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Recession? No Problem!

Description

As is often the case, many investors run for the hills when the boat begins to rock, as there is a risk of capsizing. The fear is that stocks will decline in value and there will be positions that will trade at a loss, potentially for a long time. As with any storm, however, there is always a silver lining, and those who find it will of course make out very well.

Although the last recession was a very bad one, investors shouldn't have been surprised about it. This time is no different, as recessions happen regularly. Dating back to 1929, there has been a recession (on average) almost every seven years. As the last recession was in 2008 and 2009, the truth is that we are almost three years overdue.

Similar to filing one's taxes, we know it's coming, but we still seem to feel at the end of the rope as we go through the process. We therefore need to look at who benefits from these events. When it comes to tax filing, the accountants (and the government) usually increase revenues during these times.

Who are the winners in the stock market?

Over the past few weeks, the market has begun to show cracks, as many stocks have declined significantly in value. Shares of **Cineplex Inc.** (TSX:CGX) on the other hand, have demonstrated resilience, as they have increased by close to 5% over the past week. For the past month, shares of Cineplex have remained relatively flat. Although the company faced many challenges throughout 2017, the much stronger box office lineup for the coming year is indeed good news.

At a current price of almost $33 per share, the dividend yield remains above 5%, which is paid to investors on a monthly basis instead of the standard quarterly payments. For those willing to take the risk of buying shares amid the large amount of volatility in the market, the investment thesis is very clear. Shareholders will collect their 5% dividend yield while watching the share price move sideways during difficult times. The reason the movie industry is so resilient is that many consumers seeking a night out will prefer this less expensive option over a dinner or evening at the opera. A recession is indeed difficult for everyone.

If this Canadian alternative does not offer a high enough risk/reward alternative, shares of U.S.-based **AMC Entertainment Holdings Inc.**

(NYSE:AMC) at a price close to US$13.50 per share offer a similar dividend yield of 6%, but offer substantially higher capital appreciation potential. As a reminder, the company recently undertook a massive acquisition of cinemas in South America, which will take more than 12 months to fully integrate. A lot of potential is therefore still waiting to be realized by investors in this industry.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AMC (AMC Entertainment)
2. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
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