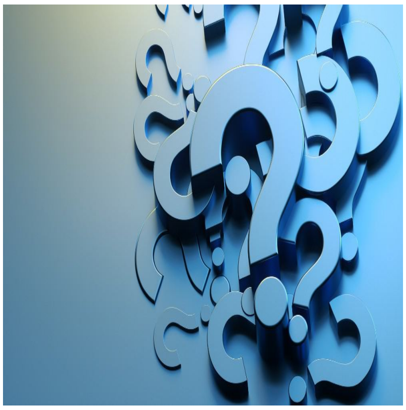

COVID-19 in 2021: What Comes Next? Reopening or Resurgence?

Description

Is it too soon to get back into COVID-19 Canadian reopening stocks ahead of the great reopening? We've heard numerous folks talking about the so-called roaring 2020s or some post-pandemic spending boom. With numerous vaccines rolling out, post-pandemic normalcy has never been closer. That said, Canada's vaccine rollout has been quite slow, which could mean a third wave of lockdowns that some of our peers to the south may have steered clear of.

You see it at hockey games: some U.S. arenas have welcomed a small number of fans, with social distancing, masks, and all the sort. In Canadian arenas, though, there are still no fans. And in the case of the Vancouver Canucks, there haven't been any games for weeks, with nearly the entire team out with positive COVID-19 tests, sparked by the insidious Brazillian variant P.1.

As more COVID-19 vaccine jabs are administered, the closer we'll be to conquering the insidious coronavirus. But Canadian investors must still be mindful of the risks and the things that can still go wrong.

After a brutal year, it's nice to be optimistic. We've got vaccines, and we'll have more protection from severe forms of illness. With news of mutations on top of already mutated COVID-19 variants, however, it's only prudent to be ready for anything, including the horrific scenario that sees variants pull ahead of vaccines. Could we be in for more COVID-driven market scares? I wouldn't rule it out, especially after the glorious rally we've had out of those ominous depths of March 2020.

COVID-19 variants are still a real risk to the stock market

More recently, researchers at Tel Aviv University in Israel, where COVID-19 cases have retreated rapidly thanks in part to a rapid vaccine rollout, discovered a South African variant (B.1.351) that could "break through" the protection offered by the **Pfizer** vaccine. The news is startling, especially given that Pfizer's vaccine has been viewed as the gold standard for its safety and effectiveness.

Could such news spook markets? It could. Regardless, investors must cash out all of their COVID-resilient Canadian stocks for reopening plays like **Cineplex** or **Air Canada**, which could be most at risk from vaccine setbacks as a result of mutated variants. That means standing by some stay-at-home or work-from-home plays as they fall under pressure over reopening hopes.

Now, I don't want to speculate on how bad variants could get or how they'll stand to derail the reopening that lies ahead of us. Rather, I want investors to stand by a barbell portfolio so they're not at risk of getting caught offside should another "Wile E. Coyote" moment if in the unlikely scenario that variants run ahead in their race against vaccines.

Striking the right balance between reopening and stay-at-home stocks

Pfizer is hard at work on boosters, and I do think they'll be able to conquer new variants as they're discovered. Regardless, I think it's a mistake to go all-in on the reopening plays, especially with the more expensive ones at this juncture. I'd argue it makes more sense to scoop up a few stay-at-home stocks like **Shopify** while they're on sale.

In any case, variant news could act as brakes on the recent rally in reopening plays. I'd be a buyer on both fronts and would look to strike the perfect balance, given the number of risks that may be discounted by complacent investors who've grown accustomed to chasing momentum.

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