In a new UBS report, The Decade Ahead, senior market and industry experts analyze the 12 major trends that will impact investors over the next 10 years. Below is a summary on one of those trends, Emerging Markets.

Trend 7:
Emerging markets will emerge stronger

“People will earn more and spend more,” says UBS WMR analyst Sally Dessloch. “Emerging markets will transform from agrarian to urban economies. We’ll see further investment in infrastructure, and domestic and multinational companies with a strong presence in these markets stand to benefit.”

The countries most likely to lead this trend include Russia, China, India and Brazil, but other emerging markets (EMs) like Indonesia, Mexico and some African countries may play a more important role in driving growth as the decade unfolds.

We project that EMs will account for almost half of the $30 trillion global GDP increase we envision by 2020. Population growth in these markets will outpace that of developed countries, and the combination of more people and more money will result in higher spending on consumer goods beyond food, clothing and shelter.

Emerging markets are no longer relegated to Cinderella status among their asset class brethren. They’ve earned a newfound respect from a growing number of investors being drawn to stronger growth prospects and returns offered by developing nations. Look for a shift in portfolios from a modest allocation with a tactical focus on short-term opportunities to a greater, more sustained strategic allocation.

According to WMR, Mexico will be one of the fastest-growing emerging markets over the next 10 years. UBS client Manuel Albarran has already seen evidence of that growth and is contributing to it through the trucking company he founded 20 years ago, Metro Transportes. “Our industry has changed dramatically,” he explains. “Not too long ago, mom and pop outfits dominated, but rising diesel prices and a demand for more professional service have left many of them behind.”

The demand to which Mr. Albarran refers comes from two primary sources: large domestic companies and multinational firms. “The domestic firms are looking to reduce costs and improve productivity,” says Mr. Albarran, “so many of them are cutting back their internal trucking fleets and outsourcing transport services to trusted providers.”

As for the multinational companies, “they are willing to pay more for transport,” continues Mr. Albarran, “but they have no tolerance for poor service and late delivery.”

As a result, Metro Transportes has upgraded its fleet and invested substantially in technology and communications to meet the requirements of large companies. “Our industry is a good indicator of the overall economy,” says Mr. Albarran. “If lots of goods are being transported among many locations, it’s a sign that demand and productivity are on the rise.”