



Air Canada Stock: Prepare for This Stock to Hit \$50 by September

Description

Investors continue to wait for airline stocks like **Air Canada** ([TSX:AC](#)) to hit the recovery button. For months, shares in Air Canada stock have hovered around \$25 per share. Yet if there's one thing that's been made clear during this pandemic, it's that people really want to travel.

For those seeking a long-term investment, the airline industry and Air Canada stock specifically could be a great investment right now. While pandemic-related stocks are selling off, those bound to recover are starting to climb. For those that believe Air Canada stock will eventually rebound to pre-pandemic prices, now is the time to buy.

In fact, a recovery could come sooner than you think. It's my opinion that by September of this year, Air Canada stock could be back at \$50 per share.

High demand driving growth

The pandemic led to a complete reduction of airline travel, as we know. Air Canada stock lost millions of dollars for every day its flights were grounded, and that still continues today. In fact, until there is herd immunity, it's quite unlikely that the company will see a full-flight schedule return.

But what that means is, there will be high demand and fewer flights to fill it. This demand combined with fewer flights will create a tailwind for investors, as revenue starts to come in. With Prime Minister Justin Trudeau hoping to have a "one-shot summer" for 75% of Canadians, that revenue could start coming in sooner than we think.

Air Canada stock is ready, stating it wants the federal government to introduce a plan to restart the country's travel and tourism industry as well as the quarantine hotel program. The company deems the program "ineffective" and has been an enormous barrier to travel with travellers paying out of pocket.

Air Canada stock has cash on hand

On the surface, it looks bad. Air Canada stock has \$12.75 billion in debt to deal with. But look further back, and you can see that the recent addition is on top of about \$9.5 billion in debt the company already had. So, this is not all pandemic related. This is actually good news, as the company used that debt to make investments into cost-saving initiatives.

Today, however, the company isn't looking to invest but instead [maintain liquidity](#). Air Canada stock already extended its US\$600 million and US\$200 million revolving credit facilities for 12 months. The [government aid](#) package of \$5.9 billion will also help the company pay back refunds.

Why September?

I believe that once Trudeau's one-shot summer is well underway, there will be an announcement focused on travel. This doesn't just help Air Canada stock; it helps the economy recover. As long as it's safe to do so, I believe making an announcement towards travelling and what will be necessary will help Canadians decide when they can travel again.

This announcement is likely to come before September, when most Canadians will start the process of receiving their second dose. It would make sense then that the government would want a plan in place to guide Canadians who are fully vaccinated. The world won't be back to normal yet, but it will be well underway.

Given that, demand should surge for travel with likely less restrictions and second doses on hand. Air Canada stock should jump with each announcement as well. So, although the share price has been stable for the last few weeks, I would consider buying today. You could see your shares double within only a few months.

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