



## Canada's Vaccine Deal Could Skyrocket This Stock

### Description

Many Canadians might have had it with the pandemic and the **TSX** as it struggles to recover from the March 2020 market crash. Some investors might even be considering adding U.S.-based companies to their investment portfolios because the stock market across the border seems to be performing better than within our borders.

However, Canada has stocks that can see a sustained and significant growth after the pandemic. Canadian companies across the board took a massive beating with the onset of COVID-19. Most companies have recovered to pre-pandemic pricing except for businesses in some of the worst-hit sectors.

Some fantastic news coming forth in the form of a vaccine deal could make all the difference in the world for stocks like **Cineplex Inc.** ([TSX:CGX](#)).

### The vaccine deal

The government recently announced a deal with Sanofi and GlaxoSmithKline for doses of a prospective vaccine for COVID-19. According to Anita Anand, the Canadian Procurement Minister, Canada has made a deal to purchase up to 72 million doses of the experimental vaccine candidate. The new vaccine is just beginning the second stage of its three-stage trial.

Canada has pledged \$1 billion for purchasing at least 154 million doses of vaccines from five different companies. Much of that money will not be refunded even if the vaccines don't get approved. However, a successful vaccine could create a whole new sense of hope for Canadians and Canadian companies.

### Good news for Cineplex

The share price of Cineplex steadily continues to decline. It began the year close to \$34 per share. At writing, the stock is trading for just \$7.56 per share, down 77.7% from its price at the start of 2020. Cineplex's valuation was steadily around \$34 until the end of February introduced COVID-19 into the

mix.

Canada's largest theatre chain with 164 locations around the country closed down its locations, and the future of the business suddenly became uncertain without any warning. It declined from \$31 to \$9 per share in a single week and recovered roughly 15% by the end of April as decreasing cases kept Cineplex hopeful for more aggressive reopenings for its locations.

U.K.-based **Cineworld** had plans to acquire Cineplex for \$2 billion before the pandemic. On June 12, the company announced that it is backing out of the deal. The move began a sell-off frenzy among Cineplex investors and the stock declined again.

As Canada acquires more vaccines, it will take just one effective solution to send Canadian stocks soaring. If Canadians find hope that it is safer to go out to public places, [businesses like airlines](#) and cinemas can see a significant increase in footfall and revenue. Cineplex could become a massive hit for bargain hunters.

## Foolish takeaway

Canada is investing significant money in finding vaccines for COVID-19. However, medical experts insist that Canadians should still limit social interactions in large numbers. An increasing rate of infections across the country can return the entire country to a lockdown and [another stock market crash](#), let alone allow businesses like Cineplex to soar.

If you are considering allocating some of your investment capital to Cineplex due to hopes of a working vaccine, I would advise being careful with how much you invest. There is no telling when a working vaccine will enter circulation. Cineplex could face further trouble if there is a significant surge in cases that leads to another lockdown.

Cautious investment could be the way to go when it comes to Cineplex.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)

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adamothonman

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