



Why Air Canada (TSX:AC) Stock Will EXPLODE in 2021

Description

Air Canada ([TSX:AC](#)) stock soared 70% month over month as of close on December 7. Its shares are still down 44% so far in 2020. Canadian investors should be very excited about the country's top airliner as we come into the final weeks of 2020. Today, I want to discuss why the stock is poised to have a big run in 2021.

Why a vaccine is a game changer for Air Canada

Prime Minister Justin Trudeau recently predicted that most of the Canadian population would be vaccinated against COVID-19 by September 2021. We should expect to see the rollout in full swing by the middle of the spring. That is great news for the Canadian people, the broader economy, and Air Canada. There are few industries that have been hit harder by the pandemic than the airline space.

Back in October, I'd discussed whether investors should steer clear of Air Canada stock as the [second wave of this brutal pandemic](#) loomed large. Indeed, the second wave has ushered in more restrictions that have devastated already-vulnerable businesses across Canada. At the time, I'd suggested that investors should look to add Air Canada stock at its discounted price.

The post-pandemic economy will almost certainly face huge challenges. How quickly can investors expect Canada's top airliner to get back in gear?

How quickly can it get back to business as usual?

Air Canada and peers like WestJet have been aggressive in lobbying the government for more leniency during the pandemic. Both companies introduced a new testing model with hope that the government would be convinced to loosen restrictions on travel — a gambit that failed to convince regulators.

Canada will reportedly receive roughly 249,000 doses of **Pfizer's** new vaccine by the end of December, pending Health Canada approval, which means that citizens would begin receiving

vaccinations on a priority basis very soon after. While there are no guarantees that this will lead to looser restrictions, the pressure will be high to get back to business after a damaging 2020.

The province of Alberta recently struck a deal with the federal government to conduct a pilot programme for testing at Calgary International Airport. This is encouraging news for Air Canada and its peers, which have longed for an alternative to quarantines.

These new techniques, combined with a flurry of vaccines on the way in the coming months, should lead to lessening restrictions in the near term.

Should you buy Air Canada today?

Before the COVID-19 pandemic, Air Canada had established itself as a [growth powerhouse](#) in its industry. Canadians will be hungry for travel after months of lockdowns and restrictions.

Air Canada originally projected that it would face a two- to three-year recovery period following the pandemic. If the pandemic is largely in the rear-view mirror by the fall of 2021, investors can hope for a more optimistic appraisal going forward.

Air Canada stock is now trading around the middle of its 52-week range. The time to add this stock at a discount is therefore running out fast.

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