2nd Wave of Coronavirus: Avoid These Stocks No Matter How Cheap They Get

Description

Over the past few weeks, we have seen major volatility return to financial markets. This will only get worse with the second wave of coronavirus now starting to hit Canada as well as many other countries. So, there is a very good chance of another selloff before the years out

Of course, after the significant rally earlier this year, many investors will want to make sure they buy the best **TSX** stocks as they can.

Savvy investors know that market crashes are rare opportunities that must be taken advantage of. However, you don't want to make the mistake of buying super-cheap stocks that may never see a recovery.

Not only will you potentially lose money on these investments, which is always a reason to avoid an investment. Furthermore, though, the opportunity cost of missing out on a much better stock could be thousands of percent higher years from now.

Here are two popular TSX stocks I'd caution investors to avoid the next time there's a market crash. With the second wave of coronavirus just starting to hit us, there is extreme uncertainty regarding how long it will last and how badly these businesses will be impacted.

I would definitely be careful to avoid these investments, no matter how cheap they get.

Continue to avoid the airlines

If the market crashes again during the second wave of coronavirus, I would continue to avoid **Air Canada** (TSX:AC). In fact, I would avoid the stock altogether until things are well on their way to getting back to normal.

Even as things started to recover for Air Canada this summer, operations were nowhere near thelevels of 2019. And with the second wave now starting to hit many countries, it looks like things willonly get worse before they get better

It's going to be a while before Air Canada is worth an investment, in my view, and at this point, it's impossible to predict the long-term impacts it's going to have on the company.

That's why I would caution investors to avoid it. Not only will you be tying your money up in a stock that likely won't do much for a few years, but you'll also be taking unnecessary risks to do so.

As cheap as Air Canada looks, the market has priced it that way for a reason.

Business to avoid during the second wave of coronavirus

If cities, regions, and provinces can't get the virus under control again, there will inevitably be more shutdowns, like we saw in the spring.

That's why I'd strongly caution investors to avoid a stock like **Cineplex** (TSX:CGX). Some cities have already started to order movie theatres closed due to the second wave of coronavirus. That, without a doubt, will impact Cineplex considerably, especially if it impacts its full suite of entertainment locations.

The company just finished getting all its locations open just over a month ago and is now facing the risk of massive closures.

This will undoubtedly impact the share price, as it's another blow to a company that's been hammered by the pandemic.

Cineplex has several headwinds at the moment that make the company's short-term outlook like quite bleak. Plus, there is considerable uncertainty about the duration of the second wave of coronavirus. So, similar to Air Canada, it's just not worth an investment at this point.

Bottom line

Sometimes the best investments are the ones you don't make. In this case, avoiding both these stocks for at least the next six months is highly recommended. There is just so much risk with very little upside potential.

And that cash can better be put to work in several other high-quality, recession-proof TSX stocks.

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2. TSX:CGX (Cineplex Inc.)

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