
Year-end shift into ETFs is a 'contrary indicator': TrimTabs

By Editorial Staff *Thu, Jan 8, 2015*

U.S. equity exchange-traded funds recorded a record inflow of \$45.4 billion in December and \$90.1 billion in fourth quarter 2014, the investment research firm said in a release.

Investors were pouring record sums into U.S. equity exchange-traded funds in the traditionally slow holiday season, according to TrimTabs Investment Research.

“The buying frenzy suggests the U.S. stock market will keep stumbling into the New Year,” said David Santschi, CEO of TrimTabs. “ETF investors tend to buy high and sell low, so their actions are generally an excellent contrary indicator.”

In a research note, TrimTabs explained that \$45.4 billion went into U.S. equity ETFs in December, surpassing the previous monthly record of \$44.6 billion in September 2008. The inflow of \$90.1 billion in the fourth quarter smashed the previous quarterly record of \$72.2 billion in the third quarter of 2008.

“U.S. equity ETF flows are not the only cautionary sign for the short term,” noted Santschi. “A wide range of sentiment measures suggests the bullish camp has become extremely crowded. We advise investors to be less aggressive on the long side now.”

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