



## Why Air Canada (TSX:AC) Stock SURGED 28% Yesterday

### Description

North American markets erupted on November 9 after investors received some potentially game-changing news as we near the final weeks of 2020. **Pfizer** said that its vaccine data suggests that its shots are 90% effective at preventing COVID-19 — an extremely promising rate for a vaccine. The typical flu vaccine often sits in the 50-60% range when it comes to effectiveness. Pfizer's vaccine is among the seven that Canada has pre-ordered. Unsurprisingly, **Air Canada** ([TSX:AC](#)) stock enjoyed one of the biggest surges after this news broke.

### Could the vaccine save Air Canada and the airline industry?

Shares of Air Canada shot up 28% on November 9. The stock is now up 35% in the week-over-week period. Back in late August, I'd discussed the [momentum](#) that Air Canada had built due to its push for testing for international travelers. Unfortunately, those hopes were dashed in the mere days that followed.

Onlookers and investors were rightfully giddy after Pfizer released this data. However, this does not mean that a vaccine is imminent. The initial protection rate could change by the end of the study. Still, this is an encouraging sign after what has been a brutal year for the global populace, offering hope of a return to normalcy over the next year.

That hope has extended to the airline industry. Air Canada was not the only airline stock to enjoy a spike on November 9. In the United States, **American Airlines** stock rose 18%, **Delta Air Lines** jumped 17%, and **United Air Lines** climbed 19%. Optimism has been infectious. Prime Minister Justin Trudeau alluded to "a light at the end of the tunnel." Canada broke a deal with Pfizer for a minimum of 20 million doses of a potential vaccine back in July.

### How should investors respond to this news?

Last month, I discussed whether investors should steer clear of Air Canada as governments warned of the impacts of a second wave of COVID-19. In that article, I suggested that a vaccine may be the [best hope](#)

for airliners. Even then, it looked like a vaccine had the potential to arrive before 2020 came to an end. This promising Pfizer report is fantastic news for Air Canada and its peers.

For most of the year, Air Canada has looked like a strong addition after suffering a sharp drop. While it is facing huge challenges in the near term, it is still a top growth stock to target for the long haul. Moreover, it is much better equipped to weather a crisis than it was during the early 2010s following the 2007-2008 financial crisis.

Air Canada stock is still trading at the low end of its 52-week range. If Canada can get its hands on a viable vaccine by the spring of 2021, the comeback for airliners may arrive sooner than originally expected. Investors should not be afraid to jump on Air Canada after this very encouraging news.

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