



## Air Canada Stock: Could the Russia-Ukraine War Still Hammer it?

### Description

**Air Canada** ([TSX:AC](#)) stock has been trading positively for the last four months. Last week, AC stock remained mixed after posting solid 16.3% gains in the week ended on March 18. Nonetheless, it's gradually extending gains, as it has already risen by nearly 3% this week so far. While uncertainties related to the recent Russian invasion of Ukraine have increased the volatility in Air Canada stock, investors' optimism about air travel demand recovery seems to be preventing any big pullback in it. With this, AC stock is now trading with 16% year-to-date gains.

Before I discuss whether the ongoing Russia-Ukraine crisis still has the potential to hammer [Air Canada stock](#) in the near term, let's take a look at the company's recent efforts to support Ukraine.

### Air Canada's efforts to support Ukraine

After the Russian invasion of Ukraine started on February 24, Air Canada has shown its willingness to support Ukraine and Ukrainian refugees on multiple occasions. On March 9, the Canadian flag carrier operated its aircraft services to transport medical equipment and other humanitarian supplies for Ukrainian refugees.

Last week, Air Canada expanded its initiative to support Ukraine by [announcing](#) that "it will be donating \$10 for every booking made on [aircanada.com](#) to support Ukraine relief aid, with a total donation of up to \$250,000."

### Could the Russia-Ukraine war hammer Air Canada stock?

Aircraft fuel is one of the biggest expenses for airline companies, including Air Canada. As the Russian invasion of Ukraine and related Western sanctions on Russia have disrupted supply, crude oil prices recently soared to their highest level in more than a decade. While the ongoing Russia Ukraine negotiations have helped ease oil prices a bit lately, WTI crude oil futures are still trading with more than 40% year-to-date gains.

In addition, the possibility of a further rally in oil prices remains open amid ongoing geopolitical uncertainties. This commodity market trend could significantly increase Air Canada's operating costs in the coming quarters — potentially delaying its financial recovery further and driving AC stock lower.

Notably, Air Canada spent about \$1.58 billion on aircraft fuel in 2021 — higher than \$1.32 billion in the previous year.

## The bull case for Air Canada stock

Clearly, rising aircraft fuel expenses could further increase Air Canada's cost burdens and hurt its financial recovery in the post-pandemic era. That said, the recent signs of a spectacular recovery in air travel demand could keep investors' confidence alive. In February, Air Canada's management [highlighted](#) "robust advance ticket sales" and pointed to "unmistakable signs of revival." If the air travel demand continues to surge amid reopening economies, it could help the largest Canadian passenger airline company to offset the negative impact of higher fuel costs on its overall business to some extent.

But again, given the ongoing uncertainties about the Russia-Ukraine crisis, it's extremely difficult for anyone to accurately predict the war's potential impact on Air Canada's business at the moment. However, investors still may want to remain cautious and avoid making huge bets on Air Canada stock's expected big recovery for now.

### CATEGORY

1. Investing
2. Stocks for Beginners

### 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. jparashar
2. kduncombe

### Category

1. Investing
2. Stocks for Beginners

**Date**

2025/09/06

**Date Created**

2022/03/30

**Author**

jparashar

default watermark

default watermark