



1 Airline Stock That Should Take off Before Air Canada Stock

Description

Cargojet ([TSX:CJT](#)) was one of the favourite buys of 2020, and it's clear why. Cargojet stock began trading higher and higher as e-commerce during the pandemic boomed. Meanwhile, **Air Canada** ([TSX:AC](#)) sank to lows not seen in years after soaring to all-time highs. And while many investors continue to wait until the right time to jump back on this airline stock, others may want to reconsider looking at Cargojet stock once again.

Now I'm the first to admit that there was a massive pullback in Cargojet stock, a pullback that still hasn't recovered. After shares climbed 230% between the market crash and November 2020, those shares have since fallen by 27%. So still up, but definitely in a pullback as investors wonder what a post-pandemic world will look like.

With earnings just a few weeks away for Cargojet, and just a week or so for Air Canada, let's look at why I would still consider buying Cargojet stock over Air Canada stock today.

Air Canada stock: What to expect

During the earnings report, Air Canada stock management made some predictions for the next quarter. On the one hand, it expects the country and indeed the world to continue opening up. The company expected to double available seats on its aircraft for the next quarter, and see an increase in revenue year over year.

But remember, that's an increase compared to last year when the pandemic remained at its peak. The bad news continues for Air Canada stock. Management expects to continue losing around \$14 million *per day* as it takes on debt. While it hopes many travellers will opt for the travel voucher instead of the refund, it cannot be known what customers will do. So that leaves the future of Air Canada stock up in the air, pardon the pun.

What about Cargojet stock?

So while investors watch Air Canada stock and its dependence on passengers, they should absolutely also pay attention to Cargojet stock. It continues to depend on, you guessed it, cargo. And while Air Canada stock may have added cargo to its shipments, Cargojet has been doing it for years. The company partnered up with **Amazon** before the crash, with the e-commerce giant holding a 9.9% stake in the company at the time.

But in the last few months, Cargojet and Amazon expanded that partnership. Cargojet is now operating two Amazon-owned aircraft under a four-year term and two-year renewal options.

Meanwhile, as revenue continues to rise year over year, Cargojet stock is expanding. Some investors fear that e-commerce will slow after the pandemic, but that's simply not the case.

E-commerce was due to [continue rising](#) even before the pandemic, outpacing [retail locations](#) by around 2030. This is still on track and is why Cargojet is now purchasing more aircraft and adding global destinations for its customers.

Should you buy Air Canada or Cargojet?

Investors are hungry for growth after 2020. It's why many still look to Air Canada stock in hopes of [insane growth](#) in the near future. But with Cargojet stock, you get far more certainty. True, it's not exactly cheap.

However, I believe it is undervalued given the recent pullback. So instead of choosing a more volatile stock like Air Canada stock, consider Cargojet stock as the perfect long-term hold as e-commerce continues to boom.

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