



3 Reasons to Buy Air Canada (TSX:AC) Stock Today

Description

When talking about **TSX** stocks, investors will bring up the same names again and again. While there has been strong momentum in certain tech stocks, the pandemic has also given rise to a new kind of contrarianism. The latter strategy sees investors snapping up shares not in names that satisfy a “stay at home” trend, but that have been damaged by it. Names like **Air Canada** ([TSX:AC](#)) spring to mind.

Contrarian momentum

It's been seen time and again during the pandemic that certain stocks can pick up their own momentum, whether or not the thesis makes sense. In fact, the wackier the play, the better – or so the neo-contrarianism bred by the pandemic seems to think. Look at **Hertz**, a thoroughly beaten-up name that no pundit could seriously recommend. And yet investors kept on buying Hertz shares like they were going out of fashion.

This contrarian momentum favours any stock that catches the attention of growth investors with a high tolerance for risk. It almost doesn't even matter what the stock is. It helps, though, that aviation stocks are [on the radar of growth investors](#), and have been pretty much throughout the pandemic. Yes, there was an early period when analysts were bearish. But that soon fell to the wayside.

A key recovery rally stock

A vaccine will see markets rally hard. A widely distributed vaccine that *actually works* will have an even greater effect. I've referred to a vaccine as the pandemic backstop, to borrow a phrase from the Brexit mess still unfolding across the pond. As soon as the pandemic can be halted, economies will bounce back. The process of coming out of economic hibernation will begin. Chewed up stocks will bounce back.

This includes stocks with what I call “comeback charisma.” The prospect for a more comprehensive rollout of testing has seen Air Canada shares improve this week, up 4% at the time of writing. This name is clearly responsive to reopening efforts and could rally on a [vaccine breakthrough](#).

Air Canada has “underdog energy”

Air Canada is one of those stocks that some people love to hate. The value of a hated stock, though, is that it has underdog energy. And some people will bet on whatever looks like it is losing – again, almost without regard for what that stock actually is. There is an element of emotional investing at play when it comes to Air Canada.

The company certainly has its issues. But this is a market leader — albeit in a market that has been put on ice. The difference between a halted market, though, and one that has crumbled naturally, is that (in theory) it can be restarted. The fleet of vehicles is still there.

Pilots are at the ready. All that is required is a reopening and people will flock back in their millions. In theory. Until then, this a bargain stock potentially headed for a rebound.

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