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Title : iCapital expects recovery in markets over next 6-12 months

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SINGAPORE : Global markets may not have hit bottom yet, but they are not too far off, according to investment group iCapital, at an investment outlook briefing on Monday.

iCapital expects to see a relatively sharp recovery in the markets over the next six to 12 months.

China's growth story is not a new one for those watching the global economy. According to iCapital, it is this boom that is helping to underpin the growth in other regional economies. It is also keeping a close eye on some other emerging economies, including Vietnam and India.

iCapital said economic growth will translate into gains in the stock markets.

Tan Teng Boo , Managing Director, iCapital, said: "If you were to ask us what are the attractive markets, I think the most attractive would be Shanghai. Unfortunately, that is not available to most investors, you have to invest indirectly.

"The other market that would be attractive for the long term would be Vietnam, so I think in terms of category, we would be interested in many of the China stocks that have been bashed down, and would be keen on some of the Vietnamese stocks.

"Unfortunately, the market is very small and I think in terms of overall market as a whole, I will be watching the Indian stock market very closely."

While global equity markets have been volatile, iCapital said the current low valuations may make it an opportune time to buy.

Mr Tan said: "The common question asked nowadays is where should investors hide? They should hide in equities. Equities have been bashed down, and if we are correct in saying inflation has reached its peak, and the world economic growth is still pretty sound, then I think prices of equities will bounce back very strongly."

iCapital is also expecting to see a strong rally in Wall Street over the next one to two months. But it said this can only be sustained by a better performance from the banking sector.

iCapital is predicting that the Standard & Poor's 500 index will jump by 40 per cent from 2009 to 2011 to hit 1,900. - CNA/ms