

## Informed Investor: Money Monitor February 2019

By Marlène Hassine Konqui, Head of ETF Research and Kristo Durbaku, ETF Research Analyst

# European ETFs flows accelerate

Net new assets in the European ETF market accelerated in February to reach €13.7bn. All categories (equities, fixed income, commodities and smart beta) enjoyed a positive month for the first time since last February. Equities attracted most of the inflows (€8.2bn) with three regions standing out: developed markets (+€2.8bn), global equities (+€3.4bn) and emerging markets (+€1.9bn).

Fixed income ETFs continued to enjoy massive inflows (+€5.4bn) driven by corporate bonds and emerging market government bonds (+€1.8bn and +€1.4bn respectively). Flows into Smart Beta strategies slowed but remained positive (+€462m) and commodities (+€200m) finally ended a month in the black after seven successive negative months.

## What happened last month?

- ▶ ETF flows increased to €13.7bn from €7.6bn
- ▶ Still an outstanding start to a year for ETFs

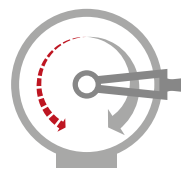


# €13.7bn



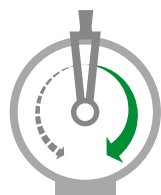
Significant increase for  
**equities**

# €8.2bn



Another strong month for  
**fixed income**

# €5.4bn



Positive month for  
**commodities...finally**

# €200m



Sustained  
**Smart Beta** flows

# €462m

Source: Monthly data in EURM from 01/02/2019 to 28/02/2019 Bloomberg, Lyxor.

The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Note: This report is based on the data available on 01/01/2018. Asset and flow data may be slightly adjusted as additional data becomes available.

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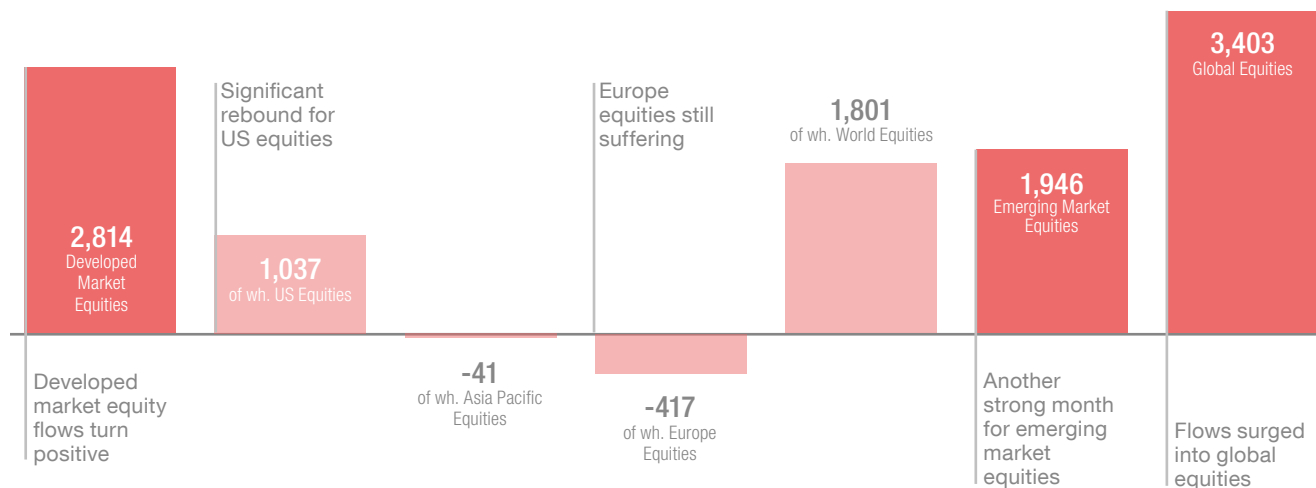
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What were the major trends?

## Strong rebound for equities



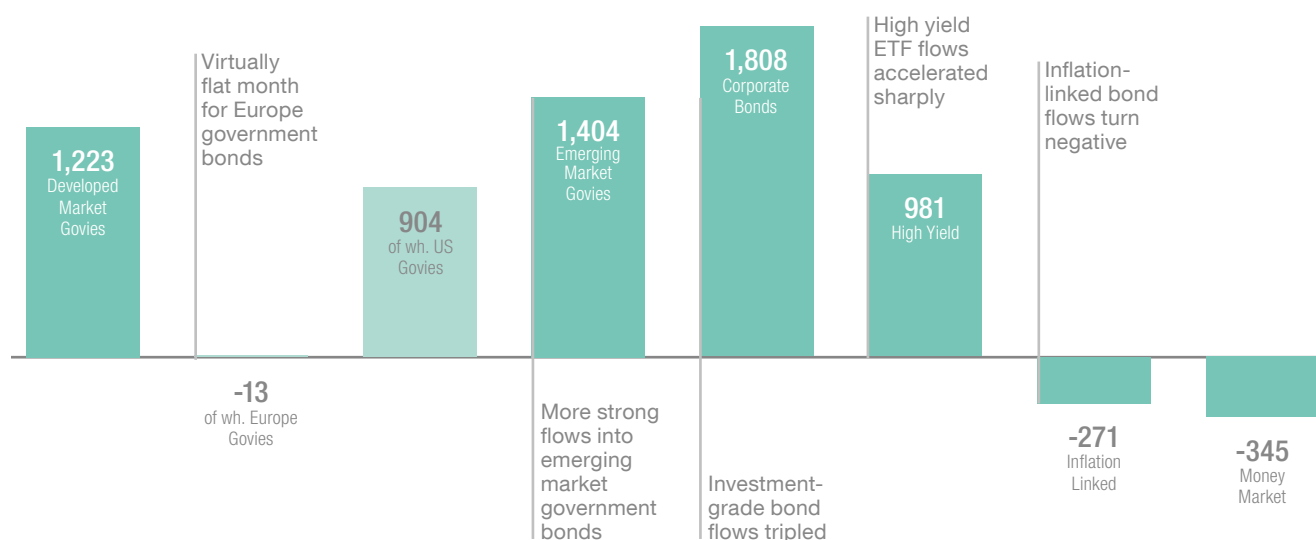
Monthly net inflows on European Equity ETFs



## Another robust month for fixed income



Monthly net inflows on European Fixed Income ETFs



Source: Monthly data in EURM from 01/02/2019 to 28/02/2019, Bloomberg, Lyxor.  
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## Special focus

# Sentiment reverses for corporate bonds



Strong inflows

€1.8bn

Flows surged into investment-grade corporate bonds in February 2019 given a more positive trend in the credit market. Year to date, inflows already amount to €2.4bn, offsetting all of the 2018 outflows (- €1.6bn) in just two months.

All of the positives are to be found in the European corporate bond market – where the ECB has found itself unable to remove all of its support given the sluggish economy and now is to launch another TLTRO. In contrast, the market suffered last year as the central bank wanted to conclude its QE programme and looked set to withdraw more of its support.

Investors are returning to this segment of the market on hopes that slowing growth will force the ECB to remain dovish. This has already had an impact on German bond yields, which have tightened since the beginning of the year. In fact, euro corporate bond flows seem to have been inversely correlated to German interest rate moves since the start ECB LTROs. Should the ECB continue to increase stimulus, we expect positive flows into corporate bonds to continue in 2019.

Developed market investment-grade bond monthly NNA vs. 10Y German government yield

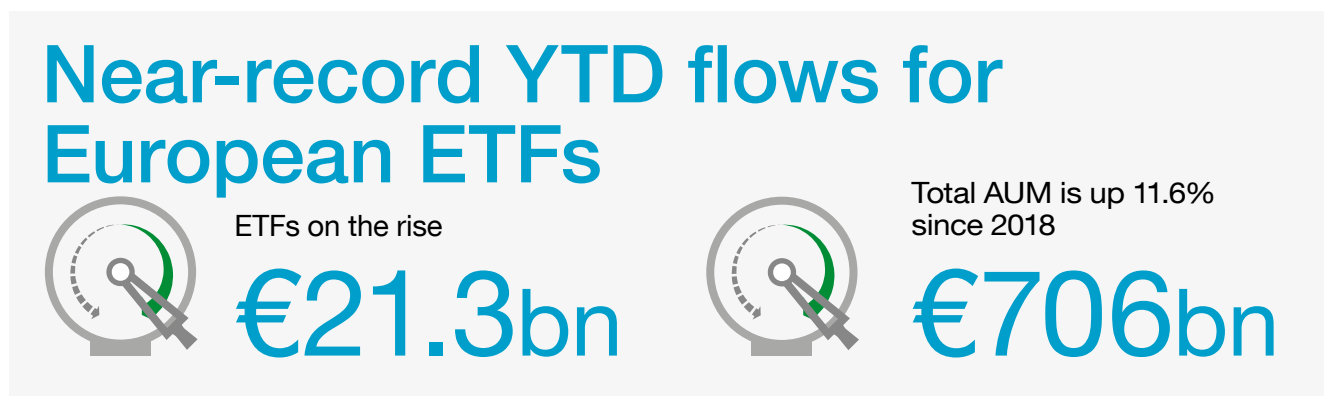


Source: Monthly data from 01/01/2015 to 28/02/2019, Bloomberg, Lyxor Cross Asset Research, Lyxor ETF. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

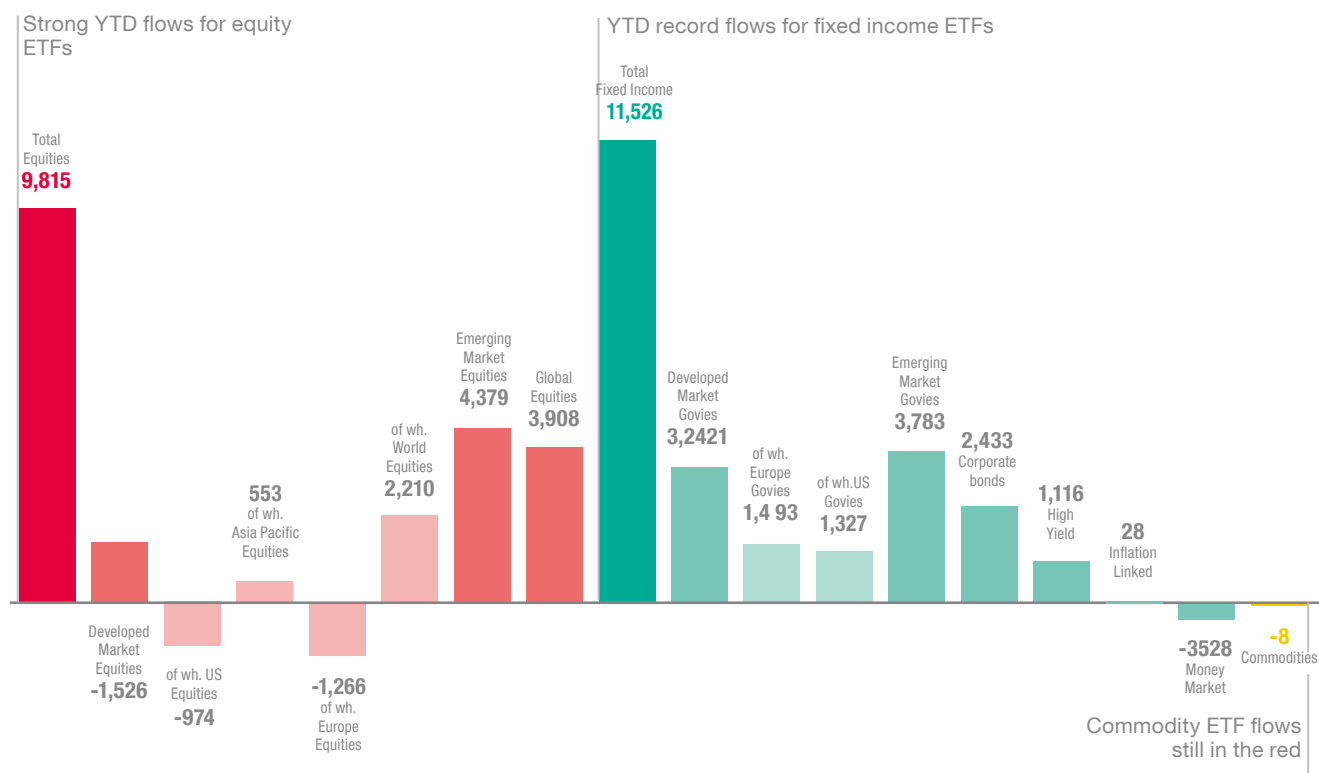
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## What does it all mean?



### YTD net Inflows on European ETFs by asset class



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Source: Monthly data in EURM from 01/01/2019 to 28/02/2019, Bloomberg, Lyxor.  
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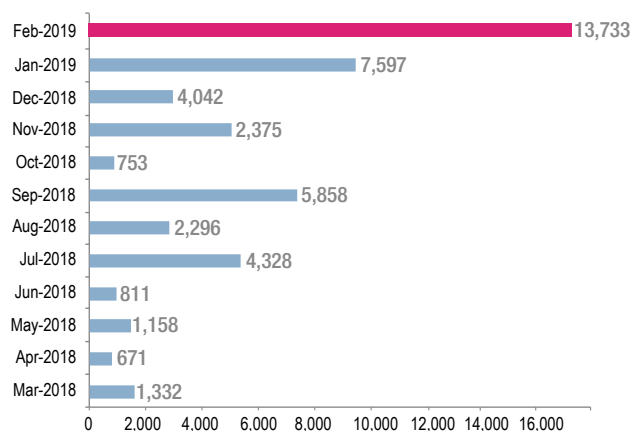
# Appendix: The month in numbers

## European ETFs in February 2019

### Net Inflows (EURm)

**NNA increased to €13.7bn from €7.6bn**

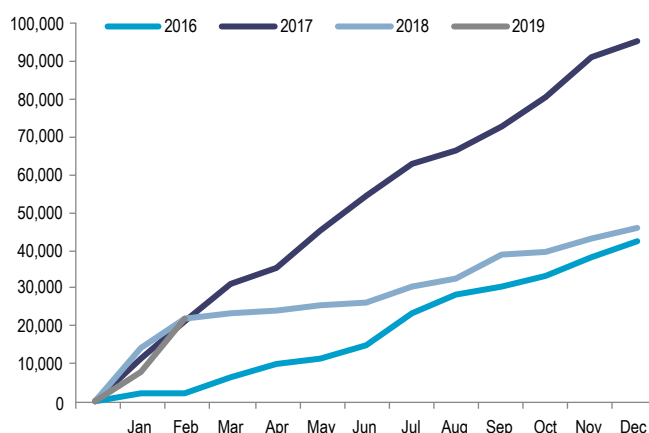
*Monthly NNA on European ETFs*



### Total

**Outstanding start to a year for European ETFs**

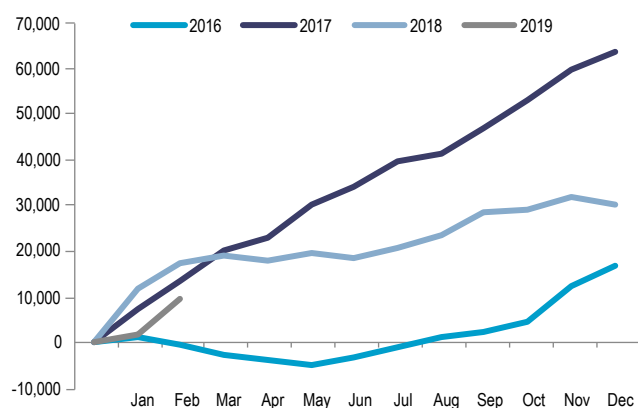
*Cumulated monthly NNA assets on European ETFs*



## Equity

**Modest start for equities**

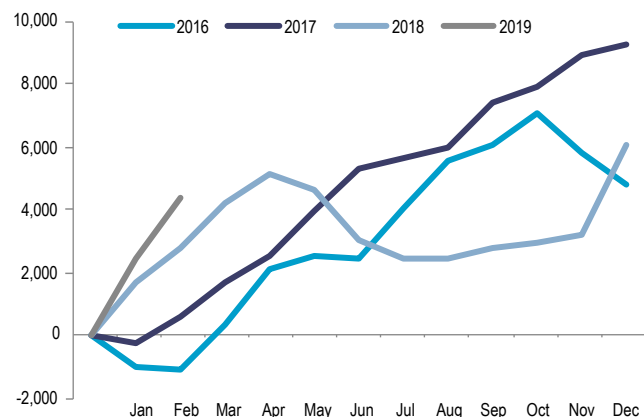
*Cumulated monthly NNA on equity ETFs*



## Equity Emerging Market

**Best start ever for emerging market equities**

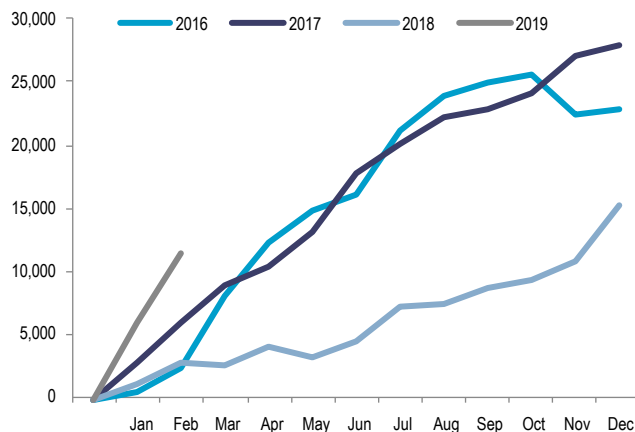
*Cumulated monthly NNA on emerging market equity ETFs*



## Fixed income

**YTD record for fixed income flows**

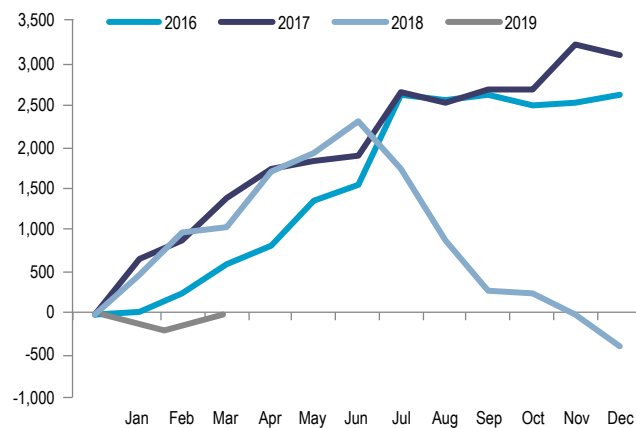
*Cumulated monthly NNA on fixed income ETFs*



## Commodities

**Weak start for commodity ETFs**

*Cumulated monthly NNA on commodity ETFs*



Source: Monthly data in EURm from 01/01/2016 to 28/02/2019, Bloomberg, Lyxor.  
The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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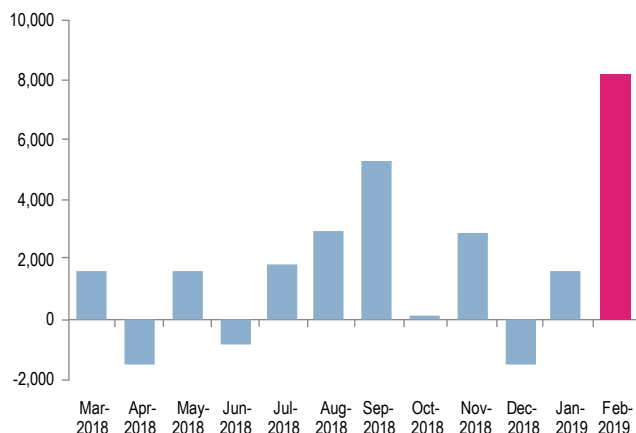
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## Overview by asset class

### Equity

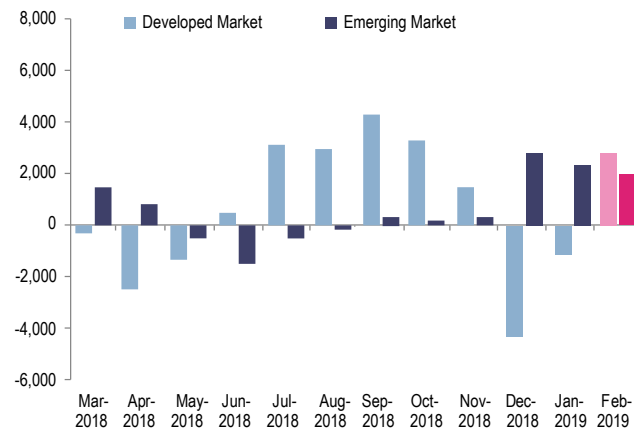
#### Strong increase for equity ETFs

Monthly NNA on equity ETFs



#### DM equity ETFs outdo EM peers

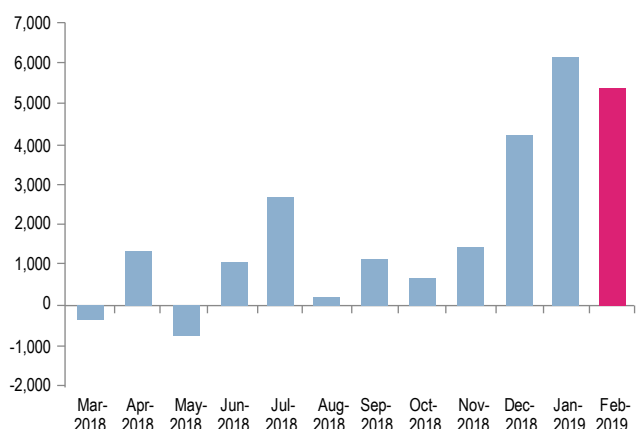
Monthly NNA on developed vs. emerging markets equity ETFs



### Fixed Income

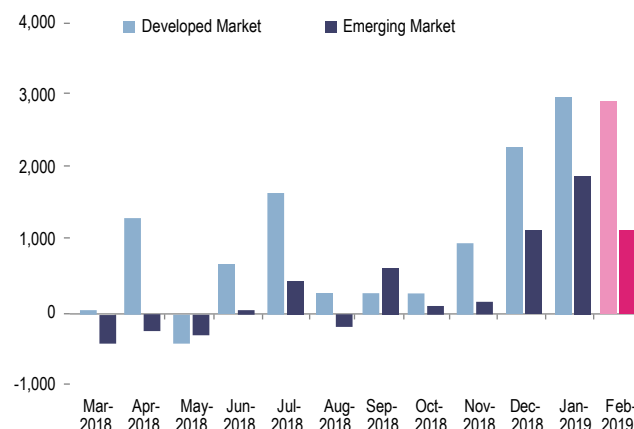
#### Fixed income ETFs continued their strong start to the year (€5.4bn)

Monthly NNA on fixed income ETFs



#### DM bonds outdo EM peers again

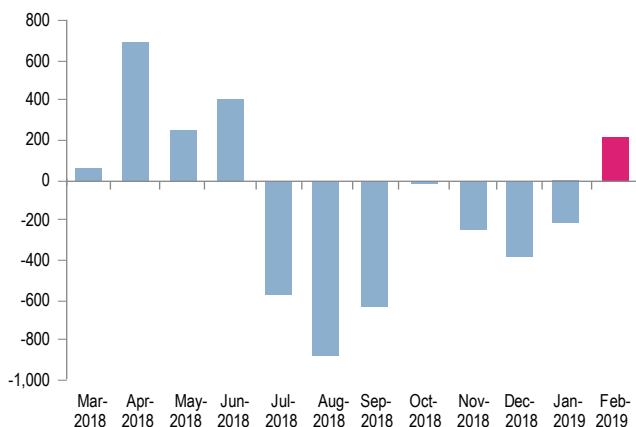
Monthly NNA on developed vs. emerging markets fixed income ETFs



### Commodities

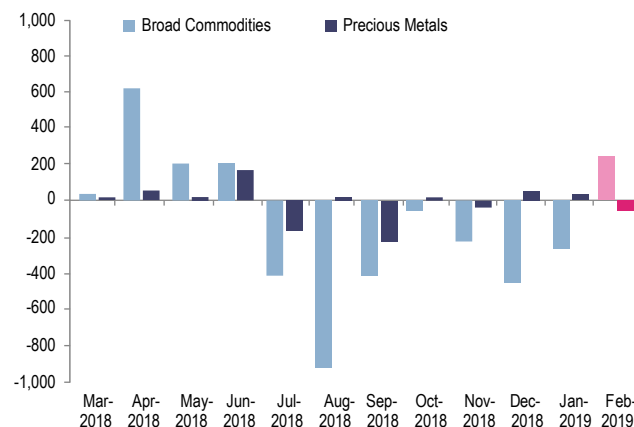
#### Commodity ETFs flows finally turn positive...

Monthly NNA on commodity ETFs



#### ...mainly due to a rebound for broad commodity ETFs

Monthly NNA on broad & precious metals ETFs



Source: Monthly data in EURM from 01/03/2018 to 28/02/2019, Bloomberg, Lyxor.  
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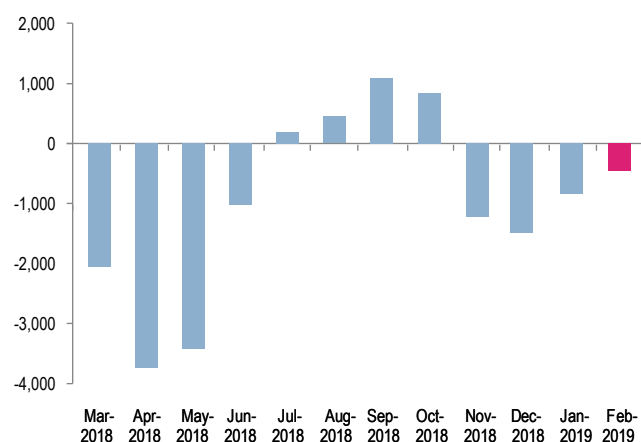
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## Equities

### European Equities

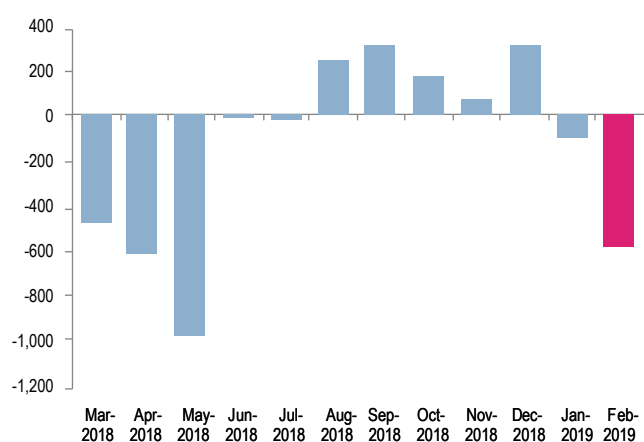
#### Another negative month for European equity ETFs

Monthly NNA on European equity ETFs



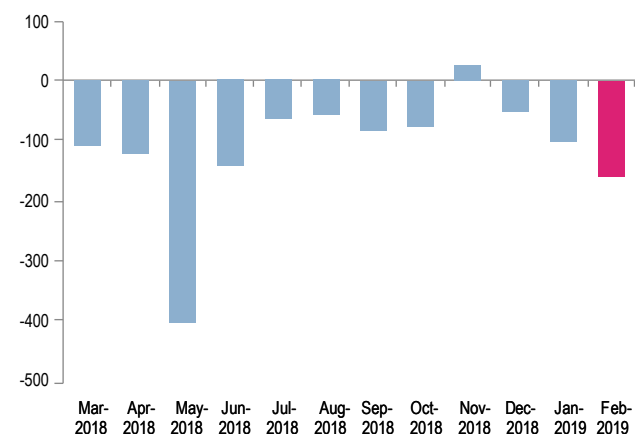
#### German equity flows collapse

Monthly NNA on German equity ETFs



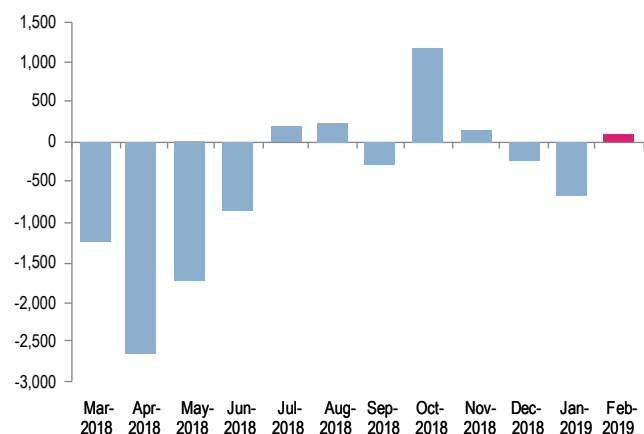
#### Negative trend for Spanish and Italian equities

Monthly NNA on peripheral Europe equity ETFs



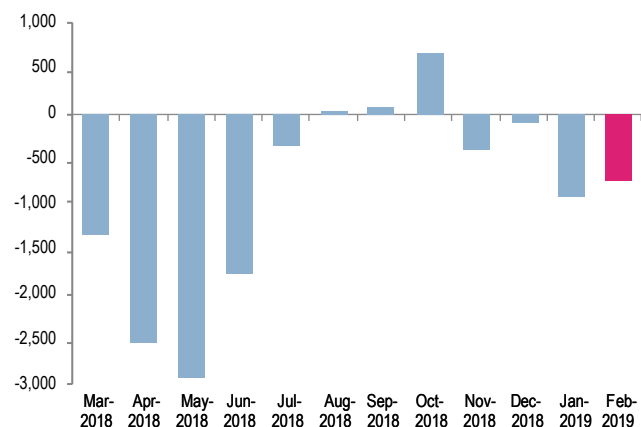
#### Slight rebound for Europe equities

Monthly NNA on developed Europe region equity ETFs



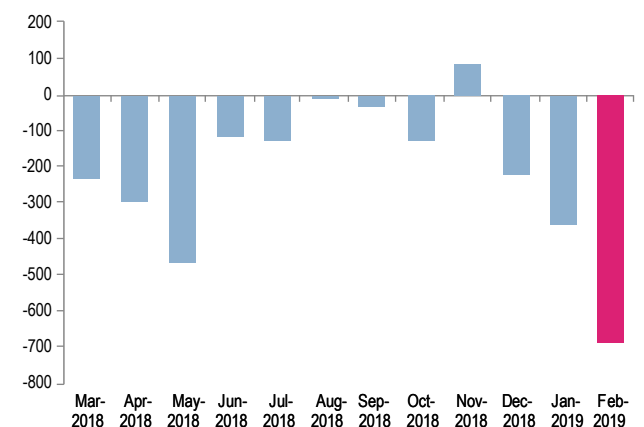
#### Eurozone equity flows remain negative

Monthly NNA on Eurozone equity ETFs



#### Outflows from financials accelerate further

Monthly NNA on financials Europe equity ETFs



Source: Monthly data in EURM from 01/03/2018 to 28/02/2019, Bloomberg, Lyxor.  
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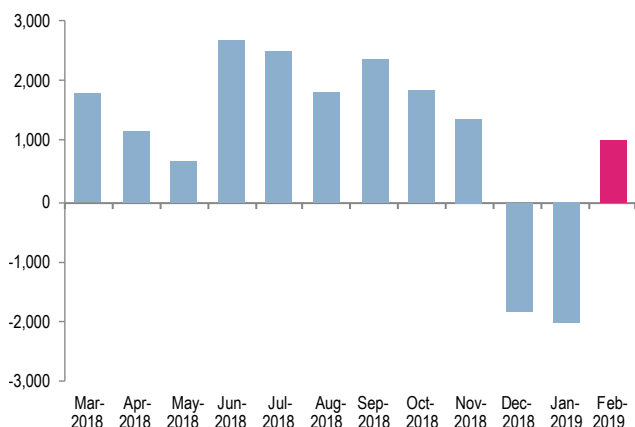
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## Equities (cont'd)

### US & Japan equities

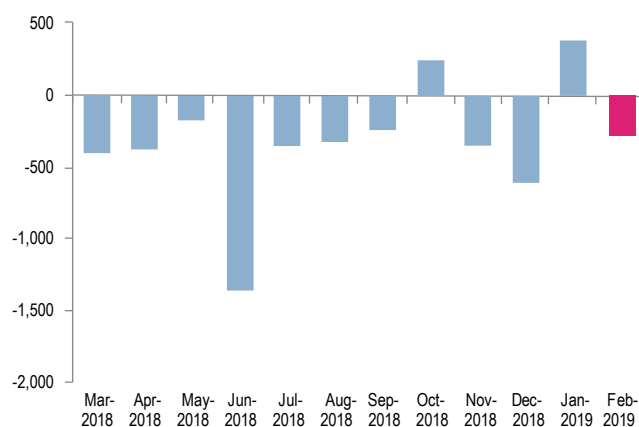
#### US equity flows rebound

Monthly NNA on US equity ETFs



#### Japan equity flows turn negative

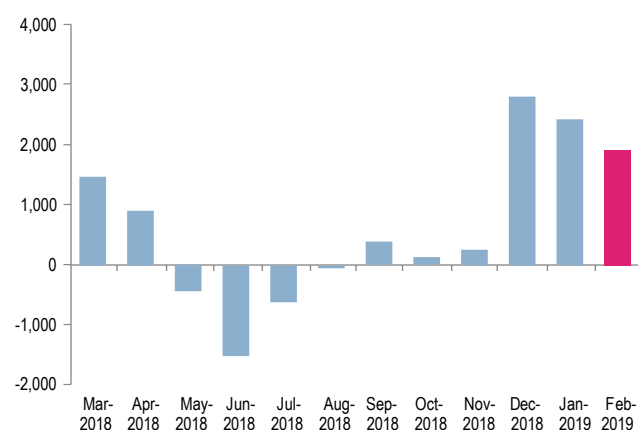
Monthly NNA on Japan equity ETFs



### Emerging market equities

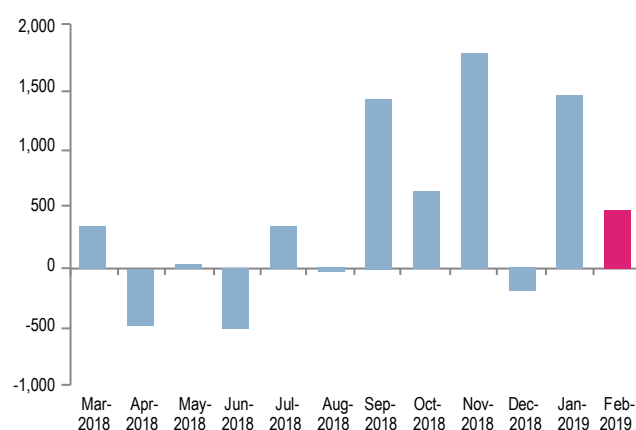
#### Flows into emerging markets equities are still strong

Monthly NNA on emerging market equity ETFs



#### Broad EM equities enjoyed another positive month

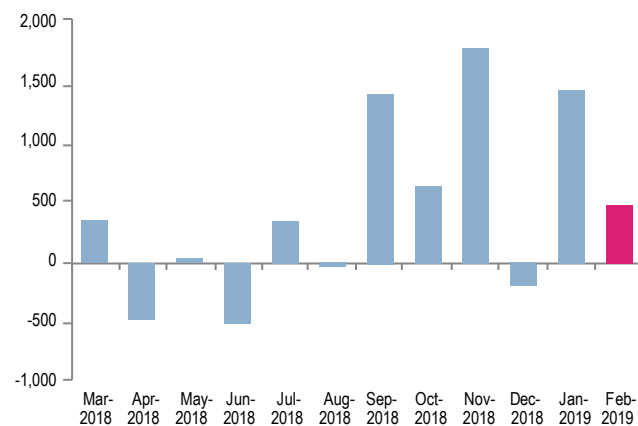
Monthly NNA on broad EM equity ETFs



### Smart Beta / Value

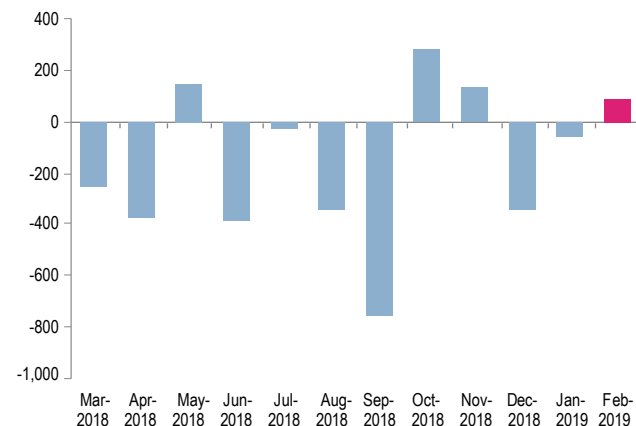
#### Smart beta flows slow but are still in the black

Monthly NNA on smart beta ETFs



#### Little interest in Value strategy

Monthly net new assets on value style equity ETFs



Source: Monthly data in EURM from 01/03/2018 to 28/02/2019, Bloomberg, Lyxor.  
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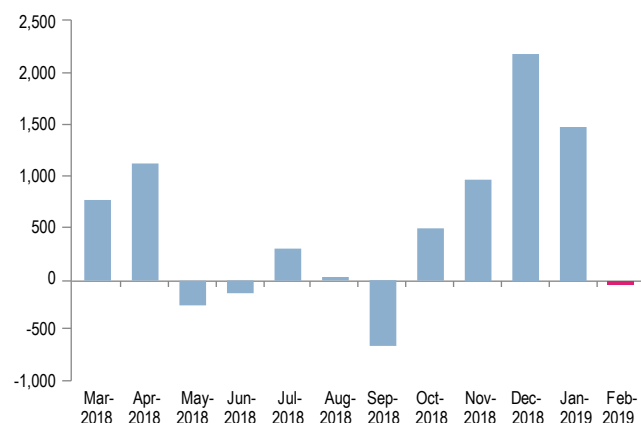


## Fixed Income

### European Govies

#### Virtually flat month for EU government bonds

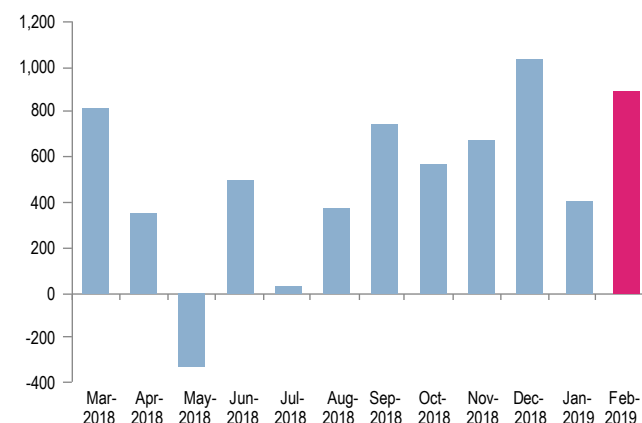
Monthly NNA on EU government bond ETFs



### US Govies

#### Ninth successive positive month for US treasuries

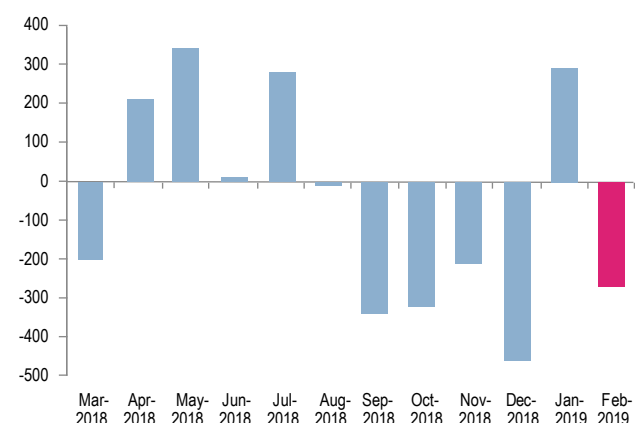
Monthly NNA on US government bond ETFs



### Inflation Linked

#### Inflation-linked bond flows turn negative

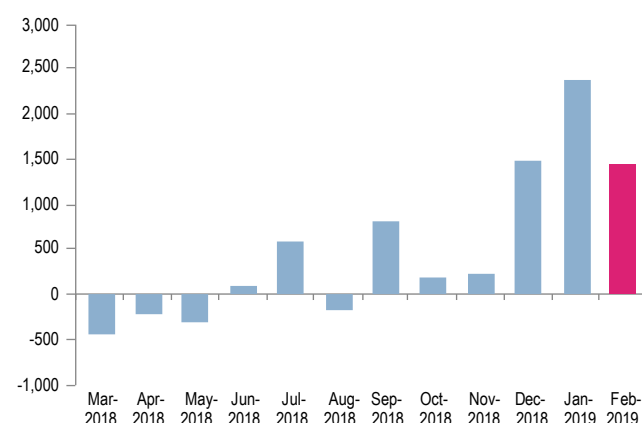
Monthly NNA on inflation-linked bonds ETFs



### EM debt

#### Another strong month for EMD

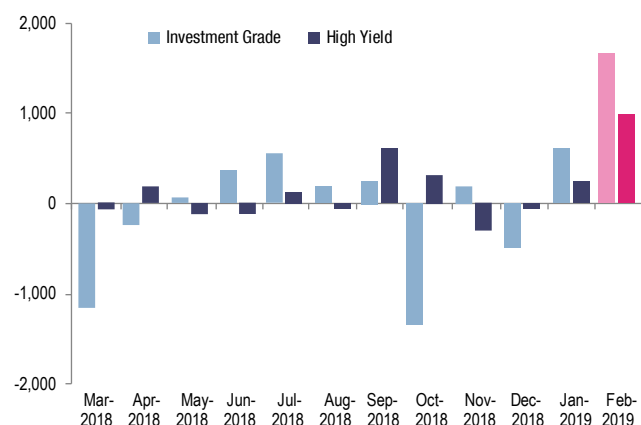
Monthly NNA on Emerging Market debt ETFs



### Credit Market

#### IG bonds outdo HY peers again

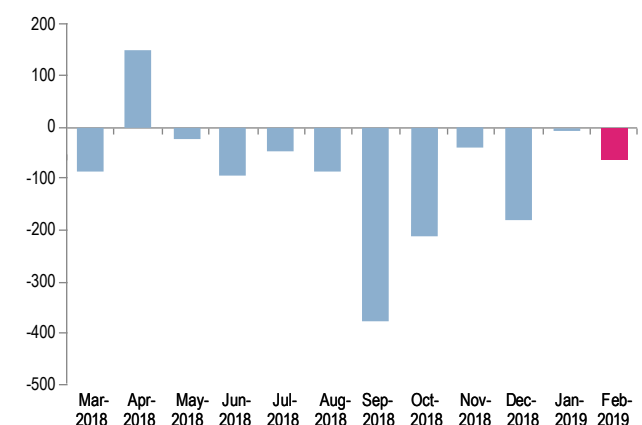
Monthly NNA on investment-grade & high yield bond ETFs



### Short-bond strategy

#### More outflows from short bond strategies

Monthly NNA on short bond strategy ETFs



Source: Monthly data in EURM from 01/03/2018 to 28/02/2019, Bloomberg, Lyxor.  
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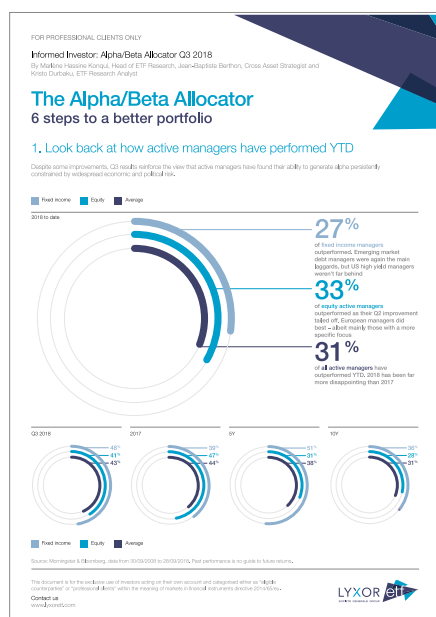
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