Retirement Income
JOURNAL

Flows to bond ETFs increased in September: TrimTabs

By Editorial Staff *Thu, Sep 17, 2015*

The rush into bonds has not occurred in response to strong absolute performance, TrimTabs said. Treasury bond ETFs are down 0.4% since the start of August, while corporate bond ETFs are down 0.7%.

Bond exchange-traded fund inflows surged to $9.8 billion (2.8% of assets) in the two weeks ended Friday, September 11, according to TrimTabs Investment Research.

This inflow is the biggest two-week haul since February, and it signals diminishing concern that the Federal Reserve will raise rates soon. “The renewed interest in bonds signals that investors are becoming more risk averse,” said David Santschi, chief executive officer of TrimTabs, in a release. “Concerns about an imminent rate increase are being thrown out the window.”

Inflows into bond ETFs accelerated to $19.9 billion—equal to $400 million daily—since the start of the third quarter, TrimTabs reported. Treasury bond ETFs have been particularly popular, pulling in $7.4 billion (11.2% of assets) since mid-August. Corporate bond ETFs drew heavy buying in the past two weeks, issuing $5.0 billion (2.1% of assets).

“Fund flows are consistent with a range of credit indicators, including the fed funds futures market, that fixed-income investors don’t expect the Fed to raise rates Thursday,” said Santschi.

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