



Air Canada vs. Cineplex: Which Is the Better Buy Today?

Description

Today, Canada is reopening its border to tourists from the United States. However, they must produce proof of being fully vaccinated at least 14 days before entering the country. The milestone is a big step forward, as the border has been closed for non-essential travel since March 2020. Canadian provinces have moved forward with a reopening, as the country's vaccination rates have surged in the late spring and summer. Two industries, commercial air travel and the traditional cinema, have eagerly awaited the reopening. Today, I want to look at the prospects for **Air Canada** ([TSX:AC](#)) and **Cineplex** ([TSX:CGX](#)). Which is the better buy right now? Let's jump in.

Is Air Canada ready for take-off in the second half of 2021?

Air Canada is the largest airliner in Canada. Its stock hit an all-time high above the \$50 mark in early 2020. The sky was indeed the limit for a company that was riling off record earnings. This was an impressive return to form for a company that faced financial turmoil in the early 2010s. Unfortunately, the COVID-19 pandemic has proven to be its biggest challenge since the [Great Recession](#).

Shares of Air Canada have climbed 13% in 2021 as of close on August 6. The stock is up 54% year over year. However, its value is still less than half of what it stood at its all-time high.

This summer has spurred hope for Air Canada and its domestic and global peers. Air Canada reopened a handful of international routes in July and started to reintroduce more flights to the United States. However, the rising Delta variant has [shaken investor and consumer confidence](#). Cases are surging in the United States, and policymakers are rushing to bolster vaccination rates to put a lid on further outbreaks.

Cineplex: Should you be excited or worried this summer?

Last week, I'd [discussed](#) whether the rising Delta variant could torpedo Cineplex's comeback. Shares of Cineplex have climbed 42% in the year-to-date period. However, excitement has dried up in the face of the reopening and the rise of the Delta variant. The stock is down 22% over the past month.

There were hopes that this summer movie slate could inject some optimism for the movie theatre industry across North America. *The Suicide Squad* debuted this past week to an underwhelming opening. Indeed, the only true hit this summer has been the ninth installment in the *Fast and Furious* franchise. This may be an ominous sign, as cinemas hope for increased activity in the late summer and fall of 2021.

Cineplex is taking a proactive route. Last week, the company announced plans to launch a monthly subscription program that offers perks and discounts for those that sign up. CineClub will reportedly cost \$9.99/month. This service will give members a free movie every month, and cheaper "member-priced" tickets as well as a 20% discount on concession items.

The traditional cinema was already in dangerous waters before the pandemic hit. Cineplex and its peers need to pull out all the stops to get back on their feet after a devastating year.

Which stock is the better buy?

Air Canada was putting together record earnings on a consistent basis before the pandemic hit. Indeed, the commercial air travel industry is still geared up for big growth going forward. There are strong signs that consumer demand is still high. Investors can look forward to a strong rebound as nations adjust to the post-pandemic world. Cineplex, however, is facing challenges that go far beyond COVID-19. Consumers have progressively turned away from movie theatres and to home entertainment options. Investor faith will continue to wane if movie theatres are unable to gain momentum in North America in the weeks and months ahead.

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