



Growth Investing: Which Stocks Should You Buy in December?

Description

Two emotions are governing the markets at the moment: greed and fear. Some signposts are pointing towards to greed. For instance, the needle of the *CNN* Fear and Greed Index is currently pointing firmly at “Extreme Greed.” The conventional reading puts this down to a combination of Biden bullishness and Big Pharma breakthroughs.

But at heart, momentum is being driven by *relief* — relief that that the high-stress U.S. election has reached a conclusion at last. And relief that vaccines may soon be available to hopefully put an end to the grinding pandemic. It's been a taxing, even exhausting, few weeks on the stock markets. While uncertainty is an ever-present companion when investing, 2020's final quarter has been extremely nerve-wracking.

Playing a long game with growth stocks

Investors could make a tidy profit with the amount of green ink sloshing about in the stock markets. Right now is an excellent time to start trimming some bloated, but underperforming stocks from a personal investment portfolio. Popular work-from-home stocks look like they have reached their peak, for instance. But the social conditions behind the trend could have further to go.

The so-called work-from-home growth thesis has plenty of room for more than just a few obvious trends. Capital gains investors still have upside to squeeze from this trend. Investors should keep an eye on new IPOs [coming in December](#). But there are other names that could have still further to climb, and some of them aren't even digitalization stocks.

Investors should therefore also look beyond tech, and consider names such as **Leon's Furniture**, which could have 15% upside. That's actually more upside potential than popular tech stock, **Lightspeed**. Consider the focus on the lockdown, and the remote working trend generally. Investors should examine their financial goals and adjust their expectations accordingly.

Homeware could be a money spinner if the pandemic lasts longer than the markets seem to be predicting. The recent glut of vaccine rallies, from **Moderna** to **Pfizer**, could prove unsustainable. At

the end of the day, only an end to the pandemic will provide the [backstop to market uncertainty](#).

A tale of two pandemic theses

Indeed, despite the phenomenal bullishness that has seen the markets picking up speed lately, the outlook for the year ahead is actually fairly bleak. A decision on the U.S. election has triggered what might turn out to be the last big hurrah of the pandemic market. After this, big stock market rallies could be all down to vaccine breakthroughs. Meanwhile, popular momentum stocks are dangerously overvalued and economies are creaking.

That's not a great mix. But there's still time to squeeze some upside from the pandemic. Homeware is one option, while some tech names supporting a locked-down buyers' market could still satisfy. A recovery will see investors piling into beaten-up value stocks. But until then, growth investors will have to navigate a space dominated by rich names teetering at their peak, interspersed with lockdown stars on the verge of breaking out.

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