



RRIEGER **B**REPORT[®]

May 2019 Bond ETF Flow Report

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What are the May 2019 Bond ETF Flows Telling Us?

- May 2019 has been a risk off month as equity volatility, global geopolitical risk and trade discussions elevate concerns for the US economy.
- The bond ETFs that collected the most assets were the composite investment grade USD based bond indices including Vanguards BND and iShares AGG. **Opportunity?** Yield compression has taken prices higher. No need to chase this segment higher.
- Large outflows were seen in the USD high yield bond ETFs with both iShares HYG and SPDRs JNK each seeing outflows over \$1.2billion in May alone. **Opportunity?** Looking for rising yields which could create a buy opportunity for these ETFs and go against the grain at that point.
- USD denominated emerging market bonds also were out of favor as iShares EMB saw outflows of over \$1.1billion. **Opportunity?** Would like to see yields rise higher before taking on the incremental risks of this sector.
- The largest senior loan ETF, Invesco's BKLN has seen dramatic outflows at month end netting out to \$467million for the month. **Opportunity?** With the Fed holding rates down and no end in sight, floating rate senior loans lose a lot of appeal. Loans being out of favor in this circumstance creates a tactical opportunity to pick up some short duration higher yielding assets.

May 31, 2019



Bond ETF Flows May 2019:

Top Five Inflow ETFs

ETF	May 2019 Flows (Millions)
Vanguard Total Bond (BND)	\$1.413
iShares Core US Agg (AGG)	\$1.244
iShares US Treasury (GOVT)	\$641
SPDR Bloomberg Barclays 1-3 Month T-Bill (BIL)	\$586
Vanguard Intermediate-Term Corporate (VCIT)	\$547

Bottom Five Outflows

ETF	May 2019 Flows (Millions)
iShares iBoxx \$ High Yield (HYG)	-\$1.655
SPDR Bloomberg Barclays High Yield (JNK)	-\$1.510
iShares JP Morgan USD Emerging Market (EMB)	-\$1.132
iShares iBoxx \$ Investment Grade Corporate (LQD)	-\$1.043
Invesco Senior Loan (BKLN)	-\$467

Source: [First Bridge Data](#). Table is provided for illustrative purposes only. Past performance is not a guarantee of future results. Data as of 5/31/2019.

May 31, 2019



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