



Air Canada (TSX:AC) or Canada Goose (TSX:GOOS): Which Is the Better Recovery Stock?

Description

The **S&P/TSX Composite Index** rose 130 points on September 1. Metals and mining and the energy sector were the two big performers on the day. Some economists and analysts are sounding the alarm when it comes to the broader economy. Many stocks have still failed to recover from the market crash in the late winter and early spring. Today, I want to look at **Air Canada** ([TSX:AC](#)) and **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)). Which is the better bet to climb back to all-time highs?

Why Air Canada is poised for a huge comeback

Earlier this week, I'd discussed why shares of Air Canada managed to [gain momentum](#) in late August. The company announced that it would institute a new testing method at airports. In doing this, the company hopes to convince the federal government to ease its restrictions on international travel. Namely, it wants to see an end to the 14-day quarantine rule.

In the spring, Air Canada warned that the damage caused by the COVID-19 pandemic would take roughly three years to recover from. The company reported an 89% year-over-year decline in revenue in the second quarter of 2020. Meanwhile, total passengers dropped 96% compared to Q2 2019. Airlines are hoping for regulatory change and for a vaccine before the end of this year. Air Canada's testing pilot project is well worth paying attention to for investors.

Air Canada and other airlines are trying to attract as many customers as possible ahead of this fall and winter season. The company recently opted to offer COVID-19 insurance for sun destinations at no extra cost to travelers. Unlike the early 2010s, Air Canada possesses a very solid balance sheet.

Can Canada Goose recapture its former glory?

Canada Goose had one of the best starts for an IPO in recent years. The high-end winter clothing manufacturer turned heads with its approach after its public listing in 2017. Canada Goose focused on opening a handful of engaging brick-and-mortar locations, while heavily bolstering its e-commerce

offerings. Shares of Canada Goose rose to an all-time high in late 2018, breaching the \$90 mark.

Unfortunately, that momentum came to a screeching halt before 2018 came to an end. Canada moved to arrest Huawei executive Meng Wanzhou in December of that year, triggering a spat between Canada and China. Canada Goose stock [plunged in response](#). However, its store opening in Beijing was received well in the weeks that followed.

Shares of Canada Goose have climbed 9.3% over the past month as of close on September 1. It reported a \$2.5 million profit in the fourth quarter of fiscal 2020. Canada Goose has said the pandemic impacted its slowest time of the year. Fortunately, its brick-and-mortar stores will be reopened heading into the busy winter season. Canada Goose has continued to draw strength from its e-commerce channels and from its Asia-based business.

Which is the better buy?

Clothing stocks are notoriously hard to trust. I still like Canada Goose in the medium term, but Air Canada offers the more explosive growth opportunity right now.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:AC (Air Canada)
3. TSX:GOOS (Canada Goose)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/07/04

Date Created

2020/09/02

Author

aocallaghan

default watermark

default watermark