



Why Air Canada (TSX:AC) Stock Rose 12% Last Week

Description

Air Canada ([TSX:AC](#)) stock rose 12% week over week as of close on August 28. Its shares have still dropped 62% in 2020 so far. However, there is creeping optimism in the airline space. Today, I want to explore why Air Canada may have regained momentum in late August.

Air Canada taking the lead in the fight against COVID-19

Airliners like Air Canada have faced huge challenges due to the COVID-19 pandemic. The industry was flying high heading into 2020. Passenger traffic had climbed to record levels, and the industry was pondering how it would deal with the need for more pilots in the years ahead. Instead, airlines have been forced to dramatically reduce capacity.

The last few months have seen some promising leaps in the realm of testing. This month, Air Canada and WestJet revealed that they will be introducing a trial test for travelers starting in September. Airline officials are hopeful that the data they collect will convince the federal government to rethink their mandatory 14-day quarantine, either waiving or reducing it heading into 2021.

Many Canadians are already antsy about international travel due to the pandemic. However, those who are not as concerned about the virus itself may be less inclined to travel considering this restrictive policy. Air Canada and its peers are fighting for a government rethink of this rule in order to attract more travellers in the months to come.

If this trial period is successful, airlines may be able to accelerate their recovery plans. Those efforts will be doubled if the next development reaches a key milestone before the end of this year.

Is a COVID-19 vaccine imminent?

Hopes for a COVID-19 vaccine have heightened in recent months. As it stands today, four major companies are in phase-three trials for a potential vaccine. This includes the United States biotech giant **Moderna**. There has been promising progress with its candidate. Moreover, there is increasing

optimism that a viable vaccine will be produced by late 2020 or early 2021.

This kind of breakthrough would be huge for Air Canada and its peers. Of course, it will take time for a vaccine to be mass produced and distributed. It remains to be seen whether a vaccine will be tied into travel requirements. This is a subject that has attracted some controversy. The mask requirement has already inspired pushback from some segments of the population.

In any case, a vaccine breakthrough will undoubtedly be a huge positive for the airline industry.

Air Canada: A tasty value play

In recent articles, I'd discussed why Air Canada stands as a [great value play](#) and a chance to stash a very [promising growth stock](#). Shares are still trading at the low end of its 52-week range. Though it will take time to recover, Air Canada's growth prospects in the long term are still exciting. Moreover, the company has greatly bolstered its balance sheet. It is equipped to pass through this crisis. Canadians can scoop up a top growth stock at a great value right now.

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