

Stock Market Recap: Air Canada (TSX:AC) Sued and Reddit Stocks Rise

Description

What a wild week it was in the markets this week. Between Reddit stocks rising (and falling) and Air Canada getting hit with a \$25 million lawsuit, there was a lot to keep up with. In this article, I'll review the three most important stories in the markets this week, starting with the broad market movements and moving on to individual stocks.

Markets go sideways

Broadly, the markets were pretty much sideways for the trading week. The NASDAQ was the biggest gainer, the TSX and S&P 500 were nearly unchanged. This continued a pattern that had been going on for the month of June, with markets starting to make gains only to give them up later. Gains for the whole year have been solid, with the TSX up 15% year to date.

Air Canada sued

Air Canada (TSX:AC) being sued in the U.S. for its [slowness to give refunds](#) was another big story this week. On Wednesday, the U.S. department of transportation said it was suing AC for "failing to provide consumers prompt refunds." Air Canada was notably slow to give refunds to COVID-19 affected passengers in 2020. The company cancelled many international flights starting in March of last year, and some passengers had to wait many months to get their money back. Canada resolved the issue by making refunds a condition of the \$5 billion bailout package AC received this year. The U.S. didn't have that negotiating tool, so it sued. So far, Air Canada is saying that it intends to challenge the lawsuit vigorously in court.

Reddit stocks rise

Our last story for the week involves Reddit stocks.

In the week prior, Reddit stocks like **AMC**, **BlackBerry**, and **Gamestop** rallied hard, with AMC in particular having [risen dramatically in a short timeframe](#). The gains continued, despite some setbacks, earlier this week. Once again, the Reddit posters forced huge losses on hedge funds, such as Mudbrick Capital, which lost a whopping \$512 million. In the initial meme stock rally of January, hedge funds lost \$2 billion. It was painful for their investors, but they're not backing down. Just recently, short interest in AMC rose 23% in a single day. Clearly, these funds think AMC is over. But if Reddit holds the line, they may be forced to cover their positions at losses, leading to yet another squeeze.

Foolish takeaway

In many ways, it was an uneventful week in the markets this week. Mostly moving sideways, the markets didn't deliver much to get excited about. Still, there were some stories for investors to keep on

top of. With meme stocks still rising, there should be plenty of action to look forward to in the week ahead. Already, 2021 is shaping to be one of the strangest years in stock market history. In 2020, we saw a raging bull market amid an economic downturn. Now we're seeing market stagnation in the recovery. Who knows what the future holds? The only thing we can say for sure is that there are more surprises to come.

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