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BRICS Are Back

By Steve Marlin
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The current pullback in the BRIC markets presents a buying opportunity upon stabilization, Yu-Dee Chang, principal and chief advisor at ACE Investment Strategists, told Markets Media.

“GDP in BRIC countries and other emerging markets will outpace the U.S. and Europe for the foreseeable future and this growth should lead to positive returns for investors,” he said.

After falling from an average of 7 percent growth from 1999 thru 2007, Russia slid to a negative 7.9 percent in 2009. However, analysts expect the resurgence in energy prices to push the Russian economy back into positive numbers in 2010.

Brazil and India are expecting 5 to 6 percent growth in 2010, while China expects to lead the pack with 9 to 10 percent growth in 2010. “Many stocks in these markets are trading at lower multiples than before the financial crisis,” said Chang. “Greater risk aversion following two years of financial crisis is keeping many of these markets in check.”

But as investors grow more comfortable and wanting more yields, the BRIC markets should continue to shine and funds that focus on BRIC and emerging markets will see greater growth.

Emerging Markets hedge funds experienced inflows of $700 million in the second half of 2009, after experiencing outflows of $6 billion in the first half, according to Credit Suisse/Tremont Hedge Fund Index. They posted solid returns for the year, with the Credit Suisse Emerging Markets Hedge Fund Index recording an 8 percent return with 15.6 percent volatility, compared to the 3.9 percent return and 24.7 percent volatility of the MSCI Emerging Markets Index.

Past performance is not necessarily indicative of future results. The risk of loss in futures trading can be substantial no matter who is managing money.