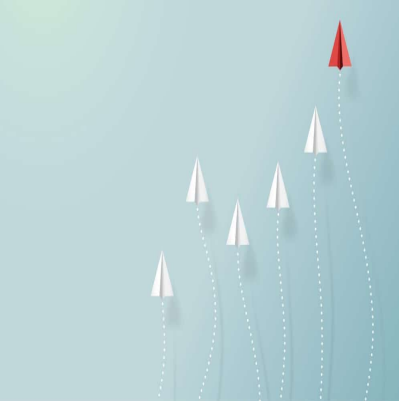




Why Air Canada Stock Could Soar Much Higher From Here

Description

Among the sectors that have been hardest hit by the pandemic, airlines are certainly up there. For investors in **Air Canada** ([TSX:AC](#)) stock, this is certainly a big deal.

Indeed, this past year has provided investors with some serious volatility. However, those who are optimistic about the future may view Air Canada stock as an attractive pandemic reopening play. I find myself in this camp right now.

The company's recent results show what appears to be a path to a speedy recovery. While Canada's largest airline hasn't yet gotten back to pre-pandemic levels in terms of passenger volumes and revenue (and that might take some time), the airline is on the right track.

Every stock is a culmination of the future value investors place on the cash flows a given company will generate. Those bullish on the long-term outlook of the Canadian economy will be hard-pressed to find a more economically sensitive name. Accordingly, let's make the case for why investors may want to consider Air Canada stock at these levels.

Analysts bullish on Air Canada stock

I'm not the only one who's bullish on Air Canada stock. Indeed, analysts have jumped aboard Air Canada stock as a great way to play this pandemic recovery.

For example, BMO Nesbitt Burns analyst Fadi Chamoun sees brighter days ahead for Air Canada. Chamoun suggests easing of travel restrictions and a spike in travel demand will aid in Air Canada's recovery. The government plans to open borders for fully vaccinated U.S. citizens and Canadian permanent residents from August 9. Moreover, vaccinated foreign travelers can visit Canada from September 7.

Mr. Chamoun added that air travel [bookings](#) for Q3/21 and Q4/21 have shot up remarkably. AirCanada is witnessing an increase in bookings for travels in this quarter in North America and theAtlantic region.

The increase in domestic and cross-border travel has led to a faster recovery of Air Canada stock than many had expected. Accordingly, he has raised Air Canada's earnings and revenue projections for 2021 and 2022. He maintained his "outperform" rating while increasing his target for Air Canada shares to \$34. The current average, however, stands at \$28.63.

Mr. Chamoun feels that the recovery of travel demand is likely to face some turbulence, which could affect Air Canada stock. However, increased bookings since late May may smoothen out the bumps.

Bottom line

In reality, how quickly the Canadian travel and tourism industry rebounds is the question on the minds of most investors considering Air Canada stock.

Those bullish on the potential future growth travel will see in the near future may want to consider the [growth potential](#) of Air Canada. Economically sensitive names could indeed outperform if projections are hit. Right now, the question is, how realistic are these recovery projections? That's up to each individual investor to decide.

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Date

2025/08/24

Date Created

2021/08/06

Author

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