



Canadian Stocks: 2 to Watch as COVID Cases Rise Again

Description

Yesterday, we saw numerous Canadian stocks sell off quite significantly, led by worries over a resurgence in coronavirus cases in the United States.

Stocks across several industries sold off. However, the industries that have been most affected by the pandemic, such as [airline stocks](#), were most impacted.

Just one month ago, the seven-day average for cases in the United States was below 10,000. Today that's up above 30,000 and just recently crossed 50,000 new cases again in a single day for the first time in months.

So, plenty of Canadian stocks pulled back on renewed fears that the virus could continue to mutate and cause more problems down the road.

More than eight months after the vaccines were announced, you may be wondering why this is impacting the economy now.

Why are coronavirus cases rising again?

The United States has always been in a much different position than Canada. While our neighbours to the south have enjoyed access to the vaccines far earlier than Canada, we have a much stronger desire to get vaccinated among our population.

Just two months ago, the States had already vaccinated about 50% of the population with one dose and nearly 40% of the population with two doses.

At the time, Canada had only 44% of its population with one vaccine and less than 4% of the population fully vaccinated.

Today, the U.S has just 57% of its population partially vaccinated and 50% fully vaccinated. That's very little progress in the last two months. Compare that to Canada, which now has 70% of its population

with one dose and 50% fully vaccinated.

Canada has now passed the United States due to the vaccine hesitation south of the border.

Why is this important? Because while we have never been out of the woods yet and a resurgence of cases was always a risk, Canadian stocks will be in a much better position than those in the United States.

Canadian recovery stocks

In the past, stocks that have been most impacted have been the hardest hit by rising cases. Today, though, with stocks that have their operations in Canada, they aren't as much at risk.

In fact, if they continue to sell off, it could create another opportunity to buy these stocks while they're [undervalued](#).

Rising cases around the world are always a concern. And investors these days need to know that the pandemic will continue to pose risks to all of us until it's fully in the rearview.

For now, though, as Canada continues to learn from its past mistakes and progress well on the vaccine front, there are several companies you can be confident in today.

A restaurant stock like **Boston Pizza Royalties** ([TSX:BPF.UN](#)), for example, should continue to benefit as the economy reopens.

Rising cases in the United States will have little impact on Canada, especially with our current border rules designed to keep variants of the coronavirus out.

So, while provinces continue to reopen and consumers return to indoor dining, Canadian restaurant stocks such as Boston Pizza still stand to see a big recovery.

This makes selloffs, as we saw on Monday, the perfect opportunity to pick up some shares.

It will be crucial to monitor your investment and watch for rising case counts in Canada. At the moment, though, we are in a far better position than our neighbours to the south.

Be careful of Canadian stocks with American operations

The Canadian stocks that could be most impacted by rising case counts south of the border are those companies with a significant portion of their operations in the U.S.

A stock like **American Hotel Income Properties REIT** ([TSX:HOT.UN](#)) is one you'll want to watch carefully.

There are plenty of industries that could see a major impact again, but hospitality is one of the worst at risk.

Even if the country doesn't have to shut down again, travellers avoiding the United States, for the time

being, could significantly weigh on these stocks.

Currently, its business is still significantly impacted by the pandemic, with sales still down about 25% from their pre-pandemic level.

So, as cases continue to rise, investors should monitor the situation carefully. With some Canadian stocks, it could cause a significant pullback. Meanwhile, with others, like Boston Pizza, it could create an incredible opportunity.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
2. TSX:HOT.UN (American Hotel Income Properties REIT LP)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date

2025/08/15

Date Created

2021/07/20

Author

danieldacosta

default watermark

default watermark