



Air Canada (TSX:AC) Stock Could Take Off in the 2nd Half of 2022

Description

It's been quite a while since the COVID market crash dragged down many of the popular air travel plays. Over two years later, certain names like **Air Canada** ([TSX:AC](#)) remain down by double-digit percentage points from pre-pandemic, all-time highs. Undoubtedly, the pandemic is not over yet, with little clarity on when it will be over. Further complicating the matter is the emergence of another virus, which causes monkeypox.

Indeed, it's hard to tell whether monkeypox will be the start of another outbreak that causes restrictions. A double pandemic with COVID and monkeypox seems unlikely at this time. However, the WHO (World Health Organization) isn't yet ruling such out, as they keep an eye on the situation, which is now becoming a global problem, with five total cases of monkeypox now confirmed in Canada.

Beyond COVID: New headwinds for global air travel?

Undoubtedly, it sounds like the early days of the COVID pandemic all over again. Regardless, pessimism seems a tad overblown at this juncture. Air travel has made a modest recovery, and although global business travel will not return to where it was in 2019 anytime soon, I think any modest recovery in global travel could be enough to send shares of the battered airlines much higher from here.

At the time of writing, shares of Air Canada are attempting to bounce back from a dip towards that \$20 per-share level of support. Thus far, it's held quite nicely, with AC stock at \$21 and change per share after a nearly 2% bounce on Thursday. It was a strong day for broader markets, but could the recent bout of relief be the start for Air Canada and the rest of the ailing air travel industry? It could. The summer months could be bright, as airlines look to prepare for the summer travel season.

Air Canada stock: Too essential to implode?

Fellow Fool contributor Kay Ng recently praised Air Canada as a buy, touting it for positive analyst sentiment, the stock's "flexibility for investors" and the essential nature of the business. I couldn't agree more, especially with regard to the latter point.

Air Canada is critical to the Canadian economy, and the government can't let it fail. Though a repeat of what we saw in 2020 is likely out of the cards, it is comforting to know that the major airline has a lifeline if the going really gets tough. Indeed, a recession could be in the cards in 2023. If it is, Air Canada could face a more structured drop in air travel demand. Undoubtedly, the combination of viral outbreaks and a weakening consumer could spell big trouble for Air Canada.

As well as Air Canada has been run amid crises, exogenous and macro factors are ultimately out of management's hands. In any case, it's likely that recession concerns, especially in Canada, are overblown. Consumers may be in a funk right now, but they could snap out of it if rates don't need to rise nearly as fast as the bond market expects.

The bottom line on AC stock

At around \$20 per share, there's [a lot of negativity baked into](#) AC — perhaps too much. It may not take much for the stock to take off again — likely over a better-than-expected summertime travel season.

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. joefrenette
2. kduncombe

Category

1. Investing

Date

2025/09/09

Date Created

2022/06/03

Author

joefrenette

default watermark

default watermark