
Trump rally could be sign of trouble ahead: TrimTabs

By Editorial Staff *Wed, Dec 21, 2016*

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U.S. equity exchange-traded funds received a record \$97.6 billion from Tuesday, November 8 to Thursday, December 15, according to TrimTabs Investment Research.

“ETF flows tend to be a good contrary indicator when they become extreme, so the buying frenzy doesn’t bode well for U.S. equities,” said David Santschi, CEO at TrimTabs.

“The market also could get a nasty jolt in January, when investors who’ve been postponing stock sales this year in anticipation of lower tax rates next year start to sell.”

“The stampede into U.S. equity ETFs since the election has been nothing short of breathtaking,” he said in a release. “The inflow since Election Day is equal to one and a half times the inflow of \$61.5 billion in all of last year. One has to wonder who’s left to buy.”

The inflow into U.S. equity ETFs since Election Day is equal to 6.3% of these funds’ assets, according to TrimTabs’ research note. By mid-month, December’s inflow had already reached \$43.4 billion; the record monthly inflow is \$50.7 billion, set in November.

U.S. equity ETFs have had outflows on only three trading days since the presidential election, and inflows swelled to \$27.8 billion on the five days ended Thursday, December 15. It was the highest weekly inflow in four weeks.

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