



Air Canada (TSX:AC) Stock Can Make You a Millionaire This Decade

Description

Fortunes can change quickly in the investing world. Take, for example, the sharp correction that occurred in the late winter and early spring. Canadian and global markets have enjoyed a steady rebound, even in the face of significant economic uncertainty. **Air Canada** ([TSX:AC](#)) looked very strong to start the year. However, the COVID-19 pandemic forced airlines to dramatically scale back operations. Global travel has been devastated. Shares of Air Canada have dropped 65% in 2020 as of close on July 22.

Air Canada had a brutal start to the 2010s. Its shares fell below the \$1 mark in the spring of 2012. However, it would finish the decade around the \$50 mark. A \$1,000 investment in this stock in the beginning of the previous decade would have been worth \$37,800 as at December 31, 2019. Investors should take a long-term outlook when it comes to Air Canada and the airliner industry at large.

Why Air Canada can bounce back in the second half of 2020

Earlier this month, I'd discussed whether investors should jump into [Air Canada stock](#). The company opted to end physical distancing on flights starting July 1. Moreover, it has been critical of the government's COVID-19 approach. Restrictions have severely impacted the airline and its peers, and its CEO urged governments to consider "proportionality" in their implementation of practices going forward.

In Q1 2020, Air Canada projected that it may take three years to recover from the impacts of this devastating pandemic. Fortunately, the consumer drive to travel is starting to heat up, as cases have fallen in Canada. The future should be brighter for Air Canada and its peers in the months ahead.

What does the future hold for airlines?

As it stands today, there are four vaccine candidates that have made it to phase-three trials and another three that have made it to phase two. The World Health Organization (WHO) projects that a vaccine is unlikely to arrive until early 2021. This means that the company and other airlines around

the world are unlikely to see a return to “normalcy” until the middle of next year at the earliest.

Back in May, Warren Buffett [elected to bail on the airline bet](#) that he made earlier in the year. Investors are typically eager to follow in the footsteps of the 89-year-old legend. Airliners are facing a tough road ahead in the near term, but for those who are making long-term investments there are attractive opportunities in this space.

Air Canada: Should you buy today?

Investors can expect to see the company’s second-quarter results on Friday, July 31. Its shares last possessed a Relative Strength Index of 47, which puts it in neutral territory. Air Canada stock has been somewhat flat since it marginally bounced back from its March descent.

Air Canada is in much better shape than it was in the beginning of the 2010s. It has a very solid balance sheet, and it has grown into a domestic powerhouse. Now is the time to stack shares in Air Canada.

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