



Air Canada (TSX:AC) Stock: Here's Why it Could Double by 2021

Description

Air travel around the globe hasn't been able to escape from the overreaching talons of the pandemic. The scenario is different in other parts of the world. Europe, for example, is experiencing another phase of air travel restrictions and low demand. The air travel on the continent reached almost 50% of last year's capacity at its peak, but it has taken a sharp turn as the virus surges again in some countries.

The case is similar across the border. The U.S.'s air travel industry might've taken a breather, but the reprieve is gone now, but the demand falls again. Many countries are already bracing for a second wave.

Canada and Air Canada

The Canadian government hasn't yet relaxed the travel restrictions. This decision is negatively impacting the businesses of local and foreign airlines that have Canada as an essential destination. The combined blow of international travel dimming and extended restrictions in Canada could've destabilized **Air Canada** ([TSX:AC](#)) even more, but somehow, the [stock is staying](#) healthy.

In the past 30 days, the stock surged by almost 15%. The stock is slowly creeping towards \$20, and if another significant blow doesn't affect its momentum, it might continue to grow gradually. The critical part here isn't the growth pace of the battered Air Canada stock, but its resilience.

Despite the fact that Air Canada flights continue to be flagged down for coronavirus exposure, and that refund requests plague the company, the stock is improving. It might mean that investors have made up their minds that this company isn't going down. This is why many might be interested in capitalizing on its eventual recovery, which is expected to double investor's money next year.

A bright future

There hasn't been a doubt about the fact that *if* Air Canada recovers, it's going to be a powerful stock.

Investors haven't forgotten its pre-pandemic growth. If they believe that the company can achieve that feat again, investing in the company at its current valuation might be a once-in-a-lifetime opportunity (even though the opportunity has now been stretched to a few months).

This shows that investors are still interested in Air Canada as an enticing recovery stock once the pandemic is over. A viable vaccine and the international travel ban finally lifting in October could be the catalysts for Air Canada's stock soaring. It doesn't even need to reach [its pre-pandemic valuation](#) to double investors' money. If you buy it now and the stock goes past \$40 per share as we enter 2021, you may double your investment in a matter of months.

Foolish takeaway

The second wave is a severe issue, but the countries are better prepared to deal with small outbreaks. A worst-case scenario would be the virus mutating and becoming more potent. Any significant changes in transmission, symptoms, or the fatality rate will cause a frenzy, and the economy might field a much harder blow than it did in March. That might cripple Air Canada beyond recovery, but thankfully, it's a very long shot.

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