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HORMEL FOODS POTENTIAL BREAKOUT

Sector: Consumer Staples – Packaged Foods & Meats
(HRL-N: US\$37.58 Dividend: \$0.75; Yield: 2.00%; Market Cap \$19.94B)



Hormel Foods had a sharp rise from \$25.06 to \$45.72 from early-2015 to early-2016 (A-B) and then reversed this trend as it fell below its 40-week Moving Average (40wMA – C). The stock stayed below a falling trend-line for almost two years (dotted line) but rallied above its 40wMA in late-2017 to signal the end of the down-trend (D).

Recent price action of higher lows (solid line) suggests the stock is ready to start a new up-trend, however, only a sustained rise above ±\$38 (shaded area) would confirm a breakout and the start of a new up-leg. Behaviour indicators including the 40-week Moving Average (40wMA) and the rising trend-line (solid line) confirm the bullish potential. Only a decline below \$34.50-35.00 would be negative.

A rise above \$38 would signal Point & Figure targets of \$43 and \$47 (14% and 25% appreciation potentials from current levels). Higher targets are visible.

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