

Santa Claus Rally: Is this a real phenomenon?

DIGITAL ENGAGEMENT TEAM

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TRADING MATTERS SERIES: NEWS FOCUS

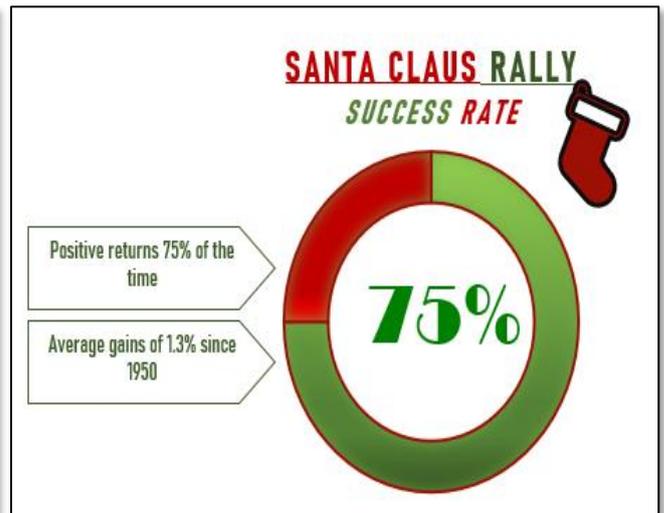
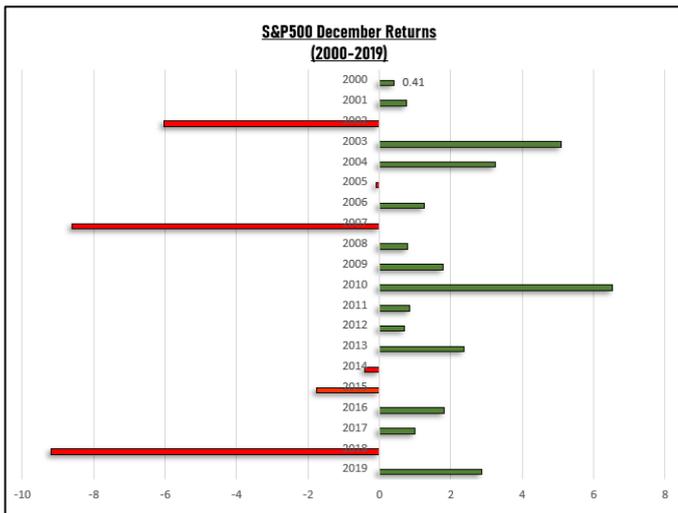
The summary and impact of a major news event

What you need to know:

What is happening?

The year-end holiday season comprises various important and widely celebrated holidays like Thanksgiving, Christmas and the New Year. It runs from late November to early January, and includes a phenomenon, affectionately dubbed the "Santa Claus Rally", where the stock market tends to rally over the last week of December through to the New Year.

What can we expect?



Source: Barron's, Bloomberg, CNBC

- Historical trends over the past two decades show the S&P 500 index rising in the month of December for 14 out of the past 20 years
- The stock market has posted a 1.3% gain on average since 1950 during the final 5 trading days of the year and first 2 trading days of the new year, along with positive returns 75% of the time

What are the sectors to watch?

- Seasonal sectors such as E-Commerce, Retail and Transportation & Logistics industries are featured below. According to USA Today, travels are expected to increase this holiday season, which would give the hospitality industry a boost.
 - E-Commerce
 - Retail
 - Transportation & Logistics
 - Hospitality

E-Commerce

With Adobe Analytics forecasting a 33% surge year-on-year in online sales for this holiday season on the back of online shopping frenzies that traditionally accompanied days like Cyber Monday and Black Friday, as well as the Christmas shopping season, E-commerce companies are well-poised to reap the full rewards of this holiday season.

Name	Market Cap (in USD)	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
SHOPIFY INC - CLASS A (SHOP US)	130.57 Billion	1,069.06	1,113.01	4.11%	N/A
AMAZON.COM INC (AMZN US)	1,615.68 Billion	3,220.08	3,813.13	18.42%	N/A
SEA LTD-ADR (SE US)	87.62 Billion	177.38	200.41	12.98%	N/A

Retail

According to Deloitte, retail sales during the holiday season are expected to rise 1-1.5% from the previous year. Consumer demand for goods and services have historically strengthened during the last 2 months of the year. Many of the largest retail brands have also adopted their own digital platforms to cater to the more tech-savvy crowd.

Name	Market Cap (in USD)	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
WALMART INC (WMT US)	432.54 Billion	152.64	160.54	5.18%	1.42%
TARGET CORP (TGT US)	89.66 Billion	179.05	187.23	4.57%	1.52%
HASBRO INC (HAS US)	13.18 Billion	96.19	97.00	0.84%	2.83%

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 02 December 2020, 6pm (SGT)

Transportation & Logistics

In line with the forecasted spike in retail sales, Salesforce has predicted the volume of packages to exceed shipping capacity by 5%. According to Rakuten Intelligence, the U.S. Postal Service has also started bracing itself for a spike in volume this holiday season. Some Transportation & Logistics companies have also begun offering new initiatives like same day deliveries and curbside pickups, as well as announcing holiday surcharges.

Name	Market Cap (in USD)	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
FEDEX CORP (FDX US)	75.56 Billion	287.76	293.64	2.04%	0.90%
UNITED PARCEL SERVICE-CL B (UPS US)	145.18 Billion	167.96	170.89	1.74%	2.41%
COSCO SHIPPING PORTS LTD (1199 HK)	2.23 Billion	5.22	5.85	12.03%	6.07%

Hospitality

Despite the ongoing pandemic and overseas travel restrictions, USA Today has predicted an increase in travel this holiday season. Locally in Singapore, The Straits Times has also reported that hotels are experiencing strong demand for the upcoming year-end period.

Name	Market Cap (in USD)	Last Done Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
WYNDHAM HOTELS & RESORTS INC (WH US)	5.35 Billion	57.42	60.25	4.93%	0.56%
WYNN RESORTS LTD (WYNN US)	11.04 Billion	102.36	96.33	-5.89%	N/A
SANDS CHINA LTD (1928 HK)	34.91 Billion	33.45	37.14	11.02%	N/A

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 02 December 2020, 6pm (SGT)

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