Is It Time to Buy Air Canada Stock?

Description

When it comes to the most recognizable companies in Canada, few are able to beat **Air Canada** (TSX:AC). It is the largest airline in the country. In fact, in 2019, Air Canada was named one of the 20 largest airlines in the world. Despite the success that comes with such high status in its industry, Air Canada stock proved it wasn't invincible when the COVID-19 pandemic struck. Its stock plummeted nearly 70%. However, because of its market dominance within the country, it soon became one of the most popular "rebound stocks" among retail investors.

Now, more than two years after the COVID-19 market crash, Air Canada stock continues to trade nowhere near its all-time highs. In fact, as of this writing, Air Canada stock remains more than 50% lower than where it was in November 2019. However, does its business show any sign of recovery? In this article, I'll discuss whether it's time for investors to start buying this stock again.

How has Air Canada been doing lately?

In Q4 2021, Air Canada reported $2.731 billion in revenue. That accounts for a 30% increase over the previous quarter. Impressively, that also means that Air Canada's Q4 revenue was more than three times greater than its revenue in Q4 of the previous year. However, despite this success, Air Canada continues to report losses. Its operating loss in Q4 2021 totaled $503 million. Although it's much less than the company's reported loss in the previous year, Air Canada still isn't at a stable enough position for me to invest in it.

I would rather invest in these stocks

Instead of buying shares of Air Canada stock, I would rather invest in companies that have remained strong throughout these past two years. For example, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) has continued to show strength in its business, despite the pandemic. This has shown in its stock performance as well. Since hitting its lowest point in May 2020, Bank of Nova Scotia stock has more than doubled!

In addition to its great stock performance, Bank of Nova Scotia remains an excellent dividend stock. This means that investors could receive a solid and reliable source of income, just by holding shares of this company. Currently, Bank of Nova Scotia stock offers investors a forward dividend yield of 4.29%.

If Bank of Nova Scotia doesn't interest you, then consider another Canadian Dividend Aristocrat. **Canadian National** (TSX:CNR)(NYSE:CNI) is a stock that I believe all investors should hold in their portfolio. Like Air Canada and Bank of Nova Scotia, its name should be recognized by nearly every Canadian. Its rail network spans nearly 33,000 km and runs from British Columbia to Nova Scotia. Canadian National also operates track as far south as Louisiana.

As stated previously, Canadian National is a Canadian Dividend Aristocrat. However, its dividend-growth streak is much longer than the five years required to hold that title. This company has managed to increase its distribution for the past 25 years. Canadian National's payout ratio stands at 35.7%. This suggests that the company could continue to comfortably increase its distribution over the coming years.

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4. TSX:BNS (Bank Of Nova Scotia)
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Date
2025/09/09

Date Created
2022/03/07
Author
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