

# The Alternate Opinion

Quantitative & Alternates

Global Liquidity Tracker: India Dedicated Flows expand to 6-month high led by US Smallcap funds; EM Technology flows at 5-month high

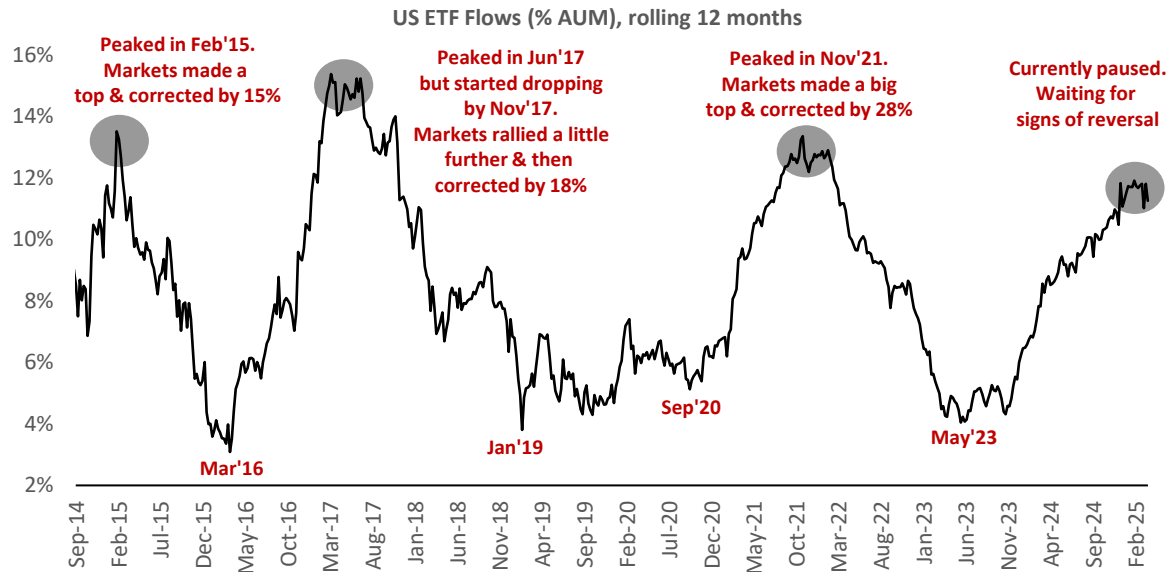
## India Dedicated Flows expand to 6-month high led by US Smallcap funds; EM Technology flows at 5-month high

After 13-week large inflow of \$33bn in the previous week, U.S. funds saw \$19bn in redemptions. Despite these occasional outflows, the overall trend of inflows into U.S. markets remains strong. We will closely monitor for any signs of weakness, especially since the U.S. flow momentum indicator remains in the euphoria zone. *Historically, ETF flow has served as a reliable indicator of US market movements. A break in ETF flow momentum has often preceded significant market corrections.* For instance, in 2021, ETF flows peaked in November, followed by a 28% decline in the S&P 500. Similarly, in 2017, flows peaked in June, with redemptions beginning in November before an 18% S&P 500 correction. A comparable pattern was also observed in 2015.

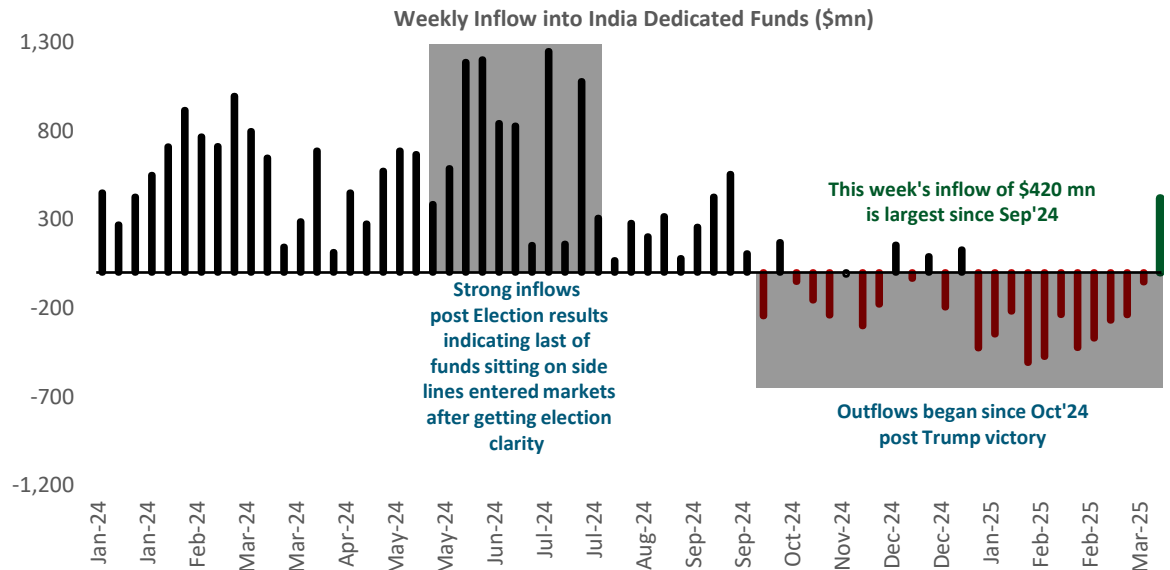
Foreign fund flows into Europe remain strong for 13th consecutive week. *Despite consistent inflows over the past three months, the European index has yet to surpass its highs made in the year 2000.* Similarly, foreign flows in Japan remains robust, with the Nikkei 225 trading near levels last seen in 1990.

*India Dedicated inflows surged to a 6-month high of \$419mn, driven primarily by U.S. inflows.* This inflow is after 11 weeks of redemptions totalling \$3.6bn. Of the \$419 million, \$239 million flowed into ETFs, while \$180 million into long-only funds. *Small-cap inflows of \$88 million were highest since January 2024, with all contributions coming from U.S.-domiciled funds.* Over the past five weeks, \$168 million has been redeemed from U.S.-based large-cap funds and reallocated to small caps. India's inflow came at the cost of China which saw outflow of \$532mn.

*Inflows into EM Technology funds have surged over the past four weeks, with this week's \$2.5bn inflow marking the largest since Oct'24.* This is the first notable improvement in trend since the significant outflows from Oct'24 to Feb'25 period.



Source: EPFR, Elara Securities, Research, Bloomberg, Capital Line, ACE MF



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