



iFlow

VISION

October 10, 2022

iFlow Equities 2.0 Mapping Styles and Sectors for International Equities

iFlow Equities 2.0 included regional aggregates, sectors and industry groups that enable us to draw deeper and more granular conclusions about investor behavior. As a follow up to our iFlow Vision: “Introducing Equity Style Flows” white paper, we have extended similar studies of investor behavior in styles and sectors to international equity markets.

We examine sectoral flows across global equity markets and explore Growth vs. Value and Cyclical vs. Defensives as investment styles. We cover three key regions: Americas (AMER); Europe, Middle East and Africa (EMEA); and Asia Pacific (APAC); each for both Developed (DM) and Emerging Markets (EM).

Below are some key observations, based on data as of September 2022

- **Sector surge flow.** DM posted widespread negative surge flows in 10 out of the 11 sectors considered. Real Estate stands out with positive surge flows in both DM and EM. Consumer Staples and Financials drew marginal interest among broad selling within



WEI KHOO CHONG
Senior APAC Market Strategist



JOHN VELIS, PHD
FX and Macro Strategist,
Americas, SWI Milan



JOHN ARABADJI, PHD
Head of Markets, Macro
Strategy, Product & Analytics

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Below are some key observations, based on data as of September 2022:

- **Sector surge flow.** DM posted widespread negative surge flows in 10 out of the 11 sectors considered. Real Estate stands out with positive surge flows in both DM and EM. Consumer Staples and Financials drew marginal interest among broad selling within DM. Utilities recorded positive surge flows across the EM region, against all-out negative surge flows in four other sectors: Industrials, Consumer Staples, Healthcare and Communication Services.
- **Cyclical vs. Defensive flows.** EM EMEA is the only region of the six considered with positive Cyclical minus Defensive scored flows. This suggests a flight-to-quality, defensive mode of investor behavior. Our data also shows outsized outflows from Cyclical sectors in APAC and Defensives in DM EMEA in Q2 2022. Elsewhere, Cyclical and Defensive sectors moved broadly in tandem for the rest of regions considered (EM EMEA, EM AMER, DM AMER).
- **Growth vs. Value flows.** The regression coefficient (Flow/PB flows) is negative for DM AMER and EM EMEA, but positive for the rest. iFlow/PB flows indicate preference for Growth (positive reading) or Value (negative reading), and exhibit a good relationship against relative equity performance.

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To read [iFlow Equities 2.0: Mapping Styles and Sectors for International Equities](#), click the thumbnail above right.

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