



Next GameStop (NYSE:GME)? Why Air Canada and Cineplex Have Room to Run Post-COVID

Description

The historic rise of **GameStop** ([NYSE:GME](#)) by the army of retail traders at popular subreddit WallStreetBets (WSB) is nothing short of unprecedented. The shorts felt the squeeze, and while GME stock is no longer at the top of the headlines, I still think this isn't the last time we'll hear of the folks at WSB, as they look for other big-league hedge funds to squeeze out of their short positions.

Sure, the GameStop surge was a speculative frenzy — the likes of which we've never seen before. While investment-focused internet forums are nothing new, one must not discount the firepower behind the retail army of WSB, which could easily surpass 10 million members by February's end.

WallStreetBets isn't going anywhere

Although some regulators may push trading platforms like Robinhood to put forth restrictions and freezes moving forward, I still think it's unwise to rule out the occurrence of another GameStop-like short squeeze. While WallStreetBets has pumped various other stocks, including **BlackBerry**, **AMC Entertainment**, and **Bed Bath & Beyond**, among other battered, heavily shorted stocks, they've paled in comparison to GameStop's epic pop that squeezed out the likes of some very smart money managers, including the likes of infamous short-seller Andrew Left of Citron Research.

Indeed, WSB's army of retail traders has made Left feel the pain. And it didn't even matter if Left was right when it came to his bear thesis on GME stock!

With the continued appetite for speculative frenzies, I think it'd be wise to place your bets on some lesser-known COVID-battered stocks that could be bid-up before the pandemic has a chance to end. When I think of stocks that WallStreetBets would love to bid up, the first names that come to mind are **Cineplex** ([TSX:CGX](#)) and **Air Canada** ([TSX:AC](#)).

Cineplex and Air Canada stock: The best deep-value COVID-19

recovery plays on the TSX Index?

While short interest in both names may not be in the same ballpark as the likes of a GameStop, I still think both names have pretty attractive risk/reward profiles for those willing to endure short-term pain for a shot at outsized gains en route to post-COVID normalcy.

Both companies have been under immense pressure, and those who go long could be in for a world of pain over the near term, as COVID-19 variants of concern threaten to send Canada into lockdown. Moreover, given both names are TSX exclusives, I find it highly unlikely that the crowd at WallStreetBets will load up on shares of either CGX or AC stock anytime soon. Regardless, I think both names reek of deep value and are to be considered as a part of any risk-on portfolio as a play on an economic reopening and the elimination of the insidious coronavirus.

Cineplex and Air Canada don't have the best balance sheets in the world, but they look strong enough to survive another wave (or two) of COVID-19 cases en route to herd immunity. Also, I think both firms are now more likely to get extended credit, given the pandemic's end is in sight, thanks to the greater clarity on the vaccine timeline.

Moreover, Cineplex and Air Canada have a better idea of what to expect should worse come to worst, and we're back in a full lockdown as a result of more contagious COVID-19 variants. The managers at both companies have been scrambling to minimize cash bleed, and I wouldn't discount such efforts.

Cineplex Air Canada stock: High risk, high reward

While both names are battered, with a low probability of being scooped up by the crowd at WallStreetBets, I think both names could be headed for [parabolic upside](#) within the next 18 months, as vaccines look to conquer COVID-19 once and for all.

Of course, there's a real risk that COVID-19 could be sticking around for longer than expected, so be mindful of the risks before backing up the truck on either [COVID-hit stock](#).

CATEGORY

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TICKERS GLOBAL

1. NYSE:GME (GameStop Corp.)
2. TSX:AC (Air Canada)
3. TSX:CGX (Cineplex Inc.)

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