



Air Canada (TSX:AC) May Be on the Cusp of a Massive Upside Move

Description

Air Canada ([TSX:AC](#)) stock has been a turbulent ride in recent weeks. A fresh slate of travel restrictions has weighed heavily on shares of the Canadian airline, helping drag shares down over 27% from their December lows, a time I urged investors to take profits on the name.

While the end of the pandemic could be in the cards in late-2021, the horrific risks brought forth by COVID-19 variants of concern has some shareholders second-guessing themselves.

Sure, the safe and effective vaccines have shined a light at the end of this tunnel. That said, there's still no telling just how long this tunnel is. And for the pessimists, the light could be nothing more than an illusion if newly-discovered COVID-19 variants drastically impact vaccine efficacy rates. It's good to be optimistic through these dark times. But as an investor, it's your job to conduct a thorough analysis of all scenarios so you have the full understanding of the risk/reward of an investment.

Let's have a look at Air Canada's recent numbers, where management is at right now, and why I think the AC stock may be a great buy right here.

Investors should give Air Canada a pass

The vaccine-driven shot in the arm of Air Canada stock is losing its effect. The company just clocked in another brutal quarter that saw a \$4.08 per share loss, missing the mark of analysts who called for a \$2.72 per share loss. Air Canada clocked in a net loss of \$4.65 billion for 2020, a far cry away from the \$1.48 billion profit made last year.

The post-earnings reaction was quite positive, as investors seemed to be expecting the worst going into the quarter. AC stock ended up over 5% on the day, thanks in part to positive commentary by Air Canada CEO Calin Rovinsecu, who's "encouraged" by discussions regarding government aid.

Moving forward, Air Canada is expected to continue trimming costs where it can while doing everything in its power to reduce cash bleed further to get through another wave (or two) worst of horrific COVID-19 cases. There's no question that variants of concern, most notably those discovered in the U.K. and

South Africa, pose a serious threat. Fortunately for Air Canada, the company has what it takes to weather the storm, and I suspect they'll manage through this final phase of the crisis.

AC stock could be on the cusp of a major upside move

First and foremost, we're all about the fundamentals here at the Motley Fool. That said, I believe it can't hurt to have a gander at the technical picture after you've put in all your due diligence to determine just how timely an opportunity is.

When it comes to Air Canada stock, I think the name couldn't be timelier, after plunging viciously from its multi-month peak levels. The stock recently formed what looks to be a bullish continuation wedge that could imply a major upside breakout over the coming weeks and months. If the technical pattern comes to fruition (there's no guarantee that it will), the stock could break the \$30 mark over the medium-term.

Foolish takeaway

As [the fundamentals and technicals come into alignment](#), I don't think it's a bad idea to load up on a few Air Canada shares before it has a chance to really [take off](#).

There's pain ahead, but if you're willing to hold for the next 18 months, AC stock could be very bountiful as an economic reopening play.

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