

10/08/2021 07:00:00 [BFW] Bloomberg First Word

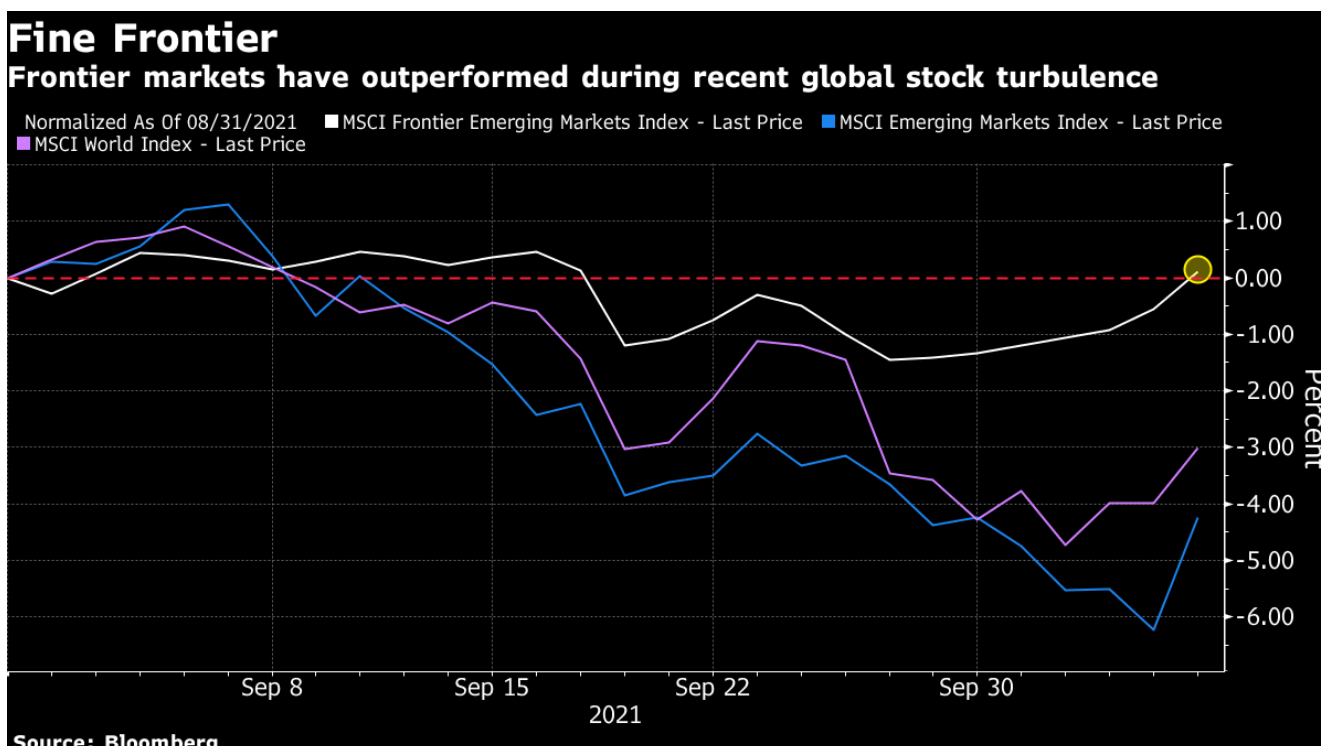
Frontier Markets a Haven In Global Energy Crisis: Taking Stock

By Min Jeong Lee

(Bloomberg) -- Adventurous stock investors looking to hedge two of their key challenges today -- the energy crisis and supply-chain bottlenecks -- might find their way to frontier markets, in particular Kazakhstan and Vietnam.

- An exporter of coal, oil, natural gas and uranium, Kazakhstan seems perfectly positioned to benefit from the recent surge in energy prices that has reignited fears about sustained inflation, the possibility of stagflation and a likely squeeze on corporate margins
- Meanwhile, Vietnam's expanding role in global supply chains looks set to continue despite the spread of Covid, keeping growth prospects bright for the Southeast Asian manufacturing hub
- Frontier markets are proving to be a surprisingly safe bet amid the recent turbulence in global equities. The MSCI Frontier Emerging Markets Index is little changed since the end of August, while its EM equivalent has slumped more than 4% and a gauge of developed shares is down about 3%

READ: World's Best Stock Market of 2021 is Mongolia With 130% Returns



- From here, "our favorite Asian frontier market for the rest of this year is Kazakhstan," Thomas Hugger, chief executive officer at Asia Frontier Capital, said by email. This is because "the country will generally benefit from higher resource and energy prices"
- Higher energy prices will be positive for Papua New Guinea and Uzbekistan as well, Hugger said. For

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Kazakhstan, the shares of many bluechip firms, whose GDRs are also traded in London, are at “a very attractive valuation.” This includes Kazatomprom, one of the world’s biggest uranium producers

- Devendra Joshi, a strategist at HSBC Holdings Plc., counts Vietnam and Bangladesh among his favorite markets. Vietnam is a “growing base for supply chains,” he said, adding that while Bangladesh is smaller and less liquid, it offers “one of Asia’s most exciting long-term demographic stories”
- Of course these markets are not without risk. Vietnam faces growth challenges from tough anti-virus policies. Low vaccination rates in some countries remain a challenge, while surging oil prices won’t be positive for net importers like Sri Lanka, Bangladesh and Pakistan, according to Huggar

COMPANY NEWS:

- After months of resilience in the face of concern over China Evergrande Group, the country’s \$12 trillion domestic credit market has begun to show signs of strain.
- The hit from China’s energy crunch is starting to ripple throughout the globe, hurting everyone from Toyota Motor Corp. to Australian sheep farmers and makers of cardboard boxes.
- A closely watched measure of U.S. inflation -- the consumer price index -- will be released on Oct. 13, offering details on the pace of price growth in September. Year-on-year metrics remain extremely elevated as ongoing supply-chain challenges and materials shortages continue to put upward pressure on prices.

NOTES FROM THE SELL-SIDE

- Nio’s positioning of ET7 as China’s most expensive car model launched by domestic manufacturers is strategic, Goldman Sachs analyst Fei Fang writes in a note upgrading shares after a 34% drop since the start of July.
- Tata Motors’ shares rise the most in eight months after Morgan Stanley upgrades the stock, saying the next two years could be “strong” for Indian autos and particularly Tata’s business, because of its lean cost structure, refreshed model offerings and leverage.
- Astellas climbs as much as 4.4%, the most since Aug. 2, after Morgan Stanley MUFG raised its price target following positive data from a trial of fezolinetant.

[Click here to see other analyst ratings news in Asia](#)

UPCOMING EVENTS (All times HK):

- Oct. 7–Oct. 20: (Lanka) Aug. Exports YoY, prior 1.7%
- Oct. 7–Oct. 20: (Lanka) Aug. Imports YoY, prior 32.2%
- 7:30am: (Japan) Aug. Real Cash Earnings YoY, est. 0.5%, prior 0.7%, revised 0.3%
- 7:30am: (Japan) Aug. Household Spending YoY, est. –1.2%, prior 0.7%
- 7:30am: (Japan) Aug. Labor Cash Earnings YoY, est. 0.3%, prior 1.0%, revised 0.6%
- 7:50am: (Japan) Aug. Trade Balance BoP Basis, est. –JPY385.3b, prior JPY622.3b
- 7:50am: (Japan) Aug. BoP Current Account Adjusted, est. JPY1.15t, prior JPY1.41t
- 7:50am: (Japan) Aug. BoP Current Account Balance, est. JPY1.47t, prior JPY1.91t
- 9:45am: (China) Sept. Caixin China PMI Composite, prior 47.2
- 9:45am: (China) Sept. Caixin China PMI Services, est. 49.2, prior 46.7

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- 12:30pm: (India) Oct. RBI Reverse Repo Rate, est. 3.35%, prior 3.35%
- 12:30pm: (India) Oct. RBI Cash Reserve Ratio, est. 4.00%, prior 4.00%
- 12:30pm: (India) Oct. RBI Repurchase Rate, est. 4.00%, prior 4.00%
- 12:30pm: (Japan) Sept. Bankruptcies YoY, prior -30.13%
- 1pm: (Japan) Sept. Eco Watchers Survey Outlook SA, est. 48.5, prior 43.7
- 1pm: (Japan) Sept. Eco Watchers Survey Current SA, est. 43.0, prior 34.7
- 1:30pm: (AU) Sept. Foreign Reserves, prior A\$78.7b
- 3:30pm: (Thai) Oct. Forward Contracts, prior \$32.5b
- 3:30pm: (Thai) Oct. Foreign Reserves in US\$ BLN, prior \$247.4b
- 4pm: (TWN) Sept. Exports YoY, est. 25.0%, prior 26.9%
- 4pm: (TWN) Sept. Imports YoY, est. 41.4%, prior 46.3%
- 4pm: (TWN) Sept. Trade Balance, est. \$4.91b, prior \$3.48b
- 6:59pm-6:59pm: (Indo) Sept. Consumer Confidence Index, prior 77.3
- Oct. 8-Oct. 13: (Viet) Sept. Domestic Vehicle Sales YoY, prior -60.6%
- 3am: (US) Aug. Consumer Credit, actual \$14.4b, est. \$17.5b, prior \$17b, revised \$17.3b
- 8:30pm: (US) Sept. Average Hourly Earnings MoM, est. 0.4%, prior 0.6%
- 8:30pm: (US) Sept. Change in Manufact. Payrolls, est. 25,000, prior 37,000
- 8:30pm: (US) Sept. Change in Private Payrolls, est. 450,000, prior 243,000
- 8:30pm: (US) Sept. Labor Force Participation Rate, est. 61.8%, prior 61.7%
- 8:30pm: (US) Sept. Average Hourly Earnings YoY, est. 4.6%, prior 4.3%
- 8:30pm: (US) Sept. Two-Month Payroll Net Revision
- 8:30pm: (US) Sept. Underemployment Rate, prior 8.8%
- 8:30pm: (US) Sept. Average Weekly Hours All Emplo, est. 34.7, prior 34.7
- 8:30pm: (US) Sept. Unemployment Rate, est. 5.1%, prior 5.2%
- 8:30pm: (US) Sept. Change in Nonfarm Payrolls, est. 500,000, prior 235,000
- 10pm: (US) Aug. Wholesale Trade Sales MoM, est. 0.9%, prior 2.0%
- 10pm: (US) Aug. Wholesale Inventories MoM, est. 1.2%, prior 1.2%

EARNINGS:

- LG Electronics Inc. (066570 KS)
- Nanya Technology Corp. (2408 TT)
- Samsung Electronics Co. (005930 KS)
- Tata Consultancy Services Ltd. (TCS IN)
- Yaskawa Electric Corp. (6506 JP)

CORPORATE EVENTS

- Other Events: 000547 CH, 000656 CH, 000671 CH, 000723 CH, 002385 CH, 002603 CH, 2238 HK, 601838 CH, 6618 HK

- Earnings Calls: 2408 TT, 3141 JP, TCS IN
- Sales Results: 1928 JP, 2324 TT, 2330 TT, 2409 TT, 2454 TT, 3481 TT

CONFERENCES:

- No major conferences scheduled

Related ticker:

KAP LI (NAC Kazatomprom JSC)

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