



Why These 2 Stocks Under \$20 Made Big Moves Yesterday

Description

On July 5, the overall stock market was subdued. But three little-known stocks made some big moves. Stocks of **Cineplex** (TSX:CSX) and **Cascades** ([TSX:CAS](#)) surged 5.39% and 6.34%, respectively. These stocks are trading below \$20, and if you are trying to find a connection, there is none: one is a potential Redditor prey and one is a resilient stock.

Why did these two stocks surge more than 5%?

It is difficult to say why a stock rises. There are many variables. Sometimes it is the fundamentals, but most of the time it is investor sentiments and the market noise that drive shares.

One reason I see for the jump is that taxpayers received Goods and Service Tax (GST) refund from the Canada Revenue Agency (CRA). The maximum [GST refund](#) any Canadian could get was \$114. What will you get in \$114? That could have encouraged many retail investors to search for cheap stocks under \$20.

Another reason why investors chose the above shares is that they were in the news: out of sight, out of mind. As a beginner, buy shares that are in news and have decent trading volumes, ensuring high liquidity. You may have a fundamentally strong stock. But if it has low liquidity, you can't sell your shares easily, and your money is stuck.

Cineplex and Cascades have decent trading volumes. They tick the generic boxes young investors need to [begin investing](#) in shares. Now comes the trade strategies. Here I will take one share at a time.

Cineplex stock up 5.39%

So what drove Cineplex stock up ~5.4% yesterday? The company is flashing itself in the news by reopening its theatres across Canada. And the one thing that's contributed to the Cineplex share climb is your favourite popcorn. Cineplex knows a movie experience is incomplete without it. Hence, it released a [press release](#) on Mighty Pop, "Extra-large popcorn equivalent to five Cineplex large bags."

Cineplex is spending a great deal in marketing and advertising to pull the audience to its theatre. I don't know how successful this hype will be, but it is doing well for shares, especially among beginners.

But there is another reason for the Cineplex stock price rally, and that is Redditors. As when Redditors targeted **AMC Entertainment** in **NYSE**, there are market whispers that they could target Cineplex too. From where I see Cineplex, it is the perfect bait for a short squeeze.

Cascades stock surges 6.3%

Cascades is a resilient stock and rarely hits the news. What news do you expect from a tissue paper and packaging company? It sells essential items and hence enjoys a stable low-single-digit growth annually. It is prone to seasonality as consumers buy ahead.

But yesterday, it released a press release that it is selling its controlling stake in RDM Group. This sale will fetch it \$461 million, a good amount for a company making \$274 million in annual free cash flow in 2020.

This was a planned sale, and Cascades stock surged on the seasonal rally. If you look at the past, the stock rises in peak seasons and dips in off-seasons. The second quarter is the peak season and it could likely see a dip in August as the off-season begins.

Investor takeaway

If you're new to investing, the above two stocks are good choices for the short term. But there are much better stocks under \$20 that can give you higher long-term returns.

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1. Investing
2. Stocks for Beginners

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1. TSX:CAS (Cascades Inc.)
2. TSX:CGX (Cineplex Inc.)

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