



2 Stocks to Sell This Month

Description

How balanced is your portfolio? With the first month of 2022 already behind us (and some volatility thrown in for good measure), it's a great time to review some stocks. I'm not just talking about buying some more stocks either – here is a duo of stocks to sell this month.

How low can this stock fly?

The airline business is one of the most, if not the most, fragile segments on the market. In addition to requiring expensive aircraft and highly trained staff, airlines are subject to constant risks. Even the weather can add to scheduling woes.

That's only part of the reason why **Air Canada** ([TSX:AC](#)) is one of the two stocks to sell this month.

The entire airline industry is still reeling from the impact of the ongoing global pandemic. Additionally, the highly anticipated recovery from that initial shutdown is still far off in the distance. First Delta, and now the Omicron variant, continues to wreak havoc on a resumption of normal service.

Travel restrictions because of that latest variant remain in place for the moment. As a result, Air Canada has been forced to cancel flights. By way of example, in January, the airline canceled over 2,700 flights, which works out to roughly 12% of its schedule. Keep in mind that airlines are often forced to cancel flights due to a variety of factors such as the weather.

Will Air Canada recover – ever?

That's the question on nearly every investor's mind. Prior to the pandemic, Air Canada was one of the darling stocks of the market with gains of over 300% or more over the prior decade.

In short, Air Canada may one day see superb growth again – but investors shouldn't expect that to come anytime soon. For that to happen, the pandemic needs to end, people need to feel comfortable flying again, and markets around the world need to open. Right now, none of these are happening, so investors are better left [looking elsewhere](#).

Take a seat, enjoy the show. Or not...

As bad as it was for the airline industry during the pandemic, it was far worse for the entertainment industry. Most people don't realize it, but most planes earn revenue from carrying cargo too.

Unfortunately, the same can't be said for one area of the entertainment sector – movie theatres.

Cineplex ([TSX:CGX](#)) operates the largest movie theatre chain in the country. That chain came to a grinding halt during the early days of the pandemic. Despite efforts to draw people back into theatres, there just aren't as many people going to see movies as there once were.

This not only puts a drain on financials but also forces Cineplex to rethink its century-old business model even further.

I say *even further* because that movie-and-popcorn model was actually under attack and losing ground well before the pandemic. The advent of the streaming model has reduced, if not eliminated, the need for many one-time customers to purchase an admission to watch a movie.

That trend accelerated under the pandemic, as nearly every major studio launched a streaming service. In a modern take of the 'direct to DVD' model of the past, many of those streamers now release exclusive content directly on their platform. This draws in customers, while the small recurring bill keeps them subscribed. Keep in mind that the price for a month of unlimited streaming costs less than a single movie ticket.

That factor alone warrants putting Cineplex on a list of stocks to sell.

But will Cineplex recover? The more accurate question would be can Cineplex *evolve*? The movie and popcorn business may recover eventually, but it will never be the same. Cineplex needs to innovate with multiple revenue streams to account for that declining theatre revenue.

Until that happens, there are [much better investments](#) on the market.

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2. TSX:CGX (Cineplex Inc.)

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