The CMHI (Ver 2.0) attempts to measure SP-500 bull market health through a broad, diverse array of 7 indicators that reliably warn of bear markets. There are three market breadth indicators, two price-action indicators, a composite leading economic indicator and a Seasonality indicator. These are standardized to have a variance of 1, mean of zero and then combined into an equally weighted composite signal called the CMHI and shown in the first chart below. The higher the CMHI the more bullish the market and the lower the CMHI the more bearish the market. Generally we want to be in cash when the CMHI is less than zero. We also show the DIFFUSION =(3 LESS amount of indicators below zero)/3 . When the Diffusion is 1 it means all 7 indicators are above zero (very bullish) and when it is 0 it means 3 of the CMHI components are below zero and flagging a bear market. A diffusion of -1 means at least 6 indicators are flagging a bear market. You can use the Diffusion readings above zero to guide with stock market exposure : +1 = 100% exposure, 0.67=67% exposure etc. This report shows the CMHI, its diffusion and its seven components and is updated monthly when it is trending strongly up or down or on an ad-hoc basis whenever it changes direction or gets close to zero or the diffusion changes. CMHI-II uses the two price action indicators deployed by CMH-I published in the weekly Sentiment Report. The reason we keep CMHI-I and CMHI-II separate is that CMHI-I has over 50 years of back testing history whilst CMHI-II only goes as far back as 1990 (due to us not having reliable breadth data before then.) However the Weekly Leading Economic Index and the Seasonality Model have been tested reliably going back 50 years and we strongly believe the CMHI-II will persist well into the future. The Seasonality model deployed for the CMHI-II is a much less active, investment-styled derivative (we're only interested in major market moves) of that discussed in the "Seasonal Methodology for market Timing" research note, but it leans on the same research. On all the below charts, a reading of +1 depicts the highest reading ever achieved by the indicator and -1 depicts the lowest reading every achieved by the indicator. Note that the CMHI (I and II) and their components are more geared to encompassing as much of the SP-500 bear market periods as possible rather than accurately signalling the start and end of recessions, making them highy effective investment market-timing tools.