



Can Air Canada Stock Return to All-Time Highs?

Description

Air Canada ([TSX:AC](#)) shareholders have been some of the hardest hit during the pandemic. The stock continues to top the charts with interest in whether now is the time to buy or if we're in for another crash.

However, both answers could be true. While other stocks and in fact industries continue to recover, Air Canada stock remains either stagnant or dropping. So investors are clearly wondering if that \$50 share price and all-time highs can be reached yet again or whether the company is set to fall to 2012 levels closer to \$0.

While many investors have begun to understand that this share price won't happen any time soon, others simply believe anything is better than nothing. Essentially, if the stock can reach that all-time high again, investors are willing to wait. But can it reach that all-time high?

Is Air Canada worth holding for a \$50 share price?

Air Canada stock is mainly impacted by the pandemic, but not completely. To be fair, 90% of the impact on sales came from the pandemic. While other industries could at least find other means of bringing in revenue, the airline industry and therefore Air Canada could not. Air Canada is losing roughly \$15 million per day, \$1.4 billion every quarter in the current market climate.

While this company can handle a few months like this, it's likely to be years before we see a full rebound in the airline industry. Unfortunately, Air Canada latched its services to U.S. business travellers taking long-haul flights with layovers in Canada. This isn't viable during the pandemic, where short-haul is where any money is.

Yet Air Canada is also the biggest airline in Canada, so it can easily raise funds through debt and dilution of shares. This is good news, as it means the company isn't likely to go bankrupt even as it hits almost \$13 billion in debt. The bad news is as the pandemic rages on, even as it cools, every day the company can't be at full capacity is another day shareholders lose value. That means another day closer to dilution of shares, a huge risk with Air Canada exposure today.

Is \$50 even possible?

In short: yes. The stock price today is at about \$29 per share. However, the longer the recovery takes the more investors could lose. But while the pandemic may take years to completely close that chapter, Air Canada will eventually reach that \$50 share price yet again.

This belief comes two-fold. First, the pre-pandemic prep. The company invested in a number of cost-saving initiatives like fuel-efficient aircrafts to bring in more cash. Second, a government bailout is almost inked. While the company may not see the cash right away, it does mean there will be a share price bump at the news.

But that doesn't mean the stock isn't risky. Instead, consider waiting for another share drop before buying up Air Canada stock. When that happens, buy it knowing you're investing for the long haul. Air Canada stock will rebound back to all-time highs, but it may be a far longer climb than you're willing to wait.

Bottom line

Every day the pandemic continues, the situation only worsens for Air Canada stock. We don't know exactly how the pandemic will affect the company in the future, but it's a guarantee the airline industry will be forever changed. This impact will create [costs](#) both now and in the future, but operations will become normal once again. When that happens, share prices should be back at \$50 or even higher. You just have to be willing to [wait](#).

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