**Market Outlook**

**Short Term:** Bearish

**Portfolio Strategy**

- **Equity:** 65%
- **Cash:** 5%

**Today’s Market Movers**

- **Impact:**
  - Bernanke to speak: +
  - European Markets Higher: +
  - Splunk Climbs on Q2 Results: +
  - July Factory Orders Est. Up 2%: +

**Recent Research Review**

- GILD, GSK, IHS, JBL, HNZ, DMT, IBM, MYL, WPI, TEVA, NYT, HFC, DELL, HPQ, BXP, CHK, VNO, VZ, MA, ADSK, ZMH, ADI, HAIN, GPS, ANF, SYK, SYY, PSA

**Statistics Diary**

- **12-Month S&P 500 Forecast:** 1165-1465
- **S&P 500 Current/Next EPS:** 103.5/113.5
- **S&P 500 Current Est. P/E:** 13.52
- **12-Month S&P P/E Range:** 13.3 – 12.9
- **10-Year Yield:** 1.62%
- **12-Mth 10-Yr. Bond Forecast:** 1.5-2.5%
- **Current Fed Funds Target:** 0.25%
- **12-Month Fed Funds Forecast:** 0.0-1.00%

**Stockpicker’s Corner**

**KRAFT FOODS INC. (NYSE: KFT)................................................................BUY**

Kraft, a Focus List selection, continues to post sector-leading sales growth during a period of soft consumer spending and significant cost inflation. Kraft’s forthcoming split into two separate businesses, one focusing on international snack brands and the other on domestic groceries, should enable the company to further capitalize on its opportunities through more-targeted business strategies and more-efficient capital allocation. The separation is expected to occur on October 1, 2012. The announcement of the spinoff and interim robust earnings growth should continue to serve as catalysts for share-price appreciation. Our target price on the KFT shares is $46.
Argus Research is an independent investment research provider whose parent company, Argus Investors’ Counsel, Inc., is registered with the U.S. Securities and Exchange Commission; and whose affiliate, Argus Global Equity Analytics, Ltd., is registered with the Financial Services Authority. Argus is not a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of Argus Group Inc. The information contained in this research report is produced and copyrighted by Argus, and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus has provided independent research since 1934. Argus officers, employees, agents and/or affiliates may have positions in stocks discussed in this report. No Argus officers, employees, agents and/or affiliates may serve as officers or directors of covered companies, or may own more than one percent of a covered company’s stock.