



2 Predictions for Air Canada in the 2020s

Description

Air Canada ([TSX:AC](#)) is the largest domestic airliner. The stock had capped off a terrific decade and surged to all-time highs in the beginning of 2020. However, this would come to a screeching halt, as the COVID-19 pandemic shook our world. Shares of Air Canada have been roughly halved from the all-time highs it achieved in January 2020.

Today, I want to go over two [predictions](#) for Air Canada and the broader industry this decade. Let's dive in.

The airline industry will rebound in a big way from the pandemic

It is challenging to find industries that were hit harder than aviation during the COVID-19 pandemic. International travel was severely drawn back during the crisis, which left airlines in crisis mode. Fortunately, investors started to see a light at the end of the tunnel by the end of 2020.

Canada has lagged its peers with its vaccine rollout. However, it started to catch up in the spring of 2021. Now, Canada's major provinces are moving forward with their reopening plans. Air Canada announced COVID-tested flights to Italy that would start in the month of July. This is a sign of things to come for airlines domestically and around the globe.

The airline industry was on track for huge growth before the pandemic disrupted the world economy. Consumers are hungry to begin travelling again. Airlines should start to see a surge in travel interest in the months and years ahead. ReportLinker recently projected that the global market for airlines would hit a revised size of \$744 billion by 2026. That would represent a CAGR of 12.7% from 2020 through the end of the forecast period.

Air Canada has huge potential as a top growth stock this decade

Canadian investors should not forget that Air Canada faced a significant challenge in the wake of the 2007-2008 financial crisis. Many airlines were on the verge of bankruptcy. Shares of Air Canada plunged below the \$1 mark in the late 2000s and hovered around these dismal prices in the early 2010s. Fortunately, deft leadership and a broader economic recovery would see the stock rally in the previous decade.

Investors who bet on Air Canada during its struggles in the late 2000s and early 2010s would have been well rewarded. A \$5,000 investment in the top airline stock on January 1, 2010, would have been worth a whopping \$184,000 as at December 31, 2019. That is a pretty nice takeaway, especially if you made that purchase in the newly launched Tax-Free Savings Account at the time.

Air Canada has looked like a [bargain](#), as it has been hammered during the pandemic. Shares of Air Canada last had an RSI of 32, putting it just outside technically oversold territory.

It is not too late to add Air Canada stock right now

Air Canada stock last closed at \$25.36 per share. Its shares have climbed 14% in 2021. The airline industry is poised for a strong comeback as the world economy reopens. Canadian investors should look to scoop up Air Canada for the long haul.

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