

EMERGING MARKETS IN 2024

A new era of opportunity and growth

Paul Rostkowski *explores the dynamic role of emerging markets in shaping the global economy. As 2024 unfolds, these markets, once secondary players, now appear pivotal, driving over half of the worldwide GDP growth with innovative and resilient growth strategies.*

As we venture into 2024, the global investing landscape is transforming remarkably, with emerging markets emerging as key players. Historically known as a source of growth and opportunity, these markets are now integral to the narrative of the global economy. The International Monetary Fund (IMF) forecasts a significant contribution from these markets, accounting for over half of the worldwide GDP growth this year. In a world recovering from the COVID-19 pandemic, emerging markets are poised to take centre stage, offering a spectrum of opportunities and potential rewards for astute investors.

Key trends driving emerging markets

Robust economic growth: These markets are sprinting ahead, with an expected growth rate of 4.9% in 2024, outstripping the more modest 3.7% of developed economies. Increased industrial activity, foreign direct investment, and an expanding digital economy are a few factors supporting this robust growth.

The expanding middle class: The rapidly growing middle class in emerging markets is a critical driver of economic growth. Their increasing demand for goods and services goes beyond mere consumerism; it catalyses broader economic development.

This burgeoning middle class is leading to an upsurge in demand for quality education, healthcare, and lifestyle products.

Urbanisation and infrastructure development: The shift from rural to urban settings is more than just demographic change. It's a transformation fueling the development of new urban centres, improved infrastructure, and enhanced living standards, thereby driving economic growth and societal changes.

Technological advancements: These markets are not just adopting but are at the forefront of integrating cutting-edge technologies. Artificial intelligence, robotics, blockchain, and other digital innovations are not just trends but are reshaping industries from healthcare to finance, manufacturing, and beyond.

Spotlight on key emerging markets

India: With an impressive projected growth rate of 7.6%, India stands out as a leader in economic expansion. Its combination of a young, innovative population and a sizeable domestic market makes it a prime destination for investment, especially in sectors like technology, e-commerce, and renewable energy.

Indonesia: Home to over 270 million people, Indonesia's economy is multifaceted, encompassing agriculture, digital innovation, and manufacturing. Robust domestic consumption and growing integration into global supply chains drive its trillion-dollar GDP, which attests to its expanding economic significance.

Brazil: As the largest economy in Latin America, Brazil's expected 2.3% growth in 2024 is significant. Agricultural exports, a focus on sustainable development, and its emergence as a tech innovation hub are crucial contributors to this growth.

South Africa: Expected to grow by 2.2% in 2024, South Africa's economy is diversifying and advancing. Its richness in natural resources and robust agricultural sector, combined with strides in renewable energy and digital innovation, showcase the continent's growing economic resilience and potential.

Strategies for investing in emerging markets

Diversification: A balanced investment approach, spreading across various sectors and regions, is essential for risk management and tapping into diverse growth opportunities.

Informed research: Selecting companies with solid fundamentals and growth potential is critical. Understanding each market and its players is crucial for making informed decisions.

Sector opportunities: Sectors like consumer staples, healthcare, financial services, and technology offer unique growth prospects. The increasing focus on sustainability and environmental, social, and governance (ESG) factors also creates new investment avenues.

Expert advice: The complexity of emerging markets makes specialist advice invaluable. Experienced professionals can offer insights and tailored strategies, helping investors navigate these markets more effectively.

ETFs and Index Funds: These investment tools offer a straightforward way to gain exposure to emerging markets, combining diversification with ease of management. ETFs, in particular, provide flexibility and liquidity, allowing investors to adjust their holdings easily.

Understanding the risks
Investing in emerging markets involves understanding and managing risks. Significant considerations include political and economic instability, currency volatility, market transparency, and liquidity issues. Nevertheless, emerging markets can offer

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substantial rewards for those who navigate these waters with care and understanding.

Emerging markets: the bigger picture
In 2024, emerging markets are not just about growth; they represent a shift in the global economic order. These markets are evolving, offering new opportunities and avenues for investment. This evolution is not just about financial figures; it's about societal transformation, technological adoption, and tapping into previously unexplored markets.

The narrative of emerging markets is one of resilience, innovation, and untapped potential. These markets respond to global challenges such as climate change and digital transformation, adopt sustainable practices, and leverage technology to leapfrog development stages.

Investor insights

For investors ready to delve into these vibrant markets, the journey offers growth, diversification and a chance to be part of a global economic shift. The key to success in these markets is understanding local cultures, business practices, and regulatory environments. It's a time when insight, adaptability, and strategic thinking are crucial.

Looking ahead

As we look towards the future, emerging markets are poised to play an increasingly important role in the global economy. With their young populations, increasing urbanisation, and technological adoption, these markets are at the forefront of defining the next wave of global economic trends. For investors, this represents an exciting opportunity to be part of a story of growth, transformation, and opportunity. As the world continues to evolve, these markets will undoubtedly be critical players in shaping the global economic future. 

