



Is it Too Early to Buy Air Canada Stock?

Description

Ever since the pandemic began, **Air Canada** ([TSX:AC](#)) has been one of the hardest-hit stocks, which has naturally made it one of the most intriguing stocks.

Investors have watched Air Canada for over a year now, looking for any sign of a recovery and a potential recovery rally that could come with it.

However, despite lots of optimism multiple times, especially when the vaccine was announced last year, Air Canada's operations have remained significantly impacted, and its stock continues to trade more than 50% off its pre-pandemic high.

So, you may be wondering if Air Canada is worth an investment, especially because it looks like it's [undervalued](#).

The unusual situation with Air Canada stock

When considering an investment in Air Canada stock today, it's unfortunately not as simple as buying the stock because you think it has value.

There are several major and unique issues facing Air Canada today, which, in my view, makes the stock uninvestable.

More than a year and a half into the pandemic, Air Canada continues to be one of the worst-impacted businesses. It continues to face major issues as a result of the pandemic.

Not only are its costs increased, and fewer consumers are willing to fly, but there are also tonnes of restrictions.

And with countries all over the world handling the pandemic in different ways, it could be a while before international travel makes a meaningful recovery and starts contributing to Air Canada stock's recovery.

So, for now, with tonnes of uncertainty about the future of the pandemic, and, more importantly, how that will impact Air Canada's operations, the stock is full of risk.

As of its most recent quarter, Air Canada's revenue was still down by over 80% from its pre-pandemic level. Furthermore, the company continues to report negative [earnings per share](#), showing just how much value it's losing.

The fact that the company has lost value for so long now is what's so unusual about the situation. However, it's also crucial to recognize because it means you can't just buy the stock and hold for a recovery.

Not only can you do something better with your cash over that period, but Air Canada will continue to lose value over that time, rather than just tread water.

So, with all these headwinds, I think it's still much too early to buy Air Canada stock today. Instead, here is a top reopening stock to buy instead.

A top reopening stock to buy now

If you are looking for a top reopening stock to buy today, rather than Air Canada, I'd strongly recommend investors consider a company like **Parkland** ([TSX:PKI](#)).

Parkland is a fuel supplier and marketer in Canada, the U.S., and internationally. The company is also a convenience store operator.

In general, these are businesses that are typically highly defensive in a normal economic pullback. Through the pandemic, though, the quantity of fuel demand dropped significantly with all the shutdowns and the mobility of millions down significantly.

And while Parkland's business has recovered well over the last year, and the company is in an excellent position today, it still offers more recovery potential as fuel demand picks up and sales return, especially in its international segment.

Even without this recovery, though, Parkland is already in a great position, unlike other recovery stocks like Air Canada. It even pays a dividend that yields 3.5%, so investors can collect cash while they hold the stock.

And if the economy does continue to recover, as many expect it to, then Parkland has even more potential to rally.

So, if you're looking for a high-quality Canadian stock to buy as a reopening play, Parkland offers far better value than Air Canada stock today.

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Date

2025/08/18

Date Created

2021/09/24

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