



Could Air Canada (TSX:AC) Stock Price Finally Skyrocket in August 2021?

Description

Air Canada ([TSX:AC](#)) stock continued to fall in July for the second consecutive month. The stock has lost nearly 9% in the last couple of months after posting solid 10.5% gains in May. While travel restrictions have eased in the last few weeks, growing fears about new COVID variants are seemingly taking a big toll on investors' sentiments.

However, the recent dip in its stock prices has made it even more attractive for long-term investors, in my opinion. Here are some key reasons why I believe [Air Canada stock](#) could stage a big rally in the near term.

Air Canada's increasing bookings

In July, several airlines from the United States pointed to surging travel demand across North America as travel restrictions and quarantine rules for travelers continue to ease. During its latest quarterly earnings event, Air Canada's management confirmed a gradually improving trend in advance bookings.

Talking about the latest bookings trend on July 23, Air Canada CEO Michael Rousseau [said](#) that "although overall bookings remain below pre-pandemic levels, customers are returning. In June we began to see a significant increase in bookings."

While I wouldn't expect the travel demand to suddenly surge beyond the pre-pandemic level, significantly improving bookings rate is likely to speed up Air Canada's financial recovery in the coming quarters.

Preparations for higher demand

Many large airline companies in North America have acknowledged that they are currently facing staff (including pilots) shortages lately. This issue could become a big obstacle in their financial recovery and possibly delay it by several months.

On the positive side, the largest Canadian passenger airline company seems to be already preparing to meet the increased demand. During its Q2 earnings call, Rousseau confirmed that “There is no issue from a pilot perspective” at Air Canada.

And more preparations...

On July 19, the Canadian flag carrier announced its current summer transborder schedule. With this, the airline company plans to operate up to 220 daily flights on 55 routes between the U.S. and Canada.

Similarly, Air Canada announced two new winter services to two major sun destinations in Florida last week. The airline also plans to operate more frequent flights to Mexico and the Dominican Republic. These recent developments clearly show how its management is aggressively preparing for expected higher demand during the upcoming holiday season.

Air Canada stock price could rally in August

Air Canada stock is currently trading with only 9.7% gains for the year — underperforming the broader market by a wide margin. The **TSX Composite Index** has risen by 16.4% in 2021 so far.

While Air Canada’s revenue could showcase massive improvements in the coming quarters, it might continue to burn cash. Nonetheless, investors tend to give more weightage to future growth outlook and expectations than the ongoing financials trend.

That's why I believe factors like significantly improving travel demand and Air Canada's efforts to gain from it could boost investors' confidence and drive its stock higher in the coming weeks.

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