



Airline Stocks: Should You Buy Air Canada?

Description

If you are a **Toronto Stock Exchange** investor looking for a good bargain right now, airline stocks should fit your watch-list criteria. It is true that the COVID-19 pandemic has shattered the industry. Nevertheless, investing is a long-term game, and these stocks may very well bounce back in the next five years.

If you want to invest in airline stocks, it seems that they may have hit a bottom in market value. While they might fall further in the short term, there is a bullish case to buy and hold airline stocks at current valuations for five years. If you decide that you want to take this risk, practice patience with your decision.

Investing in the stock market can be scary, even for professionals and people with experience. That being said, developing a healthy mindset is crucial for surviving market volatility.

Is Air Canada a good stock to buy today?

Air Canada ([TSX:AC](#)) hit a 52-week low of \$9.26 after the March 2020 stock market sell-off. Prior to the health emergency, investors traded the airline stock for \$52.71 per share. At the time of writing, the market is pricing Air Canada stock at \$16.04 per share.

Air Canada is not currently issuing any dividends. Thus, if you are an income investor, this stock might not be a good option for your retirement portfolio.

Calin Rovinescu, president and CEO of Air Canada, had this to say about the tragic [loss in demand](#) for airline travel during the COVID-19 pandemic:

“As with many other major airlines worldwide, Air Canada’s second quarter results confirm the devastating and unprecedented effects of the COVID-19 pandemic and government-imposed travel and border restrictions and quarantine requirements. Canada’s federal and inter-provincial restrictions have been among the most severe in the world, effectively

shutting down most commercial aviation in our country, which, together with otherwise fragile demand, resulted in Air Canada carrying less than four per cent of the passengers carried during last year's second quarter."

Airline travel should pick up in the next year and continue that trend in the future. As demand rebounds, revenue growth will spark investor interest in this industry. In other words, this near-term setback shouldn't be a permanent feature of the world in the next five to 10 years.

Be safe with your investment decisions

Many experts don't consider airline stocks the best investment today given the uncertainty surrounding a COVID-19-induced global economic recession. Even as protective restrictions ease for travel and business activities, some people still fear travel. Moreover, the loss in income during this time could impact business and personal travel plans.

Every investment comes with risk. That's why it is crucial to maintain a comfortable cash emergency fund and a diversified [stock market portfolio](#). Never risk more than you are willing to lose!

Even more importantly, as you continue your investment journey, work on building a successful mindset toward investing. Greed could lead even the best investors toward becoming the greater fool in the world of finance. And fear causes investors to sell stocks at a loss when they shouldn't or miss out on solid profit opportunities.

Don't put yourself in either one of these categories. Develop a discerning and prudent approach to every decision you make in the stock market.

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