



Why Air Canada Stock Fell 8% in 2022

Description

Air Canada ([TSX:AC](#)) stock fell 8.2% in 2022, despite recovering in the year's second half, marking its third consecutive year of losses. In the last three years combined, AC stock has lost 60% of its value, falling from \$48.51 per share at the end of 2019 to \$19.39 at the end of 2022. With this, the company now has a [market cap](#) of \$7 billion. Before I discuss what to expect from Air Canada's share prices in the near term, let's take a closer look at some key factors that moved them in 2022.

Air Canada's stock price performance in 2022

The year 2022 was full of ups and downs for Air Canada investors, as macroeconomic uncertainties continued to delay the Canadian flag carrier's financial recovery. AC stock inched up by nearly 15% in the first quarter of the year, as investors hoped that reopening economies and subsiding global pandemic-related restrictions should help ease the airline company's financial troubles in 2022 and help the stock soar.

However, investors' hopes remained unfulfilled as Russia's full invasion of Ukraine led to a big rally in oil and air fuel prices, increasing the [airline sector's](#) cost burden and hurting its financial recovery. This is one of the key reasons why Air Canada's share price turned negative again in the second quarter by losing about 34% of its value. These factors were also reflected in the company's second-quarter earnings, as it posted an adjusted net loss of \$1.18 per share in the June quarter — much wider than Bay Street analysts' estimate of a \$0.91 loss per share.

Nonetheless, Air Canada pleasantly surprised investors in the third quarter by [reporting](#) adjusted earnings of \$1.23 per share, beating earnings estimates of \$0.43 per share by a big margin. Surging travel demand and improving yields (passenger revenue per revenue passenger miles) helped the largest Canadian passenger airline company offset higher fuel costs. These were the main reasons why AC stock popped by more than 18% in October after announcing its stronger-than-expected third-quarter results, trimming its overall losses in 2022.

Can AC stock recover in 2023?

While it managed to exceed Street analysts' earnings and revenue estimates in the September quarter, Air Canada might find it difficult to maintain profitability in the next few quarters. Despite hopes from the high-demand holiday travel season, the airline company might struggle due mainly to continued year-over-year increases in fuel costs, escalating geopolitical uncertainties, and consistent inflationary pressures.

In addition, the new COVID-19 test requirement for travelers arriving from China, Hong Kong, and Macao could emerge as another reason to worry for the already-struggling airline companies at the start of 2023. These are some of the key concerns that could keep Air Canada stock [volatile](#) in the near term with a downward bias.

But if you're looking for a cheap Canadian stock to buy in 2023 and hold for the next five or 10 years, you can still consider adding Air Canada stock to your portfolio at the current market price. This is because the expected short-term volatility in AC stock might not majorly affect potential returns on your investments in the long run, as its underlying [fundamentals](#) remain largely positive.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/08/18

Date Created

2023/01/03

Author

jparashar

default watermark

default watermark