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Technical Assessment

Short-Term: Bearish
Long-Term: Bullish

The Telecom and Energy sectors continue to jockey for the top spot in the third quarter, gaining 7.7% and 7.3%, respectively. Energy's turnaround is truly remarkable after a 3.7% decline in the first half. Technology (up 6%) and Consumer Services (advancing 4%) are also beating the market quarter-to-date. The broad market S&P 500 is up 3.6% thus far in 3Q12.

The Utility sector remains at the bottom of the pack, down 0.4% in the third quarter and tracking a significantly below-market year-to-date performance. The same holds true for Basic Materials, up just 1.5% in the quarter. Consumer Goods and Financials, while underperforming the market, are not too far off the pace in 3Q12 -- up 3.5% and 3%, respectively.

Year-to-date, Technology remains the winner, up 18.9%. Consumer Services and Financials -- rising 18.7% and 16.5%, respectively -- are also far ahead of the S&P 500's 12.2% return. Telecom's strong third-quarter performance followed an equally strong first-half return -- and the sector is up 15.3% year-to-date. The Utility sector is again at the bottom of the barrel, up just 1.5%. Other significant year-to-date laggards are Basic Materials and Energy, rising just 2.1% and 3.3%, respectively.

Five-Day Strengthening Sectors:
Healthcare, Consumer Discretionary

Five-Day Weakening Sectors:
Industrials, Basic Materials

Recent Picks:

RIG, NOK, DES, JWN, WPI, HAIN, DVM, KMB, EBAY, LMT, ITW, ADP, TGT, WY, ASH, S, FLEX, CSCO, CVX, STX, ADI, TWC, ESRX, XOM, KBH, BBBY, HLF, HAIN, SRE, MO, ABT, CMCSA, ALL, KIM, PFE, AEP, KO

INDEX	PRICE	SUPP	RESIS
NASD	3081	2750	3100
NYSE	8031	7450	9000
S&P 500	1410	1255	1425

Company	Ticker	Price	Support	Resistance
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Whole Foods WFM 97.00 83 NM

Whole Foods Market beat earnings and raised guidance on strong 8% comparable store sales. The company has ridden the secular trend toward healthier food choices even as it often charges a premium over traditional grocery stores. Whole Foods also benefits from a large proportion of high-value, high-margin perishable foods -- which, combined with a strong positive in-store experience, help isolate the company from direct-mail competition.

After powering up from \$35 in October 2010 to \$66 in April 2011, WFM moved between \$54 and \$74 for the rest of 2011. The stock broke above \$80 in February 2012 before losing momentum into spring, then resumed its strong upward trend -- making new highs of \$89 in May and \$96 in June. WFM suffered a transient five-day break to \$84 before retracing back up to \$94 on positive earnings.

WFM has violated its 50-day line three times in the last five months, each time rebounding higher and leading us to view this measure as an unreliable support. As such, we promote a stop-loss at \$83 (the 200-day). With WFM trading at all-time highs, we would take profits around \$112.

Amgen AMGN 83.72 76 NM

After making a name with first-generation anemia drug EPOGEN and follow-on Aranesp, this biotech has been hunting the next blockbuster drug therapy. Prolia and XGEVA (osteoporosis and treatment-induced bone-loss prevention drugs) may be new hits for the company, though for now AMGN remains dependent on mainstays like Neupogen.

After bottoming around \$48 in August 2011 during last summer's market decline, the shares climbed back to \$57 in late September before settling into a trading range between \$54 and \$59 in December. At the end of December, AMGN popped to around \$64 -- then moved again in January 2012 to \$69, this before again losing momentum and flattening into June. With the summer rally, the AMGN share price has again taken off and hit a new 52-week high.

Stop-loss at \$76 below the 50-day line. Consider taking profits around \$90 if there is a loss of momentum.

Investing in stocks involves risks that may be exacerbated by market and/or price volatility. The stocks included in this report have exhibited recent volatility and may continue to do so in the near-term, and thus may be riskier relative to the market as a whole. Please see disclaimer on page 2.

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