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Monthly Update

2009, volume 6, Year 16, June 2009

Sector Rotation Ongoing

Most of our previous buy signals are holding, although we have a new sell on gold as indicated below. As reported in April, we received buy signals, from 3/10/09 to 3/16/09, for nearly all long funds and indexes we follow.

The primary issue now being debated by the well-known talking heads on TV and in the weekly financial paper is whether the bear is still alive. And if so, is the bear market rally over.

While the market is definitely under pressure, it seems to us that the market will hold, will not retest March lows, and will continue to strengthen. We believe the March 2009 bottom is behind us and we are in a new bull market.

Our absolute momentum (HVI) comparison for the style box on page 2 indicates that growth stocks beat value stocks. This is a change from last month. Our sector lineup this month is utilities, semiconductors, finance, with oil and gold under water. This is also a change from last month. Emerging markets continue to be strong.

We have continued buys on S&P500, NDX and bond yields (short bonds), and a new sell on gold/precious metals, see the left column on page 1.

Because the markets can turn quickly, be ready. May the market be with you! (June 19, 2009)