



Long-Term Investors: 3 Economic Themes to Watch in 2020 and 1 Stock to Protect Your Capital

Description

Heading into 2020, it's a good idea to look forward and see what lies ahead — and the potential impact on your portfolio.

Although what you predict may not necessarily come to fruition, by planning for what may come, you'll be better prepared to deal with what's happening in order to capitalize on any major opportunities.

Below are three main things for investors to watch heading into 2020.

Brookfield Asset Management Inc (TSX:BAM.A)([NYSE:BAM](#)) is one stock that you can hold with the knowledge that it will be strong regardless of the outcomes of the following economic events.

The Canadian economy

While the economy is always something to watch and pay attention to, with so many mixed signals, it's difficult to get a grasp on how the economy is developing.

It's unclear what the Bank of Canada's interest rate policy will be, as it appears that an interest rate increase are just as probable as an interest rate decrease.

Another thing that could affect the economy is when the BOC's current Governor Stephen Poloz steps down in June, which could shift the monetary policy in our country and consequently have an impact on the economy.

It's widely agreed that the economy is due for a [recession](#); whether or not that manifests in 2020 is another question.

One thing is certain, however; the economy will play a major role in the movement of financial markets in 2020, so it's definitely one of the top things to watch.

Brookfield is a great hedge against a declining Canadian economy because its operations span the globe. In fact, a declining Canadian economy would probably benefit Brookfield more, as the loonie decreasing in value would boost Brookfield's foreign cash flow in Canadian dollars, thus earning it extra profit.

The global economy

The global economy has been an interesting one that last decade since the financial crisis, with many contrasting events such as Europe's economy having sporadic problems, the oil markets causing crashing in 2014 and the huge growth we're been witnessing in Asia, to name a few.

With growth everywhere starting to slow though, it could affect Brookfield, especially given the company's global operations.

Although Brookfield will definitely be impacted by a declining world economy, the company is also a prudent investor and capital allocator, so you know a declining world market will open up high-quality investment opportunities that Brookfield will be ready to take advantage of.

The degree of a slowdown is still widely unknown however, so it's definitely something to watch to see how it plays out.

The U.S election

The third main thing to watch in 2020 is the U.S election. The election is extremely important to us not only because the U.S is by far our largest trading partner, but also because President Trump clearly has a major ability to move global markets.

Whether Trump gets another term, we'll witness a period of increased volatility leading up to the election as investors weigh the probability of all outcomes and the impact it will have on each industry.

Having a good grasp on which of your stocks may be affected — whether through a direct U.S-Canada relationship, or through a more global theme such as the trade war — will leave you in a promising position to be ahead of the market and anticipate what may come next.

Bottom line

As is normal in financial markets, the economy will be a huge factor, but in 2020 it will be even more important as head into our 11th year since the great financial crisis.

Watching the global economic environment and how things play out then reacting accordingly, as well as owning quality long-term stocks like Brookfield Asset Management will be crucial for the success of all investors going forward.

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