

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Your Investments and the K-shaped Recovery

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It became clear in early 2020 that the economic recovery from the Covid-10 recession was going to follow two very different paths. High tech companies continued to make money or even make more money as work and personal life went online due to corona virus restrictions. Tech services and retailers like Amazon that deliver did extremely well. On the other hand, travel, hospitality, entertainment, and food services languished and even went out of business. Now that vaccinations have driven down Covid-19 case rates, hospitalizations, and deaths there is hope for a return to normal life. With this in mind we are looking at your investments and the K-shaped recovery.

Your Investments and Money Waiting to Be Spent

Although the pandemic has wreaked havoc on many, not everyone has lost money. In fact, many are richer now than before the virus hit. The fact is that there is a huge amount of pent up demand for goods and services. As restrictions are loosened folks will start eating out again, flying, taking cruises, enjoying entertainment venues, staying at hotels, and the like. Thus many of the companies in the lower arm of the “k” will start making lots of money and their stock prices will rise.

Infrastructure Spending and Your Investments

The amount of [Biden infrastructure money](#) is still in question as Congress haggles over the details. But when you combine even minimal projected infrastructure spending with projected spending on the “lower arm of the k” sector a six percent increase in GDP is expected. Companies providing construction-related materials from rock to cement to steel should do well as well as selected high tech that will be favored as Congress moves to counter Chinese competition in critical tech infrastructure areas.

Economic Growth, Higher Prices, and Your Investments

The market is concerned about inflation and rising interest rates. Low rates have been part of the continued boom in the stock market over the last decade. We can expect those same stocks that have done the best due to lower rates to be affected negatively by a bump up in rates by the Fed as well as their backing off of quantitative easing. Zombie companies that have only survived because they could borrow and near-zero rates will simply go out of business. A lot of the high tech sector will likely see a correction or crash before resuming their upward climb.

Where to Invest as the Lower Arm of the K Recovers

As the economy reopens many investments will do better but some will do better than others. Part of this is because stocks in the lower arm of the K have so much room to improve! *US News* offers a few suggestions for [investments as the economy reopens](#).

- Caterpillar
- Johnson & Johnson
- Ecolab
- Chevron Corp.
- JPMorgan Chase & Co.
- Boeing
- MasterCard

All of these companies will be able to profit from one or more aspects of a reopening economy. To this list we would add stocks like Marriot, any of the cruise lines, one of the stronger airline stocks, and a restaurant chain or two.

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