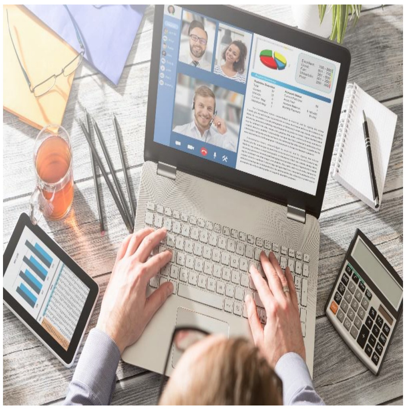

New Year Market Crash: If You Own These 2 Stocks, Take Your Profits Now!

Description

Many investors are wondering when they should start buying, and of course when they should start selling during this volatile market. While the Motley Fool recommends that you should buy with the idea to hold, there are a few stocks that you might want to consider selling at least part of your stake in. That's especially if you hope to use those returns in the next few years.

These two companies I'm going to discuss are heavily vaccine dependent. So, when a vaccine was announced about a month ago at writing, these companies saw a huge boost in share price. However, there is much to consider in the relationship between these companies and a vaccine. So let's dig into why you might want to consider taking your profits from stocks like **Vermillion Energy Inc.** (TSX:VET)(NYSE:VET) and **Cineplex Inc.** (TSX:CGX).

Vermillion

The oil and gas industry as a whole has struggled the last few years. Yet there are few industries that should suffer greater than the oil and gas sector during another market crash. These companies have come to practically a standstill. At least before, even though oil and gas couldn't be shipped, it was being produced fairly regularly. Now, with the pandemic creating huge restrictions, even production has almost completely stalled.

A company like Vermillion may not make it out of this pandemic. The company has been seeing loss after loss, recently reporting a 32.56% decrease year over year in revenue. Yet if you look at the last two years, the company has pretty much come out even when it comes to revenue, with an incredibly low 0.02% increase in year over year revenue.

Meanwhile, total debt is at $2.1 billion, and it's unclear how the company will manage to pay that off. As for returns, the stock is still down by about 70% year to date.

However, if you managed to buy this stock right before the news of a potential vaccine hit, your shares likely have increased around 83%! If that's the case, I would take those profits and run. You canalways buy a stake later when another market crash hits, and it very likely will.

Cineplex

Another company that saw an enormous boost with vaccine news is Cineplex. As of June, the company opened its doors to moviegoers, albeit in much smaller numbers. Since then, management has been cheery about getting back to business. Unfortunately, it's going to take a lot more than news of a vaccine to save Cineplex any time soon.

The company has properties across the country in practically every city that are mostly shut down right now. Cineplex will have to continue paying those rents and taking on debt as movie goers continue to be wary about returning to the theatre.

Meanwhile, a vaccine is around, true, but not going to be available to the public at large beyond those who need it most for a year, maybe more. That leaves even more time for the company to keep taking on debt.

Right now, Cineplex's debt is at a total of $1.93 billion, down slightly from $2 billion as the company opened its doors once more. After surging 33% at the beginning of the year, the company is now down about 60% year to date. Yet again, if you bought shares right before the vaccine announcement, you could have returns of 114% as of writing!

Bottom line

If you had invested just $5,000 in each of these stocks right before the pandemic, you could now have a portfolio worth $19,878.87 as of writing! So if it were me, I would take those huge profits while you still can. Before another market crash comes your way and snatches almost all of it back.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CGX (Cineplex Inc.)
3. TSX:VET (Vermilion Energy Inc.)

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