



Santa Claus Rally: 2 E-Commerce Platforms to Watch Closely

Description

The Santa Claus rally: it's real, and it's here. The rally is something that investors interested in e-commerce stocks should pay close attention to.

What is the Santa Claus rally?

For those unaware, the Santa Claus rally is a [phenomenon](#) that occurs around the holidays each year. In fact, you can get even more specific than that. Analysts have found it happens during the last five trading days of the year and first trading sessions of the new year.

But the question is, why? The sustained increase in the stock market during this time is generally a "feeling." Call it the Christmas spirit, but the markets become full of optimism for the new year ahead. They think next year will be different, and that optimism fuels change in the market.

But if you want to take a more rational approach, there certainly is one. It's during this time that the large institutional investors go on vacation for the holidays. Without their input, the market is in the hands of retail investors who tend to go with their gut rather than data. Usually, they tend to be more bullish. And that could lead to a surge in e-commerce stocks during this year's Santa Claus rally.

Why e-commerce stocks?

Left to the hands of retail investors, it's very likely e-commerce stocks could see a boom surrounding this renewed optimism. The Santa Claus Rally will likely be fueled by those doing their last-minute holiday shopping. As they shop, seeing malls open for the first time in almost two years, packages arriving at their doorstep, many investors may wonder how to get in on this action.

The answer seems clear enough: e-commerce stocks. Whether it's buying products to ship to your home or businesses using these e-commerce companies, revenue is likely to soar during the holidays. And while, rationally speaking, that cannot last into the new year, emotionally, it feels like very real growth.

What to watch

Does this mean you should stay away from e-commerce stocks? Yes and no. It really depends on the e-commerce stock itself. One may see a vast improvement that's warranted during the Santa Claus rally. Another, not so much.

But two I would watch in the near future are **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). Shopify has seen a pullback during this recent Omicron variant, inflation, and supply chain drama. Yet it's not really warranted. The company saw the best numbers it's ever posted during its Black Friday season. Further, the holidays are still upon it. This could lead to more [record](#) numbers for Shopify stock.

Even better, Shopify remains a strong company that isn't disrupted by supply chain woes. It has its own payments, shipping, fulfillment centres — all of it. This allows customers to receive their products quickly and in time for the holidays. And that means even more revenue coming its way. Yes, the stock offers strong value, trading down 23% from 52-week highs.

Then there's Lightspeed Commerce. Lightspeed became the victim of a short-seller report, sending shares down 30%. Since then, shares continued to drop, down about 70% as of writing. This came after the company announced an increase in losses to \$59.1 million and that supply chain disruptions would affect the next [quarter](#).

But analysts believe the selloff is completely overblown. In fact, its target price remains at around \$125 per share. That's *triple* what it trades at today. This offers a strong comeback for those willing to get in and wait for Lightspeed Commerce to rebound. And honestly, with a Santa Claus rally on the way, you may not have to wait long.

Foolish takeaway

E-commerce stocks should be one of the best investments you make right now for the Santa Claus Rally. Whether it's because you receive a holiday bonus, or institutional investors aren't around, a rally is likely to happen. You can start the new year off right by watching these e-commerce stocks to see what happens.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)

2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/07/08

Date Created

2021/12/16

Author

alegatewolf

default watermark

default watermark