



Millennials: 3 Must-Own TSX Reopening Stocks for 2021

Description

With [COVID-19 vaccines](#) in the early stages of rolling out across the nation, hungry investors are placing bets on the [battered pandemic-hit stocks](#) for the 2021 economic reopening.

Names like **Air Canada** ([TSX:AC](#)), **Cineplex** ([TSX:CGX](#)), and **Bank of Montreal** ([TSX:BMO](#)) ([NYSE:BMO](#)) that had passed the line between investment and speculation due to COVID disruptions have become (more) investable now that the pandemic's end is in sight. While the former two names are nowhere close to being out of the woods yet, I think that fearless young investors like millennials have a lot to gain by going against the grain with such plays over the coming 18 months.

Let's have a closer look at each play to see which, if any, reopening stock is worth a second look.

Air Canada

Air Canada stock took off like a rocket in early November thanks to the initial vaccine breakthrough announced by **Pfizer**. In a pandemic-plagued environment, the airlines are not economical businesses over the long run. With a potential end to the pandemic in mid- to late 2021, though, it's looking like Air Canada is going to make it out of this crisis in one piece and with no handsome bailout from the government.

With an above-average liquidity position, less leverage than select U.S. airlines, a reduced cash burn rate, and a significant air travel recovery on the horizon, Air Canada is one of the more investable airline stocks going into 2021. Analysts at RBC Capital Markets seem to think that Air Canada is "better off" than its peers, and I believe they are right on the money.

While the airlines still look to have an options-like risk/reward here, I'd argue that Air Canada is the most investable of the batch and think millennials should look to initiate a position if they seek outsized upside in a post-pandemic world.

Cineplex

Even following November's COVID-19 vaccine breakthroughs, Cineplex stock remains a dangerously speculative stock that's only suitable for those willing to risk losing their shirt. There are numerous headwinds that will persist once the pandemic is over, most notably the continued strengthening of video-streaming platforms, a potential "drought" in box office blockbusters, and continued discomfort in being in large crowds. That said, Cineplex's risk of bankruptcy, I believe, has been reduced drastically now that there's more clarity with the vaccine timeline.

Moreover, I'd imagine that many prospective creditors are more likely to extend the Canadian movie theatre giant more credit, albeit with potentially strict covenants. In any case, I continue to believe that Cineplex will make it through this crisis alive to tackle other challenges to the firm's business. At \$8 and change, Cineplex is a very risky proposition, but it's one that risk takers may wish to take.

Bank of Montreal

Finally, we have the "safest" reopening play on this list. Bank of Montreal was built to survive crises, crashes, and vicious credit downturns. The company had the opportunity to prepare for a provisioning storm last year, as Canadian credit showed signs of weakness, and that likely helped management navigate the typhoon that struck the stock in February and March.

Although Bank of Montreal wasn't best positioned to weather a pandemic, which hit its oil and gas (O&G) and commercial loan book particularly hard, the capital ratio remained well above that of regulatory requirements. The dividend held firm, and with a recovery on the horizon, count me as unsurprised if the Canadian banks, BMO included, are back at it with their generous dividend hikes.

It's never a good idea to bet against the Canadian banks. If you didn't hesitate with a name like BMO, you locked in a colossal yield alongside abrupt capital gains. With a reopening just month away, I'd look to BMO to hit a new all-time high as the weight gets taken off its loan book.

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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:AC (Air Canada)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CGX (Cineplex Inc.)

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Date

2025/08/18

Date Created

2020/12/21

Author

joefrenette

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