



Mexico Among The Most Promising Emerging Markets For Investors In 2019

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Mexico is yet again ranking among some of the hottest emerging markets to watch out in 2019. Although the stock market has had its share of challenges in recent times,

bonds are looking very good. Investment strategists are upbeat about Brazilian stocks too as real options for investors planning to bet on emerging markets (EM). It's been quite a year so far for EM. For instance, the iShares MSCI Emerging Markets Exchanged Traded Fund (EEM) is already up 7.6%. It's a big leap considering the EEM was down 17.1% last year.

Mexican Bonds

At the moment, Mexican Bonds are trading around their lowest level in ten years. The 10 year Mexican yield has also broken above 9% for the first time since the financial crisis. However, the Bonds would probably be ideal for long term bets. Mexican bonds may not be the strongest performers compared to other emerging market bonds that are normally dominated by

◀ local currencies. However, the undervalued Mexican Peso combined with relatively richer yields could put them on poll position to outperform the benchmark over the next 6-12 months.

The biggest fear for most investors keen on these bonds would be a worsening political climate. But things are also looking up on this too. Despite the radical far-left rhetoric from President Andres Manuel Lopez Obrador, there are clear indications at this early stage of his presidency that drastic interventionist policies may no longer be a worry. Just recently, the Mexican government announced tax incentives for companies holding IPOs. The move is expected to help spur growth in the stock market. The government is also expected to

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announce a raft of measures to help turn around Pemex, the giant state run oil corporation.

What else to look out for?

There are some strategists who are also betting on banks in emerging markets. The analysts note that external risk factors including the US-China trade war and tightening monetary policy from the Federal Reserve are starting to ease. The Fed in particular signaled that it will be patient in monetary tightening

moving forward. This means that expectations for future rate hikes are lower than they were at the beginning of the year. There is also hope that a trade deal between the US and China could be finalized. These factors could provide a significant boost for banks in emerging markets.

Investing In Mexico

In case you are interested in Mexican bonds or even Mexican stocks, it's often better to invest in these assets using a managed portfolio. The Mexico Fund is giving investors an investment vehicle to help them unlock investment value in Latin America's second largest economy. The Closed-end Fund is currently trading in the NYSE under the ticker symbol MXF.