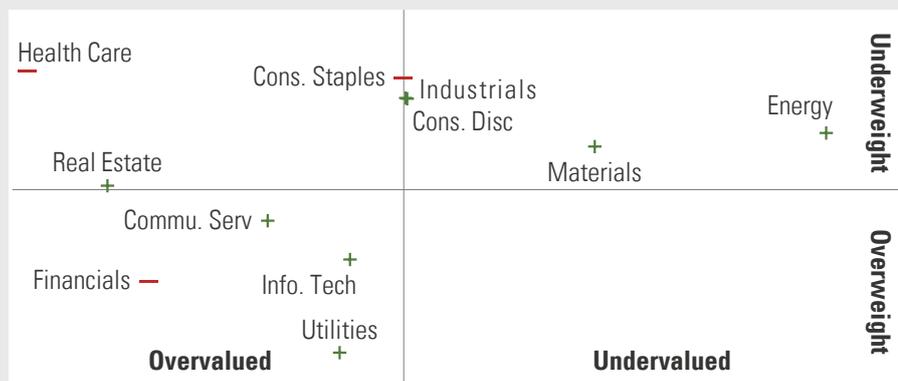


This sector flows snapshot  
is derived from circa  
**15% of the world's**  
**tradable securities<sup>1</sup>**

# SECTOR SNAPSHOT

January 2019 | SPDR EMEA ETF Strategy Team

## Global Sectors



Data as at 31 December 2018.

Source: State Street Global Markets, Thomson Datastream. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universe for these sectors is the MSCI ACWI. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

### Reading the Flows:

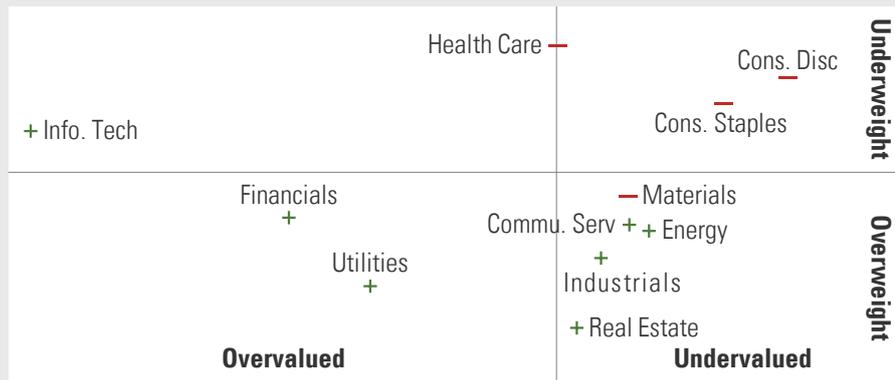
+/- denotes whether the sector has seen inflows or outflows in the past month. Valuations are based on cyclically adjusted P/E ratios. Weightings are based on average institutional holdings. They are measured as a percentile relative to history.

Global equities traded lower in December on heightened volatility. All regions began the month trading down c. 4.5% until mid-month, when the selloff in the MSCI USA Index began to exacerbate the fall (in contrast to Europe). Global equities bottomed on 24 December, with the MSCI World Index (↓ 14.83%) as the VIX peaked at 36.07 (doubling from the prior month's close of 18.07). In the final week of December, equity markets bounced back from the holiday lows, driven by a recovery in US equities.

While all sectors traded lower, Financials and Energy underperformed the most, down more than 9% each. Combined with significant outflows from Health Care, these three sectors saw the largest decline in terms of investor positioning. Holdings instead favoured allocations to Real Estate and Industrials, where strong inflows led to the largest increases in relative positioning. Holdings in Utilities also increased, as the best relative performing sector (↓ 2.18%) also experienced positive net flows.

Source: all performance figures are from FactSet, as of 31 December 2018.

## Europe Sectors



**Data as at 31 December 2018.**

Source: State Street Global Markets, Thomson Datastream. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universe for these sectors is the MSCI Europe. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

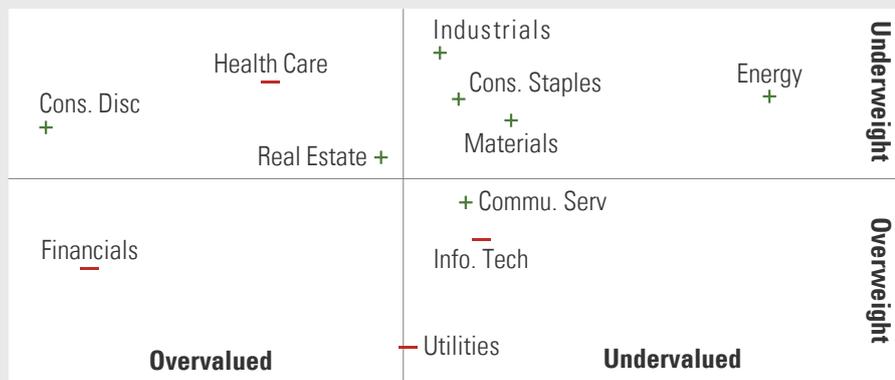
**Reading the Flows:**

+/- denotes whether the sector has seen inflows or outflows in the past month. Valuations are based on cyclically adjusted P/E ratios. Weightings are based on current holdings relative to the benchmark. They are measured as a percentile relative to history.

European equities showed a bit of relative resilience in the final month of the year. However, the region was not immune from the downward pressure, and the MSCI Europe Index fell in December (↓ 5.31%). As with Global Sectors, Utilities was the best performing sector (↑ 0.97%) in Europe. Strong inflows into Utilities and Real Estate moved both sectors further into overweight territory, based on historical holdings.

Furthermore, regarding flows, the most underweight and undervalued sectors, on a historical basis, experienced outflows. Overall holdings exposure remained steady month-over-month in Health Care and Consumer Staples, albeit at low relative weights. European Industrials holdings decreased, despite another month of strong inflows. The sector remains undervalued in terms of cyclically adjusted price-to-earnings ('CAPE').

## US Sectors



**Data as at 31 December 2018.**

Source: State Street Global Markets, Thomson Datastream. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universe for these sectors is the MSCI US. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

**Reading the Flows:**

+/- denotes whether the sector has seen inflows or outflows in the past month. Valuations are based on cyclically adjusted P/E ratios. Weightings are based on current holdings relative to the benchmark. They are measured as a percentile relative to history.

The US was the worst performing region in December, with the MSCI USA Index falling sharply (↓ 9.02%), again driven by Energy (↓ 12.68%). Despite the underperformance, the Energy sector continued to see inflows in December, but overall investor positioning still decreased. Materials and Industrials also exhibited strong inflows for the second straight month. All three sectors remain underweight and undervalued on historical measures. Materials was the second best performing sector during the month, despite persistent headwinds associated with global trade concerns.

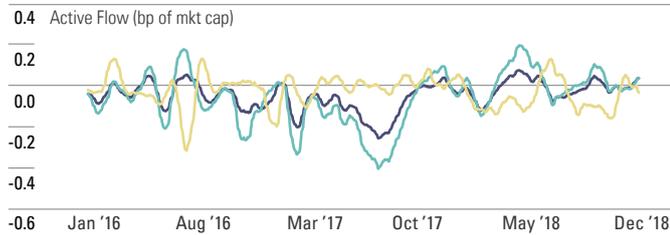
Financials and Health Care experienced the largest outflows across US sectors in December, leading to a significant decrease in relative holdings. The Technology sector was relatively volatile amidst the selloff, but benign in terms of flows. In this month's *SPDR ETFs Sector Dashboard* we discuss Technology across all regions. The heightened Q4 volatility has seen US Technology holdings decrease to more neutral levels, and the sector remains undervalued based on historical CAPE.

Source: all performance figures are from FactSet, as of 31 December 2018.

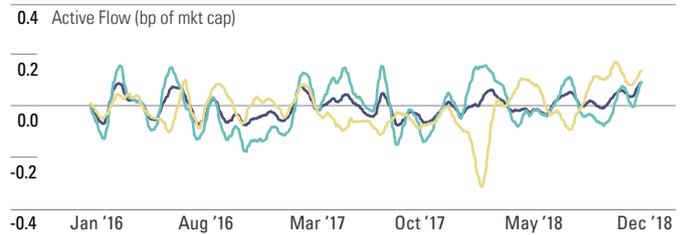
## Sector Flows

Flows in these sector charts indicate the value of net buying by large institutional investors (buys minus sells) expressed in terms of basis points of market capitalisation. Active flows are those that are in addition to the purchases and sales driven by shareholders allocating to the benchmark.

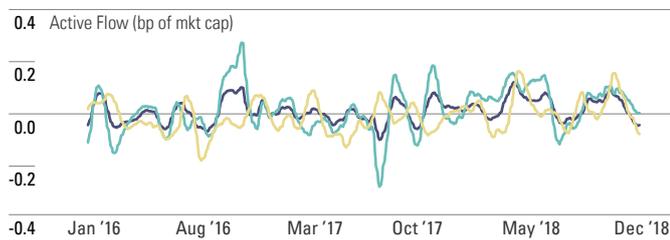
### Consumer Discretionary



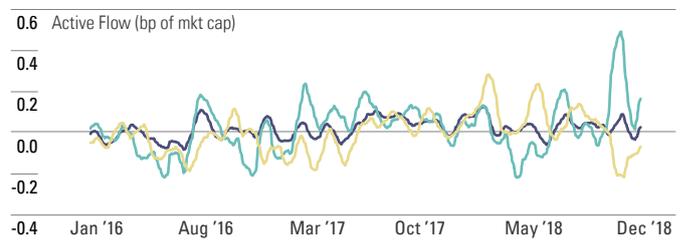
### Industrials



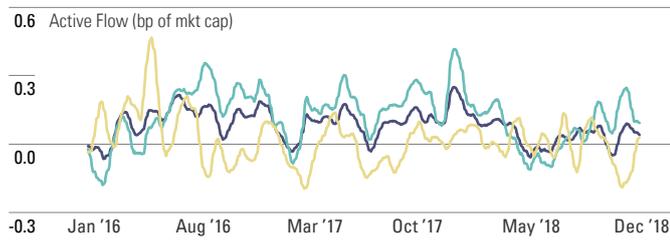
### Consumer Staples



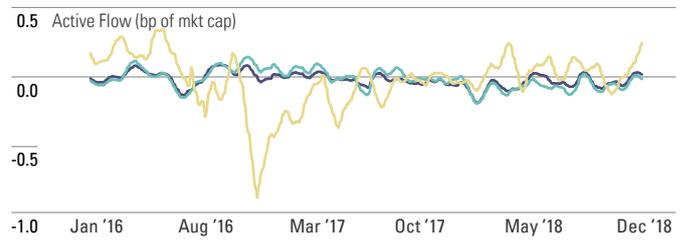
### Materials



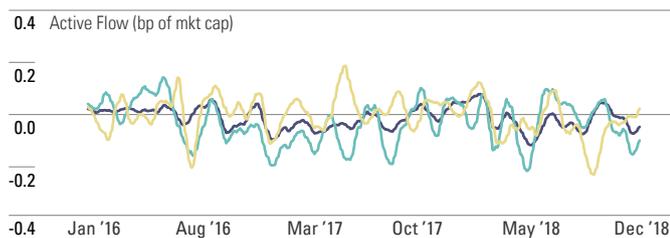
### Energy



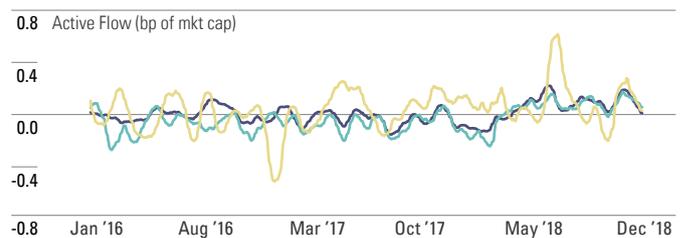
### Technology



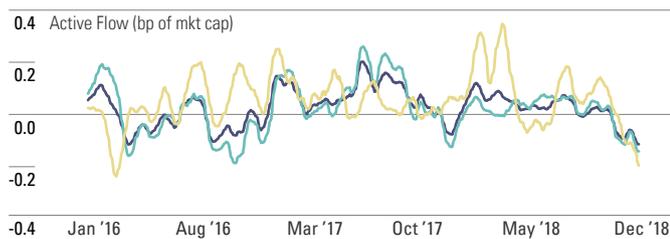
### Financials



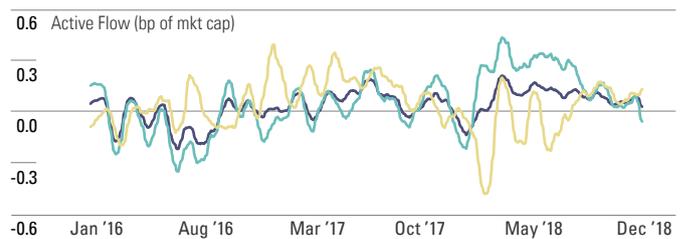
### Communication Services



### Health Care



### Utilities



Source: State Street Global Markets. Data are as of 31 December 2018. Sectors flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universes for the above charts are the MSCI ACWI, MSCI US and MSCI Europe. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Global US Europe

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