



## Will Air Canada (TSX:AC) Stock Sink or Double in 2021?

### Description

When it comes to **Air Canada** ([TSX:AC](#)) stock, no one is wrong and every one is. It's a stock that has so much potential to double, even this year. Yet there is also an equally strong chance of it sinking to zero. So, let's see what experts think of this stock.

### The unpredictable

No one could have predicted the pandemic. The airline industry has experienced incredible volatility, and it remains a boom-and-bust sector. You could make a fortune, sure, but you could lose it just as easily — even today.

It's a huge disappointment to Air Canada stock investors after the wild ride it's had. The stock rose to \$20 in 2006, then fell during the market crash to under \$1 by 2012.

But then the company made some major moves, and until the March 2020 crash, the stock rose at 50 times its value! This occurred even as other industries started to crash, with a potential recession hitting headlines.

Now we're in the middle. Air Canada stock isn't at zero, but shares aren't anywhere near the \$50 price at pre-crash levels. Since November, the stock has wobbled around \$25 per share. But the future seems as uncertain as ever. Some investors are certain the stock will double in value — perhaps this year with vaccines underway. Others think even a bailout won't be enough.

### The Air Canada bears vs. bulls

The bear case is pretty clear. Air Canada stock was already billions in debt before the pandemic, which wasn't a problem given the investments it made. The company put billions into a new fleet of vehicles, buying back Aeroplan and soon attempting to buy **Air Transat**.

However, the pandemic forced Air Canada to lose millions every single day, and the company cannot

push this back forever. Air traffic remains at all-time lows, with planes flying at less than 10% capacity every day. If we see this again, Air Canada could go bankrupt. And we're still waiting on a bailout from the government, which may not even be enough. The future of airlines remains uncertain, so all that bailout money could simply be a waste.

But others are more optimistic. As the world is vaccinated, more and more people will be dying to travel. Air Canada will then see a sudden burst in air travel, bringing in revenue on top of the bailout and making it stronger than ever! So, it's reasonable to think that traffic could quadruple in 2021 compared to 2020! That would mean Air Canada not only would survive but thrive. Meanwhile, the cancellation of the [Air Transat](#) deal means the company has extra cash to pay down debt.

Now comes the hard part

## Which side are you on?

No one can make a decision for you. All you can do is listen to the experts and decide which scenario sounds more likely to you. Even experts like [Warren Buffett](#) find it hard to bet on airlines. Airlines simply aren't worth Buffett's cash right now, given the uncertainty.

But that doesn't mean you can't make solid returns, especially if you consider a long-term position. Investing in Air Canada stock right now isn't a bad idea if you plan on taking this approach. You would just have to accept there is a lot of uncertainty in your future and be prepared to wait a while before seeing any major returns.

So, if you think the world is about to improve with vaccines underway, take the bullish approach. If you want to wait for 2021 to show you more within the airline industry, then maybe Air Canada stock simply isn't for you ... yet.

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