



## Forget Air Canada: This Airline Stock Could Take-Off to New Highs by Year's End

### Description

**Air Canada** ([TSX:AC](#)) is a popular Canadian reopening play, but let's face it; it's not everybody's cup of tea. While we all hope that this horrific pandemic will end in 2022, there's really no telling if COVID-19 variants of concern will make a return next winter, sparking a vicious fourth wave, despite continued vaccination efforts. In essence, Air Canada stock is an investment with options-like upside based on when the pandemic and its associated travel restrictions and lockdowns will end for good.

Moreover, even once the pandemic ends, many health experts see the insidious coronavirus going endemic. In such a stage, the virus's effect on air travel remains a giant question mark. In the meantime, Air Canada will be a turbulent ride, as the company bleeds cash, hoping that things will return to normal sooner rather than later. With Ottawa at its side, though, Air Canada isn't a speculative gamble that could fall to zero. Rather, it's a risky investment that's only suitable for venturesome investors with iron stomachs.

## An airline that could pull ahead of Air Canada in 2021

For investors who want a [greater risk/reward scenario](#) and a smoother ride, preferably in the upwards direction, cargo airline **Cargojet** ([TSX:CJT](#)) may be the better stock pick at this juncture. The company hauls cargo, which will always be in high demand thanks to the secular rise in e-commerce, and not people who will not feel comfortable boarding until COVID-19 can be (mostly) conquered.

If anything, Cargojet is the polar opposite of Air Canada. It's a company that's done extraordinarily well amid the worst of the pandemic, as digital orders surged in conjunction with the demand for overnight shipping. As Air Canada tumbled, Cargojet shined. And if the tables turn and the pandemic tailwinds fade, Cargojet could surrender a big chunk of its gains posted through 2020. Fortunately for prospective investors, Cargojet has already retreated considerably in anticipation of a more challenging environment.

Cargojet stock is fresh off a 31% plunge, and I think it's worth scooping up on the dip, even as people ditch their online orders for physical shopping. And if you're an Air Canada investor who's looking to

hedge your bets, Cargojet shares could be the ultimate pairing.

## Pounding the table on shares of Cargojet

Former Cargojet bear and fellow Fool contributor Chris MacDonald seems to have [changed his tune](#) on the name. He's now a raging bull on shares of Cargojet, going as far as saying the stock could soar in a bull-case scenario.

The man views the fundamentals as unchanged. All that's changed is the price. MacDonald also notes that Cargojet's monopolistic positioning in Canada's freight business will continue to work in its favours, even as pandemic tailwinds subside. Despite such pressures, MacDonald still thinks e-commerce will remain robust going into year's end. If we're due for a fourth wave of COVID-19 cases, I think he may be right.

"As e-commerce continues to take off, and Cargojet remains the only option for air freight in Canada, there are expectations this stock could see impressive growth over the long term. The thesis is pretty simple." MacDonald wrote.

## Foolish takeaway

With a nice 27% dip in the stock, I think most concerns about a business slowdown are already baked into the stock. If e-commerce stays strong, as MacDonald predicts, Cargojet could make a run for its high, while Air Canada stock continues to sag.

In any case, you're getting a heck of a lot more predictability with a cargo airline like Cargojet over the likes of a commercial airline like Air Canada. So, between the two, Cargojet looks to be a much better buy for the rest of the year.

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**Author**

joefrenette

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