



1 Industry That Might Not Rebound After Coronavirus

Description

Many countries in the world are dealing with the financial effects and social repercussions of the pandemic's first wave, while others are preparing and some of them, already dealing with the second wave. The energy sector is suffering amid the fear of a second wave. Since it didn't see a recovery like some other sectors, it might not see a sharp fall but a consistent decline.

Still, there is hope for the energy sector and most other industries. When the pandemic is over, most industries will return to normal (or, at least, normal after going through such an epidemic). There will be downsizing and aggressive restructuring, and many measures will be taken to ensure that businesses are better prepared to face such calamities in the future. But there is a strong chance that it *will be* business as usual for most industries.

Except perhaps the airlines.

Post-pandemic airlines

The airline industry is, without a doubt, one of the hardest-hit industries in this pandemic. In April, global air traffic was reduced to a mere fraction (one-fifth) of its usual size. Less traveling isn't merely a problem for the airlines but the tourism industry as a whole, which is one of the world's most thriving industries that contributes a lot to the global GDP. Therefore, many governments tried to aid the air traveling industry by relaxing travel and isolation restrictions.

Most airlines have imposed strict travel requirements, which include face masks, shields, and testing for fever. But even these measures are not enough to fight the root cause of the situation: the fear of air travel. Even with all these measures in place, one asymptomatic carrier can infect many of their traveling companions when they are all packed in one metal tube for several hours.

This fear is reflected in diminishing demand and minimal leisure travel, which *is* the bread and butter of the airline industry. Until a viable vaccine is developed and distributed, living *with* the pandemic is a new reality. And in this new reality, it's hard to eradicate the fear of traveling.

Airlines are bleeding cash every day, and sooner or later, even the most formidable ones will start to crumble. But air traveling is also a necessity, especially in countries like Canada, where it's essential for connecting remote parts of the country. The chances are that airlines will either be taken over by governments or consolidated under conglomerates that have the resources to keep planes flying at a loss.

One way or another, the industry will not regain its pre-pandemic prime.

A resilient airline

Air Canada ([TSX:AC](#)) has been a very resilient airline during [this pandemic](#). The company is suffering from the extended travel restrictions and isolation requirements that the government imposed and continues to set, despite the fact that governments around the globe have relaxed a bit in this regard and provided some breathing room to their airlines.

Still, the company is fighting the tide. It raised a lot of cash, focused aggressively on the cargo business, cut costs wherever it could (even at the expense of leaving people stranded on 30 of its domestic routes), and is delaying refunds — all in the effort to brave the crisis and survive the current situation of almost non-existent demand.

This resilience is what is attracting investors to Air Canada as an excellent [recovery stock](#).

Foolish takeaway

The airline industry will not be the same after the pandemic. But that doesn't mean there won't be an airline industry at all. After all, it plays a vital role in keeping the world together. But the airlines might not be able to survive till the end of the pandemic. It means investors that have airline stocks in their portfolios might want to consider restructuring their portfolios.

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