After running the fundamental analysis for Johnson and Johnson using my intrinsic value calculator, the fair-value price I came up with for JNJ was about $100. This means the company is severely overvalued, as the current stock price is hovering around $150, indicating that now would be a good time to sell JNJ. This is supported by the technical analysis, as JNJ has been underperforming over the last few months and shows little sign of coming back up. It’s been trading below the 10 and 20 SMAs, and both of these SMAs have shown a death cross in the last few months as they dipped below the long term 50 SMA and continue to stay decreasing. JNJ along with similar pharmaceuticals like Pfizer, Moderna, and Bristol Myers Squibb are seeing declining revenue for a variety of reasons. The biggest factors include decreasing COVID vaccine revenue and incoming patent expirations. JNJ in particular recently lost exclusivity for the autoimmune drug Stellara that was a big growth driver for the company, and is lacking in development of new drugs to compensate. These companies also suffer from a rough macroeconomic climate caused by increased oil prices and interest rates. Short term biotech investors are probably better off putting their money into stocks like Novo Nordisk and Eli Lilly who are seeing massive growth due to the explosion in popularity of obesity drugs.

Sources:

<https://www.barrons.com/articles/novo-nordisk-ceo-ozempic-wegovy-stock-selloffs-123d6249>

<https://www.forbes.com/sites/greatspeculations/2023/10/25/should-you-pick-johnson--johnson-stock-after-a-6-fall-in-a-month-despite-upbeat-q3/?sh=52e9271d739a>

<https://investorplace.com/2023/10/johnson-johnson-stock-is-now-the-time-to-sell/>