

## Scouting Triple “D” Markets

China is ranked ninth in the world for GDP growth. That could be falling, but this is what the latest data is telling us. However, markets don't necessarily need to be growing at a faster rate than China to attract investors.

They need two things: An average growth rate higher than the global economy, and a growth rate moving higher over the past couple of years.

Global GDP grew 2.3% in 2012. There are a lot of countries that fit our criteria with this low of a rate. So let's up the ante, and see if we can find a better group of opportunities.

The growth rate for developing countries – typically where we find the most growth potential – clocked in at 5.1% in 2012. That's a huge difference from the global growth rate.

Find the markets growing at more than 5.1%, and improving every year, and you've got a market worth looking into.

There are some Asian countries that match these criteria that we'll be researching for a potential play.

- Mongolia: GDP rates were -1.3% in 2009, 6.4% in 2010, 17.5% in 2011
- Turkmenistan: GDP growth was 6.1% in 2009, 9.2% in 2010, 14.7% in 2011
- Kazakhstan: GDP rates were 1.2% in 2009, 7.3% in 2010, 7.5% in 2011

These three countries are geographically significant, too. Positioned between China, Russia, Europe and the Middle East, they represent a crossroads of trade, energy and growth.

Our goal is to find companies entering these markets – mostly in energy, infrastructure and mining – to capitalize on GDP growth.

Kazakhstan's industrial growth rate is 3.4% while Turkmenistan's rate is 7.3%. But Mongolia takes the cake with a 37.5% industrial growth rate.

As China slows down, investment cash is going to be finding other markets. Foreign direct investment grew by 16.3% between 2010 and 2011 for Kazakhstan, but climbed 178% in Mongolia.

The significance of these countries is going to grow over the next five to 10 years as China's growth settles, and we want that kind of significance in our portfolio.

Look for a specific recommendation based on growth in one of these countries over the next coming weeks.