

GLOBAL ETP FLOWS

September 2023

Muted flows: \$63.1B was added to global ETPs in September, the third consecutive month-on-month decline, down from \$65.7B in August.

Positive territory: equities saw net inflows pick up to \$50.5B in September, but this was partly offset by a slower pace of fixed income buying (\$15.4B). Commodities (-\$3.5B) saw continued selling.

Rates rule: rates continued to dominate fixed income flows, with \$16.9B added.

Back in bUSiness

The pickup in equity flows was largely driven by increased allocations to US equities (\$35.1B), where flows returned to levels we saw in June and July – and were significantly higher than August’s muted \$11.0B. Most of the US equity buying went into large cap exposures (\$30.7B), and more than offset the rotation we saw out of some US sectors (see page 2). Buying of EMEA-listed US equity ETPs hit a 2023 monthly high, with \$4.7B of inflows. In line with the global flows, most of this went into large caps, although allocations to EMEA-listed US sectors were in positive territory, in contrast to the global trend.

Elsewhere in equities, existing trends continued with flows into Japanese equities, driven by APAC-listed buying. In contrast, EMEA-listed Japanese equity ETPs posted \$0.7B of outflows and US-listed Japanese equity ETPs lost \$1.1B – the first outflow month since February for the former and March for the latter. Global flows into EM equity ETPs dropped to \$3.3B, while European equity flows stayed negative (-\$1.6B).

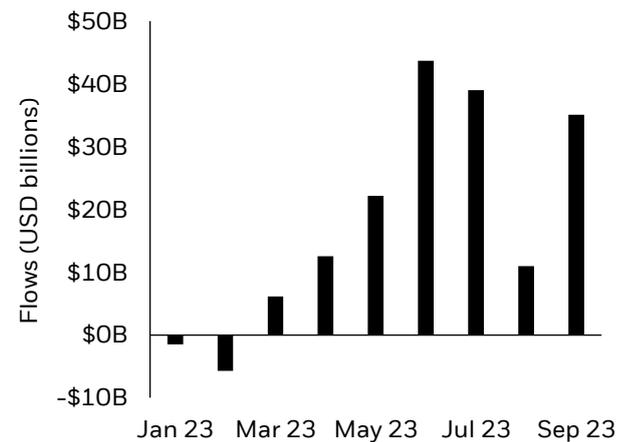
Rates lead again

Rates exposures have accounted for the majority of fixed income (FI) ETP flows in 2023, and this trend continued in September, with \$16.9B added. However, the headline FI flow figure was weighed down by selling of spread assets, taking YTD FI flows to \$235.1B. High yield (HY, -\$1.8B) marked a second month of outflows, while \$1.5B went out of emerging market debt ETPs. Investment grade (IG) credit marked its largest outflow month since March 2020 and its second-highest on record, with \$4.1B of outflows. Selling was focused in US-listed IG ETPs, although EMEA-listed IG posted \$0.6B of outflows. The selling intensified in the last week of the month.

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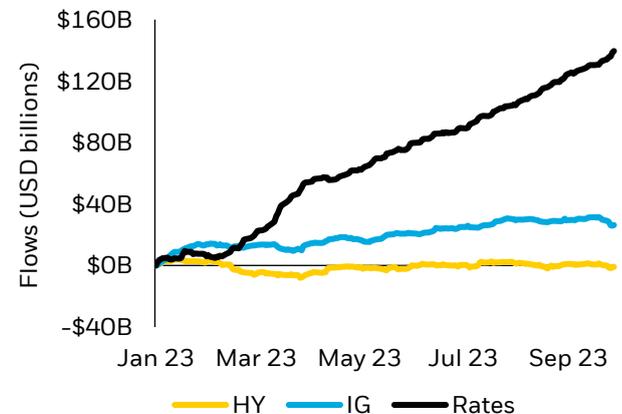
A summer blip?

Monthly flows into US equity ETPs, January – September 2023



Diverging fortunes

Cumulative flows into IG, HY and rates ETPs, January – September 2023



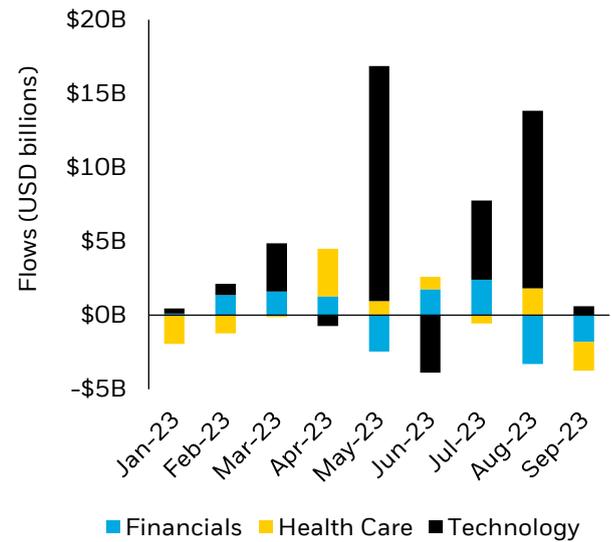
Tech holds up

September marked a shift in broad-based sector flow trends, with energy (\$0.8B) and tech (\$0.6B) the only two sectors to post inflows. The tech buying globally came despite a rotation out of US tech ETPs to the tune of -\$2.9B, while energy inflows were tilted in favour of US exposures.

The remainder of US equity sectors saw net selling in September, with \$2.0B of outflows from US financials, \$1.6B out of US healthcare, \$0.7B out of US industrials, and \$0.6B of selling from US materials. These US sector outflows contributed to broader sector trends, with net selling across all four of these sectors at a global level. Among European equity sectors, industrials (\$0.1B) was the only sector to post meaningful inflows in September, while financials (-\$0.6B) bore the brunt of the outflows.

Tech buying continues

Monthly flows into select sector ETPs, January - September 2023



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