CITY OF LONDON
Investment Management Company Limited

Emerging Markets Quarterly Outlook

April 2024*

Overview

Strong Earnings Growth Supports a Re-Rating

Emerging market equities have had a slow start to the year, but some headwinds have faded or even reversed. Demand for semiconductors is growing, supporting EM Tech stocks (predominantly South Korea and Taiwan). Overall, EM earnings can grow this year and support a re-rating as AI adoption results in further demand for advanced chips. This quarter, we upgraded South Korea to overweight, funded by trimming our Taiwan and Saudi Arabia overweights.

Emerging Markets (EM) have rebounded this year in absolute terms but have underperformed the MSCI All Country World Index (ACWI). We attribute EM's underperformance in recent years to a) 'US exceptionalism' and a stronger USD; b) the 2022-23 semiconductor downcycle weighing on large EM Tech stocks; and c) China outflows linked to various structural issues and geopolitics. We expect some of these factors to become less of a headwind. In particular, semiconductor demand is already shifting to a strong tailwind as artificial intelligence (AI) growth further supports the demand for advanced chips.

EM earnings growth projections remain robust this year at 20% yoy, and the index trades at a modest 13x forward multiple. EM earnings growth can outpace developed markets (DM) due to a cyclical rebound in semiconductor sales and structural demand for advanced chips. The two primary semiconductor exporters, Taiwan and South Korea, have a combined weight of approximately 30% in the MSCI EM Index, which is more significant than China (about 25%) and India (about 18%) as of end-March. As noted by CEO Jensen Huang in the most recent Nvidia earnings release, "Accelerating computing and generative AI have hit the tipping point. Demand is surging worldwide across companies, industries, and nations." EM equities offer attractive exposure to these trends given its 'moat' in advanced semiconductor manufacturing. Our allocations reflect an overweight bias to EM Tech.

A strong China rebound is not a requirement for the broader EM index to outperform. However, a trough in Chinese stocks is likely required following yearly declines over 2021-23. China continues to be plagued by structural headwinds, including a declining property sector, deflation, weak consumer confidence, unfavourable demographics, high youth unemployment, and elevated US-China geopolitical risks. Some of these factors may improve this year; however, some headwinds will likely remain. On a more optimistic note, we believe China's current valuation implies positive annualised returns over the next five years based on historical data. In addition, a sharp spike in domestic ETF flow data suggests that policymakers (via the 'national team') have been actively supporting the domestic stock market. Given these factors, benchmark investors may look to reduce underweight exposure, providing some support for stocks. We maintain a neutral allocation, but our bias has become more positive.

In the rest of the EM universe, the upcoming elections in India (April-June) and South Africa (May) may be relevant for our underweight positions. In India, we expect Modi to win a third consecutive term and the long-term growth narrative to remain intact. However, India's stock market valuation is unattractive and leaves little room for disappointment in earnings and politics relative to other parts of EM. In South Africa, we expect the ANC to stay in power but will likely lose its majority and require a coalition government based on current polling. These dynamics leave some uncertainty around the election outcome while domestic issues (e.g. power outages) remain unresolved.

Market Strategy: Relative to the previous quarter, we made one change to our country allocations:

- We upgrade **South Korea** to *overweight*. We expect earnings to rebound strongly this year based on a cyclical rebound and structural demand for high-bandwidth memory (HBM) linked to AI growth. South Korea's Corporate Value-up initiative provides a potential long-term upside opportunity but is not a central assumption for the upgrade. We fund our upgrade by trimming our Taiwan and Saudi Arabia overweight. Overall, our EM semiconductor exposure remains *overweight*.

EM Country Allocation

	Chg	-2	-1	0	+1	+2
Asia						
China	-			■		
South Korea	↑				■	
Taiwan	-				■	
Malaysia	-				■	
Indonesia	-				■	
Philippines	-		■			
Thailand	-		■			
Vietnam	-					■
India	-		■			
Latin America						
Brazil	-			■		
Mexico	-			■		
Europe, Middle East and Africa						
Turkey	-		■			
Saudi Arabia	-				■	
South Africa	-	■				

Note: Up/down arrows indicate a positive/negative change in our asset allocation compared to the previous quarterly outlook. A dash indicates no change. The table shows the major Emerging Markets.

Source: CLIM

**The publication reflects asset performance up to 28 March 2024, and macro events and data releases up to 5 April 2024, unless indicated otherwise.*

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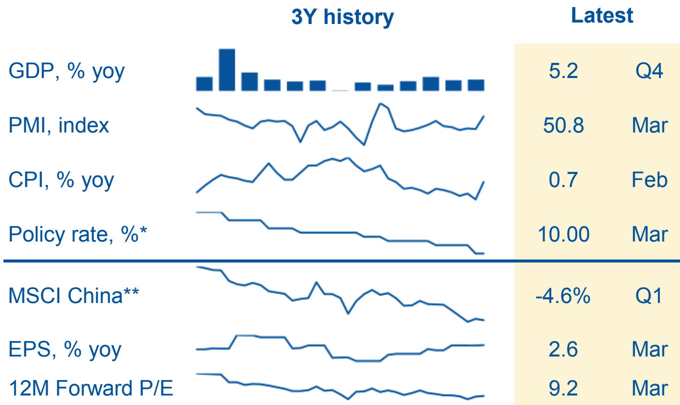
Asia

China

Neutral

Policymakers have become increasingly focused on the domestic equity market.



	3Y history	Latest	
GDP, % yoy		5.2	Q4
PMI, index		50.8	Mar
CPI, % yoy		0.7	Feb
Policy rate, %*		10.00	Mar
MSCI China**		-4.6%	Q1
EPS, % yoy		2.6	Mar
12M Forward P/E		9.2	Mar

**Required Deposit Reserve Ratio for Major Banks.*
***US$ total return relative to MSCI EM.* *Source: Bloomberg*

Chinese equities have stabilised in recent weeks, helped by better-than-expected data, further policy easing, and direct ETF purchases from the 'national team'. It remains cheaply rated – trading at a forward P/E multiple of 9x at the end of March, a significantly greater discount than usual to the EM Index. The low multiple reflects a more pessimistic profit outlook than the current consensus forecasts for 14% yoy earnings growth for 2024. Some downward revision is likely if US policy becomes increasingly more restrictive on trade and technology.

US-China relations will likely become a focal point around the US presidential election in November. A second Trump presidency is expected to see new tariffs and further escalate tensions. US-China relations appear to have stabilised following the Xi-Biden APEC summit last year. However, the Biden administration has continued to tighten US technology restrictions, indicating that some geopolitical discount remains justified regardless of who occupies the White House.

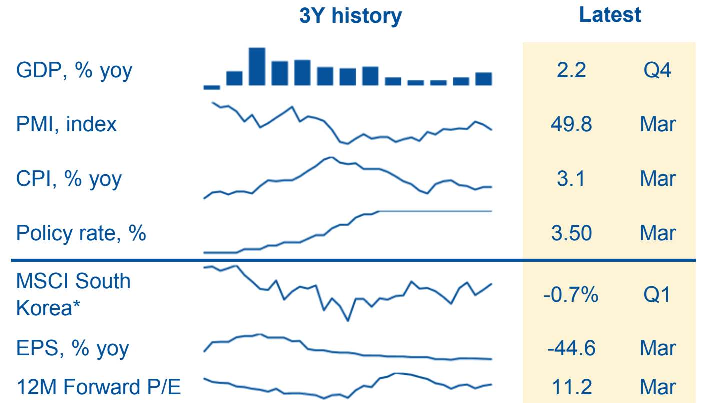
China's 5% economic growth target remains achievable this year, and recent data indicates some upturn in global manufacturing. Traditional growth drivers, such as the real estate sector, remain a drag on growth but may be close to a trough. A consumption-led recovery has so far disappointed. Further structural reforms will likely be required to improve confidence and reduce Chinese consumers' high savings rate.

Market Strategy: We remain *neutral* Chinese stocks. Structural growth headwinds and geopolitics will likely continue to weigh on the broader index. However, many of these issues are well flagged and are reflected in the steep valuation discount. Our short-term bias is more positive towards China A-shares given that policymakers have shown themselves willing to support the equity market.

South Korea

Overwieght (↑)

Semiconductor sales promote revenue growth, supported by corporate reforms and attractive valuations.



	3Y history	Latest	
GDP, % yoy		2.2	Q4
PMI, index		49.8	Mar
CPI, % yoy		3.1	Mar
Policy rate, %		3.50	Mar
MSCI South Korea*		-0.7%	Q1
EPS, % yoy		-44.6	Mar
12M Forward P/E		11.2	Mar

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

MSCI Korea returned 1.6% in the first three months of 2024, underperforming the EM index by 0.7% points. Profits are expected to rise sharply in 2024. The index trades at a forward P/E multiple of 11x, a discount to the EM index close to its historical norm.

Robust earnings are primarily driven by South Korea's exposure to semiconductor and memory chip manufacturers. These stocks should benefit from AI growth, given South Korea's leading position in HBM. In addition, a cyclical rebound in global semiconductor demand should also support exports. Finally, unlike US and Taiwanese Tech, South Korean stocks do not trade at a historically elevated forward P/E multiple.

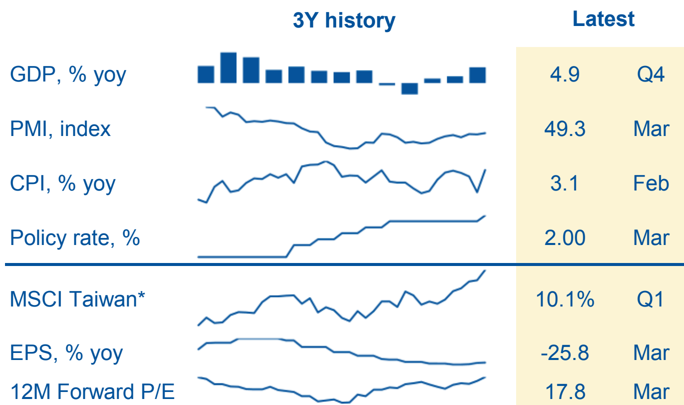
Following in the footsteps of Japan, details of Korea's "Corporate Value-Up Program" were announced in February. Seeking to improve corporate efficiency and reduce the Korea discount, the initiative is a mid- to long-term project, with more details expected in coming months. Any effects will likely be felt over a prolonged period rather than immediately. About two-thirds of Korean companies currently trade at a price-to-book ratio below one.

Market Strategy: We upgraded South Korea to *overweight*. The index offers exposure to AI growth at relatively attractive valuations, while a cyclical rebound in semiconductor demand will also support these stocks. The corporate reforms are unlikely to have an immediate impact and are not a central assumption in our upgrade. However, to the extent the government can implement some reforms, there is an opportunity to unlock value.

Taiwan

Overweight

Growth in AI and advanced chip demand should support earnings, though valuations are increasingly elevated.



**US$ total return relative to MSCI EM.* *Source: Bloomberg*

From a global peace perspective, the Taiwanese presidential elections arguably delivered the ideal outcome – with the pro-independence DPP party winning without a legislative majority, preventing them from pursuing provocative independence policies. Geopolitics remains an issue for investing in Taiwan, but we believe a major conflict with China is a low probability in the foreseeable future, albeit a significant tail risk. In the long term, the ongoing ambitions of the US and China to become more self-sufficient in semiconductor manufacturing will weaken the country's "silicon shield". However, Taiwanese companies will play a role in that global development, which will help diversify its multinational firms.

Demand for advanced chips that power AI continues to improve. Consequently, Taiwan's position at the cutting edge of semiconductor manufacturing stands to benefit. The MSCI Taiwan Index's large weight in advanced tech exposes it to this growing trend, but at a more attractive multiple than the US mega-cap stocks. In addition, Taiwan is benefiting from a cyclical rebound in global semiconductor sales following the 2022-23 downcycle.

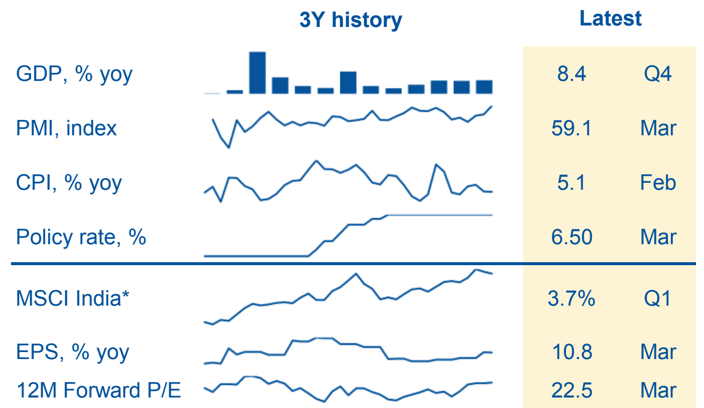
The MSCI Taiwan Index returned 12% in the first quarter of the year. It is trading at a markedly higher premium to the EM aggregate than its five-year average, but its position in the global semiconductor industry continues to solidify. It is expected to see profit growth of 21% in 2024.

Market Strategy: We remain overweight Taiwanese equities, believing that the tech component offers exposure to structural growth in AI and advanced computing. However, valuations have become less attractive, so we reduce the size of our position and move some of our EM Tech *overweight* to South Korea.

India

Underweight

India's rich valuation remains a vulnerability.



**US$ total return relative to MSCI EM.* *Source: Bloomberg*

Indian stocks performed well through 2023, despite elevated multiples. This trend continued into the first part of the year, but March has seen a pullback. One reason for the recent sell off might be a perceived low in the MSCI China Index. In recent years, there has been a strong inverse relationship with the performance of Chinese stocks. If China's prospects improve, EM benchmark investors may be drawn away from the second largest EM equity market.

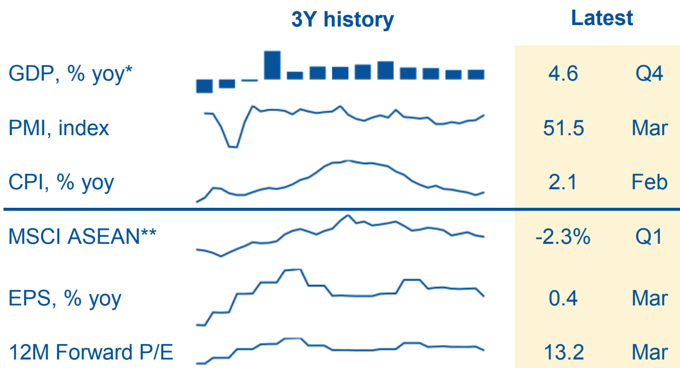
Valuations remain elevated, with the PE multiple at 22x, markedly above its 5-year average premium to the EM aggregate. Profits are expected to grow by 18% in 2024. However, based on historical data, the current elevated multiple is associated with poor future returns. Valuation metrics are typically poor predictors over a shorter timeframe, but there is a clear signal that the market is already pricing solid future earnings growth. Indian equities will require upward revisions to future earnings growth to sustain price outperformance.

The strong returns have drawn in a greater degree of speculation, with rapid rises in retail margin trading. The regulator has commented on speculation on small and mid-cap stocks, raising concerns of a deeper correction. Regulators have also recently clamped down on consumer loans – which will weigh on household consumption. Indian market volatility often rises ahead of their presidential elections. We do not expect the status quo to change following the election, with Modi likely to remain in power.

Market Strategy: We remain *underweight* Indian equities. While the long-term growth narrative remains intact, the current market pricing is unattractive. The recent weakness in small- and mid-cap stocks may be an early warning that India's price outperformance is cooling.

ASEAN

ASEAN economies are likely to benefit from US-China decoupling given their stable governance.



**PPP GDP weighted.*
***US$ total return relative to MSCI EM.* *Source: Bloomberg*

Activity in the region is slowly recovering but it is still fragile. The tech sector rebound has so far been concentrated in South Korea and Taiwan given their semiconductor exposure, but ASEAN should benefit once the recovery broadens out. Additionally, a stabilisation in China's economy will help the ASEAN economies, given they have become more integrated in recent years. Inflationary pressures are easing but elevated rice prices are a risk given the staple's significance in CPI baskets. Coupled with weakening currencies, central banks are likely to wait for the Fed's lead before cutting rates. In the medium term, the region's relatively stable governance means that it stands to gain from supply chain shifts away from China.

Malaysia

(Overweight)

Malaysia's steady economic outlook underpins our positive view of the country. While economic activity has made a weak start to the year, with the manufacturing PMI firmly in contractionary territory, Malaysia should benefit as the tech sector recovery broadens out from South Korea and Taiwan. The government has ambitious goals to move to the higher value-add front end of the semiconductor supply chain and thereby benefiting from US-China decoupling.

Inflationary pressures have been contained; however, risks are skewed to the upside due to upcoming hikes in tariffs and an increase in services tax. In addition, the ringgit has weakened to levels last seen during the Asian Financial Crisis, prompting authorities to encourage repatriation of foreign earnings. As such, the Bank Negara Malaysia (BNM) is more likely to hike than cut this year. More targeted subsidies will help the administration narrow the budget deficit.

Market Strategy: Valuations for Malaysia's stock market continue to look neutral compared to EM on a forward P/E basis. Fiscal consolidation is underway, while the government's lofty goals to develop the country's semiconductor sector should continue to attract investment. We keep our *overweight*.

Indonesia

(Overweight)

President-elect Prabowo's electoral win in the first round removes political uncertainty, while his policies suggest a continuation of Jokowi's reforms in commodity downstreaming. Prabowo's plans to expand social welfare schemes could pose a risk to Indonesia's sound fiscal picture. While the budget deficit might widen, President-elect Prabowo is constrained by statutory debt limits, one of many guardrails that should prevent the country from backsliding.

Given the Bank Indonesia's (BI) mandate of a stable rupiah, the start of its easing cycle will be determined by the timing of Fed rate cuts and developments in the current account balance, which is in a small deficit. Fuel subsidies could be cut to finance Prabowo's projects.

Market Strategy: We continue to favour Indonesia based on stable politics, commodity downstreaming efforts and compelling valuations. We stay *overweight*.

Philippines

(Underweight)

The Philippines' twin deficit and the lagged impact from the most aggressive tightening cycle in the region offset the appeal of very cheap valuations. The Bangko Sentral ng Pilipinas (BSP) hiked rates by 450bps, which should temper domestic demand, which continues to be robust thanks to a tight labour market.

The reprieve from an easing cycle could be delayed as there are upside risks to the inflation outlook. Rice prices, which account for nearly a tenth of the CPI basket, continue rising while legislators debate a nationwide minimum wage hike. Additionally, a current account deficit and tight real policy rate differentials relative to the US mean that the BSP will have to wait for the Fed to cut first to limit downward pressure on the peso.

Market Strategy: Valuations for the MSCI Philippines Index continue to screen cheaply. The 12m forward P/E discount to EM is nearly two standard deviations below the five-year average. However, we view the ongoing twin deficit problem as a risk to the peso, while the country ranks poorly in governance compared to its regional peers. In the absence of a clear medium-term driver for growth, we maintain our *underweight* allocation.

Thailand

(Underweight)

Thailand's stock market faces headwinds from an anaemic macro backdrop and a lack of investor appetite. Indeed, on the latter, foreigners have been net sellers of equities since Q1 2023. Economic activity has been held back by high real rates and delays in the Budget. The government's signature digital wallet scheme is at risk of being scaled down or scrapped altogether given concerns over inflation and corruption. The expiry of the Senate's mandate to vote for the Prime Minister in May presents a political risk as it could imply a referendum.

Subdued inflationary pressures and the lack of fiscal support for the economy will pave the way for easier monetary policy. However, the Bank of Thailand (BoT) has struck a hawkish tone in its communication as it is constrained by high household debt. Tourism is Thailand's strongest sector, with Chinese arrivals picking up in February.

Market Strategy: The MSCI Thailand Index's defensive qualities have meant that it has underperformed in an environment of growing optimism over a US soft landing. Valuation measures have, therefore, cheapened but are close to neutral. A soft domestic economy keeps us *underweight*.

Vietnam

(Overweight)

Vietnam continues to be well placed to benefit from supply chain shifts away from China, reflected in robust FDI flows. The recent abrupt resignation of the President is likely linked to the succession plans of Vietnamese Communist Party Chief Trong and doesn't change the country's relatively sound governance. Vietnam's ongoing anti-corruption drive and capital development plan could help its case to graduate to EM status, which would trigger passive inflows.

Economic activity is improving as the recovery is broadening from manufacturing to the consumer sector. The real estate market is still soft but gradually recovering. Low core inflation will allow the State Bank of Vietnam (SBV) to maintain its accommodative monetary policy.

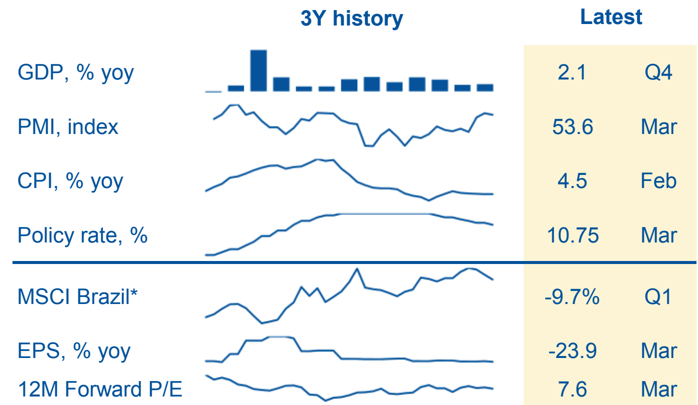
Market Strategy: The rally in the MSCI Vietnam Index has been driven by a surge in domestic retail and institutional investors. The accompanying increase in margin loans is a risk given that recent market corrections were due to deleveraging pressures. Nonetheless, current market pricing does not fully reflect Vietnam's long-term growth potential from FDI inflows and global supply chain adjustments. Therefore, we keep our *overweight*.

Latin America

Brazil

Neutral

Equities may benefit from rising commodity prices, but concerns remain about Brazil's fiscal discipline.



**US$ total return relative to MSCI EM.* *Source: Bloomberg*

Following strong performance in 2023, Brazilian equities have struggled since the turn of the year, with a total return of -7.4% in the first quarter. The market is trading at a relatively low forward P/E multiple of 7.6, below its traditional discount to the EM index. Profits are forecast to rise by 8.1% in 2024. The market – which has a high weighting to commodities – may benefit if Chinese demand returns. But it currently ranks poorly in our framework due to its high debt levels and weak earnings growth.

Brazilian inflation has continued to moderate, having rebounded in the second half of 2023, reaching 4.5% in the March data, and the central bank has been able to cut the Selic rate further, bringing it down another 100bp during the quarter to 10.75%. President Lula has been critical of the central bank, wanting rates to be cut faster, and is likely to replace the head of the central bank at the end of his term with a more dovish pick. These steps may serve to eventually unhinge inflation expectations and weaken the BRL. Lulu's popularity has been waning since taking office, which may result in more populist policies.

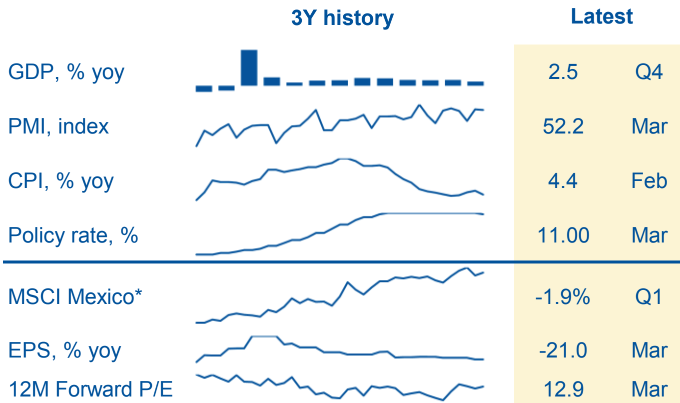
Despite the recent tax reforms, there are ongoing concerns that the fiscal situation is a potential problem, with recent data already showing a drift from target. The benefits of these reforms have been well flagged, though the implementation is expected between 2026 and 2030, meaning short-term benefits may not be significant.

Market Strategy: Commodity strength may support the market over the coming months, but concerns over the fiscal situation will likely persist. We remain *neutral* on Brazil.

Mexico

Neutral

US elections present a downside risk to an otherwise resilient economy and strong nearshoring prospects.



	3Y history	Latest	
GDP, % yoy		2.5	Q4
PMI, index		52.2	Mar
CPI, % yoy		4.4	Feb
Policy rate, %		11.00	Mar
MSCI Mexico*		-1.9%	Q1
EPS, % yoy		-21.0	Mar
12M Forward P/E		12.9	Mar

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

Mexico's sound economic outlook, neutral valuations and positive nearshoring trends are not enough to warrant an upgrade, given looming risks from the US election this year. Domestic demand will continue to drive overall growth due to remittances and a tight labour market, albeit at a slower pace. While a potential US slowdown would hinder growth, Mexico's export sector should hold up better than its EM peers due to its lower dependence on Chinese and European demand. Government spending has also become more generous ahead of the general election, marking a turn from the conservative approach of the past five years and leaving the country with its widest budget deficit since the 1980s.

Banxico started cutting rates at its March meeting, but its cautious tone, fiscal spending and the strength of the economy suggest that it will ease policy by less than other EM central banks. High real interest rates will further support the peso. This would come at the expense of exporters.

Polls point to incumbent President AMLO's successor Claudia Sheinbaum winning the June election. Sheinbaum has pledged to continue with AMLO's policies and expand renewable energy production but will likely adopt a more technocratic tone. US elections pose a greater risk, as a Trump presidency could have implications for trade and migration. Growing Chinese investment in Mexico could also draw the ire of the US government, hampering Mexico's nearshoring goals.

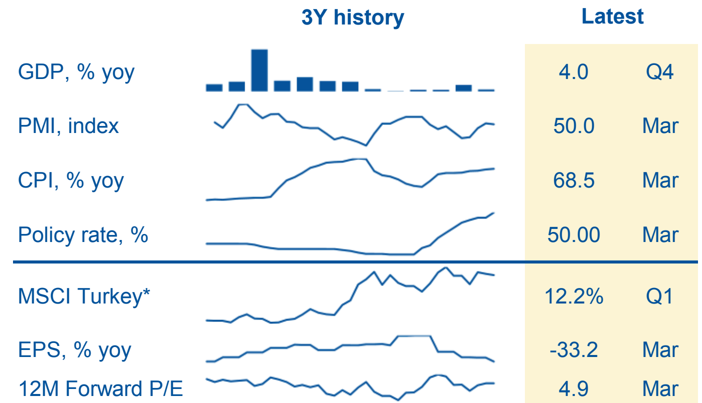
Market Strategy: Mexican stocks underperformed EM in Q1 despite a stronger peso. Valuations are neutral, with the 12m forward P/E premium to EM in line with its five-year average. While Mexico's nearshoring prospects are positive, the risk from upcoming US elections cannot be ignored. Thus, we keep our *neutral* allocation.

Europe, Middle East and Africa

Turkey

Underweight

The central bank will struggle to rein in inflation amid government spending and a soft lira.



	3Y history	Latest	
GDP, % yoy		4.0	Q4
PMI, index		50.0	Mar
CPI, % yoy		68.5	Mar
Policy rate, %		50.00	Mar
MSCI Turkey*		12.2%	Q1
EPS, % yoy		-33.2	Mar
12M Forward P/E		4.9	Mar

**US$ total return relative to MSCI EM.* *Source: Bloomberg*

The Central Bank of Turkey's (CBRT) efforts to normalise policy after years of built-up imbalances are still falling short, leaving the economy and lira vulnerable. The surprise 500bps hike at the March meeting signalled the CBRT's resolve to fight inflation amid a deteriorating inflation outlook. However, the year-to-date drop in reserves and a weaker lira also likely influenced the decision. Despite a policy rate of 50%, the real policy rate is still negative, and market pricing suggests that the CBRT will stay on hold until the end of the year. As such, the risks to the lira are skewed to the downside.

Inflationary pressures are still elevated, with the underlying monthly pace of prices growing by around 4%. Domestic demand is strong, and while household consumption growth is set to ease this year due to tighter financial conditions, it will remain the main growth driver. Expansionary fiscal policy will continue to fuel demand and, therefore, inflation.

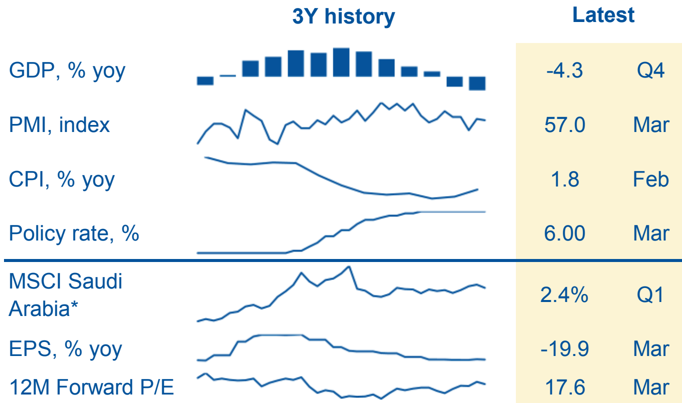
Surging inflation was likely the main reason behind the better-than-expected performance of opposition parties in recent local elections. The results do not materially change the outlook, and presidential elections (scheduled for 2028) are unlikely to be called early given the poor showing for the ruling AKP. The reduction in political risk post-election could boost investor sentiment. Portfolio inflows are still subdued and resident FX deposits have gradually risen.

Market Strategy: While the Turkish stock market is cheap on an absolute basis (forward P/E multiple is 4.9x), its discount to EM is in line with its five-year average. The normalisation path set out by the CBRT appears credible; however, sustained disinflation will be hard to achieve with strong inflation momentum and generous government spending. As a result, we stay *underweight*.

Saudi Arabia

Overweight

The oil economy is soft due to output cuts, but we are optimistic about the Kingdom's reform efforts.



**US$ total return relative to MSCI EM.* *Source: Bloomberg*

The MSCI Saudi Arabia Index outperformed EM for the second consecutive quarter in Q1, propelled by higher oil prices and USD strength. Historically, Saudi stocks performance tends to correlate positively with the dollar, which is one factor explaining its recent strength against EM. Oil prices also tend to drive Saudi equity performance, but the relationship has been growing weaker.

Looking ahead, the correlation between Saudi equity earnings and oil prices is set to weaken further as the country diversifies away from hydrocarbons under the Vision 2030 umbrella. Goals under the plan range from increasing labour force participation (especially among women), diversifying income sources, and improving the business and regulatory environment. The structural reforms underway are one of the main reasons behind our positive view on the Kingdom.

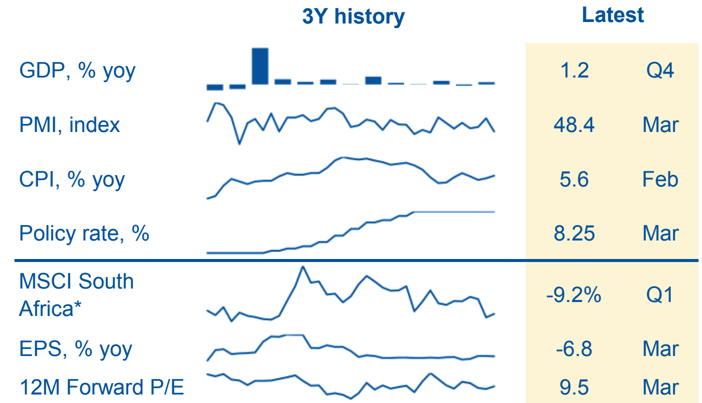
In the short term, however, the outlook is soft. With Saudi Arabia shouldering most of the voluntary OPEC+ cuts to output, the oil economy will likely continue to contract this year. If brent crude oil prices hover around their current $90/bbl, energy receipts should be robust enough to prevent oil output weakness spilling into the non-oil economy. The IMF estimates the breakeven oil price to be $79.7/bbl in 2024. Nonetheless, the budget deficit will widen this year as the Kingdom continues to invest as part of Vision 2030. Ample foreign reserves and low public debt leave the Kingdom some space, barring a sharp drop in oil prices.

Market Strategy: The MSCI Saudi Arabia Index has one of the highest 12m forward P/E multiples in the EM universe, while its premium to EM is in line with the five-year average. Low ownership by GEM funds (43% of EM investors have zero exposure to Saudi Arabia) is an upside risk if benchmark investors start moving closer to market weight. We remain *overweight* but trim our position.

South Africa

Underweight

The upcoming election is set to produce a coalition government, which will likely delay addressing structural problems.



**US$ total return relative to MSCI EM.* *Source: Bloomberg*

The projection for South Africa's equity market depends on the outcome of May's general election. Opinion polls point to the ruling ANC losing its parliamentary majority for the first time in three decades, forcing it to form a coalition. The lower the support for the ANC, the more policy concessions likely, which means a more uncertain outlook. A coalition agreement with the centrist DA party would be the most market friendly outcome. Markets and the rand will likely be volatile ahead of the elections.

Elections are taking place against a fragile economic backdrop. Power outages, logistical constraints and water shortages persist, weighing on business and consumer confidence. The composite PMI dropped below 50 in March, signalling a contraction in the private sector. Left unsolved, these issues will drag on South Africa's productive potential.

Inflation has proven sticky and remains above the South African Reserve Bank's (SARB) midpoint target. Additionally, South Africa's current account deficit means that the SARB is limited by how much it can ease policy and support economic activity. The public debt trajectory appears unsustainable as real rates are high and nominal GDP growth is anaemic.

Market Strategy: The MSCI South Africa Index has become cheaper on a 12m forward P/E multiple, with the discount to EM below its five-year average. Earnings growth projections of 27% seem optimistic given domestic economic challenges and elections risks, meaning downward revisions are likely. Therefore, we maintain our *underweight*.

No responsibility can be accepted under any circumstances for errors of fact or omission. Any forward looking statements or forecasts are based on assumptions and actual results may vary from any such statements.

KEY ECONOMIC AND FINANCIAL INDICATORS

	Emerging Market	Macroeconomic Data: % change on year ago: Annual GDP Growth*	Industrial Production*	Consumer Price Index*	Latest 12 months: Trade Balance*	Current Account Balance*	Foreign Reserves 2024 Latest*	Foreign Reserves 2023 Year ago	Currency vs $ 2024 Latest*	Currency vs $ 2023 Year ago	Short-Term Interest Rates*	Sovereign Rating S&P*	Market Data: Performance: % S&P/EM Frontier Super Composite BMI	Stock Market Index S&P/EM Front. Super Comp. BMI US$	Change since 12/29/23 US$	Change since 12/29/23 Local Currency	Forecast (Bloomberg)†: Trailing P/E	EBIT Margin 2024 Forecast*	6 month Stock Market Index Estimate (Front. Super Comp. BMI) US$*	3 month Currency vs $ +/-*
		%	%	%	$ Bn	$ Bn	$ Bn	$ Bn			%		Mar. 29, 2024	Mar. 28, 2024	%	%		%		
Overweight	VIETNAM	5.7	4.1	4.0	28.1	29.9	88.1	83.5	24946.0	23470.0	4.2	BB+	0.4	244.9	8.5	10.9	22.5	13.9	255.1	+
Overweight	INDONESIA	5.0	-1.0	3.1	30.5	-1.6	131.5	126.0	15866.0	14946.0	4.2	BBB	1.9	1443.9	0.8	3.8	15.3	25.2	1507.5	+
Overweight	TAIWAN	4.9	-1.1	3.1	86.2	105.3	568.1	560.3	32.1	30.5	1.6	AA+	17.3	612.1	9.5	14.1	23.1	10.8	208.7	+
Overweight	SOUTH KOREA	2.2	4.8	3.1	21.4	42.7	391.3	401.2	1343.7	1315.6	3.6	AA	12.2	621.7	1.4	5.9	22.4	10.2	207.8	+
Overweight	CHILE	0.4	7.9	3.9	15.4	-11.9	42.3	35.2	939.3	809.2	6.8	A	0.4	397.4	-5.1	6.6	10.4	13.6	403.3	-
Overweight	SAUDI ARABIA	-4.3	n.a.	1.8	35.8	4.3	411.9	434.9	3.8	3.8	5.9	A	3.7	185.8	5.2	5.2	21.4	34.2	189.2	uc
Overweight	MALAYSIA	3.0	4.3	1.8	42.8	4.9	104.5	104.9	4.7	4.4	2.6	A-	1.7	380.7	4.5	7.7	16.3	21.4	396.0	+
Overweight	QATAR	1.0	n.a.	2.7	84.9	55.4	43.4	41.8	3.6	3.7	n.a.	AA	0.7	297.6	-3.3	-3.3	8.8	n.a.	304.5	uc
Neutral	BAHRAIN	2.5	n.a.	0.6	n.a.	n.a.	3.2	3.3	0.4	0.4	6.1	B+	0.1	350.3	8.0	8.1	n.a.	n.a.	358.6	uc
Neutral	BRAZIL	2.1	5.0	4.5	105.9	-24.7	320.9	297.3	5.0	5.1	6.9	BB	5.1	818.6	-4.7	-2.0	7.8	21.4	845.2	+
Neutral	CHINA	5.2	6.8	0.7	834.7	253.0	3219.3	3184.5	7.2	6.9	1.1	A+	22.9	653.2	-3.2	-2.6	11.3	13.1	669.1	+
Neutral	COLOMBIA	0.3	-1.5	7.7	-9.4	-9.7	54.6	52.5	3769.6	4584.7	10.6	BB+	0.1	5702.2	10.3	10.0	6.0	33.0	5777.4	-
Neutral	CZECH REP.	0.2	0.0	2.0	5.4	1.0	138.6	130.3	23.3	21.5	5.4	AA-	0.1	1430.1	-7.6	-3.2	10.8	n.a.	1481.0	+
Neutral	EGYPT	6.7	-10.1	35.7	-33.7	-4.3	24.5	24.2	47.4	30.9	27.3	B-	0.1	1376.7	-27.4	11.3	9.1	n.a.	1635.1	+
Neutral	GREECE	1.2	10.3	2.9	-35.3	-13.1	3.9	4.1	1.1	1.1	0.0	BBB-	0.5	59.1	7.4	9.7	7.0	24.9	60.8	+
Neutral	HUNGARY	0.0	-4.1	3.7	12.2	0.4	41.3	33.7	359.9	345.2	7.3	BBB-	0.2	698.5	1.2	6.7	4.8	n.a.	61.8	-
Neutral	KUWAIT	8.9	n.a.	3.4	n.a.	63.2	41.1	43.1	0.3	0.3	n.a.	A+	0.8	144.2	8.1	8.2	16.5	n.a.	147.5	n.a.
Neutral	MEXICO	2.5	2.9	4.4	-4.4	-70.6	191.9	178.3	16.5	18.1	11.2	BBB	2.3	723.3	2.1	0.2	15.6	17.8	759.8	-
Neutral	MOROCCO	4.1	1.0	0.3	-16.8	-0.8	32.0	28.6	10.1	10.2	3.0	BB+	0.2	681.9	4.2	6.8	90.4	23.3	705.2	n.a.
Neutral	PERU	-0.4	1.4	3.1	17.6	1.7	66.2	67.4	3.7	3.8	0.2	BBB	0.2	2749.1	15.6	15.6	17.0	n.a.	503.0	-
Neutral	POLAND	1.0	3.3	1.9	6.8	12.8	157.4	147.4	3.9	4.3	5.9	A-	0.9	427.6	4.3	5.8	7.6	14.6	437.3	-
Neutral	ROMANIA	3.0	-3.9	7.2	-31.0	-25.1	64.8	51.5	4.6	4.5	5.9	BBB-	0.2	273.6	9.3	11.7	8.0	16.5	286.3	-
Neutral	UAE	7.9	n.a.	2.3	79.0	48.0	184.4	131.7	3.7	3.7	2.9	NR	1.3	177.7	0.1	0.3	8.2	n.a.	182.6	uc
Underweight	ARGENTINA	-1.4	-13.3	276.2	-4.5	-21.5	21.7	32.6	861.8	210.8	70.2	CCC	0.9	1426.8	-1.0	5.0	17.4	23.0	1439.1	-
Underweight	TURKEY	4.0	1.1	68.5	-92.9	-37.5	77.6	66.8	31.9	19.2	49.6	B	1.0	465.4	10.6	21.1	6.2	16.0	502.9	-
Underweight	PHILIPPINES	5.6	1.9	3.4	-51.3	-11.2	88.4	86.3	56.4	54.4	6.5	BBB+	0.7	761.4	5.4	7.0	13.7	22.8	2876.2	+
Underweight	THAILAND	1.7	-2.8	-0.8	18.0	9.8	199.8	196.4	36.7	34.1	3.2	BBB+	1.6	1063.8	-9.0	-2.8	18.4	9.6	630.7	+
Underweight	SOUTH AFRICA	1.2	2.6	5.6	4.5	-24.4	46.3	47.3	18.7	17.9	8.7	BB-	2.3	694.8	-7.0	-3.7	27.5	12.7	713.6	-
Underweight	INDIA	8.4	3.8	5.1	-249.5	-32.3	548.9	506.9	83.4	82.2	6.5	BBB-	19.0	2108.5	4.8	5.1	27.4	15.5	2213.9	+

Note: All data shown are as at 5 April 2024 unless stated otherwise. UC is unchanged (currency versus US dollar). S&P sovereign rating shown is long-term foreign currency rating. Data for countries in the Middle East and North Africa region are the latest available, but in certain cases relate to periods more than one year ago. The 29 countries shown in the table accounted for 98.9% of the S&P/EM Frontier Super Composite BMI on 29 March 2024. An additional 26 countries accounted for the remaining 1.1% of the index on the same date. These countries, which can be accessed via City of London's Frontier Markets strategy, are: Bangladesh, Botswana, Bulgaria, Cote d'Ivoire, Croatia, Cyprus, Estonia, Ghana, Iceland, Jamaica, Jordan, Kazakhstan, Kenya, Latvia, Lithuania, Mauritius, Namibia, Oman, Pakistan, Panama, Slovakia, Slovenia, Sri Lanka, Trinidad & Tobago, Tunisia and Zambia.

†Any forecasts are based on Bloomberg consensus forecasts, where available, and assumptions. Actual results may vary from any such statements or forecasts. Past performance is no guarantee of future results.

**Key Criteria*

Source: Bloomberg, CLIM

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