



## Air Canada (TSX:AC) Stock: Here's When I'd Buy

### Description

**Air Canada** ([TSX:AC](#)) is one stock I've been giving negative coverage to ever since the COVID-19 pandemic began. I was more bearish in mid-2020 than I have been in 2021, but most of my takes over the last 12 months have been negative.

For the most part my bearish takes on the stock have been correct. While AC did rally from November 2020 to approximately June of this year, it's still way down from its pre-COVID-19 prices. I expect it will remain down from those prices for a long time.

That's [not to say that I would never buy this stock](#) though. Airlines are a source of national pride for the countries they operate in. To have a country without an international airline would be a source of humiliation for Canada. And let's be honest: despite some U.S. routes, **WestJet** is not truly international. So, Air Canada would likely receive government help if it ever truly looked like it was going to go under.

What this means is that Air Canada is one of those stocks that may go lower but will never truly disappear. At least not in our lifetime. For this reason, I would consider buying AC stock in certain specific scenarios.

### Scenario #1: Stock price drops below \$20

If Air Canada stock dropped below \$20 I'd consider buying it. At that point, it would very likely be oversold. In the COVID-19 market crash, the lowest AC went was \$12.40. At that point, the company was losing \$1 billion per quarter and still hadn't received its \$5.9 billion bailout. Things were looking much worse then than they are now.

If Air Canada slid below \$20, it would be closing in on its 2020 prices. Prior to [the announcement](#) of the **Pfizer** vaccine, the stock was trading at about \$15. Barring some unprecedented news, it would be irrational for Air Canada to go that low today. There isn't anything happening in 2021 that's as scary as what happened in 2020. Canada long ago shifted from nationwide lockdowns to a local, case-by-case approach. So Air Canada can cope better with COVID-19 safety measures this year than it did last

year.

## Scenario #2: COVID-19 pandemic declared over by the World Health Organization (WHO)

If the WHO declared an end to the COVID-19 pandemic, I would wholeheartedly buy the stock. The reason is that almost all of Air Canada's problems relate to the COVID-19 pandemic. Prior to the pandemic, AC was a high-flying, ultra-profitable company whose stock rose several thousand percent in just eight years. With no pandemic, AC could get back to being that profitable once more—albeit with some dilution in the mix.

When can we truly say that the pandemic is over?

There are many conditions that a person could use to gauge that, but I'd say for non-experts, a formal declaration by the WHO would do it. The whole motto of the COVID-19 era has been "trust the experts," and the WHO is the world's foremost body of medical experts. If it declared that the pandemic had ended, I'd take their word for it, and I'd be willing to consider buying AC stock.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:AC (Air Canada)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

### PP NOTIFY USER

1. andrewbutton
2. arosenberg

### Category

1. Investing

### Date

2025/09/10

### Date Created

2021/10/26

**Author**  
andrewbutton

default watermark

default watermark