



Will Air Canada's (TSX:AC) Stock Price Surge With Holiday Travel?

Description

Air Canada ([TSX:AC](#)) remains a top watch among Motley Fool investors. It's clear why, and lately the reasoning goes beyond the stock trying to reach those \$50 pre-pandemic share levels. These days, Air Canada stock could pop only to collapse yet again. But analysts believe this recent strength shows signs of long-term improvements.

We're going to look at what's going on with Air Canada stock, and why the potential for a holiday travel boom could send shares back to sky-high levels.

In the news

Air Canada stock is pretty much always making headlines. Yet recently, there have been several that show signs of long-term strength. First, there was the opening of the United States border, with the U.S. lifting the 18-month travel ban on fully vaccinated foreigners from several countries. This is a huge step, with Canada receiving and sending most of its flights to and from the United States before the pandemic.

Air Canada stock also showed improvement by recently returning most of its [government aid](#) to the federal government. After using \$1.4 billion to pay refunds, it returned the remaining \$3.975 billion and found its own financing. It recently completed financing for \$7.1 billion at a longer rate, with no penalties from the government in return.

Management stated this return came from the positive outlook for Air Canada stock. And analysts agree. Even as a fourth wave breaks out for the COVID-19 pandemic, increasing vaccinations bode well for Air Canada — just in time for the holidays.

And Air Canada stock has been in preparation mode. Recently, it added further cargo flights to aid with supply chain demand and continues to add seats and recall employees to meet increasing demand. While seat capacity is 66% less than 2019 levels, they're 87% higher than 2020. So, it looks like Air Canada stock is due for a major rebound.

A boost from holiday travel?

Now, of course, the number one item Air Canada stock investors concern themselves with is holiday travel. This is the usual time for increased air travel, but, post-pandemic, this is even larger. There was a solid increase in sun destinations in the last few months. But with the U.S. border open, there is likely to be an increase in families wanting to see their relatives after almost two years apart.

And don't kid yourself. With the U.S. providing several key airports to reach destinations around the world, this is a huge deal. It's now easier to travel than it has been in almost two years. And it's likely Canadians will take full advantage.

This led Air Canada stock stating it would no longer provide cash-burn guidance due to the improving economic situation. As it continues to adjust to the ongoing pandemic and global travel restrictions, a lifting of cost pressures is imminent. And that's something Motley Fool investors can certainly celebrate.

The difference

Certainly, in the past, Air Canada stock seems to have had a bit of headway before busting, or, at the very least, returning to stable levels around \$24 per share. Yet today is different, according to analysts. And this comes from the improving conditions stated above.

More fully vaccinated travellers and employees, the opening of the United States leading to business trips, and returning government aid are all long-term, positive signs. While we're not at booming levels yet, we're getting there. And that's what long-term Motley Fool investors in Air Canada stock need to consider.

So, if you buy today, it could still be some time before we reach those pre-pandemic [levels](#) once more. But even still. There *will* be a holiday rush. That will certainly improve [finances](#) further. So, by the next earnings report, Air Canada stock may have even more positive news to announce.

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