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## **Bull market raises red flag: TrimTabs**

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By Editorial Staff     *Wed, Jan 4, 2017*

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TrimTabs Investment Research reports that U.S. equity exchange-traded funds enjoyed a net inflow of \$59.9 billion in December, easily surpassing the previous record of \$50.7 billion in November.

"Investor appetite for U.S. equities is seemingly insatiable," said David Santschi, chief executive officer of TrimTabs. "U.S. equity ETFs have had inflows on all but six trading days since the U.S. presidential election, and the buying volume has been by far the strongest we've ever seen."

In a research note, TrimTabs explained that the inflow of \$110.6 billion into U.S. equity ETFs in November and December combined is equal to a stunning 7.2% of these funds' assets.

TrimTabs also pointed out that last year's fund flows reveal an overwhelming preference for passive U.S. equity products. U.S. equity mutual funds, most of which are actively managed, lost \$233 billion in 2016, their third consecutive annual outflow. U.S. equity ETFs, almost all of which are passively managed, issued \$169 billion, their seventh consecutive annual inflow.

"Fund flows tend to be a good shorter-term contrary indicator, so the post-election buying spree bodes poorly for U.S. equities," said Santschi. "Also, selling that had been postponed late last year in anticipation of lower tax rates this year could put downward pressure on the market."

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