



Global Dividend Investors Are In For A Bonanza

Description

An incredibly powerful force underpins stock market investing, one that many people fail to notice.

I am talking about company dividends. Too many investors fixate on share price growth, but ignore the power of the dividend.

Over the long-term, a huge chunk of the money you make from investing in stocks and shares will come from dividends, provided you plough them back into the stock for growth.

There is good news, because *right now* investors are on the verge of a global dividend bonanza.

Hail dividends

New figures show that global dividend payouts grew by a hefty **5.4%** in the first quarter of this year alone.

In that time, global stocks paid out a whopping \$218.7 billion worth of dividends to investors.

That colossal sum was paid a mere three months. Across the whole of 2017, payouts could top \$1.176 trillion, according to the latest Global Dividend Index from Janus Henderson.

All hail the mighty power of the dividend.

On the rise

Dividends are the regular cash payouts companies dish out to reward investors for holding their stock.

Most companies aim to increase their dividend year after year as revenues and profits grow, which gives investors the prospect of a rising income.

Many stocks yield between 3% and 6%, which is particularly valuable in our era of near-zero interest rates.

Retired investors may want to take the money as income, everybody else should re-invest them for growth.

Emerging dividends

Janus Henderson reports that dividend growth is strong across most industries and regions, with the sole exception of Europe.

Better still, world economic growth is picking up and this will support higher company profits and dividends.

There has been a dip in one-off special dividends, notably in the US, but the underlying growth rate is strong.

In Australia, payouts grew more than 30% over the past year, as the commodity stock recovery allowed mining giant **BHP Billiton** to boost its dividends.

They grew 20% in Singapore on an underlying basis, helped by semiconductor maker **Broadcom** doubling its payout.

Emerging markets are less reliable, with Russian payouts “irregular and unpredictable”, while underlying dividends fell in India, Brazil and South Africa across the first quarter, and almost no Chinese companies made payments.

Power on

Alex Crook at Janus Henderson says the outlook for 2017 is “really encouraging”, as the world economy looks stronger than at any time in the last few years.

That means companies can grow profits and dividends at a faster pace, he adds. “The uptick is taking place more quickly than we anticipated, and is stronger too, so we are slightly revising up our forecast for the year.”

This is more fantastic news for investors, on top of the global share price surge of the past 12 months.

By investing your dividends for growth, you benefit from what Albert Einstein called the most powerful force in the universe: *compound interest*. Now that really is power to the people.

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