

Momentum 2004: Return of the Swing



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(BOSC:Nasdaq - news - research) are going out with a bang, as momentum traders appear to have found new flavor-of-the-moment stock.

In midday trading, the stock of the tiny Israeli technology company were up \$1, or 35%, \$4.35, emerging as the highest percentage gainer on the Nasdaq. By lunchtime, BOS had traded 1.2 million shares, nearly 100 times its normal volume.

For the week, shares of the company with less than \$6 million in annual revenue are up 83%, with the most of the action coming in the past two days. Before the big gains, shares of BOS were looking at closing out 2004 down 18%.

There's little obvious news driving the trading in BOS. The last press release from the company was on Nov. 29, when it announced third-quarter earnings. They weren't much to cheer about.

In the quarter, BOS lost \$385,000, or 9 cents a share, compared with a profit of \$166,000, or 10 cents a share, in the year-ago period.

Rather, what appears to be driving the sudden interest in shares of BOS is the fact that it's a so-called low=float stock with just a few million shares available for trading. The scarcity of shares makes a stock like BOS prone to volatility, when daytraders grab hold of it.

Throughout 2004, daytraders and momentum players have flitted from one obscure stock to another, feasting on the volatility created by their low share count. It doesn't matter that many of these companies have dismal business prospects.

Some low floaters such as Travelzoo (TZOO:NYSE - news - research), the online travel publishing company, which is up more than 1,000% this year, have demonstrated incredible staying power.

But most that caught the fancy of traders earlier this year are now all but forgotten. Remember the frenzied trading in shares of Mamma.com (MAMA:Nasdaq - news - research), IPIX (IPIX:Nasdaq - news - research), Magal Security (MAGS:Nasdaq - news - research), Unifab International and Vaso Active Pharmaceuticals?