



## Forget Air Canada: Cineplex Stock Is My Favourite Reopening Play

### Description

**Air Canada** ([TSX:AC](#)) may be the top reopening stock on Canadians' radars. But as an international airline, the firm is more reliant on a sustained global recovery from COVID-19, rather than just a domestic reopening.

As such, I view Air Canada as a [riskier](#) air travel play than many of its domestically focused peers in the states, many of which have already recovered. Simply put, Air Canada stock is still off a country mile away from its pre-pandemic highs for a reason. The company is bleeding cash, and it faces a tougher climb on the road to the post-pandemic world.

The insidious "Delta" variant is causing another outbreak in the U.K., a nation where more than half of the population has already been fully vaccinated. Such a summertime [outbreak](#) is of great concern, and investors would be wise not to discount the possibility of a Delta-induced fourth major wave of COVID-19. Not only could Canada (and the U.S.) run the risk of following in the footsteps of the U.K. come September, but national outbreaks at different phases could bring forth travel restrictions that could perpetually dampen Air Canada's top line.

So, why am I more bullish on **Cineplex** ([TSX:CGX](#)), a movie theatre company, which is also an aggressive reopening play, over the likes of an Air Canada, a "vital" company with financial support from the federal government?

Simply put, I think Canada can prevent a fourth major wave, thanks to its accelerated vaccine efforts. Undoubtedly, Canadians were unsatisfied with the slow speed of the vaccine rollout earlier in the year. Now, Canada finds itself a leader as far as the percentage of the population that has already received one dose of vaccine is concerned.

## Domestic reopening could be better for Cineplex over Air Canada

While the horrific Delta variant is already in Canada, the nation is very close to having 70% of the

population vaccinated with at least one dose. That's a major milestone. Despite the impressive single-dose numbers, Canada has less than 40% of its population fully vaccinated with both doses. As such, Delta still poses a serious risk. Still, I think it's just a matter of time before Canada gets 70% of its population fully vaccinated, perhaps later in the summer.

Pundits have pointed to 70% as a level that could achieve herd immunity. While variants could drag that number up, I think that Canada is in better shape to reach herd immunity far quicker than most expect. As such, I'd be more comfortable betting on a domestic return to movie theatres than a recovery in international travel, especially with various parts of the world still grappling with outbreaks.

## Cineplex is my favourite “aggressive” reopening play

Undoubtedly, Cineplex has made major strides to adapt over the past year and a half. The company wants its patrons to feel as safe as possible. Upgraded ventilation, masked employees, ample distancing between seats, and enhanced sanitization efforts all bode well for the feelings of safety for moviegoers.

With a new slate of must-watch films, some of which have faced countless delays, I think Cineplex could have a very bright summer. And if Canada avoids a fourth wave this fall or reaches herd immunity by year-end, the bottom may very well be in for Cineplex, as it slowly looks to increase capacity across its locations.

As for Air Canada, a pick-up in domestic travel will alleviate the airline's pains. But the way I see it, Cineplex has more to gain if Canada becomes one of the first nations to reach herd immunity.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:CGX (Cineplex Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Coronavirus
2. Investing

**Date**

2025/08/27

**Date Created**

2021/07/09

**Author**

joefrenette

default watermark

default watermark