



Air Canada Stock Is a Fantastic Deal Right Now

Description

With recession and Federal Reserve fears fading away following the release of some cooler-than-expected inflation numbers in the United States, questions linger as to where stocks ought to settle in the second half of 2022 after one of the worst first-half hailstorms in recent memory. Indeed, the second half is off to a hot start, but fears linger that the recent relief bounce will be met with further volatility and perhaps wild swoons that could persist into year's end.

In any case, the recent 8.5% inflation number was essentially a hair lower than expected. It was mildly good news, at best. Still, stock markets soared over renewed optimism. Sometimes, it doesn't take much to move the needle higher when almost every investor in the market is fretting over the slew of negatives.

In prior pieces, I've highlighted that good news can still happen, and they had the potential to give lift to these markets that have been weighed down by supply-chain woes and inflationary pressures.

Looking ahead, I'd continue to be a buyer of the fantastic deals that still exist in today's market. At this juncture, it seems like the S&P 500 is about to escape the bear market. Meanwhile, the TSX Index is less than a correction (10%) from hitting new highs.

From fear to hope

It didn't take long for the euphoria of 2021 to turn into fear and panic. Now, it's going from fear to hope. And it's hope that corporate earnings can stand up to big rate hikes and avoid a crash-landing from central banks. The second quarter has been a huge sigh of relief for many shareholders.

While not all firms escaped the season unscathed, I think the recent market run shed light on just how overly bearish everybody has been amid the market's landslide. As stocks look to push higher, I'd consider chasing the value names with the most room to run.

Consider shares of **Air Canada** ([TSX:AC](#)).

Air Canada

Air Canada stock is starting to really [heat up](#) after facing its worst existential crisis in history. The stock is up an impressive 26% year to date. Though shares slipped in June, plunging around 30% off 52-week highs, the name seems to be finding its footing again, thanks in part to fading recession fears and hope that Canada's top airline can make idiosyncratic improvements to adapt in the new normal.

At \$18 and change per share, AC stock seems like a bargain following solid second-quarter numbers that saw demand creep higher. While Air Canada probably won't see demand return to those pre-pandemic levels, I think robust demand could help fuel a meaningful recovery in shares through year's end.

Further, fuel costs are coming back down to Earth, all while COVID cases dwindle. Now, nobody knows when COVID will be gone for good. There's a chance we'll have to live with it for years. In any case, booster shots and safety protocols should be enough while Air Canada seeks to team up with other airlines to form mutually beneficial relationships. The Air Canada-Emirates partnership, in particular, is intriguing and could help enhance the customer experience. However, it's unknown as to how much of a boost the strategic move will give Air Canada over the medium term.

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Author

joefrenette

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