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Monthly Update

2007, volume 10, Year 14, October 2007

Broad based sell off signals computed!

We computed broad based sell signals this Wednesday, October 17th and moved to money market for S&P500 and NDX indexes. Money market positions may prove be too conservative, i.e. perhaps we should take short positions. Time will tell. The sell signals were computed for almost all asset classes. We have a new sell on bond yield (buy bonds) and we maintain a buy signal on gold.

We think we are among the first to signal a move down at this time. Our technology is original and cannot be found on Wall or Main St.

We think the sell off was triggered by over speculation, i.e. fast appreciation, in emerging market and oil prices. We also think that the sell-off will last 2 to 6 weeks and will be more severe for the emerging markets. We do not yet see this sell off as the beginning of a bear market but rather a correction within a bull market. Further computational analysis is needed to more fully predict the extent of the current down move.

Another possible cause for the sell off is the large sub-prime mortgage write-offs, by the large banks, being reported now. Bank heads will roll.

We don't expect an induced recession caused by sub-prime financial market losses, but it is possible. We expect the Fed to do their job, i.e. to promote price stability and economic growth.

**Because the markets can turn quickly, be ready. May the market be with you!
(October 19, 2007)**