



## Air Canada: 3rd Wave of the Pandemic Approaching in 5, 4, 3...

### Description

Prime Minister Justin Trudeau has raised caution around the rising cases of coronavirus variants. He stated that Canada is facing “a very serious third wave” of the COVID-19 pandemic. You can blame the slow vaccine rollout, a lax attitude regarding social distancing, or the mutation of the virus. While little is known about these new virus variants, it is clear that the variants are more contagious and are now putting younger people on hospital beds. If you have been bullish on **Air Canada** ([TSX:AC](#)), brace yourself for another 25% dip in April.

### Air Canada and the third wave of the pandemic

What I've [feared](#) is now materializing. The March 2020 situation is rewinding. The third wave of the pandemic is proving to be deadlier. Canada's most populous provinces of Ontario and Quebec have tightened restrictions, and another lockdown seems probable. Another lockdown will dash Air Canada's hopes of flying to sun destinations in May.

Just last month, AC was spreading hopes of resuming flights, which it had canceled till April 30 amid the second wave. It has not even been four months, and a third wave is rising in many countries. Germany and France have even imposed nationwide lockdowns. As the duration between the two waves shortens, it becomes more difficult for AC to adjust to the pandemic.

All the money and efforts it put to resume flights in May could go in vain if another lockdown is announced. Don't make the mistake of buying Air Canada stock at its current price point of around \$28.

### Air Canada stock: A gamble at \$28

At this point, buying AC stock is a pure gamble. The stock is rising, despite the third-wave scare. If a stock surges when the business and fundamentals are collapsing, you should be fearful rather than greedy.

Let me take you back to December 2020, when the second wave hit. There was news of rising cases

and fear that things could worsen, but AC stock did not respond until mid-December. When it did respond, the stock dipped 14.5% in four days. When Air Canada stock falls, you won't have a chance to mitigate your loss. You might not even find a buyer, as everyone in the market will be selling the stock.

The December movement could repeat in April. In such a scenario, you can avoid losing money by not buying the stock at \$28. Wait for it to fall to \$20 before considering buying.

I would suggest you stay away from Air Canada. The longer the pandemic continues, the longer the airline loses money. AC cannot fight this pandemic war forever. It has already used up a significant amount of its resources in this war. It is getting tiring, cash is depleting, the bailout help from the government doesn't seem to be coming. The longer the pandemic war lasts, the more damage it will cause, making it even more difficult for the airline to get back on its feet.

## Investor seasonality: You are better off with a pandemic stock

Rather than gambling with your money and later blaming the stock market volatility for losses, play a bet that has a fairer chance to win. This is the time to buy pandemic stocks like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). Unlike last time, Lightspeed already has the solution to keep doing business in the pandemic while maintaining social distancing.

Recently, the omnichannel platform [introduced](#) Lightspeed Payments in Europe, where many countries are going under lockdown. The need to go contactless is rising once again, and Lightspeed is pushing its contactless solutions at the right time. To give you an idea of what this means to an investor, Lightspeed charges a certain commission on transactions that happen on Lightspeed Payments. The higher the transaction volume, the higher is its revenue and profit.

If these commission-based solutions pick up, Lightspeed's average revenue per user will increase and lead the path to its profitability. This revenue growth will reflect in its stock price. The stock has already surged 14% in April. The more you delay buying the stock, the more you lose out on the opportunity to make money.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:AC (Air Canada)
3. TSX:LSPD (Lightspeed Commerce)

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**Date**

2025/09/12

**Date Created**

2021/04/07

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