

November 14, 2019

Business Cycle Index

The BCI at 259.9 is up from last week's 259.5, and reached a new high for this business cycle indicated by the BCIP of 100. Also, the 6-month smoothed annualized growth BCIG at 10.8 is above last week's 10.7.

Both BCIP and BCIG are not signaling a recession.

November 15, 2019

Market Signals Summary:

The MAC-US model, iM-Low Frequency Timer, and the S&P500 Coppock are invested in the markets, as is the "3-mo Hi-Lo Index of the S&P500" which entered the market on 10/22/2018. The MAC-AU is also invested in the markets. 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 steepening. The gold Coppock remains invested in gold, however the silver model is in cash. The iM-Gold Timer is in cash. The monthly iM-Google Trend Timer has switched out of the stock-markets on 10/1/2019.

MAC-US

The MAC-US model switched into the markets on 2/26/2019. The sell-spread (red line) is near last week's value needs to move below zero to generate a sell signal.

3-mo Hi-Lo Index

The 3-mo Hi-Lo Index of the S&P500 is near last week's level at 6.40% (last week 6.39%), and is invested in the stock market since 10/22/2019.

Coppock Indicator for the S&P500

The Coppock indicator for the S&P500 entered the market on 5/9/2019 and is invested.

MAC-AU

The MAC-AU model is invested in the markets after signaling a buy on February 7, 2019. The sell-spread (red line) is near last week's value and needs to move below zero to generate a sell signal.

Recession:

COMP

Figure 3 shows the COMP above last week's downward revised level. No recession is indicated.

iM-BCIG

Figure 3.1 shows the recession indicator iM-BCIG above last week's level. An imminent recession is not signaled

Forward Rate Ratio

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

iM-Low Frequency Timer

The iM-Low Frequency Timer is back in the markets since 1/22/2019.

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 record high. 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 formed a trough, is continuing to steep and signaled a buy STPP late October. 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:

Coppock Gold

The modified Coppock Gold indicator shown in Fig 6. This model generated a new buy signal end March 2019 and is invested in gold.

iM GOLD-TIMER

The iM GOLD-TIMER Rev-1 sold gold on 12/31/2018 and the model is in cash

Silver:

Coppock Silver

The modified Coppock Silver indicator shown in Fig 7. This model generated a sell signal early August 2018 and is in cash.

Monthly Updates

November 1, 2019 (next update December 6, 2019)

Unemployment

The unemployment rate recession model (article link), has been updated with the October UER of 3.6%. The model does not signal a recession.

The Dynamic Linearly Detrended Enhanced Aggregate Spread:

The updated level of this indicator, -261bps, near last months -263bps, confirms the January 2017 signal. Based on past history a recession could have started as early as October 2017, but not later than August 2020. The average lead time to previous recessions provided by DAGS was 15 months which had indicated a possible recession start as early as April 2019. (Note: All our other recession indicators are far from signal a recession.)

CAPE-Cycle-ID

Fig 9a depicts the CAPE-Cycle-ID and the year-on-year rate-of-change of the Shiller CAPE; the level switched from 0 to +2 end of October-2019.

To avoid the bear market, exit stocks when the spread between the 5-month and 25-month moving averages of S&P-real becomes negative and simultaneously the CAPE-Cycle-ID score is 0 or -2.

Estimated Forward 10-Year Returns

The estimated forward 10-year annualized real return increased from 6.2% to 6.4% with a 95% confidence interval : 5.0% to 7.7 (previous 4.9% to 7.6%).

iM-GT Timer

Fig-10.-2-1-2019The iM-GT Timer, based on Google Search Trends Volume is out the markets since 10/1/2019.

Trade Weighted USD

The trend of Trade Weighted \$ value is indeterminate and remains strong even though federal fund rates have been reduced.

TIAA Real Estate Account

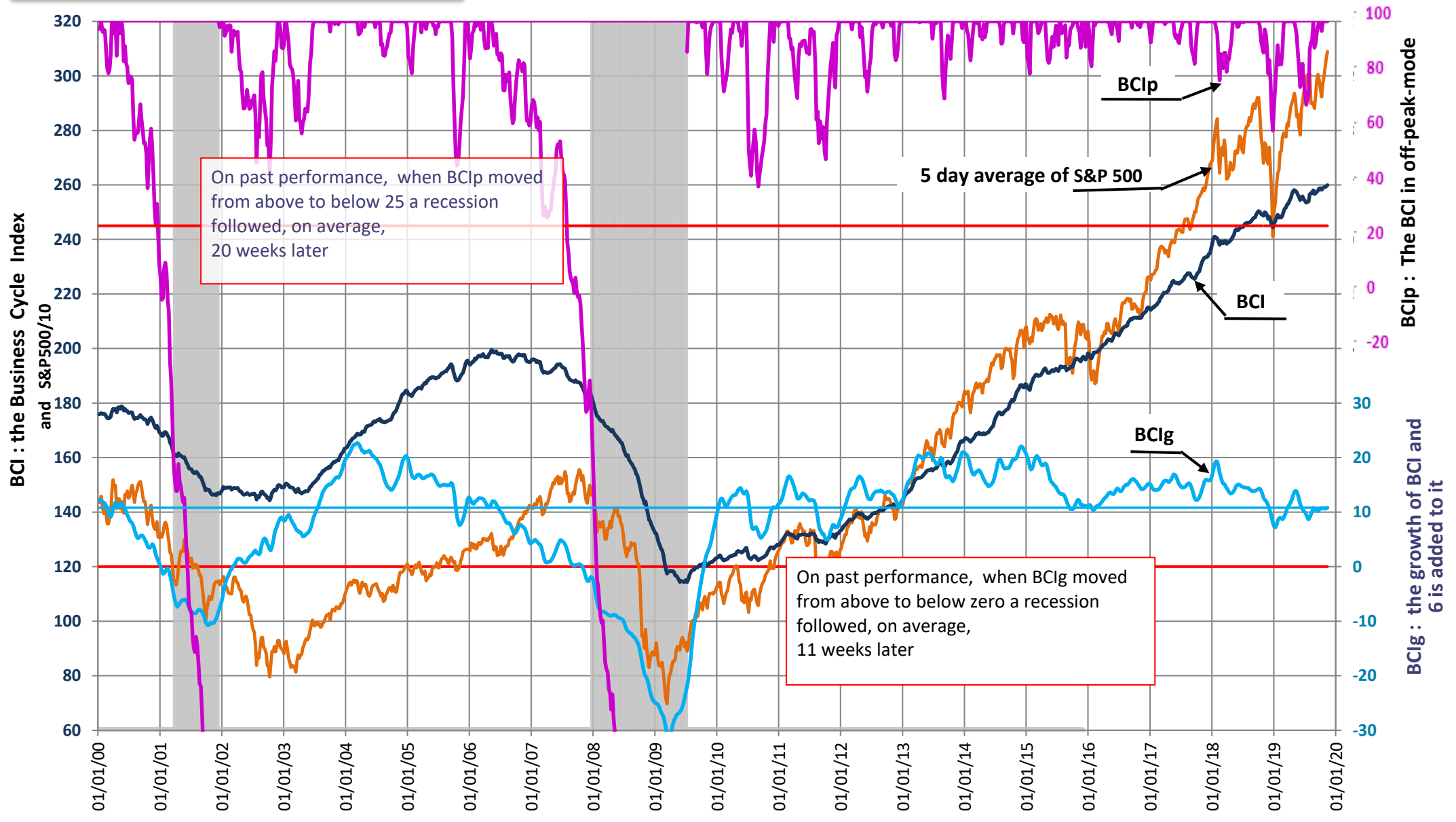
The 1-year rolling return for the end of last month is 5.61%, up from last month. A sell signal is not imminent.

iM's Business Cycle Index (BCI)

BCIp, BCI and BCIG
updated to November 14, 2019

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

Date	10/17	10/24	10/31	11/07	11/14
BCIp	100.0	100.0	100.0	100.0	100.0
BCI	258.8	259.2	259.2	259.5	259.9
BCIg	10.7	10.7	10.6	10.7	10.8



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 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.

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



updated to... 11/14/19



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



updated to Nov-15-19
last sell spread= 305.7

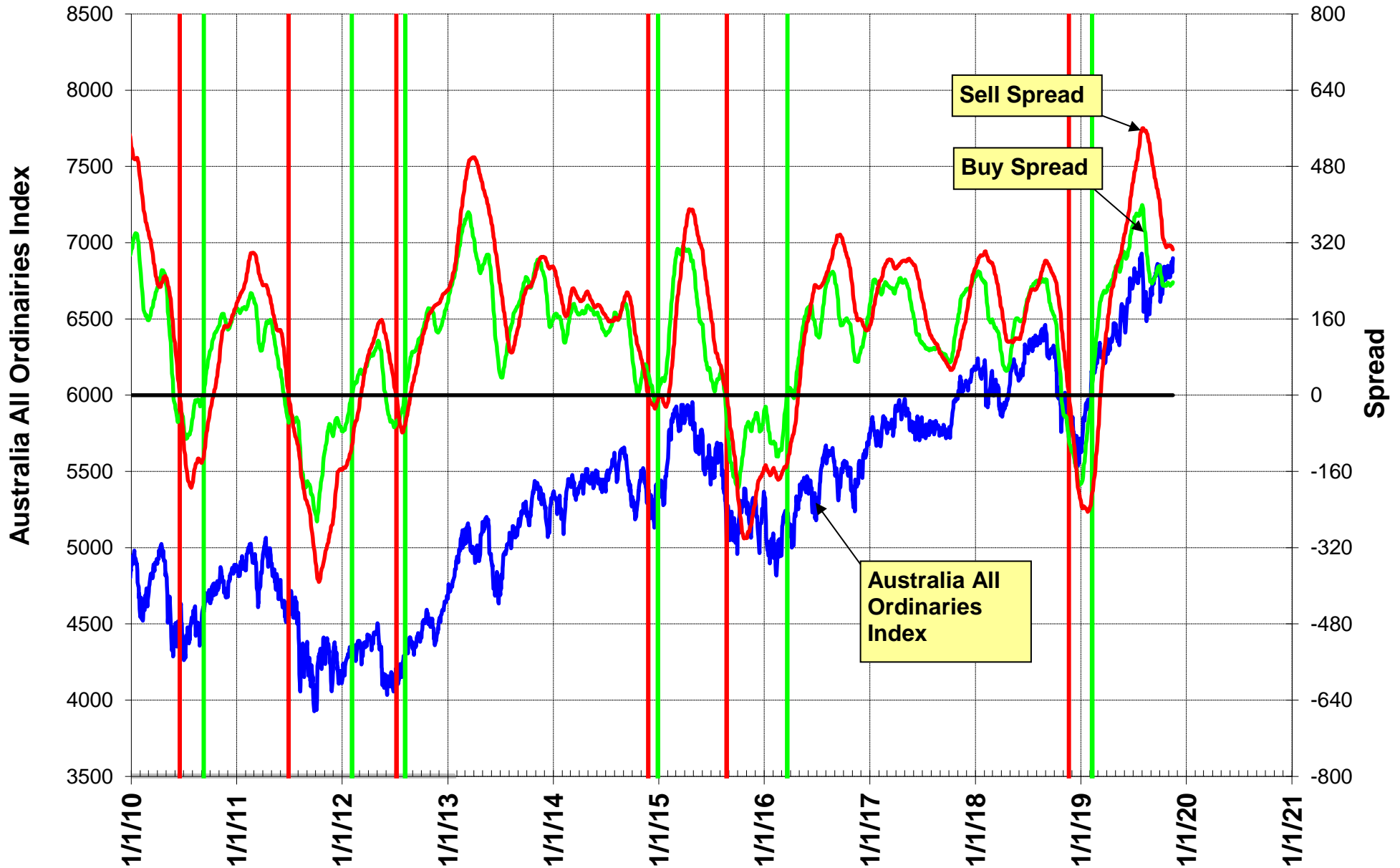


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

updated to 11/14/2019

last SMA:40= 6.41%

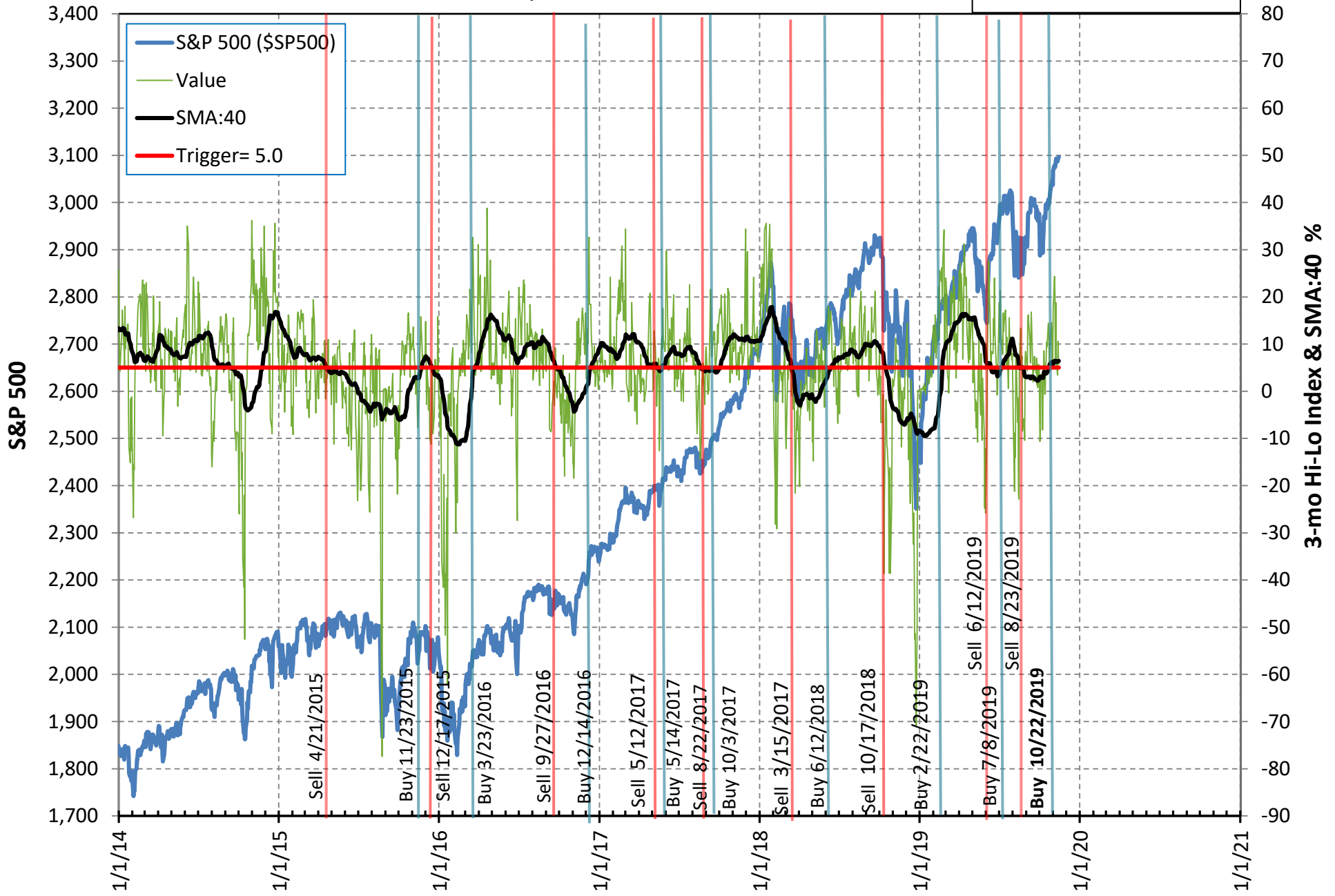


Fig-2.3 Modified Coppock Indicator for S&P500

updated to 11/14/2019

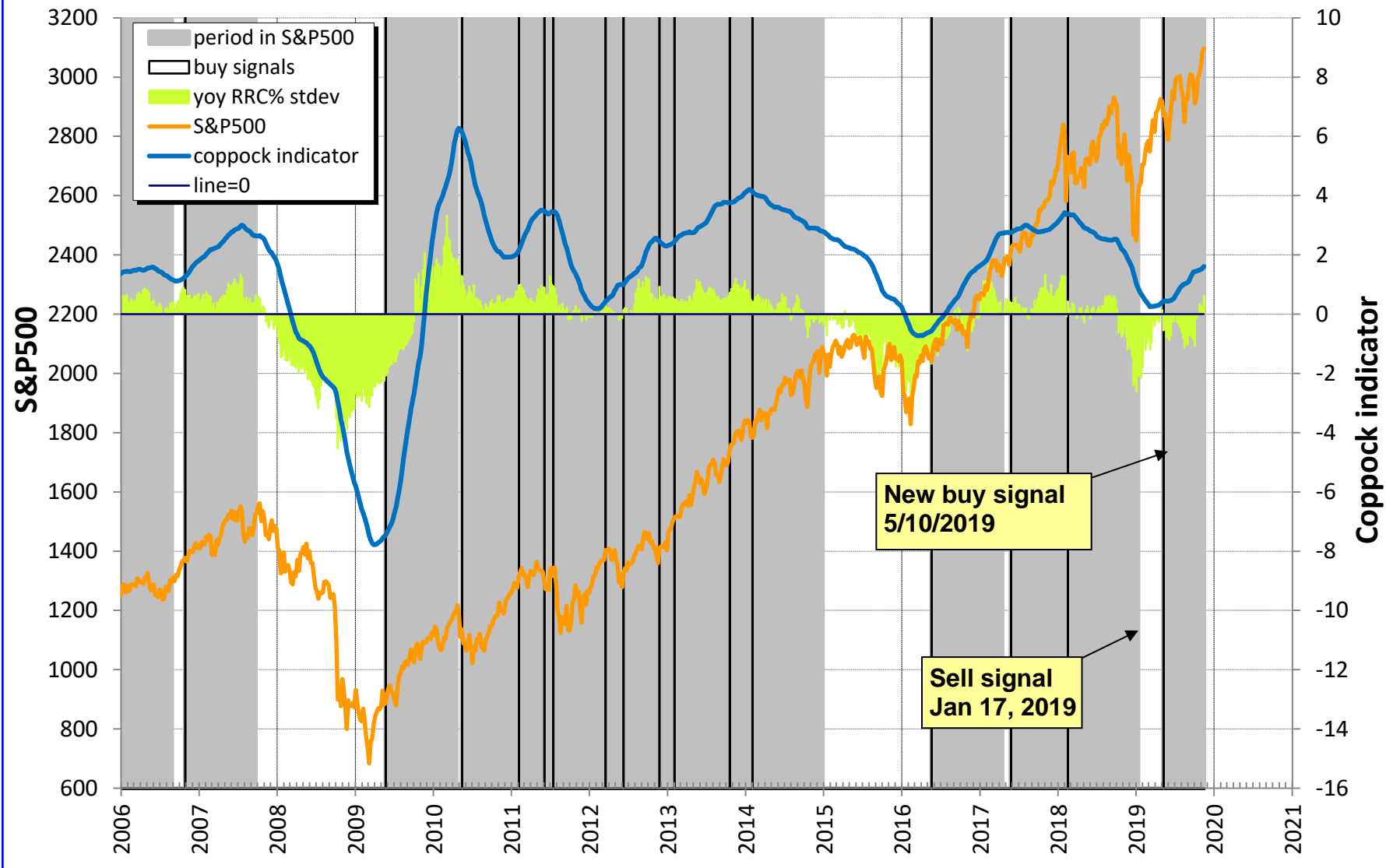


Fig. 3: COMP Leading Indicator of US Economy

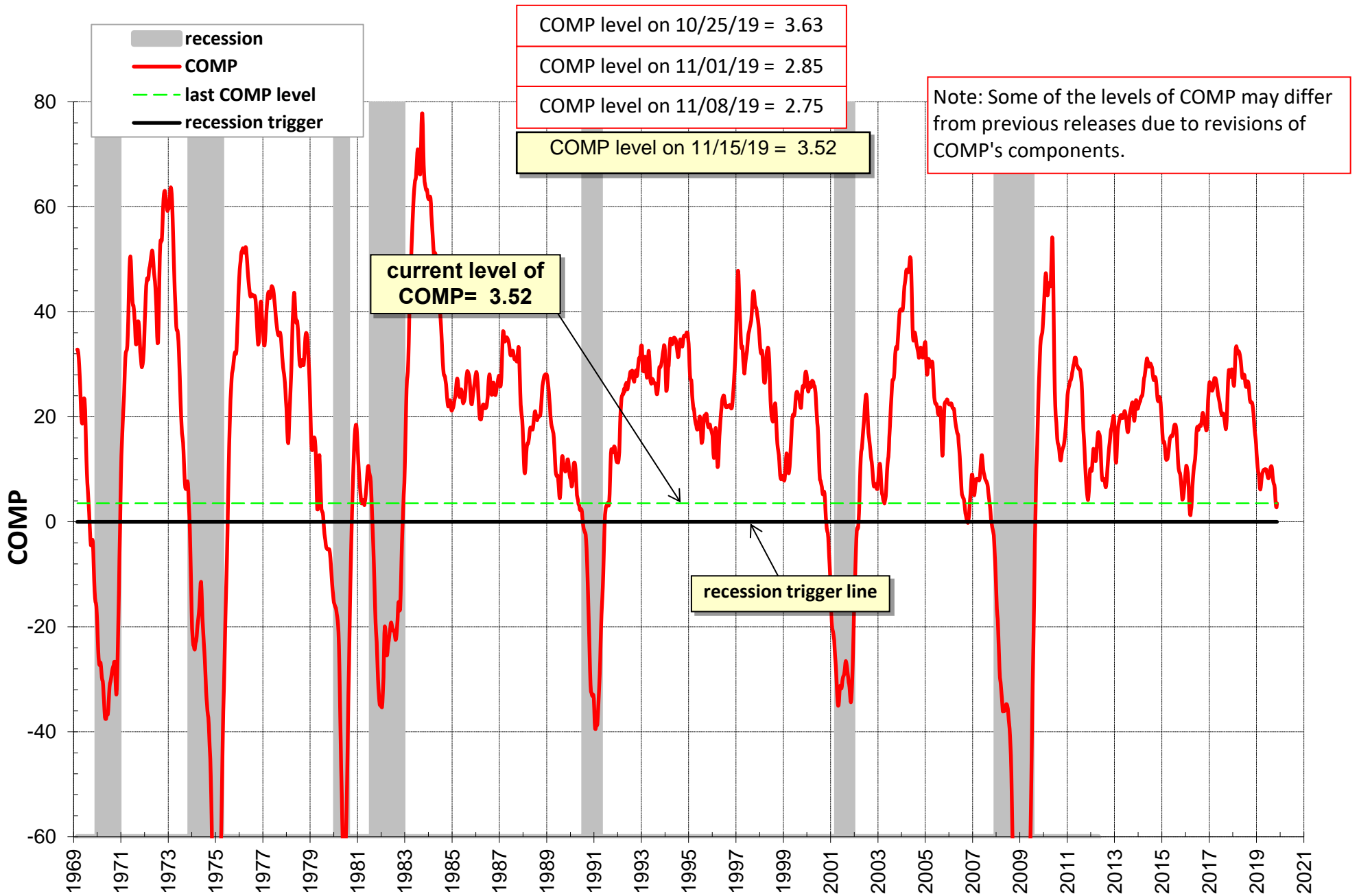


Fig 3.1: iM-BCI_g 1969-2019

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

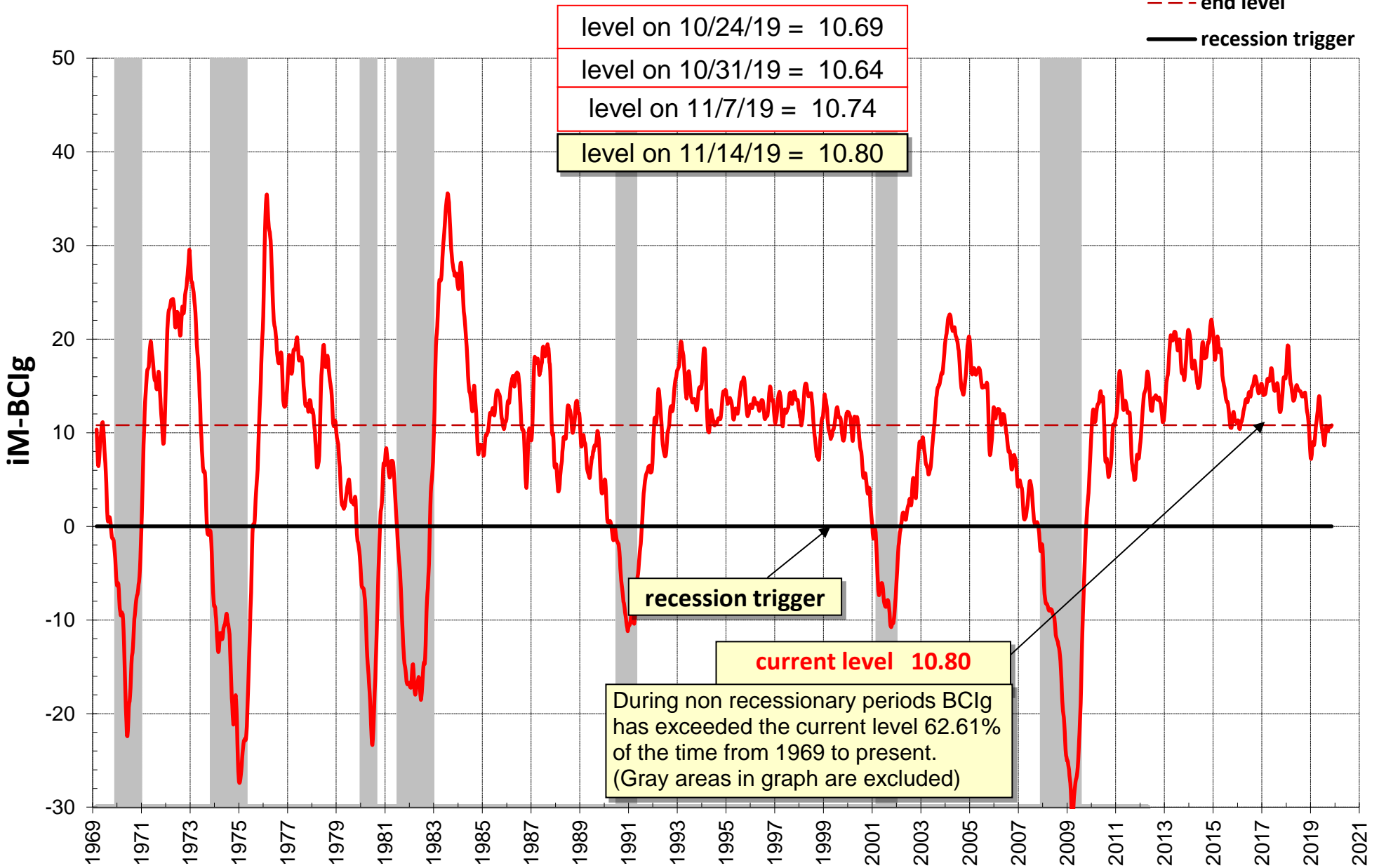


Figure 3.2: Forward Rate Ratio FRR2-10 - leads to Recessions

updated to 11/14/2019
EMA of FRR2-10 = 1.021

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

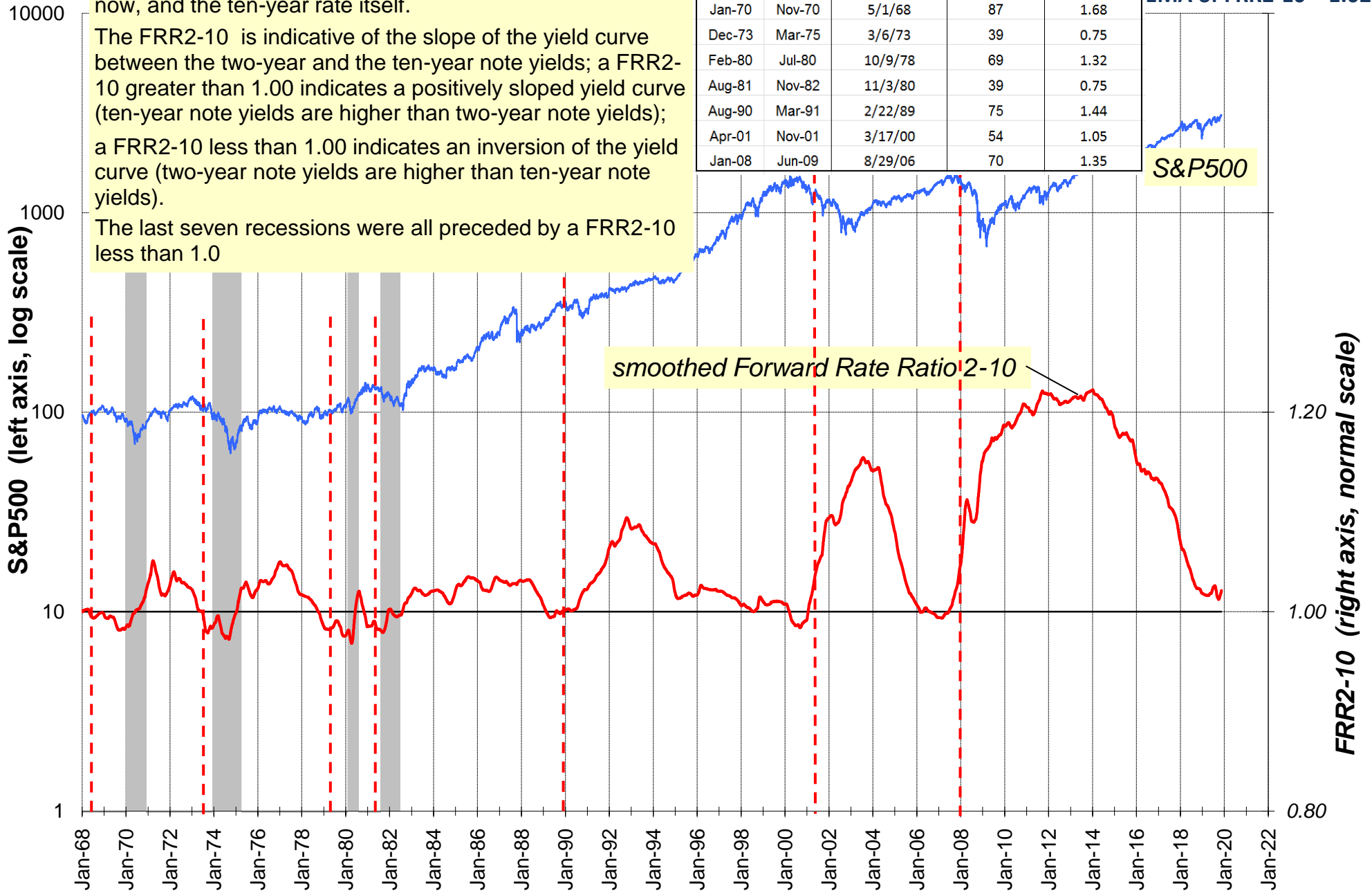


Fig.3.3 iM-Low Frequency Timer

Updated to: 11/14/2019

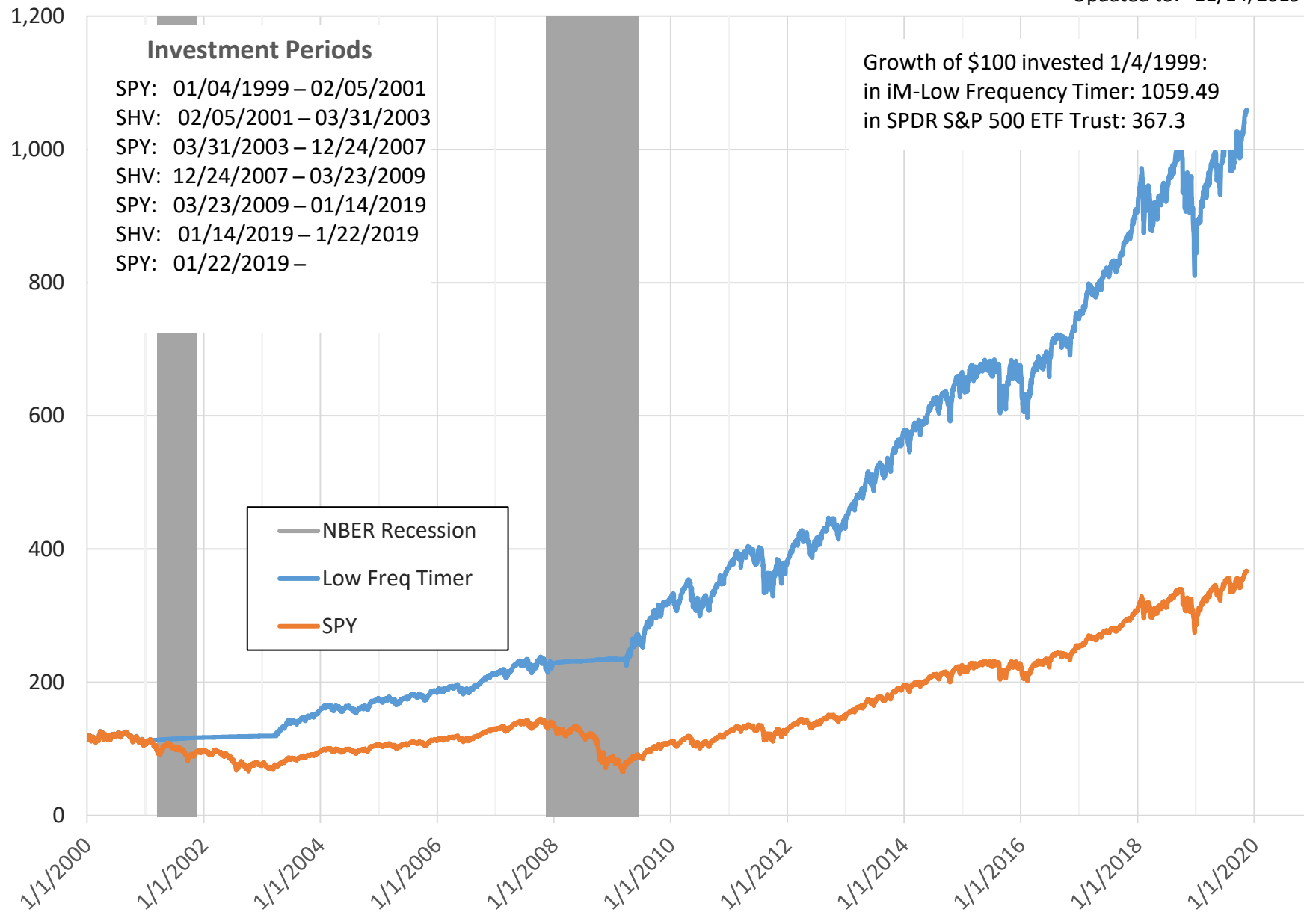


Figure 4: Bond Value Ratio (BVR)

Model updated to: 11/14/2019 BVR = 6.187

Limit lines recalibrated on 2/1/2015

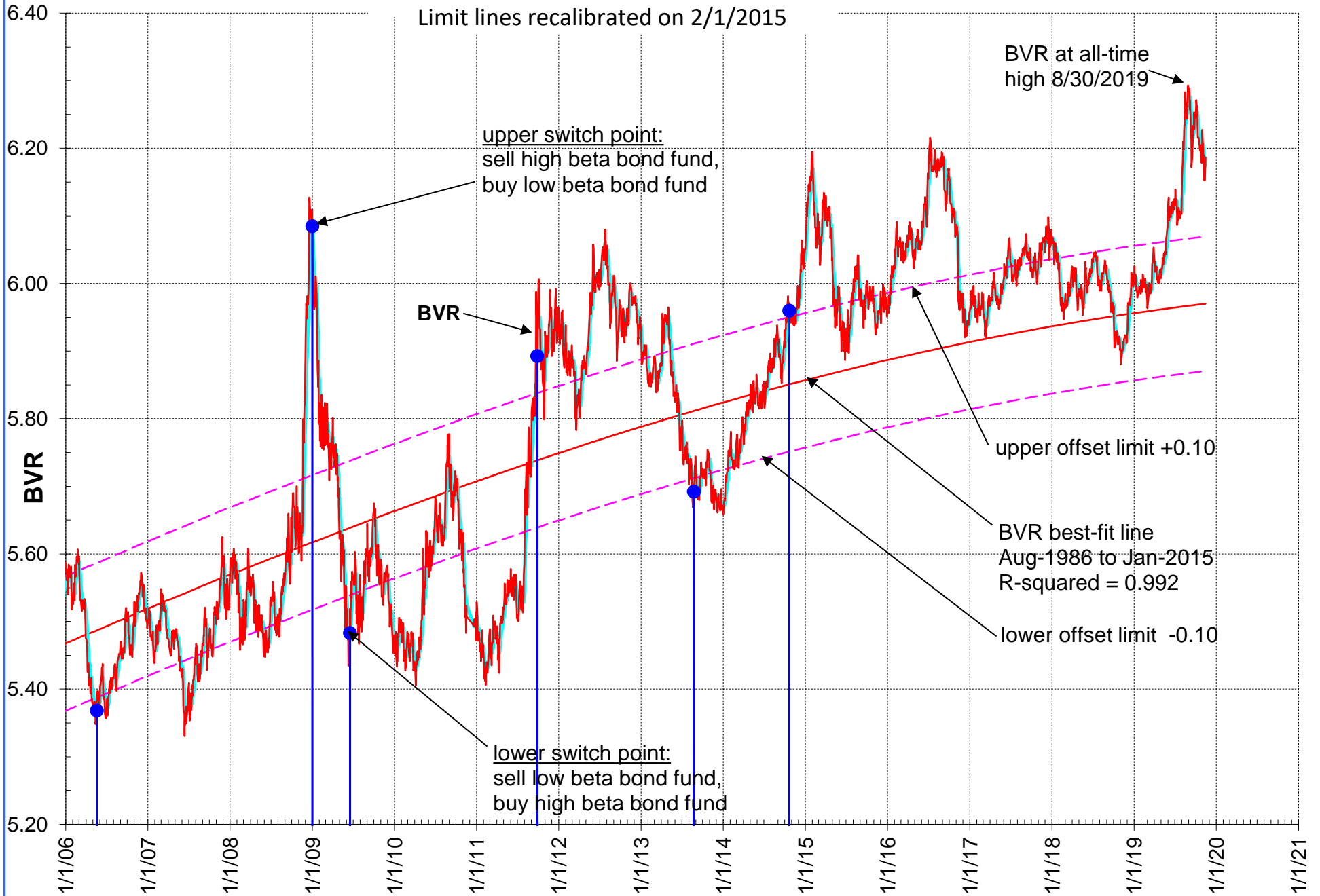


Fig. 5: Yield Curve: i10 - i2

Updated to.....11/7/2019

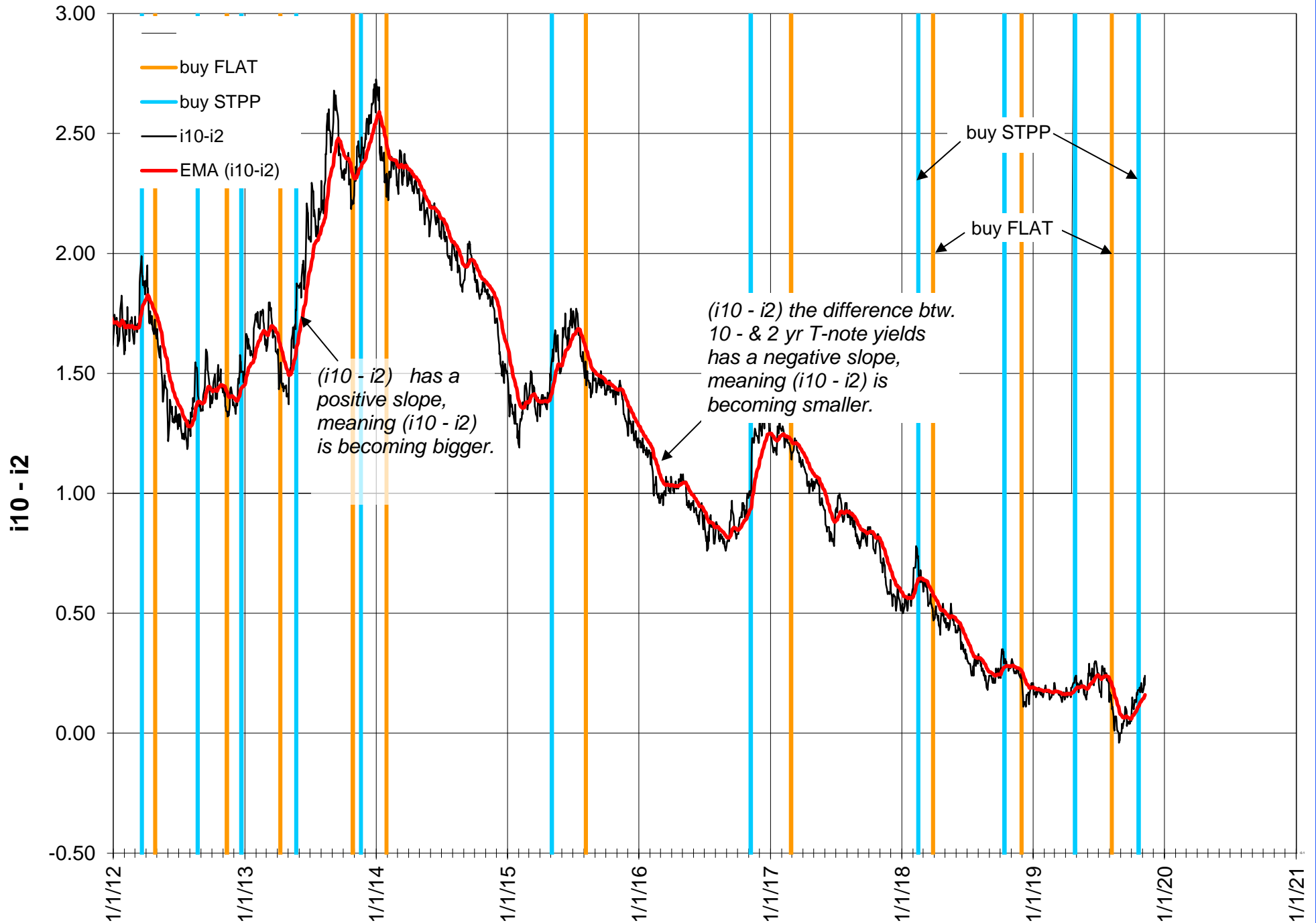


Figure 6: Modified Coppock Indicator for Gold

updated to 11/14/2019

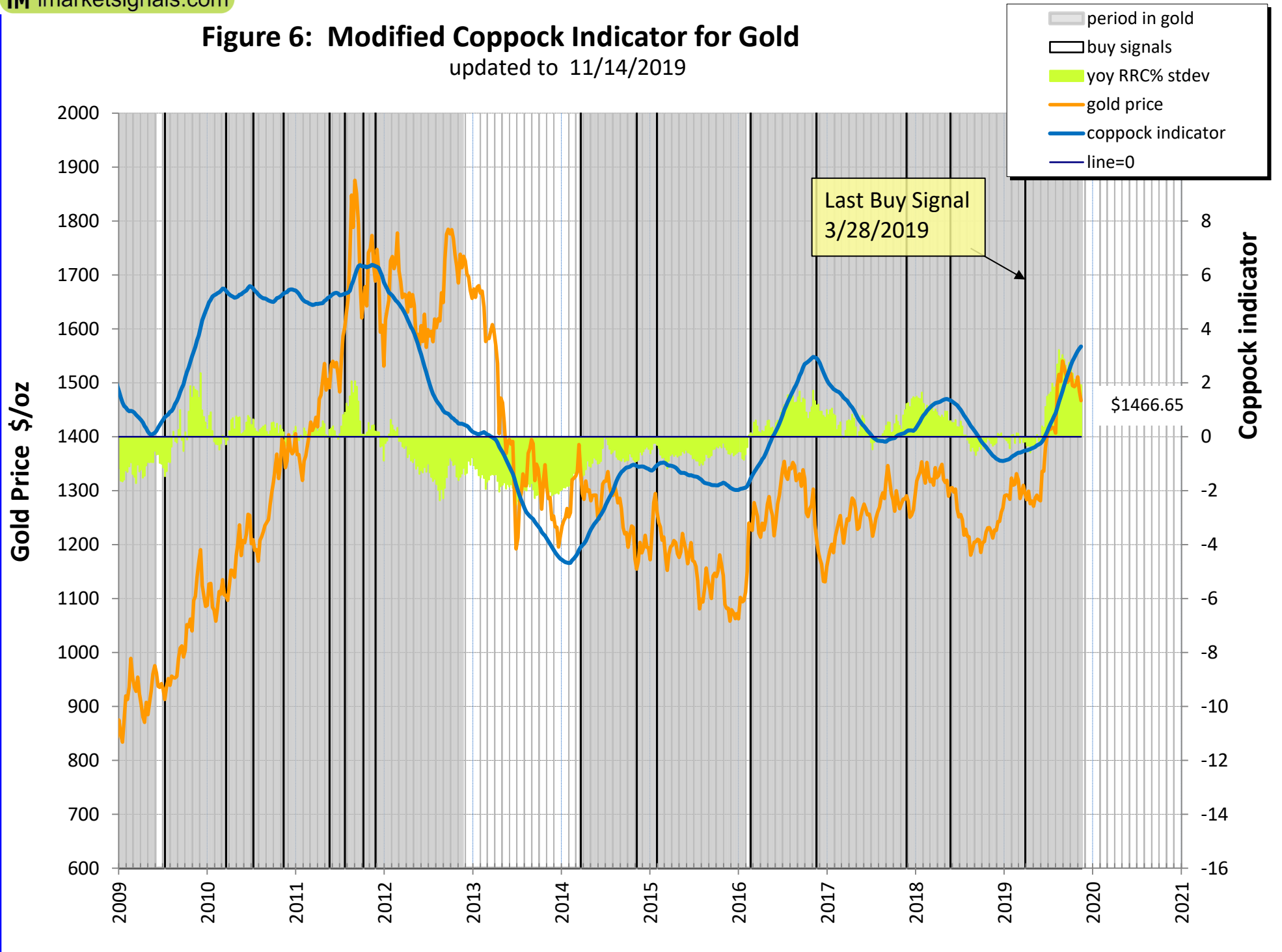


Fig. 6.1a iM GOLD-TIMER - Rev 1

Updated to: 11/14/2019

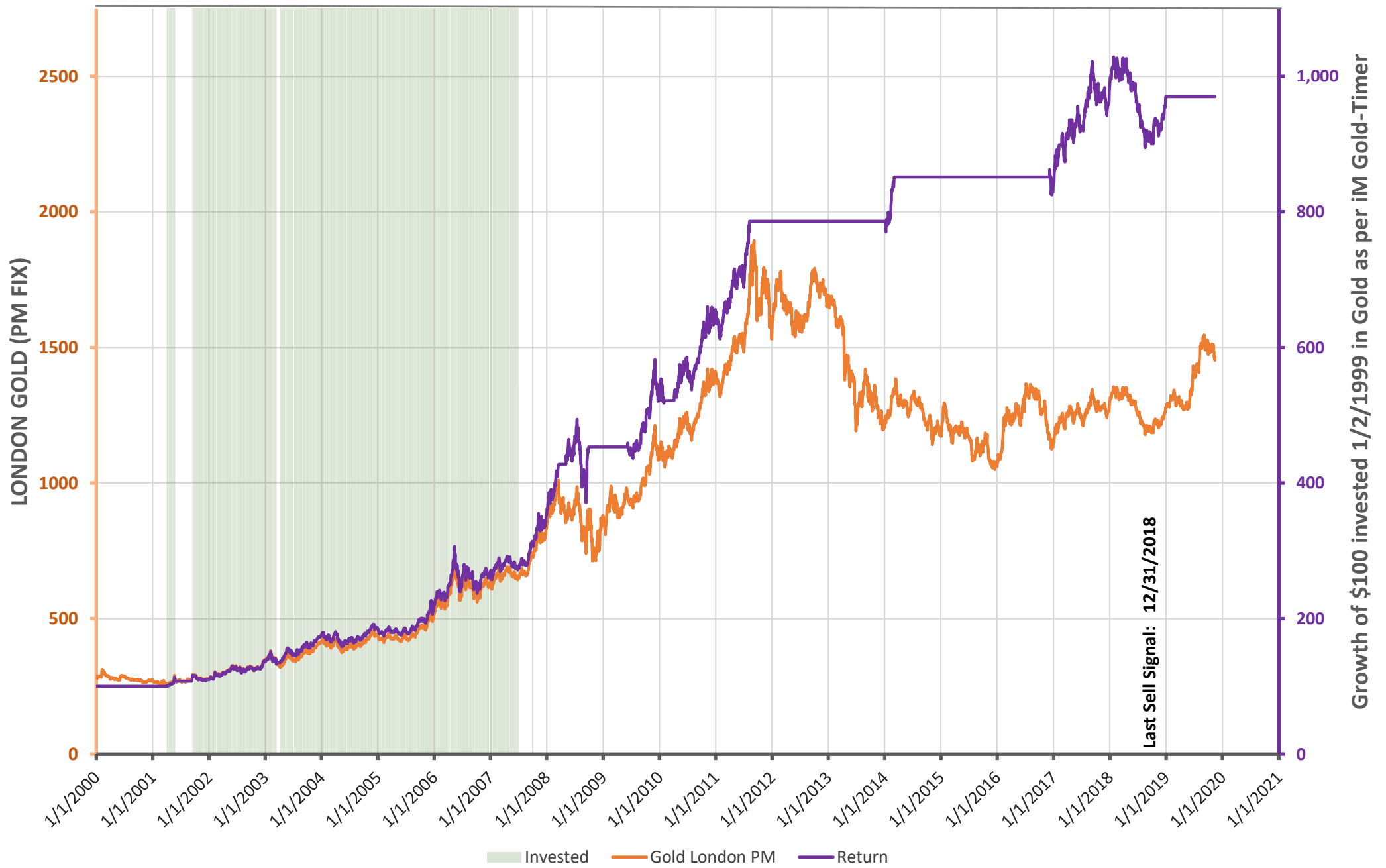


Figure 7: Modified Coppock Indicator for Silver

updated to 11/14/2019

