



## 2 Cheap Stocks to Buy Before a Santa Claus Rally

### Description

The **S&P/TSX Composite Index** is still in correction mode. After reaching all-time highs, the index came down by 6% to where it is as of writing. But there's one thing that Motley Fool investors can usually look forward to every year for a rebound, and it may already be underway. That's the Santa Claus rally.

The Santa Claus rally happens around the holidays for a variety of reasons. For the glass-half-full crowd, it's usually a positive attitude towards the New Year. For the glass-half-empty people, it's usually related to more sales around this time of year. With cash on hand, either side wants to put some cash aside for investment. But you have to find the right cheap stocks to buy.

So, today I'm going to look into some cheap stocks you might want to consider before the Santa Claus rally sends them climbing.

### Shopify

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) certainly has a few reasons to keep the tech stock on your wish list. From the outside, it certainly doesn't look like one of the cheap stocks to consider during the Santa Claus rally. However, given its current performance at a time of supply chain disruptions, I'd argue it certainly is.

Shopify stock smashed expectations during its Black Friday to Cyber Monday sales. The company reached a record \$6.3 billion in sales. This was a 23% year-over-year increase from 2020, and double 2019 levels. What's more, the holidays aren't done yet. Shopify stock has new improvements to make sure customers get their products in time for the holidays, and it offers easy ways to find what you're looking for with new search methods.

Yet shares are down 15% from all-time highs, offering a [solid](#) time to jump on this stock. When Shopify stock releases another strong earnings report in the next quarter, you'll wish you had jumped on it before the Santa Claus rally.

## Aritzia

Honestly, I would still consider **Aritzia** ([TSX:ATZ](#)) one of the cheap stocks to buy before the Santa Claus rally. Yes, it's trading near all-time highs. However, its recent earnings report proves there is likely even more major growth on the way.

During its last earnings report, Aritzia skyrocketed thanks to incredible growth in the United States, and in the e-commerce sector. Net revenue was up 75% year over year, with e-commerce [revenue](#) up 48.7%. Adjusted EBITDA blew up, more than double the year before and almost five times the quarter before.

Now investors have Black Friday sales and holiday sales to look forward to for the next quarter. This could see revenue up yet again and another major boost in share price. The last earnings report, Aritzia climbed 22%. Shares are now up 104% year to date.

## Foolish takeaway

Both of these cheap stocks may not have a super low share price, but based on future growth and valuations they are solid buys — especially as the Santa Claus rally gets closer. Holiday sales are coming, and Shopify stock and Aritzia are likely to see massive sales increases with retail stores and e-commerce opening and growing every day.

### CATEGORY

1. Investing

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1. NYSE:SHOP (Shopify Inc.)
2. TSX:ATZ (Aritzia Inc.)
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