



If You'd Invested \$10,000 in Air Canada (TSX:AC) in January, Here's How Much You'd Have Now

Description

Back in January, when most **Air Canada** ([TSX:AC](#)) investors were brushing off the threat of the insidious coronavirus, [I rang the alarm bell](#), urging investors to dump the stock, as it had the most to lose if the international outbreak were to evolve into a horrific pandemic.

I expected a vicious crash that would surrender a huge chunk of the gains posted in the prior year. And when the bottom fell out on February 14, 2020, Air Canada stock proceeded to nosedive, shedding around 75% of its value, as investors rushed for the exits in an unprecedented sell-off that lasted just a few weeks. The damage done to Air Canada stock was extensive, to say the least. But if you recognized the risk that the coronavirus brought forth, the implosion should have come as no surprise.

At its worst, Air Canada stock crumbled over 75% from peak to trough

If you bought \$10,000 worth of the stock at the start of January, with the hopes that Air Canada stock would continue its momentum into the new year, you would have seen your investment implode to around \$2,500 from peak to trough. Ouch!

If you panicked, sold, and took the loss, as Warren Buffett did amid unprecedented pressures faced in the first half, you would have missed out on a rather abrupt recovery, as shares of Air Canada proceeded to more than double to where it sits today at \$26 and change.

So, if you held your investment despite the massive pressures, you'd be sitting on a smaller, albeit still painful percentage loss of 47%, making your \$10,000 January investment worth just north of \$5,000. With all the negative headlines and the "d" word — depression — being thrown around in the mainstream financial media, you would have needed a stellar noise-blocker to continue holding following the vicious decline.

While the stock was hovering around in the mid-teens for most of 2020, it would have been tempting to

follow in the footsteps of Warren Buffett by selling on the modest bounce. For a while, it seemed like the COVID-19 pandemic would last forever. There was minimal visibility on the vaccine timeline, and everybody was rushing to cancel their flights. Air Canada was making headlines and for all the wrong reasons, as consumers demanded refunds amid unforeseen outbreaks.

Can Air Canada stock continue surging?

After **Pfizer** pulled the curtain on their effective vaccine in early November, it was off to the races for Air Canada and the stocks that were most heavily impacted by the COVID-19 crisis. I changed my tune on Air Canada stock when it was trading at around \$15 and change in the depths of October, urging investors to remember that few things were more unpredictable in biology and that a vaccine breakthrough had the potential to happen at any time. Just a few days later, Air Canada soared over 80% in just over a month on the back of renewed vaccine hopes that put the pandemic's end in sight.

Air Canada may be up massively in just a month, but the stock still has a ways to go before it can get back to its 2019 highs. Given management has done a terrific job of battenning down the hatches, the stock will continue to trend higher on the back of a mid-to-late 2021 earnings recovery and some well-deserved re-valuation to the upside after having made it through the worst crisis in recent memory.

Should you hold the stock or sell the November bounce?

I have no problem recommending the stock at \$26 and change if you bought in January and are waiting for your investment to recover fully in three to four years, I think it will.

With the high risk of surrendering a bit of the gain posted last month over the near-term, though, I'd personally be more than content with sitting comfortably on the sidelines for a [better entry point](#) in the low-\$20s.

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