



Coronavirus Fears Make This Stock a Winner

Description

As of February 27, 13 cases of the coronavirus disease (COVID-19) have been confirmed in Canada.

Although the Public Health Agency of Canada (PHAC) has assessed the public health risk associated with the coronavirus as low, the Center for Disease Control (CDC) in Atlanta issued an ominous warning on Tuesday.

Dr. Nancy Messonnier, director of the CDC's National Center for Immunization and Respiratory Diseases, said, "It's not so much a question of *if* this will happen anymore, but rather more a question of exactly *when* this will happen and how many people in this country will have severe illness."

The CDC tweeted Tuesday evening that Americans should think about preparations for a full-blown pandemic. This news was enough to spook the North American markets.

As of this writing, the **Dow Jones Industrial Average** has dropped to 26,560 after hitting a record high of 29,568 just two weeks prior.

Even as the broader market has plunged this week, one stock has benefitted from the news regarding the disease.

Gilead's drug shows promise

U.S.-based **Gilead Sciences, Inc.** ([NASDAQ: GILD](#)), appears to be the leading bio pharmaceutical company in the quest to find a vaccine for the coronavirus. The research-based company is known for its discovery, development, and commercialization of medicines in the areas of unmet medical needs in the United States, Europe, and internationally.

In an announcement late last week, the U.S. reported that it's planning a clinical trial of Gilead's experimental drug for the virus. The drug, Remdesivir, is an experimental antiviral drug that has shown some promise against other coronaviruses that cause SARS and MERS.

The day after the announcement, Gilead's shares rose 4.6%, even as the broader market was getting hammered.

As reported by *The Wall Street Journal* on Wednesday evening, Gilead has announced it will begin late-stage studies of its experimental treatment for the coronavirus in March. The company is reportedly planning to conduct two studies with a total of 1,000 patients across mainly Asian countries, as well as other nations with high numbers of diagnosed patients.

As of this writing, Gilead's stock is trading at \$73.28, up significantly from its 52-week low of \$60.89.

One losing stock

As Gilead's stock is benefitting from the fears of a coronavirus pandemic, another stock is tanking as the company waits to feel the total impact.

Only a short time ago, **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) was one of Canada's top-performing stocks. Not long after the company's IPO in March 2017, the shares tripled in value to an all-time high in November 2018.

But now, Canada Goose is having serious trouble with what was once considered its greatest growth opportunity: China.

Just as Canada Goose was preparing for a grand launch of its products in China, trade tensions were causing havoc in the markets. Now, the fears of a trade war have been taken over by fears of a global pandemic.

China is the world's largest luxury market, and Canada Goose had grand plans to capitalize on its popularity in the West with a huge launch of its products into the Chinese market. Last year, [international sales accounted for one-third of the company's sales](#), with plenty of room to grow.

Unfortunately, the impact of the coronavirus will not become fully evident for some time. The stock is currently trading less than 25 times forward earnings. This number is a far cry from just two years ago, when the stock was trading well over 100 times earnings.

Only time will tell whether the impact of the coronavirus is short-lived or whether it will cause longer lasting pain to one of the **TSX**'s former shining stars.

CATEGORY

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