



AMC Entertainment Stock Pops Like Popcorn: Could Cineplex Be Next?

Description

AMC Entertainment ([NYSE:AMC](#)) stock took off, more than doubling to hit a new all-time high of US\$69 and change before pulling back and ending the day in the US\$62 range (up 95.6%), just a few percentage points shy of a daily double.

Undoubtedly, the WallStreetBets (WSB) crowd is back. This time, they're 10.3 million so-called degenerates strong. Although AMC stock had the brakes pulled on it by a trading halt over "volatility concerns" (Robinhood was quick to defend itself, noting that the halt wasn't just on its trading platform), shares still seemed unstoppable. Buyers continued flooding in, and there's no telling just how high the American movie theatre chain can fly amid the second round of meme stock euphoria.

What caused the incredible AMC Entertainment "meme stonk" to pop?

None other than a generous offer of free popcorn for retail investors. The unbelievable surge in AMC stock also caused the meme stock tides to lift, with various other WSB favourites skyrocketing in a pretty uneventful day otherwise, with the broader indices finishing flat.

Former WSB top dog **Gamestop** stock surged 13.4% on the day, bringing shares up to the US\$282 range, just 18% of its all-time high hit back in January 2021. Other names, including the likes of Canadian darling **BlackBerry**, a name that I'd pounded the table on just last week, also took off, surging over 31% on the day.

It was a truly jaw-dropping moment. Just when you thought the days of WSB's short squeezes were over, this [incredible](#) meme stock's resurgence hit likely after many beginners were done throwing in the towel after holding the bag in the first wave of meme rallies. And with a high level of "team spirit" among the traders at Reddit's WSB forum, I wouldn't dare bet against any of the names on WSB's hitlist, unless you're looking for a world of [pain](#).

Sure, the moves were insane, and the valuations may be completely unjustified, especially in the case

of Gamestop and AMC stock. That said, as someone wise once said, “the markets can stay irrational longer than you can stay liquid.” I think that warning should stick with those who lost their shirts betting against any WSB plays earlier in the year.

While I wouldn't bet against any of the names, I also wouldn't go long after a historic single-day pop across the board. If you want to be on the right side of the trade, you've got to get in before such moves. Instead of chasing AMC or Gamestop stock (or “Gamestonk,” as Elon Musk once tweeted), I'd look to where the puck could be headed next in the WSB world.

If AMC can cause its stock to double with a kind a gesture as free popcorn, I think the same could also happen to the likes of **Cineplex** ([TSX:CGX](#)), which is essentially Canada's version of AMC.

Cineplex may be safer than AMC Entertainment

Cineplex has been under considerable pressure for quite some time now. Yet, even as the nation winds down from its third wave of COVID-19, the stock hasn't been eventful as it should be. Sure, the balance sheet isn't great, and there are still uncertainties ahead, but folks seem more than willing to lend the firm a helping hand by scooping up its bond offering.

Moreover, if Cineplex started offering perks to retail investors, there's no doubt that the firm could lure in the meme stock crowd. The only question is, will they? I have no idea. Furthermore, as a TSX exclusive, I don't think the name could pick up traction that's comparable to the likes of its dual-listed peer in BlackBerry.

In any case, I'm a much bigger fan of Cineplex's valuation right here. I wouldn't buy the stock to speculate on free popcorn or the possibility of a WSB pop, though. Making such moves over the short term could be harmful to your wealth.

Foolish bottom line

As the meme stonk euphoria returns, Canadian retail investors would be best advised to only speculate with what they're more than willing to lose. And, most importantly, they should have an exit plan, which means betraying your fellow WSB shareholders with paper hands and not the diamond hands they praise.

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2. TSX:CGX (Cineplex Inc.)

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Author

joefrenette

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