



India Is King of Emerging Markets in 2018: Buy This 1 Stock Today

Description

At the World Economic Forum in Davos, Switzerland, [Indian prime minister Narendra Modi](#) gave the keynote speech and laid out an ambitious path forward for India's thriving economy. Modi said that India hoped to see its economy grow to \$5 trillion by 2025. India boasted one of the largest delegations at the forum, and the message was heard loud and clear: they want the world to invest in India.

The message has apparently been received. So far in 2018, Indian markets have attracted the highest foreign portfolio investor (FPI) flows among emerging markets. According to data from the Bombay Stock Exchange, overseas funds have purchased equities worth \$1.5 billion in Indian markets this year.

Although [emerging markets have performed better](#) than many of their developed counterparts, most have seen net outflows in 2018. However, the Indian stock market has declined in 2018 with high issuance in the primary market. The stock market has seen almost \$3 billion in IPOs listed so far.

Emerging markets finished a difficult week on April 20. Tech stocks struggled on news of lower smartphone demand, and expectations of rising inflation caused U.S. Treasury yields to climb. In spite of this, India should still be on the radar for investors on the hunt for growth. The International Monetary Fund is projecting 7.4% GDP growth for India in 2018 and 7.8% in 2019. There is one growth stock on the TSX that allows investors to enter this explosive market.

Fairfax India Holdings Corp. ([TSX:FIH.U](#)) is a Toronto-based investment holding company that invests in equities and debt instruments in India. Shares of Fairfax India have climbed 12.9% in 2018 as of close on April 20 and are up 24.5% year over year.

In 2017, Fairfax India posted net earnings of \$452.5 million compared to \$107.8 million in the prior year. The stock managed to outperform the BSE up to December 31, 2017, and it has also outperformed it so far in 2018. Shares have climbed almost 70% since its IPO in February 2015.

On March 29, Fairfax India announced that it had entered an agreement to acquire an additional 6% of shares of Bangalore International Airport Limited. Prior to this, it already had owned a 48% stake in BIAL and will now own 54% in comparison to the 20% owned by the German conglomerate Siemens. The deal is expected to close in June 2018. Fairfax India has moved aggressively into Indian aviation

as well as financial services, chemicals, and logistics.

Indian Economic Affairs secretary Subhash Chandra Garg recently echoed Modi's ambitions and stated in a statement to the World Bank that his country would see its economy growth to \$5 trillion by 2025. The economic performance of India, especially after key structural reforms, is impossible for investors to ignore.

Fairfax India allows Canadian investors to own a growth stock that has performed extremely well since its IPO and should continue to see solid returns, as India's economy rapidly expands in the next decade.

CATEGORY

1. Investing

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