

News

Harel sees low double-digit return for TASE in 2013

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In its review for next year, Harel Finances expects a double-digit return for the Tel Aviv Stock Exchange (TASE) in 2013.

"We will continue to see low returns on capital and sales by most companies next year, alongside an improvement in the companies' balance sheet structure," says Harel Finances. "We will continue to see a reduction in leverage, which will help companies resume the raising of money through corporate bonds. The real negative or negligible interest rate will help reduce financing costs of many companies. The start of gas deliveries should lower many companies' production costs. The business sector should also profit from a real depreciation, which usually yields results with a lag of 6-9 months. As in the rest of the world, for the TASE too, we believe that these trends will be stronger in the second half of the year."

Harel Finances' preferred sectors in 2013 are manufacturing, pharmaceuticals, and technology. It recommends keeping away from the banks, telcos, and income-producing real estate stocks.

As for other markets in the world, Harel Finances does not expect sharp gains. It expects low double-digit growth, and that the first half of 2013 will be weaker than the second half.

"The fiscal cliff has worried the markets since the US elections ended, and it will not disappear soon, even though the deadline for ending the crisis is the end of 2012," says Harel Finances.

Harel Finances' preferred market is the US, "because it will be the first to recover." Banks are its preferred sector in the US. Although Germany's DAX rose 30% in 2012, Harel Finances says "It is hard to see investors rushing to Europe, especially in view of the additional growth forecast reduction for the eurozone published last Friday."

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