



Vaccine Breakthrough: 2 TSX Stocks to Buy for the Post-Pandemic World

Description

Just over a week ago, it seemed as though nothing could go right with this market. Today, [the tables appear to have turned in a big way](#), so much so such that the bulls are calling for a potentially outsized rally over the next 14 months.

With a favourable U.S. election result (a Joe Biden win with no chance of a Blue Wave) and a coronavirus vaccine breakthrough announced by **Pfizer** on Monday, the stage looks to be set for a pretty sweet November and a potential Santa Claus rally.

Pfizer's vaccine is reportedly 90% effective in its large-scale study. Still, given the trial is in its early stages, and it may not be ready for broader distribution until some point in 2021, investors shouldn't assume that this horrific pandemic is all but over. With investors rotating out of COVID-resilient stocks and into COVID-hit stocks now, though, the new bout of vaccine optimism could very well spark a sustained broader market rally to much higher levels. Just how high? **JPMorgan** seems to think that the **S&P 500** is capable of reaching 4,000 in early 2021 and 4,500 by 2021's end, implying 12% and 27% in upside, respectively.

The big market bounce won't be spread evenly, though. Should more positive COVID vaccine and rapid-testing news continue flowing in over the next year, investors will want to be in the beaten-up stocks that have been feeling the full impact of the COVID-19 crisis if they desire to maximize their upside. Sure, Monday's big run in COVID-hit stocks was nothing short of remarkable. But I have a feeling that it's just an appetizer of what's to come if the peak in bad news is now behind us.

Consider looking to the big banks and the airline stocks, which surged on Monday.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has been among the biggest losers in the Canadian banking scene this year. The Big Six name didn't have the best mix of loans going into the crisis, with more than its fair share of oil and gas (O&G) loans. With more clarity on a COVID vaccine and much-needed relief in the oil patch that was seen on Monday, I have a feeling that the worst is now behind

the Canadian bank we know as Big Blue.

Should good COVID news continue flowing in, I'd look for BMO to break the \$100 mark. Income investors looking to lock in the 5% yield may have a limited time to do so, as the stock, I believe, is ripe for a huge correction to the upside. While it's too soon to say that BMO and its peers are back, I wouldn't at all be surprised to see the name flirt with new heights by year-end, well before the vaccine is readily available for broader distribution.

Air Canada

I've been pounding the table on shares of **Air Canada** ([TSX:AC](#)) at around \$15 and change, citing that a vaccine breakthrough, which could come at any time, would likely send the stock doubling or tripling over a concise timeframe. Although the name was (and remains) quite speculative in nature, there's no denying that the airline is far better equipped to survive this crisis than most of its peers south of the border.

Air Canada did a remarkable job of raising ample liquidity while controlling its cash burn rates. I also noted that the stock was poised to make a big run off of unappreciated rapid-testing news, even without a safe and effective vaccine by early 2021. Now that we have more clarity on a promising COVID vaccine, Air Canada just became a must-buy, even after the stock's incredible 28.6% pop on Monday.

Could Air Canada [make a run for \\$50](#)? If more positive vaccine and rapid-testing news comes in, I wouldn't at all be surprised, as investors look past this write-off year to its profound earnings growth potential beyond 2021.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:AC (Air Canada)
3. TSX:BMO (Bank Of Montreal)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date

2025/08/17

Date Created

2020/11/10

Author

joefrenette

default watermark

default watermark