



Is There Any Hope Left for Air Canada Stock?

Description

It's been over a year and a half since the pandemic hit, and **Air Canada** ([TSX:AC](#)) stock continues to trade more than 50% below its pre-pandemic price. At this point, almost every other business has recovered, and with capacity restrictions continuing to be lifted, many more are well on their way to full recoveries.

For international travel companies, though, the situation is much different. All that we can control in Canada is our domestic economy and the vaccination rates of our own population.

When it comes to the global economy recovering from the pandemic, not only will it take much longer to achieve, but it's going to take a combined effort from several countries to make a meaningful impact.

In the meantime, it's highly unlikely that nations will drop all border restrictions until the world has fully recovered. It could be years for Air Canada stock to see a recovery in its international sales, which will likely weigh on the stock for years.

Is there any hope for Air Canada stock?

As of the second quarter, Air Canada's sales were just 17% of what they were in the same quarter back in 2019. And while these numbers are somewhat old now, they still show just how badly Air Canada has been impacted this year.

For a more updated look into Air Canada stock, we'll have to wait until tomorrow, when the company releases its numbers from the [third quarter](#). And while I would expect that the company has made some progress in recovering sales and growing its revenue, sales will likely still be well off where they were before the pandemic.

This is the problem with Air Canada and why, although its stock price looks cheap, it's actually not trading [undervalued](#) at the moment.

Unlike many other companies in similar situations, you can often wait for the stock to get through its

issues and recover meaningfully. With Air Canada, not only does it have almost no control over the virus' effect on the global economy, but the stock is also losing tonnes of money each quarter that it's significantly impacted.

This means investors can't just buy the stock and hold it for recovery; they risk losing way too much value. At this moment, the uncertainty around when Air Canada stock could recover is massive.

Is the stock going to \$0?

Although I wouldn't invest in Air Canada today, given all the downside risk the stock has, I don't believe that Air Canada stock will go to \$0.

It will likely take years for the stock to recover, and it might be in poor financial shape when it does, but I see little risk to the company going out of business. There is just too much potential when a recovery finally does materialize for the stock to fold early. If anything, I think if the stock gets into more trouble again, it could see more help from the federal government.

We have plenty of airlines that can fly domestically. However, Air Canada is one of the few airlines that has truly international operations and visits far more countries than its largest domestic competitor, WestJet.

So, while the stock could offer an opportunity one day, I would certainly avoid it for now. With that being said, though, it could be years before Air Canada stock makes a significant recovery.

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