



Last Call to Buy Cineplex Stock?

Description

There's no question that **Cineplex** ([TSX:CGX](#)) stock has been one of the hottest Canadian reopening plays among young millennial investors. While the COVID-19 vaccine rollout hasn't been nearly as fast as in the States (things are almost back to normal south of the border!), one has to think that Canada is poised to follow in the footsteps of the U.S. going into [summer](#).

Canada's vaccine rollout is picking up some serious traction

Canada now finds itself leader for single-dose inoculations, with just over 60% of the eligible population that have already received at least one jab. While it would be nice to have a greater portion of the population fully vaccinated, I think many investors are heavily discounting the magnitude of normalcy that could come to be this summer, as millions of Canadians roll up their sleeves for their second shots.

Aided by federal commercials and potential vaccine lotteries, like those in Alberta, herd immunity is so close that it's almost palpable. And the most aggressive reopening stocks such as Cineplex look to be entering "screaming buy" territory, at least in my books.

Sell-side analysts covering Cineplex stock are only mildly bullish at this juncture, with more emphasis on the risk of a fourth COVID-19 wave that could be driven by the insidious "delta" variant originating from India.

Given the faster-than-expected vaccine rollout, I'd pin a Canadian fourth wave as a low-probability event, at least for the summer. And if you wait around for Cineplex to clock in some blowout recovery numbers before punching your ticket, you'll run the risk of missing out on what could be a huge upward charge, which is arguably the greater risk for younger investors with a long-term investment horizon.

The great Canadian summer reopening looms

For now, Cineplex stock is a roller-coaster ride of a stock that's a hair away from 52-week highs. As movie theatres continue opening across the nation, I'd argue that now is as good a time as any to get

in before the number of bums that can be filled are filled.

Right now, Cineplex is taking a hit to ensure its customers are safe, with ample distancing between “bubbles” and an emphasis on sanitization. As COVID-19 cases continue to plunge, more Canadians will feel safer heading back to the movies, and Cineplex will see headwinds turn to potential tailwinds, as the movie theatre giant benefits from pent-up demand and a discretionary spending [boom](#).

The Bottom line on Cineplex stock

It's not a matter of *if* moviegoers will return; it's when it will be safe enough to operate at a higher capacity.

Based on my experience, there's much pent-up demand. Many recently reopened Cineplex theatres with reduced capacity were sold out. As COVID-19 cases nosedive and a majority of Canadians get their second shots, I think upping capacity to 80% or above wouldn't be out of the question for late summer. In such a scenario, the Cineplex we all know and love will be back. And I'd look for Cineplex stock to make a run to the \$28-30 levels.

If the nation reopens prudently, with ample testing, continued vaccinations, and vaccine passports for international travellers, there's a chance that the worst of this pandemic could be in the rear-view mirror for Canada. And such a national conquered of COVID-19, I believe, will be most kind to aggressive reopening stocks like Cineplex, as they look to recover the ground lost during the horrific COVID crash of 2020.

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