TSX Stocks: 2 Vaccine Rally Gainers That You Might Want to Avoid in 2021

Description

Global stock markets rallied in November on the vaccine news. The euphoria is now put at risk due to the new variant of the coronavirus. Now it seems that the recovery next year could take longer than expected, driven by new restrictions.

Here are two TSX stocks that are eagerly waiting for a quicker economic rebound, which will outline their fate next year.

Cineplex

There seems to be no respite for the theatre chain operator **Cineplex** (TSX:CGX). The debt-ridden company is facing a flurry of challenges for the last several months. First came the postponement of blockbuster movie releases, and now there are the fresh restrictions during the holiday season amid the second wave of the pandemic.

That's not all. The company is burning cash at a record pace. Cineplex lost 85% of revenues in the last reported quarter compared to the same period last year. Amid lower revenues, it has decided to raise cash by selling its head office building in Toronto.

The $580 million multiplex operator is struggling to pay back its dues due to a lack of cash.
It received interim relief from creditors that allowed pushing back $460 million repayments to Q2 2021.

Cineplex stock has almost doubled since late October, as vaccine news brought back investors' hopes. However, it might take longer than expected to regain moviegoers' confidence and achieve respectable top-line growth.

Cineplex's weaker cash position indicates that it might not be able to bridge the gap and survive till then. The recent stock rally might not sustain in 2021, because of the underlying uncertainties and a deeper dent in its financials.

It is not certain that Cineplex will doom next year. More relief from creditors and faster vaccinations could change the theatre company's fate. However, as an investor, don't try to catch a falling knife. The heap of uncertainties around Cineplex might weigh on the stock at least for the next few months.

Aurora Cannabis

With the Biden administration's expected support for the cannabis industry, top pot grower **Aurora Cannabis** (TSX:ACB)(NYSE:ACB) stock has rallied around 140% since November. Despite the steep gain, it is still trading 60% lower than its late 2019 levels.

It's been a crazy year for pot stocks, and Aurora was no exception. Aurora Cannabis is struggling on several fronts. Its profitability seems at least a few years away, with its slowing revenue growth and rising competition.

Besides, it has closed five production facilities recently amid the tapering demand. It has worked hard on the cost-cutting measures and lowered the cash burn. However, it recently halted construction at two of its biggest projects to meet the liquidity needs.

Aurora Cannabis stock could continue to trade extremely volatile next year as well. The stock's valuation also doesn't paint a rosy picture that suggests a robust comeback. A prolonging financial performance could be the only factor that might fuel the Aurora Cannabis stock in 2021. However, that doesn't seem to be happening anytime soon. Conservative investors had better avoid the stock.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)
3. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/08/24
Date Created
2020/12/24
Author
vinitkularni20