



Why Air Canada Stock Rallied 16% This Week

Description

Air Canada ([TSX:AC](#)) shares climbed a whopping 16% this week, with news that Air Canada stock would be adding more flights and removing COVID-19 [restrictions](#).

What happened?

Air Canada stock saw a lot of upward momentum this week due to two announcements that led the stock movement. Of course, the biggest was the Government of Canada's announcement that it would be removing pre-departure testing requirements on Apr. 1, 2022, for passengers who are fully vaccinated coming back to Canada.

But it wasn't the only reason shares of Air Canada stock climbed. The company also announced the addition of several resumed flights to the South Pacific, including Brisbane and Auckland. The news sent shares up 7% on Wednesday, and the government's announcement led it to climb another 3% at Thursday's close. The company is up another 3% on Friday, as of writing.

So what?

It's clear why this news is a big deal for investors. While the pandemic seems to be far from over, the world is moving on — especially if you're fully vaccinated. In the case of Air Canada stock, this likely means the company can move on as well. Not only can it hopefully get back to the tourism it once had, but hopefully also enjoy a return to business flights as well.

Either way, the combination of no restrictions for fully vaccinated individuals and new South Pacific flights is perfect timing. Canadians are thinking about holiday travel for the summer, and the company has already seen an increase in bookings. Therefore, the company could in fact see massive [earnings](#) this summer, and perhaps return to pre-pandemic levels.

Now what?

The only fly in this ointment is China. China is currently under several lockdowns across the country as a fresh wave of COVID-19 continues to spread. There are a few reasons that Air Canada stock investors should then watch out in the future.

The first is the obvious; if there is a rise in China, there could be a rise across the seas very soon. And with the addition of new flights in the South Pacific, a travel destination for many in Asian countries, it could come to Canada sooner as opposed to later. This could lead to a reversal of adding restrictions once more.

Should that happen, the second issue is that Air Canada stock simply has a lot of competition when it comes to the more popular sun destinations. Its competitors have practically cornered the market, whereas Air Canada continues to hope business flights will return. So, keep your eyes to the skies, Fools, and be wary of what happens next.

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