



Economic Recovery: 3 Best Stocks to Buy

Description

The Canadian economy posted its largest drop in gross domestic product (GDP) in 2020 – falling 5.1%. There were hopes for a strong recovery as vaccines were set to roll out in the New Year. Those expectations have been dashed, at least in part, due to a disappointing handling of the vaccine in Canada.

Moreover, the new Biden administration in the United States is taking direct aim at Canada's energy sector. Still, there is justifiable optimism as a reopening appears to be on the horizon in Ontario. Today, I want to look at the best stocks to snag in a recovering economy. Let's dive in.

Why Aritzia is a great bet to surge

Aritzia ([TSX:ATZ](#)) is a Vancouver-based company that designs and sells apparel and accessories for women. Its shares have surged 37% over the past three months as of mid-morning trading on February 4. The stock is up 8.3% year over year. Aritzia has managed to thrive during the pandemic due to its strong e-commerce offerings.

Savings rates for Canadians have climbed during the pandemic. Clothing apparel outlets will likely see a spike in activity ahead of what we all hope is a more open spring and summer. Aritzia released its third quarter fiscal 2021 results on January 13. Net revenue rose 4.1% year over year to \$278 million. Moreover, e-commerce revenue soared 78% from the prior year.

This company boasts promising growth potential and it has continued to bolster its balance sheet. It remains my top clothing retail stock to add on the **TSX**.

A commodity surge has been good for this TSX stock

Back in the summer, I'd discussed whether new tariffs introduced by the Trump administration would have a [negative impact](#) on Canadian aluminum and steel producers. At the time, Hamilton-based **Stelco** ([TSX:STLC](#)) still offered attractive value. Its shares have climbed 131% year-over-year as of

mid-morning trading on February 4.

Commodity prices have gained momentum as hopes for a global economic recovery are rising. Steel prices have soared to near-record highs in this environment. However, exporters are hoping that the rally will relax to support their businesses going forward. Stelco is one of the best stocks to target as Canada eyes a recovery. In Q3 2020, revenues and operating income was still down significantly from the prior year.

The best stock to snag as the economy bounces back

Air Canada ([TSX:AC](#)) has suffered greatly during the COVID-19 pandemic. The bleeding has not stopped in 2021. On the contrary, the federal government has set its sights on further travel restrictions in order to contain the spread. Air Canada was forced to suspend Rouge flights, and it let go of even more employees. Shares of Air Canada have dropped 51% year over year.

While Air Canada has been challenged by this crisis, it is bound to be one of the biggest beneficiaries in a recovery. It is one of the best stocks to target today. The airline industry is passing through its greatest period of strife in a century. Canada's vaccine rollout has left much to be desired, but the federal government is still projecting that most of the population will be inoculated by the end of the year.

Air Canada stock was pummeled during the previous financial crisis. Investors who [bet on its comeback](#) were richly rewarded in the 2010s. Air Canada has the potential to put together a repeat performance in the 2020s.

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Date

2025/08/26

Date Created

2021/02/04

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