

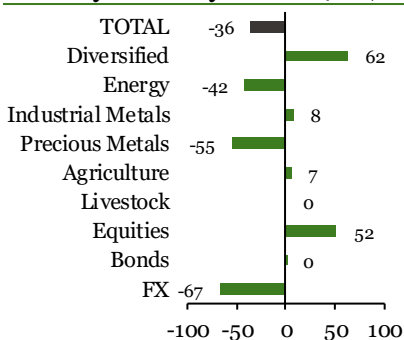
25 January 2018

ETF Securities Weekly Flows Analysis

Investors remain sceptical over the recent oil rally

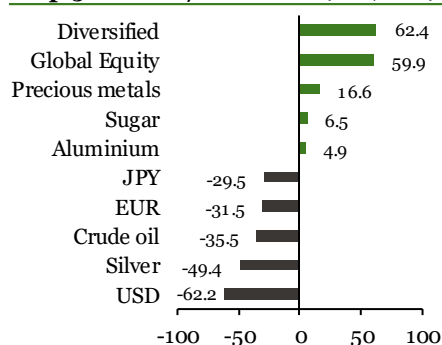
- **Investors continue to sell long positions in crude oil ETPs with outflows of US\$36mn last week**
- **In currencies, investors sold out of long ETPs in both the USD and EUR to the sum of US\$61m, the largest flows since June 2017**
- **Robotics ETPs posted another strong week of inflows - totalling US\$53m - just shy of the record US\$56 the previous week**

Weekly Flows by Sector (US\$ mn)



Investors continue to sell long positions in crude oil ETPs with outflows of US\$36mn last week. With the exception of one week, we have now seen 29 consecutive weeks of outflows. That is similar to the period of outflows seen in 2013/14, just prior to the fall in oil prices in late 2014. To further highlight investor scepticism in the sustainability of current oil prices, we have seen inflows of US\$53mn in short positions over the same 29 week period. The oil market currently has two key opposing forces influencing prices: further signals that OPEC and Russia will persevere past 2018 with regards to production freezes, and the most recent IEA report highlighting that they expect US oil production to surpass that of Saudi Arabia. We continue to believe the oil price is likely fall back into the range between US\$45 to US\$60 per barrel in the coming year.

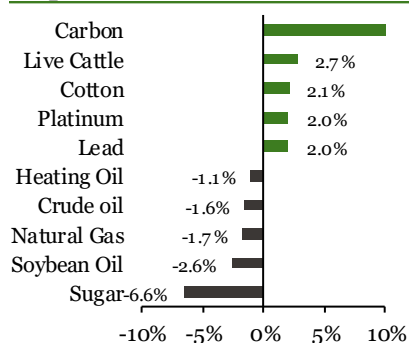
Top 5 Inflows/Outflows (US\$ mn)



Precious metals saw broad outflows of US\$55mn, with the majority of outflows from silver ETPs, which saw outflows of US\$49mn last week, bringing year to date outflows to US\$77mn. The current gold:silver ratio is currently at 78, above 1x standard deviation from its average, highlighting silver is historically cheap at current levels after the recent gold price rally.

In currencies, investors sold out of long ETPs in both the USD and EUR to the sum of US\$61mn, the largest flows since June 2017. We believe this was due to increasing rhetoric of further tightening from the ECB and worries from investors over rising government bond yields in the US. USD and EUR ETPs saw outflows of US\$27mn and US\$5mn respectively, further highlighting investor bearishness over the currencies.

Top 5 / Bottom 5 Performers



Robotics ETPs posted another strong week of inflows - totalling US\$53mn - just shy of the record US\$56mn the previous week. This brings total inflows this year to US\$128mn. Expectations are high for the upcoming earnings season. Consequently Robotics ETPs have outperformed the S&P500 by 5% this year. Valuations remain at 31x, at their long-term average, to the MSCI Global Technology index.

Source: ETF Securities

Note: see next page (*)