

MONDAY, July 17, 2006

**MARKET WATCH**

## A Sampling of Advisory Opinion

Edited by ANITA PELTONEN

### **Recession Not Inevitable**

*Stock Market View by Harloff Capital Mgmt.*

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**July 12:** We find the U.S. economy growing at a 3.7% per year. This increasing rate is close to overheating, and we expect short-term rates going to 6% to 6.25% to slow the economy. The Treasury yield curve, from five to 20 years, has flattened in the last year, and has a slightly positive slope. This indicates that slow economic growth should prevail for the next several months...The increasing growth of the U.S. money supply with zero maturity, 4.01% per year as of May 2006, also indicates that the economy will grow for the next 12 months...A future recession is not yet obvious. The U.S. stock market should have a gain in 2006.

-- Eve Eacott

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