

Foreign funds think it's time to return to emerging markets

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KUALA LUMPUR, Sept 30 (Bernama) -- Some international investors are recently seen reevaluating their decisions to pull out from the emerging markets (EM), and the slight changes in these views have resulted in a slow but continuous inflow of foreign funds.

Inter-Pacific Securities Sdn Bhd Head of Research Pong Teng Siew said that some of these foreign funds opined that equities in the EM were sold down too aggressively and hence they are making comeback into these markets.

"As a result, we see foreigners' net buying at the moment, with some investors turning bullish on EM, and based on technical analysis, signs show that the EM is recovering to a certain extent.

"On the US Federal Reserve (Fed) increasing its benchmark rate by 0.25 per cent, to a range of two per cent to 2.25 per cent, the market is currently updating itself with the gradual increase, hence, any shock could be cushioned," he told Bernama in a telephone interview.

This marks the Fed's eighth rate hike since 2015, continuing its policy of gradual rate rises.

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