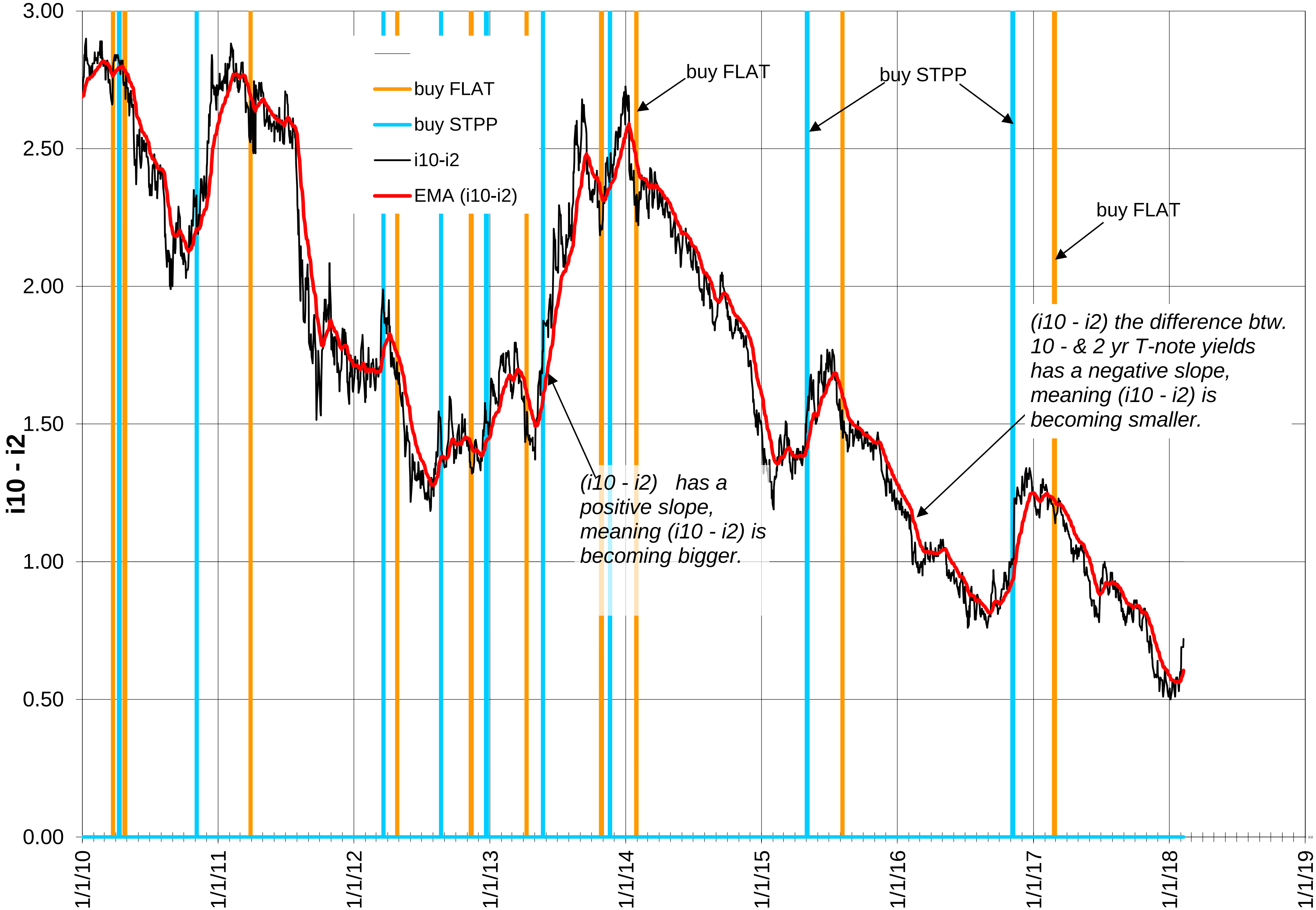


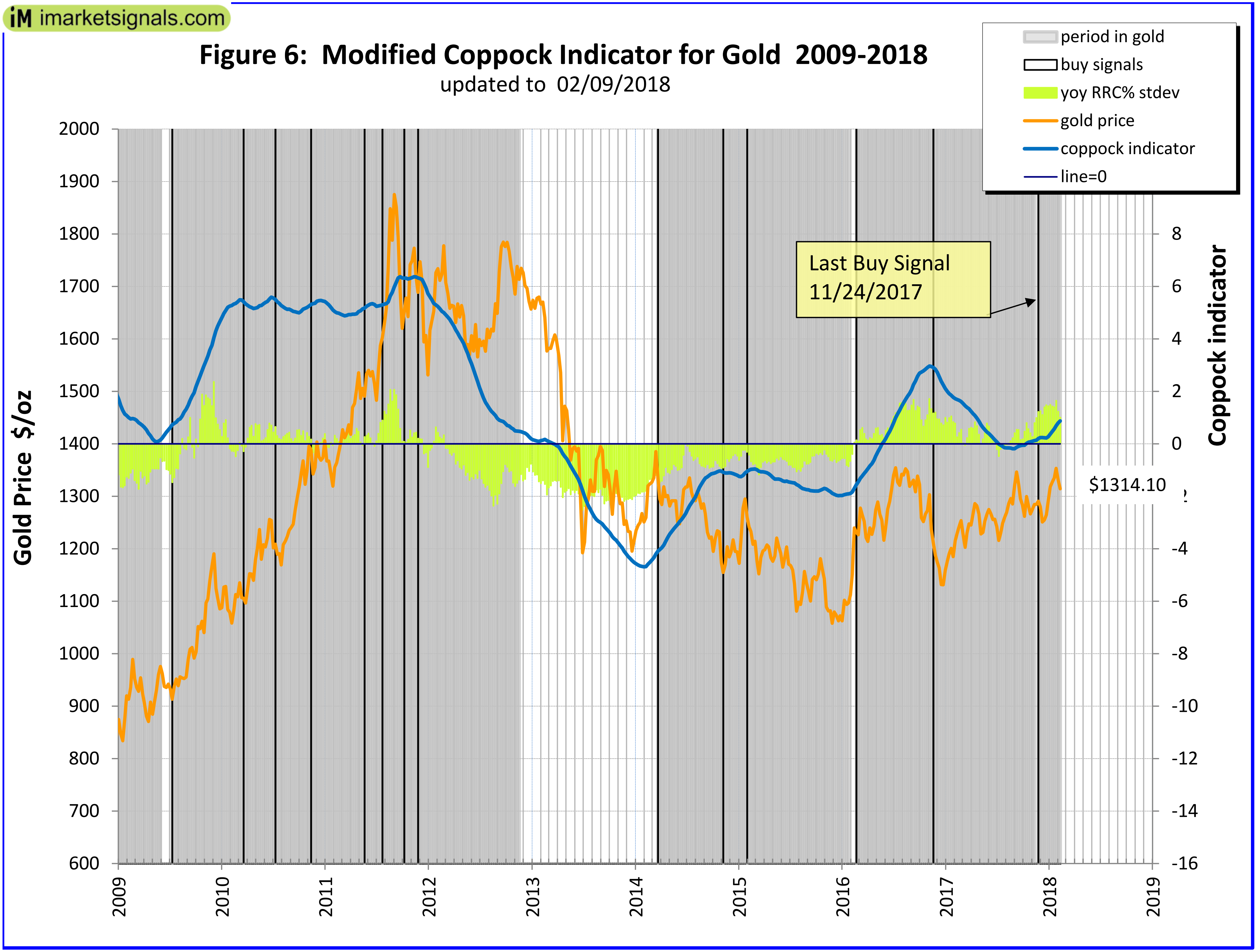
4-BVR recalibrated.xlsm fig4BVR06-14

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

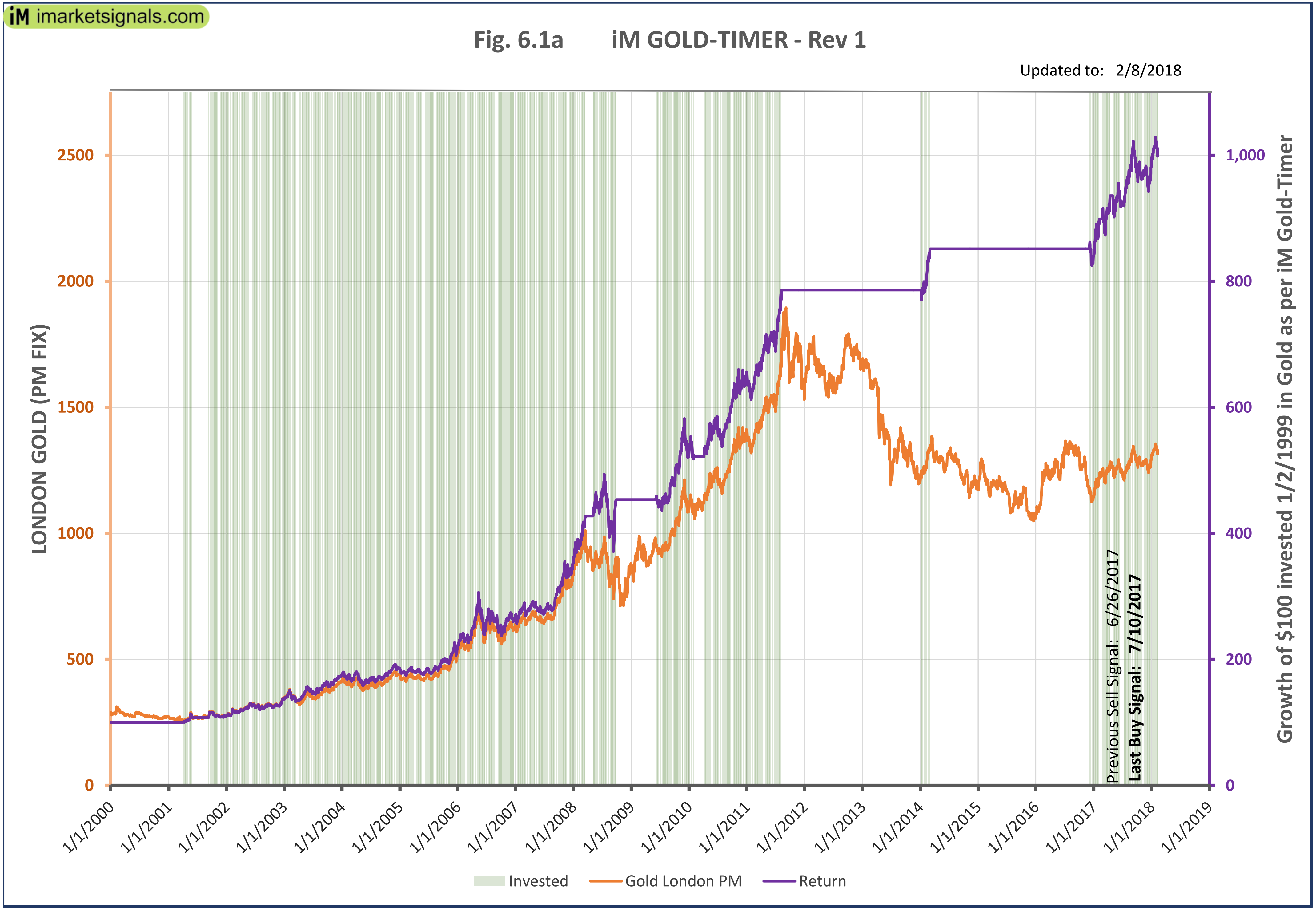
iM imarketsignals.com

Figure 5: i10 - i2 **Updated to…..2/8/18**

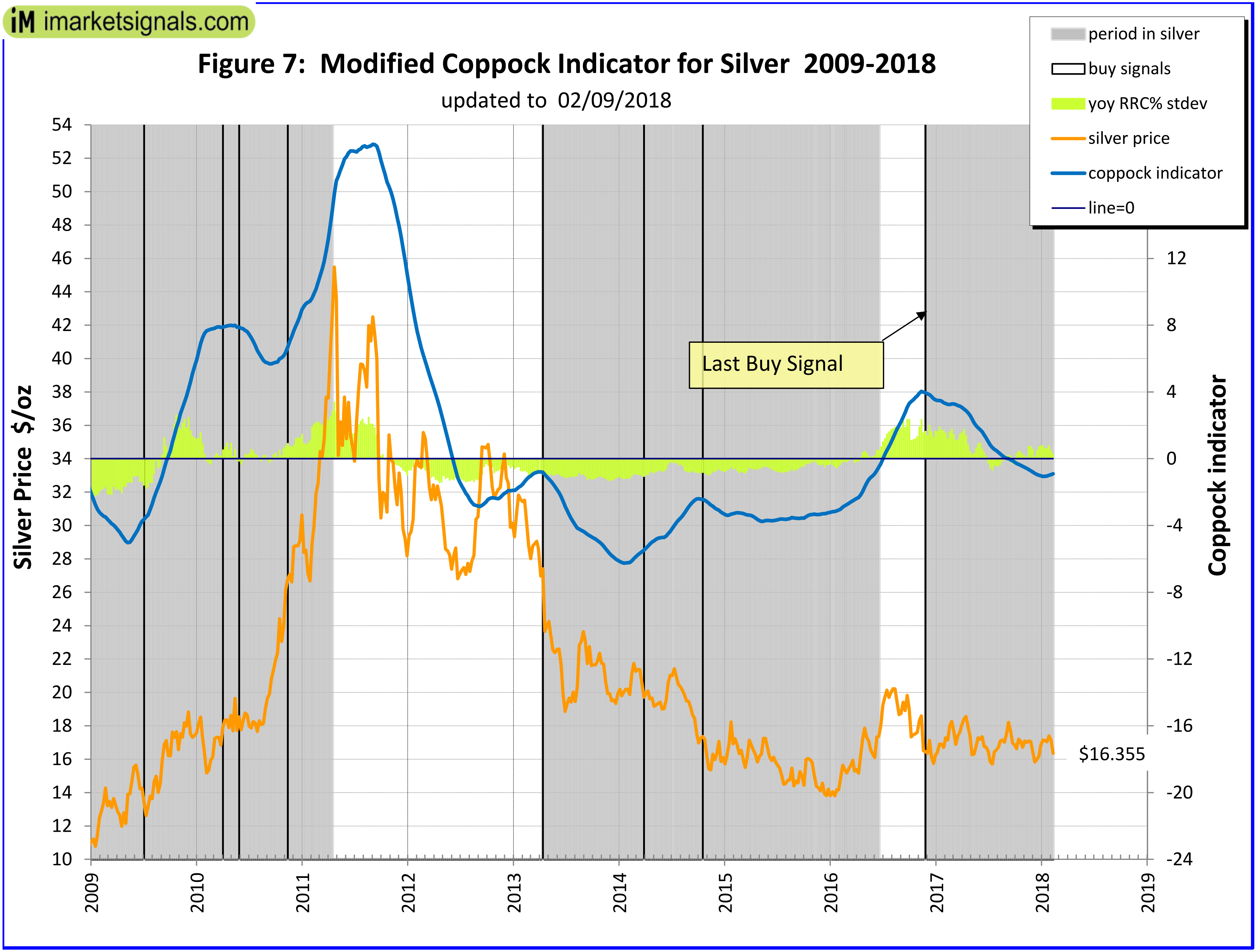




6-COPPOCK GOLD for updates.xlsm



iM imarketsignals.com
Fig. 6.1a iM GOLD-TIMER - Rev 1
Updated to: 2/8/2018
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 02/09/2018
period in silver
buy signals
yoy RRC% stdev
silver price
coppock indicator
line=0
Last Buy Signal
Silver Price $/oz
Coppock indicator
$16.355
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