

Figure 1: Stock graph shows the up-trend



Figure 2: Candle chart shows the surplus of positive changes

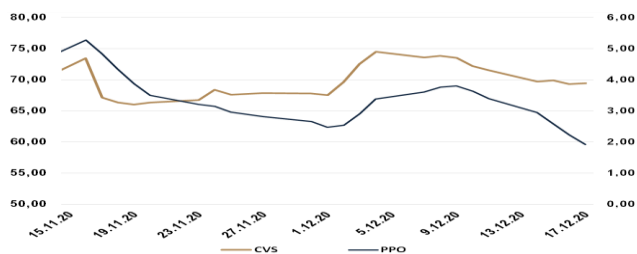


Figure 3: PPO shows a potential buy signal, positive indicator

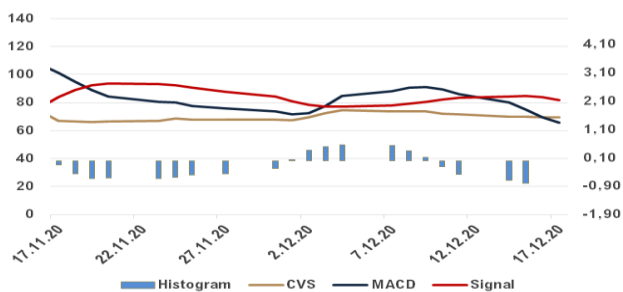


Figure 4: MACD shows a potential buy signal

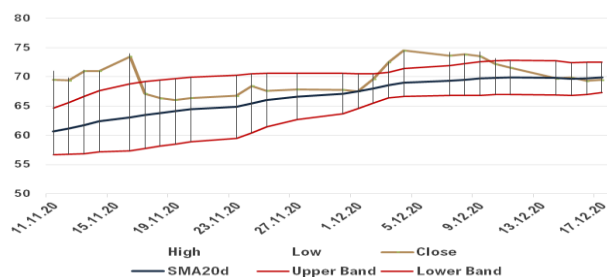


Figure 5: CVS is going to reach lower band

Firm's Brief Description

CVS Health Corporation, together with its subsidiaries, is an integrated pharmacy healthcare company. The Company provides pharmacy care for the senior community through Omnicare, Inc. (Omnicare) and Omnicare's long-term care (LTC) operations, which include distribution of pharmaceuticals, related pharmacy consulting and other ancillary services to chronic care facilities and other care settings. It operates through three segments: Pharmacy Services, Retail/LTC and Corporate. The Pharmacy Services Segment provides a range of pharmacy benefit management (PBM) solutions to its clients. As of December 31, 2016, the Retail/LTC Segment included 9,709 retail locations (of which 7,980 were its stores that operated a pharmacy and 1,674 were its pharmacies located within Target Corporation (Target) stores), its online retail pharmacy Websites, CVS.com, Navarro.com and Onofre.com.br, 38 onsite pharmacy stores, its long-term care pharmacy operations and its retail healthcare clinics. (Source Reuters)

Fundamental Approach

- CVS's Return On Assets of 3.41% is amongst the best returns of the industry. CVS outperforms 83% of its industry peers. The industry average Return On Assets is -2.96%
- Compared to an average industry price book ratio of 1.78, CVS is valued rather cheaply. On top of this, CVS is cheaper than 100% of the companies listed in the same industry.
- Measured over the past 5 years, CVS shows a quite strong growth in Revenue. The Revenue has been growing by 11.66% on average per year.

Technical Analysis

There is a bullish trend for this stock with an average of 69,87 and a St.Dev. of 2,63. According to Figure 1, there is an uptrend at the examined period (from 11/12/20 – 17/12/20). There were 4 secondary movements, two upwards and two downwards. Candle Chart shows that the positive days were more than the negatives through the last month. According to Figure 3, PPO shows a potential buy signal due the positive indicator, which is further supported by EMA12>EMA26 throughout the last month. The MACD had crossed below the signal line, however, according to our analysis, it will reverse this momentum. At Figure 5, CVS stock will probably reach the Lower band and this is a potential buy signal, as the stock is considered oversold.

Prediction

Considering the bullish trend of the last year, the high profitability measurements, the advantageous valuation of CVS Health Corporation and the above-mentioned technical indicators, our research team suggests a potential buy signal.

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