



Better Buy: Air Canada (TSX:AC) or BlackBerry (TSX:BB)?

Description

Shares of **Air Canada** ([TSX:AC](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) have been [major movers](#) in recent weeks. Of late, their stocks have been in opposite trajectories, with AC stock pulling back over 26% from its December high and BB stock blasting off like a rocket ship (up 300% in a matter of weeks), thanks in part to the folks at Reddit's WallStreetBets forum.

What a wild week for AC and BB stock!

In a wild Thursday trading session, the tables turned again, as Air Canada stock surged around 6%. Simultaneously, [white-hot shares](#) of BlackBerry cooled off, plunging more than 40%, as popular trading platforms Robinhood and Interactive Brokers froze trading of a handful of momentum stocks that included BlackBerry.

With trading restrictions to be (partially) lifted on Friday, BB stock could get another leg up. Of course, shares are going to continue to be a wild ride of huge ups and downs, making the name unsuitable for those without a strong stomach and an extreme tolerance for pain.

As for Air Canada, I'm actually quite surprised that the WallStreetBets crowd didn't target the name, which I still think reeks of deep value, given the recovery trajectory that lies ahead. While many potential risks could derail the Air Canada thesis, I think AC investors have more reasons to hang on, as the Canadian airline looks to manage through this crisis to make it through to the light at the end of the tunnel.

The case for investing in Air Canada stock

Dr. Anthony Fauci recently said that COVID-19 variants, such as the more contagious South African variant, can be combated by "booster" shots. I believe such comments lower the risk that this horrific pandemic will drag on for longer than expected due to mutated strains, making Air Canada that much more investable than it was a few weeks ago.

That's not to say there aren't still things that could go wrong. Logistical issues with the vaccine rollout or a future problematic variant of COVID-19 could lengthen the pandemic and cause more pain to the already ailing airlines.

Fortunately for Air Canada, it has a balance sheet that looks decent enough to weather another several waves of this coronavirus typhoon. I can't say the same for some of its more indebted peers south of the border.

The case for owning BlackBerry stock

For strong-stomached young investors who prefer momentum over deep value, BlackBerry stock may be more your cup of tea. The stock has been one of the most volatile on the entire **TSX Index** in recent weeks. While I'd personally prefer waiting for the name to cool off, I'm certainly not against nibbling into a tiny partial position following Thursday's brutal 40% plunge.

BB stock's parabolic move came to a crashing halt, but there's no telling what the next move will be. And of all the stocks targeted by the folks at WallStreetBets, BlackBerry is the only one that actually makes sense. The valuation isn't as out of this world as many other tech stocks in today's market. That said, the firm has yet to prove itself to analysts on the Street. And I'm not so sure if the slew of good news will keep coming in at the rate it has.

Better buy?

I'd have to go with Air Canada over BlackBerry. BlackBerry could go sour in a hurry once the folks at WallStreetBets deem that it's time to sell, and I don't want you to be one of many that'll be left holding the bag.

Air Canada stock is quite depressed here, and I'm a huge fan of the earnings growth prospects beyond 2022. If Air Canada survives (I think it will), it'll live to see better days, possibly far sooner than most pundits think, once this horrific pandemic is over.

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Date

2025/09/13

Date Created

2021/01/29

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