



BUY ALERT: Why You Should Snag Air Canada (TSX:AC) Stock Today

Description

Air Canada ([TSX:AC](#)) is the largest commercial airliner in the country. Back in the summer of 2021, I'd [discussed](#) why this growth stock was still capable of [making big bucks](#) for Canadian investors. Today, I want to look at whether Air Canada stock is worth snatching up as we approach the middle of April. Let's jump in.

Why Air Canada has stalled so far in 2022

Shares of Air Canada have dropped 1% in 2022 as of close on April 8. The stock is down 18% in the year-over-year period. Investors got to see the company's fourth-quarter and full-year 2021 earnings on February 18, 2022.

Canada's top airliner has managed to stage a solid recovery since the beginnings of the COVID-19 pandemic. In 2021, the company reported operating revenues of \$6.40 billion — up from \$5.83 billion in the previous year. Meanwhile, Air Canada delivered record cargo revenues of \$1.49 billion compared to \$920 million in 2020. Better yet, the company's operating loss improved to \$3.04 billion over \$3.77 billion in the prior year.

In the fourth quarter of 2021, the company saw its operating capacity jump 134% in the year-over-year period. However, the number of available seat miles were still down nearly 50% from 2019. This shows that the company still has significant ground to make up after being throttled over the course of the pandemic.

Passenger revenues more than quadrupled from the fourth quarter of 2020 to \$2.04 billion in Q4 2021. For the full year, total passenger revenues rose 3% to \$4.49 billion.

Where is the airline industry headed?

The 2021 vaccine rollout sparked renewed optimism for the domestic and global airline industry. Many industry boosters hoped that we would see a quick return to normalcy. Unfortunately, that process has

been slower than hoped. A slew of new variants has squashed the dream of “killing” COVID-19. Instead, policymakers have transitioned to managing the virus and treating it as endemic. Airliners will experience a gradual rebound, but this likely means that we will not see the desired “snapback” to a pre-pandemic period.

Back in March, I’d [discussed](#) why Air Canada and its peers would benefit from improved travel demand. The airline industry has celebrated the end of COVID-19 test requirements, which served as another hassle for passengers. As the passenger experience improves in the weeks and months ahead, so should demand.

Last month, Air Canada expanded on its 2022 outlook. It stated that it plans to more than double its capacity over the previous year due to this improved demand. However, capacity will remain below the levels we saw in 2019. Investors should still be very encouraged by this ongoing recovery.

Here’s why I’m targeting Air Canada stock today

Air Canada stock is trading in favourable value territory relative to its industry peers. Its shares last had an RSI of 40. That means that Air Canada is trending closer to technically oversold levels. I’m looking to snatch up this discounted Canadian airline stock in the first half of April.

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