

## iM-Weekly Unemployment Monitor – June 18

No meaningful economic recovery is identified from the current the Unemployment Insurance Weekly Claims. Persons receiving some form of unemployment benefit account for 18.4% , which is way above the 13.3% official unemployment rate.

June 19, 2020

### Market Signals Summary:

Both MAC-US and the 3-mo Hi-Lo Index have switched back into the market. The MAC AU are out of the markets since 3/26/2020. The bond market model avoids high beta (long) bonds, and the yield curve is steepening. The Gold Coppock remains in gold but the iM-Gold Timer is in cash. The Silver Coppock model is invested in silver.

The iM-GT Timer, based on Google Search Trends volume switched out of the markets on 3/5/2020.

### Stock-markets:

The [MAC-US](#) model switched back into the markets..

The [3-mo Hi-Lo Index](#) Index of the S&P500 at +6.81% is above last week's +4.27%, and switched back into the market sometime next week..

The Coppock indicator for the S&P500 entered the market on 5/9/2019 and is invested. This indicator is described [here](#)

The MAC-AU model switch out of the markets on 3/27/2020. The buy-spread (green line) is rising, but far below the buy trigger line.

### Recession:

Significant backward revisions in the Fed's BBK data series, cause the iM-LLI now to signal a recession warning as early as begriming February, whereas previously it was far from a recession signal. As a result we have no confidence in the BBK data thus we will discontinue this indicator.

Figure 3.1 BCIg temporarily withdrawn

The Forward Rate Ratio between the 2-year and 10-year U.S. Treasury yields (FRR2-10) is above last week's level. It is rising steeply, typically seen at a start of a recession. A description of this indicator can be [found here](#).

The iM-Low Frequency Timer is **invested since on 6/15/2020**. 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. 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 above last week's level. 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 March 2019 and is invested in gold.

The [iM GOLD-TIMER Rev-1](#) is in cash since 3/16/2020.

### Silver:

The modified Coppock Silver indicator shown in Fig 7. This model generated a buy signal March 19, 2020 (previously not reported).

## Monthly Updates (next update July 3)

### June 5, 2020

#### Unemployment

**This model signals a recession.** The end of the recession is signaled when the level of UERg starts to recede.

The 6/5/2020 employment report claims 13.3% UER and a total labor force 158,227,000 for mid May 2020. However the 6/4/2020 unemployment insurance report shows 29,965,415 persons claiming UI benefits week ending May 16. Thus  $30/158 = 18.9\%$  UER calculated from the unemployment insurance claims for exactly the same period.

### 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 +2 to 0 end of April 2020. This indicator is described [here](#).

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. ([read more](#))

## Estimated Forward 10-Year Returns

The estimated forward 10-year annualized real return 6.8% (previous 7.4) with a 95% confidence interval : 5.5% to 8.1% (previous 6.2% to 8.7%).

## iM-GT Timer

The iM-GT Timer, based on Google Search Trends volume switched out of the markets on 3/5/2020. This indicator is described [here](#).

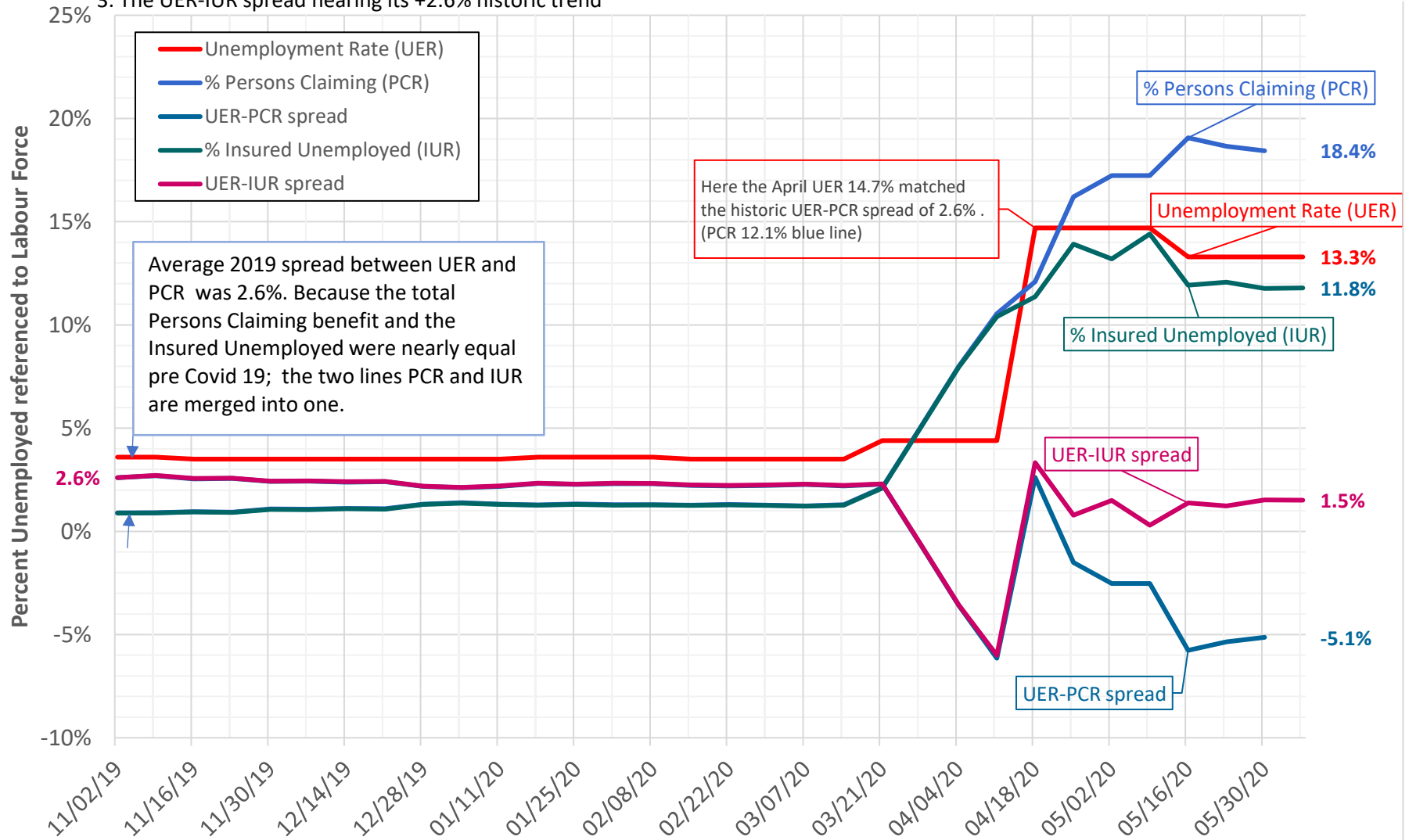
## TIAA Real Estate Account

The 1-year rolling return for the end of last month is 1.77%, down from last month's 2.99%.

### iM-Weekly Employment Monitor

- The economy is on a Covid-19 recovery path when we observe:
1. The Insured Unemployed (IUR) (dark teal) on a declining trend.
  2. The % Persons Claiming benefit (PCR) (blue) nearing the IUR.
  3. The UER-IUR spread nearing its +2.6% historic trend

Source:  
 DOL, 06/18/2020 - Unemployment Insurance Weekly Claims  
 BLS, 06/05/2020 - Employment Situation Summary



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...6/18/20

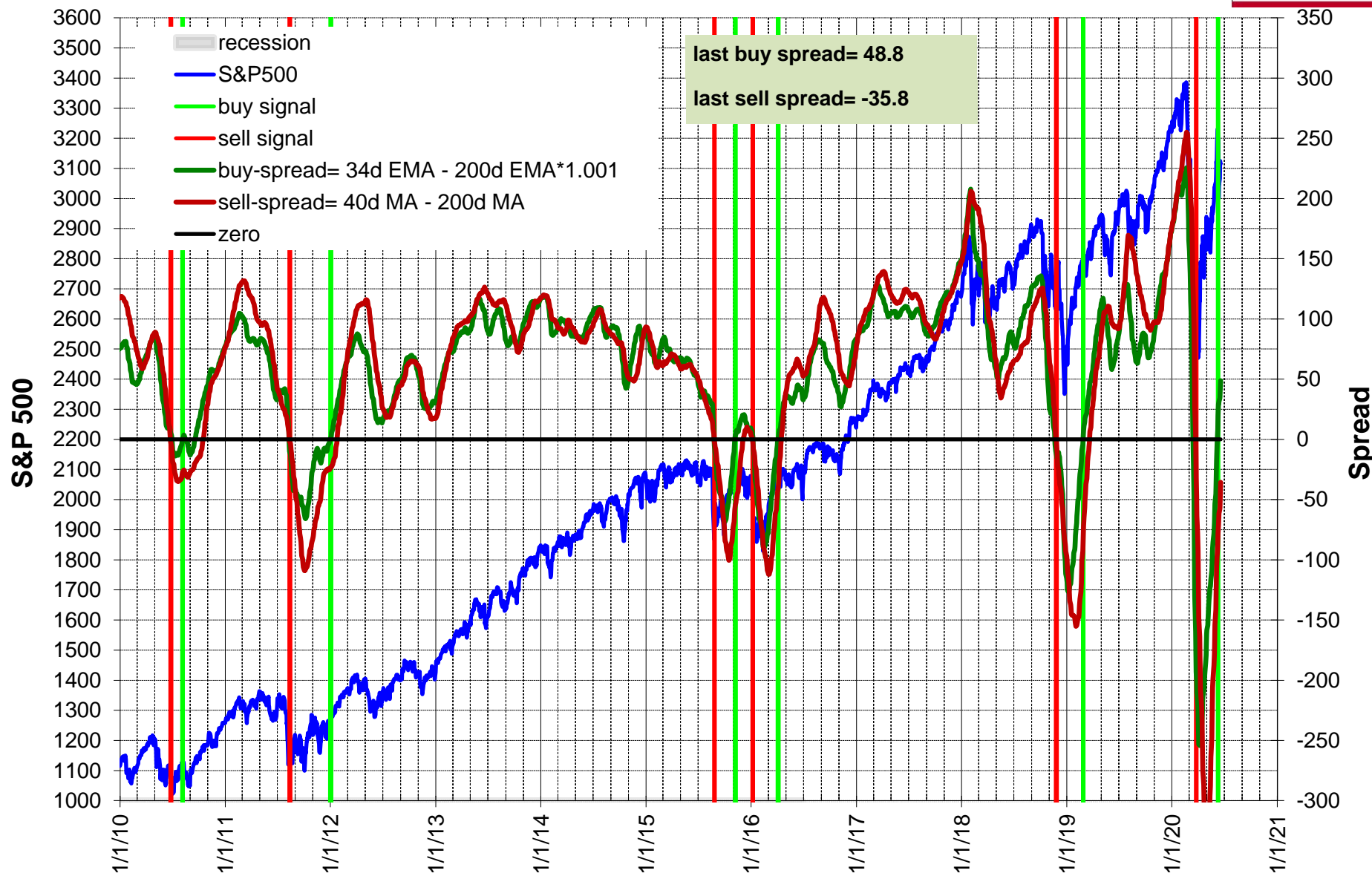


Fig 2.1: Buy and Sell signals for the Australia All Ordinaries Index from the MAC-AU System



updated to Jun-19-20  
last buy spread= -116.5

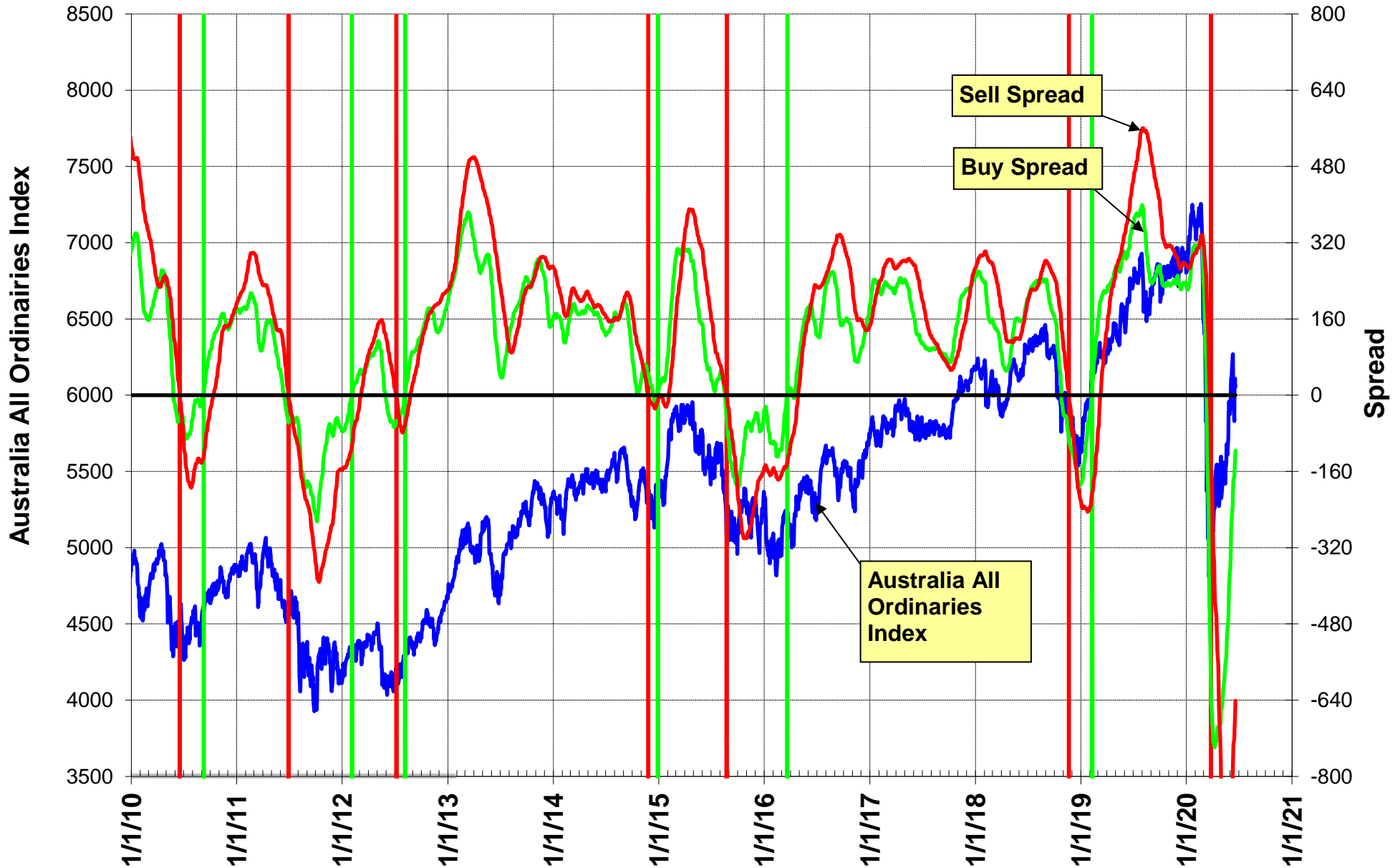
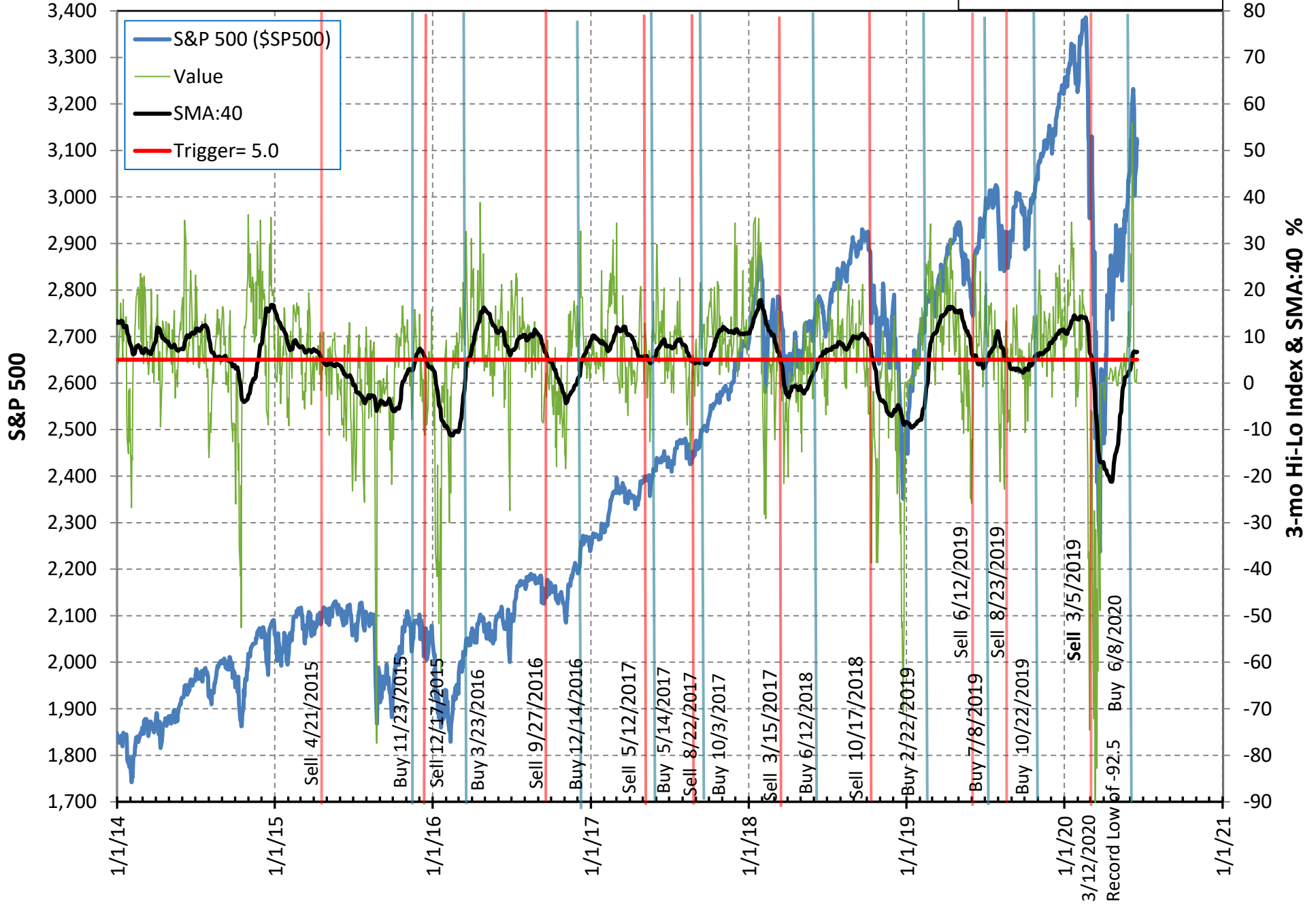


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

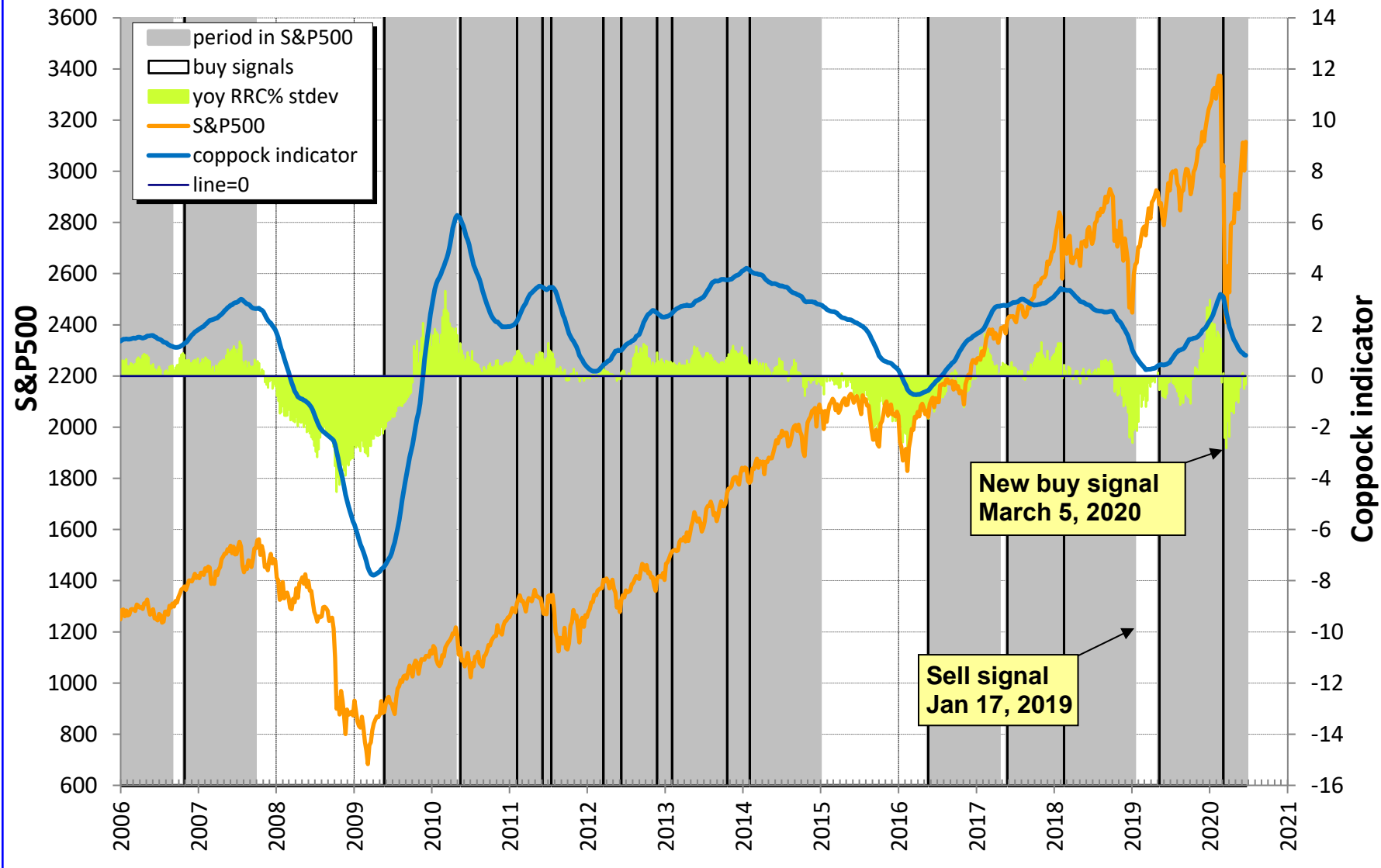
updated to 6/17/2020

last SMA:40= 6.70%



### Fig-2.3 Modified Coppock Indicator for S&P500

updated to 06/18/2020





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

updated to 06/18/2020  
EMA of FRR2-10 = 1.163

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

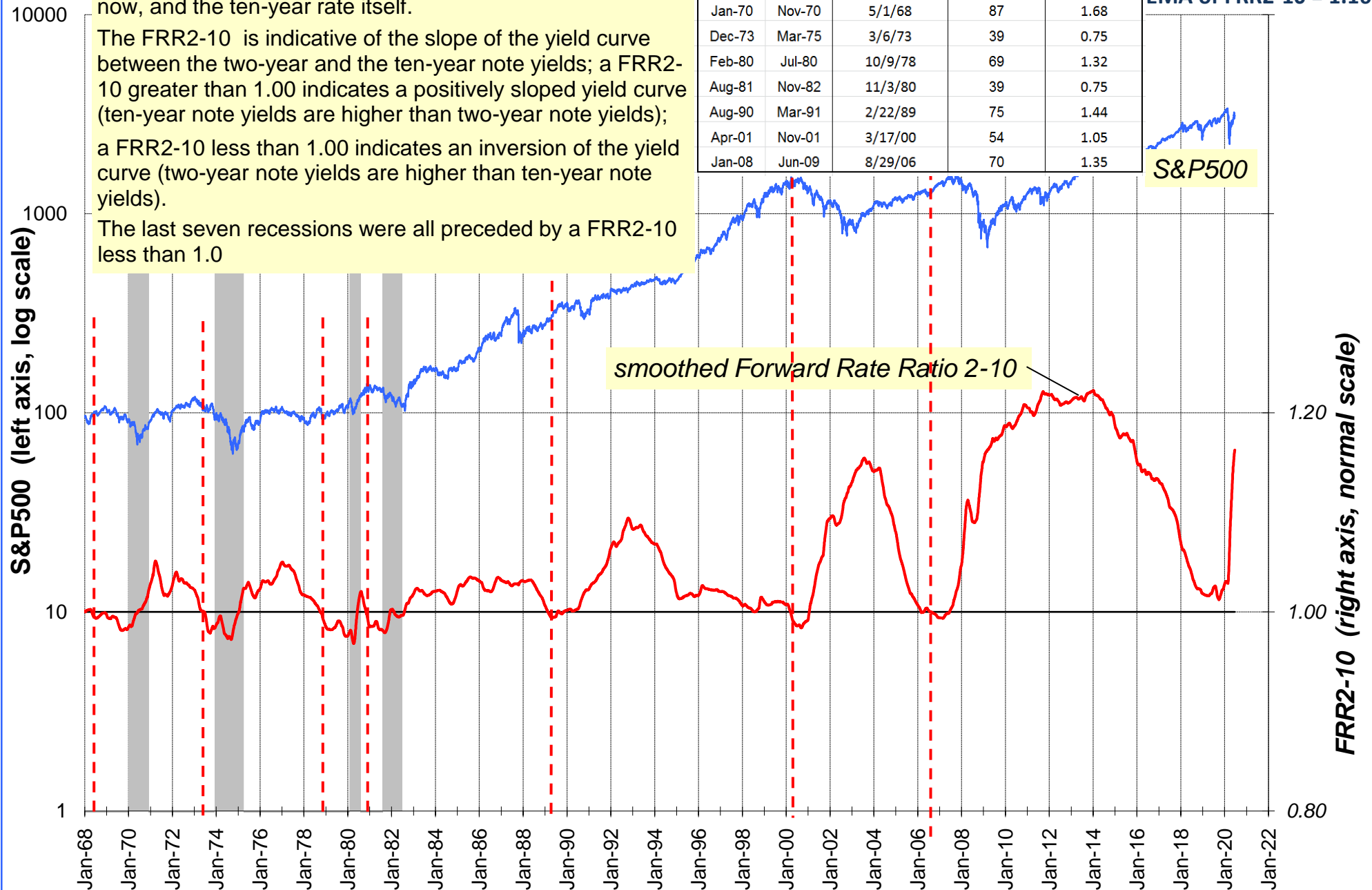
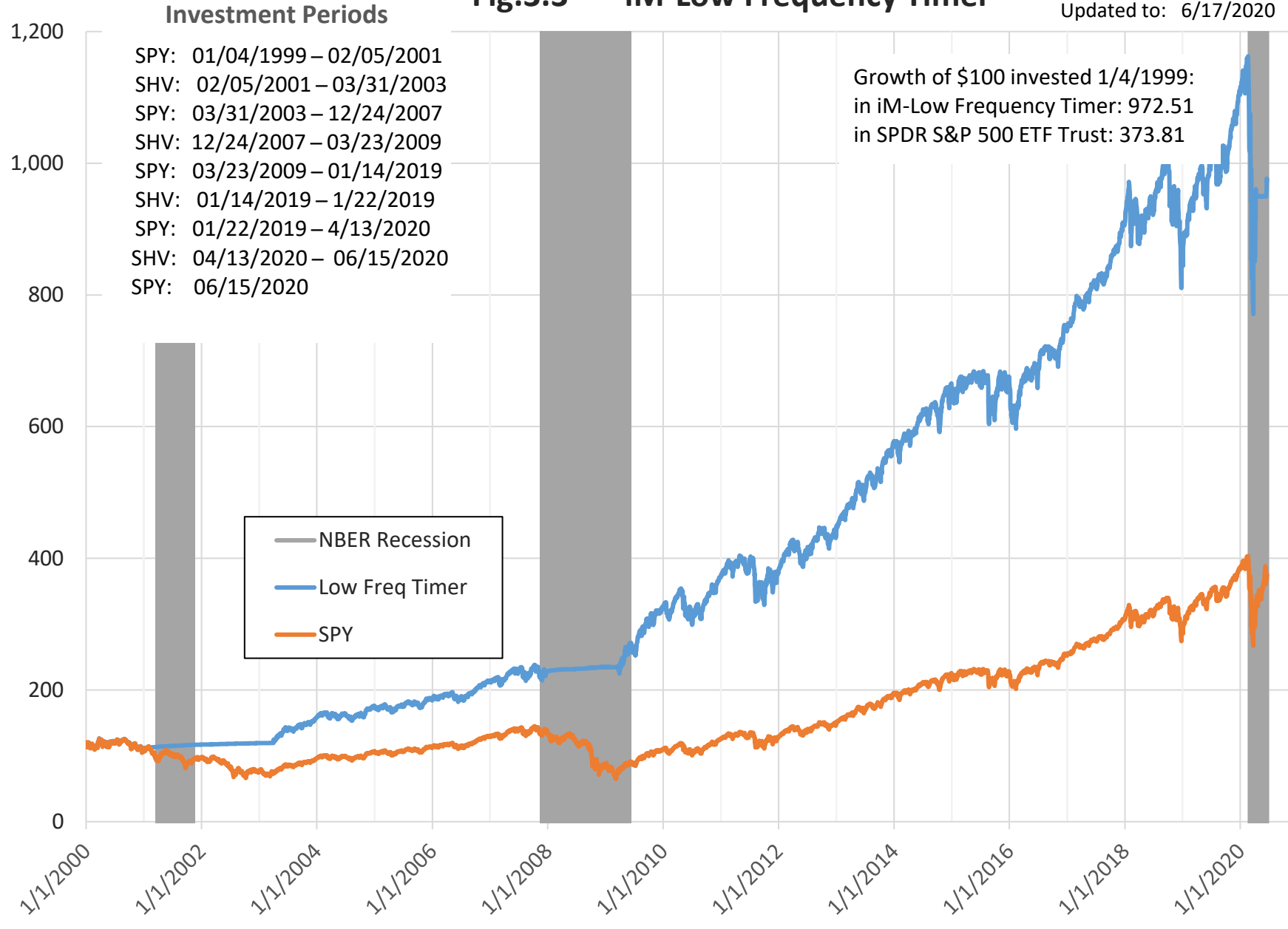


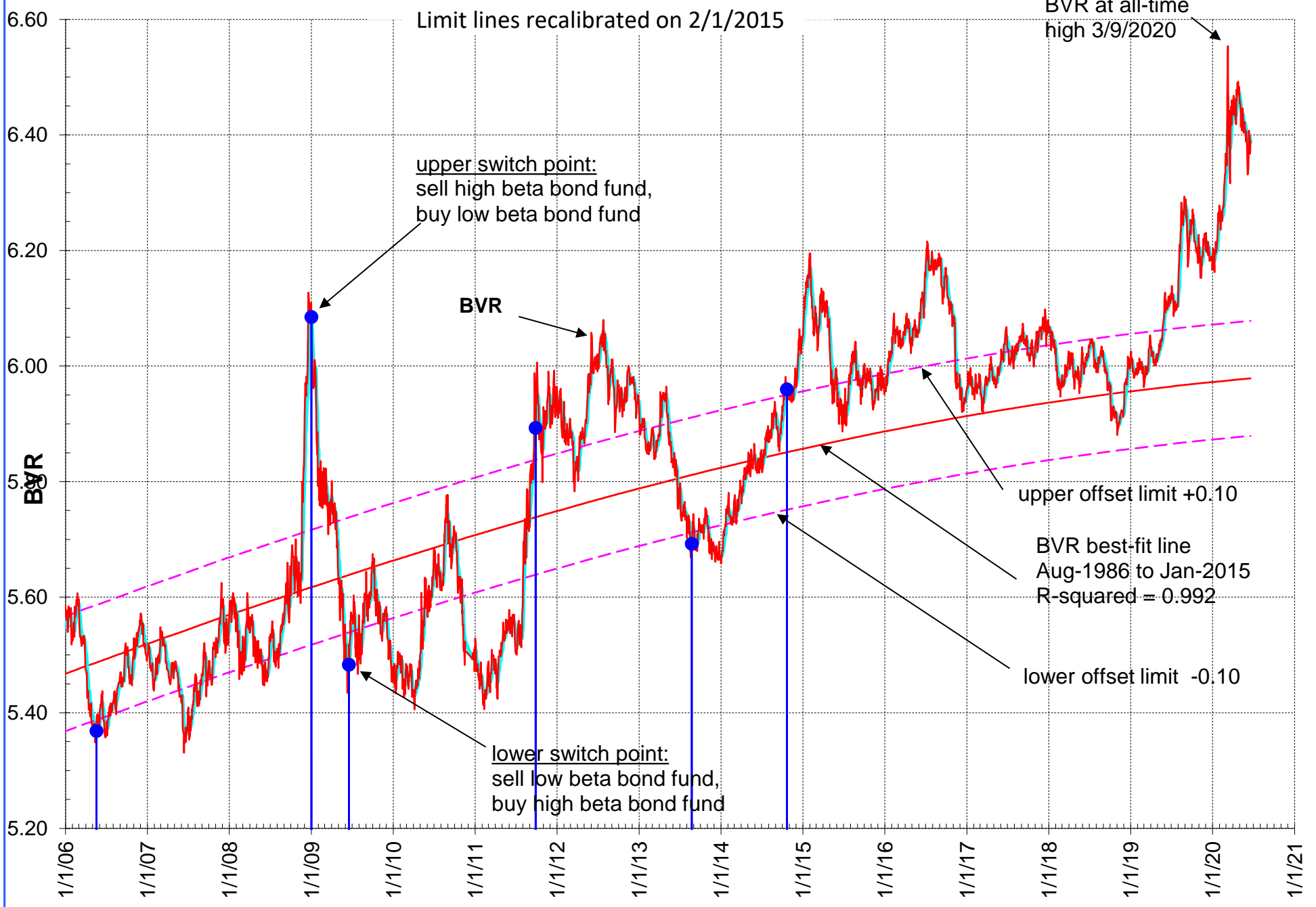
Fig.3.3 iM-Low Frequency Timer

Updated to: 6/17/2020



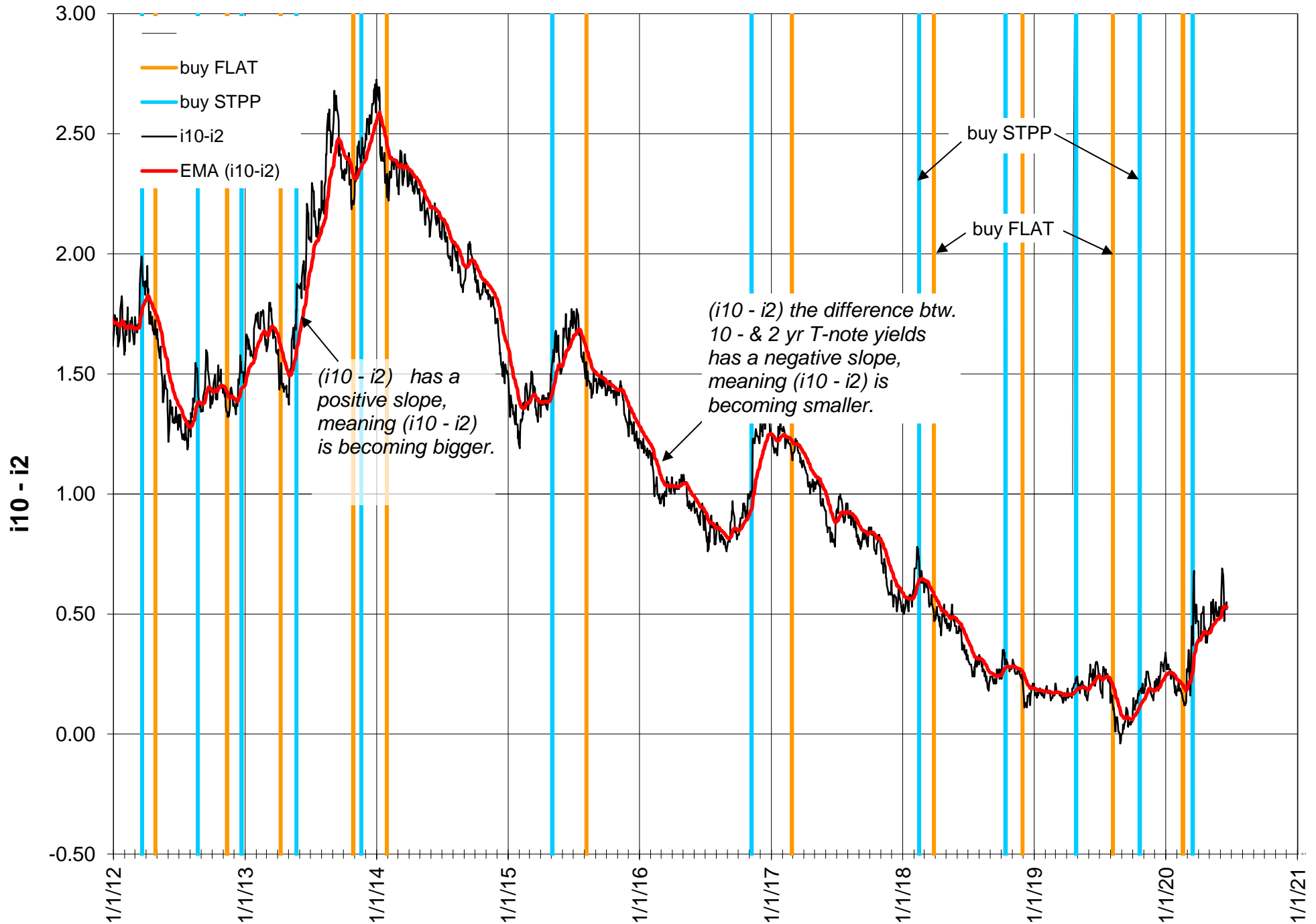
### Figure 4: Bond Value Ratio (BVR)

Model updated to: 6/18/2020 BVR = 6.390



**Fig. 5: Yield Curve: i10 - i2**

Updated to.....6/18/2020



# Figure 6: Modified Coppock Indicator for Gold

updated to 06/18/2020

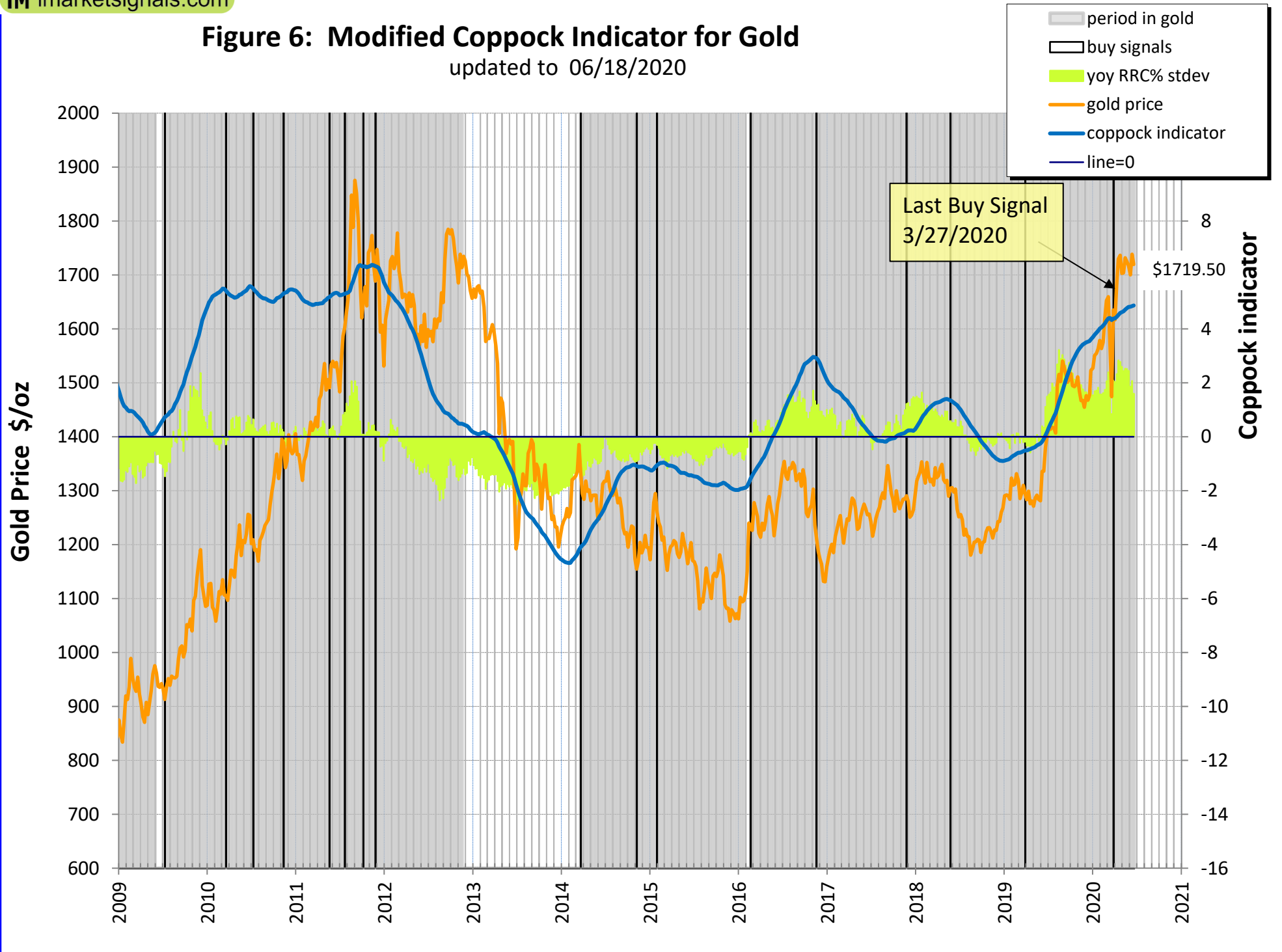
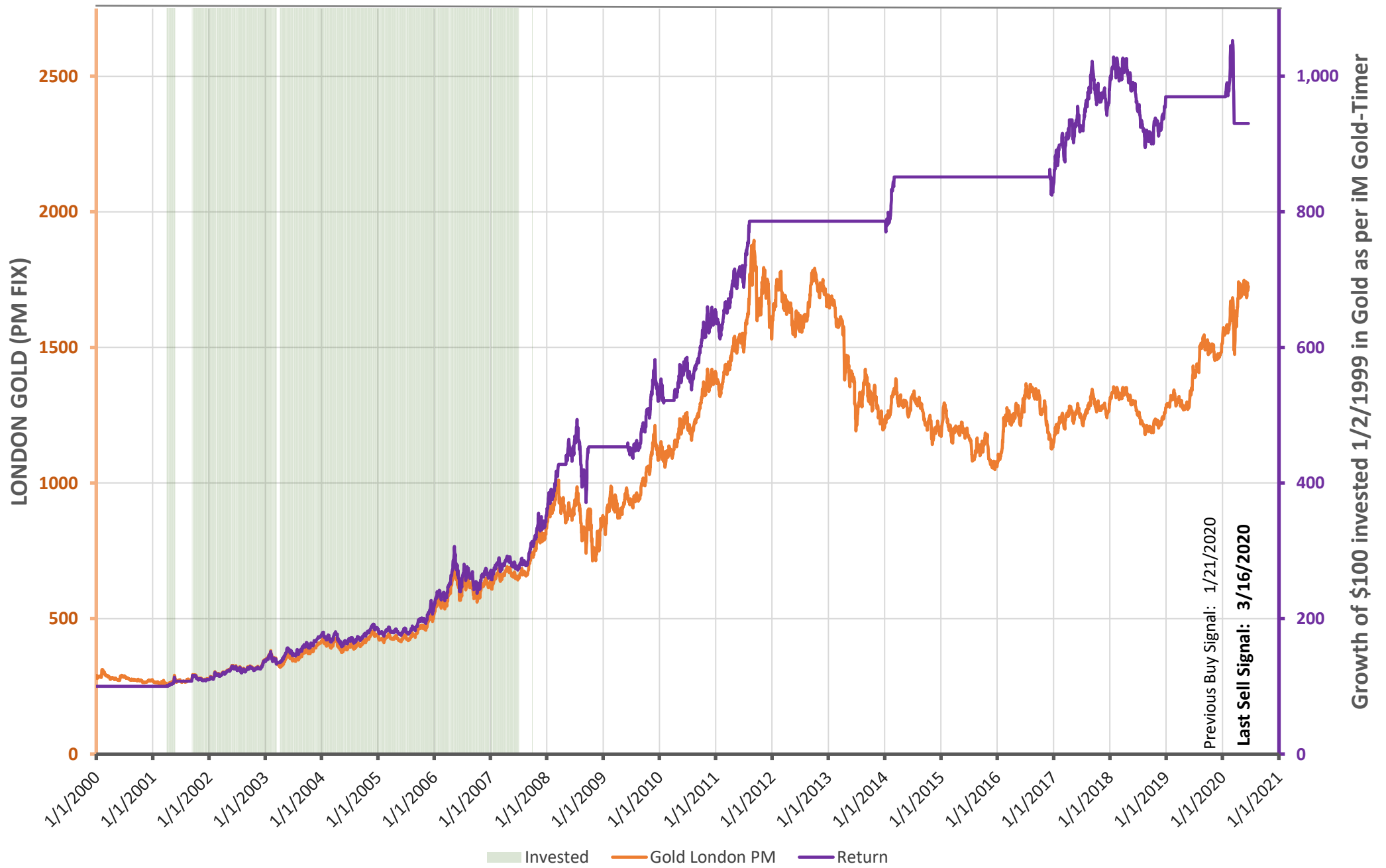


Fig. 6.1a iM GOLD-TIMER - Rev 1

Updated to: 6/17/2020



### Figure 7: Modified Coppock Indicator for Silver

updated to 06/18/2020

