

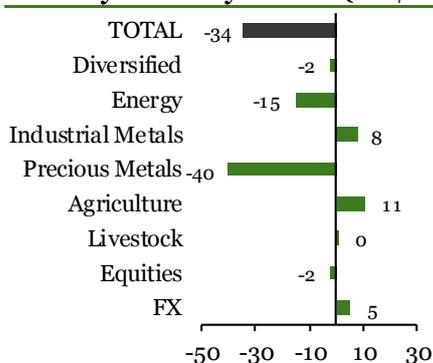
30 April 2018

# ETF Securities Weekly Flows Analysis

## Contrarians appear to sell US Dollar and buy sugar

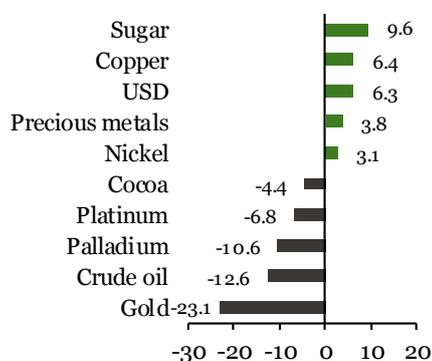
- **US\$6.7mn inflows into short USD long EUR ETPs as investors place contrarian trades.**
- **Gold outflows resumed after two weeks of inflows.**
- **Falling sugar prices draw out potential bargain-hunters.**

### Weekly Flows by Sector (US\$m)



**US\$6.7mn inflows into short USD long EUR ETPs as investors place contrarian trades.** In a week where US 10-year Treasury yield temporarily rose above 3% for the first time since 2014, which unleashed pent-up US Dollar strength, ETP investors appeared to take on a contrarian trade. The US Dollar basket rose 1.4% with particular strength against the Euro (1.6%). The Euro depreciated the most on Thursday following acknowledgment from the European Central Bank (ECB) that economic data has been weak in the recent past and that economic developments will need to be closely watched during Q2. While Mario Draghi, the ECB's President, offered balance in comments highlighting that weakness could be due to temporary factors and come in the shadow of a strong spurt of growth at the end of 2017, the overall tone was judged by the market to be dovish. ETP investors however, appear positioned the Euro to reverse the depreciation seen last week.

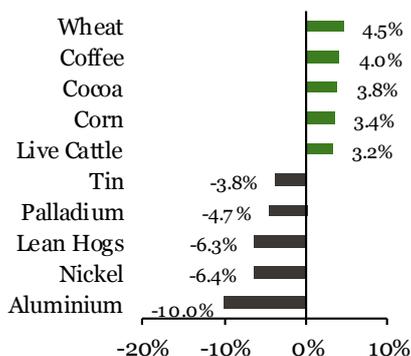
### Top 5 Inflows/Outflows (US\$m)



**Gold outflows resumed after two weeks of inflows.** Rising Treasury yields and an appreciating US Dollar drove gold prices 1.1% lower and led to US\$23.1 outflows from gold ETPs. That brings a break to several weeks of inflows, when gold had seen support from rising geopolitical risk. A historic summit between North Korea and South Korea last week led to an accord to completely "cease all hostile acts against each other" and work on denuclearising the Korean peninsula. That has taken some of the geopolitical premium off gold.

**Falling sugar prices draw out potential bargain-hunters.** Last week's inflows of US\$8.9mn into long sugar ETPs were the largest since January 2015. Sugar prices have tumbled 23% since the beginning of the year with global sugar markets amply supplied. With the EU having lifted its export quotas on sugar last year and plenty of supply coming from the major raw cane sugar producers like Brazil and India, sugar has come under pressure. However, as we switch over to the 2018/19 season, some speculate that more cane will be diverted to ethanol production in Brazil, amid higher oil prices (ethanol is alternative fuel in Brazil, with most cars able to consume either gasoline or ethanol). That could leave less cane available for sugar and potentially higher prices.

### Top 5 / Bottom 5 Performers



**Outflows from platinum and palladium ETPs follow weak car sales.** Platinum ETPs had outflows of US\$7.1mn while palladium ETPs had outflows of US\$10.6mn. Both metals are used in autocatalysts and so are sensitive to auto sales. European passenger car sales declined 5.3% y-o-y in March 2018 (marking the first fall in March since 2014) and commercial vehicles fell 2.5% y-o-y in March 2018.

Source: ETF Securities  
 Note: see next page (\*)

**Note: All flow and AUM data in this report are based on ETF Securities ETP numbers to 20 April 2018 and are denominated in USD unless otherwise indicated. Investments may go up or down in value and you may lose some or all of the amount invested.**

**Past performance does not guarantee future results.**