

Now hiring: suddenly, jobs are going to these healthcare stocks

Markets have been swinging between bearish and bullish territory in the past few quarters, driven by similar bounces between the upper and lower bounds of the U.S. economy. You see, 2023 saw heightened fears surrounding rate hikes and their pending effects; now, just the opposite is happening.

Now that the FED is turning more dovish than before, even pointing to six rate cuts coming in 2024, markets have rallied

in the past week. However, some wonder why the FED would be looking to cut rates? Are they expecting a significant downturn ahead to make them choose this strategy?

Hence, the sideways market you are in; one thing is for sure, however, a bulk of economic activity – and investment dollars – is headed to the medical stocks space. Names like **Pfizer (NYSE: PFE)**, **Merck & Co. (NYSE: MRK)**, and **Eli Lilly (NYSE: LLY)** are being rewarded by markets today for reasons that will become obvious in just a bit.

Amazing recovery

According to the latest employment situation reports, better known as the NFP (non-farm payrolls), the United States economy added 199 thousand jobs last month. MarketBeat has done the homework to bring you an in-depth look as to where the bulk of employment have been headed; here's the answer:

99 thousand jobs moved into the healthcare sector, which is 49.7% of the total jobs added! What this means for you is that if the industry is seeking higher employment prospects, you bet your bottom dollar that profits and business activity are making their way there, too.

And it makes sense when you think about it. Suppose the market is still determining why or how the FED will start implementing another wave of 'quantitative easing.' In that case, employers and investors will bet on a safe space, and healthcare is one of those sectors that will always be here to carry the weight.

But, as great investors always say, a story without numbers is just a fairytale, and investing based on numbers alone is basing your wealth's fate on a spreadsheet. So, now that the numbers are in and carry a reasonable story behind them, it is time for you to check whether markets agree.

Starting with analyst estimates, especially those regarding earnings per share growth projections in the next twelve months, the industry is shooting for an average growth rate pushing into the 11.8% level.

Knowing what you know now, you can use this growth benchmark to pick and choose the gems of the industry that are set to blow these averages out of the water and bring you the price action needed to make serious returns.

Checklist

Picking and choosing can start with Pfizer, the smallest of the three in this list, small being \$162.5 billion. Analysts have released their bold estimates for EPS growth at 46.1% in the next twelve months, which is 290.1% above the industry's average growth.

With this in mind, it should be no surprise that these same analysts have landed on a consensus price target of \$40.3 a share for this stock. Proving these targets right would require the stock to rally by as much as 48.4% from today's prices.

But wait, there's more. Because this stock is trading at 49.0% of its 52-week high prices, making it the worst performer in the space, management comes to reiterate how undervalued the stock is by paying you 6.0% in an annualized dividend yield, which simply beats inflation and the 10-year treasury yield.

This is a tough act to follow, but rest assured the rest of the list carries its own set of explosive marks. Merck analysts are expecting EPS to grow by 522.6% over the next twelve months; the math is just too crazy to explain how high above the industry average this one is.

With a \$125.1 price target, there is still a double-digit upside from today's prices in this stock as well, to the tune

of 16.9%. You can now see how following the money (jobs) can pay off in terms of wealth building.

Last but not least, you have Eli Lilly to worry about. For this household name, analysts see EPS jumping by 92.1% over the next year, multiples higher than the industry average.

So there you have it; if upside momentum is essential to you, you may want to stick with Eli Lilly, considering it trades at 95.0% of its 52-week high. But if, instead, dividend income and value are at the top of your checklist, you know that Pfizer is a better watchlist candidate.

Either way, jobs are going to the space, and so is the money, so choose wisely.

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