The 2nd Wave of COVID-19 Is Here: 3 Stocks to Buy and Sell

Description

Canada reported 1,795 new cases of COVID-19 on Wednesday, October 7. The previous day, the country marked the highest single-day increase since the beginning of the pandemic. Canadian officials have been scrambling to keep cases down while doing everything they can to avoid damaging restrictions. Today, I want to look at three stocks that investors may want to buy or sell as the pandemic worsens in the fall. Let's dive in.

Buy during COVID-19: VieMed Healthcare

In the middle of the summer, I discussed why **VieMed Healthcare** (TSX:VMD)(NASDAQ:VMD) was the ultimate stock to own during the COVID-19 pandemic. Its shares have climbed 41% in 2020 as of close on October 8. VieMed has lost some momentum in the late summer and early part of the fall. However, it is still on track for a banner year.

The company released its second-quarter 2020 results on August 4. Net revenues increased 111% from the prior year to $42.9 million. Adjusted EBITDA soared 296% to $16.3 million – a record for VieMed. The company expects to generate net revenues of approximately $31 million to $35 million in Q3 2020. It expects between $6.8 million to $9.8 million of revenue will be related to the COVID-19 pandemic.

VieMed Healthcare possesses a flawless balance sheet. It has posted impressive earnings growth in recent years. Moreover, the stock last had a price-to-earnings ratio of 12, putting VieMed in attractive value territory.

Sell: Cineplex

Cineplex stock has plunged 32% over the past week as of close on October 8. Shares are down 84% in 2020. The movie theatre industry has been decimated by the COVID-19 pandemic. Cineplex stock dropped sharply after it was revealed that the British giant Cineworld would shutter its doors. Many speculated that it made this decision after another postponement of the release of *Time to Die*, the next installment in the *007* series.

There was a slim hope that movie theatres could stage a rebound in the fall and winter months. However, a return to a restrictive environment means that cinemas will be forced to endure hardship until 2021. Cineworld said in a leader to U.K. Prime Minister Boris Johnson that this threatened the viability of the movie theatre business. Cineplex stock is too risky to bet on right now.

One more stock to buy as COVID-19 cases rise

Like movie theatres, restaurants have also suffered during the COVID-19 pandemic and the subsequent lockdowns. On the other hand, fast-food operators have been resilient. If investors do delve into this space, **Restaurant Brands International** is a solid option. Shares have climbed 8% month over month. Popeyes has put together a particularly impressive performance in successive quarters.

In Q2 2020, RBI reopened over 4,500 restaurants. It has built a pipeline with hope for a return to net restaurant growth in 2021. RBI last delivered a quarterly dividend of $0.52 per share, which represents a 3.5% yield.

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