



Air Canada Stock: Could 5G Rollout Chaos Hurt the Airline?

Description

This week has been chaotic for several international airline companies, as they had to suspend their services to and from many key U.S. airports. These cancellations were triggered by the recent [5G rollout](#) in the country, which made airlines worried about the new tech potentially compromising the safety of aircraft and air travelers. Before we find out whether this 5G rollout chaos could affect the Canadian flag carrier **Air Canada** ([TSX:AC](#)) and its stocks price movement, let's look at some more details about the issue.

U.S. 5G rollout chaos

The [5G, or the fifth-generation, technology](#) for broadband cellular networks is likely to massively improve wireless data transfer speed and reliability. However, concerns that the new tech will interfere with the radio altimeters of some aircraft have resulted in international chaos.

That's the reason why U.S. telecom giants like **Verizon** and **AT&T** agreed to delay 5G deployment near key airports. President Joe Biden, while praising their move, [indicated](#) that his team is striving "to chart a path forward for 5G deployment and aviation to safely co-exist." Biden expects the team to "close the remaining gap and reach a permanent, workable solution around these key airports."

What it means for Air Canada investors

Currently, Air Canada — like most other airlines — seems to be unsure about the potential disruptions by the 5G tech on aircraft safety. Its spokesperson recently [told](#) *Global News* that the airline is "closely following" the developments related to 5G deployment in the U.S. but doesn't plan to cancel any flights at the moment.

However, Air Canada investors already seem to be worried about this issue as the airline's stock price fell by 2.7% on January 19 — the day when 5G services went live in the U.S.

What lies ahead for Air Canada?

Investors have been waiting for a big recovery in Air Canada stock for over a year now. After AC stock lost nearly 53% of its value in 2020 due to the COVID-19-driven shutdowns and restrictions, investors were hoping for its sharp recovery in 2021 with the help of easing restrictions and a rise in travel demand. However, the emergence of new COVID variants kept hurting the possibility of financial recovery for the airline company and kept its stocks subdued. As a result, instead of staging a recovery, Air Canada stock fell by another 7.2% in 2021.

The year 2022 started with rising fears about the new Omicron variant. Despite the possibility of the new variant delaying its financial recovery further, Air Canada stock started the year on a bullish note, as it jumped by more than 9% in the first week of January. In such a situation, it would be really painful for Air Canada investors to see another factor like 5G deployment in the U.S. erasing its year-to-date stock gains.

While Air Canada might not have to suspend its U.S. flight operations with ongoing efforts by the Biden administration to ensure air traffic safety, its stock still might not see a sharp and sustainable recovery until air traffic demand remains low.

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