

Three of the Most Oversold Holiday Stocks to Own

U.S. retailers are on track for a healthy holiday season.

Analysts at Deloitte say retail sales could surge between 4.5% and 5% between November and January, as retailers rake in up to \$1.1 trillion in sales.

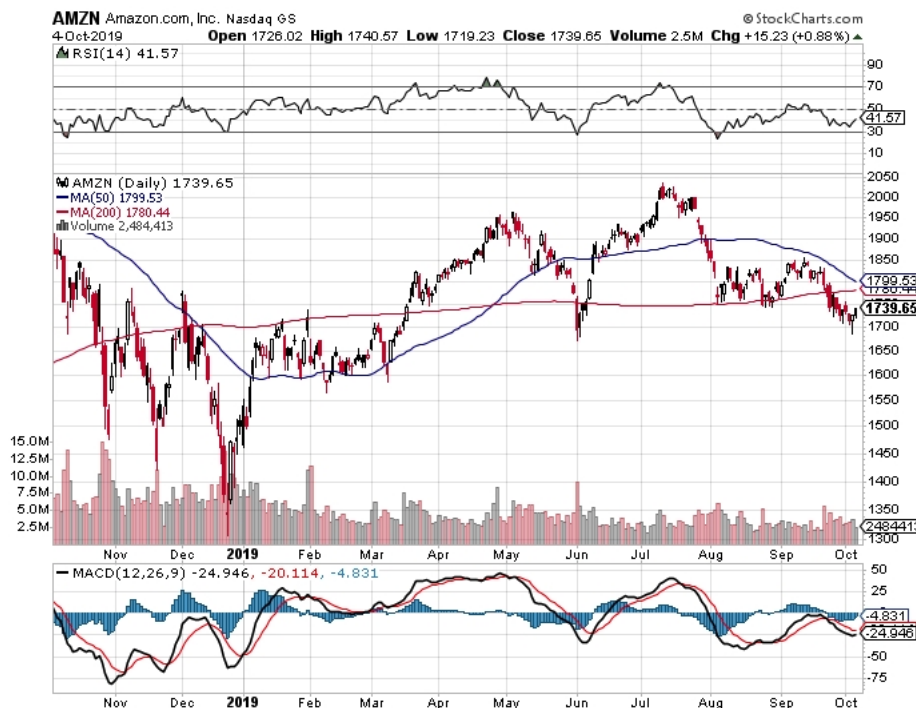
“Near record-low unemployment rates, coupled with continued monthly job creation, may encourage people to spend more during the holiday season. The economy is still growing, albeit at a slower rate. Additionally, we continue to see consumer confidence elevated, which also helps boost holiday spending,” they said, as quoted by Fox Business.

The National Retail Federation is forecasting a strong 2019 holiday season. In fact, it believes sales will grow between 3.8% and 4.2% year over year with U.S. retailers racking in between \$727.9 and \$730.7 billion. “The U.S. economy is continuing to grow, and consumer spending is still the primary engine behind that growth,” Shay said. The U.S. unemployment rate is low – 3.7 percent, according to the Bureau of Labor Statistics.

That being the case, we went searching for some of the most oversold stocks on market – and could see powerful upside momentum. Those include:

Holiday Stock No. 1 – Amazon.com (AMZN)

No retail stock list is complete without Amazon.com.



At the moment, the stock is oversold after pulling back from \$2,000 a share. Even David Tepper, president of Strategic Wealth Partners says, “We think fair value is somewhere between \$2,000 and \$2,400 a share, so plenty of upside here,” as quoted by CNBC. “From an e-commerce standpoint, nobody can match them when it comes to price and convenience. Yes, they’re spending some money right now on one-day shipping but that’s a short-term drag and that’s actually going to make them much, much stronger in the long run.”

Holiday Stock No. 2 – Ulta Beauty Inc. (ULTA)

After a poor third quarter report and cut to its outlook, ULTA fell out of favor. However, it now appears the stock is greatly oversold – with insider buying. CEO and Director Mary Dillon just bought \$308,000 worth of stock. Director Charles Heilbronn also bought 243,800 shares in late September 2019. Trading at just 18.8x forward earnings, ULTA appears far too cheap.



Holiday Stock No. 3 – UPS (UPS)

UPS pushes higher in holiday seasons, as well. It's done so for the last four years. With e-commerce growth increasing, UPS should continue to do well. Plus, it's now trading at just 14x growth estimates, and even comes with respectable dividend yield just over 3%.

UPS United Parcel Service, Inc. NYSE

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Open 116.14 High 117.80 Low 115.93 Close 117.49 Volume 2.3M Chg +1.59 (+1.37%) ▲

▲ RSI(14) 48.20

