



Reddit Stocks: Why AMC and Cineplex Are on Fire Right Now

Description

Earlier this year, the investing world was swept up with the actions of activist investors on Reddit's r/wallstreetbets board. The movement spurred huge momentum for stocks that were left for dead, especially in the wake of the COVID-19 pandemic. **GameStop** was the biggest story of the bunch, but heads soon turned to other stocks like **AMC Entertainment** ([NYSE:AMC](#)), **BlackBerry**, and even **Nokia**. Today, I want to discuss AMC's recent surge and whether **Cineplex** ([TSX:CGX](#)) can follow in its footsteps.

Why "Reddit stocks" have caught fire again

AMC is the largest movie theatre operator in North America. Its shares have [soared](#) over 2,900% in 2021 at the time of this writing. The stock is up over 330% month over month. Meanwhile, the stable of meme stocks that were pushed earlier in the year have failed to reach their previous heights. GameStop is up 24% over the past month. It has more than halved its value from its 52-week high of \$483 per share.

This stock is unique and has moved in step with a broader reopening in the United States. It is why investors may have more faith in its momentum going forward. Can Canada's top cinema operator follow a similar trajectory?

Here's why AMC and Cineplex may have staying power in 2021

Cineplex is the largest cinema operator in Canada. It has been forced to shutter its business over the past year, apart from a brief stint with limited capacity in the summer of 2020. Regardless, the stock has climbed 89% in 2021 as of mid-afternoon trading on June 17. Its shares are up nearly 50% from the prior year.

CEO Ellis Jacob has been critical of Ontario's reopening plan in recent statements. Indoor movie theatres will not be able to resume operations until step two of Ontario's reopening plan. Fortunately, it appears that step two could arrive sooner than the projected July 2 date. Cineplex will need all the

business it can get this summer. It is already [missing out](#) on revenues from some of the hotter releases.

AMC, however, has benefited from this box office resurgence. *A Quiet Place 2* managed to become the first release to breach the \$100 million domestic box office mark in the post-pandemic period. More reinforcements are on the way for movie theatres. The ninth installment in the *Fast and Furious* franchise is set to debut this Friday. In July, *Black Widow*, *Space Jam: The New Legacy*, and *The Suicide Squad* are all expected to draw big crowds.

Cineplex will keep its fingers crossed for Ontario to move forward with step 2 of its reopening to take advantage of what should be a big summer box office season.

Reddit stocks or not, AMC and Cineplex are worth your attention right now

The Reddit stock phenomenon may come and go, but investors should be more excited about the North American reopening. Movie theatres were thrashed during the pandemic. Now, consumers are hungry for action and a reason to go out. Streaming services dominated over the past year, but subscription growth has stagnated in recent months. This may be the time for AMC and Cineplex to re-establish momentum in the entertainment arena.

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2. TSX:CGX (Cineplex Inc.)

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Date

2025/10/01

Date Created

2021/06/20

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