



## Is Air Canada Stock Headed for Lower Lows?

### Description

**Air Canada** ([TSX:AC](#)) stock is under negative pressure amid the latest surge driven by the insidious Delta variant of COVID-19. We've heard many folks trying to time the peak of this Delta wave. Heck, we may have more folks timing the Delta-peak than the next [correction](#).

Undoubtedly, this pandemic remains as uncertain as ever, with Alberta being the latest to declare a public health state of emergency and Dr. Deena Hinshaw acknowledging that the province's move to endemic a few months prior came prematurely. Undoubtedly, Alberta's health care system is under profound stress right now.

### When will the pandemic go endemic?

While it seemed like a good idea to be [optimistic](#) as vaccines rolled out, it's now clear that variant-driven outbreaks and other factors such as vaccine hesitancy make this pandemic ridiculously unpredictable. Are we in the end stages of the pandemic, and when will we move into an endemic? The answers remain unclear, especially following Alberta's latest new round of restrictions. Indeed, Canada has a lot to learn from the situation. In any case, aggressive reopening stocks such as Air Canada remain suitable only for the risk-tolerant.

Air Canada has substantial cash bleed. Another round of lockdowns is the last thing the company needs as it grapples with diminished demand for air travel and the possibility of enhanced restrictions moving forward. If Alberta taught us anything, it's that we're not yet ready to move from pandemic to endemic. Still, if vaccine passport programs go smoothly, Air Canada could experience a continued increase in demand despite any localized outbreaks of COVID.

### Air Canada ticket sales

With vaccine passports, more rapid testing, enhanced safety measures, and all the sort, I certainly wouldn't rule out a scenario that sees Air Canada stock continuing its ascent, even if the pandemic were to drag on through 2022.

At this juncture, the move to endemic could be over a year away. But that doesn't mean reopening stocks can't cope with the new normal, especially Air Canada, which has government support on standby should it require more relief later on. More testing, a higher global percent of the population vaccinated with time, and vaccine passports could limit any serious downside in AC stock.

I think new measures, including vaccine passports, could prevent the type of full-on lockdowns suffered earlier last year. And for Air Canada stock, that may mean the worst is already in the rear-view mirror.

## Is Air Canada stock headed for lower lows?

Perhaps over the near term, but over the next two years, I think shares will grind higher, albeit it'll be quite turbulent.

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