



3 Predictions for Cineplex Stock in the 2020s

Description

Cineplex ([TSX:CGX](#)) is Canada's largest movie theatre operator. This industry has suffered during the COVID-19 pandemic. Cineplex and its peers have been forced to shutter operations for nearly the entire year. In April, I'd [discussed](#) whether investors should add the stock this month. Today, I want to go over three predictions for Canada's top cinema company this decade. Let's dive in.

A summer of sadness?

On May 20, Ontario's provincial leaders announced that they would pursue a three-stage reopening plan. Stage one of this plan will begin on June 14, when roughly 60% of the province's population had received their first vaccine dose. There will be a minimum of 21 days between each of the three phases. We all hope this is the last we will see of the lockdowns, but few are hoping harder than those in the movie theatre industry.

Operators running drive-ins expressed outrage at Doug Ford's new plan that would not allow them to re-open until the middle of June. Indoor cinemas that are primarily run by Cineplex will not be able to reopen until July. That means they will have to pass through another month and a half of practically dead operations.

Cineplex CEO Ellis Jacob was also critical of the plan. He had hoped movie theatres would be open by late June in time to screen the ninth installment of the *Fast and the Furious* franchise. Quebec, which has dealt with comparable case and vaccination rates, has opened movie houses.

Will Cineplex and its peers get a bailout?

Movie theatres were nervous, even as hopes rose for a return to business in the beginning of June. Those hopes were dashed with the unveiling of Ontario's reopening plan this week. On the same day the plan was announced, Cineplex called for financial aid and called on provincial leaders to chip in for the industry. Ellis Jacob has called for consistency among health officials across the country.

Cinemas in the United States have enjoyed a return to business in recent months. However, the U.S. is also far ahead of Canada in administering two doses for a full vaccination. In any case, Cineplex and its peers will be in a dire position following another summer without being able to operate.

Despite these major challenges, Cineplex stock has managed to stage a comeback from the [March 2020 market pullback](#). Shares of Cineplex have [climbed 64%](#) in 2021 as of early afternoon trading on May 21.

Competition between streaming services may help traditional cinema

Streaming services have grown into a major threat to movie theatres. Fortunately, competition between these entities could present an opening for the traditional cinema. **Netflix's** and **Amazon's** streaming services saw significant growth in the early days of the pandemic. However, this has slowed into 2021. This market may become oversaturated, as consumers suffer from the exhaustive choice that is now available. Rising prices are inevitable, which could also lead to stagnation.

Cineplex and its peers still offer an experience that consumers may be hungry for once this grueling pandemic comes to an end.

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