



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

Monthly Update

2010, volume 5, Year 17, May 2010

New Buy Signal

Worldwide and U.S. equity markets fell hard in May due to a loss of confidence in several areas. First, Greece's sovereign debt needed a bailout and European Union banks bought their debt. The EU charter has been questioned, especially since they do not have taxation authority... yet. Next, China reduced its real estate sector growth rate. And third, confidence was further lost due to the BP Gulf deep-water well explosion that resulted in loss of life and a massive oil spill. President Obama is supervising all of BP's clean up effort and has stopped any new deep well drilling in the US. It appears that the expertise to manage remote equipment resides at JPL (viz. Mars), but not at BP research headquarters in England.

We had a sell signal on May 5, 2010 and sold client accounts to money market.

We have a new buy signal as of Friday's close, May 28. This signal is derived from technology not reported herein. We employ three different computer programs to measure absolute and relative momentum of funds and indexes. Our HVI system is reported here. The new buy signal is from the same program that signaled a sell signal on May 5, 2010. We feel that the order of the ranking reported herein is good. The HVI numbers have a lag of a week or two and should respond to the upside very soon.

Assuming our new buy signal is accurate, other market pundits will likely follow about two weeks later.

We like small and mid cap index funds, see page 2.

Because the markets can turn quickly, be ready. May the market be with you! (May 28, 2010)