



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

Description

The COVID-19 pandemic dealt major damage to many top industries. Airlines and the traditional cinema rely on a steady flow of customer traffic to feed their respective businesses. **Air Canada** ([TSX:AC](#)) and **Cineplex** ([TSX:CGX](#)) are the top two players in these industries in Canada. Today, I want to look at how these stocks have performed in recent months. Which is the better buy in mid-October? Let's dive in.

Should you buy the dip in Air Canada stock?

Air Canada is the largest commercial airliner in the country. Its shares have climbed 4.4% in 2021 as of close on October 8. However, its shares have plunged 14% over the past six months. Back in July, I'd [discussed](#) why Air Canada could richly reward investors going forward. Is it worth buying into this prolonged dip?

It has been 18 months since the start of the COVID-19 pandemic. This represented the greatest crisis for the airline industry since the onset of the War on Terror. Canada and its allies have moved to aggressively inoculate their populations in order to put a stop to the pandemic. This country had a slow start securing supply, but it has since proven to be one of the top nations when it comes to vaccination rates.

Investors can expect to see its third-quarter 2021 results in early November. Business travel continues to be slow at this stage, but North American airlines have shown a solid bounce back in leisure. This is in line with projections from travel agencies who were confident in pent-up demand for travel. We will be looking for some improvement in this area in Air Canada's next batch of results.

Shares of Air Canada are trading in favourable value territory relative to its industry peers.

Can Cineplex continue to build momentum?

Cineplex is the largest movie theatre operator in Canada. This stock has increased 63% in 2021. Its

shares have jumped 4.8% month over month. Cineplex appeared to lose some momentum in the beginning of August but has since rebounded. It will also release its next batch of results in November.

Last month, I'd discussed why a [big move](#) from **Disney** was great news for Canada's top cinema operator. On September 10, Disney announced that the rest of its 2021 movie releases would debut solely in theatres. Films would play out a minimum of one month before launching on the Disney+ streaming service. Cineplex and its North American peers had expressed concern over the decision by Disney and other top studios to release films in theatres and on streaming services simultaneously. The traditional theatre is already in an intense competition with home entertainment options, and this had the potential to tip the scales even further in the wake of the pandemic.

Disney's show of support to the traditional cinema will give Cineplex some breathing room, but it is still fighting in a tough landscape. *No Time to Die*, the next installment in the hugely popular James Bond franchise, had a solid box office debut in North America. However, it fell short of lofty expectations, especially considering the multiple delays it suffered in a bid to maximize revenues.

Which stock is the better buy today?

The run for Cineplex has been impressive, but I'm much more [bullish](#) on the airline industry going forward. Shares of Air Canada still offer solid value for investors looking to jump in right now.

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