

> BNY

iFlow

MACRO REVIEW

October 2024

Key Themes

Rebalancing: Inflows into CAD, INR, SEK and ZAR are likely given the gaps between asset market performance and FX flows.

US Equity Styles: Most style indicators are dead neutral as investors are reluctant to make big pre-election bets.

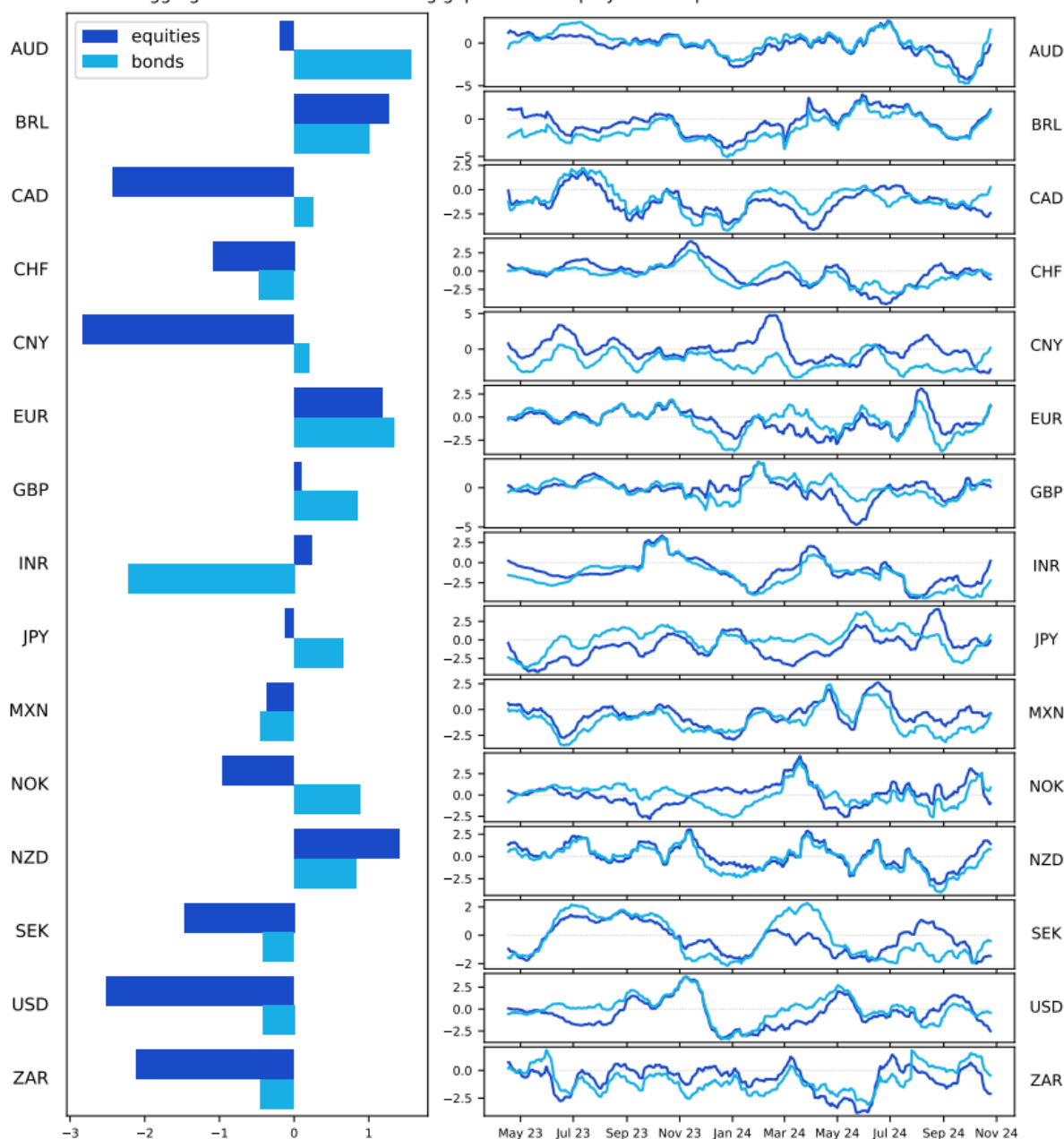
International Equity Styles: Growth exposure positive except in EM APAC.

iFlow Green: Global ESG flows are quite strong, with a few pockets of weakness (EM Americas, DM APAC).

To enlarge the charts, please click the image below.

Rebalancing Report

Aggregate month-end rebalancing gap between equity or bond price movements & FX flows



Source: Provincial statistics agencies, BNY Mellon

Dollar flows have been positive over the month of October as less dovish Fed expectations, increasing market-based odds of a Trump victory, and higher bond yields have propelled the USD higher against most crosses. G10 equity flows have been mostly negative over the month, and fairly moribund in EM markets, with some exceptions. Confirming unwillingness to make large bets going into the election, fixed income equity flows have also been relatively muted in either direction, again, with just a few exceptions.

iFlow Macro Review PDF contains the following:

- Monthly Rebalancing index, based on marginal equity and fixed income returns, offset against marginal FX flow scores generated by iFlow
- US Equity Styles, detailing US equity purchases across different style indices
- International Equity Flows, assessing asset allocation preferences across developed and developing markets on a regional basis
- iFlow Green, which assesses alignment between ESG factor flows and general equity flows

iFlow Equities 2.0 Style Indices – flows of significance:

1. US Equity Styles

- The spread between flows into cyclical and defensive equity industries is essentially neutral; lack of clarity on the post-election outlook is the likely driver of this.
- Both growth and leverage flows are positive, unsurprising given looser financial conditions.
- Inflation-related flows have been slightly negative for a few months now, indicating a lack of concern on the part of equities investors.

2. International Equity Styles

- DM markets are seeing cyclical flows starting to outpace defensives, while in both EM EMEA and EM APAC, appetite for cyclicals is falling relative to that for defensives.
- DM growth vs. value flows is beginning to turn lower in favor of value, a sign of economic optimism and valuation gaps making value equities attractive relative to their peers.

3. iFlow Green

- Most regions are showing good flow alignment with individual ESG factors. The environment factor in particular is seeing good alignment, although it is off in DM APAC and EM Americas.
- The social factor alignment is still negative, but off its lows from earlier this year.
- Governance flows are also generally well-aligned, although again not at all in EM Americas.

Please direct questions or comments to: iFlow@BNYMellon.com

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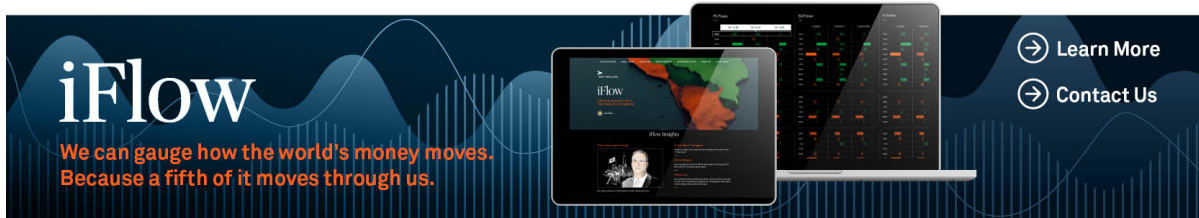


John Velis
AMERICAS MACRO STRATEGIST

CONTACT JOHN



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