



3 Reasons to Buy Air Canada This Summer

Description

Air Canada ([TSX:AC](#)) stock was up 5.12% in early afternoon trading on July 20. This came after a rough day for the broader stock market to open the week. Today, I want to discuss three reasons investors should consider scooping up the stock for Canada's top airliner. Let's jump in.

Air Canada stock is still undervalued right now

Shares of Air Canada are still trading under the \$25 mark at the time of this writing. However, the stock is trading on the higher end of its 52-week range. It is still well removed from the all-time high it reached in January 2020, when it was priced above \$50.

Last week, I'd [discussed](#) why Air Canada had the potential to double over the next year. Its shares are still trading in favourable territory compared to its industry peers. The stock slipped into technically oversold territory in yesterday's trading session. It is not too late to snatch up Canada's top airline stock at a discounted price.

Canada and the United States are finally easing border restrictions

The closed border between the Canada and the United States, at least for regular travellers, has stirred frustrations for over a year. Fortunately, there now appears to be a light at the end of the tunnel. On August 9, fully vaccinated U.S. citizens and permanent residents will be able to enter Canada with relaxed testing measures and without mandatory hotel quarantines.

Better yet, Air Canada announced that it will add dozens of routes to the U.S. as part of its summer schedule. This came after the announcement that border restrictions would be loosened. The airline said that 55 routes to 34 destinations will add roughly 220 daily Air Canada flights between Canada and the United States. This is great news for the struggling industry.

This is a great step for Air Canada and its peers as we move into the middle of the summer. With luck, more routes will open, especially as a greater proportion of Canada's population is fully vaccinated.

Travel demand is heating up as vaccinations rise

Back in June, I'd discussed the [climbing demand](#) for travel in the second half of 2021. Travel agencies, like the MMGY Travel Agency in the United States, have noted the spike in demand. This has the potential to fuel a huge rebound for Air Canada and its peers in the months ahead.

Europe has also experienced rising demand. Increased travel to the continent across the Atlantic will be the next big step in the reopening for the airline industry. In July, Air Canada reopened trips to Greece, United Arab Emirates, Italy, Spain, the United Kingdom, and Morocco. The frequency of flights to these locations are set to increase by the time August rolls around.

These conditions make Air Canada's stock ripe for a big run in the months ahead. Investors should consider scooping up the stock, as it is still worth half of what it was at its all-time high in early 2020.

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