Shares in Cineplex Inc (TSX:CGX) Are up 16% Over the Past 2 Months: Do You Buy Now or Wait for the Next Dip?

Description

Shares in Canada's leading film exhibitor **Cineplex** (TSX:CGX) are up more than 16% over the past two months. That's a long-overdue relief for investors who have been patient enough with the company to withstand the wild ride that's been the story of Cineplex for a little over a year now.

CGX stock had lost more than 45% of its value in under a year, falling from an all-time high just north of the $50 mark reached last July to a five-year low marked earlier this spring.

But, as history often proves in the markets, it looks like this can simply be attributed to another case of "Mr. Market" having a tantrum when he isn't completely satisfied with what he sees.

Following a tremendous run following on the heels of the financial crises that saw the shares of CGX rise more than five-fold, movie attendance was down in 2017, and that had the "bears" sparking a stampede for the exits — almost the same way as if you were to yell "fire" in a crowded theatre.

Many questioned whether this would finally be the end of the North American tradition of going to the movies. And in light of more and more competition coming from mobile technology, illegal pirating, and online streaming services, it isn't too difficult to buy into the fear.

Yet as many contrarians were quick to point out at the time, predicting success at the box office is an impossible task for even the most seasoned Hollywood veterans. So, just because Hollywood went on a disappointing losing streak last year in terms of box office receipts, it didn't necessarily mean that movie theatres were about to go the way of the dodo bird.

The trend started to turn course early in 2018.

North American box office receipts are trending above 2017 levels thanks to strong showings from films like the record-breaking *Black Panther*, the latest *Avengers* film, *Incredibles 2*, and *Jurassic Park*.

And surely enough, now those who were once "out" are looking to get back "in" again. But if you aren't already "in," or maybe if you're looking to add to an existing position, what are your options following the latest rally?

In cases like these, the smart move is usually to hedge your bet.

Buying, for example, half or even a third of your desired stake today eliminates the risk of not getting any of the action should the CGX stock continue to rally.

Yet it also isn't going to be nearly as costly should the stock retrace some of its recent gains — something that happens way more than most investors would care to admit.

Bottom line

A very recent case study Fools may want to take note of in light of the above is that of the price action in **BlackBerry** stock over just past week.

BB stock shot up by at one point more than 15% following a strong earnings beat, and if you happened to get caught up in the hype at the time, it was difficult to hold off on buying in to the story.

Yet shares have since then given back all of those gains and more.

Mind you, that doesn't necessarily mean that the "bulls" were wrong to get in at the time, but it adds support to the notion that investing is a long game; it's patience and discipline that are ultimately rewarded over impulsiveness and "chasing returns."

Remember that there are plenty of fish in the sea, and in light of the recent run-up, investors may be okay to put a little capital into CGX for now, but they may want to hold off a little longer and wait for the next significant pullback so that they can "buy on the dip."

Cineplex shares are currently paying shareholders an annual 5.13% dividend yield.

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