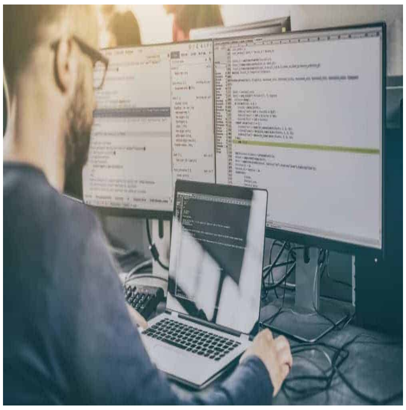

Air Canada or Cineplex Stock: Better Buy in June?

Description

Air Canada (TSX:AC) and **Cineplex** (TSX:CGX) stocks are still some of the most popular Canadian reopening plays. With the nation winding down from its third wave of COVID-19, the future has never seemed so bright for the two hard-hit firms that have felt the full force of the pandemic's impact. Many Canadians will be emerging from quarantines and periods of self-isolation over the coming months, as they feel more confident in getting back to the normal routine.

Every day that goes by is a step towards the end of this horrific pandemic. Over half of Canadians have received their first doses. Many will be getting their second jabs over the coming weeks and months. And if the near normalcy in the U.S. is a sign of what's to come for Canada, things are starting to look very promising. And it may be a wise idea to get a bit more aggressive with the Canadian reopening stocks.

The great reopening of 2021 could be kind to Air Canada and Cineplex stocks

People will be ready to take to the skies with Air Canada just in time for peak summertime travel season. Others are itching to catch a flick at the local Cineplex. Once COVID-19 restrictions are lifted, I think the floodgates will be open. Both Air Canada and Cineplex stocks could face tremendously positive surprises, as they look to meet pent-up demand in a quarter that's going to see some pretty incredible year-over-year comparisons.

So, should you buy Air Canada or Cineplex stock before they have a chance to clock in a blowout result? Probably, but you shouldn't discount the risks, as others may be so inclined to do.

But don't discount the risks of a fourth COVID-19 wave

While it seems as though the insidious coronavirus is about to be conquered, it's important to note that we're not yet out of the woods. In Ontario, there are real concerns about a potential fourth wave of

COVID-19, which could be triggered by the “delta” variant (B.1.617) from India.

Experts are urging provinces to play it safe and that a premature lifting of COVID-19 restrictions could bring forth a horrific fourth wave, despite all the vaccination efforts. Although numerous vaccines, including those from **Pfizer**, are effective against the delta variant, there’s really no telling how things will unfold if we start getting more variants that are mutations on top of mutations.

Although I don’t see a fourth wave happening, given the incredible reopening progress made by our neighbours to the south, I would urge investors in aggressive reopening plays like Air Canada or Cineplex stocks to be mindful of the inherent risks. Negative surprises can still happen, but ultimately, I think the odds of such surprises are the lowest they’ve been for the duration of this pandemic.

As such, venturesome investors should look to punch their ticket into Air Canada or Cineplex if they’re willing to hold through what could be another three years of extreme volatility.

Air Canada or Cineplex stock: And the better buy is…

Between the two, I favour Cineplex. Why? As I’ve mentioned in prior pieces, Air Canada depends on the global vaccine rollout going well. I think herd immunity will arrive in Canada far sooner than many other popular travel destinations. While a domestic travel recovery is good for Air Canada stock, I don’t see the name returning to 2019 levels anytime soon, given its dependence on international travel and the implications of specific travel bans.

Cineplex is a Canadian business that will fare better, as the domestic economy bounces back faster than the world economy. Moreover, with renovations to make patrons feel safer, I believe that Cineplex can return to normal far sooner than most would think. As such, I find Cineplex to be the better buy at this juncture.

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joefrenette