



Off the wires:

Global stock retreat dents sentiment on European junk bonds

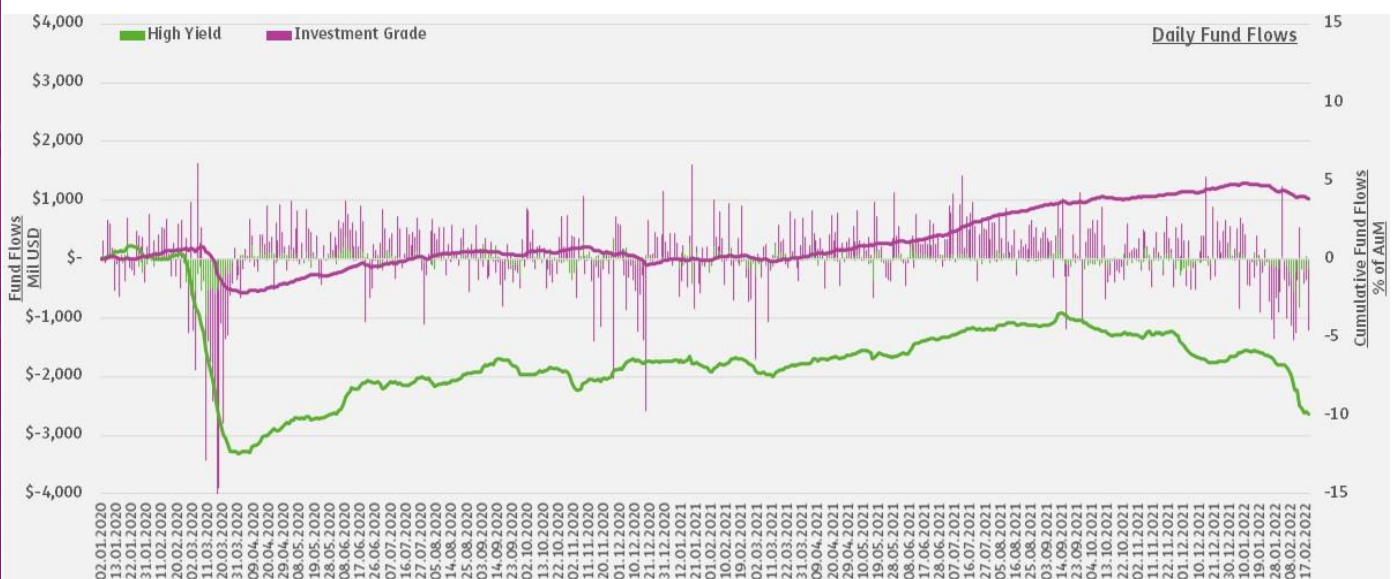
FINANCIAL TIMES

View from EPFR:

As tensions on the Russia-Ukraine border escalated and the volatility across equity markets grew in recent months, investor sentiment towards risky assets has taken a hit.

This has materialized within EPFR-tracked Western Europe High Yield Bond fund flows, as its downward trajectory that began in September last year took a turn for the worst in January 2022. Overall, the fund group lost \$3.5 billion between January 17th to February 18th. The recent rise in the iTraxx Crossover index indicating higher costs of insuring Europe's junk bonds, alongside this negative sentiment observed in EPFR's fund flows, could indicate further difficulties in the market for newly issued high yield debt.

Western Europe High Yield and Investment Grade Bond Fund \$ Flows and Cumulative Flow %



Investors also offloaded \$9.5 billion from Western Europe Investment Grade Bond funds over the same period. This level of outflow had not been seen for a year, as investors' anticipation of interest rate hikes to help curb rising inflation continues to take hold.

➤ ABOUT EPFR

- Informa Financial Intelligence's EPFR, a subsidiary of Informa plc (LSE: INF), provides fund flows and asset allocation data to global financial institutions gleaned from a universe of over 134,000 share classes domiciled globally encompassing over \$50 trillion in assets. Our data helps portfolio managers, asset allocators, strategists and research teams generate alpha by giving them a clear picture of where money is moving, how fund managers are investing that money, and what impact those shifts are having on geographies, sectors, industries and securities.



Reference

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