3 Major Asian Markets With New Opportunities for Canadian Investment

Description

Three economies, three huge changes to global fortunes. How can big plans being put into action across the Asian world present opportunities for Canadian investors to profit? With just three stocks, domestic shareholders can build a miniature Asian portfolio to directly tap into huge growth from across the world.

Your pick for the Chinese market

The opportunity in China is a big one — a *really* big one. You may not have heard a lot about the port of Kyaukphyu on the Bay of Bengal, but you're about to soon. Part of a huge project in China called the Belt and Road Initiative (BRI), the port of Kyaukphyu looks set to be developed into a US$7.3 billion deep-water container port, potentially able to process 4.9 million containers per year. This would put Kyaukphyu on a par with Britain's famous port of Felixstowe.

I'll break down the BRI. The "belt" will be a network of railways, highways, and fibre-optic cables dubbed a "Silk Road Economic Belt," linking China over land with Europe, Africa, and the Middle East. The "road," meanwhile, will actually be an oceanic venture: Kyaukphyu will be integral to what is being called a "21st-Century Maritime Silk Road," which will link China to the Arctic, Indian, Pacific, and Atlantic oceans.

Canadian investors keen to get in on the Chinese market could look to overseas mutual funds like the ones listed below. Meanwhile, a more direct play could involve stocks like **Magna International** (TSX:MG)(NYSE:MGA). Magna International is about to get plugged directly into China's electric vehicle (EV) market. Down 3.29% at the time of writing to $76.63, this stock is on a bit of a dip, so it's a good time to buy.

Your pick for the Japanese market

Investors with an eye on world news, and especially Asian markets, will have seen that Japan and the E.U. recently made what is essentially the biggest free trade deal in the world. This almost zero-tariff agreement pertains to over 25% of the world economy, making it a very significant breakthrough for the region.

Buying stocks that benefit from a strong E.U. will effectively bring you some Japanese exposure due to their new deal, particularly if those stocks relate to both economies. Alternatively, go for a focused ETF, such as the CAD-hedged **iShares Japan Fundamental Index** (TSX:CJP) and get coverage for a variety of mainstream Japanese companies.

Your pick for the Indian market

Asian Development Bank doubled down on its outlook for India's fiscal growth over the next couple of years, calling for an estimated growth of 7.3% by next year, and a growth 7.6% by 2020. India's economic rally is likely to be driven predominantly by an increase in private investment and growth in public spending. Optimism in the markets and increased consumption are likely to follow on into the next decade.

Investors looking for exposure to the Indian market should consider **Fairfax India Holdings** (TSX:FIH.U). Its multiples look great, with a P/E of 7.2 times earnings and a P/B of 1.1 times book, and it has a low level of debt. While it has a low annual growth in earnings forecast of 5.9%, this may change as India's economy starts to turn over.

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TICKERS GLOBAL

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2. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
3. TSX:MG (Magna International Inc.)

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