



These 3 TSX Stocks Will SOAR When the Vaccine Hits

Description

Lately, vaccine talk has been all the rage with investors. **Pfizer**, **Moderna** and **AstraZeneca** have all done vaccine trials with high efficacy rates. And the markets have rewarded their shareholders handsomely.

But interestingly enough, pharma stocks haven't been the biggest beneficiaries of the vaccine news. These stocks had been bid up dramatically before the news was even announced, so the post-announcement gains weren't earth shattering. The real gains were seen in beaten-down stocks, some of which soared 30% the day Pfizer's first announcement was made.

Make no mistake: Those stocks that soared when the vaccine trial was announced, will soar once more when the vaccine actually comes out. With that in mind, here are three Canadian stocks that could soar once the vaccine becomes widely available.

Air Canada

Air Canada ([TSX:AC](#)) is a beaten-down airline that has lost more than \$3.4 billion so far this year. With air travel down 90% due to the pandemic, it has taken a massive financial beating. Lately, though, the stock has actually been rallying.

The big gains coincided with Pfizer's [vaccine announcement](#). That's not an accident. Once a vaccine is deployed, people will start travelling again, which means Air Canada's revenue will soar. Once that happens, the stock will probably rally even harder than it has been recently.

Enbridge

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) is another Canadian stock that has been beaten down badly due to the pandemic. Like Air Canada, it could benefit from the arrival of a vaccine—although the bump would not be as pronounced in this case.

Like airlines, energy stocks take a hit when lockdowns are implemented because people drive and fly less during lockdowns, reducing demand for fossil fuels. Enbridge needs strong demand for fossil fuels in the markets it ships to in order to turn a profit.

Its revenue is [down this year](#) because of the pandemic-related collapse in oil & gas. However, the decline in this case has been modest (about 20%). The company therefore won't see as dramatic a turnaround as Air Canada in a vaccine scenario.

Royal Bank

The Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is a bank stock that has seen its fundamentals deteriorate this year because of the pandemic. In response to the pandemic, it had to increase its Provision for Credit Losses (PCL) by \$2.4 billion, resulting in a 55% earnings decline.

Banks have to estimate their expected loan losses; an increase in the estimates drives earnings down, hitting Royal Bank hard in Q2. By Q3, things were already improving, with PCL down and Capital Markets earnings way up. But net income was still down year-over-year.

If a vaccine ends the pandemic, then suddenly most of Royal Bank's loans are a lot less risky. So its on-paper earnings will soar due to lower PCL, which could send the stock higher—although the effect will probably be milder than with AC or ENB, as bank stocks are already approaching their pre-COVID price levels.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:AC (Air Canada)
4. TSX:ENB (Enbridge Inc.)
5. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/23

Date Created

2020/11/26

Author

andrewbutton

default watermark

default watermark