GOVERNMENT RECOVERY PLANS

Seizing the opportunity

The stimulus plans launched by governments worldwide may provide new investment possibilities for canny investors, write EasyETF

The financial and economic crisis the world is going through has highlighted the changes the traditional economy has to adopt in order to survive. New economic sectors are going to emerge, benefiting from the economic plans launched to stimulate the global economy. For the foresighted investor, this will create new opportunities to grasp in the equity field.

Faithful to its tradition as a pioneer in launching products in line with investor needs, in the last few years EasyETF has launched trackers on listed real estate which were the first real estate trackers to be proposed in Europe, at a time when real estate investments were booming.

ETFs now provide opportunities to target new emerging sectors through its thematic and sector dedicated range. The trackers on sectors such as water, waste management, infrastructure and environmental technologies enable investors to access themes which have a growth potential.

The global economy has entered into recession, bringing the major financial markets down with it. Many countries are currently preparing for large plans to stimulate their economies with massive investments:

■ In the US, $700bn to $800bn (€638.5bn) should be spent over two years, focusing mainly on the infrastructure sector but also on construction, telecom and the healthcare system.
■ In the European Union, the amount spent could reach up to $260bn, allocated mainly to infrastructure.
■ China is preparing to invest up to $590 bn in its economy, targeting infrastructure and national power grids, among other sectors.

Most recovery plans are targeted towards the infrastructure sector. In the US, more than $150bn will help finance transportation projects and the construction or repair of public infrastructure or rail projects. China will focus on construction of affordable housing and modernisation of its power grids while Spain and Germany, for example, will invest in transportation and road networks..

EasyETF NMX Infrastructure Europe and EasyETF NMX 30 Infrastructure Global are tools which may capitalise on these plans. They offer exposure to the infrastructure sector through the leading companies in Europe and the world. The infrastructure sector includes the following sub-sectors: construction of railways, airports, ports, motorways, pipeline networks, telecommunication networks, water distribution and energy grids.

Prior to the announcement of stimulus plans, the clean energy sector had already been allocated massive budgets: As part of a £100bn (€113.5bn) plan to boost the renewable energy sector, the UK government plans a large expansion of wind power use. The US is planning to invest $150bn over ten years to develop alternative energy sources to reach the stage at which 25 per cent of energy comes from renewable sources by 2050.

China has pledged to spend $200bn over 15 years on renewable energy. Resources like water are also subject to state investments. The US government, for example, plans to spend $19bn on water projects.

EasyETF has developed a range of trackers dedicated to the challenges facing the environment in the coming years. These include EasyETF FTSE ET50 Environment, which focuses on fifty leading global companies active in the environmental technologies sector, EasyETF S-Box BNP Paribas Global Water and EasyETF S-Box BNP Paribas Global Nuclear, enabling investors to access attractive economic sectors that will benefit from heightened government attention.