

VIDEO

January 22, 2016

Focus on Funds: Bond Funds in the United States and Europe

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In the January 22, 2016, edition of *Focus on Funds*, ICI Senior Economist Chris Plantier offers a comparative analysis of U.S. bond mutual funds and European bond funds.

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Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: What's going on in the U.S. and European bond fund markets? ICI is offering new analysis on this issue, thanks to a monthly undertaking it has begun, looking at European and U.S. long-term fund flows together. ICI Senior Economist, Chris Plantier.

Chris Plantier, ICI Senior Economist: Well, given recent policy actions in Europe and the U.S., we thought it would be a good idea to look at not just bond flows in the U.S., but also look at European bond fund flows. And what we saw in the first six months of 2015 was generally positive inflows. So for the U.S. bond funds we saw inflows of \$75 billion, and in Europe we saw inflows of \$100 billion for European bond funds.

Ortvals-Tibbs: But you do see things start to change in the second half of the year in terms of the data?

Plantier: In the second half, we do see the Fed's impending interest rate decision starting to weigh on bond fund investors. In the U.S., bond mutual funds saw \$52 billion in outflows in the second half, from July to November. But bond ETFs actually, U.S. bond ETFs, actually saw inflows of \$32 billion over that time. In Europe, we saw mild outflows of about ten billion dollars from July to November and then there's some interesting trends actually and some subcategories that we can talk about.

Ortvals-Tibbs: Chris, let's also talk about two fund categories that are really interesting to our members and that's high-yield and emerging market [EM] bond funds. What does the data look like in those categories?

Plantier: So we took a look at high-yield bond funds in the U.S. and Europe and in general, we're not seeing large cumulative outflows for the first 11 months of 2015. However, for EM

bond funds, we did see outflows from July to November of over \$25 billion.

Ortbals-Tibbs: So you'll be tracking this for our members and continuing to give us some updates over the coming months?

Plantier: Well, I think it sets up an interesting situation. We do have these divergent monetary policy trends going on and we will be tracking U.S. and European bond fund trends just to see how different products are doing.

Additional Resources

- [ICI Global's Research and Statistics](#)
- [ICI Viewpoints: High-Yield Bond Mutual Funds: An Update](#)

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