3 Stocks to Avoid This Week

Description

The Canadian stock market makes thousands of companies available to investors. However, that doesn't mean you should buy all of them. In fact, there are times when certain companies have stronger cases for investors to stay away from them as opposed to buying shares. In this article, I will discuss three companies that investors should consider avoiding for the next little while.

The sky isn't the limit

Canada, along with many other countries, has done an excellent job of distributing COVID-19 vaccines to its residents. As a result, investors are eagerly awaiting the return of life as normal. This includes luxuries like using airlines to reach certain destinations. **Air Canada** (TSX:AC) is Canada's most prolific airliner, carrying more than 51 million passengers to 220 destinations across six continents in 2019. However, the company has endured difficult times as a result of the COVID-19 pandemic, and it hasn't quite recovered.

In its Q1 earnings report, Air Canada stated that it had experienced a $2.993 billion decrease in its quarterly revenue. This represents an 80% decline year over year. In addition, the company's net cash burn was reported as being $14 million per day. With burning pockets, investors should stay away until this company has shown it can recover. Many Canadians are still hesitant to travel, and not all countries have opened borders quite yet. It's still not time to enter a position in Air Canada.

Drive-in theatres are disappearing: How much longer do cinemas have?

There are an estimated 37 drive-in theatres remaining in Canada, half of which are found in Ontario. However, there's no denying that the industry is suffering. Similarly, cinemas, like those operated by **Cineplex** (TSX:CGX), had been experiencing declining attendance even before the COVID-19 pandemic. In 2016, the company reported a total revenue of $734 million. This figure continued to decline through to 2019, when Cineplex reported a total revenue of $706 million. In 2020, the company saw its most difficult year, with revenues plummeting to $133 million.

The first quarter of 2021 was significantly worse than the first quarter of the previous year. Cineplex reported $41.4 million, representing a year-over-year decline of 85.4%. Even more, the company reported a total attendance of 400,000 during the quarter. This implies a 96% decline from the previous year. Yes, while it’s true that consumers will attend theatres more once things open, it’s hard to believe as many people will be comfortable sitting in small, cramped rooms with strangers. Further, the company hasn’t done anything to solve its issue of declining audience numbers.

An otherwise great company

There are times when solid companies become risky investment decisions. **BlackBerry** (TSX:BB)(NYSE:BB) is a prime example. The company has done an excellent job of revitalizing its image and business in recent years. Led by renowned executive, John Chen, BlackBerry has switched from a phone hardware company to offering a diverse suite of software products.

At the end of last year, BlackBerry announced that it would be partnering with **Amazon** to develop its Intelligent Vehicle Data platform. While this is great news, the stock has unfortunately been targeted and lumped in with Reddit meme stocks. As a result, the company has seen its value skyrocket more than 60% in the past month. BlackBerry stock had been targeted by Reddit investors earlier this year, causing its stock to shoot up about 275% before falling as much as 67%. While history doesn’t repeat, it sure does rhyme. Watch out for now.

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