



## Air Canada Stock Price: What's Going On?

### Description

Over the last few weeks, Canada has moved rapidly on the vaccine front. Provinces coast to coast are reopening as we finally get the target vaccination numbers that we dreamed of last fall when the vaccines were first announced. As a result, stocks such as **Air Canada** ([TSX:AC](#)) can finally breathe a sigh of relief and expect a recovery in operations as well as their stock price.

Airlines in Canada have already been offering deals to try and incentivize travellers again, especially domestically. The country is getting ready to welcome vaccinated travellers from other countries, and soon Canadians will surely start to travel abroad as well.

So you may be wondering why the stock has performed so poorly lately.

### Here's why Air Canada's stock price is falling

Investors know that even with Canada's economy opening up and the return of tourists soon, the company still faces some severe headwinds going forward.

While the incentives that Canadian airline companies are offering should help promote travelling again, they will weigh on revenue early when Air Canada and its peers desperately need it. Not to mention it highlights just how much competition there is in the space.

And as long as Air Canada is not breaking even, which could take a while, the company is losing value every day. So it's not surprising that over time, Air Canada's stock price continues to sell-off.

The longer you have to wait for recovery, the lower its fair value will ultimately be.

### Is the stock worth a buy today?

Although in Canada it's been good news lately, for Air Canada, its operations haven't necessarily been recovering yet.

And even when travel does pick back up, domestic travel is one thing, but for Air Canada's stock price and business to really recover, it will be key for international travel to return.

The issue is that could still be a long way off. Currently, there are tonnes of different travel restrictions around the world. And while Canada has moved well to get its citizens vaccinated, less than 15% of the global population is fully vaccinated.

So with a resurgence in cases that caused markets to sell off yesterday, investors are clearly still concerned with the pandemic, and it's understandable that Air Canada's stock price would be declining.

The stock could be worth a long-term investment in a typical situation if you think it's [trading undervalued](#). But because it can hardly control its own destiny and could easily lose more value before it recovers fully, there is a significant amount of risk with an investment today.

And since it's so close to its fair value, but with tonnes of uncertainty, it looks as though the market doesn't think that the risk is worth the reward. I'd have to agree. Because of this heightened risk and minimal upside, I'm not sure you'd want to buy the stock today, especially since several other Canadian stocks are offering [far better value](#).

Whether you choose to invest in Air Canada today or not, though, it's crucial you continue to stay up to date with its recovery. The situation is constantly changing, so it's paramount that you stay updated with all the current information.

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