

June 28, 2018

Business Cycle Index

The BCI at 246.3 is above last week's downward revised level, and for the current Business Cycle, at a new high indicated by the BCIp of 100. Also, the 6-month smoothed annualized growth BCIg at 15.7 remains at last week's downward revised level.

No recession is signaled.

June 29, 2018

Market Signals Summary:

The MAC-US model is invested. The "3-mo Hi-Lo Index of the S&P500" generated a buy signal on 6/12/2018 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 is flattening and signaled buy FLAT end March 2018. Both the gold and silver Coppock models are invested. Also, 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 above 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 near last week's level at 6.64% (last week 6.54%) and is invested in the market since 6/12/2018.

MAC-Australia

The MAC-AU model is invested in the markets after it generated a buy signal on March 21, 2016. The sell-spread is up from 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 downward 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 is at 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 below 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 above 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 May 2018 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 July 6)

June 1, 2018

Unemployment

The unemployment rate recession model (article link), has been updated with the May UER of 3.8%. 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 12.2% (last month minus 10.76%) and EMA spread of the UER is at minus 0.28% (last month minus 0.2.3%).

The Dynamic Linearly Detrended Enhanced Aggregate Spread:

The updated level of this indicator, -147bps, above last months -143bps, 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 4.81%. A sell signal is not imminent. [Read more ...](#)

iM's Business Cycle Index (BCI)

Date	05/31	06/07	06/14	06/21	06/28
BCIp	98.9	97.3	100.0	98.9	100.0
BCI	244.7	244.4	245.5	245.3	246.3
BCIg	16.0	16.1	16.0	15.7	15.7

BCIp, BCI and BCIG
updated to June 28, 2018

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 : The BCI in off-peak-mode
BCIG : the growth of BCI and BCIG 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.

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



updated to...6/28/18

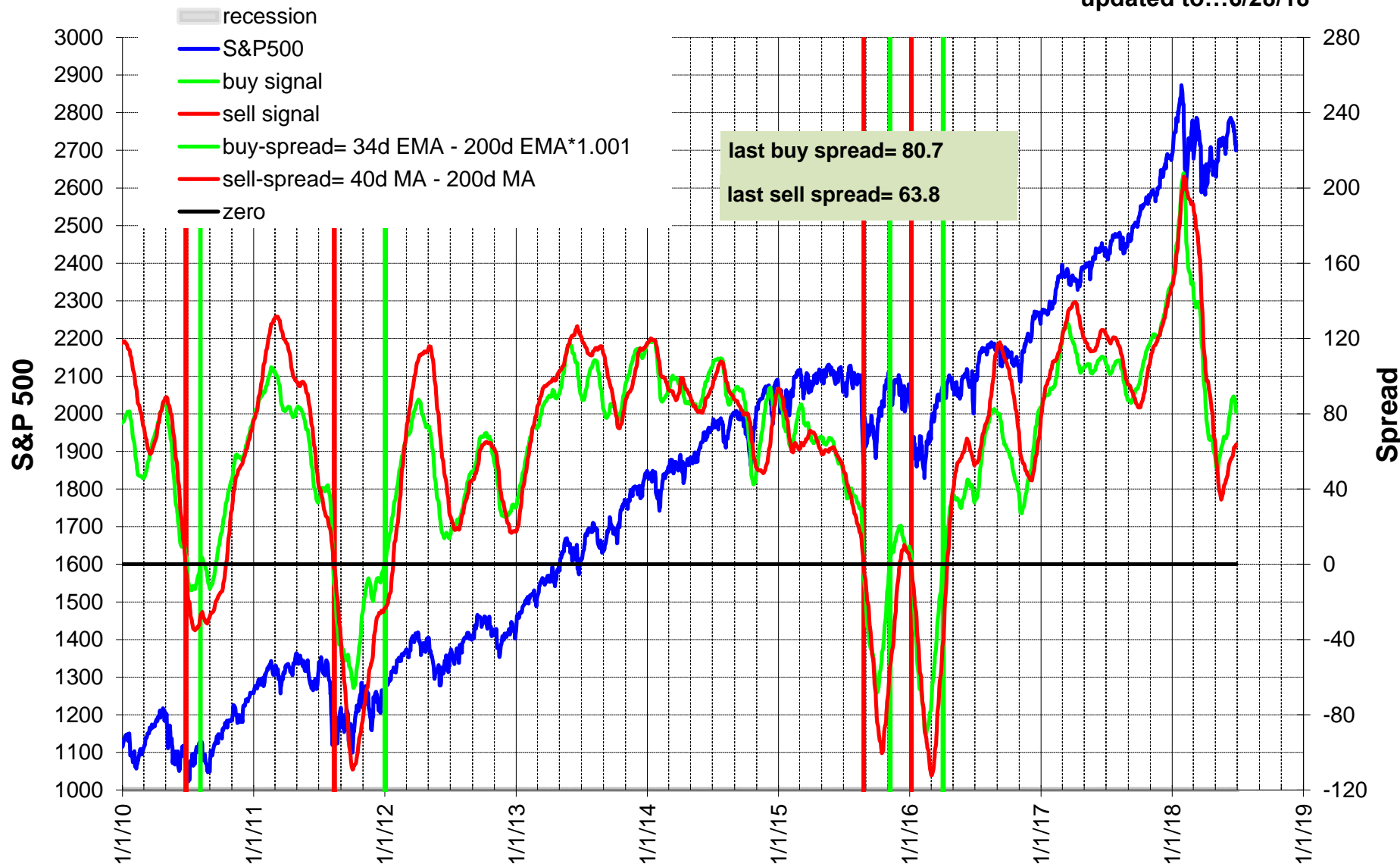


Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System



updated to Jun-15-18
last sell spread= 148.7

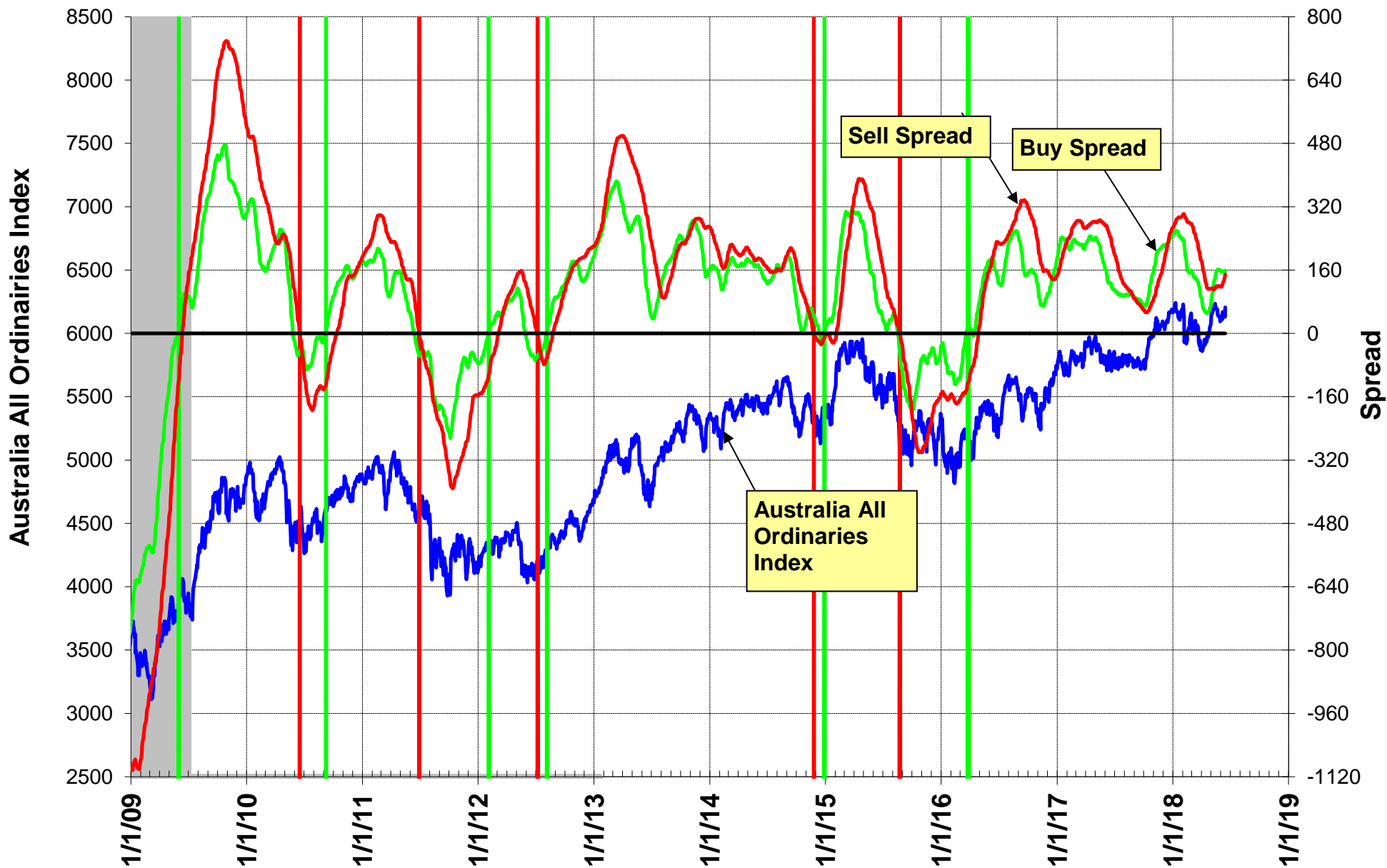


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

updated to 6/28/2018

last SMA:40= 6.65%

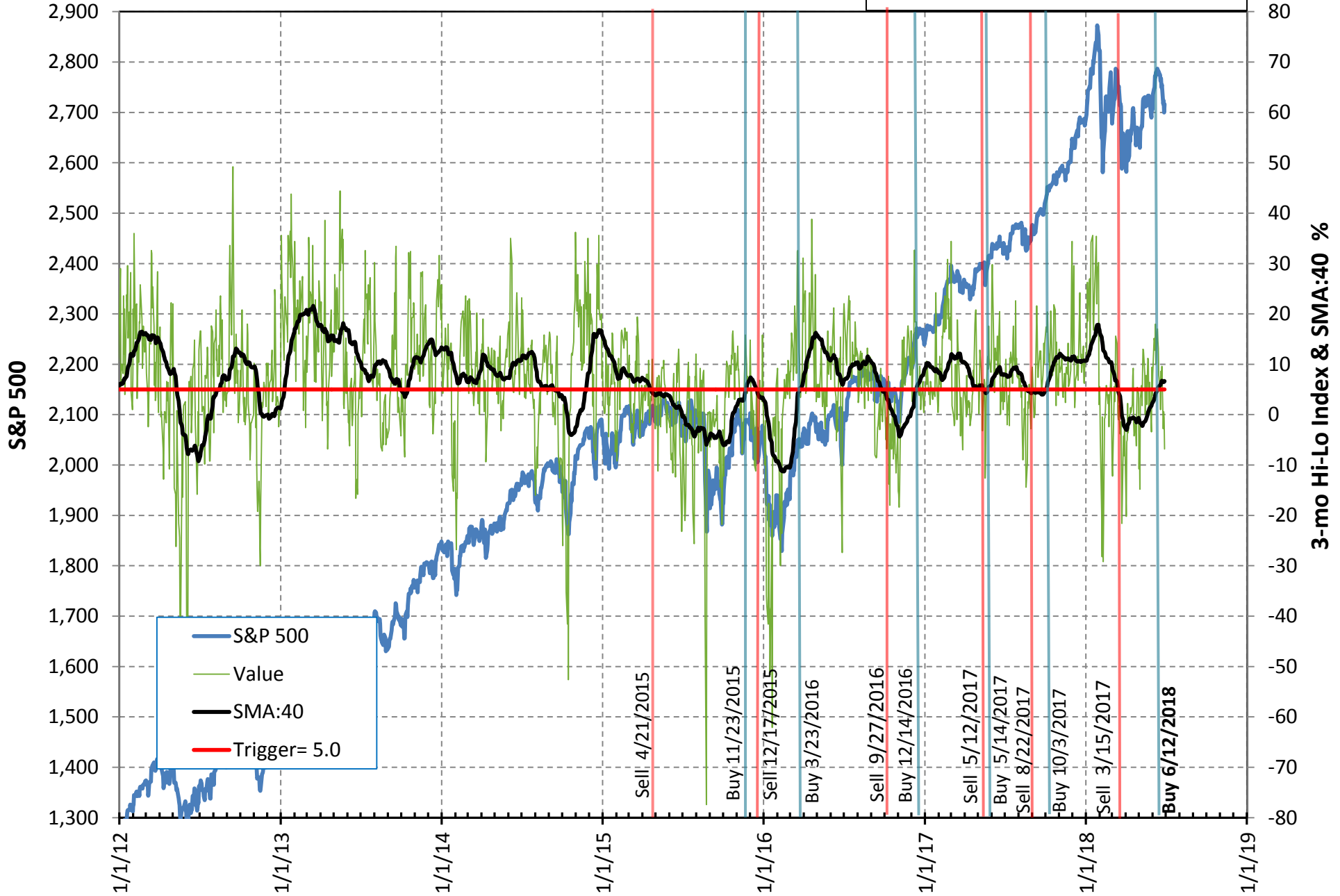


Fig. 3: COMP Leading Indicator of US Economy 1969-2018

- recession
- COMP
- last COMP level
- recession trigger

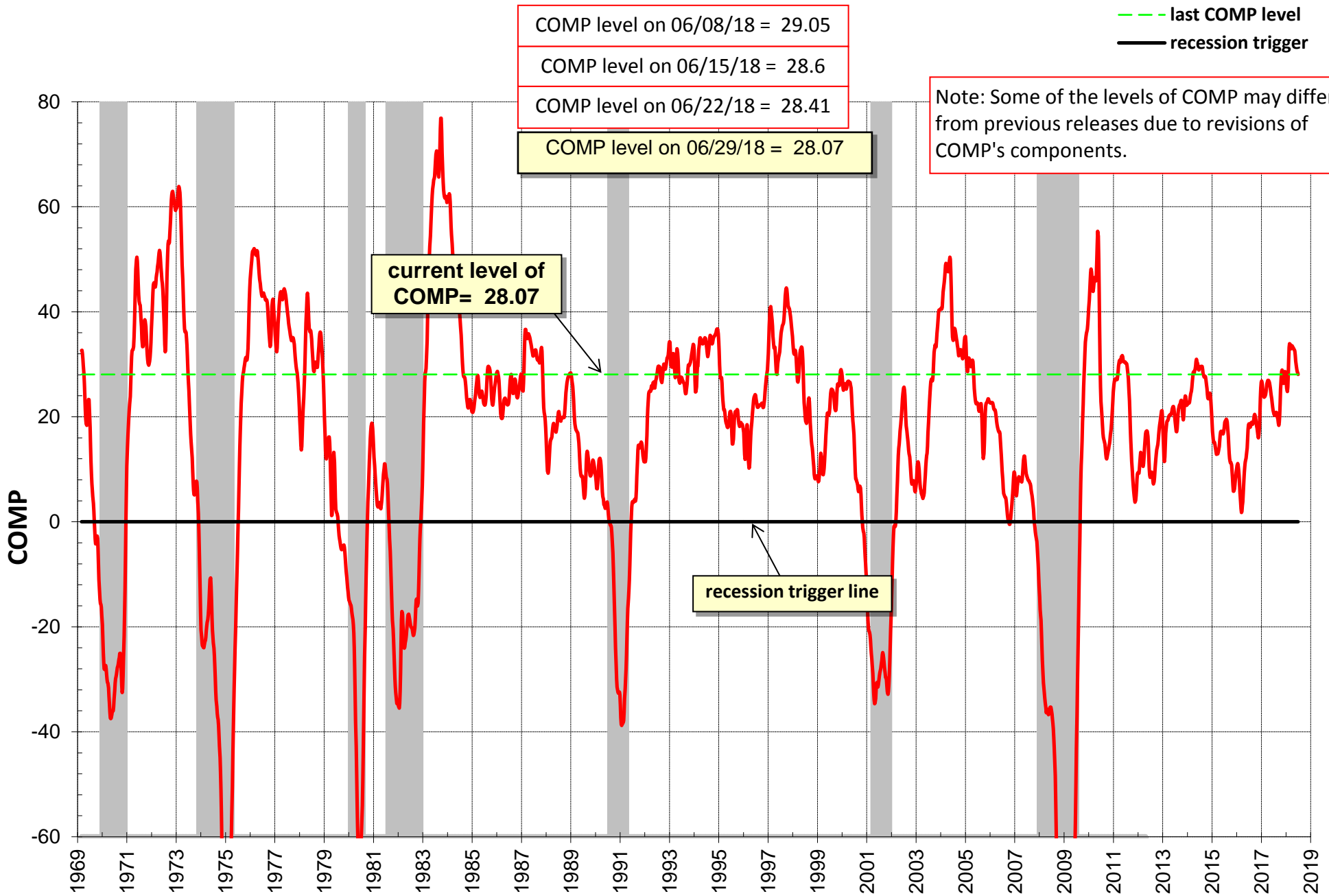


Fig 3.1: iM-BCI_g 1969-2016

- recession
- iM-BCI_g
- end level
- recession trigger

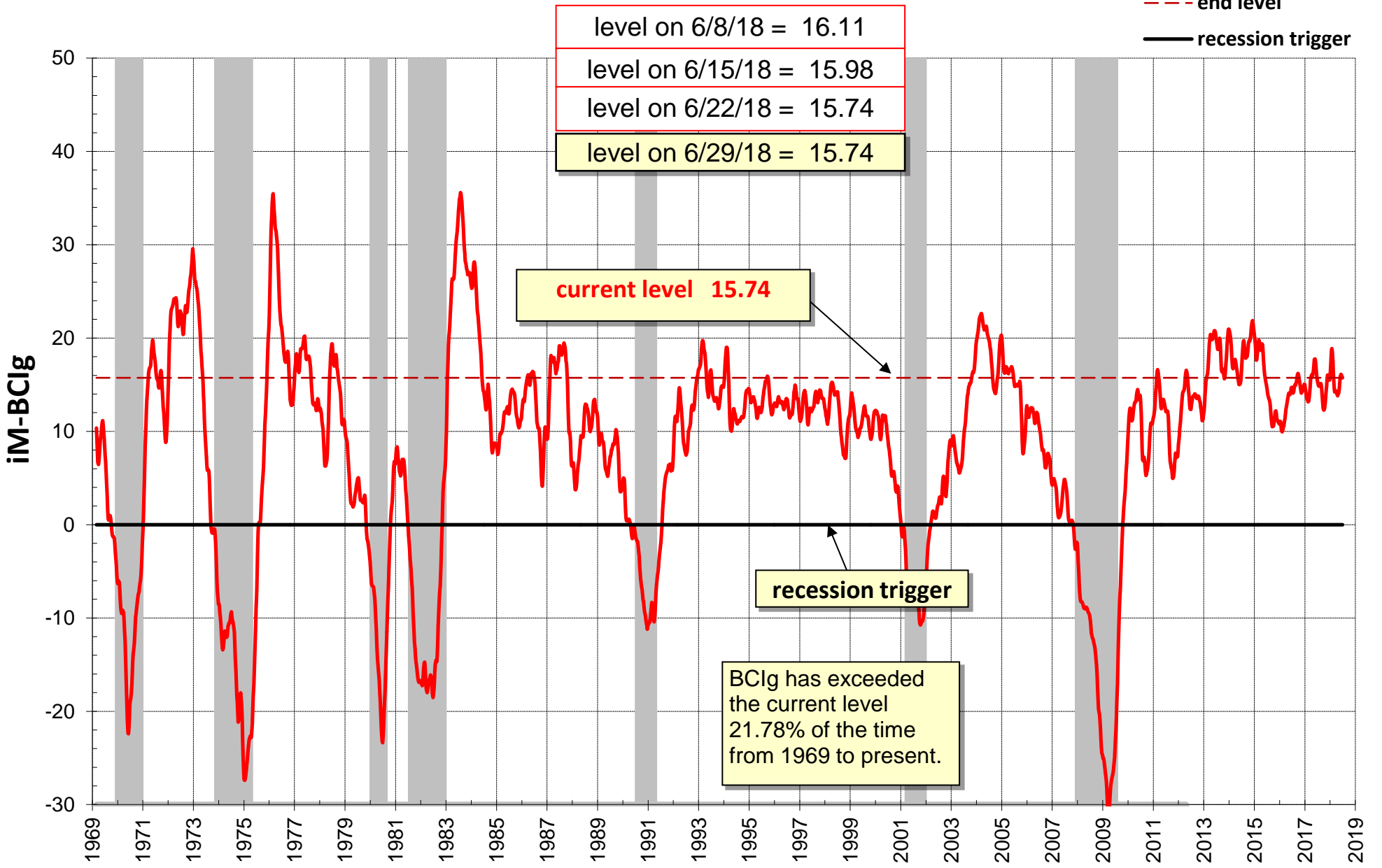


Figure 3.2: Forward Rate Ratio FRR2-10 - leads to Recessions

updated to 06/28/2018
EMA of FRR2-10 = 1.039

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

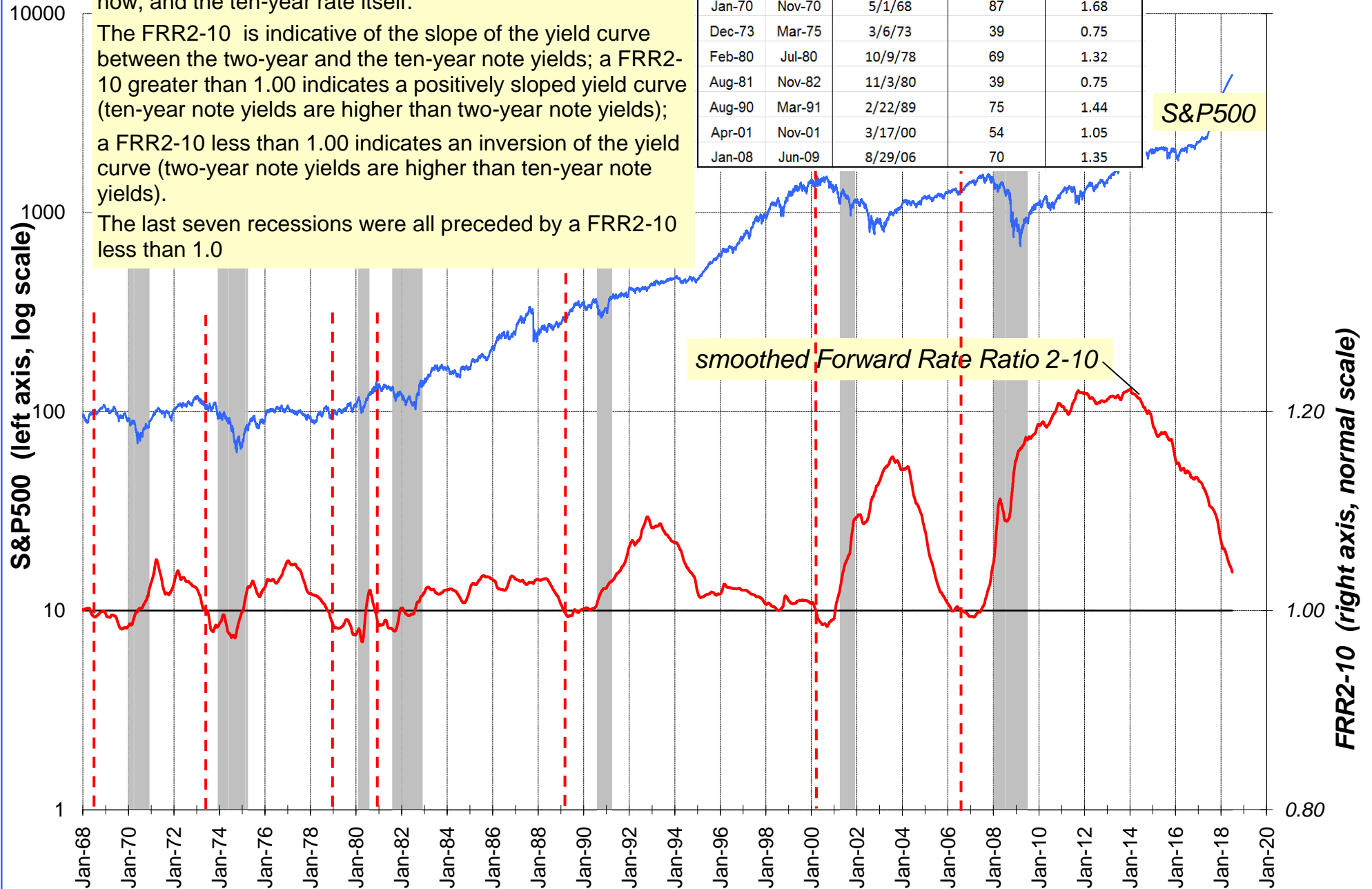


Figure 4: Bond Value Ratio (BVR) from 2005 to 2018

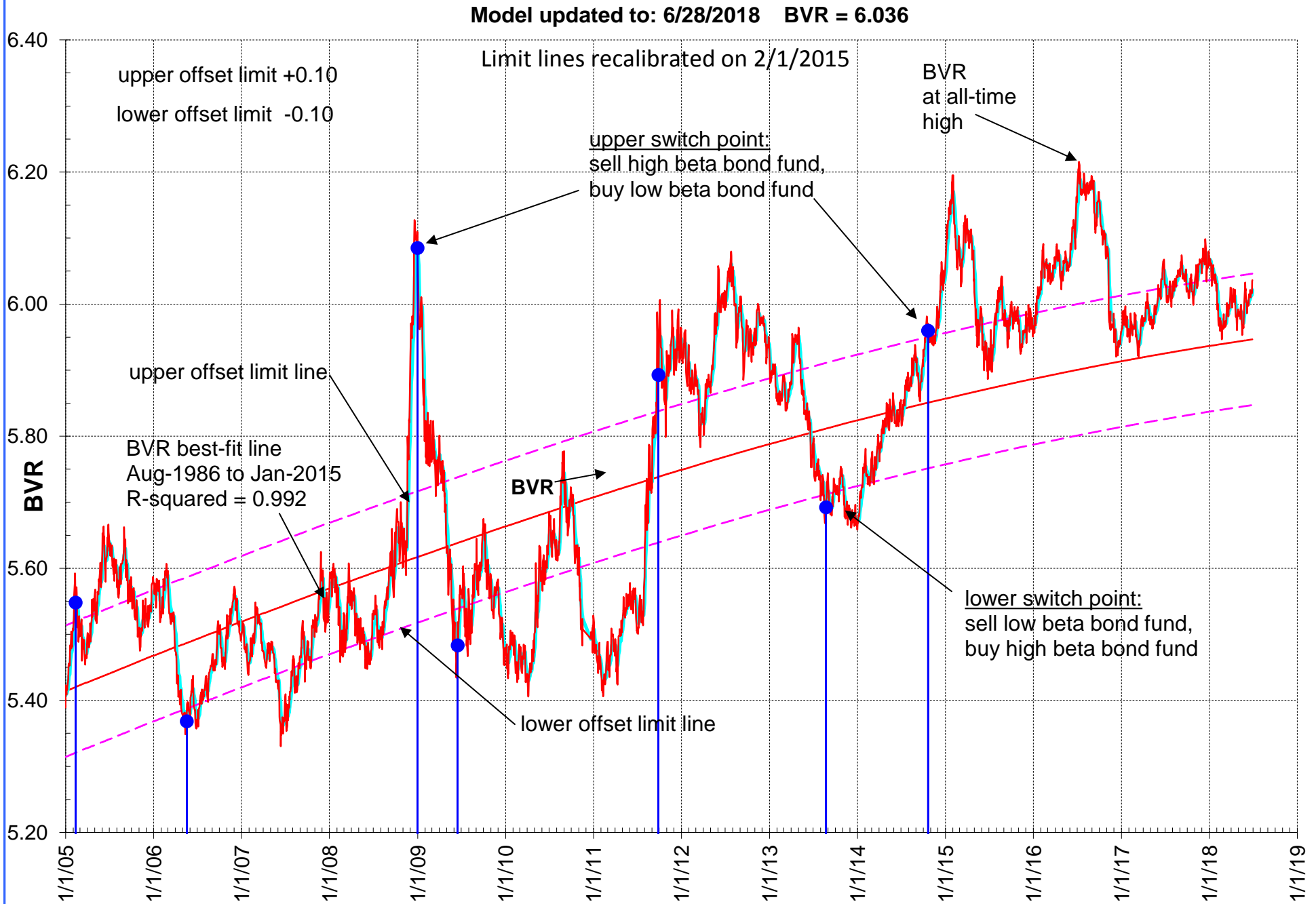


Figure 5: i10 - i2 Updated to.....6/28/18

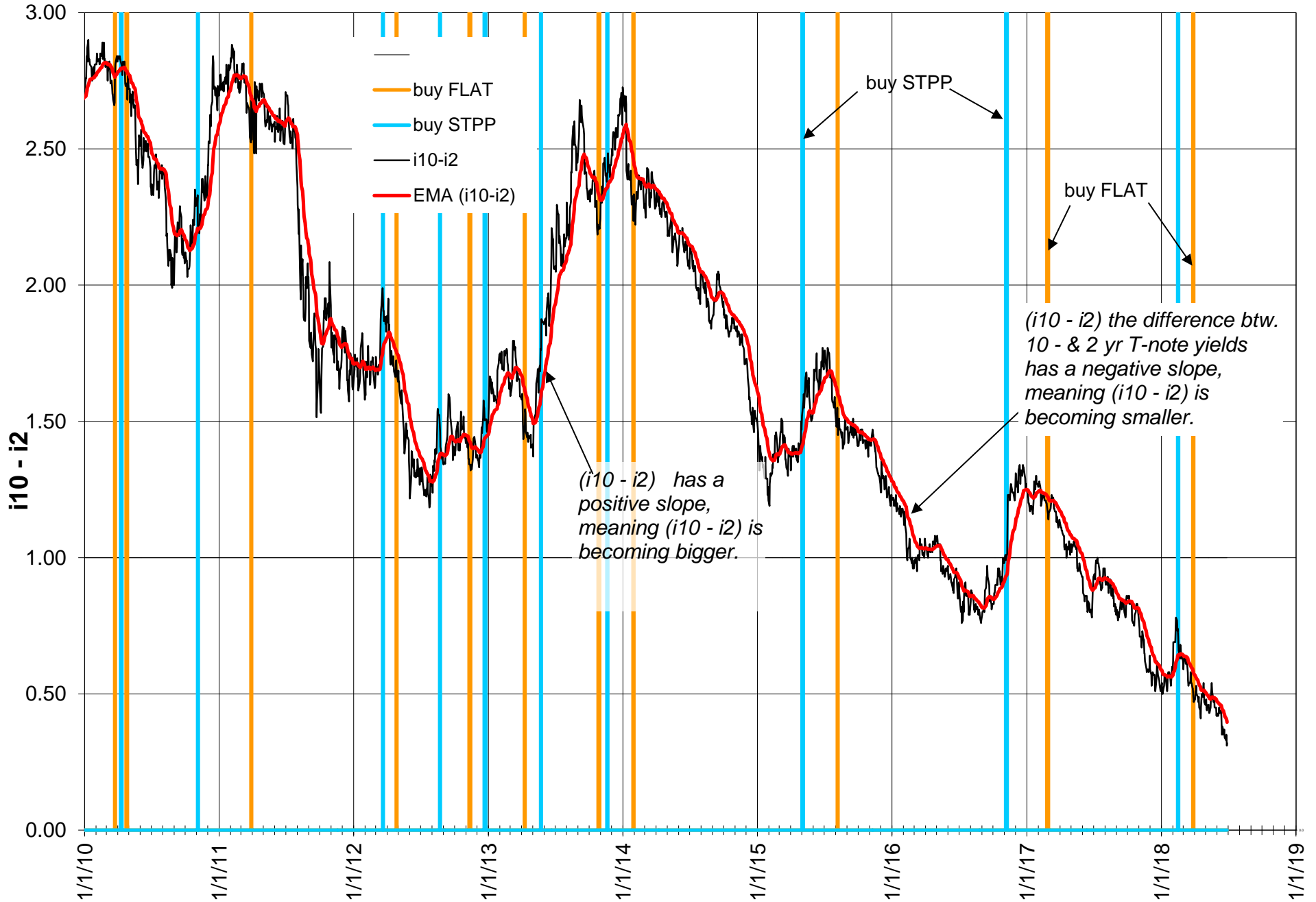


Figure 6: Modified Coppock Indicator for Gold 2009-2018

updated to 06/28/2018

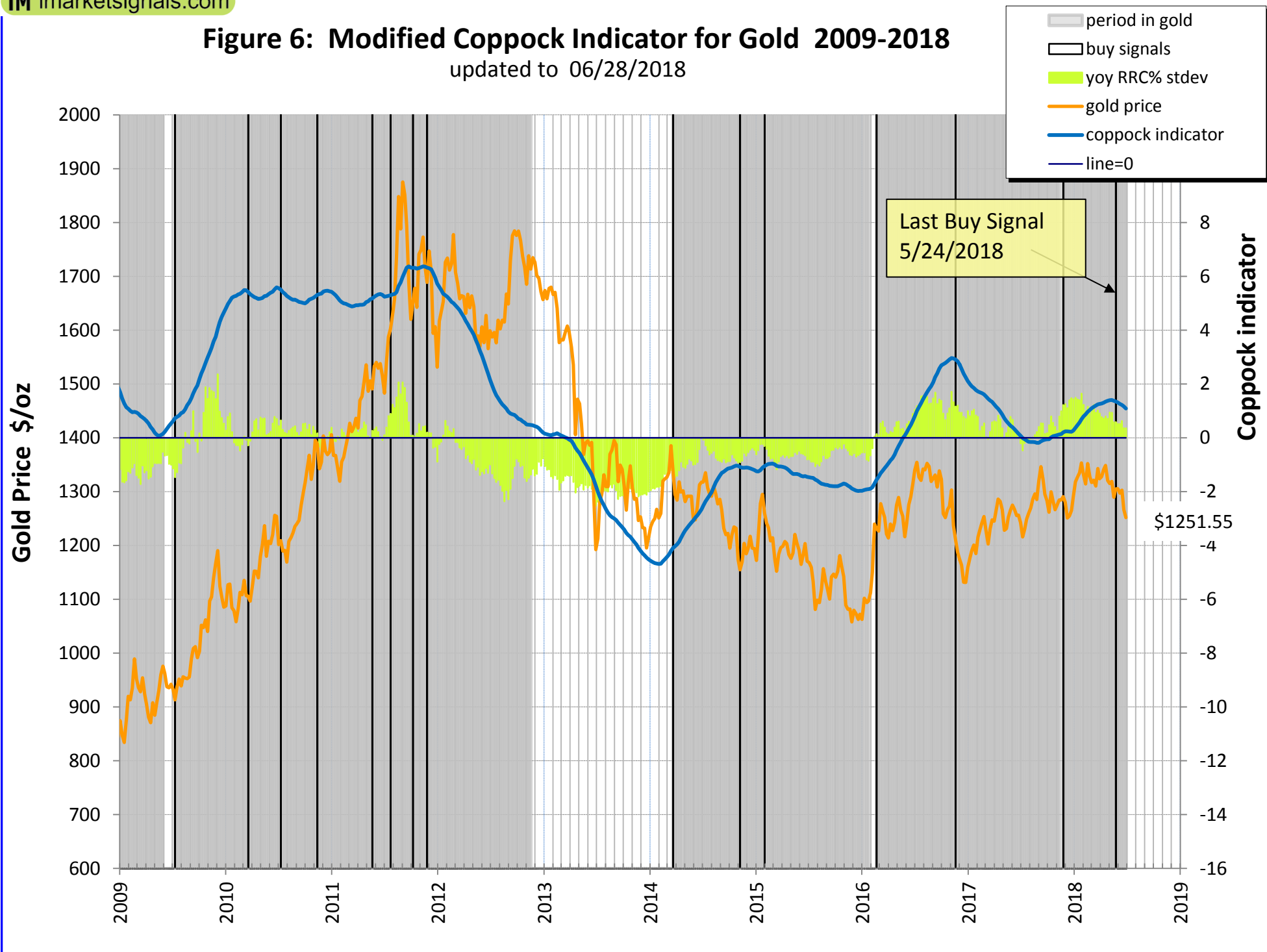


Fig. 6.1a iM GOLD-TIMER - Rev 1

Updated to: 6/28/2018

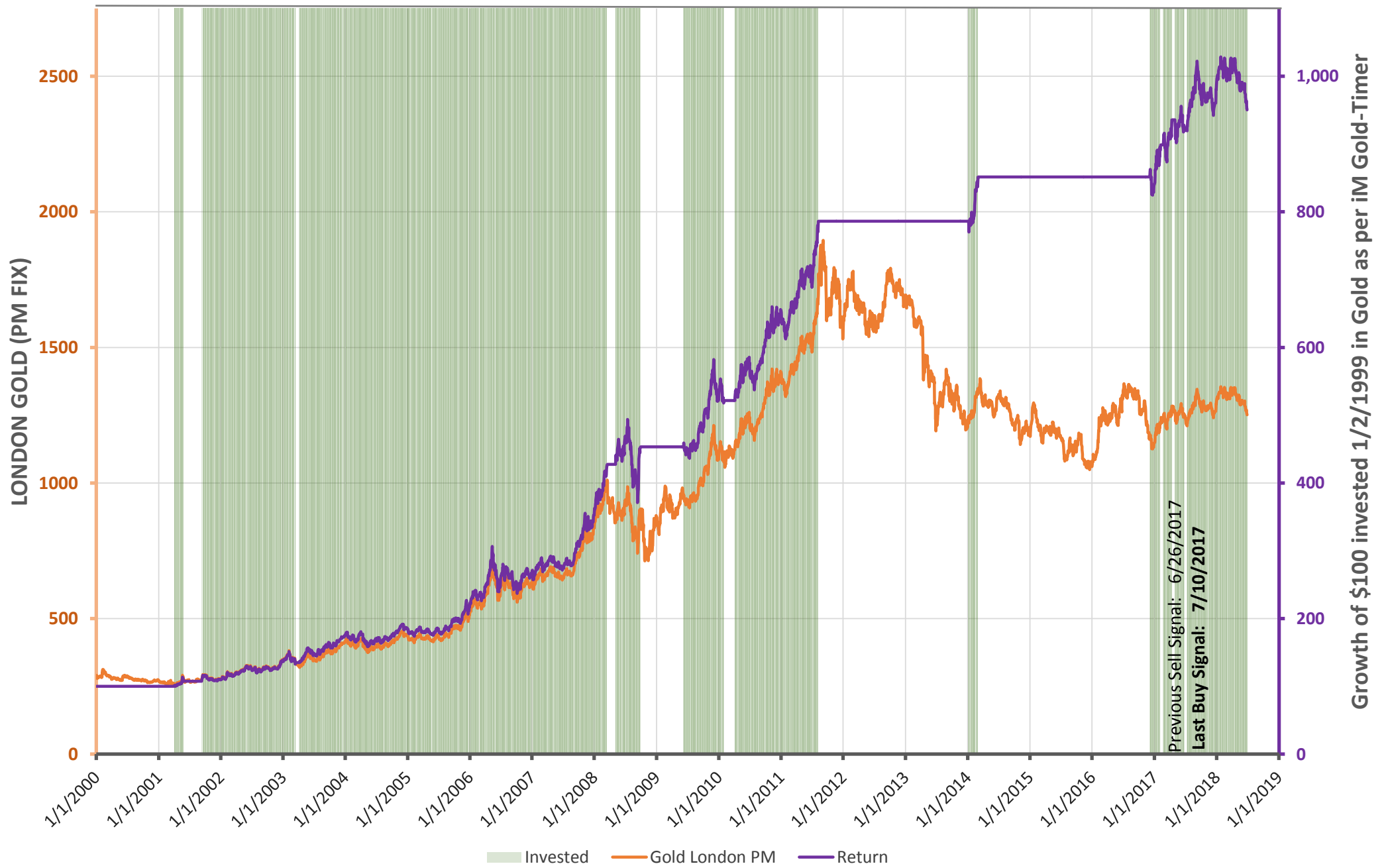


Figure 7: Modified Coppock Indicator for Silver 2009-2018

updated to 06/28/2018

