



Could Air Canada (TSX:AC) Stock Start a Big Rally This Friday?

Description

Air Canada ([TSX:AC](#)) stock seems to be on the path of recovery again. After posting 6.5% solid gains on Tuesday, the stock was trading with nearly 2.4% gains this morning. This positive movement brings its week-to-date gains to about 5.4% despite its 3.3% drop on Monday.

In this article, we'll take a closer look at what could be driving these recent gains in [Air Canada stock](#) lately and discuss why this ongoing recovery might accelerate further in the near term. But first, let's quickly look at the stock's year-to-date performance.

Air Canada stock's roller-coaster ride

Air Canada stock has seen a roller coaster ride since the start of the pandemic. In the first quarter of last year, its stock lost nearly 68% of its value due to investors' concerns about the global pandemic's negative impact on the airline industry. In contrast, the stock ended 2020 with optimism as its stock surged by nearly 45% in the fourth quarter.

These gains were primarily fuelled by the fast-paced development of COVID vaccines that came as a big ray of hope for investors.

However, AC stock couldn't maintain this strongly positive momentum in 2021 as it's still underperforming the broader market. It has risen by just 12% on a year-to-date basis compared to **TSX Composite Index's** 15% gains.

Surging demand

The pandemic triggered a massive and sudden drop in travel demand that took a big toll on Air Canada's investors' sentiments last year. This could be the reason why the world-renowned billionaire investor Warren Buffett led **Berkshire Hathaway** also offloaded all its airline companies' shares in 2020.

Nonetheless, the travel demand has seemingly started recovering at a fast pace — much sooner than predicted by many experts. Earlier this week, Air Canada announced that it would soon start up to 220 daily flights between Canada and the United States as the travel restrictions ease amid rising demand.

The management of some big airline companies like **Delta Air Lines** and **American Airlines** have also confirmed a consistent surge in travel demand during their latest quarterly earnings events in the last few days.

Air Canada denies staff shortage

Now, staff shortage could be the biggest challenge that many airline companies may face to meet the rising travel demand. However, Air Canada [claimed](#) yesterday that it "...has all the qualified pilots it needs to meet higher travel demand with the planned return of U.S. tourists to the country," Reuters reported.

Rising international, business, and leisure travel could clear the path of Air Canada's financial recovery in the coming quarters. That's why the airline needs to ensure that it has enough staff to meet the demand.

Could its stock rally soon?

Air Canada is gearing up to announce its second-quarter results before the market opens this Friday. We can expect to get more details about the Canadian flag carrier's staff-related claims during its earnings conference call.

That's why investors should pay close attention to what its management has to say about the company's recovery strategy. Any positive comments by the management during the event could trigger a buying spree in its stock — setting the stage for its long-awaited recovery as the travel demand continues to improve.

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