



Did Air Canada (TSX:AC) Stock Just Hit a Massive Buy Signal?

Description

It looked as though **Air Canada** ([TSX:AC](#)) couldn't be stopped back in January. The company reached all time highs, a huge turnaround from under \$1 per share not even a decade ago. It looked like Air Canada stock would continue to fly high, until the pandemic.

The pandemic shut down airlines around the world, grounding Air Canada stock in the process. It soon fell to lows not seen in years, with investors anxious about when there might be a turnaround. Even today, as most of the market rebounds to pre-crash levels, Air Canada stock remains down by almost 50% compared to pre-crash levels.

Then, the news

Air Canada stock suddenly saw a huge jolt in share price recently amid the news of a potential vaccine hitting countries around the world, of course. Multiple companies have come up with a promising vaccine with effective rates around 95%. This would be enormous for the airline industry, and of course Air Canada as well.

Shares jumped by almost 40% in a week at the news, and Air Canada stock is up 74% in the last [month](#) alone as of writing with little sign of stopping. But is this the [beginning](#) of the trend? Or only a bump on a long and winding road?

Saddle up for more dips

There are multiple problems that Air Canada still faces, and investors need to be aware of them before investing in Air Canada stock. If you're looking for quick cash, this might not be where you want to go looking, and here's why.

First of all, a vaccine is absolutely wonderful, no doubt about it. But it's not going to be an overnight solution. This vaccine is going to be given out to those that need it most, and those people aren't likely to push the airline industry back from the brink. It's not until everyone can receive the vaccine that

there will be hope of some return to normalcy.

And then, what will normalcy even look like? Think about the attacks from 9/11. Practically overnight, airline security changed and it has never looked back. We needed to protect citizens from terrorist attacks. Now, we have a similar situation where we need to protect citizens from virus attacks. COVID-19 could only be the first. So, how will airlines protect passengers in the future?

This means there is likely to be more cost for airline companies, and that's something Air Canada stock is going to struggle with. Air Canada already has a ton of debt of reinvesting in the company. While this will be great long term, in the short term it's likely the company will continue to pile on debt. It might have to make some tough calls to keep in business, even with a potential government bailout.

Foolish takeaway

So should you avoid Air Canada stock, or buy it hoping for a rebound? Honestly, the best choice is the most obvious one and one that the Motley Fool always recommends. If you're going to invest in a company, do your research and stick with it for the long haul. That will leave a far more likely chance of you seeing great returns in the future.

I don't believe Air Canada is going to disappear in the future. And so, if you hold this stock for decades, I wouldn't worry about the next few years.

However, if you're looking to make some quick cash, or set yourself up for retirement, this might not be a great choice. The company, as I mentioned, will have serious growing pains in the next few years. So make sure you're willing to stick it out with Air Canada stock before buying in bulk. In the meantime, perhaps add a small stake, and take it from there.

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Date

2025/09/13

Date Created

2020/12/05

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