



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

## Monthly Update

2009, volume 7, Year 16, July 2009

# New Bull, Old Recession

**Many retail advisors and their clients are confused over the recession's lack of recovery and the stock market's recovery. Many Wall Street pundits and some Ph.D. economists, who should know better, fuel this lack of discernment. Many of these say it is far too early to invest in the market because the recession has two more years to go.**

**Wrong! The investment cycle always precedes the business cycle. Check out Sam Stovall's guide to sector rotation. There are many signs that the bear market is behind us. The unemployed numbers are also rising at a much slower rate. And the NDX is up nearly 32% this year.**

**My company just finished a free research paper ([www.harloffcapital.com/about us](http://www.harloffcapital.com/about-us)) that illustrates 7 previous super recessions in the previous 32 business cycles. We invented the super recession concept. Check it out. By the time the NBER committee declares, in about 12 months, our current recession to be over the stock market will be near it's high. Where is the value in 12-15 month late pronouncements?**

**Our absolute momentum (HVI) comparison for the style box on page 2 indicates that value beats growth stocks. This is a change from last month. Our sector line up this month is first semiconductors, then utilities, oil, gold and finance. Emerging markets continue to be strong. Commodities and basic materials are also strong. These are all signs of our new bull market and a growing world economy.**

**We have continued buys on S&P500, NDX and bond yields (short bonds), and a new buy 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! (July 25, 2009)**