



Buy Alert! Moderna Triggers Another Tech Stock Selloff

Description

It seems that every week brings another round of vaccine hopes. This week's top news concerns **Moderna's** reported 94.5% effective vaccine candidate. The now-familiar ripples throughout the markets have lifted oil and travel stocks, while attacking the tech sector. Buy and sell opportunities abound.

Work from home stocks take a hit

Tech stocks are taking a hit – primarily those that have seen big momentum this year from the near-term “work from home” growth thesis. Canada's top **TSX** ecommerce stock, **Shopify**, was down by around 2% on the news, opening a value opportunity. U.S. stocks such as **Zoom**, **Peloton**, **Amazon**, and **Home Depot** were also trending lower. It has been evident since the summer that tech stocks are allergic to vaccine breakthroughs.

Value stocks got some attention, though, with **Air Canada** up 3.8% and **Cineplex** adding 9.8%. Other chewed-up names also saw gains Monday. **Manulife Financial**, one of the insurance industry's [widest of wide moat stocks](#), climbed 2%. **CNQ** rose 2.9%, providing further evidence that a vaccine rollout could be good news in the near-term for hydrocarbon stocks.

Investors may want to start making buy and sell lists, including key entry and exit points, specifically for the vaccine market. Last week's early statement alleging that **Pfizer** and BioNTech had created a coronavirus vaccine showing 90% effectiveness blasted the markets into the stratosphere. If this behaviour can now be predicted, opportunities to build and trim could be about to come thick and fast.

Expect high short-term volatility in stocks

While build and trim opportunities are great, the danger in the market comes when investors trust those bull runs. Everybody is waiting for an end to the pandemic. A vaccine – or, indeed, multiple vaccines – will logical bring an end to the health crisis. But we're not out of the woods yet. Until we are, headline-grabbing breakthroughs are good for a bit of momentum. Indeed, last week's bull run offered a taste of

things to come.

But even that bullishness [proved premature](#). Further news came to light by midweek: Pfizer's CEO had (apparently legally) cashed in US\$5.6 million of shares. We also learned that complex storage systems may be required to keep the vaccine candidate at its requisite -70 degrees Celsius. A week has become a long time in investing, and by Friday, the bull run was showing signs of withering.

The names that rallied have largely been floundering all year, and the "buy" thesis was tenuous at best. With cases rising and political uncertainty lingering just across the border, **TSX** investors have to temper their near-term expectations. Now it seems that every week we're to be treated to a different vaccine rally from a different Big Pharma outfit. It's almost become a stand-in stimulus program.

Bullishness is all well and good. It brings opportunities to ride upside, while other investors can short certain names and buy back cheaper after the inevitable post-rip dip. For the lower-risk investor, long positions can be built gradually while red ink predominates. And while shareholders see underperforming tickers splashed with green, there are chances to raise liquidity.

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