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[EII EMEA Investment Strategy](#)

All figures in USD

EMEA-listed ETP Flows May 2019

\$2.3B was added to EMEA-listed ETPs in May in the lowest inflow month of the year so far. Fixed income flows dropped to just \$715m, down from \$4.7B in April, while equity flows ticked up to \$1B. Commodity ETPs gathered \$440m, the largest inflow for the asset class since January.

Key themes this month:

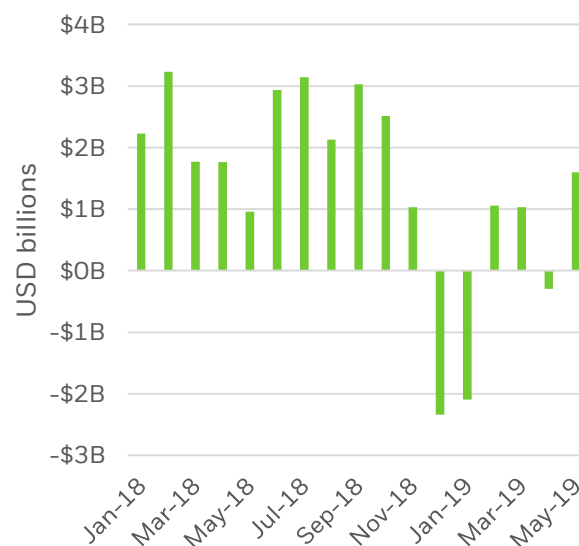
- 1. Inching back to US?:** US equity flows return
- 2. EMD falls out of favour:** First outflow month in 13
- 3. Gold swings positive:** \$0.8B added in May

1. Inching back to US?

- **US equity ETPs led equity inflows in May** with \$1.6B added, in the largest monthly inflow to the exposure since October 2018. This follows \$0.3B out in April.
- **Looking across the whole of 2019, EMEA investors have appeared to lack conviction on US equities**, with two inflow months and two outflow months prior to May, which takes the YTD net inflow figure to \$1.3B. This mixed picture started to appear in December 2018, following 19 consecutive months of inflows.
- **EM equity ETPs lost \$0.3B in May, in the first outflow month since August 2018 for the exposure.** Investors continued to sell European equities for a fourth consecutive month with another \$0.9B out in May, albeit not as much as the \$2.8B out per month in both March and April.

Lacking conviction

Monthly flows into EMEA-listed US equity ETPs, January 2018-May 2019



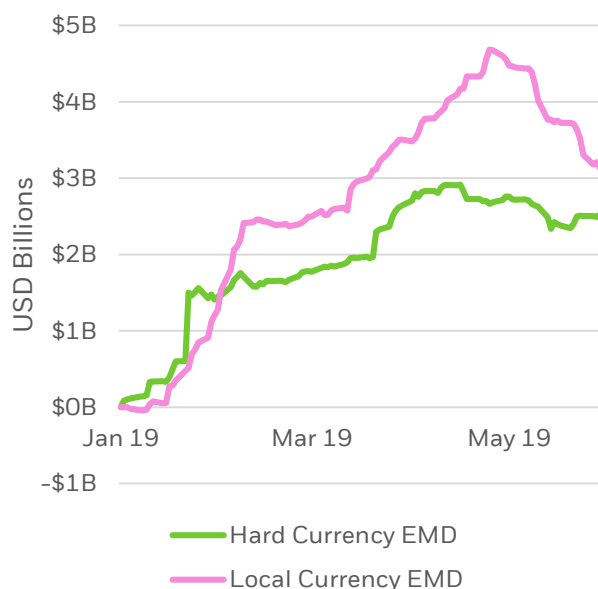
Source: Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) at 31 May 2019. Past flows into EMEA-listed ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation to, offer or solicitation to buy or sell any financial instrument or product or to adopt any investment strategy. Investment in the products mentioned in this document may not be suitable for all investors. BlackRock has not considered the suitability of any product against your individual needs and risk tolerance.

2. EMD falls out of favour

- Outflows of \$1.7B from EMD weighed on the headline fixed income flow figure in May.**
 This marked the largest outflow month from EMD since November 2016, and the first outflow month since August 2018, at the time of the EM currency crises.
- \$1.5B of the outflows can be attributed to local currency EMD ETPs**, which have been sold for five consecutive weeks, following consistent buying up until mid-April. Hard currency EMD flows have been a little more mixed, with inflow and outflow weeks netting out at -\$0.2B for the month.
- Interest in rates ETPs picked up following a lacklustre April**, with \$1.4B added in May. Simultaneously, buying in investment grade (IG) exposures more than halved from April to \$0.7B in May, while investors sold high yield (HY) for the first time this year in May (-\$0.6B).

Not so local

Cumulative flows into EMEA-listed EMD ETPs, January-May 2019



3. Gold swings positive

- Gold ETPs gathered \$0.8B in May**, following \$300m out the month before. Investors added a bumper \$1.6B in December, followed by \$0.9B in January, but sold the exposure in the subsequent three months of 2019.
- Despite increased market volatility this year, we haven't seen a significant flock to safe-haven exposures, such as gold.** This is similar to what we saw during the volatility episode in February 2018 (-\$1B out of gold over this period). On the other hand, the spike in inflows in December – which came amid broad risk-off sentiment – does point to some safe-haven demand.

In need of a shine

Cumulative flows into EMEA-listed gold ETPs, January-May 2019



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