



Why Air Canada Stock Could Soar in September 2021

Description

The search for [undervalued](#) companies ready to soar in a post-pandemic environment is on. Some stocks remain high on investor watch lists in this regard. Among the favourites has to be **Air Canada** ([TSX:AC](#)) stock.

Indeed, the travel and tourism sector has been hard hit by the pandemic. Investors in Air Canada stock continue to nurse losses from pre-pandemic levels. However, depending on one's outlook for the next year or two, this company's fortunes could be about to turn.

In this article, I'm going to highlight the bull case for why Air Canada could soar in September. Let's dive in.

Air Canada stock to benefit from an improving global economy

As Canada's largest airline, international travel is very important to Air Canada's top and bottom line. Accordingly, the ability for this stock to really soar depends on how the global vaccination effort informs travel restrictions in the near term.

With more and more countries considering vaccine passports and other means of lifting travel restrictions, Air Canada stock is one that should be on watch from investors. Indeed, the lifting of travel restrictions, particularly to the U.S., will be of utmost importance to Air Canada and its shareholders.

Trudeau has announced some changes to the quarantine restrictions for international travelers. Restrictions are in the process of being lifted. Indeed, if these restrictions are further loosened in September, it's likely Air Canada could see a nice lift.

As with any potential near-term catalyst, risks remain. The potential for the Delta variant to derail this catalyst is unknown. Right now, cases are surging, and questions about how quickly the global economy will reopen remain.

However, for those optimistic about the future, September could be a big month for Air Canada stock.

Government support is a big catalyst

The recent \$5.9 billion government [bailout package](#) for Air Canada has provided investors with a floor underneath this stock. Now that the government of Canada owns a stake in Air Canada stock, it's clear that this won't be a stock that will be allowed to fail.

Accordingly, those banking on explicit government support for this sector may be increasingly bullish about the pace of loosening of border restrictions. The government is now playing on team Air Canada. For investors looking for reasons to own Air Canada, this is a big one.

Indeed, I'm of the opinion that there are few pandemic reopening plays with this level of implicit and explicit government support. Long-term optimistic investors looking for a quality rebound stock should certainly look at Air Canada right now.

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