Emerging Markets still High Flyers – Austria also on Long-term Uptrend

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The facts show that many established markets are running out of steam

- Equities from Emerging Markets (Latin America, Eastern Europe, Asia) are clearly the beneficiaries of the development of trading in the past few years
- This is shown by the long-term trends that are not just short-lived tendencies
- Austrian equities (higher growth), and also Canadian and Australian (commodity focus) are doing very well
- Many established markets, especially the US, Great Britain and Germany are losing appeal for investors
- The OBV analysis (on-balance volume analysis) indicates an overhang of buyers for all markets
- On most international stock markets, volatilities are abating
- Therefore, global equity markets will generally retain a stable constitution

Long-term trend: Emerging markets continue to offer bright prospects
The analysis of volume trends shows that, above all, emerging markets are gaining ground in attracting investors over the long term as well as in the short term. Growth, which is a basic condition for long-term investment success, is seen mainly in those markets. For investors it does not make much sense to invest in stagnating markets when there are others offering the potential of much higher returns over the same period. The analysis confirms that investors have recognized that developments these are not short-lived tendencies, but rather long-term trends.

Austria developing soundly
"The Austrian equity market as well as the exchanges of Central and Eastern Europe have fared quite well in comparison. One of the main reasons for the good news is the growth achieved," according to Friedrich Mostböck, Head of Group Research. Many established markets (US, Great Britain, Germany) rank far behind in our volume analyses. This is not very surprising and usually an expression of rather dim outlooks in these markets.

"Investors are apparently placing their bets on growth instead of short temporary recoveries in stagnating markets," added Fritz Mostböck.

Take advantage of dips for entering emerging markets and selected secondary markets
"Therefore, it is recommended to take advantage of downturns especially in equities from emerging markets, but also in equities from long-term attractive secondary markets, which definitely includes the Austrian market," stated Hans Engel, Market Strategist. "In these markets, not only is the recovery potential greater, but also the long-term trends are on the side of investors, said Mr. Engel."
The results of the OBV analysis also reveal which stock markets have the greatest probability of recovery in the event of a bout of weakness. This applies to many emerging markets right now.

However, one should be aware that volatility in the emerging markets will generally remain higher than on established markets in the future as well. As regards volatility trends, we have been very pleased to observe a decrease in medium-term fluctuations on most equity markets. Short-term volatility fluctuations are normal. The medium term trend of volatilities is decisive for the further development of stock markets.

**Positive Market Outlook for the Coming Months**

The current volatility developments also confirm the findings arrived at by the OBV analysis that almost all global stock markets and indices may be assessed as relatively stable at present and that this is not likely to change. Short fluctuations, as seen recently at the end of October, did not alter the picture much. The coming months should also continue to develop positively for equity investments as well as for a few selected markets.