

Seasonal Trading: Four of the Best Ways to Trade the Holidays

Most of us are well aware of the seasonal trading patterns around the holidays.

Most of us are also well aware that companies whose sales and profits ramp up in the holiday season are great stocks to buy for a short-term run-up.

If you see that a particular stock has run up year after year, it's a great indicator that you may want to buy a stock like Best Buy, or FedEx before a big seasonal move higher.

Other than the holidays, we can trade stocks on the winter patterns, too. We can even look to businesses like Home Depot (HD) that sell snow shovels and heaters. Or, even a stock like VF Corporation, which owns The North Face and its warm coats.

In short, never ignore seasonality. It could be costly.

Here are four hot stocks that have a history of running higher around the holidays.

Seasonal Holiday Stock No. 1 – FedEx (FDX)

In most years, shares of FedEx have turned higher in the holiday-shipping season.

All as millions of packages are delivered all over the country for the holidays. This year should be no different. In fact, Nancy Perez, managing director and senior portfolio manager at Boston Private, thinks e-commerce should translate into another healthy season for FedEx. She sees revenue growing by double digits as it continues to gain traction from the strong U.S. economy.

Better yet, it's one of the few companies that benefit from Amazon shipping, rather than suffering from it as other retailers have.

Seasonal Holiday Stock No. 2 – Best Buy (BBY)

Best Buy is one of the stocks that typically does just this. Just last year, the stock ran from \$55 to \$80 during the holidays. The year prior it ran from \$35 to \$45. Now, after a recent pullback with the markets, we expect to see higher highs. Better yet, Best Buy should benefit from a broad uptick in consumer spending.



Fundamentally, things look strong. In fact, it just posted better than expected earnings thanks to stronger same-store sales. The company just posted EPS of 93 cents, as compared to estimates for just 85 cents. Technically, BBY is ridiculously oversold below its lower Bollinger Band (2,20). RSI, MACD and Williams' %R are all exceptionally oversold, as well. Near-term, we believe the stock could test \$72.50, as we head into the holiday season.

Piper Jaffray just reiterated its overweight rating on the stock with an \$87 target. Key Bann Capital Markets has maintained its sector weight rating. And Raymond James reiterated its strong buy rating with a price target of \$85 a share.

Seasonal Holiday Stock No. 3 – Target (TGT)

Much like Best Buy, Target has a history of running higher in the holiday months. In fact, in three of the last four holiday seasons, the stock accelerated higher. Now that's it's become oversold on earnings, it could very well accelerate higher yet again. Plus, technically, it's the most oversold it's been in quite some time. It's at its lower Bollinger Band (2,20). And RSI, MACD and Williams' %R are all deep in oversold territory.

While it struggled with earnings in the last quarter, missing on revenue by \$110 million, same store sales and traffic still continue to grow. Its online business is growing, too. In fact, its 49% online growth was faster than the 41% growth in the second quarter.

Seasonal Holiday Stock No. 4 – Activision Blizzard (ATVI)

A very oversold Activision Blizzard is also a holiday stocking stuffer this year. It's also greatly oversold, technically at its lower Bollinger Band (2,20), MACD, RSI and Williams' %R are also oversold at this point,

ready to bounce higher. While there have been hiccups this year in the gaming sector, ATVI has a solid history of running higher in the holiday months. In fact, in each of the last five years, it's run higher around the holidays.

