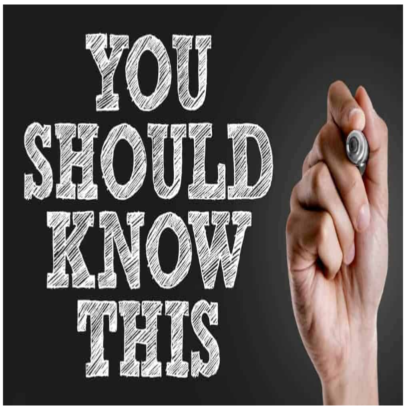

Recession 101: Part 5 of 5

Description

Alas, we have reached the final article in my mini-series on recessions. I hope you have found the reading informative and enjoyable, and I am looking forward to doing another mini-series on investing very soon.

Up until today, we have covered a history of recessions, the indicators of a recession, industries to look into, and industries to avoid.

In this article, we will be talking about the post-recession economy and what that means for investors. For those of you who experienced the 2008 recession, I'm sure you will agree that the economic recovery is definitely more favourable than the recession itself.

Economists vary in how they classify the recovery phase after a recession. Some economists only recognize recession and expansion phases, whereas others are more detailed and focus on phases within phases, such as the early and late recovery phase. In this article, we will explore the more detailed version.

Early recovery phase

In the early recovery phase, consumers' expectations start to increase. The general sentiment is one of cautious positivity. The interest rate essentially reaches its trough, and the yield curve becomes steeper.

Industrial stocks increase near the beginning, and energy stocks increase near the end. The industrial sector is involved in producing goods for the construction and manufacturing sectors. One Canadian example of an industrial stock is **Canfor**. It is a softwood lumber company with operations across North America.

One example of a Canadian energy stock is **Fortis**, which is involved in the energy sector. Itspecializes in electricity and gas and services customers across the United States and Canada. Thecompany's net income increased from $379 million in FY 2014 to $1.2 billion in FY 2018.

Late recovery phase

In the late recovery phase, interest rates increase rapidly, and the yield curve begins to flatten. Consumer expectations begin to decline.

Consumer staples increase near the beginning and services increase toward the end. One solid Canadian stock operating in the consumer staples sector is **Metro**. I recently wrote a bullish article on Metro due to its increasing net incomes and recent acquisition of Jean-Coutu for $4.5 billion.

One example of a Canadian services stock is **Savaria**. This company is engaged in the designing, engineering, and manufacturing of personal mobility devices ranging from retrofitted vans to in-home elevators. The company's net income increased from $6 million to $18 million in a mere five years.

Bottom line

When it comes to the post-recession economy, it is both a time for joy and careful reflection. Although share prices are increasing, it is important to find out the cause of the recession and take preventative measure for the next time.

With regards to the economy, several sectors are bullish during the recovery phase, which include the industrial, energy, consumer staples and services industries.

Granted, the company you invest in is performing well, these stocks will deliver generous returns in a post-recession economy. Out of the stocks mentioned above, I would highly recommend you look into Savaria, as it has experienced tremendous growth in the past several years, and there is evidence it will continue to do so.

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