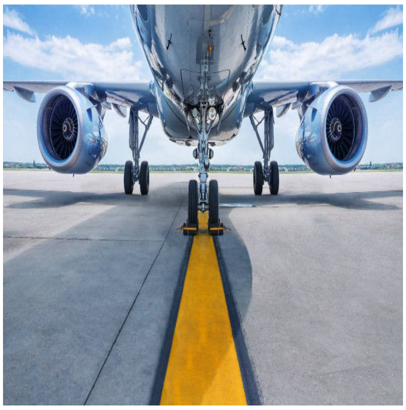

Is Air Canada Stock (TSX:AC) a Buy Today?

**Description**

**Air Canada** (TSX:AC) stock has continued its descent in a swift and shocking fall that has taken investors by surprise. But, of course, so did the coronavirus pandemic. The world today is not a world that most of us really recognize.

So, with the dramatic fall in Air Canada stock, should investors think about buying this well-managed airliner that has been dealt a very bad hand?



## Air Canada stock continues to plummet

Some investors may look at the stock's 69% fall from pre-coronavirus times and conclude that there is big value in the stock. I would caution against this. The simple fact that the stock has been decimated does not imply that it is on sale.

The environment for Air Canada has changed radically. Investors cannot expect this airliner to go back to what it once was any time soon. Costs are rising, demand will remain low for a while, and Air Canada is bleeding significant amounts of money every day.

This is a recipe for trouble. Any investor that steps in at this point of unprecedented and paralyzing setbacks and limited visibility must be prepared to lose their shirt.

## Gold stocks are a better bet right now

This coronavirus pandemic and its economic consequences are not over. Far from it. The U.S. is still in the thick of the pandemic, with soaring cases. Experts are warning that a second wave is coming. You see, we're still not through the first wave.

And especially with a stock like Air Canada, this matters. Travel has been all but totally cut off with no end in sight. I understand that investors want to position themselves for an eventual rebound, but the risks are too high, in my view.

Given the extreme turbulence that Air Canada stock is experiencing right now, I would look to put my money into a safer bet. The price of gold has rallied 20% in 2020. And gold stocks have been holding their own in this crisis. The S&P Gold sub index has rallied 44% in 2020, as investors have been flocking to this safe haven. We must think about capital preservation now, and so it would be wise to gain exposure here.

## Agnico-Eagle Mines stock: A low risk money maker

**Agnico-Eagle Mines** (TSX:AEM)(NYSE:AEM) is just the gold stock for us right now. It brings with it many appealing characteristics, such as low political risk and a strong financial position. The company has been a consistent top performer, with solid operational performance and an industry-leading cost structure. So, with Agnico-Eagle Mines stock, we not only get a macro environment that works in its favour but also company-specific strength. That sounds like a much better bet than Air Canada stock to me.



Since 2000, Agnico has grown its annual dividend per share from $0.08 to the current $0.80. That's a compound annual growth rate of more than 12%. The best part of this is that going forward we can not only expect this dividend growth to continue but to accelerate. Agnico stock is currently yielding 1.48%, but it seems highly probable that dividend increases are coming imminently.

The company has recently started production on two big mines. This will continue to drive strong production growth in the coming years. This gold stock has rallied 62% from March lows, as investors flock to safety.

## Foolish bottom line

In my view, Air Canada stock is not worth the risk right now. The business model that brought the airliner so much success in the last decade is no longer. Things have changed too much to make this relevant today. Instead of playing the guessing game with Air Canada stock, we would be better off to invest in the safer, more predictable gold stocks. They can be our safe haven in this pandemic storm.

**CATEGORY**

1. Coronavirus
2. Investing

**TICKERS GLOBAL**

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. TSX:AC (Air Canada)
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