



GameStop (NYSE:GME) Stock vs. Air Canada (TSX:AC) Stock

Description

GameStop ([NYSE:GME](#)) stock is up again after quite the beginning to 2021. Despite its [immense rise](#) and just as heavy fall, GME stock continues to garner massive investor interest. Shares climbed an incredible 8,200% in one year, before losing almost all those gains in a month after shares dropped 88%. Then after a 1,300% climb between January and March, shares came down and have been slowly climbing until today.

But is GME stock worth the risk? There are many stocks that offer massive rewards with less risk, such as **Air Canada** ([TSX:AC](#)). Although Air Canada stock still comes with some risk, it is very different than investing in GME stock. Let's look at why.

Is GME's stock growth justified?

It seemed as though GME stock simply couldn't come back after the massive loss experienced back in January and February 2021. Yet the company seemed to renew investor interest. The gaming industry has definitely been on the growth path, even with GME stock being in the market for two decades.

But while many companies with this history tend to be more stable, you can't say that about GME stock. The company caused hedge funds to lose billions thanks to short positions in the stock. This short squeeze put a light on how the online community can have major sway on the markets.

Thanks to this massive boost from retail traders, GME stock managed to raise US\$551 million in cash by selling about 3.5 million shares. It thus eliminated long-term debt and is using the current position to focus on growth and profitability.

But the reality today is, there is still too much risk. In fact, even with recent growth of 926% in the last year, shares are still down 48% from those peaks. If the stock rises quickly again, there is likely to be another selloff. And who knows when that could be? It might be better to focus on a business that actually stands to grow at a steady rate.

Air Canada stock: Better than GME with more predictability

It's true that Air Canada stock has been and will remain slow when it comes to [increasing revenue](#). The company saw a massive decrease, as flight remain grounded. It continues to lose millions each day it doesn't fly at full capacity.

But Air Canada stock owns the market share of the airline industry. Air Canada stock is likely to be the first to receive a massive boost in income. With now half the country receiving at least one dose of the COVID-19 vaccine, Air Canada stock management want a tourism plan. This should be announced by September, when the goal of 75% one-dose vaccination is reached.

While Air Canada stock may have had a volatile year, think of the last decade. The company has managed to see share growth of 1,033% as of writing. Before the crash, that growth was about 2,100%! And in the last year, shares are still up 57%, despite the ongoing challenges. Granted, in the last few months, share have barely moved, trading around \$25 per share. That's why investors should turn their focus to fundamentals.

As flights rise, Air Canada stock is a better bet

The difference between GME stock and Air Canada stock is clear. While GME stock may or may not continue to rise, Air Canada stock *will*. Flights *will* be back in the air. The company *will* return to growth. And it's proven it can do that, as it has in the past. Costs have been significantly cut. New ways of bringing in revenue have been found. The government has bailed out Air Canada stock. The company is set up to outperform in the years to come.

AeroTime Hub estimates that by the end of 2021, the airline industry in North America could be fully recovered. That's a massive amount of growth in one year alone, followed by further recovery, as the rest of the world moves towards herd immunity. With Air Canada stock at the front of the line in Canada, that means the company could double in share price by the end of the year!

Motley Fool: The bottom line

GME stock is a get-rich scheme that's more like gambling than investing in today's market. That's risky and can be dangerous to a portfolio. However, Air Canada stock offers investors a means of seeing a bright future based on facts and fundamentals rather than greed and gut instincts. While the company isn't without risk, it's a sound investment should continue to offer investors returns for decades.

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