

The Top 3 Ways to Trade the Video Game Boom

Video game stocks have become some of the most exciting opportunities.

In fact, games could help usher in a \$257 billion opportunity by 2025.

"Gaming is one of the largest and fastest-growing forms of entertainment in the world. We expect there to be more than \$200 billion of revenue in this industry in 2021," Kyle Vikstrom, Microsoft's director of investor relations said, as quoted by CNN.

The sector, which has thrived during the pandemic, is seeing further, exceptional demand from the 2020 holiday season, from the release of new gaming consoles, and from further pandemic lockdowns.

Plus, according to the NPD Group, U.S. gamers bought \$11.2 billion worth of video game content just in the third quarter. That means American gamers increased their spending on computer, mobile, and console products by 24% year over year. Plus, with new console launches from Sony and Microsoft, fourth quarter sales could be even higher.

"Surging demand indicates the United States could have the world's largest video industry by revenue for the second half of 2020," reports The Burn-In. "If that happens, the U.S. gaming market value will have topped China's for two quarters in a row. That could mean America could hold onto the top gaming region crown for Q1 2021."

With video game growth showing no signs of slowing, here are some of the top stocks to own.

Opportunity No. 1 – Activision Blizzard (ATVI)

Since bottoming out at \$74 in November, the stock exploded to \$85.21 and could test \$88, near-term. Helping quite a bit, its "World of Warcraft: Shadowlands" has just become the fastest selling PC game of all time. In fact, it just sold 3.7 million copies in its first 24 hours around the world, breaking a record set by "Diablo III" in 2012.



"In the months leading up to the expansion's release and the time since launch, the game reached and has sustained its highest number of players on monthly or longer-term subscriptions compared to the same period ahead of and following any WoW expansion in the last decade," the company said in a press release.

Opportunity No. 2 – Electronic Arts (EA)

Electronic Arts is another hot gaming stock to own. Since the start of December 2020, the stock has run from about \$120 to \$137.56, and could see higher highs. Helping here, EA just bought game developer Codemasters for \$1.2 billion, outbidding Take-Two Interactive.



“EA clearly wants to position itself as the leading publisher in the racing games space,” Louise Shorthouse, senior games analyst at Ampere Analysis, told CNBC. She added this deal could “expose Codemasters’ broader catalogue to a larger audience,” as its games would likely launch on EA’s subscription service EA Play.

Opportunity No. 3 – Global X Video Games & eSports ETF (HERO)

Another great way to trade the video game boom is with an ETF, such as HERO.

In fact, you can clearly see just how popular the industry has become with the Global X Video Games & eSports ETF (HERO), which ran from a March 2020 low of \$14 to \$29.90.



One of the best ways to diversify your EV portfolio is with an ETF, such as this one. Not only does this ETF give investors exposure to gaming stocks like Nintendo, NVIDIA, Activision Blizzard, and Take-Two Interactive, it does so at less cost.

For example, if you were to buy 10 shares of every listed stock, it would cost thousands of dollars. But, with this ETF you can gain exposure at less than \$30 a share.