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Monthly Update

2006, volume 10, Year 13 October 2006

All Ahead Full

Our analytical analysis of the stock markets indicates a favorable market for long investors in many areas, and shows that a bull market is underway. Funds advancing include Profunds and Rydex: small cap (UAPIX, RYMIX), large cap NASDAQ 100 (UOPIX, RYVIX), and mid cap (UMPIX, RYMDX). International closed end funds and ETFs also advancing include: India (IFN), Brazil (EWZ), Spain (EWP), S. Africa (EZA), China (FXI), and emerging markets (EEM).

Our charts on page 2 show Profunds Telecommunications (TCPIX) and Profunds Ultra small Cap (UAPIX) in strong up trends. We highlighted the Rydex Telecommunications (RYMIX) fund last month.

We have buy signals on the S&P500, NDX100, and bond yields (bonds going lower), and a sell on gold (XAU). Our bond model switched from a sell to a buy this month. The 30-year bond yield of 4.90% is higher than the 10-year yield of 4.78 and thus is not inverted.

Small cap and large style box indexes are both doing well, with small cap momentum higher than large cap momentum. Our sector analysis shows oil (XOI), utilities (DJ-15), and financial with positive momentum while semiconductors (SOX) and gold (XAU) have negative momentum.

Funds and sectors declining include Rydex Government Bonds (RYGBX), and most Rydex and Profunds bear funds. For now, the shorts are not controlling this market.

**Because the markets can turn quickly, be ready. May the market be with you.
(October 20, 2006)**