

accounting for most of it.

Now with a significant drop in international traffic, Air Canada is likely to take a big hit. In June, rating agency Fitch signaled concerns for Air Canada's high dependence on international revenues. Fitch also [downgraded](#) the company's Long-Term Issuer Default Rating.

Reluctance to travel with the virus in the background, cash burn, and prolonged restrictions on international flights could continue to limit the upside in Air Canada stock. Though Air Canada has ample liquidity and is drastically cutting costs to weather the current crisis, its high debt and low operating revenues make me skeptical.

Bottom line

With the significant drop in its stock price and lack of visibility, Air Canada stock looks to be a more of a speculative bet. [Investors with a large appetite for risk](#) and patience to hold it for long should only bet on Air Canada stock.

Any prolonged delay in lifting the international travel restrictions, customers' continued reluctance for air travel, and rising infections could drag its stock further down.

Moreover, the recovery in Air Canada stock could test your patience. The airline industry is likely to take several years to come out of the gloom and reach the pre-pandemic levels.

CATEGORY

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