



Buy Alert: Air Canada (TSX:AC) Stock Is Ready for Takeoff!

Description

Is the [runway](#) about to clear for **Air Canada** ([TSX:AC](#)), even if the federal government extended travel restrictions to June 21, 2021? According to *Bloomberg*, preliminary talks have begun regarding the reopening of the Canada-U.S. border. The federal government extended travel restrictions to curb the spread of COVID-19.

Prime Minister Justin Trudeau said on May 18, 2021, that the reopening of the southern border could happen if 75% of Canadians have been vaccinated. Based on COVID-19 Tracker Canada, as of May 31, 2021, 57.316% of the entire population have received at least one dose of either the Astra Zeneca, **Moderna**, or **Pfizer** vaccines.

Trudeau's announcement could be good news for Air Canada investors. The share price on the last trading day of May was \$27.36 — a 10.5% gain from April 30, 2021. Market analysts maintain their buy rating and forecast a potential 28% upside to \$35 at best.

Strict travel requirements

Public safety is the utmost priority of Canadian health officials. Air Canada has been in the hangar for more than a year already due to the coronavirus pandemic. The airline stock hasn't taken flight yet. Management reported [five consecutive quarters of losses](#), beginning in Q1 2020 to Q1 2021. Previous to that, it was 27 straight quarterly profits.

While the Canadian border reopening isn't imminent, the prospect is getting brighter. The government maintains the flow of travel for now. Only Canadians, permanent residents, and their family members are exempt from travel restrictions. Travellers coming to Canada must present a negative COVID-19 test taken 72 hours before arriving in the country.

A traveller will also need to take another test upon arrival and then must quarantine for 14 days. While waiting for the test results to come out after three days, the traveller stays in a government-approved hotel. The three-day hotel stay counts towards the 14-day requirement.

Bloomberg reports that Canada and the U.S. may adopt a new system. People who have received the vaccines may be allowed to travel between the two countries and be exempt from COVID-19 tests or the 14-day quarantine.

Recommendation by health advisory board

On May 27, 2021, Canada's health advisory board recommended an end to the federal quarantine mandate. Instead of undergoing tests or screening for COVID-19, travellers must present a suitable quarantine plan. However, they must stay at a designated government facility for failure to obtain plan approval.

Meanwhile, federal health and transport ministers are collaborating with international counterparts to arrive at a common set of principles, particularly vaccine documentation. The ministers will unveil a plan soon.

Air Canada continues to suffer from COVID-19's persistence and resurgence. The travel restrictions are not helping any. Air Canada Cargo compensates for lost revenues in passenger travel, although not enough to offset the net cash burn of \$14 million on average per day.

Ideal reopening play

While Air Canada's cash-burn rate is improving progressively, it hopes the government replaces the blanket restrictions with science-based testing and limited quarantine measures. The airline stock would greatly benefit if Canada can reopen and safely ease travel restrictions. Still, the current share price is a good entry point for investors looking for an ideal reopening play.

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