



## Air Canada (TSX:AC) Could Fly High, But Should You Buy?

### Description

**Air Canada** ([TSX:AC](#)) looks like it could be ready for [a big liftoff](#), as the country steadily marches closer to [the post-pandemic world](#). With COVID-19 cases causing reopening rollbacks and provincial lockdowns, however, Air Canada stock could be in for a tough spring before a summertime recovery that could see the airline make up for lost time.

With Air Canada stock recently pulling back over 13% from its 52-week high, though, it seems like most of the third-wave jitters are already baked in. Investors are forward-looking, and it seems like they'll be more forgiving of the brutal quarter that lies ahead, as they set their sights on a late-2021 recovery and profitability prospects going into 2022 and beyond.

### Air Canada: Expect a turbulent ride to the post-pandemic world

Nobody knows if the third wave will be the last or if vaccines will win the race against variants. The vaccine rollout has been far bumpier than in the U.S., and that could bring forth mounting pressures for the internationally focused Air Canada relative to its domestic-flying peers to the south. In any case, I think Air Canada is one of the best reopening stocks on the TSX Index these days, but only if you're going to fasten your seatbelt for the long-term ride, because the turbulence in the name is not going anywhere, at least not anytime soon, as the world grapples with more infectious and virulent variants of concern.

The airlines like Air Canada are an obvious high-upside reopening play, but let's face it: they're not everybody's cup of tea.

### Don't count on Warren Buffett to return to the airline stocks

Even the great Warren Buffett, who sold out of his U.S. airline shares, appeared to have hit the panic button at the worst possible time earlier last year. Airlines are quite possibly the worst thing you want to be caught holding in a pandemic. And although the vaccines have the edge over the variants (at least in the U.S.), there's ultimately no telling what the future will hold or when the pandemic will abate.

As such, don't feel the urge to load up on Air Canada if you're feeling a bit of the FOMO (the fear of missing out) because the tides could turn at any moment, and if you're not going to hold through an unforeseen third or fourth wave, I think you should stick with Warren Buffett by enjoying the air travel recovery safely and comfortably from the sidelines.

## Air Canada isn't the only reopening game in town!

If you seek big upside ahead of the great reopening (whether in late 2021 or early 2022), I'd like to direct your attention to high-upside stocks that don't require you to risk the shirt on your back. Think fast-food staples like **Restaurant Brands International** or the king of the food court in **MTY Food Group**.

Both names are under considerable pressure amid the pandemic. Still, they're not bleeding cash at the same magnitude as the likes of an Air Canada or any other airline who's in dire need of financial relief or a timely end of this horrific pandemic.

Moreover, I'd argue that quick-serve restaurant plays will be among the first to fully recover from the coronavirus crisis once enough jabs are given in arms such that it's no longer risky to head out to your local Tim Hortons for a daily Double Double. And let's not forget about the juicy dividends to sink your teeth into while you wait for the great reopening, the post-COVID world, the Roaring 2020s, or whatever you want to call the coming boom.

## Foolish takeaway on AC stock

After Air Canada's big run, which saw AC stock double off its 52-week lows, I don't think the name is capable of a triple over the coming 18 months. The price of admission is getting rich, and I'd much prefer waiting for a pullback.

### CATEGORY

1. Investing
2. Stocks for Beginners

### 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
2. Stocks for Beginners

### Tags

1. Editor's Choice

### Date

2025/07/08

### Date Created

2021/04/06

### Author

joefrenette

default watermark

default watermark