



3 Predictions for Air Canada This Decade

Description

The Canadian airline industry was hopeful that we would see a return to normalcy in 2021. Unfortunately, Canada suffered setbacks with its vaccine rollout and high case counts prevented provinces from reopening. Instead of a return to normal, airliners were forced to contend with stricter travel restrictions since late 2020. **Air Canada** ([TSX:AC](#)), the largest airliner in the country, has seen its stock climb 16% in 2021 as of close on May 20. Its shares have increased 51% from the prior year. Today, I want to go over three predictions for Air Canada in the 2020s.

COVID-19 pandemic: This too shall pass

The COVID-19 pandemic has thrust airliners into the worst crisis of the millennium. Only the aftermath of the September 11, 2001 attacks spurred challenges that were comparable. In that situation, Air Canada and its peers still took roughly half a decade to fully recover.

This pandemic has paralyzed international travel. The value of Air Canada stock has more than halved since reaching an all-time high in January 2020. However, investors should feel confident that we may see an end to this nagging crisis.

Canada has started to catch up to its peers in the vaccine race. Ontario, the most populous province in the country, has laid out a reopening plan that could see a full reopening by the middle of the summer season. This has occurred largely because of its accelerating vaccine rates. A return to normalcy may lead to business as usual on the travel side in the final months of 2021. Of course, it would not be the first time our political leaders backtracked and moved the goalposts. Cautious optimism is warranted right now.

The airline industry be a winner for investors again

Air Canada was one of the most explosive growth stocks on the **TSX** during the 2010s. It faced turbulence in the wake of the 2007-2008 financial crisis, coming close to bankruptcy. However, it would finish the decade with a strengthened balance sheet and record earnings. The airline industry is still

geared up for big growth in the 2020s.

A \$10,000 investment in Air Canada in the [beginning of 2010](#) would have been worth nearly \$380,000 as of December 31, 2019. When travel returns to normal, Air Canada and its peers will continue to benefit from ballooning passenger traffic. Citizens will be hungry for travel in the wake of this crisis.

Air Canada will prove a top growth stock

Last month, I'd [discussed](#) why Air Canada had the potential to make [shareholders rich](#). The company has nowhere to go but up after a brutal 2020 and a rough first quarter in 2021. Operating revenues fell to \$729 million in Q1 2021 – down from \$2.99 billion in Q1 2020. Moreover, its operating loss more than doubled to almost \$1.05 billion.

Shares of Air Canada have increased 9.1% month over month. The stock is still worth snatching up as the airline industry is geared up for a big rebound as the economy reopens in the months ahead.

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