



Air Canada (TSX:AC) Could Soar to \$33 by Summer

Description

Air Canada ([TSX:AC](#)) stock has been a [turbulent](#) ride, to say the least. Canadians have been punching their ticket to the red-hot airline play that recently got a boost courtesy of the federal government, which now has an equity stake. With a deep-pocketed saviour in Ottawa standing in its corner, I think Air Canada stock will live to see better days. It's just a matter of when the horrific coronavirus will abate in the ongoing war between vaccines and variants.

Right now, variants have the upper hand, with many provinces grappling with lockdown to slow the spread. Every day that goes by, though, more jabs of vaccines are put in arms. And as the summertime travel season rolls around, I think we'll be the closest to normalcy we've been for the duration of this pandemic. There's a tonne of pent-up air travel demand, and it will be met in due time. That said, I have no idea if Air Canada will miss peak travel season this summer, as it did last year.

All eyes on the vaccine rollout

The vaccine rollout has been relatively slow in Canada. The government ordered new boosters from **Pfizer**, and there should be a steady supply incoming over the next few years. As the federal government looks to accelerate vaccination efforts, I think Air Canada could see some pressure alleviated with its domestic-focused flights. This combined with readily available financial support from the federal government, I believe, essentially guarantees Air Canada's survival, as we enter the latter stages of this horrific pandemic.

However, I believe Air Canada's recovery will be dependent on the worldwide vaccine effort. Air Canada is an international airline at heart. Until the COVID-19 crisis abates at the international level, I think it will be hard for Air Canada to reach 2019 levels of traffic.

Undoubtedly, international airlines face a tough uphill climb en route to normalcy, whereas domestic airlines will have it easier.

Plenty of analysts out there, including my fellow Fool contributor Chris MacDonald, are bullish on Air Canada stock. They view the crisis as temporary and a recovery as inevitable, given the federal

government's backing. Sure, Air Canada is bleeding cash, but its balance sheet is less of an issue given Ottawa's willingness to lend a helping hand when needed.

Air Canada: The perfect reopening play for the cautious bull

"For bulls who believe the recovery coming out of this pandemic will be strong, Air Canada is still a great recovery pick. I'd recommend easing into such a position today for those interested in picking up Air Canada as a long-term holding." wrote [MacDonald](#).

I think Mr. MacDonald is right on the money in that Canadians looking to get in should do so gradually over time, given the turbulence in the name and uncertainties relating to coronavirus variants. As of right now, vaccines should help protect against most variants rather well. Of course, there's always a chance that one variant of interest could prove to be more virulent and infectious, rendering today's slate of vaccines far less effective. However, the discovery of such an elusive and insidious variant, I think, is a high-impact but low-probability event.

If you've got a stomach for turbulence and are bullish on vaccines, I think there's a lot to gain from the stock as we move towards normalcy. The Street's high target for Air Canada stock is \$33, implying 32% upside from today's levels. Personally, I'm waiting for a pullback to \$20 before considering initiating a position and would encourage you to wait for such a level, unless you're keen on the name.

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