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### Monthly Update

2009, volume 5, Year 16, May 2009

## Emerging Markets Strong

**Our buy signals are holding. Yet most of our computed fund and index absolute momentum HVI values are weaker than last month. We view this quantification as normal after such a strong rally off the bear market bottom as we enter a “coasting phase”. Many other strategists missed this powerful turn up. We believe we are in a new bull market and that the March 2009 lows will not be revisited. Thank you treasury and congress for all that bank bail out money.**

**We think the recession will officially end in the fourth quarter 2009 time period. We recently published our new math model of 32 past business cycles: “U.S. Business Cycle Math Quantification” by Harloff and Eacott. It is available at [www.harloffcapital.com/articles.html](http://www.harloffcapital.com/articles.html).**

**Our absolute momentum HVI values, see Table 1 on p. 2, indicate that large caps should beat small cap stocks. We also find that large cap value beats large cap growth stocks. The NASDAQ HVI value is close to zero indicating a coasting phase as mentioned above. Financials, semiconductors, and utilities have negative HVI values indicating these sectors are weak. Precious metals and oil are strong sectors. Emerging markets and Europe are also very good country markets. The US dollar is weak and should be avoided. This is consistent with the high momentum of US 10 and 30- year bond yields. These bonds should be avoided and may be shorted at this time.**

**We continue to have buys on S&P500 and NDX indexes, and a continued buy on gold/precious metals, see page 1. Our gold gains since our last buy signal on 11/21/08 is 70.49%. We have a continued buy signal for bond yields, i.e. short bonds.**

**Because the markets can turn quickly, be ready. May the market be with you! (May 25, 2009)**