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by BlackRock

Contact details:

[EII EMEA Investment Strategy](#)

All figures in USD

Global ETP Flows July 2020

Global net inflows into exchange-traded products (ETPs) pulled back from record levels last month, with \$69.5B added in July after the \$71.5B of inflows in June. Fixed income led the way, in a continuation of one of the key flow trends of 2020, while a record month for gold led to \$9.4B of inflows into commodities, and equity flows totalled \$18.2B.

Key themes in July:

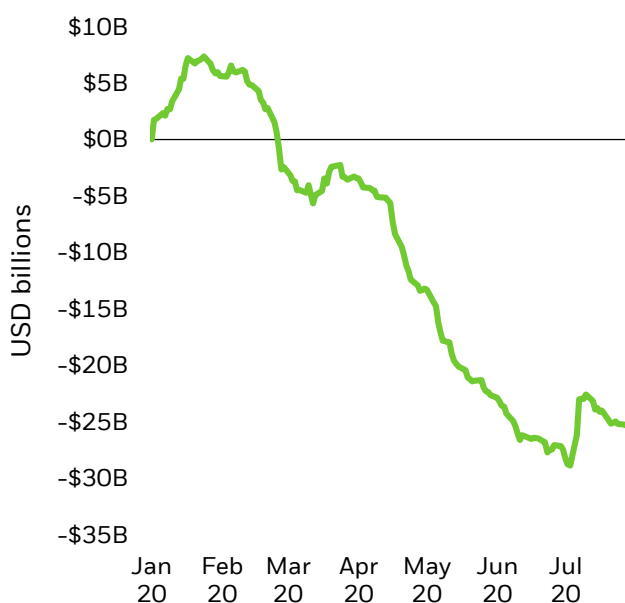
- 1. Back at 'EM:** inflows into emerging market (EM) equity for the first time since January
- 2. Rate of decline:** outflows from rates as investors look to credit
- 3. Golden hour:** yet another record for gold and silver flows

1. Back at 'EM

- **Flows finally returned to EM equity last month for the first time since January**, with \$2.0B added globally over the course of July. In a departure from recent trends, money was added across listing regions, whereas in June, inflows were largely APAC-domiciled. Delving a bit deeper, single country ETPs were the main beneficiaries of the turn in sentiment, with China ETPs in particular drawing inflows.
- **The inflows into EM equity come amid the first month of selling out of US equity since August 2019**, with \$2.2B of outflows. This was driven by selling out of US-listed products, while EMEA- and APAC-listed US equity products registered inflows. The figures also highlight the trend we've started to see over the past eight weeks of investors in US-listed products looking to diversify outside of the US. In June, flows into US-listed products drove buying in European equity, and in July, flows into US-listed EM equity ETPs made up almost half of the global EM inflows.
- **Buying in EMEA-listed products drove inflows into European equities in July**, making up 90% of the \$2.9B global net inflows into European equity ETPs. These inflows came amid concrete progress on the European Recovery Fund, and were tilted towards large cap and broad market exposures.

A turning point?

Cumulative flows into EM equity ETPs, January-July 2020



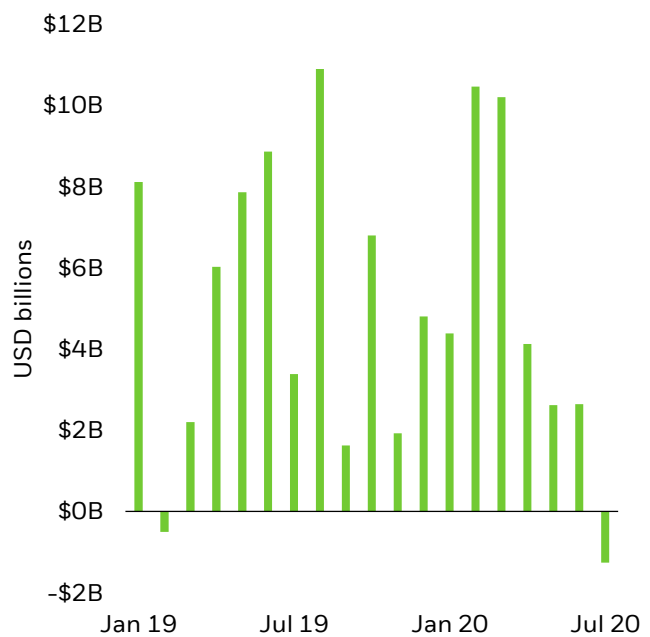
Source: Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) at 31 July 2020. Past flows into global ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting 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. Rate of decline

- **Rates flows turned negative in July, for the first time since February 2019**, with \$1.3B of outflows. This was largely driven by selling out of US government exposures (-\$1.7B), alongside selling out of single country European rates, such as Spain, Germany, France and the UK. Buying across eurozone, peripheral countries (mainly Italy) and global rates exposures helped to temper the outflows.
- **Amid lighter volumes heading into the summer**, buying in investment grade (IG) credit fell to \$10.8B in July, after record inflows in June, while high yield (HY) flows increased to \$7.3B. The drop in IG flows can be attributed to a reduction of inflows into US IG, following the record month in June. Eurozone IG flows increased slightly to \$1.1B. A pickup in buying in multisector ETPs (+\$12.5B) also helped to compensate for the shortfall in US IG demand.
- **Buying in emerging market debt (EMD) remained fairly steady in July**, with \$1.8B of inflows, slightly down on June's buying. Buying of US and APAC-listed ETPs drove the inflows, with EMEA-listed flows falling to their lowest level in three months (+\$0.2B). Flows continue to overwhelmingly favour hard currency – a trend that has persisted since April.

Selling out

Monthly flows into rates ETPs, January 2019-July 2020

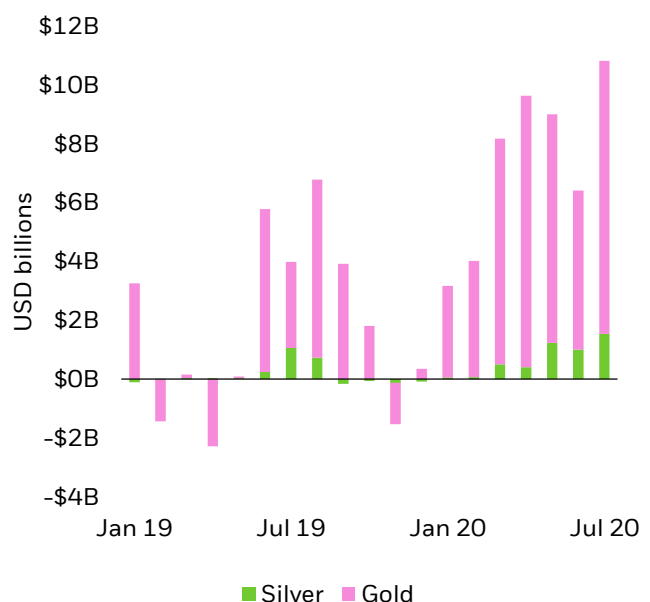


3. Golden hour

- **Gold flows have continued to set new monthly records in 2020, and July was no exception.** Inflows of \$9.3B pipped the previous record set in April (\$9.2B), as market attention continued to focus on the precious metal. Inflows were split across listing regions indicating global demand, albeit led by US-listed products, as we saw in April.
- **Silver was also in focus in July and notched its own record inflow month (\$1.5B)**, beating the previous record set in May by \$0.3B. Flows into the precious metal now total \$4.8B in 2020 – more than the total net inflows from 2013 to 2019, although it is worth bearing in mind that the universe of silver ETPs has risen since 2013.
- **Investors have continued to add to sustainable products**, with a further \$5.1B of inflows in July. Inflows into EMEA-listed products have outstripped US counterparts since April, and this continued last month, with EMEA-listed flows accounting for 63% of all buying. Global inflows into sustainable products this year now total \$33.5B, already surpassing 2019's record total of \$27.2B.

Precious mettle

Monthly inflows into gold and silver ETPs, January 2019-June 2020



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