

Merck & Co., Inc. (MRK) - ANALYST REPORT

Executive Summary with Comprehensive Analysis

\$129.56 +\$4.19 (+3.34%) AS OF 2026-07-02

Strategy: Conservative Stop Loss (Fixed ATR-based)

■ QUICK DECISION

Action: HOLD | Confidence: LOW | Signal Strength: 0/7

EXECUTIVE SUMMARY - Essential Metrics

TECHNICAL METRICS	VALUE	FUNDAMENTAL METRICS	VALUE
Current Price	\$129.56	Market Cap	\$320.0B
Past Win Rate (Backtest)	50.0%	Forward P/E	13.5x
Past Total Return	+18.4%	Analyst Target	\$131.11
RSI / Trend Strength	67 / 22	Upside to Target	+1.2%
MACD Signal	Bullish	Revenue Growth	+4.9%
Profit Factor	1.77	Institutional Own.	82.2%
Position Entry	2026-05-26 @ \$118.87	Analyst Ratings	19 Buy / 10 Hold / 0 Sell
Open Position Past P&L	+9.0%		

■ TECHNICAL ANALYSIS SUMMARY

Indicator	Value	Signal
EMA 20	\$121.87	Bullish
EMA 50	\$118.39	Bullish
RSI (14)	66.7	Strong bullish momentum
Trend Strength (ADX)	21.6	Emerging trend (20-25)

■ CONSENSUS & INVESTMENT RATIONALE

RATING	HOLD
Target Price	\$131.11
Upside/Downside	+1.2%
Risk/Reward	0.23:1
Time Horizon	6-12 months

Investment Rationale: Our HOLD rating is based on: (1) Technical backtest showing 50.0% win rate with +18.4% total return over backtest period, (2) +1.2% upside to analyst consensus target of \$131.11, (3) Challenged fundamental growth profile with +4.9% revenue growth, and (4) 82.2% institutional ownership indicating high conviction from professional investors.

Action: Maintain position with +9.0% unrealized gain. Watch for confluence signal to add.

Technical Signal: Confluence 0/7 (threshold: 5) | **Risk/Reward:** Neutral

■ KEY INSIGHT

The fixed stop strategy has proven effective (Win Rate: 50.0%, Avg Return: +2.2%), but patience is critical. Only enter on confirmed signals with proper risk management. Current technical confluence of 0 does not meet entry threshold of 5 - remain on sidelines. Fundamental backdrop shows 0% earnings growth with 82% institutional ownership, indicating strong conviction from professional investors.

■ INTELLIGENT STOP LOSS STRATEGY

METRIC	VALUE	DETAILS
Current Price	\$129.56	Latest market price
Buy Stop Loss	\$122.77	Conservative 2.0x ATR (5.2% distance)
Position Stop Loss	\$123.62	Adaptive 1.75x ATR (4.6% distance)
ATR (14-day)	\$3.39	Volatility: 2.6% of price
ADX Strength	21.6	Emerging trend

Status: Position up +9% - Adaptive strategy adjusts for momentum

ADX: 20-25 = Emerging trend | 25-50 = Strong trend | 50+ = Very strong

■ Strategy Comparison: Conservative vs Adaptive

METRIC	CONSERVATIVE (2.0x ATR)	ADAPTIVE (Dynamic)
Past Win Rate	50%	52%
Past Total Return	+18.4%	+23.6%
Max Drawdown	-11.7%	-8.6%
Total Trades	20	21
Position	OPEN	OPEN

Both strategies analyzed independently. Conservative uses fixed 2.0x ATR stops. Adaptive adjusts stops based on position profit.

For the latest stock analysis, support, resistance and interactive charts, visit [Ultra Stock Analysis Pro](#)

■ ANALYST RATING CHANGES - COMPLETE HISTORY

All recent upgrades, downgrades, and price target changes (last 90 days)

Firm	Action	From → To	Date
CICC	INITIATED	Outperform	Jun 24, 2026

Analyst Price Targets

Average Target: \$131.11 (+1.2% from current)

High Target: \$155.00 (+19.6%)

Low Target: \$100.00 (-22.8%)

Current Price: \$129.56

DETAILED ANALYSIS: BUY-SIDE PERSPECTIVE

In-Depth Portfolio Management Analysis

Expected Returns & Position Sizing

Based on backtest performance (Win Rate: 50.0%, Avg Return: +2.2%) and analyst consensus (Target: \$131.11, +1.2% upside), a **MARKET WEIGHT** exposure may be considered. Risk/Reward ratio of 0.23:1 suggests unfavorable risk-adjusted returns. Current open position shows +9.0% unrealized gain, supporting hold decision.

Catalyst Calendar & Timing

Next Major Catalyst: Aug 04, 2026 earnings report

Seasonality: Historical analysis shows positive momentum in backtest period

Technical Setup: Neutral - waiting for confluence signal

Institutional Activity: 82.2% institutional ownership (Largest: Blackrock Inc.)

Short Interest: 1.2% of float - Moderate short interest

Liquidity Profile

Average Volume: 10.4M shares/day - Moderately liquid

Market Cap: \$320.0B - Large cap

Beta: 0.20 - Lower than market volatility

Execution Risk: Low for institutional-sized positions

SELL-SIDE PERSPECTIVE - Investment Research Analysis

Investment Thesis

Merck & Co., Inc. operates in the Healthcare sector (Drug Manufacturers - General). Current valuation of 13.5x forward P/E reflects discounted multiples relative to growth prospects. Operating margin of 38.6% shows strong profitability. **Fundamental Outlook:** Neutral - Mixed signals with focus on execution and margin improvement

Valuation Analysis

Forward P/E: 13.5x

Trailing P/E: 36.5x

Price/Sales: 4.87x - Premium valuation

Price/Book: 6.97x

Enterprise Value: \$363.5B

EV/Revenue: 5.53x (vs industry avg)

Competitive Positioning & Market Share

Key Competitors: Various industry players

U.S. Market Share: 0% - Competitive player

Global Market Share: 0%

Competitive Advantages: Market position, Technology, Brand

Key Products: Core products and services

Institutional Sentiment & Ownership

Institutional Ownership: 82.2% - Very high institutional confidence

Largest Holder: Blackrock Inc. (225.8M shares)

Analyst Coverage: 29 analysts

Consensus: 19 Buy, 10 Hold, 0 Sell - Bullish sentiment

■ 7-DAY NEWS SENTIMENT ANALYSIS

Market Sentiment from Recent Financial News

METRIC	VALUE	ANALYSIS
Overall Score	+2.9 / 10	Slightly Bullish
Articles Analyzed	4	Last 7 days (top 5 shown per category)
Bullish Articles	2 (50%)	Positive sentiment
Bearish Articles	0 (0%)	Negative sentiment
Neutral Articles	2 (50%)	Mixed/Neutral tone

■ TOP BULLISH HEADLINES

1. Merck (MRK) Wins New KEYTRUDA Approvals As Tulisokibart Clears A Phase 3 Test (Simply Wall St., Jul 04)

Merck (NYSE:MRK) reported positive Phase 3 results for tulisokibart, an anti-TL1A monoclonal antibody in moderate-to-severe ulcerative colitis. The co...

Source: <https://finance.yahoo.com/healthcare/articles/merck-mrk-wins-keytruda-approvals->

2. Merck Stock, JPMorgan And Two Others Hit New Highs (Investor's Business Daily, Jul 02)

Merck stock is in a buy zone after hitting a new high. Fellow Dow stock JPMorgan Chase and Amphenol are both trading around entry points....

Source: <https://www.investors.com/stock-lists/new-highs/merck-stock-mrk-jpmorgan-chase-j>

■ SENTIMENT INTERPRETATION

The news sentiment is **moderately bullish**, showing generally positive coverage with some caution. Market perception appears favorable but not overwhelmingly positive. This neutral-to-positive sentiment suggests steady conditions without extreme optimism.

DEEP DIVE: COMPREHENSIVE RISK ASSESSMENT

Detailed Risk Factors and Mitigation Strategies

Key Risks & Mitigants

Company-Specific Risks:

- Competition
- Market conditions
- Regulatory changes

Technical Risk Factors:

- Win Rate: 50.0% (10 wins, 10 losses)
- Profit Factor: 1.77x (Avg Win 10.0% vs Avg Loss -5.7%)
- Current Confluence: 0 (Last: 5 on Jun 26) - No setup - awaiting signal
- Volatility (ATR 14): \$3.39 (2.6% of price) - Stop loss typically 2-3x ATR

Market Risk:

- Beta: 0.20 - Below-average market sensitivity
- Short Interest: 1.2% - Normal short activity

REFERENCE: APPENDIX A - Complete Technical Indicators

Comprehensive Technical Data for Quantitative Analysis

Indicator	Value	Interpretation
EMA 20	\$121.87	Short-term trend
EMA 50	\$118.39	Medium-term trend
EMA 200	\$108.23	Long-term trend
Relative Strength	66.7	Strong bullish momentum
MACD	3.26	Bullish
MACD Signal	2.19	Signal line
MACD Histogram	1.07	Bullish
Volatility (ATR 14)	\$3.39	2.6% of price
Trend Strength (ADX)	21.6	Emerging trend (20-25)
+DI	33.5	Positive directional movement
-DI	17.4	Negative directional movement
Stochastic %K	86.8	Overbought
Stochastic %D	89.7	Overbought
Bollinger Upper	\$131.14	Resistance zone
Bollinger Middle	\$120.75	Moving average
Bollinger Lower	\$110.37	Support zone
VWAP	\$128.39	Volume-weighted average

REFERENCE: APPENDIX B - Complete Fundamental Metrics

Comprehensive Fundamental Data for Financial Analysis

Category	Metric	Value	Interpretation
Valuation	Market Cap	\$320.0B	Total market value
Valuation	Enterprise Value	\$363.5B	Total company value
Valuation	Forward P/E	13.5x	Price to forward earnings
Valuation	Trailing P/E	36.5x	Price to trailing earnings
Valuation	PEG Ratio	2.76	P/E relative to growth
Valuation	Price/Sales	4.87x	Market cap to revenue
Valuation	Price/Book	6.97x	Price to book value
Valuation	EV/Revenue	5.53x	Enterprise value to revenue
Valuation	EV/EBITDA	12.3x	Enterprise value to EBITDA
Performance	Revenue (TTM)	\$65.8B	Trailing 12-month revenue
Performance	Revenue Growth	+4.9%	Year-over-year growth
Performance	Earnings Growth	+0.0%	Earnings growth rate
Performance	EPS Growth (Next Yr)	+170.0%	Forward EPS growth estimate
Performance	Gross Profit	\$50.5B	Revenue minus COGS
Performance	Operating Income	\$17.9B	EBIT
Performance	Net Income	\$8.9B	Bottom line profit
Performance	Free Cash Flow	\$14.0B	Cash after capex
Performance	Operating Cash Flow	\$17.9B	Cash from operations
Profitability	Gross Margin	76.7%	Gross profit margin
Profitability	Operating Margin	38.6%	Operating efficiency
Profitability	Profit Margin	13.6%	Net margin
Profitability	ROE	18.9%	Return on equity
Profitability	ROA	12.6%	Return on assets
Profitability	ROIC	N/A	Return on invested capital
Balance Sheet	Total Assets	\$0.0B	Total assets
Balance Sheet	Total Liabilities	\$0.0B	Total liabilities
Balance Sheet	Total Debt	\$49.1B	Total debt outstanding
Balance Sheet	Cash & Equivalents	\$5.7B	Liquid assets
Balance Sheet	Book Value/Share	\$18.58	Net worth per share
Balance Sheet	Current Ratio	1.30	Current assets/liabilities
Balance Sheet	Quick Ratio	0.70	Liquid assets/liabilities
Balance Sheet	Debt/Equity	1.07	Leverage ratio
Market	Beta	0.20	Market correlation
Market	52-Week High	\$130.29	Annual high
Market	52-Week Low	\$76.66	Annual low

Market	Avg Volume	10.4M	Average daily volume
Market	Shares Outstanding	2.5B	Total shares
Market	Float	2.5B	Tradeable shares
Market	Short Interest	1.2%	Shares sold short
Market	Institutional Own.	82.2%	Institution held
Analysts	Coverage Count	27	Number of analysts
Analysts	Average Rating	1.9	1=Strong Buy, 5=Sell
Analysts	Buy/Hold/Sell	19/10/0	Rating distribution
Analysts	Target Price	\$131.11	Average price target
Analysts	Target High	\$155.00	Highest target
Analysts	Target Low	\$100.00	Lowest target
Other	Next Earnings	Aug 04, 2026	Earnings report date
Other	Dividend Yield	2.62%	Annual dividend rate
Other	Ex-Dividend Date	1781481600	Next ex-div date

REFERENCE: APPENDIX C - Complete Trade History

Detailed Backtesting Results and Trade Log

Entry	Exit	Type	Entry \$	Exit \$	Past P&L %	Past P&L \$
2020-02-13	2020-03-17	CONFLUENCE	\$63.75	\$58.40	-8.4%	\$-433
2020-04-20	2020-06-16	GOLDEN_CROSS	\$65.16	\$60.83	-6.6%	\$-156
2020-09-02	2020-09-03	CONFLUENCE	\$68.70	\$67.57	-1.7%	\$-92
2020-10-30	2021-01-29	CONFLUENCE	\$59.87	\$61.84	+3.3%	+\$147
2021-03-04	2021-03-29	CONFLUENCE	\$57.91	\$63.38	+9.4%	+\$476
2021-04-05	2021-04-06	GOLDEN_CROSS	\$62.33	\$61.35	-1.6%	\$-89
2021-10-01	2021-12-02	CONFLUENCE	\$70.27	\$63.79	-9.2%	\$-395
2022-01-10	2022-02-08	CONFLUENCE	\$71.78	\$67.02	-6.6%	\$-305
2022-03-23	2022-08-08	GOLDEN_CROSS	\$70.10	\$78.44	+11.9%	+\$575
2022-08-12	2022-11-09	GOLDEN_CROSS	\$80.68	\$90.77	+12.5%	+\$545
2022-11-30	2022-12-14	CONFLUENCE	\$98.40	\$100.33	+2.0%	+\$109
2023-01-27	2023-06-07	CONFLUENCE	\$94.78	\$98.37	+3.8%	+\$201
2023-10-19	2024-02-07	CONFLUENCE	\$92.19	\$117.86	+27.8%	+\$1720
2024-03-27	2024-04-11	CONFLUENCE	\$122.59	\$117.38	-4.2%	\$-297
2024-06-28	2024-07-16	CONFLUENCE	\$115.88	\$117.42	+1.3%	+\$66
2024-11-15	2025-02-07	CONFLUENCE	\$90.75	\$82.90	-8.7%	\$-463
2025-04-16	2025-07-25	CONFLUENCE	\$73.25	\$81.97	+11.9%	+\$340
2025-10-02	2025-10-17	GOLDEN_CROSS	\$87.47	\$82.86	-5.3%	\$-249
2025-11-18	2026-01-08	CONFLUENCE	\$94.23	\$109.39	+16.1%	+\$697
2026-02-03	2026-04-28	CONFLUENCE	\$114.17	\$109.24	-4.3%	\$-354
2026-05-26	OPEN	GOLDEN_CROSS	\$118.87	OPEN	+9.0%	+\$588

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Next Earnings: Aug 04, 2026

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