



Harloff Capital Management  
795 Sharon Drive, Suite 226, Westlake, OH 44145  
440-871-7278

## Monthly Update

2008, volume 10, Year 15, October 2008

# Historic Bear Market Bottoming!

**This bear market is extreme and historic with 2008 losses in the S&P500 -40.29% and NDX100 -42.34%. A -28% S&P500 loss occurred in the last 30 days. The Dow Jones Industrial average has recently experienced extreme daily moves both down and up. In addition to investor accounts being under water, their house has lost value, and their borrowing capability is significantly curtailed. These problems leave most investors fearful that the end of their world is near!**

**Global margin calls, ongoing due to rapid markdown in stocks and commodities, contribute to the global bear market. What is an investor to do?**

**Large up and down moves are one sign of a bottom. A graphic view of this oscillation is illustrated in our S&P500 graph on page 2, see October data.**

**The U.S. \$700 billion bank bailout passed and is beginning to flow to the banks. PNC has used these funds to buy National City bank already. And worldwide central bank cooperation and bank capital infusion is beginning. The response by the U.S. Federal Reserve is quite aggressive and different than their response during the 1930's when money supply was restricted. As the stock market usually leads the economy by 6 to 9 months, it will recover before the recession ends.**

**Because of the significant world wide bank cooperation and money infusion we feel this liquidity crisis will soon be under control and will stop the bear markets. Value investors are buying cheap equity assets. We believe current buying opportunities outweigh future stock market losses. It is time to think of the next bull market.**

**Because the markets can turn quickly, be ready. May the market be with you!  
(October 24, 2008)**