

# GLOBAL ETP FLOWS

## MAY 2023

**Flow pickup:** flows into global ETPs rose to \$77.3B in May, up from \$53.5B in April, with a pickup across asset classes. Headline flows into US and EMEA-listed sustainable ETPs also increased to \$5.2B.

**Rising tides:** equity flows came in at \$41.8B, up from April's \$26.9B, while fixed income (FI) flows rose to \$33.1B. Commodity flows – driven by buying in gold – increased to \$1.8B.

**Getting granular:** US equity flows ticked up for a third straight month to \$22.1B – the highest monthly level this year – accounting for just over half of all equity flows, while rates (\$14.7B) led bond buying.

### Shopping abroad

International investor interest in Europe and emerging market (EM) equity markets has been a key theme YTD. While Europe (-\$1.2B) turned negative in May, flows into US-listed European equity ETPs remained positive, albeit at a lower level of \$0.4B. The \$9.9B of inflows into US-listed European equity YTD far outpaces the \$3.9B to EMEA-listed ETPs, and has proven sticky vs. history.

In EM, headline equity flows increased to \$13.1B: while the vast majority went into APAC-listed ETPs (\$11.2B), this masks continued allocation to EMEA-listed ETPs, with \$1.3B added in May, up from \$1.0B in April.

International investors have favoured broader exposures this year and this trend continued into May. International interest in Japan has also continued to pick up, with a combined \$1.9B into EMEA and US-listed Japan equity ETPs in May, building upon the \$1.4B added in April.

### Gold shines

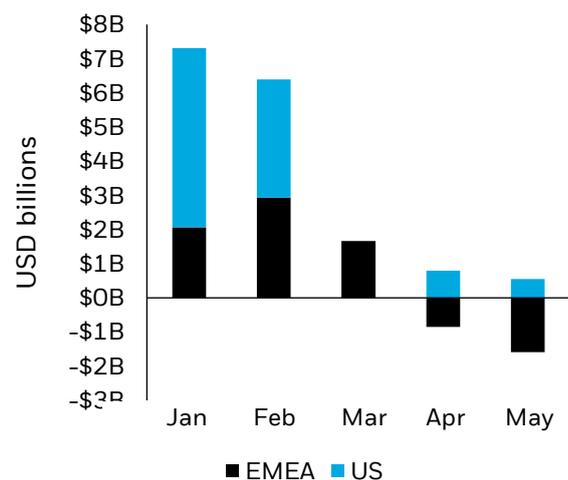
Inflows of \$1.9B into gold drove overall commodity buying in May, with the headline figure coming in at \$1.8B after outflows from broad-market commodity exposures. Gold has now added \$4.3B since March: events in the banking sector, compounded by uncertainty over the US debt ceiling sparked renewed interest in the precious metal after a cumulative -\$25.5B out from May 2022 to February 2023.

Silver flows have historically tracked gold, yet this hasn't happened in 2023: rather, silver saw buying in January-February but turned negative when gold flows picked up, leading to a cumulative -\$0.2B out over the past three months. The last time silver and gold moved in opposite directions was August-November 2021, with no clear catalyst for this dynamic.

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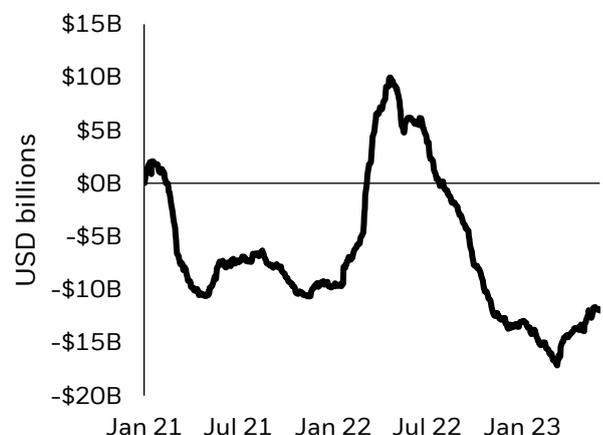
### International investors go broad

Monthly flows into EMEA and US-listed European equity ETPs, January - May 2023



### The start of a turnaround?

Cumulative flows into gold ETPs, January 2021 - May 2023



## IG leads again

A significant pickup in buying across rates and multisector ETPs drove FI flows higher in May, with rates inflows almost doubling from \$8.6B in April to \$14.7B in May. Multisector ETPs, which tend to have exposure to the broadest FI indices, alongside other strategies, saw \$12.9B added, up from \$7.1B in April.

The \$5.2B into global investment grade (IG) ETPs in May was relatively evenly split between US (\$1.5B) and EMEA-listed ETPs (\$1.3B), in contrast to April where EMEA-listed flows accounted for 79% of total IG flows. Given the uptick in US-listed flows, the proportion of flows going into \$IG also increased, although there is still a sizeable amount of money going to EUR IG exposures – \$956m in May, following \$1.9B in April. An up-in-quality approach was also evident in the \$1.7B added to EMEA-listed sustainable FI ETPs – the highest level since January.

The preference for Europe has also carried through to high yield (HY). Despite outflows from global HY (-\$1.8B) in May, small inflows of \$0.2B into eurozone HY exposures marked three consecutive months of buying, in contrast to May USD outflows.

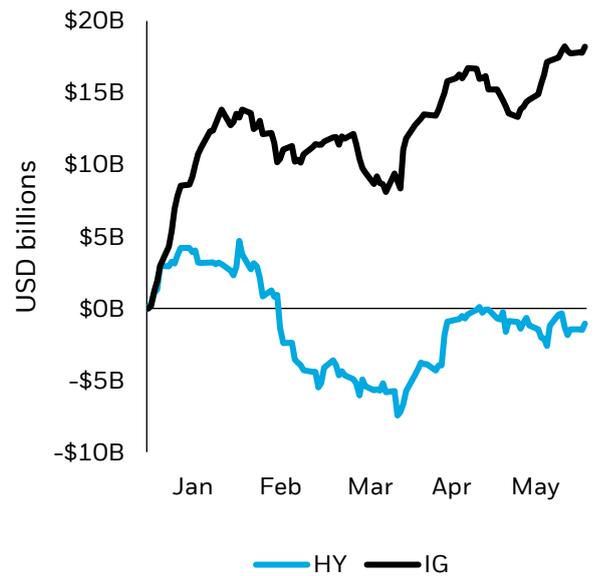
## Tech leads sector flows

Sector flows in May were slightly skewed by rebalancing-related activity towards the end of the month. This meant that tech flows led globally in May (\$15.9B), but \$5.5B of this reversed on 1 June alone, moderating the overall allocations. Looking at flows on a weekly basis – which may be more instructive in this case – the tech sector has now seen six consecutive weeks of buying. It is decidedly the most popular sector globally YTD, as part of a broader defensive shift that has come through in sector flows.

Staying in defensives, flows into healthcare remained positive in May (\$1.0B) for a second consecutive month, with a higher proportion going into US healthcare MoM. This contrasted with cyclical outflows: May saw net sells of -\$0.9B from both industrials and materials, and a sixth consecutive outflow month for energy, while financials flows (-\$2.5B) turned negative for the first month in five.

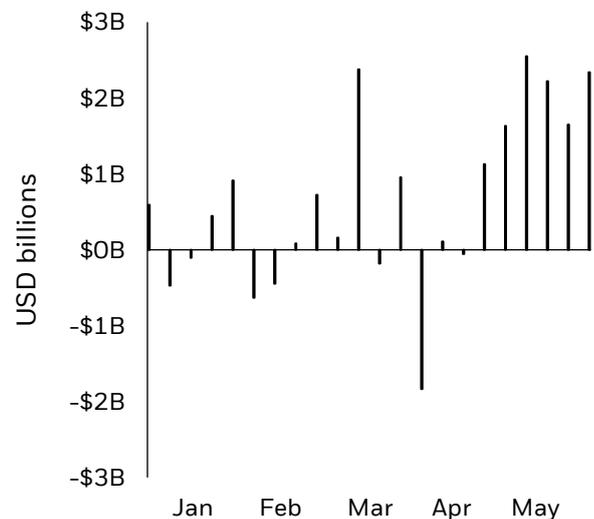
## A preference for quality

Cumulative flows into IG and HY ETPs, January-May 2023



## Consistent interest

Weekly flows into tech ETPs, January-May 2023



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