Here's Why Stocks Could Rocket — or Plunge At the End of June

Description

The U.S.-China trade war has come to dominate the markets, with tensions ratcheting up in recent weeks and sending major waves even through sectors long held to be defensive.

However, while some pundits are predicting that the trade war could soon become something rather more serious, there is one date this summer that could precipitate either a big boost or a terrible plunge: June 28-29, the G20 Summit.

The 14th meeting of the Group of Twenty, the 2019 G20 Osaka summit will be the first G20 gathering to be hosted by Japan. During this assembly, Trump and Xi are expected to meet, and may have the opportunity to reach an agreement on trade.

It's likely that this expected encounter will be watched carefully by investors, and its outcome will almost certainly have an effect on the markets.

Navigate a route to passive income despite the trade war

While sudden investment in rare earth metals has risen to take advantage of the trade war, their behaviour is likely to be highly volatile if they officially become "weaponized" amid ongoing tensions.

Perhaps a better play — and perhaps even a counter intuitive one — might be the China-partnered **Magna International** (TSX:MG)(NYSE:MGA).

Specializing in auto parts and electric vehicle systems, tooling and engineering, this is a fairly geographically diversified stock. Around half of Magna International's business is conducted in North America, with European contracts making up around 40%.

Buddying up with the **Beijing Electric Vehicle Co.** to build electric vehicles (E.V.s) for the Chinese market, Magna International is one of the top stocks to keep an eye on amid ongoing U.S.-China trade tensions.

Down 1.47% in the last five days, a solid track record and good value for money makes for a tempting value opportunity.

Investors could drive all the way to the bank with this stock

Estimated earnings growth rate by the end of 2020 of 7.18% might not be significantly high, it does represent fairly decent growth in an embattled and highly competitive sector.

An average analyst rating puts this stock halfway between a hold and a moderate buy, though with a strong past-year ROE of 23% and offering a dividend yield of 2.34%, the E.V. bull may find this stock somewhat more appealing than that.

While metals directly related to the electric vehicle market, such as cobalt and lithium, could be better buys if investors want to cream some capital gains in this space, auto stocks can offer a “pure play” option that tracks the sector more accurately.

Magna International in particular is also illustrative of the kind of Sino-Canadian partnership that *should* remain fairly insulated from continuing tensions between our two biggest trade partners.

The bottom line

While there is, of course, plenty of time for stocks to oscillate on oil and gold prices, (as well on as earnings reports and any number of other factors), by then, the end of June could be a watershed moment for the markets.

Depending on whether the premiers of Canada’s two biggest trade partners can come to an agreement or not, the rest of the summer could see significant turbulence for stocks.

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