



Forget AMC Stock: 1 Top Canadian Stock to Buy Today

Description

A new [meme stock](#) is creating drama in the stock market. Reddit investors are bringing **AMC Entertainment** ([NYSE:AMC](#)) to the moon. First, the shares of the American movie chain operator were given up for dead on year-end 2020, with the share price sinking to US\$2.12. Then, the Reddit army began to work against hedge funds that were shorting AMC.

AMC shot up 838.68% to US\$19.90 on January 27, 2021, before the rollercoaster ride began. On March 1, 2021, the hashtag #SaveAMC flooded social media. After several spikes and dips, the price peaked at US\$62.55 on June 2, 2021. As of June 4, 2021, AMC trades at \$47.91, or a year-to-date gain of 2,159.99%.

AMC is taking advantage of the situation to avoid bankruptcy. Dennis Dick, a trader at Bright Trading LLC in Las Vegas, said, "These prices are not going to last forever, so why not use this opportunity to shore up your balance sheet and raise some cash?" However, the rally is superficial and not aligned with industry fundamentals.

Canadian investors should think twice about joining the latest meme-stock fever. You could lose more money as the blistering run could end at any time. **Corus Entertainment** ([TSX:CJR.B](#)) is a [better investment choice](#). Unlike AMC, the \$1.3 billion media and content company is slowly regaining lost footing on its own merits.

A reward for retail investors?

On June 5, 2021, the movie theatre operator introduced AMC Investor Connect. The new investor program appears to reward more than three million retail investors who saved the stock. You must be an AMC Stubs rewards program member to avail of some perks.

Retail investors are free to join at the lowest level and entitles you to receive a free large popcorn when you watch your first AMC movie this summer. Higher-level members can watch up to three movies weekly for a monthly fee of US\$19.95.

Inflection point

Corus Entertainment looks good after the first half of fiscal 2021 (month ended February 28, 2021). While total revenues slid 8% versus the same period in 2020, net income attributable to shareholders increased 16%. Also, free cash flow grew by 29% to \$152 million.

Performance-wise, the stock is up 48.01% year to date and outperforms the **TSX**. The current share price is \$6.27, while the trailing one-year price return is 66.76%. Market analysts recommend a strong buy rating and forecast the price to climb 60% to \$10. Note, too, that Corus is a dividend stock, and yields a decent 3.83%.

The recovering TV advertising revenue paid streaming subscriber gains, and double-digit growth in the content licensing business helped build strong operational momentum. Corus Entertainment President and CEO Doug Murphy remains upbeat and confident moving forward. He believes the company has reached an inflection point in the dynamic industry environment.

Saved in the nick of time

AMC Entertainment teetered on the brink of insolvency in 2020 due to the impact of the COVID-19 pandemic. Its revenue dropped 73%, while net loss ballooned to US\$4.6 billion. The stock's performance doesn't reflect the actual state of AMC or the movie exhibition industry in general.

Nonetheless, the beleaguered theatre operator has enough funds now to meet its financial requirements throughout 2021. Its only solution before the health crisis was to file for bankruptcy.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. TSX:CJR.B (Corus Entertainment Inc.)

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