



Breaking: Bank of Canada Thinks New Vaccine May Create Stock Market Spike

Description

The Bank of Canada thinks there may be light at the end of the tunnel. After a difficult 2020, Canadians could get a huge boost in 2021. That's due to unexpectedly good vaccine news.

"In late October, the bank said it assumed a vaccine would not be widely available until mid-2022," [explained](#) VOA. "Since then, several manufacturers have announced potential vaccines that could be distributed starting early next year."

Bank of Canada Governor Tiff Macklem thinks this is the missing piece to a swift economic recovery. "It is possible, especially when there is a vaccine, that households will decide to spend more than we have forecast, and if that happens the economy will rebound more quickly," he said.

If the economy stabilizes, it could set the stage for another stock market surge. Here's how to invest.

Avoid these stocks

If there's another stock market surge, don't expect all companies to benefit. A return to normal sometime in 2021 still won't be enough for some businesses to thrive.

Consider **Air Canada** ([TSX:AC](#)). If a vaccine is widely distributed, expect passenger traffic to pick up quickly. Demand is still 90% below 2019 levels, so there's plenty of room for improvement.

The only problem is that airlines need much more than a boost; they need a dramatic turnaround. That's because these businesses don't turn a profit unless they're flying close to full capacity.

Now flying at 10% of capacity, Air Canada is burning roughly \$1 billion every 90 days. Losses will narrow significantly if the economy rebounds next year, but you should still expect losses.

Even with the most optimistic assumptions, demand will still be 10-20% below 2019 levels. One airline CEO thinks demand will remain *permanently* smaller.

All of this means Air Canada will have enough planes for a 2019 world chasing a smaller number of customers. That'll result in heavy competition, low capacity utilization, and continued [losses](#).

This stock might rebound if the world returns to normal next year, but it won't have nearly as much upside as the stocks below.

Go beyond Canada

If the world rebounds in 2021, you won't want to limit yourself to a single country. You want to bet on the world as a whole.

Stocks like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) allow you to do this. The company's e-commerce platform is available from anywhere in the world. The business was founded in Canada, but its future is global.

If the economy surges, and consumers regain confidence, expect discretionary spending to skyrocket. That'll directly benefit Shopify. And because this company operates on a global basis, you won't be limited to a single recovery — you can profit from them all.

Shopify isn't the only company that can help your portfolio expand beyond Canada. There are dozens of suitable options, but the majority are in the technology space.

Whether it's the internet of things or 5G, the same technologies are taking over economies around the world. These are billion-dollar opportunities that will create value, even if the economy doesn't rebound next year. Stack the odds in your favour by betting on tech stocks.

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rvanzo

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