



Market Crash: You'd Better Take Profits on These 2 Stocks

Description

Stocks slid today after a month of solid gains. After concerns started to emerge about **Pfizer's** vaccine, investors got a serious case of the jitters. Recently, it was revealed that the "90% effectiveness" rate number came from only 170 participants in the 40,000 participant trial. That and concerns about whether Canada would receive the vaccine in time sent the **TSX** 140 points lower by mid day.

While this isn't a market crash yet, you'd better believe one could be coming. The past month's market gains have been driven to a very large extent by vaccine optimism. Should a serious hiccup emerge in the vaccine deployment timeline, then stocks are going to decline. The following two stocks are particularly vulnerable.

Air Canada

Air Canada ([TSX:AC](#)) is the most obvious beneficiary of last month's vaccine news. It soared 28% in a single day when Pfizer's vaccine was announced. Since then, it has continued to rally. Today however, it slid 1.09%—more than the TSX average.

That isn't an accident. Air Canada basically needs a vaccine in order to stem the massive cash bleed it's been suffering. So far this year, the company has [lost \\$3.4 billion](#). That's because travel orders have killed demand for domestic flights, and force-cancelled many international flights.

As long as lockdowns and self-isolation orders are the only way of dealing with the pandemic, Air Canada can't turn a profit. Its fixed costs are way too high for it to be profitable with revenue down 90%. If you managed to buy Air Canada during the spring market crash and are way up now, it might be a good idea to sell. Any major vaccine delays could kill the company.

Aurora Cannabis

Aurora Cannabis Inc ([TSX:ACB](#))(NYSE:ACB) is another stock that has been rallying lately. In this case, not so much because of the COVID-19 vaccine, but because of Joe Biden's election victory.

There is a widespread perception that Biden will legalize cannabis in the U.S., and this has ignited a minor rally in cannabis stocks—especially ACB.

Unfortunately, all of the factors that could be driving renewed optimism toward Aurora are entirely speculative. According to the *Chicago Sun-Times*, Biden [opposes lifting the federal ban on recreational marijuana](#).

If true, that would quash any hopes that his presidency would create a massive new market for Aurora. Additionally, the single biggest U.S. cannabis market—California—has already legalized pot. Most other states already allow medical cannabis products.

In the meantime, Aurora is still losing money, taking billion-dollar impairment charges from failed acquisitions, and seeing its revenue growth decelerate. The company's fundamentals are deteriorating while its stock rallies.

Maybe a Joe Biden presidency will create new cannabis markets in the United States. Maybe it won't. Ultimately the signals on that are very mixed. Aurora's financial performance is the only concrete reality we have to go off of. And it's not good.

CATEGORY

1. Coronavirus

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NYSE:PFE (Pfizer Inc.)
3. TSX:AC (Air Canada)
4. TSX:ACB (Aurora Cannabis)

PARTNER-FEEDS

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

Category

1. Coronavirus

Date

2025/08/16

Date Created

2020/11/30

Author

andrewbutton

default watermark