



Air Canada Stock: Just Buy and Ignore the News Flow

Description

Investors in **Air Canada** ([TSX:AC](#)) stock have certainly seen some volatility of late. Indeed, many banking on the outsized [growth](#) arising from pandemic-era restrictions being lifted have been somewhat dismayed at the pace of this reopening. Additionally, this is a company that's been battling recent headlines that provide investors with uncertainty.

However, there's certainly a strong argument to be made that Air Canada stock is one that could outperform in this environment. Let's dive into why investors may want to consider Air Canada right now.

It's not necessary for Air Canada's CEO to speak French

One of the headlines that has some investors scratching their heads (and rightfully so) is criticism over the linguistic prowess of Air Canada's CEO. A Montreal-based company, there's apparently some implicit agreement that every CEO must be bilingual. Unfortunately, Michael Rousseau is still working on his French.

Mr. Rousseau recently put off a French speech, noting his willingness to tune up his skills before taking the stage. That makes sense. However, politicians such as François Legault and Simon Jolin-Barrette took this as an insult towards Quebec's culture.

Considering that any CEO's job is to ensure that the company is able to maximize its profits, it is not necessary for Rousseau to speak French. Of course, given the history of Air Canada, it would have been quite desirable if its CEO could speak both English and French fluently. That said, he hasn't been appointed as the CEO to be desirable. His job is to generate maximum returns for shareholders of the company while ensuring that the fares are low.

Indeed there's not much evidence that indicates that he has failed to achieve the objectives of this company. On the flip side, there's adequate evidence suggesting a blatant exaggeration of Rousseau's comments by some individuals.

There's optimism surrounding airline stocks

Airline stocks have been on a somewhat turbulent ride this year. Since hitting a high of [\\$31 per share](#) earlier this year, Air Canada stock has since declined approximately 25% to current levels. Overall, from a share price perspective, one could argue that Air Canada stock has been an underperformer.

However, compared to other growth sectors, airlines are actually holding up quite well. There appears to be optimism among investors looking at sector-specific recovery plays. In Canada, Air Canada remains the premier airline to play such a recovery.

I think a more optimistic view of Air Canada's future is worth considering. Investors bearish on the ability for airlines to once again turn a profit have their reasons to be pessimistic. Global travel remains restrictive, fuel costs are high, and rising wages and other supply chain issues are likely to hamper margins in the near term.

However, as we move back toward a fully reopened economy, Air Canada stock certainly looks attractive at these levels. I think this is a company that long-term investors would do well to buy and forget about.

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