



Why You Should Buy Air Canada (TSX:AC) Stock This Fall

Description

The COVID-19 pandemic has been the most destructive crisis to hit the airline industry since the outbreak of the so-called War on Terror. It took airliner roughly half a decade to recover from the September 11, 2001, attacks. Earlier this summer, **Air Canada (TSX:AC)** estimated that it would take approximately two to three years to fully come back from the effects of the pandemic. However, Canada's top airliner and its peers are attempting to mitigate the damage from this ongoing crisis.

Why Air Canada is pushing for more rigorous testing at airports

Shares of Air Canada have dropped 65% in 2020 as of close on September 21. Back in July, I'd discussed why Air Canada could still make investors a [fortune](#) this decade. The stock was one of the top 10 performers on the TSX Index in the 2010s.

Earlier this month, I'd discussed the company's [push](#) to offer testing at Canada's airports. It pursued this experiment with WestJet. Airliners are severely limited due to the restriction on international travel that requires a 14-day quarantine. Leadership at Air Canada has lobbied for a more "proportional" response from the government, but this has fallen on deaf ears. It hopes to prove the viability of testing in order to push for a review of this damaging regulation.

Frankfurt, which boasts Germany's busiest airport, has rolled out an aggressive testing lab that has attracted more than 150,000 prospective travelers. The demand for travel remains, but global citizens are hungry for solutions that can give them the green light.

Is more good news coming for airlines?

While Canada's top airlines look to wipe away damaging regulations, its global peers are awaiting a vaccine. Multiple candidates have progressed to the brink, but the national competition has led to some uncertainty surrounding its distribution. A recent UBS survey found that roughly 40% of market gains were connected to optimism surrounding the COVID-19 vaccine.

Businesses that rely on international travel are all rooting for a rollout sooner rather than later. Unfortunately, forecasters have become more pessimistic in recent weeks. A rollout by the end of this calendar year now appears very unlikely. More optimistic forecasts are now targeting spring 2021 for widespread vaccine rollouts in the developed world.

This means that Air Canada and its peers may have to endure a painful reality to the end of 2020 and beyond. Should this drive investors away from Canada's top airliner?

Should you buy Air Canada stock today?

Air Canada stock last had a solid price-to-book value of 2.4. While the near-term outlook is shaky, the company is in a much better position than it was a decade ago. In the early 2010s, there were fears that the company could veer into bankruptcy. Since then, it has worked to bolster its balance sheet in order to avoid such uncertainty in a future crisis. That crisis is here, and Air Canada is well positioned to weather the challenges ahead. I'm still looking to target this stock as a long-term buy and hold.

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