



## Today's Top Stock: Air Canada

### Description

Shares of **Air Canada** ([TSX:AC](#)) have been on quite the roll this year. Shares continue to climb, as investors price in increasingly bullish expectations for airlines today. However, since mid-March, shares of Air Canada have pulled back.

Nevertheless, I believe Air Canada remains one of the best [rebound stocks](#) right now. Indeed, this company is an excellent pick, as more and more investors are now showing interest in reopening plays, such as oil and airlines.

I believe this stock has ample room to run, as we get more clarity on some of the catalysts behind this stock's impressive rise. Here are a couple key catalysts I think investors should be keeping an eye on right now.

### **A bailout is coming!**

The largest airline in Canada is undoubtedly pivotal for the country's transportation sector. Air Canada's importance to the country's domestic and international travel infrastructure cannot be understated. Accordingly, it's no surprise the company has received substantial support from the government in the past to sustain operations and power through periods of crisis.

This pandemic has caused a crisis the likes of which investors couldn't have anticipated. However, I believe the Canadian government will step up soon with an announcement on a bailout. Talks continue. Accordingly, I believe an announcement will be made soon, likely in the next few weeks.

Air Canada's been a company on the brink of bankruptcy in the past. However, I think the "government put" discussion here with this stock has become an important focal point of investors. Indeed, when a bailout materializes, I think this stock will pop. It's got a tonne of momentum, and investors are simply waiting for the announcement today.

## Air Transat deal is a huge boost for Air Canada

As we transition to normalcy from the devastating pandemic-induced crisis, there's undoubtedly a lot of pent-up demand for both domestic and international travel. Indeed, we've spent too long in our homes in the past year. I know I can't wait to visit my favourite travel destination, and most readers are probably in the same boat.

Indeed, investors are hoping that the government will relax travel restrictions soon. Vaccination rollouts appear to be accelerating, and there's room for optimism on this front. Such a move would certainly provide a massive boost to vacation travel and airlines like Air Canada. Indeed, it appears that Air Canada is banking on it.

Air Canada's recent takeover of **Air Transat** for \$190 million is certainly an indication that this company is expecting vacation travel to boom. Indeed, I think the company is right on the money with this deal, and investors will be the ones benefiting over the long run.

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