



Buying Vaccine Stocks? Buy This 1 Top TSX Stock Instead

Description

Momentum has been off the charts during the pandemic. But few rips this year have equaled those caused by vaccine breakthroughs. This is a highly event driven market investors are witnessing at the moment. And there are several ways to play it.

There are a fistful of names that a momentum investor can speculate in. Consider the likes of **Moderna**, **Pfizer**, and **Johnson & Johnson**. These are the obvious names, the names that grab attention and [churn up the markets](#) with headline blur. But investors could also see upside erupt from less likely places in the coming months.

I've written before about less obvious names, such as **Corning** and **Cargojet** ([TSX:CJT](#)), and how they also satisfy a [vaccine rollout thesis](#). There could be big upside in these names at the back end of a vaccine distribution plan. Positive and steep momentum could materialize as the markets latch on to the potential for these two names to rocket.

But trusting to headline blur is almost always a mistake for two reasons. For one thing, once you've heard about a hot stock, the opportunity has often already passed. For another, the rips caused by individual vaccine breakthroughs have all been short lived. But a third consideration could be yet to materialize. If the vaccines don't work, or have negative side effects, that headline blur could turn negative and lead to selloffs.

This is why vaccine investors may wish to take a tangential approach. Buy stocks that are close to the vaccine rollout, but that will remain robust in case the vaccines themselves do not deliver the goods. This brings us back to Cargojet. It's not a vaccine pure-play, which makes it a little safer. But Cargojet, as a time-sensitive cargo handler, is close enough to the action to potentially catch some upside.

Going long on outperforming stocks

This name wins both ways. Cargojet has seen strong share price performance this year. This is because Cargojet is a key part of supply infrastructure – a space that was identified early on in the pandemic as being defensive.

Remember the toilet paper shortage? While the delivery of toilet paper itself isn't time-sensitive (some people may beg to differ), supply chain management in general has been front and centre in 2020.

As Prime Minister Boris Johnson recently summed up in one Tweet, "It's the protection of vaccines that will ultimately allow us to reclaim our lives and get the economy moving again." For investors, now is a good time, then, to start looking toward the back end of the vaccine rollout.

Rather than focusing on what's immediately ahead, like a tailgating driver, it's time to read the road ahead, slow down, and strategize.

Canadians looking at buying pure-play vaccine stocks such as Moderna may want to consider an alternative route to riches. Momentum often turns out to be a self-fulfilling prophecy.

Markets expect — and then create — momentum. The coming months could see speculation driving wild rips and dips in the vaccine space. Lower risk investors may want to temper expectations and buy longer-term names.

CATEGORY

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vhetherington

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