



## Would Warren Buffett Buy Air Canada Stock (TSX:AC) Today?

### Description

**Air Canada (TSX:AC)** stock has been decimated, as [the coronavirus pandemic has taken hold over everything](#). Our lives, our finances, and the economy as a whole have not been the same since.

Warren Buffett is famous for saying that we should be greedy when others are fearful and fearful when others are greedy. In other words, buy when people are selling and sell when they're buying. This ensures that we get the best prices for our transactions.

### Is Air Canada stock cheap enough for Warren Buffet to buy?

Today, Air Canada stock has taken a beating. Investors are running scared of this stock in a big way. This has led many investors to [be conscious of the potential opportunity](#) to make big long-term gains. Air Canada stock is trading below \$19 today for a 63% decline in 2020. This is meaningful and naturally attracts investors who are eager to step in and scoop up this quality company, which is a mess today.

So yes, Air Canada stock certainly qualifies as a stock that investors are fleeing. The feeling around it is fear. But this doesn't necessarily mean that Warren Buffett would buy it. It doesn't necessarily make it a good buy, as we will see.

### Would Warren Buffett buy Air Canada stock today?

Let's try to look at Air Canada stock through the Warren Buffett lens. Air Canada is bleeding money every day. And the longer the coronavirus pandemic is active, the more blood we will see. While temporary periods of difficulty would certainly not phase such an investor, this may be different.

Air Canada's business has all but vanished. There's no indication as to when things will return to normal. Things will not be what they used to be. The pandemic is spinning out of control worldwide. And Air Canada doesn't have the luxury of time. It is losing tens of millions of dollars every day.

While the airliner is urging governments to ease travel restrictions, there's more to it than that. Consumers like you and me are certainly more wary of flying. The virus has altered our comfort levels and our decision-making process.

The airline industry has morphed into a whole different business. It is not one that I think would pass Warren Buffett's investment criteria. The whole business is experiencing expensive changes from start to finish. Costs in the airline business are going up at a time when the economy is in shambles. Packing passengers onto smaller and smaller aircraft is now untenable. This is not a good combination.

## Warren Buffett recently sold his stake in Delta Airlines

Finally, we know that Warren Buffett sold his stake in **Delta Airlines** when this pandemic began. This is a clear signal of his thoughts on the airline industry. The whole business model and industry dynamics have undergone a major upheaval. This has brought with it much confusion and uncertainty. It's probably not worth the risk.

## Foolish final thoughts

Air Canada stock had so much promise in the pre-COVID-19 times. The airliner was performing at exceptional levels, only to be met by this pandemic, which has torn its business apart. In my opinion, Warren Buffett would not see Air Canada stock as a good buy today.

### CATEGORY

1. Coronavirus
2. Investing

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1. TSX:AC (Air Canada)

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### Date

2025/08/28

### Date Created

2020/07/16

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