EXPERTS PREDICT ACTIVE INVESTING, NOT 'BIDENOMICS,' WILL SHINE IN 2024 - INSIDE SOURCES

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Will Joe Biden's economy fix itself? Probably not, says a major U.S. investing firm, and it suggests individual investors get more involved in overseeing their portfolios to protect themselves.

Americans continue to struggle financially, with a new Monmouth Poll showing just 12 percent saying their financial status is improving. That compares to 44 percent who say they struggle to maintain their current economic lifestyle.

Perhaps not surprisingly, President Joe Biden's approval has fallen to 34 percent, with only 28 percent of Americans approving of his handling of inflation. With the economic uncertainty at home and turmoil abroad, American investors are concerned about the future.

Now, a new report from asset management titan BlackRock suggests active investing by individual investors is the right approach to what the president's critics call "Bidenomics." That means a different outlook from traditional stock buying and selling.

BlackRock Investment Institute (BII) released its 2024 Global Outlook, outlining the "new regime of greater macro and market volatility" that Americans are experiencing and what strategies can be taken to combat it.

BlackRock painted a two-toned picture of the U.S. economy. Analysts see inflation lowering, but not to the Federal Reserve's two percent preference. The report advised central bankers to hold the line on higher interest rates if they wish to tame inflation.

"It doesn't make sense for investors to wait for the macro environment to improve," wrote BII analysts who see a complete regime shift. "nvestors should seek to neutralize macro exposures or – if they have high conviction – be deliberate about which exposures they take."

Unlike the buy-and-hold strategies that offered attractive returns on investments in past economic cycles, a more active approach to portfolio management can offer a greater upside due to heightened market volatility.

That doesn't mean people need to fear, said Raffaele Savi, BlackRock's Systematic Global Head. "Mega forces and the macro: these are inspirations, not constraints in finding alpha," also known as above-benchmark returns. In other words, taking a dynamic approach to investing by reviewing portfolios and rebalancing investments could provide a greater return than before the pandemic.

The report identified so-called 'mega forces' that could offer opportunities insulated from macro volatility, such as Artificial Intelligence (AI), demographic divergence, geopolitical fragmentation, and the broader ongoing lower carbon energy transition.

BlackRock is particularly bullish about AI. “We see investment opportunities…as technology evolves,” wrote BII analysts. “From hardware manufacturers to digital and data infrastructure and ultimately to applications.” Investors believe tech firms will focus even more on AI in 2024. It could end up being the “major driver” of American corporate growth. The AI race may also imitate the industrial and information revolutions.

Another cause for concern involves the current geopolitical conditions. Elections are set for all across the globe next year, not to mention the wars between Israel and Hamas and Russia and Ukraine. There is also competition between the U.S. and China. BlackRock analysts encouraged investors to look for opportunities in places like tech, energy, defense, and infrastructure. Their biggest suggestion involves seizing opportunities while mitigating risks.

India may be the best place for investors to put their money as one of the best emerging markets (EM). BlackRock’s report praised the Asian country’s digital payments system, suggesting it could “pave the way for a credit boom” as lending changes. India’s Unified Payment Interface received praise from the World Economic Forum and International Monetary Fund for its speed and security. Apple also bet big on Indian manufacturing. BlackRock also sees multiple states in the Persian Gulf, Brazil, Mexico, and Vietnam may have the largest opportunities for EM investment. “Selectivity is important,” per BlackRock advisers.

The other country of opportunity, according to BlackRock, is Japan. It has a stable credit rating and stable earnings growth and is considered BlackRock’s strongest developed market for equity. Also, an attraction: the outperformance of companies with “low price-to-book ratios,” i.e., undervalued stock. Investors appear optimistic that these businesses plan more strategies that increase shareholder value. BlackRock thinks an investment boom is coming in January if conditions persist. At the same time, there is concern about a tighter monetary policy. What BlackRock suggested is for people to take risks on equity “without hedging for currency.”

In an economy like what many expect in 2024 – an election year with a lot of uncertainty – investors should be “grabbing the wheel” and seizing the new opportunities the changing market offers. After a lot of folks stockpiled cash throughout the uncertain times of the pandemic, now is the time to deploy that cash selectively. 2024 is said to be the year to “pick your spot,” take the controls, and be deliberate about portfolio risks.