



Air Canada (TSX:AC) Stock: Will it See Huge Gains in 2021?

Description

Air Canada ([TSX:AC](#)) stock has been all over the place for several months. After a strong run leading up to the announcement of a government bailout, the stock's valuation became volatile again.

Considering the possibility of international borders reopening, Air Canada might finally see a [surge in air travel demand](#). After climbing from its 2020 low of \$12.41 per share, Air Canada managed to hit \$29 per share in March. However, the airline stock is under pressure again with rising concerns because of the Delta variant of the COVID-19 virus spreading throughout different countries.

At writing, Air Canada stock is trading for just under \$25 per share. There seems to be no telling what the coming months hold for the airline stock. I will discuss the developing situation and the factors that could affect whether Air Canada stock surges or declines as 2021 continues.

Spread of the new COVID-19 variant

Vaccination efforts in several countries began providing excellent results. However, the Delta variant has shown signs of higher infection rates and resilience against the vaccine. Cases are spiking in multiple countries that were enjoying better conditions ever since the Delta variant surfaced. Even in countries like the U.K. with impressive vaccination figures, the Delta variant is spreading like wildfire.

Considering the accelerated vaccine rollout, many people realistically considered the third major wave of infections to be the last one. However, the rising number of cases due to the Delta variant is leading many to believe that the possibility of a fourth major wave exists in Canada.

Air Canada would make a terrific [reopening play](#), provided that the restrictions could be lifted once and for all. However, it might seem like it would be better to play it safe instead of pouring money into reopening bets. The rising number of cases in Canada could completely obliterate investor capital in the near term.

Foolish takeaway

Air Canada is a tricky asset to consider right now. The Canadian airline already had a tough job to do so that it could improve its bottom line, despite the government bailout. The only realistic scenario in which the battered and bruised airline can recover to its pre-pandemic highs is if the world completely obliterates the COVID-19 virus.

Things did seem to be heading in that direction for several weeks due to the rising vaccination figures worldwide. However, the rise of the Delta variant and its rapid spread in many major economies has reintroduced a high level of uncertainty. Air Canada stock and investors who are bullish on the airline stock could be in for a roller coaster in the coming months, as the world gets more clarity on the fight against COVID-19 and its new variants.

Will Air Canada stock see huge gains in 2021? I think nobody can make an accurate prediction about that right now. If you are looking for [value stocks](#) that provide you with substantial upside potential, you might want to consider safer bets in other sectors of the economy. Unless every country can crush COVID-19, Air Canada stock could be looking at a very bleak run through the rest of the year.

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Author

adamothonman

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