



Why Air Canada Could Soar Higher in March

Description

Air Canada ([TSX:AC](#)) is Canada's biggest international and domestic airline and a founding member of the planet's most comprehensive air transportation network, Star Alliance. Unfortunately, investors in AC stock have had a rough go over the past few years.

The pandemic provided some significant headwinds to Canada's largest airline. And while the economy is reopening, new concerns have popped up investors are pricing in right now — namely, concerns about Russia's invasion of Ukraine, and what it means for airlines.

As an international airline, the shuttering of routes is never a good thing. However, there may be hope for investors looking to pick up shares of this top airline stock on the cheap.

Here's a bullish take on why Air Canada could take off in March.

Broad trends remain strong for Air Canada

Overall, the outlook for Air Canada right now is one I'd still put as positive, despite ongoing headwinds. The global economy is far from fully reopened. However, travel volumes have picked up, and Air Canada is likely to be a continued recipient of tailwinds for the foreseeable future.

From an earnings perspective, Air Canada is certainly moving in the right direction. This airline is still losing money, though the company posted a smaller Q4 loss year over year. Yes, fuel prices are elevated, and planes are not yet at full capacity. However, should these metrics normalize over the medium term, there's a lot to like about Air Canada's valuation right now.

Notably, Air Canada is making key steps to deleverage its balance sheet while investing in a more efficient fleet. As more travelers seek vacation destinations (the government of Canada recently removed its travel advisories for many countries), Air Canada is likely to see improved numbers in the coming quarters.

These geopolitical concerns may already be priced in

One of the key concerns the market has been pricing into Air Canada stock over the past week has been the ongoing Russian invasion of Ukraine. It appears likely that Russian routes will be halted indefinitely. Accordingly, investors may have newfound reasons not to fly, and Air Canada will likely lose a piece of its revenue pie.

However, the Russian market is not a large one for Air Canada, and this news is likely already priced in. Over the past five trading days alone, Air Canada stock has lost more than [10% of its valuation](#), at the time of writing. For a company of this calibre, this may be a buying opportunity for those looking for beaten-up names on the cheap.

Bottom line

Indeed, there's a lot to like about how Air Canada is positioned right now. As far as global airlines go, I continue to think Air Canada is one of the best.

Sure, the near-term outlook for this sector isn't bright. Most would agree that this invasion may not have a quick resolution.

However, as in most situations like this, investors need to ask whether these headwinds are priced in. Right now, I think there's a good chance the majority of this geopolitical risk is priced in.

Like all stocks, Air Canada carries risk. That said, the [risk to reward scenario](#) is starting to look a lot more attractive right now for investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdona1d
2. kduncombe

Category

1. Investing

Date

2025/09/09

Date Created

2022/03/02

Author

chrismacdona1d

default watermark

default watermark