



Air Canada (TSX:AC): 4 Reasons to Buy the Stock Today

Description

Air Canada ([TSX:AC](#)) stock has climbed 39% month over month as of close on November 25. Airliners across North America have seen their shares gather momentum in November. Today, I want to look at four reasons Canadians should look to pick up their top airliner before we move into the final month of the year.

Air Canada is in much better shape than it was a decade ago

Earlier this month, I'd discussed Air Canada's [sudden surge](#). One of the reasons I was bullish on the stock was its position in comparison to the early 2010s. The COVID-19 pandemic may be the most significant global event in the 21st century, but the 2007-2008 financial crisis also shook the world to its core. In the years that followed, the future of Air Canada was not assured.

A questionable balance sheet had many investors expecting a downfall for Canada's top airliner. The stock even fell below the \$1 mark in the early part of the last decade. However, on the back of a broader recovery and improved leadership, the company clawed its way back to one of the top performers on the TSX. It entered 2020 with a much stronger balance sheet and overall business in comparison to the early 2010s.

The vaccine is coming quickly

The big spark for Air Canada and its peers was the news that **Pfizer** threw out in the aftermath of the U.S. presidential election. Its data showed a vaccine candidate that was 90% effective. More companies have entered their data into the fold. **Moderna** released data on a vaccine candidate that demonstrated 94% effectiveness. The market erupted on this news, especially in sectors that had been [punished by the pandemic](#).

Air Canada originally expected that it would take between two and three years to bounce back after this monumental crisis. However, if a vaccine can be effectively rolled out by early 2021, that comeback may arrive much sooner.

Desire to travel has not died with the pandemic

COVID-19 restrictions on airliners have made air travel itself a very unpleasant experience. Even those who want to travel in this uncertain time are unlikely to follow through in this environment. However, the desire to travel is still there. When travel becomes "safe enough" once again, I expect to see an explosion of travel. In the United States, roughly 50 million Americans have continued to travel for Thanksgiving.

Many Canadians are also sitting on big COVID-19 savings. Travel budgets will be full to bursting when things clear up in 2021. A recent study from the **CIBC** showed that Canadian households and businesses were holding on to more than \$170 billion in excess cash. Savings rates have increased to 13.6% compared to 3.6% before the pandemic. More cash is certain to equal more travel when restrictions are lifted. That is very good news for Air Canada.

Air Canada still has huge growth potential

That last point leads into Air Canada's growth potential over the course of the 2020s. A \$2,000 investment in Air Canada on January 1, 2010, would have been worth over \$73,000 as at December 31, 2019. Shares of Air Canada are trading near the bottom of its 52-week range right now. Air travel is a good bet to pick up where it left off in the years following this pandemic. Air Canada is a dominant force in this space and well worth betting on today.

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