



Europe's Easing of Air Restrictions Can Help Air Canada (TSX:AC) Stock

Description

Europe has started easing air travel restrictions, but it's not an open-flight season in the continent. Most countries are currently only opening travel for neighboring countries. Some weird pricing trends have started to emerge, as airlines are charging almost double the rates before the pandemic. The airlines across the border have started to see some activity as well.

Even though Canada's international travel restrictions are supposed to continue all the way to the end of June, the airports are starting to look alive for the first time. There are fewer cancellations, more flights are being booked, and the stocks recovered a bit in the last few days. So, what should we take it as — a return to the normal routine or a temporary reprieve?

Are things going back to normal?

We don't know. Actually, no one knows. There is more confusion now than perhaps there was in the middle of the pandemic. Several medical experts believe that we may see a second wave of the pandemic, while the financial needs and brutal economic situations are forcing people across the globe to come out of isolation and start working again.

How does this affect **Air Canada** ([TSX:AC](#)) stock? Well, like anything else in the world, the stock market's patterns are not immune to mass psychology. If the world starts believing that things are going back to normal and starts behaving like it, there will be hope in the stock market. If you add even a partial recovery of Air Canada's usual operational capacity to the mix, the stock may start to rally.

It would take time for Air Canada to recover the losses it sustained in the pandemic, but it might not take as much time for the stock to recover. Investors haven't forgotten how amazing Air Canada's growth was, and if the stock starts to rally, many people might grab a piece of that growth. If that happens, optimism will be the driving force for Air Canada's recovery.

Even if the stock doesn't reach its 2019 valuation in a few months (or a year) after things begin to normalize, the current low valuation, and the investors who bought into the company at the right time, might still experience unusually fast growth.

But there are a lot of "ifs" in the equation. If the medical experts are right, and we see another wave, the scenario would be different. The world is still recovering, and another wave might crash the market even harder than it did this time.

Foolish takeaway

If you believe that things are going [back to normal](#), then it would be an excellent time to buy Air Canada stock. If air travel across the world returns to normal, and there are no further hindrances, then the momentum airlines will get from summer travel might strengthen the stock even further. If you are a pessimist, and you believe that the worst is yet to come, you may want to [be cautious](#) about Air Canada stock.

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