



Merck (MRK-N: US\$38.74)

January 5, 2012

Target: \$45.00

Reversal Level: \$35.00



Merck had a breakout from a large accumulation pattern.

Merck declined from a high of 50.40 in December 2007 to \$20.70 in April 2009 (A-B), rallied to \$35.57 (C) and then settled in a large trading range mostly between \$29 and \$36 (see dashed lines). The recent rise to \$38.74 confirmed a breakout from this large area of accumulation and the start of a new up-leg.

Merck is among the small minority of stocks that have remained bullish despite the current market weakness. Technical indicators include the rising 40-week Moving Average and the MACD (lower panel). Only a decline below \pm \$35 would negate its positive status.

Point & Figure measurements provide an initial target of \$45 (an 18% appreciation potential from current levels). The large area of accumulation (dashed lines) supports higher targets.



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