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[EII EMEA Investment Strategy](#)

All figures in USD

EMEA-listed ETP Flows June 2019

\$5.5B was added to EMEA-listed ETPs in June, more than doubling the \$2.4B gathered in May when market volatility was a little higher. Fixed income flows of \$6.3B mark a ninefold increase on May's flow figure, while commodities had their largest inflow month of 2019 with \$2B added. The increase in the headline figure comes despite \$3.8B of outflows from equity ETPs in the largest monthly outflow since April 2012.

Key themes this month:

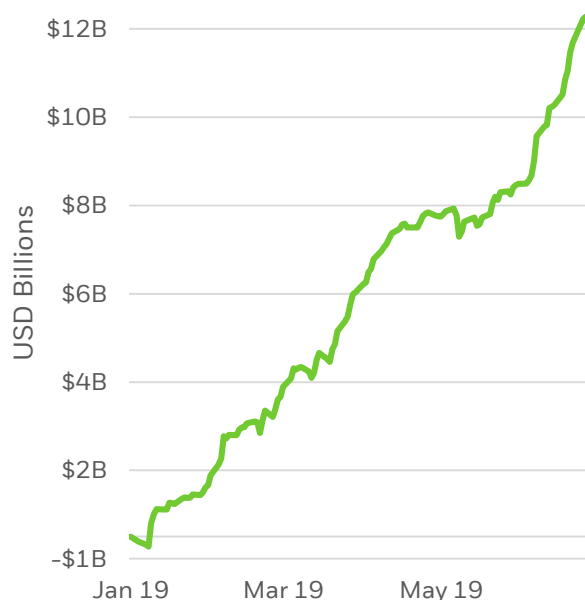
1. **Credit to IG:** Largest monthly inflow since 2016
2. **US and thEM:** Bright spots in US and EM equity
3. **Going for gold:** Another bumper month for gold

1. Credit to IG

- **\$3.6B into investment grade (IG) in June marks the largest monthly inflow into the exposure since March 2016** – and mostly went into euro credit ETPs. Inflows of \$1.4B alone in the week of the Fed meeting and ECB Sintra conference (w/c 17 June) show a return of demand off the back of easier central bank policy. This was the largest ever weekly inflow into IG ETPs.
- **Conversely, rates ETPs dropped to \$0.6B in June, the second lowest monthly inflow this year**, as investors turned to IG (above) and returned to HY following outflows from the latter in May. High yield – which has been fairly popular amongst investors in 2019 – gathered \$1.1B, with \$0.9B of that coming in the central bank-heavy week noted above.
- **EMD flows are flat for June at just \$35m, following \$1.7B out in May.** The headline figure is skewed by \$0.5B out in the first week of June, as the subsequent three weeks of the month registered inflows.

A steepening trajectory

Cumulative flows into EMEA-listed IG ETPs, January-June 2019



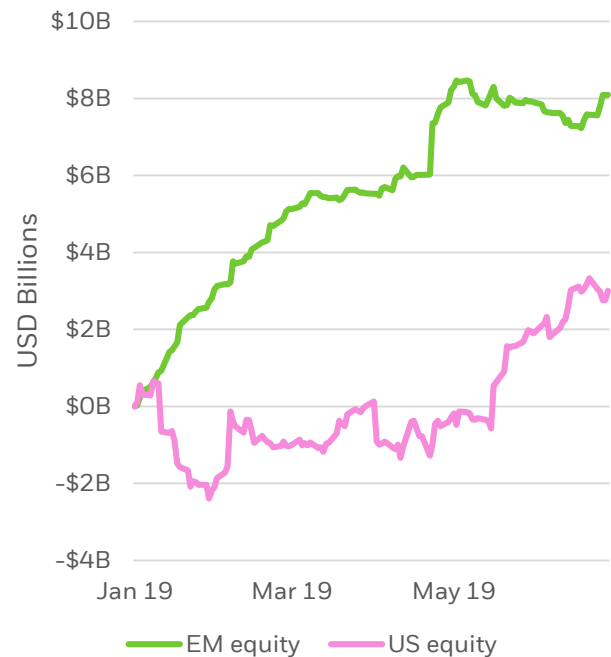
Source: Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) at 30 June 2019. Past flows into EMEA-listed ETPs are not a guide to current or future flows and should not be the sole factor of consideration when 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. US and thEM

- **US equity and EM equity were the bright spots within the asset class in June**, with \$1.1B into the former and \$0.2B into the latter. As the only two equity exposures to register inflows, these helped to offset the \$4B lost elsewhere.
- **EM flows have lacked conviction over the past couple of months.** Net flows over the course of May and June stand at just -\$0.1B, compared to consistent inflows of over \$2B in the first three months of this year.
- **Investors continued to sell European equity in June, with \$1.8B out**, while Japanese equity ETP flows were fairly flat for another month at -\$0.1B. Monthly Japanese equity flows have tended to stick within a +/- \$0.5B range so far this year, with May's \$0.9B of inflows looking to be an anomaly.

Bright spots?

Cumulative flows into EMEA-listed EM equity and US equity ETPs, January-June 2019

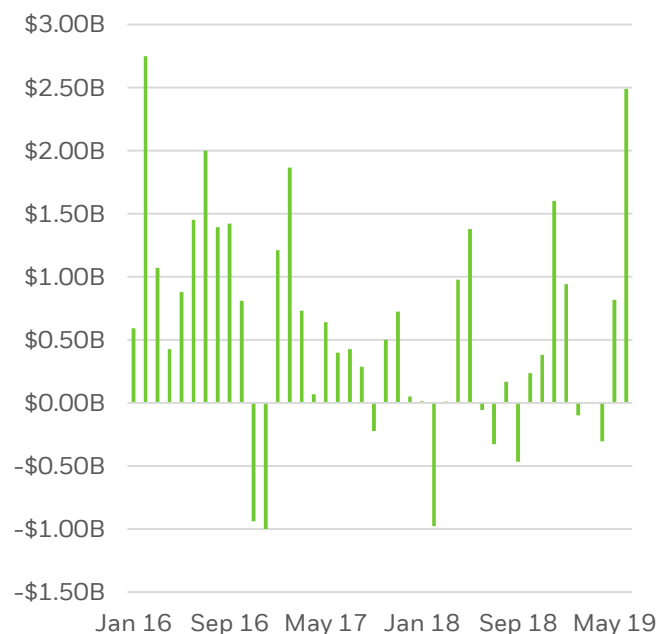


3. Going for gold

- **Inflows of \$2.5B into gold mark the largest monthly inflow into the precious metal since February 2016**, when \$2.7B was added. The vast majority of inflows came at the beginning of the month, with \$1.7B added in the first week. This is the largest ever weekly inflow into gold ETPs.
- **The inflows in June take the YTD flow figure into gold to \$3.8B**, compared to \$2.9B gathered in the entirety of 2019. June also marks the second consecutive month of inflows for the first time this year, and is a remarkable turnaround from earlier in the year where \$400m was lost between February and April.
- **We noted last month that we had not really seen a flock to safe-haven exposures** despite increased market volatility this year, and outside of gold this trend has continued into June. Rates ETPs, for example, had their second lowest inflow month of the year with \$0.6B added.

Gold standard

Monthly flows into EMEA-listed gold ETPs, January 2016-June 2019



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