BIZCOMMUNITY

Millennials and green investing

By Daniel Kibel

6 Jan 2020

Millennials are responsible for spearheading the rise of socially and environmentally conscious investing. These thought-provoking investment choices, as well as several other exciting investment opportunities, may currently be considered immature, but essentially hold virtually unlimited growth potential.

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Green, clean and ethical investing

While the previous generation continues to blame its successors for all the current social and economic woes of the world, millennials are instead pushing for a change in the global status quo.

Green investing stems from a push to encourage companies to ease their burden on the environment, which has gained unstoppable momentum. We are currently at the tipping point, where what started as a grassroots movement, is now developing into a global trend with no end in sight – and that's a good thing.

The investment landscape is also changing as more and more companies find that going green translates to improvements in their bottom line, because investing in renewable energies drives down costs and increases investor confidence. Investors are certainly more conscious and are currently more interested in organic foods, recycling and owning hybrid or fully electric vehicles, rather than bottomless economic growth. Case in point, Toyota Prius, the first mass-produced hybrid vehicle, went on sale more than two decades ago with moderate success, yet it wasn't until millennials came along, that we started to see wide scale adoption of electric vehicles.

Regulatory standards are also shifting to accommodate these demands, meaning that companies focusing their efforts on minimising their carbon footprint will also benefit from keeping the regulators happy. This shows that thinking ahead can not only keep costs down, but also help avoid potential fines in the future.

The rise of the trading bots

But make no mistake, millennials aren't only interested in ethical investing and corporate social responsibility. They also care about money, and when it comes to money, passive income generation is king. The best way to go about generating additional income streams, however, requires time, and this is time that millennials aren't too keen on wasting on market analysis, quarterly earnings and unemployment reports, as well as how these affect the growth or decline of the GDP.

If there is one quintessential tool that can save us time, it is technology and automation. And because this is a generation focused on solutions to simplify, this is likely the main reason why we are witnessing the modern investor turning to robo-advisors, social investing platforms and trading robots to handle their investment portfolios and asset allocation.

In fact, algorithmic trading has seen a fundamental boom recently, and while there are some kinks to iron out, the tech is sophisticated enough to provide a truly hands-off approach to financial trading. This is right up this type of investors' alley, alleviating the need to spend hours upon hours on researching the best performing assets and discovering new risk management methods – usually through trial and error. It all comes down to speed and efficiency; and trading robots have that in spades. They can run thousands of calculations per second and find opportunities that a human trader could never hope to process and execute on time. And, as any savvy investor will know, timing in the markets is everything.

Embracing new technologies is something that all investors should start to consider, because, as the technology becomes more efficient, and artificial intelligence and machine learning become more present in the industry, automated trading solutions could eventually replace manual trading. It could be argued that this is rapidly becoming the best approach and it may be time to find a way to utilise automated trading to complement your own trading strategy.

Investing in crypto – yay or nay?

Trading robots are also widely popular in the cryptocurrency trading communities, another exciting, albeit floundering, asset class championed by millennials around the world. Bitcoin and the rest of the altcoins came to revolutionise how we think about money, but unfortunately, they still are struggling on their journey to mainstream adoption.

Obviously, those who believed in the potential of the blockchain technology and became early adopters by investing in crypto from the start, have realised remarkable returns. But now the shaky performance of the cryptocurrencies doesn't necessarily inspire confidence for those of us that prefer considerably less risk. The truth of the matter is that cryptocurrencies and their derivatives actually lend themselves perfectly to online trading, not in spite of their volatile nature, but because of it. Volatility is good for traders because of the big price movements.

If you want to profit from market trading, the underlying asset price needs to have ups and downs, it inherently needs a level of volatility. The direction the price moves isn't necessarily important here, because derivatives like CFDs (contracts for difference) allow you to buy or sell, regardless of whether the price is going up or down. This effectively gives you the opportunity to profit in both rising and falling markets, with the only requirement being that the market moves. This is why volatility is such an important factor in trading; if the price doesn't move there isn't any profit to be made.

ABOUT THE AUTHOR

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