



2 Incredibly Cheap Reopening Stocks to Buy as COVID Cases Drop

Description

It's been a horrific past few months, with the Delta-driven COVID wave that struck in spite of increased uptake for the slate of safe and effective vaccines. Indeed, the latest wave of COVID has been described by some, including Dr. Anthony Fauci, as a pandemic of the unvaccinated. With many other variants of concern (VoC) that could create waves following Delta, the rate of the vaccinated can only go up, not down. However, it is worth noting that the effectiveness of various vaccines is likely to trend lower six months following a second jab, bringing in the need for booster shots.

COVID cases falling: Time to buy cheap Canadian reopening stocks?

In any case, this Delta wave appears to have peaked. And falling COVID cases are likely to be in the cards over the coming weeks. Whether or not another wave will follow ahead of the holiday season remains to be seen. Regardless, I think investors should look to some of the harder-hit reopening stocks while they're still down and out, as they could be in for increased business in the fourth quarter and perhaps the first quarter of 2022.

It's still too soon to tell if the worst of the pandemic is behind us. Regardless, one has to be encouraged by decreasing cases, and the possibility for an even closer return to normalcy than the one Canada experienced in mid-summer.

Lower-risk restaurant plays like **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and higher-risk discretionary plays like **Cineplex** ([TSX:CGX](#)) may be ripe for buying, as Canada looks to kick this latest wave of COVID cases. I think both names are buyable together at today's [depressed multiples](#), as the road ahead could be far [smoother](#) for reopening stocks than the rocky road behind us.

Restaurant Brands International

Restaurant Brands, the firm behind Popeyes Louisiana Kitchen, Tim Hortons, and Burger King, has

sagged, with shares doing virtually nothing year to date. Now off over 10% from 52-week highs, I think it's a mistake to pass up the firm behind such robust and resilient brands that could be in for some favourable comps in the fourth quarter, as dining rooms look to reopen from coast to coast across Canada and the U.S.

The company also has plenty of same-store sales growth-driving initiatives that could pave the way for one of the best quarters in years. The tides look turned in favour of fast-food franchises as COVID cases dwindle. Such a boon seems to have already been reflected in the share prices of many of QSR's competitors. In due time, I suspect QSR will follow suit and blast off past \$110 per share. Restaurant Brands is giving its brands, especially Burger King, a big jolt. Once tailwinds overtake industry headwinds, there's no telling what the upward trajectory could be like in the beaten-down \$36.5 billion fast-food firm.

Cineplex

Cineplex and the movie theatre firms are probably one of the hardest hit from the recent pandemic. As people feel more comfortable with proof of vaccination, I do see the company gradually filling its seats with bums again. Undoubtedly, capacity has remained on the low end for safety reasons. Still, as COVID cases fall off thanks to higher vaccination (and booster) rates, I think capacity rates can only go higher from here.

Still, the return of flu season combined with COVID could impact Cineplex's year-end recovery hopes. But with a slate of must-see films coming out of the pipeline, including the new *Matrix* film, I think CGX stock is far too cheap to ignore, even if another wave of COVID will spoil the holidays again.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CGX (Cineplex Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. joefrenette

2. kduncombe

Category

1. Investing

Date

2025/08/22

Date Created

2021/10/12

Author

joefrenette

default watermark

default watermark