



## Air Canada (TSX:AC) Stock Plummets Again: Buy or Sell?

### Description

If the popularity of stock always positively affected its valuation, **Air Canada** ([TSX:AC](#)) would have not just recovered; it would have again become one of the best growth stocks there is. The stock is more talked about now than when it actually was one of the best growth stocks on TSX. It seems that investors, even those who don't have the stock in their portfolio, are waiting for the shoe to drop.

The situation would be a bit direr if you *have* invested in Air Canada. You might be wondering whether or not you should just let go of the failing stock and try to offset the losses by investing in a decent growth stock that might make you whole in a few years. If that's your line of reasoning, then understand that the probability of investing in something new (and it paying off) might be the same as Air Canada recovering.

### Another dip in price

Things started to look good for Air Canada up until a couple of weeks ago. The stock grew almost 26% from the start of August to September 17 (the most recent peak), when it reached a price of \$19.05 per share. But the stock cratered again and is currently trading at a price that's about 16% down from its September high.

The momentum also reflects the sentiment around the stock, as it was moving (up until a few days ago) to the oversold territory. Neither the [unlimited local flight](#) pass nor Air Canada's decision to resume operations in one of the regional routes it cut yielded any significant results for the stock. The airline has also ordered 25,000 rapid COVID-19 testing kits.

The company is banking on the theory that testing for the virus might make passengers feel safer traveling during the pandemic. Let's see how this plays out for the company's decimated operations.

### Buy or sell

There is no denying that *if* Air Canada recovers, investors who've bought it for under \$16 might make a

fortune. But that *if* is also connected with a *when*, because if this recovery takes over five years, there might be better recovery stocks to invest in, especially if another crash comes. And a rapid Air Canada recovery seems highly unlikely. Since March, the stock hasn't even been able to cross the price point of \$24 per share.

The stock can't seem to rally. If you want to bet on the notion that a vaccine or government aid (if it comes with no strings attached) might set the company on a path to a quick recovery, then buy. Even if you have to sell, you don't have to do so at such a brutal price. The chances of a protracted recovery are better than the probability of bankruptcy. So, hold on to the company and sell it as soon as you are in the green.

## Foolish takeaway

The death toll isn't spiking yet, at least not as it did at the peak of the first wave. But the new cases have started following the same pattern, and in about two weeks, we might see the mortality rate following suit. If the second wave is even 70-80% as strong as the first one, it would be 100% [bad news](#) for Air Canada.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:AC (Air Canada)

### PARTNER-FEEDS

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

### Category

1. Coronavirus
2. Investing

### Date

2025/08/29

### Date Created

2020/10/07

### Author

adamothonman

default watermark