



## Air Canada (TSX:AC) Stock Getting Closer to the \$30 Mark

### Description

There's good news for vaccinated Canadians! The government has finally decided to skip the 14-day quarantine restriction for fully vaccinated Canadian travelers (starting from the month of July). The U.S.-Canada border is expected to open again, and Ottawa might mimic Manitoba's move regarding immunization cards for ease of traveling.

But these happy rays of sunshine are accompanied by a dark cloud — the potential of a fourth wave breaking out due to the Delta variant. The number of new cases is dropping, and if the vaccination continues at its current rate or picks up pace, the chances that there won't be another wave are quite high, but they are still far from zero.

The positivity surrounding the pandemic getting under control has been good for some of the [worst-hit stocks](#), including **Air Canada** ([TSX:AC](#)).

### Air Canada's business potential

Air Canada stock has grown almost 15% in the last 30 days, and it's the second time this year that the stock has gotten this close to the \$30 mark. The easing of travel restrictions and the possibility of U.S.-Canada border reopening might entice more people to travel, and more potential passengers taking to the air is good for Air Canada's business.

A summer spending study that was recently conducted revealed that only 10% of participants are planning to venture outside Canada and the U.S. for the summer. About 14% are planning a U.S. trip, but a decent portion of them might be traveling by land. Most participants of the study shared that they were planning to travel within their province/territory, or, at most, go to a different province.

Since domestic travel only makes up about one-third of Air Canada's revenue, and international leisure travel is probably still a fraction of its former glory, Air Canada might not see its operational revenue recovering to pre-pandemic levels anytime soon.

As for business travel, more and more companies will focus on minimizing business trips and will try to

replicate them with virtual connections.

## Is Air Canada stock a buy?

Neither Air Canada's dismal first-quarter results, nor the outcry regarding [hefty bonuses](#) (which Air Canada execs are supposedly returning) managed to cull Air Canada stock momentum. It might not be a great time to get into this company when it's trading this close to \$30, but it might help you attain somewhere around 50-70% capital gains in the next few years.

The chances of Air Canada blowing past its pre-pandemic highs and reaching for a three-digit share price are quite low. Still, if you are comfortable with the relatively modest growth this stock "promises," then Air Canada is definitely a buy for you.

## Foolish takeaway

Air Canada stock might dip quite significantly if a sufficient fear of another wave builds. Otherwise, the stock might stay stagnant or continue upward at a slow pace. If the second-quarter earnings are a sizeable step above its first-quarter earnings, they might give its share price a boost upward, expediting its pace towards the pre-pandemic valuation.

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