



## Air Canada (TSX:AC) Stock Is About to Crash — Buy It When It Does!

### Description

I've written a lot lately about **Air Canada** ([TSX:AC](#)) stock, and it's clear why. The company will take up 60% of the market share in the airline industry once a deal is finalized with **Air Transat**. It's climbed to all-time highs in the last years, but sunk to lows not witnessed since 2017 as well.

Now, Air Canada stock seems to be on the rebound. After a huge fall, news of a vaccine sent shares on a monster rally. As of writing, shares are up about 75% since the news broke. Many investors are wondering what's going to happen next. Another crash? Or have they missed the boat?

### Another crash is coming

A crash is coming not just for Air Canada, but the markets in general. Unfortunately, while a vaccine is going to be available, it won't be available beyond those who need it most for quite some time. That could be a year or more away. Until then, it's unlikely things will change much for the airline industry and Air Canada stock.

This also means there is likely to be another market crash as COVID-19 continues to sweep our country. News everyday comes out that provinces and territories are enforcing stronger restrictions to contain the spread. These restrictions bring us closer to the beginning of the spread, when businesses struggled to make ends meet. That also means businesses, big and small, will see earnings reduced and this could trigger another market crash. That could be as soon as mid-January, the next earnings season.

### Air Canada has a ways to go

Meanwhile, Air Canada has much more work to do. Not only is the company reeling from the debt piled on because of COVID-19, but it had a lot of debt to begin with. The company had about \$9 billion in total debt before the pandemic, and that has climbed to around \$13 billion as of writing. While a bailout would help, it still has a long way to go to bring that debt down.

And really, that debt is only going to get higher in the near future, and there will likely be a lot of reinvestment to prevent any other COVID-19s out there from spreading to passengers. While no one knows what that might look like at a future post-pandemic airport, it will certainly cost an arm and a leg.

## So why buy?

When the smoke clears, Air Canada stock will still be around. The company reinvested in a new fleet of aircraft, bought back Aeroplan, and acquired Air Transat to become more and more efficient. It now has a cheap airline for non-business travellers, its Aeroplan points will bring in tons of revenue, and its fuel-efficient aircraft will bring costs down for decades.

The key here is the word *decades*. If you're going to buy at the next market crash, you have to be willing to stick it out — and I think you should! If you have the time, that is. If you're about to [retire](#), maybe hold back on Air Canada stock. But if you're a millennial willing to wait, you have decades to be patient, leaving leaves very little chance of seeing this company [crash](#) and burn.

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