



Generate a Sustainable Passive Income Today With Bargain Dividend Stocks

Description

The outlook for the world economy continues to be highly uncertain. Risks such as a global trade war and geopolitical challenges in the US, Europe and China could cause downgrades to GDP growth in 2020. Furthermore, a bear market could be on the horizon after a decade-long bull market.

However, such a situation could present a buying opportunity for income-seeking investors. It may enable them to buy [high-quality stocks](#) while they offer high dividend yields. In many cases they offer long-term growth potential, with history showing that the stock market has always recovered from uncertain periods to produce new record highs.

Of course, diversifying among a range of stocks is a shrewd move. It can help to reduce risk and deliver a sustainable passive income in the long run.

Investing opportunities

As mentioned, the prospects for the world economy are uncertain at the present time. This is not a major surprise, since global growth has been upbeat for many years. Since there has never been a 'boom' period that has lasted in perpetuity, it seems likely that economic challenges could be ahead.

While this may cause paper losses for investors in the short run, it also provides an opportunity to capitalise on the cyclicity of the stock market. In other words, investors appear to have factored in some of the risks facing the world economy. This means that a large range of high-quality stocks now trade on low ratings and high dividend yields. They may, therefore, be well-placed to deliver capital growth and impressive income returns in the coming years.

Growth potential

Of course, a difficult period for the world economy is highly unlikely to last in perpetuity. It has never done so in the past, while the growth potential of major economies such as India and China seem to be high. They are forecast to enjoy a high rate of growth over the next few decades, in fact, and could

provide fertile operating environments for a wide range of businesses.

Therefore, investing in stocks may not prove to be a highly profitable move in the short run due to the risks faced by the world economy. But it is likely to be a worthwhile decision in the long run, with a number of high-quality companies that have sound fundamentals likely to produce profit and dividend growth in the coming years.

Diversification

Clearly, buying a wide range of companies that operate in multiple sectors and geographies is a sound move. It helps to reduce risk and may mean that your passive income is more sustainable and less dependent on the financial performance of a small number of companies.

With it being relatively straightforward to diversify through products such as a tracker fund, as well as through buying companies at minimal cost via online sharedealing, now could be the right time to build a portfolio of income shares. It could lead to a high and growing passive income in 2020 and beyond.

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