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Monthly Update

2010, volume 7, Year 17, July 2010

Stargazers trumpet FALSE signals

Many pundits are forecasting a double dip recession and a double dip bear market. Stargazer Joe Dingbetz from Berea, OH is even forecasting Dow 6,000 by December 31 and his disciples believe his every word. Technical analysis (chart reading: Junior High stuff) is confused with reality in these parts.

Current musings by other stargazers include bearish signs of a head-and-shoulders pattern and a death cross of 200/50-day crossover. We don't think so.

Our latest buy signal of May 28 is holding. Our view is that the markets and the economy are recovering; the painful market correction is over. It will take 2 to 3 years to reach full employment with a slow growth of about 3% per year during this period. New market highs await.

Nearly all countries, sectors, and indexes are recovering at this time. Emerging markets lead England, U.S., and Germany. Utilities, oil, and semiconductors are leading sectors. Finance and precious metals are lagging. Large and small caps are participating in the up trend.

We like the following ETF's: Russian Oil (RSX), Latin America (EWZ) and (ILF), BRIC (BIK), and Hong Kong (EWH).

We like the following funds: Rydex Large Cap Europe (RYEUX), ProFunds Ultra Utility (UTPIX), Direxion Emerging Market (DXELX), ProFunds Telecom (TCPIX), and ProFunds Ultra Industrial (IDPIX).

Because the markets can turn quickly, be ready. May the market be with you! (July 23, 2010)