



Will there be an end of year rally?

The festive season can, and often does reward investors with a stock market rally, this period is commonly known as the Santa Rally. The FTSE 100, for example, has produced a seasonal rally during December twenty four times in the past thirty years. During the past three decades the FTSE 100 has also produced a December rally with positive returns delivered on 80% of occasions.



Statistics clearly underline the fact that the markets tend to be resilient in the last month of the year and have rallied even in challenging times. For example, during December 2008, whilst locked in a 17-month bear market and global financial crisis. There was positive growth again in 2020 and 2021 during the pandemic.

One reason which drives the now famous Santa Rally are the trading volumes around the Christmas period, these can, and often have amplified the upside. Furthermore, money managers tend to position for the year ahead, doing so just before the holiday break, ahead of the reporting period.

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