

Flow & Tell

GPS APAC Investment & Portfolio Solutions

Review of July & Early August 2024 iShares ETF flows

August 2024

August Volatility Sparks Flight to Safety

The volatility produced by the **global carry trade unwind** and **weak US non-farm payrolls** caused a deceleration in DM equity inflows, alongside **outflows from HY and both EM equity and fixed income**. It also produced safe haven **inflows into IG and US Treasury exposures** (see below).

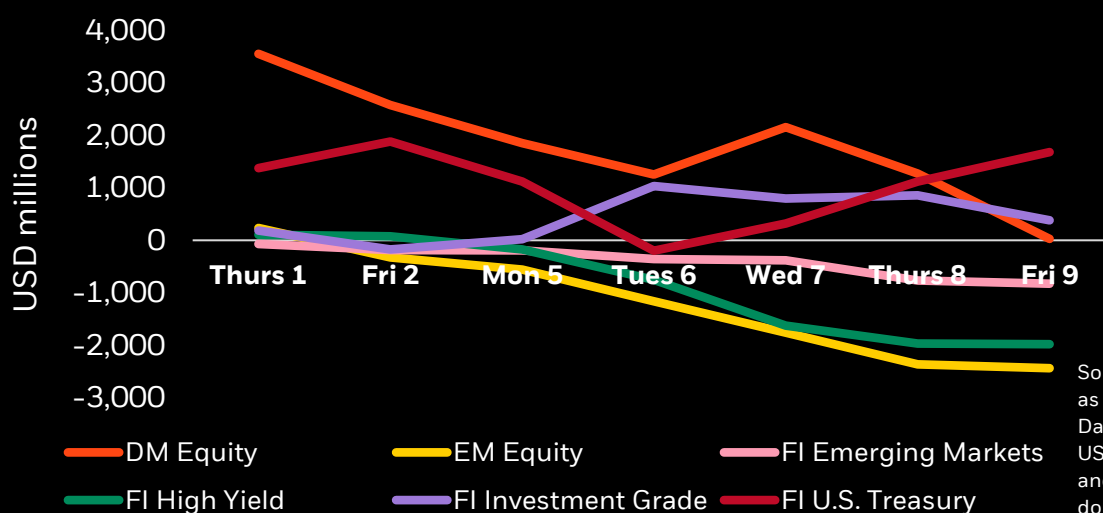
Fixed income ETF inflows hit their highest level for 2024.

Fixed income ETF inflows rose 55% m/m in July to reach +US\$21bn, a higher total than the +US\$20bn inflow seen in Nov 2023, when long-end Treasury yields peaked and began to decline sharply.

Crypto ETF inflows nearly triple in July.

Crypto inflows nearly tripled to +US\$2.9bn in July following the regulatory approval of Ethereum ETFs. However, flows remain substantially below the +US\$6.2bn peak seen in March.

August MTD Cumulative Flows by Asset Class



Source: BlackRock, as of Aug 9, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only.

+\$21.2bn

July fixed income flows rise 55% m/m to reach its highest monthly total for 2024.

+\$19.3bn

Equity ETF inflows decelerate in July, with outflows from EM and DM APAC.

+\$2.9bn

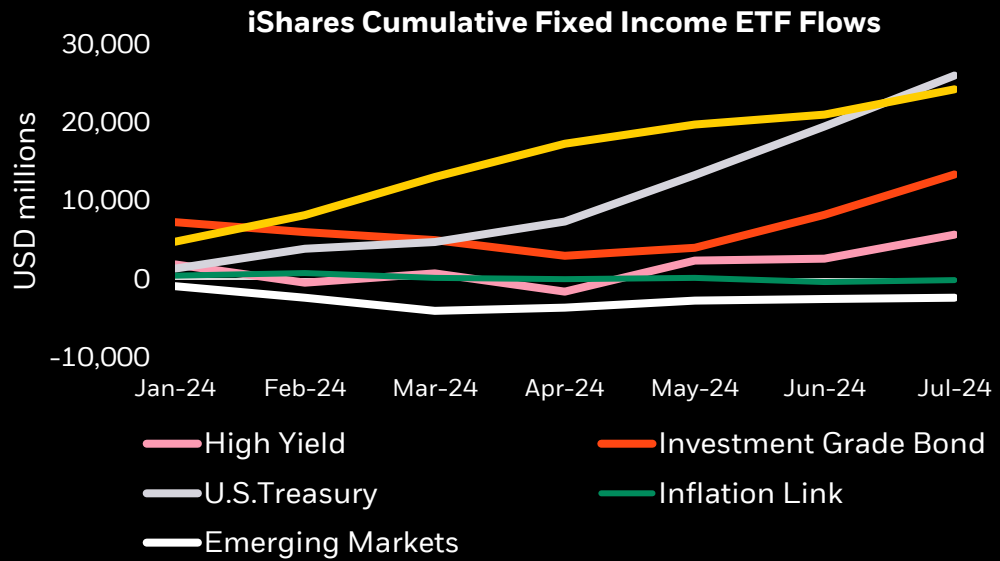
Crypto inflows nearly triple in July although flows remain well-below their +US\$6.2bn March high.

blackrock.com

All flow amounts are denominated in USD, unless otherwise stated. All data sources are from BlackRock, as of June 30, 2024, unless otherwise specified. The opinions expressed are as of date and are subject to change at any time due to changes in market or economic conditions.

Fixed Income

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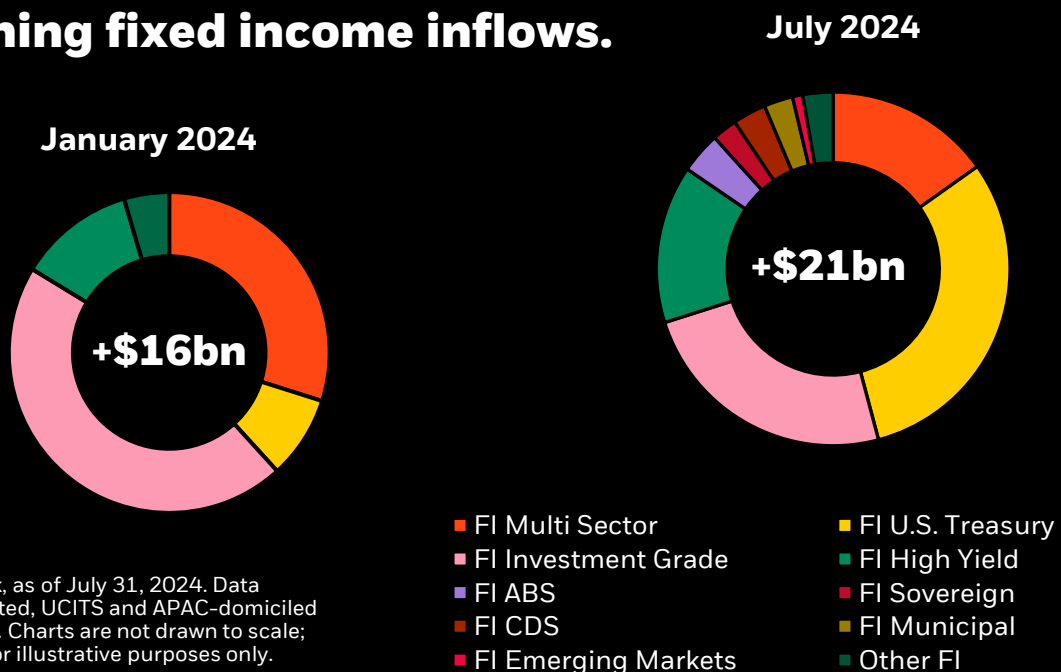


Fixed income inflows in July rise to their highest levels in 2024. Led by US Treasury, IG & HY flows.

iShares fixed income inflows rose 55% m/m in July (+US\$21bn), a higher monthly total than the +US\$20bn seen in November 2023, after the Treasury Borrowing Advisory Committee’s (TBAC) quarterly refunding announcement showed a change in the composition of Federal government funding away from longer-term debt issuance towards shorter-term funding sources. As was the case in May and June, **July fixed income inflows were led by US Treasury flows, although there were strong flows into IG credit (+US\$5.1bn) and HY (+US\$3.1bn) as well** (see chart above). The YTD cumulative flows into HY (+US\$5.7bn) are particular

ly interesting, given how much stronger it is currently as compared to an equivalent stage last year (-US\$928m outflow), suggesting that investors were much more confident around the likelihood of a soft landing in July 2024 than they were a year ago. Indeed, whereas HY experienced 9 months of outflows across 2023, in 2024 it has only experienced 2 months of outflows so far. In a further sign of investor confidence in the fixed income space, **fixed income ETF inflows have broadened out to include many more sub-segments within the fixed income market since the start of the year** (see graphic below).

Broadening fixed income inflows.

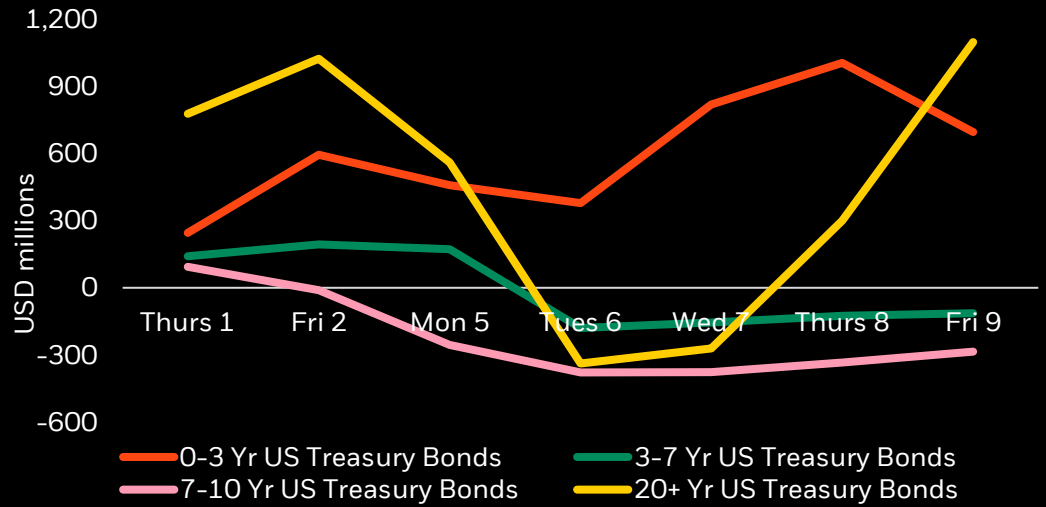


Source: BlackRock, as of July 31, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only. Charts are not drawn to scale; relative sizing is for illustrative purposes only.

iShares Investors Add Short- & Long-Duration Exposures.

As global volatility spiked, iShares investors added short- and long-duration Treasury exposures, but flowed out of the belly of the Treasury curve.

August MTD Cumulative Treasury Flows by Duration



Source: BlackRock, as of August 9, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only.

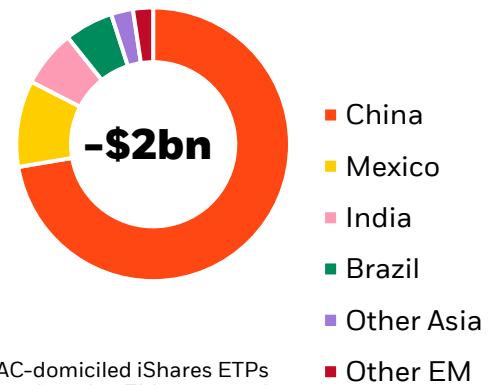
Equities

DM equity inflows continue to dominate over EM, which experienced outflows in July.

DM inflows hit their second-highest monthly total for the year, reaching +US\$20.5bn in July, second only to the +US\$26.7bn seen in June. Nearly all the July inflow flowed into US equities (+US\$20bn, see pie charts below), while flows into Europe were broadly flat (at

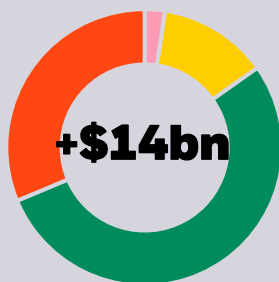
just +US\$21m). EM equities saw outflows in July, with outflows from Asia particularly marked. In particular, China equities experience the largest monthly outflow seen in the post-pandemic period, with investors disappointed by the lack of policy support announced at the Third Plenum.

July 2024 EM Single Country Outflows

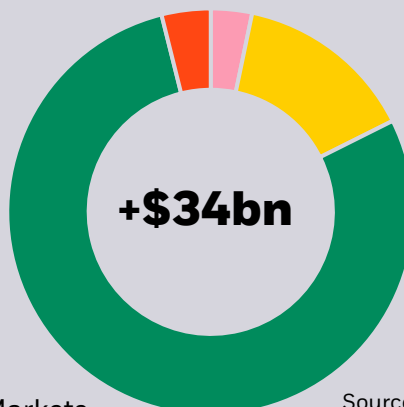


Source: BlackRock, as of July 31, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only. RHS chart includes single country ETF flows only. Excludes flows to broad market EM equity and regional EM equity ETFs. Charts are not drawn to scale; relative sizing is for illustrative purposes only.

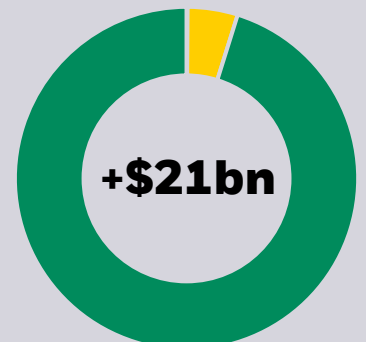
May 2024 Inflows



June 2024 Inflows



July 2024 Inflows



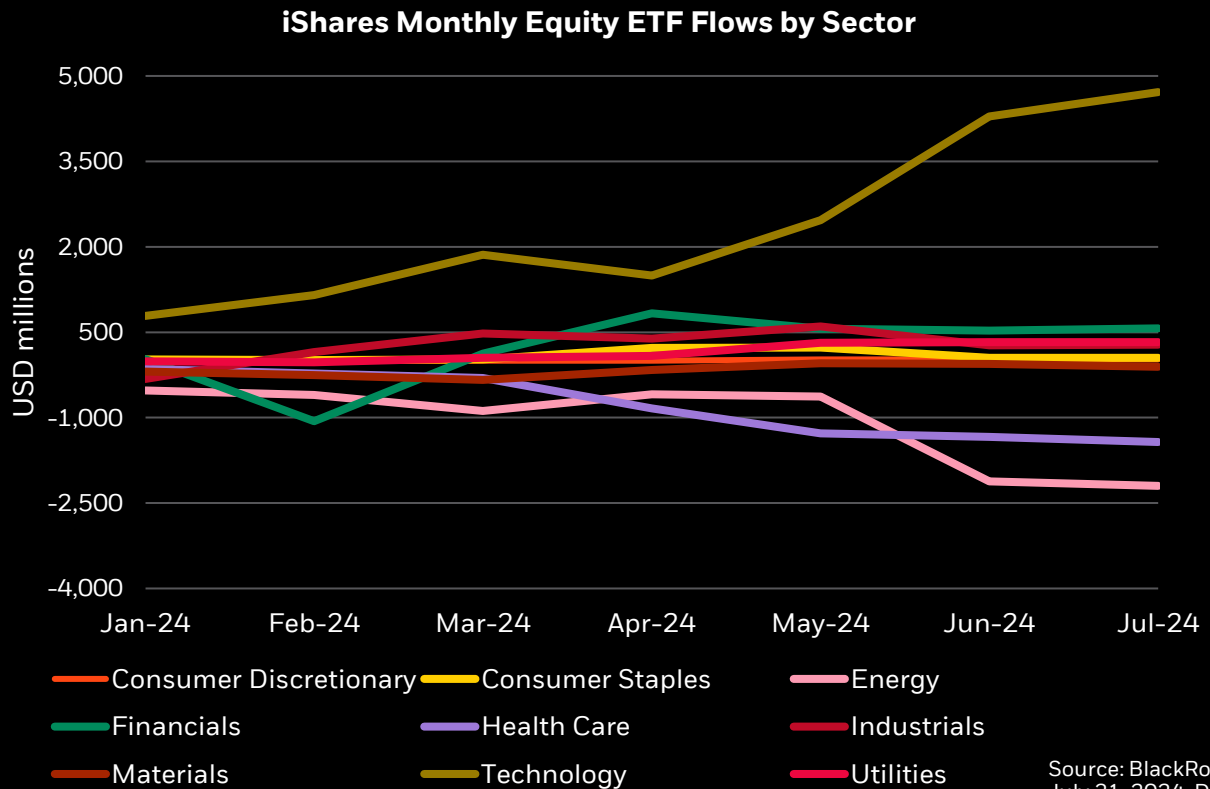
DM Europe Global DM
DM North America Emerging Markets

Source: BlackRock, as of July 31, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only. Charts are not drawn to scale; relative sizing is for illustrative purposes only.

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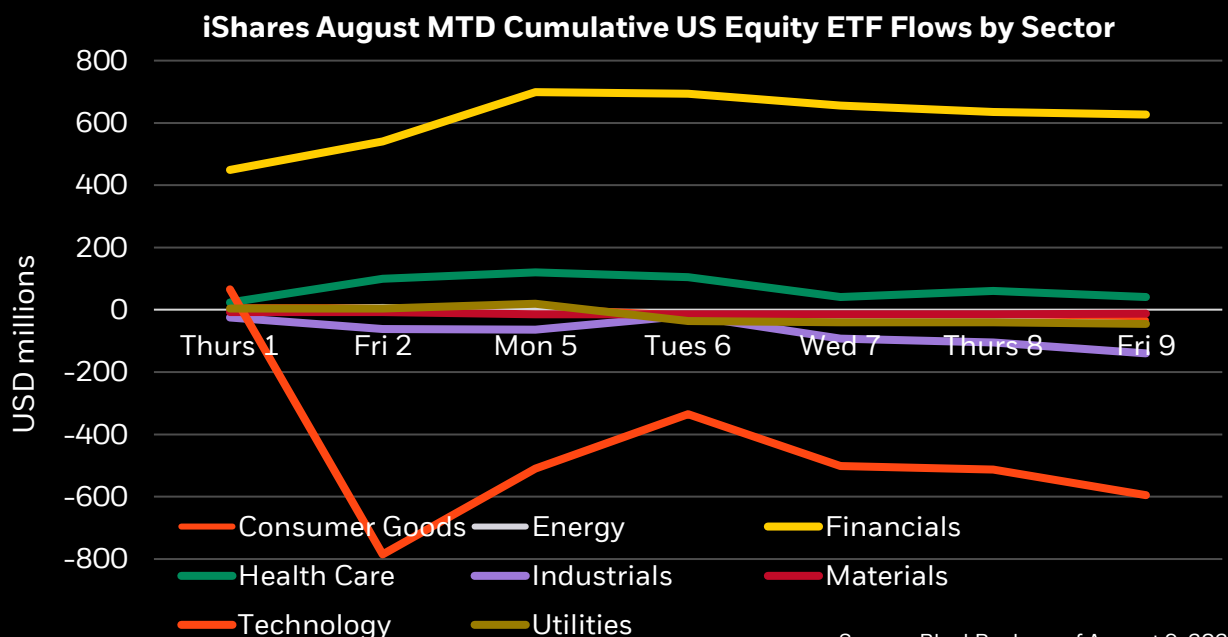
US Equity Sector Rotation: From Tech to Financials

No major sector rotation seen among iShares ETF users in July...



... But this changed with the volatility seen in August.

The US tech sector experienced outflows as global carry-trades unwound following the hawkish BoJ meeting. Flows into US financials remained resilient following the dovish Fed meeting.



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