



Air Canada Stock (TSX:AC): What's Next After 28% Drop?

Description

Air Canada ([TSX:AC](#)) continues to suffer from the pandemic. The stock is down 28% since its 52-week high as of writing. And every time there's a piece of positive news, the pandemic comes around to kick it where the sun don't shine yet again.

What's happening now

The most recent piece of positive news came from Air Canada stock's earnings report. The company nearly [tripled](#) revenue, with bookings at 2019 levels. Seating capacity continued to grow and Air Canada stated it would no longer be providing cash burn estimates.

This came as Air Canada stock returned the rest of its government bailout package to the federal government. Instead, it now has a \$7.1 billion financing agreement on its own terms. So it was looking like a pretty picture, until omicron.

The omicron variant threw a wrench in Air Canada's plans for world dominance. Or at least Canadian dominance in the airline market. As it continued to spread with fears current vaccines may not work, Air Canada stock plunged. As of writing, shares are at about \$21. That's a 58% drop since the pandemic market crash in March 2020.

Should you be worried?

About omicron? Sure. About Air Canada stock? Not if you're a long-term investor.

I say it over and over again, but the pandemic *will* come to an end. In fact, some believe the 2024 end could move up to 2023 or even 2022 should the right conditions exist. This would mean seeing that people are vaccinated on a global scale, even in lower income countries. If not, there will continue to be the risk of further spread.

That dire picture is a little more rosy when it comes to Air Canada stock, however. The company [demanded](#)

every employee be vaccinated. It continues to provide its travel ready hub to customers to plan their trips. It also has new revenue streams up and running. And that's where investors should pay attention.

These revenue streams include cargo and its Aeroplan points program. The cargo provides income no matter what's happening during the pandemic, with several planes now in the air. The Aeroplan program connected to credit cards means you can collect points for future travel, travel that people are *dying* to do when it's safe to do so. But even better, you can now use Aeroplan points to purchase other travel-related items, like car rentals and hotels. That provides incentives outside of just flights.

Foolish takeaway

If you're looking to retire and want steady income, Air Canada stock isn't safe right now. It provides a lot of volatility that could be devastating to a conservative portfolio. However, if you have a decade or more to wait, then this is an amazing stock to buy right now. It's far cheaper than it should be based on future growth. But what's keeping it down is the uncertainty of the pandemic.

But Air Canada stock has already proved it can start working towards pre-pandemic levels, even as the pandemic continues. When it ends, it will have several revenue streams that will add on to its past strong earnings. So be patient, wait, and the riches should pour into your portfolio.

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