



## Buy Air Canada (TSX:AC) Stock Now if You Believe a Vaccine Is Coming

### Description

There is no other industry as badly hit by the COVID-19 pandemic as the global airlines. As the pandemic spread globally, nations closed their borders, effectively shutting down the majority of airlines.

That devastating outcome, which nobody ever modelled in their business plans, caught the airline industry totally off guard, forcing them to seek government bailouts, layoff thousands of employees, and cut their spending drastically.

In this uncertain situation, buying [airline stocks](#) such as **Air Canada** ([TSX:AC](#)) seems to be a highly risky bet. Analysts and industry executives are predicting a long and painful journey ahead, where almost every aspect of the air travel will be affected.

Some of the biggest changes airlines envision are the result of what executives expect will be months, maybe years, of lower demand. They see fewer direct flights, for instance, which means more stopovers.

Some airlines are considering requiring passengers to sign health certifications or to eventually carry “immunity passports” —documentation that a passenger has had, and recovered from, the virus.

### Why buy Air Canada stock?

In this a highly restrictive environment, does it make sense to buy Air Canada stock, which is down 65% this year and trades at \$16.73 at the time of writing?

In my view, betting on Air Canada stock is very simple if you keep your line of thinking straight: there will be a vaccine for COVID-19 sooner or later, and that breakthrough will be enough to bring back travellers and revive tourism.

From the U.S. to China to Germany, scientists are working around the clock to find a vaccine against the novel coronavirus. Some researchers say a vaccine could be ready for emergency use by the end of the year. The Trump administration has announced “Operation Warp Speed” to have an inoculation ready as soon as possible.

I don’t believe that pandemic has altered human behaviour permanently towards travelling. I can’t imagine a world where people stop visiting beautiful places and experiencing new cultures.

## Don’t make a bet against vaccine

There are smart investors who are already buying airline stocks, including Air Canada, at dirt-cheap prices using similar logic. According to Bill Miller, founder and CIO of Miller Value Partners, if you don’t own the airlines, then you’re making a bet against the vaccine.

“People love flying and don’t worry about catching polio or smallpox, if there is a vaccine,” Miller said last week during a virtual roundtable of investors organized by Ariel Investments.

“If there is a vaccine, that will eliminate all the issues people have about flying and these (stocks) will come back very, very quickly,” he was quoted saying in a *CNBC* report.

[Air Canada](#), which was the best-performing airline stock until mid-January, has suspended most international flights until June due to the COVID-19 pandemic. That means more than 160 Air Canada routes are suspended, as closed borders and vanishing travel demand continue to ravage the airline industry.

If you have a two- to three-year time frame in mind, then this is the right time to start buying Air Canada stock, which has started to recover from its rock-bottom level. Trading at \$17.49, it has already doubled since hitting a \$9.26 low on March 18.

## Bottom line

If you’re a long-term investor looking for opportunities amid the stock market selloff, and you believe that the outbreak will pass without long-lasting economic damage, then Air Canada is one stock you should consider having in your portfolio.

### CATEGORY

1. Coronavirus
2. Investing

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1. TSX:AC (Air Canada)

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