SI Industrial Recession Regime

US industrial production and manufacturing capacity utilization composite flags industrial-recession regimes; the state-conditional spread is 501 basis points between extremes, driven by silver's dual-use industrial demand.

David Stendahl · Market Lab Analytics · November 6, 2026

What this signal is

Silver is 50 percent industrial. US industrial production contractions historically crush industrial silver demand and leave only investment demand on the bid side. The INDPRO plus MCUMFN composite captures the regime earlier than the ISM PMI alone.

The composite is bounded between minus one and plus one through tanh. On 2020-05-04 it reached its series maximum plus 0.923 and on 1995-01-04 its series minimum minus 0.589.

Across 36 years the industrial expansion state (Phase +1) has returned on average plus 4.51 percent forward 60-day silver return. The industrial recession state (Phase –1) has returned on average minus 0.50 percent. Normal state (Phase 0) returned on average plus 0.99 percent.

Today the composite reads near +0.06. See live page for current state.

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How the inputs compose

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The engine also computes four confirming features: five-day velocity, 60-day volatility regime, 60-day correlation with silver returns, 63-day lag-1 autocorrelation.

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What the state-conditional returns have actually done

The silver forward-60-day return baseline (unconditional) is mean plus 1.11 percent, median minus 0.04 percent.11 percent, median minus 0.04 percent.

Reference baseline (8,964 silver-aligned forward-60-day windows over the live engine window)

Silver forward-60-day return baseline: mean plus 1.11 percent. Phase 0 source: Z6923 engine parquet joined with COMEX silver back-adjusted continuous closes.

Industrial expansion (Phase +1), 918 trading days, returned on average plus 4.51 percent.

Normal (Phase 0), 6,587 trading days, returned on average plus 0.99 percent.

Industrial recession (Phase −1), 1,459 trading days, returned on average minus 0.50 percent.

The pattern shows the industrial expansion state (Phase +1) delivering the strongest mean return and the industrial recession state (Phase −1) delivering the weakest.

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Three cases that frame how to read the signal

Case 1: 2020-05 composite series maximum

On 2020-05-04 the composite reached its series maximum plus 0.923. Silver subsequent 60-day behavior aligned with the industrial expansion regime pattern of average plus 4.51 percent.

Case 2: 1995-01 composite series minimum

On 1995-01-04 the composite reached its series minimum minus 0.589. Silver subsequent 60-day behavior aligned with the industrial recession regime pattern of average minus 0.50 percent.

Case 3: March 2020 COVID shock window

The March 2020 COVID liquidity shock drove violent regime shifts across silver drivers. The composite oscillated as the underlying mechanism repriced during the Fed intervention window.

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How to use the signal today

This is a regime detector on a 60-day forward horizon.

Three best uses. First, as a regime filter for silver exposure (Phase +1 = industrial expansion). Second, as a cross-check against positioning and price-momentum signals. Third, as a transition-window warning, pairing with price-based signals for conviction.

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Methodology notes

Silver is 50 percent industrial. US industrial production contractions historically crush industrial silver demand and leave only investment demand on the bid side. The INDPRO plus MCUMFN composite captures the regime earlier than the ISM PMI alone.

The 1990 start reflects the earliest reliable source coverage.

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What this signal does not cover

Four caveats. The signal is a regime detector, not a timing signal. State-conditional means hold on average, not for every individual window. Regime persistence varies with macroeconomic backdrop. Individual windows can run much longer or shorter than mean sample. State-conditional edges are backward-looking empirical averages. Future regimes may differ. The baseline is COMEX silver back-adjusted continuous (SI_1240BD). Spot silver and ETF returns differ modestly.

Not investment advice. Signal readings and empirical statistics are derived from publicly available data sources. (c) 2026 David Stendahl.