



## Air Canada (TSX:AC) Stock Soars, But Don't Get Comfortable

### Description

**Air Canada** ([TSX:AC](#)) has been recovering like wildfire during the past few months. News of a vaccine from multiple sources meant investors believed a return to normal was inevitable. Heck, the company already has airplanes in the air once again. So isn't it really all up from here?

Investors should beware. There is still not only a lot of hurdles, but a lot of potential setbacks lined up for Air Canada stock holders. Here, I'll go over a few.

### The vaccine

First, let's clarify a few problems with investors believing the vaccine will be a cure-all for not just COVID-19, but also for the airline industry. We can't return to pre-pandemic norms. The future is here, and it is entirely different — especially for those travelling by air.

In fact, some analysts are predicting that even business travel will be cut by about 50%. Businesses have learned to work remotely, use programs like Zoom to meet rather than in person. And the vaccine itself, even if it were available immediately to everyone, still has some problems when it comes to the airline industry.

Air Canada stock will need years to get people flying again. Between then and now, the company is going to have to convince fliers that should another virus attack, the company will be ready. It's therefore likely that many of the precautions in place today will remain. Take a look at 9/11 for example. Airlines had to completely overhaul security. Now, we not only have to protect passengers from terrorist attacks, but virus attacks as well. That's not something that will simply disappear, vaccine or not.

With the holiday season fast approaching, we could also see further restrictions on air travel — and further restrictions along with it.

## The cost climbs

Air Canada already has about \$10 billion debt. This debt was just under \$8 billion before the crash, from investments into a fleet of aircraft, reinvigorating its flights, buying back Aeroplan, and more. This will pay out in the long run, but for now it means this is debt the company has to pay off in the years to come. Years that will see far less air travel.

Right now, airlines target one specific virus. So how can airlines prevent the spread of another virus in the future? This will take an enormous investment once the solution appears.

## Bottom line

I believe Air Canada stock will jump and dive a few times in the next year or so. It may get back to its pre-crash levels in that time and continue to climb. But there are so many variables to consider, such as the ones above. This is still a risky stock, so don't expect a [vaccine](#) to cure everything for Air Canada stock.

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