
Coronavirus Shutdown: Should You Avoid These Stocks?

### Description

The coronavirus outbreak has inspired governments around the world to take radical steps to reduce the rate of infection. Officials are encouraging citizens to aid in this effort to “flatten the curve,” so as not to overburden healthcare systems. Governments across Canada have taken steps to lock down cities to contain the outbreak in the past week.



There is no concrete timeline for how long this shutdown will last. Significant sectors of the economy have already been ravaged by these precautions. As a result, the human cost in this crisis is impossible to calculate. Thousands of employees have already been forced out of work. Today, I want to look at three of the highest-risk sectors right now. Readers should not expect respite in the near future.

## Restaurants in trouble

Ontario declared a state of emergency on the morning of March 17. Premier Doug Ford advised all restaurants and bars to close their doors. Many restaurant-owners have obliged in the days that followed, and this has pushed countless employees out of work. OpenTable, an app that provides reservation services, shared data that showed a 47% drop in reservations in Canada year over year. Toronto posted a 54% decline.

Restaurant stocks have been battered in recent weeks. **MTY Food Group**, which operates brands such as Country Style, Extreme Pita, Tiki Ming, and others, has seen its stock plunge 66% over the past month as of close on March 19. **Recipe Unlimited** operates restaurant chains that include Kelsey’s, Milestones Grill and Bar, and The Keg. The Keg recently announced that it was closing all locations across Canada. Recipe Unlimited stock has dropped 51% over the past month.

## Coronavirus the “worst crisis since 9/11” for airliners

The federal government announced that it was closing its borders to non-citizens and non-residents this week. It restricted international travel to four airports. Airlines will be required to bar any passengers that show symptoms of coronavirus.

Airliner stocks have been throttled since February. **Air Canada** stock was one of the highest performing in the past decade. Its shares have plunged 73% over the past month. Historically, airliners have been [especially susceptible to volatility in a recession](). Meanwhile, Warren Buffett recently moved to [buy the dip in airliners](), though this is one bet that may have bitten the legend in recent weeks.

## Casinos are in crisis due to coronavirus

Entertainment sites that serve as large public gatherings are experiencing mass closings. Consequently, casinos are going to be hard hit during this shutdown. As a result, industry leaders in the United States have already started to lobby Washington for a bailout.

**Great Canadian Gaming** operates casinos across Canada. Earlier this week, the B.C. Lottery Corporation confirmed that all gaming centres and bingo halls across the province would be closed. Its stock drop 51% month over month as of close on March 19. The performance of online gaming operators like **Stars Group** may be harder to predict but are likely a better bet in the near term.

## The timeline right now



A timeline for this lockdown is fuzzy right now. Governments have adopted a wait-and-see approach. France announced that its shutdown would stretch for 30 days. However, it could easily revisit this if the situation on the ground remains dire at the end of the period.

The most optimistic outlook from medical professionals and government officials indicates that this shutdown could stretch one to two months. There would be significant near-term economic damage, but a return to normalcy by the late spring would mean a return to growth by the end of the year is possible. A longer shutdown — in the four-to-eight-months range or longer — would be catastrophic for these sectors and for the economy at large. In conclusion, investors should take extreme caution and avoid these at-risk sectors right now.

**CATEGORY**

1. Coronavirus
2. Investing

**PARTNER-FEEDS**

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Coronavirus
2. Investing

**Date**
2025/08/24
**Date Created**
2020/03/21
**Author**
aocallaghan