



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

Monthly Update

2008, volume 4, Year 15, April 2008

New Bull Born!

Our analysis of the US equity markets indicates that the bear market is over, and a new bull market is born. It is time again to be fully invested. This change is indicated graphically with the recent upturn of the S&P500 index, illustrated on page 2. Additionally, this change is indicated by US 10 year bond yields having increased 17% from 3/20/08. This large yield increase indicates a flight out of bonds into stocks.

Our current assessment is consistent with our view last month when we said: “ In summary, we think a short term rally in the US markets is just starting.”

The style box indexes have improved since last month and are now all positive. Small cap growth leads large cap growth and value lags growth at this time, see page 2.

Sectors that are buys, in order of attractiveness, include: semiconductors, oil, utilities, and financials. Precious metals are a sell. Most world indexes have positive HVI values, except the Frankfurt FDAC index has a negative HVI value. From highest HVI to lowest, see page 2, are: MS emerging market MGEMX, London FTSE, and U.S. S&P500. The US dollar index has a positive HVI, indicating a stronger dollar.

Other in house analysis, not reported herein, indicates to us that energy and other commodities are nearing a top. We therefore do not recommend new purchases of energy or basic materials at this time. A price reduction in these areas of 15 to 40% is possible in the near term.

**Because the markets can turn quickly, be ready. May the market be with you!
(April 25, 2008)**