Air Canada Looks Sunk: Invest in THIS Instead

Description

Just when **Air Canada** (TSX:AC) looked ready for takeoff, shares sunk yet again. The company recently went through an overhaul to get its planes in the air. New protocols for COVID-19 meant that company could finally start up flights again. However, a number of issues popped up almost immediately.

Air Canada received an “exposure warning” for its Kelowna to Vancouver flight last week. The warning came after an individual onboard one of the flights tested positive for COVID-19. However, it wasn’t just the Kelowna flight that saw the potential for exposure. Several other flights were added almost immediately after the news broke.

Air Canada started pushing the government to ease restrictions on quarantine after travel. The government still requires the 14-day self-isolation after any travel outside the country. The company argues that in many nations in the European Union, Britain, and other countries have adopted a less strict option for travel from low-risk countries. The United States wouldn’t be included on that list.

All of this came after Air Canada announced the cancellation of 30 domestic routes and the closure of eight regional airports. The company simply doesn’t have enough to keep shares going anywhere but down at this moment.

A better option

While I’m not saying Air Canada doesn’t have a future, its stock price is wary at best. I would definitely stay far away from it until well after the pandemic. Even when the pandemic is over, the company will spend years getting back to pre-pandemic levels.

It also will likely have to take even further measures that could prove costly to prevent the spread of any other diseases. The airline industry will see many changes, and Air Canada will have to face them head on.

That’s why there are other areas where you could invest, even within the airline industry. Well, not for people, but definitely for cargo. **Cargojet Inc.** (TSX:CJT) got a head start by partnering with **Amazon** last year. The company can now take full advantage of the boom in e-commerce from the partnership.

Under the deal, Amazon acquired a 9.9% stake in Cargojet voting shares. The deal is good for the next six years, where Cargojet will have to deliver $400 million worth of business in that time. Amazon would then add on a further 5% if after six years it can add on $200 million in business.

All that could soon look pretty easy, as the company's revenue from the e-commerce giant continues to grow during the pandemic.

It's true that shares are near all-time highs as of writing. It's also true that the share price could dip in the near future once some excitement has worn off. But if you're looking to buy long term, then the next six years could bring shares of Cargojet into the stratosphere.

In that time, I wouldn't be surprised if Amazon moved the deal sooner given the increase in demand. That's a 14.9% stake in Cargojet from one of the biggest names in the game.

Bottom line

While Air Canada may not be sunk quite yet, it's getting there. It still has some room to reach all-time lows under $1 per share. If that happens, it could then take itself off the stock market. That would leave your investment grounded.

Meanwhile, Cargojet could be soaring well into the three-digit range, where it's only just reached this year. I would certainly look at this company before buying up any more Air Canada stock.

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alegatewolfe