

iM-Weekly Unemployment Monitor – June 25

No meaningful economic recovery is identified from the current the Unemployment Insurance Weekly Claims. Persons receiving some form of unemployment benefit account for 19.3% , which is way above the 13.3% official unemployment rate.

June 26, 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 +6.97% is above last week's +6.07%, and switched back into the market beginning June 2020

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, and may signal a buy within the next two weeks..

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Figure 3.1 BCIg temporarily withdrawn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 abov last week's level. It is rising steeply. 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 and is near last weeks value. 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 near 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](#).

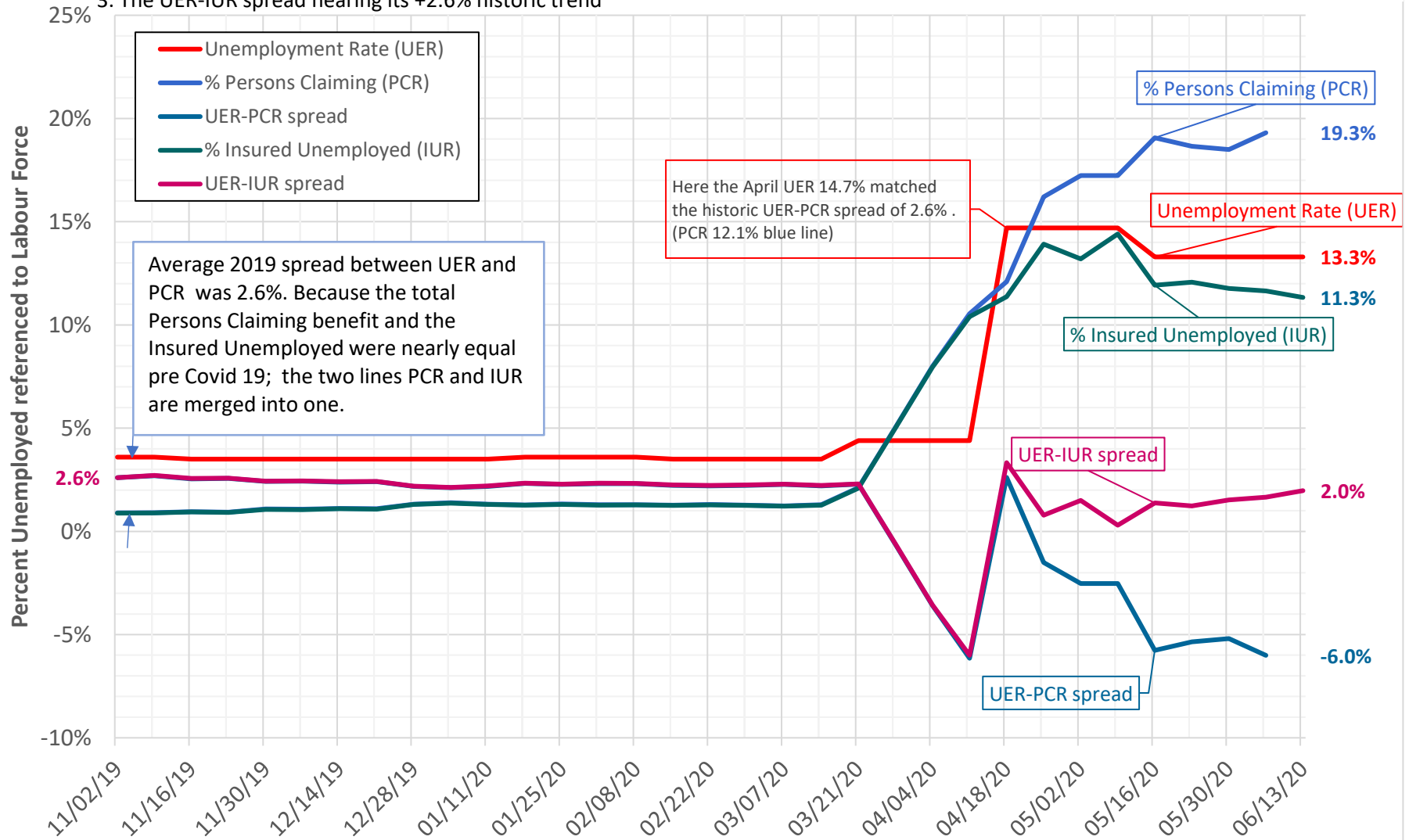
TIAA Real Estate Account

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, 06/25/2020 - 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...6/25/20



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



updated to Jun-26-20
last buy spread= -73.0

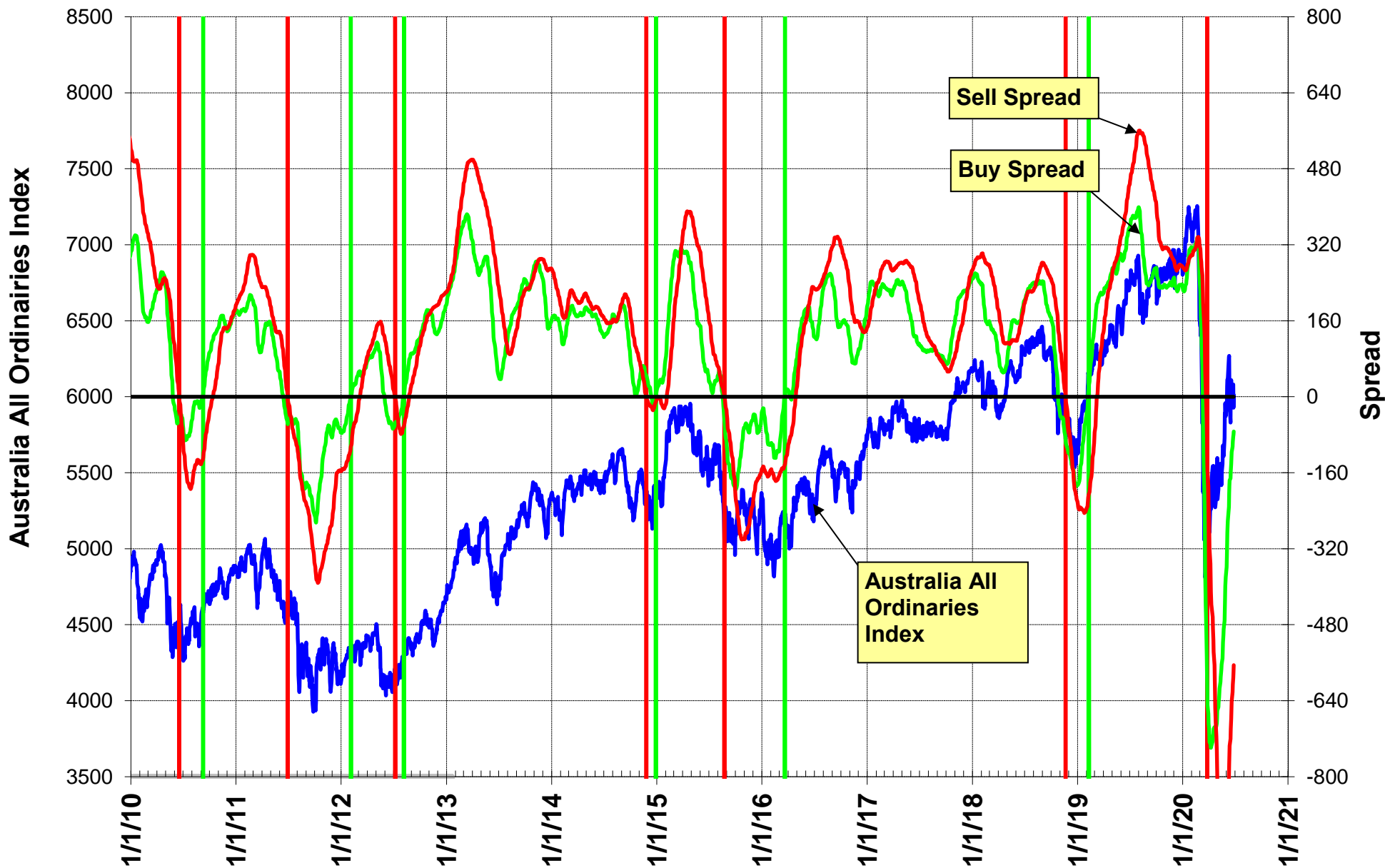


Fig 2.2 3-mo Hi-Lo Index of the S&P500 & 40-day SMA of Index

updated to 6/25/2020

last SMA:40= 6.97%

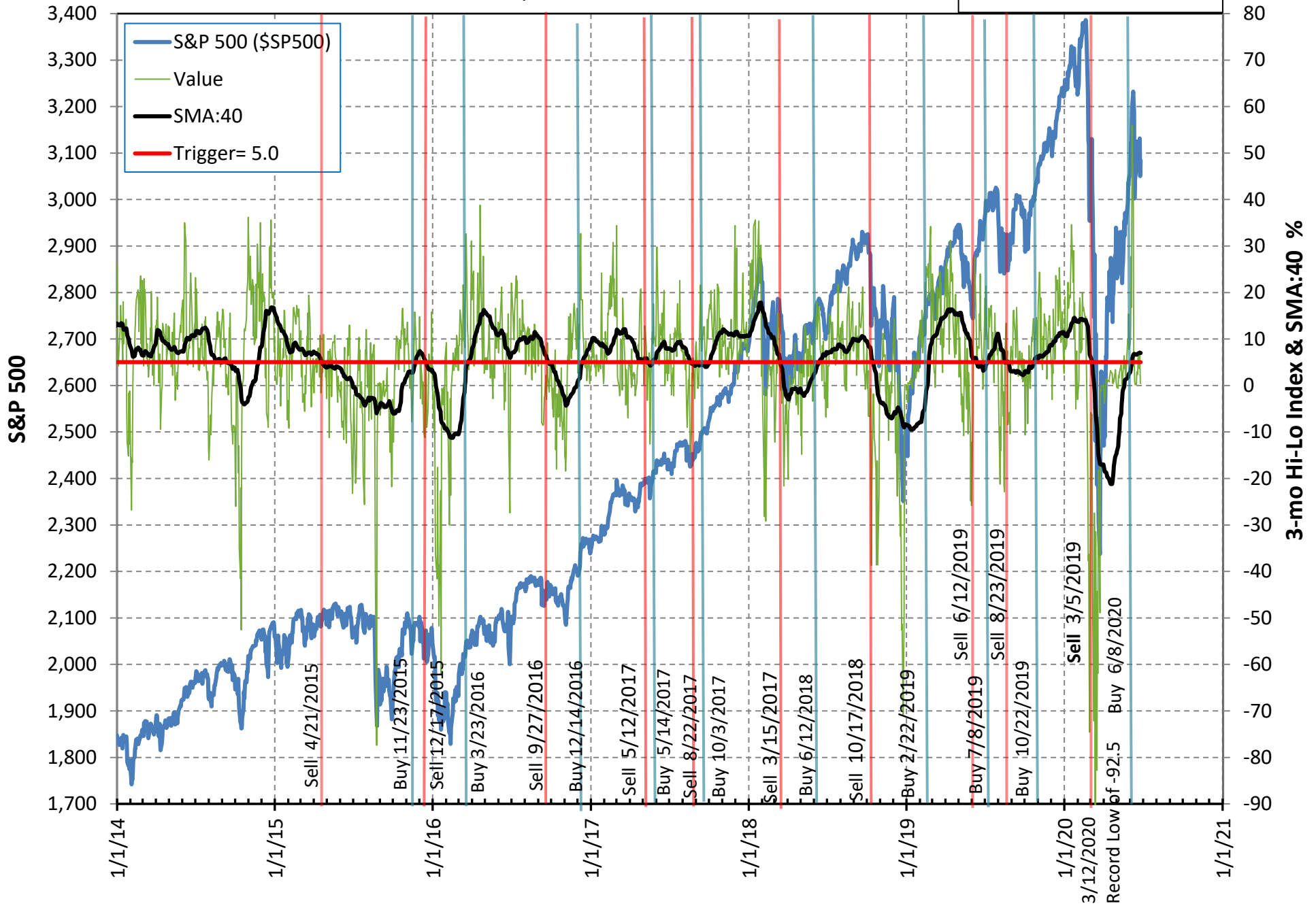


Fig-2.3 Modified Coppock Indicator for S&P500

updated to 06/25/2020

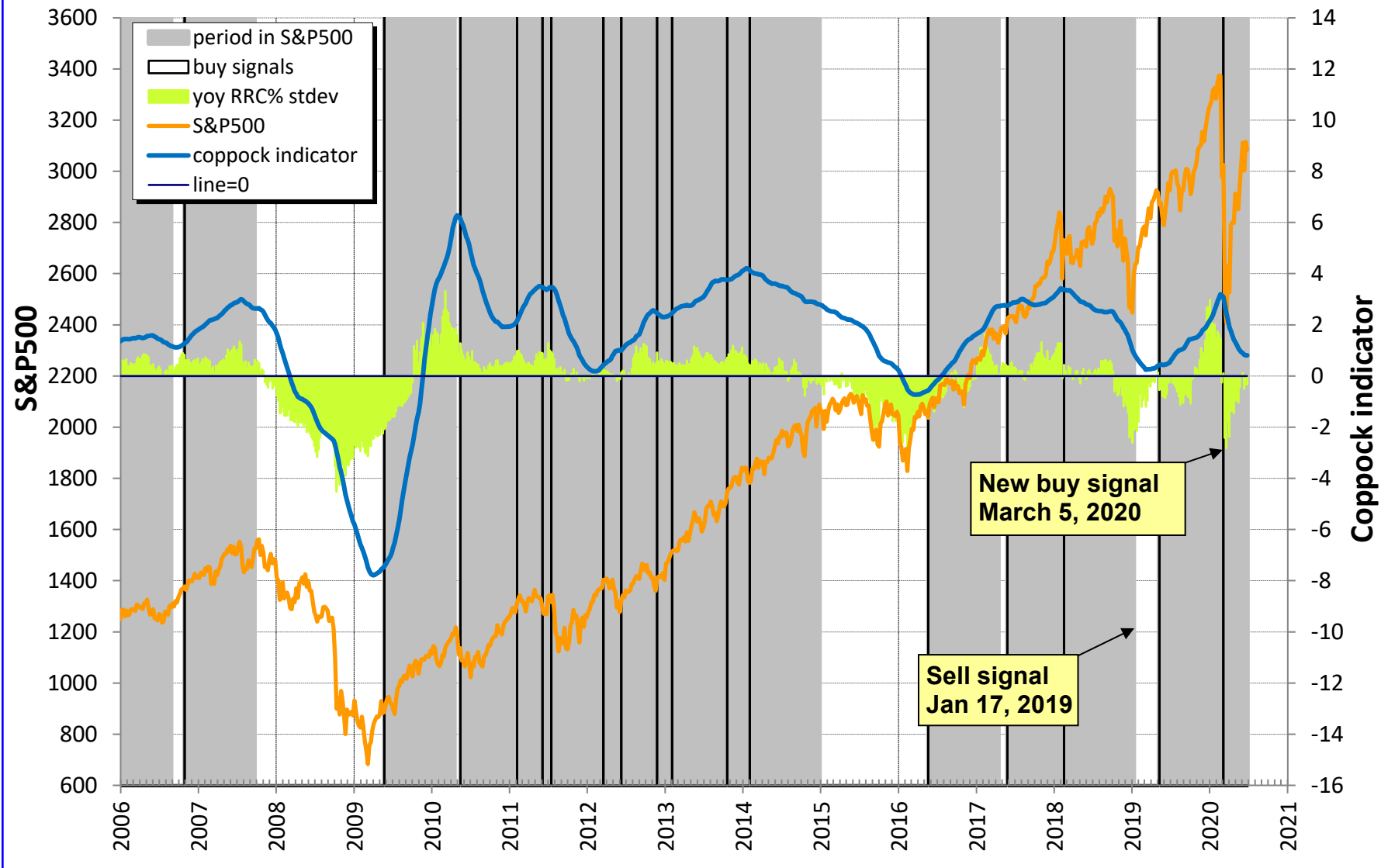


Figure 3.2: Forward Rate Ratio FRR2-10 - leads to Recessions

updated to 06/25/2020
EMA of FRR2-10 = 1.166

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

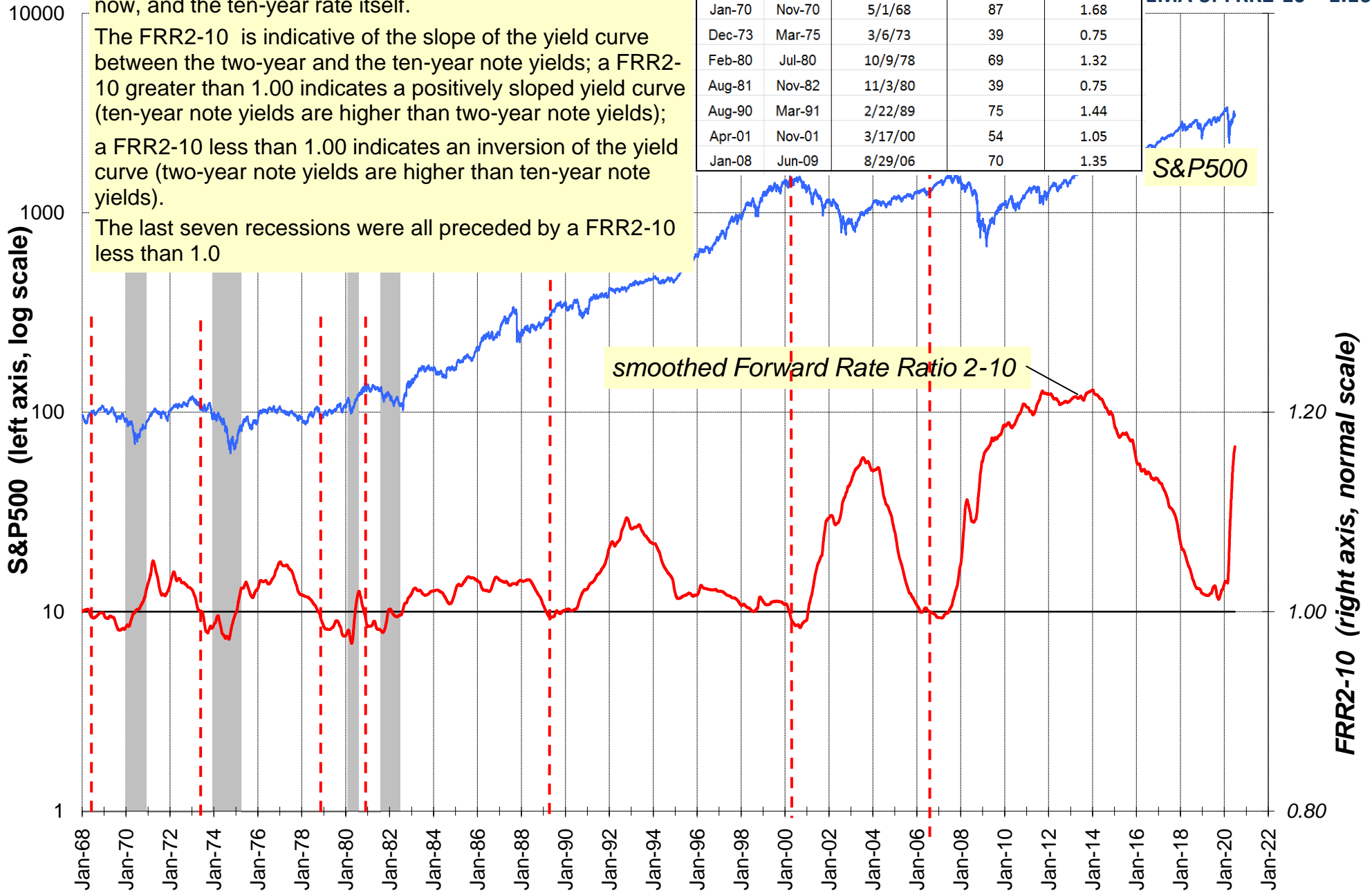


Fig.3.3 iM-Low Frequency Timer

Updated to: 6/25/2020

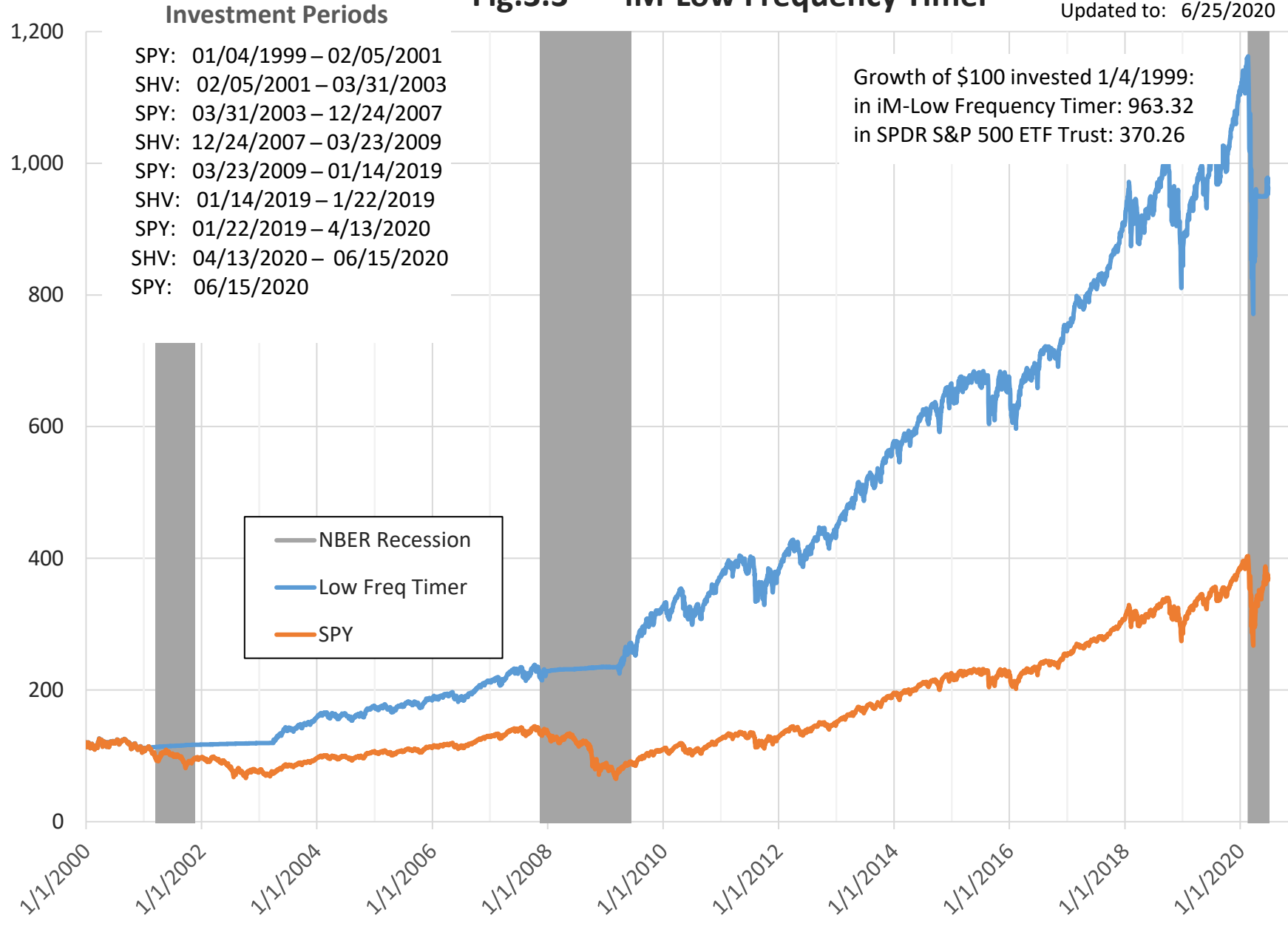


Figure 4: Bond Value Ratio (BVR)

Model updated to: 6/23/2020 BVR = 6.383

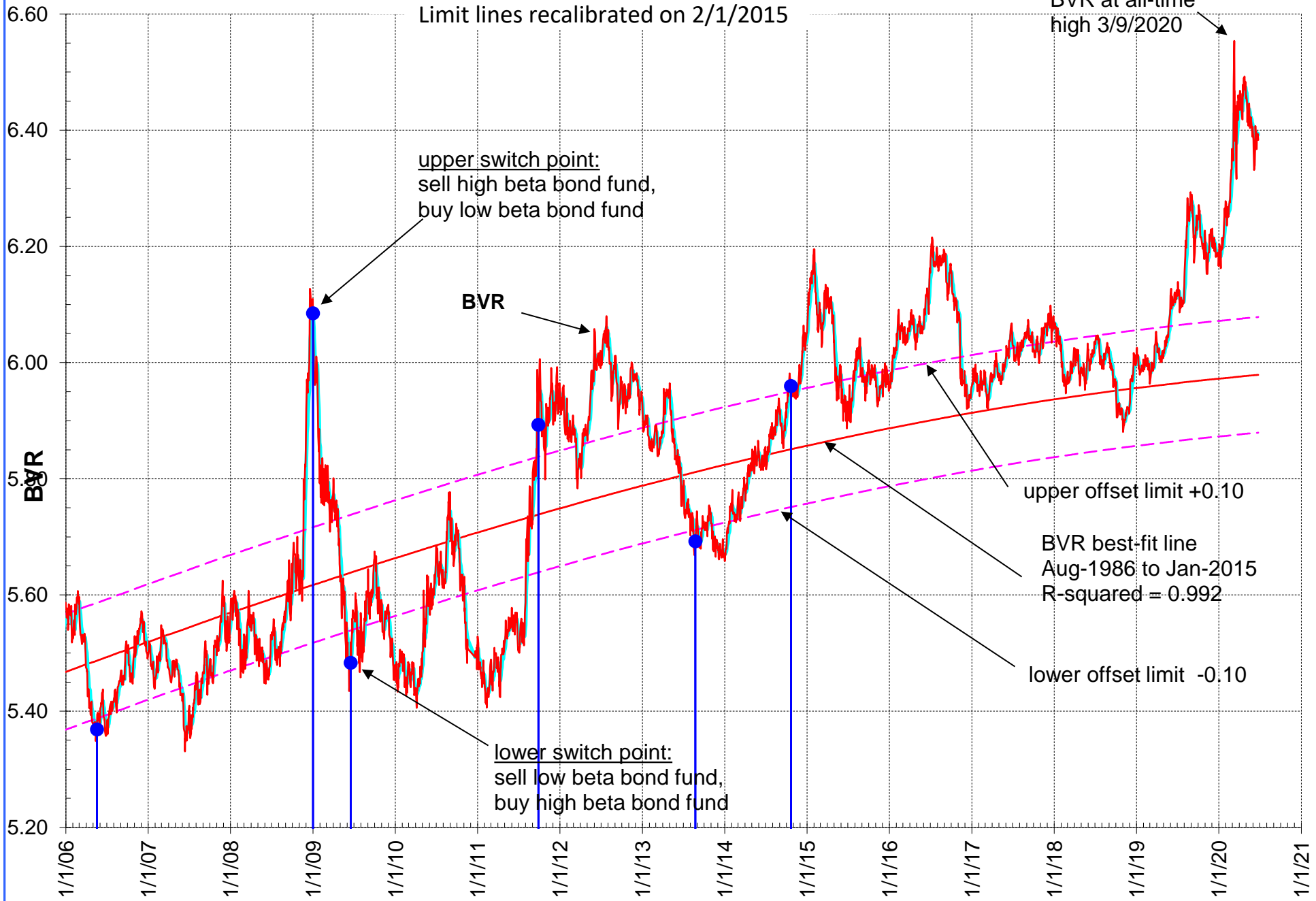


Fig. 5: Yield Curve: i10 - i2

Updated to.....6/25/2020

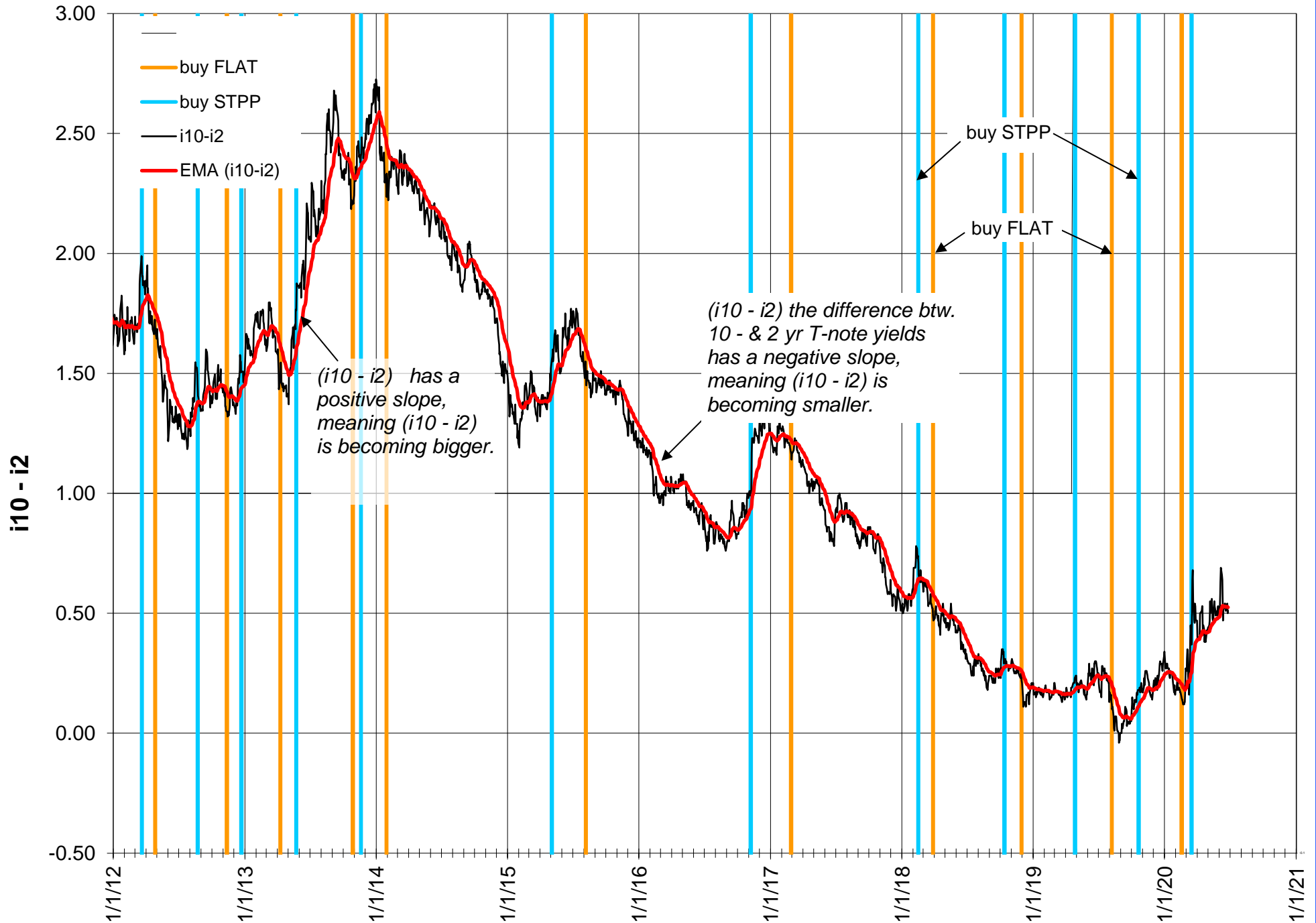


Figure 6: Modified Coppock Indicator for Gold

updated to 06/25/2020

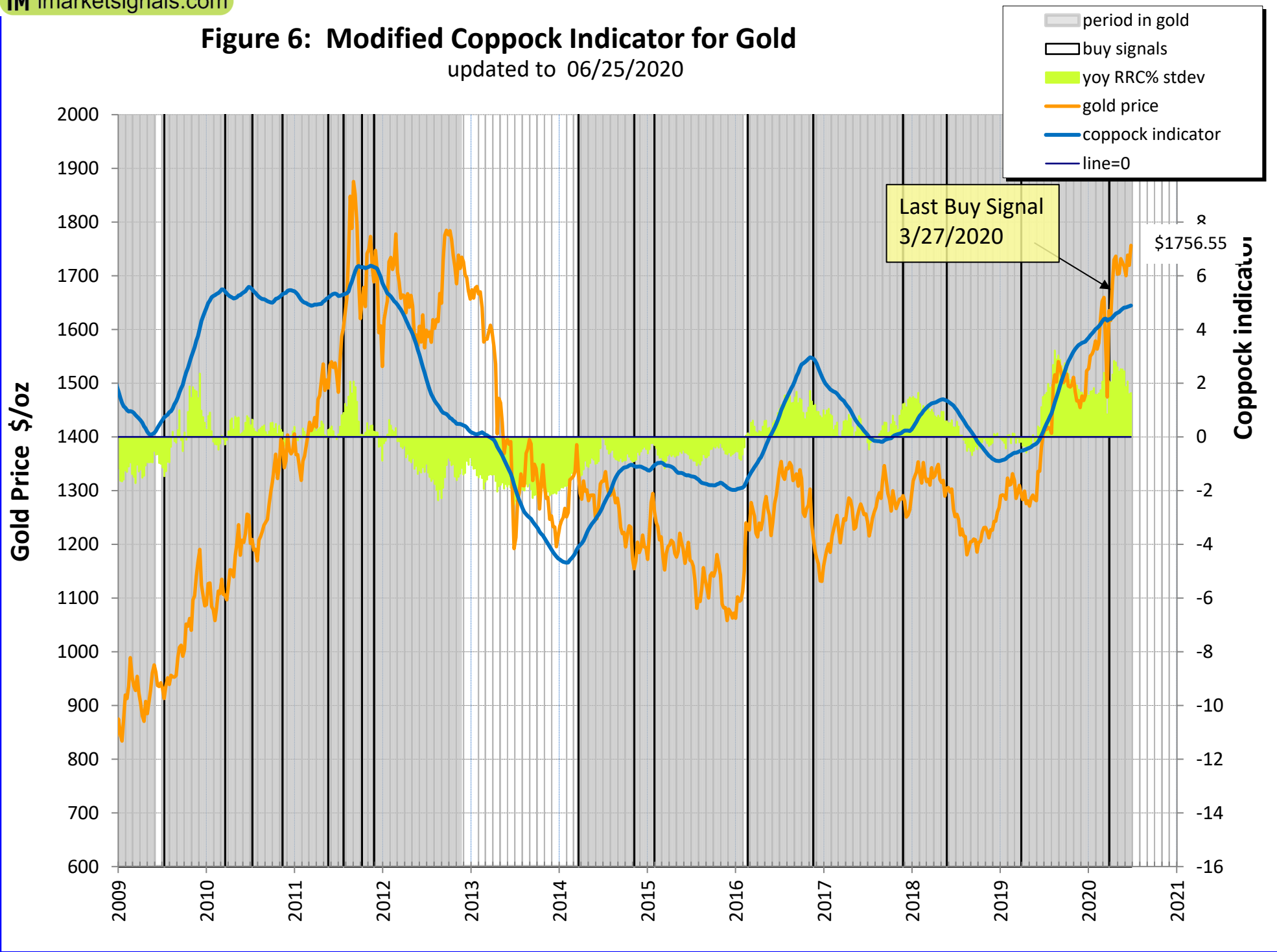


Fig. 6.1a iM GOLD-TIMER - Rev 1

Updated to: 6/25/2020

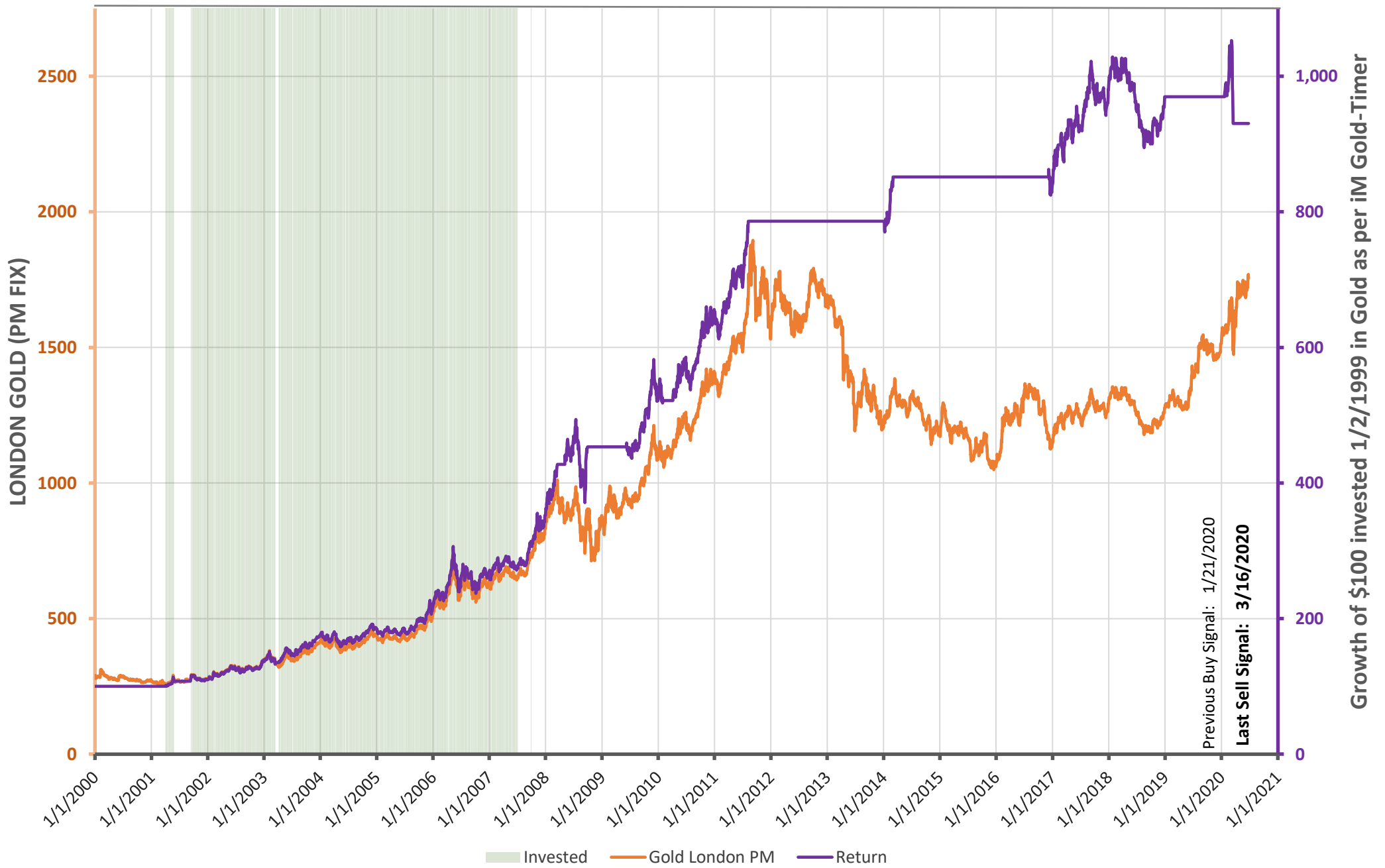


Figure 7: Modified Coppock Indicator for Silver

updated to 06/25/2020

