



Air Canada Stock: Why I'm Buying Today

Description

The airline industry has faced huge challenges during the COVID-19 pandemic. It looked like the industry was emerging from the worst of it during the late summer of 2020. However, the emergence of a [second wave](#) has further devastated international travel. **Air Canada** ([TSX:AC](#)), the top domestic airline, has seen its stock drop 8.3% in January at the time of this writing. The months ahead will be tough for airlines. However, I'm still targeting Air Canada and airline equities for the long term.

Airliners are still geared up for big long-term growth

In the near term, airlines will be punished by intensifying restrictions in Canada and around the world. Political leaders vowed that life would drift back to normalcy in 2021. However, vaccine setbacks and rising cases have blown up these promises. Yesterday, Deputy Prime Minister Chrystia Freeland said that the federal government was considering more limits on international travel into Canada to contain the spread of COVID-19.

Obviously, this is bad news for Air Canada in the opening quarters of 2021. Its shares were down 1.3% in early afternoon trading on January 26. The stock is down 55% year over year.

Despite this troubling picture in 2021, the airline industry is still worth it as a long-term option for investors. Activity in the summer, when restrictions were lifted, has shown that citizens are eager to return to their previous lives. Moreover, savings rates have increased during the crisis. When travel returns, investors should expect airlines to pick up where they left off. Because of this, I'm looking to [stack Air Canada](#) stock as it struggles.

Air Canada was well prepared for a pullback

Canada's top airliner found itself in a dire position in the early 2010s. The stock fell below the \$1 mark in the first years of the decade. Moreover, there were legitimate concerns about Air Canada's ability to stay afloat financially. Fortunately, airlines bounced back following the Great Recession and looked stronger than ever when the previous decade ended.

Air Canada learned the lessons of the previous financial crisis. Its leadership made a concerted effort to bolster its balance sheet, as it feasted on the golden years for air travel. There was no way to prepare for a crisis of this magnitude, but Air Canada has the tools to survive this pullback for the industry.

COVID-19 pandemic: A light at the end of the tunnel?

North American stocks surged in late 2020 on the hopes that the vaccine rollout would spur positive changes. Unfortunately, Canada has lagged its top allies in this race. **Pfizer** told Canada that it would not receive vaccine doses this week as it was faced with manufacturing disruptions at its plant in Belgium. This will result in a "major reduction" in vaccines in the coming weeks.

Right now, all eyes are on cases trajectories across the country. Of course, political leaders have not laid out any clear target that would lead to a lifting of restrictions. Everyone is flying blind right now, which makes it difficult to project Air Canada's future in the months ahead.

Regardless, I'm still looking to stack Air Canada stock, as it hovers around the \$20 mark today. It possesses strong growth potential in the long term. Investors should always jump on discounts when they are available, especially in a strong stock like this.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/09/09

Date Created

2021/01/27

Author

aocallaghan

default watermark

default watermark