



Air Canada Stock: Will it Ever Recover?

Description

Air Canada ([TSX:AC](#)) stock has been trading well below its pandemic price for over a year. While there was a lot of optimism about a recovery last year, especially when the vaccines were announced, lately, there's hasn't been much momentum in the stock at all.

The economy has improved significantly within Canada, and we are continuing to figure out ways to open the economy as much as possible in the new normal.

Unfortunately for travel and tourism, though, especially internationally, that has taken a lot longer to recover. At the moment, it doesn't look like there will be any end in sight for these struggling companies.

So, you may be wondering whether Air Canada stock will ever recover.

What will it take for Air Canada stock to recover?

So far, while the rest of the economy has made significant strides in recovering, air travel is still far behind. Some domestic travel has certainly started to pick up. This is, of course, important. However, it's not enough for Air Canada stock to recover meaningfully.

Not to mention the competition from domestic carriers within Canada is strong. So, a major recovery in international travel will be one of the main keys for Air Canada to recover.

At the moment, with different countries all having different restrictions as well as surges at different times, it looks like that could be a while.

At the same time, though, countries are going to be desperate to find new ways to operate in this environment, so I wouldn't be surprised if a vaccine passport or some similar policy were put into place soon.

For now, the stock is uninvestable and will be until there is a clear recovery materializing. The

unfortunate situation with Air Canada stock is that the longer this goes on, it's just not making money. It's actually losing money, and quite a bit.

So, you don't want to invest too early and buy a company that continues to bleed value.

Therefore, for now, I'd forget Air Canada stock. If you're looking for a recovery stock with more potential in the short run, I think a stock like **Cineplex** ([TSX:CGX](#)) is a much better choice.

Getting more bang for your buck

Cineplex stock is one of the few Canadian companies that's in a position similar to Air Canada. However, I'd argue that even Cineplex is in a more favourable position.

First off, even when its business was completely shut down, it wasn't losing nearly as much money as Air Canada. However, more importantly, going forward, Cineplex has a much easier path to recovery.

Unlike Air Canada stock, Cineplex won't have to wait for an international recovery to see most of its business pick up. In Canada, if we can continue to manage the pandemic, and we can avoid more shutdowns, Cineplex stock will be able to be open for business.

There may be capacity restrictions for some time, but it's far better than not being able to operate at all. That's why the stock offers investors a better opportunity than Air Canada today.

It's been [trading undervalued](#) lately due to fears from investors over the Delta-driven fourth wave. However, with a growing number of [vaccine mandates](#), we may be able to avoid further shutdowns altogether.

Bottom line

At some point, Air Canada stock is going to recover. The problem is that it doesn't look like it will be anytime soon. And because the company continues to lose money, there's no telling what it will be worth when it finally does see its business rebound.

This is why I'd consider Cineplex stock today. It's cheap, has a tonne of short-term recovery, and is one of the top Canadian stocks offering investors the most bang for their buck in this environment.

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