

# From Macro to Micro: 2025 Global Markets Outlook Post-US Election



THIS CHART PACK CONTAINS 31 VISUALISATIONS





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## About ISI Markets

30 years curating the most complete and authoritative global intelligence offering



Critical insight on the economic position and outlook for global markets, including emerging markets



Unparalleled view on investor and fund manager sentiment across global markets



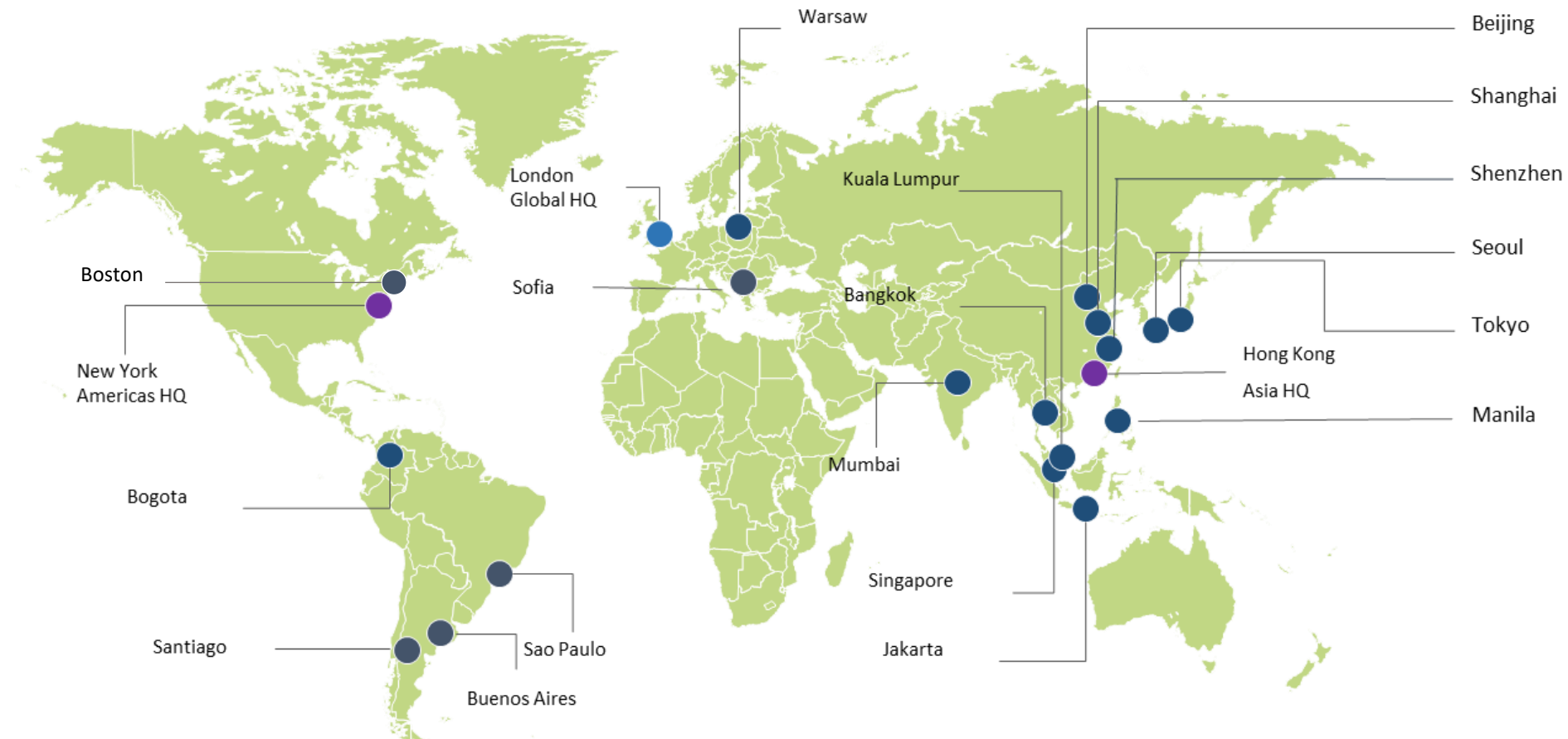
Curating the best industry and company research, data and news for emerging markets



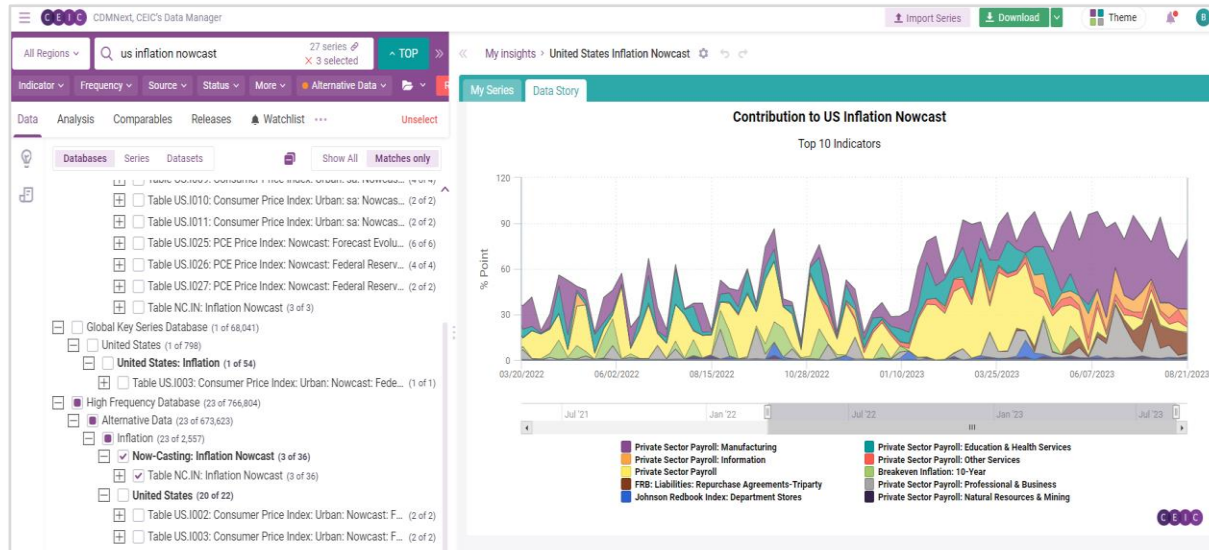
Providing alpha generating intelligence on high yield, special sits and distressed debt in emerging markets

We provide the intelligence and insights to act with confidence in the world's highest potential and fastest growing markets

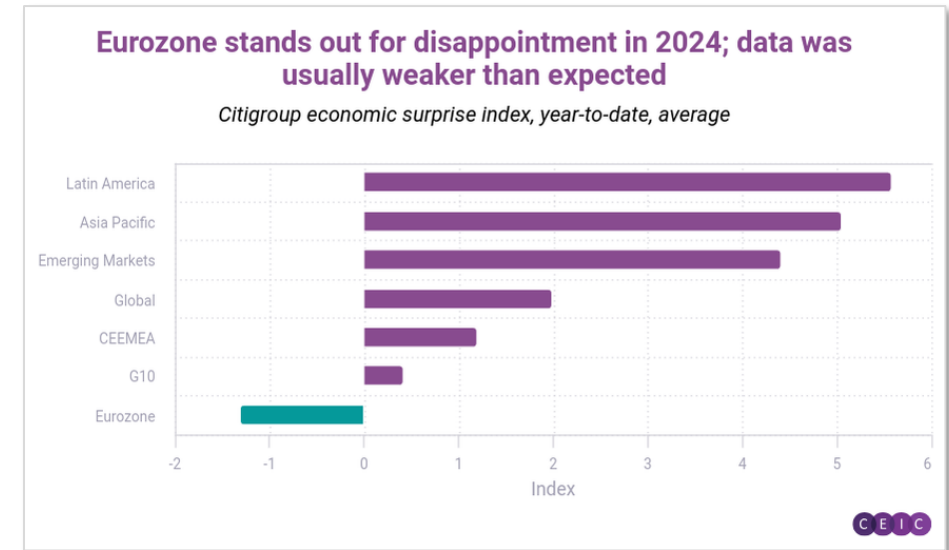
## Global intelligence provider with nearly 700 employees, worldwide



# CEIC Data: Providing valuable and immediate insight into economic developments through high quality data and analytical tools

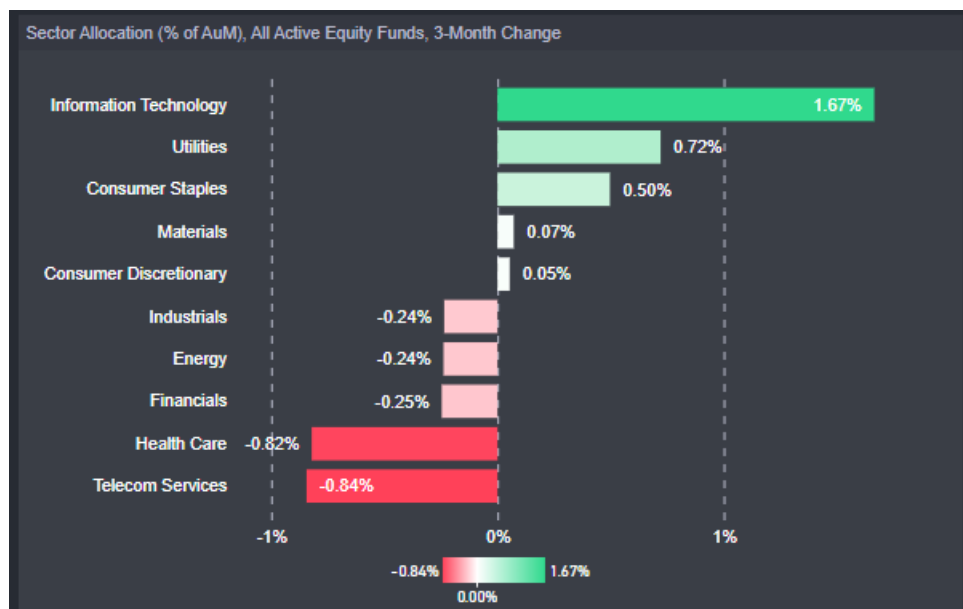


- Award winning traditional and alternative / high-frequency data sets = unique source of alpha generation.
- Provides insight into EM and DM economic performance and outlook.

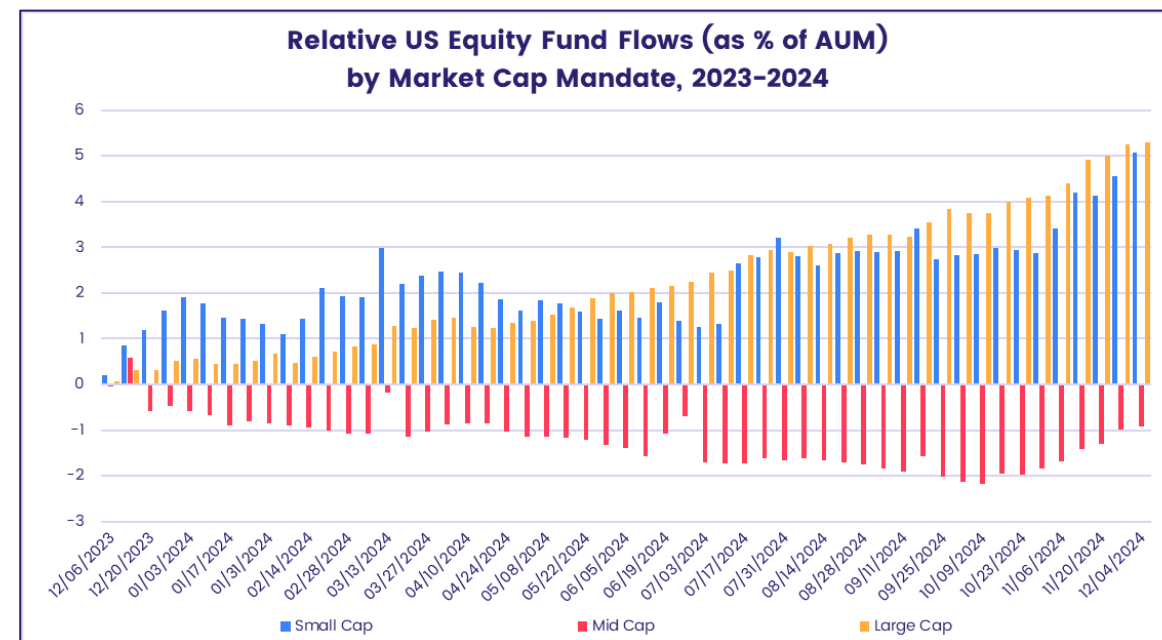


- Available via API, Snowflake and desktop UI.
- Easy charting & visualization of insights.
- Drag and drop data into analytical environment.

# EPFR: Providing the most timely and granular view of global fund flows to buy-side, sell-side and supranational organizations



- **Market Insights:** A comprehensive view of where money is moving across geographies, sectors, industries, and securities.
- **Core and Proprietary Datasets:** Extensive fund and security-level solutions, offering detailed and actionable data.
- **Data Granularity:** Timely, detailed data supporting both bottom-up and top-down asset allocation strategies.



- **Investor Sentiment:** Exclusive insights into fund manager and investor sentiment, revealing market trends, active weighting, and behavioral patterns.
- **Comprehensive Coverage:** Tracks 152,000+ share classes and > \$59 trillion in assets across equity, bond, money market, alternative, multi-asset fund flows.
- **Actionable Intelligence:** Key insights at macro and stock levels.
- **Historical Data:** 25+ years of data to identify investor sentiment trends and interpret market shifts accurately.





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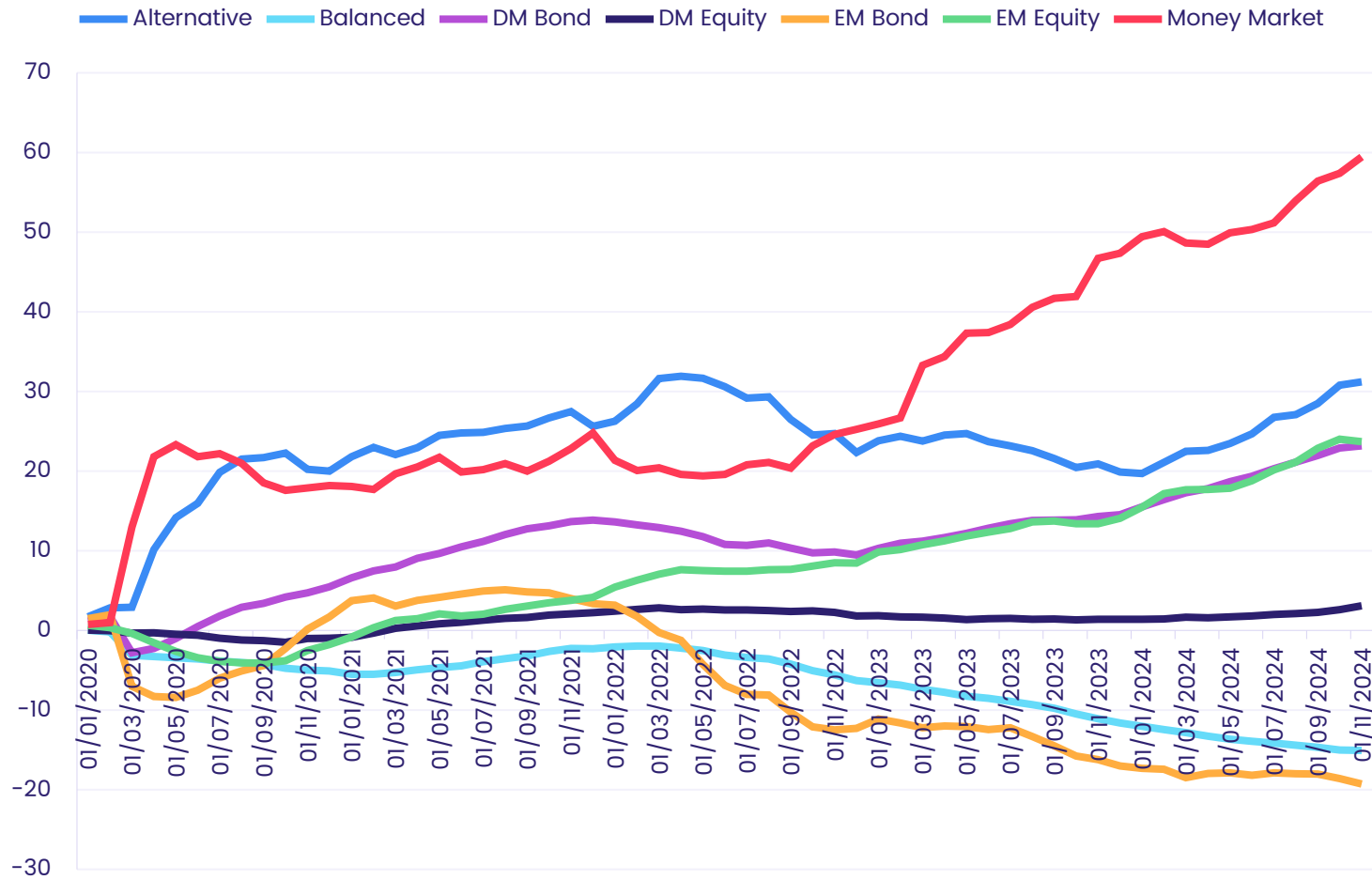
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# The Big Picture

# Liquidity and Developed Markets Funds proving pivot-resistant

**Cumulative flows (% of AuM) for major fund groups, 2020-YTD**

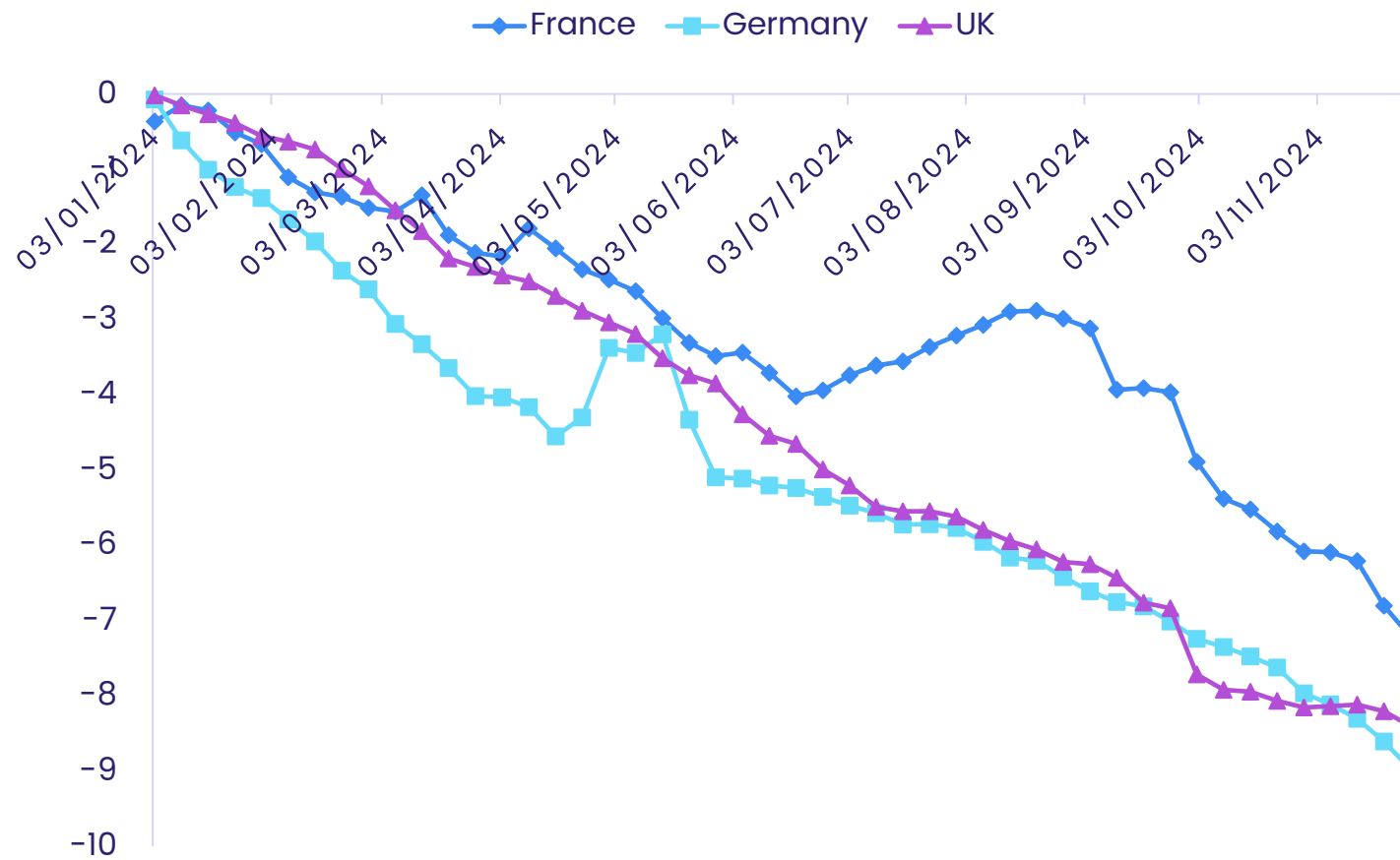


- Despite the shift by the US Federal Reserve, European Central Bank and other major central banks from raising to cutting interest rates, EPFR-tracked Developed Markets Bond Funds and Money Market Funds are on track for the biggest and second-biggest full-year inflow, respectively.
- Emerging Markets Equity Fund flows in 2024 were driven by four major Asia ex-Japan Country & Region Fund groups – China, Korea, India and Taiwan (POC) Equity Funds – which offset consistent redemptions from other EM groups.
- Appetite for exposure to derivatives and cryptocurrencies boosted flows into Alternative Funds. This group is also on track to eclipse the full-year inflow record set in 2020.



## Democracy on the march: Investors – especially in Europe – are still trying to make sense of results from 2024 elections

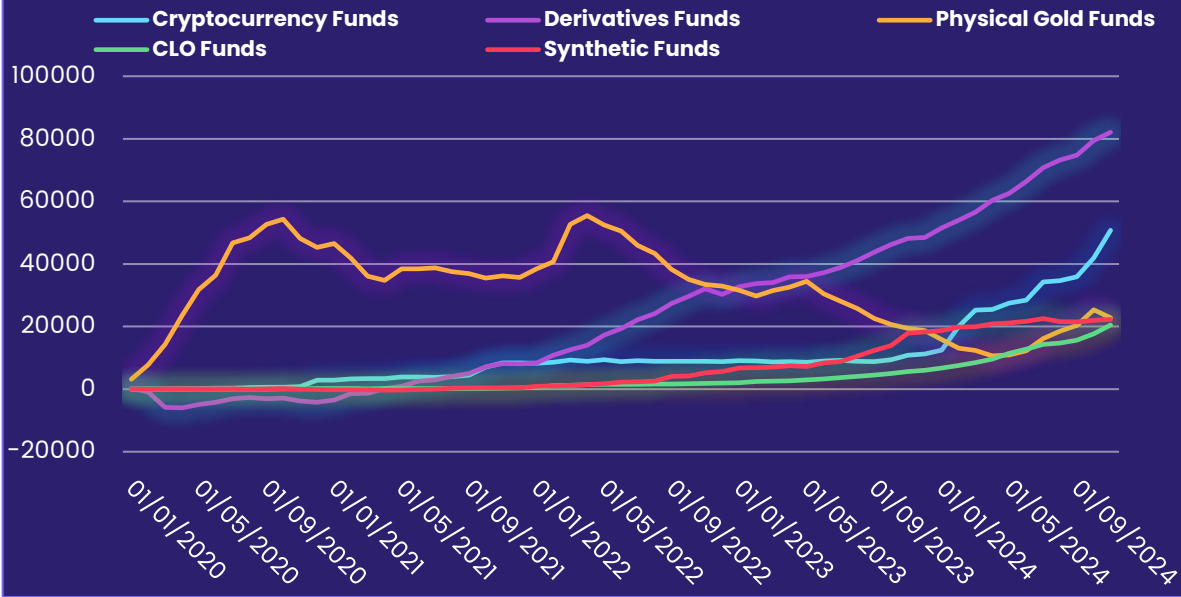
### Snap goes investor sentiment: net weekly flows (% of AuM) for UK, France and Germany Equity Funds YTD



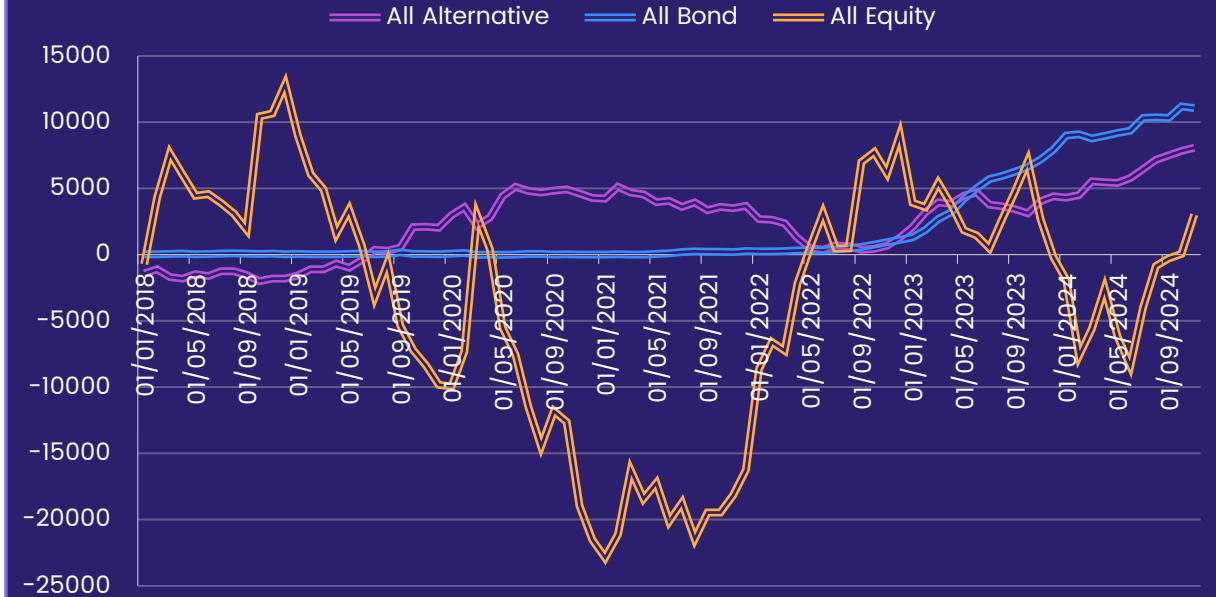
- With an estimated two billion people voting in elections during 2024, politics played a significant role in shaping investor and market sentiment during a year that ended with Republican Donald Trump winning another term as President of the United States. How the victors translate their campaign promises into policy will play an equally significant role in 2025.
- Among emerging markets, competitive elections had a generally positive effect, with GEM Equity Fund allocations to India, Turkey and South Africa all higher at the start of November than they were coming into 2024.
- In Europe, where snap elections were called in France, the UK and Germany, investors found themselves dealing with a markedly left-of-center British government, a weak minority government in France and a lame-duck government in the European Union's other 'pillar', Germany.

## Risky behavior on the rise

**Degrees of separation: cumulative flows (US\$ millions) to Derivatives, Physical Gold, Synthetic, Cryptocurrency and Collateralized Loan Obligation (CLO) Funds, 2020-YTD**



**Cumulative flows (US\$ millions) into Equity, Bond and Alternative Leveraged ETFs, 2019-YTD**



- Especially in the second half of 2024, flows to fund groups offering exposure to asset classes associated, rightly or wrongly, with the great financial crisis of 2007-09 gained momentum. Since the beginning of the fourth quarter, Synthetic Funds posted inflows eight of the next 10 weeks and Collateralized Loan Obligation (CLO) Funds all 10 of those weeks.
- Flows into Leveraged Equity and Bond ETFs are also on the rise. In the case of Leveraged Equity Funds, those with x2 mandates have been the most popular over the past six months.
- High Yield Bond Funds remain popular despite fears that the higher interest rates seen this year and last would push more issuers into default. The High Yield Bond Funds tracked by EPFR took in a net \$60 billion during the first 11 months of the year.



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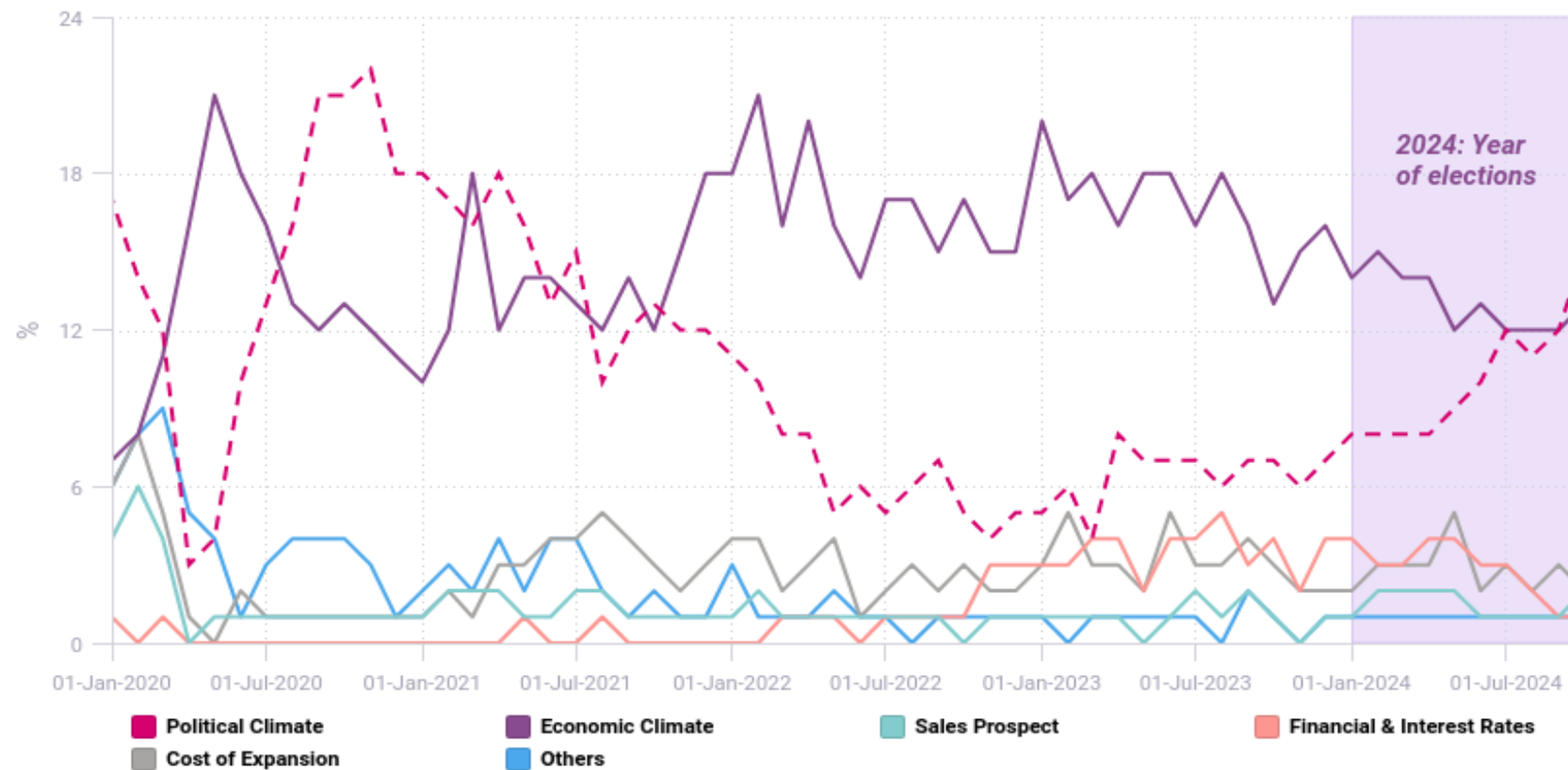


## The Leader of the Pack

# United States: Political climate increasingly complicating business outlook

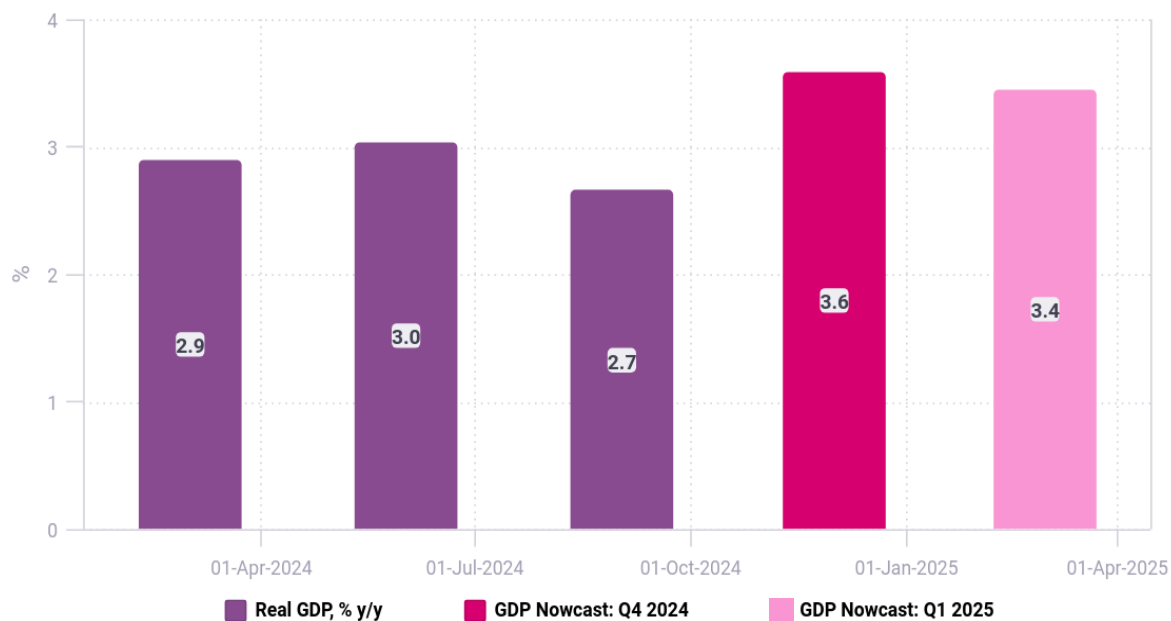
## United States: Uncertainty in the expansion outlook due to:

*Index of small business optimism*



# United States GDP Nowcast: Robust growth into 2025

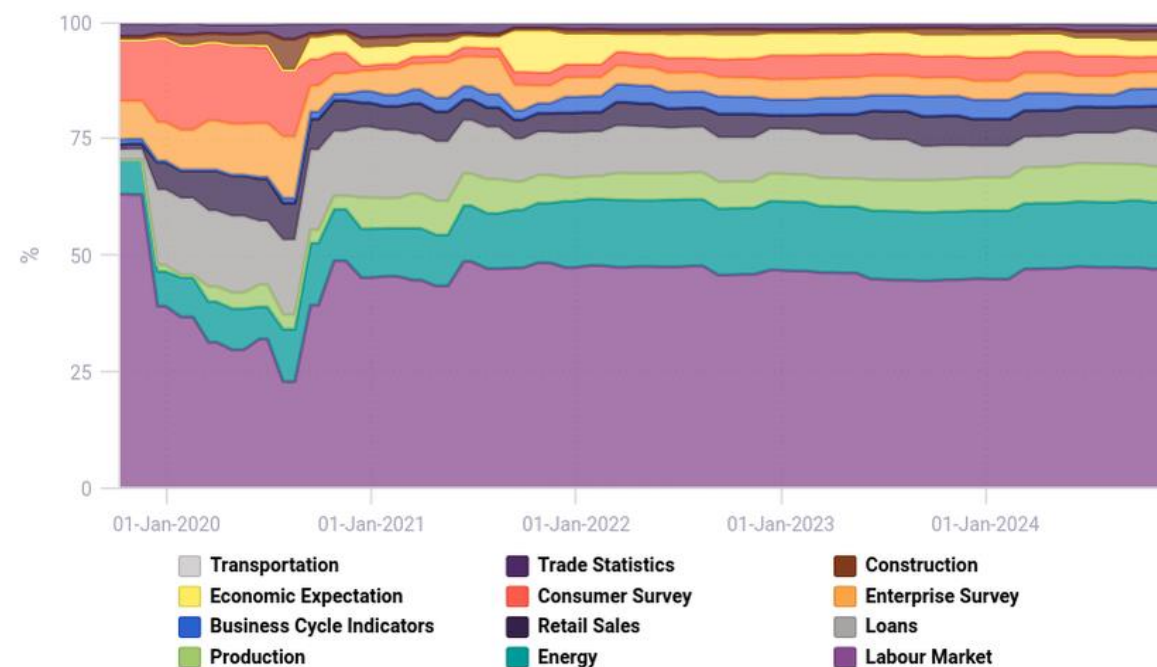
## United States GDP Nowcast



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## Impact to GDP Nowcast by Categories

United States



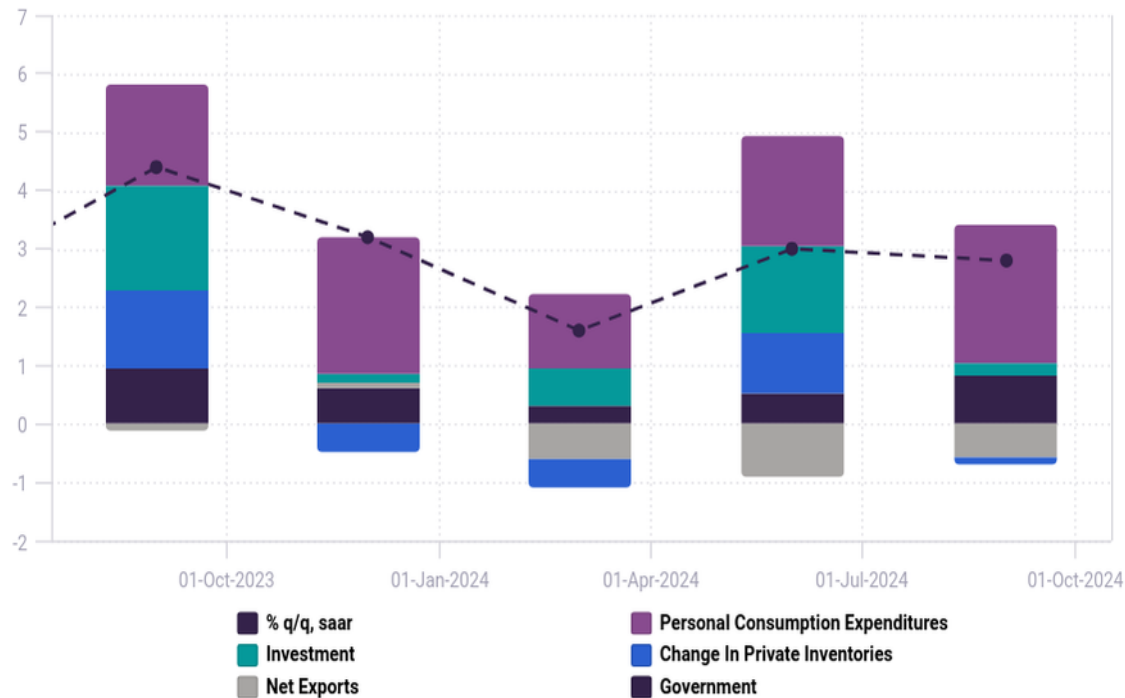
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**CEIC Users:** Access the charts – [United States GDP Nowcast](#).

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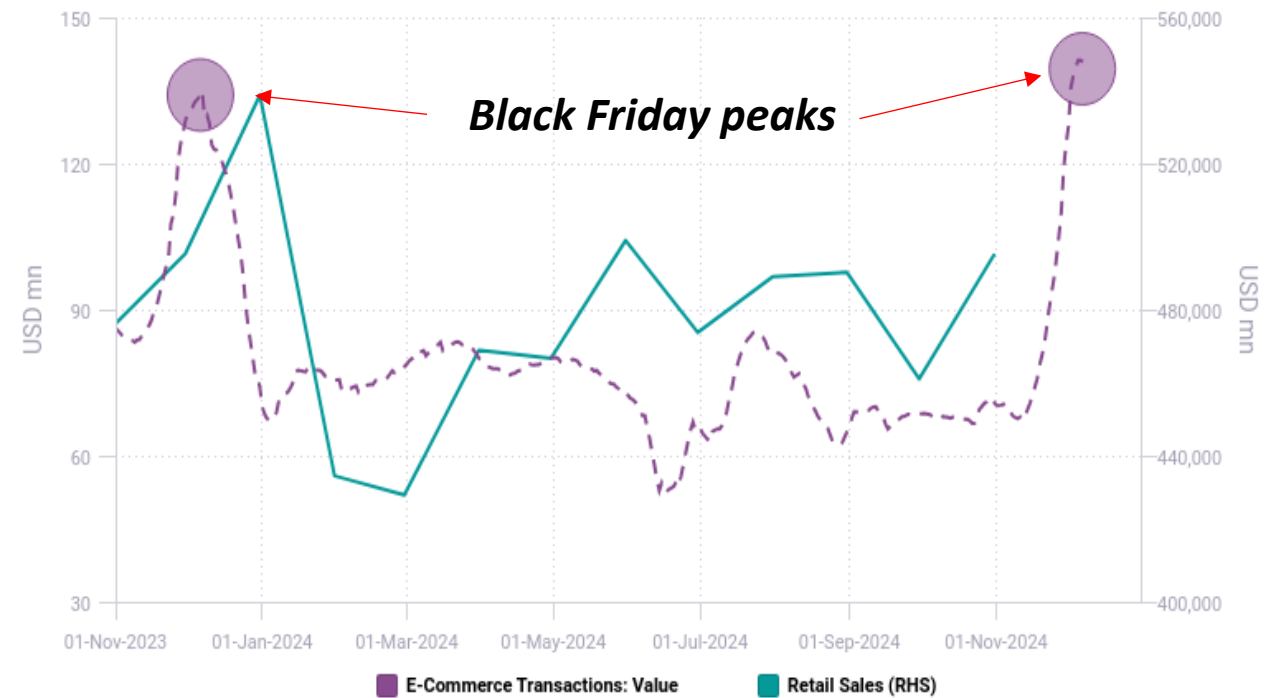
# United States: Consumption points to stable demand

## US GDP: Contributions to growth



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## E-Commerce transactions vs retail sales



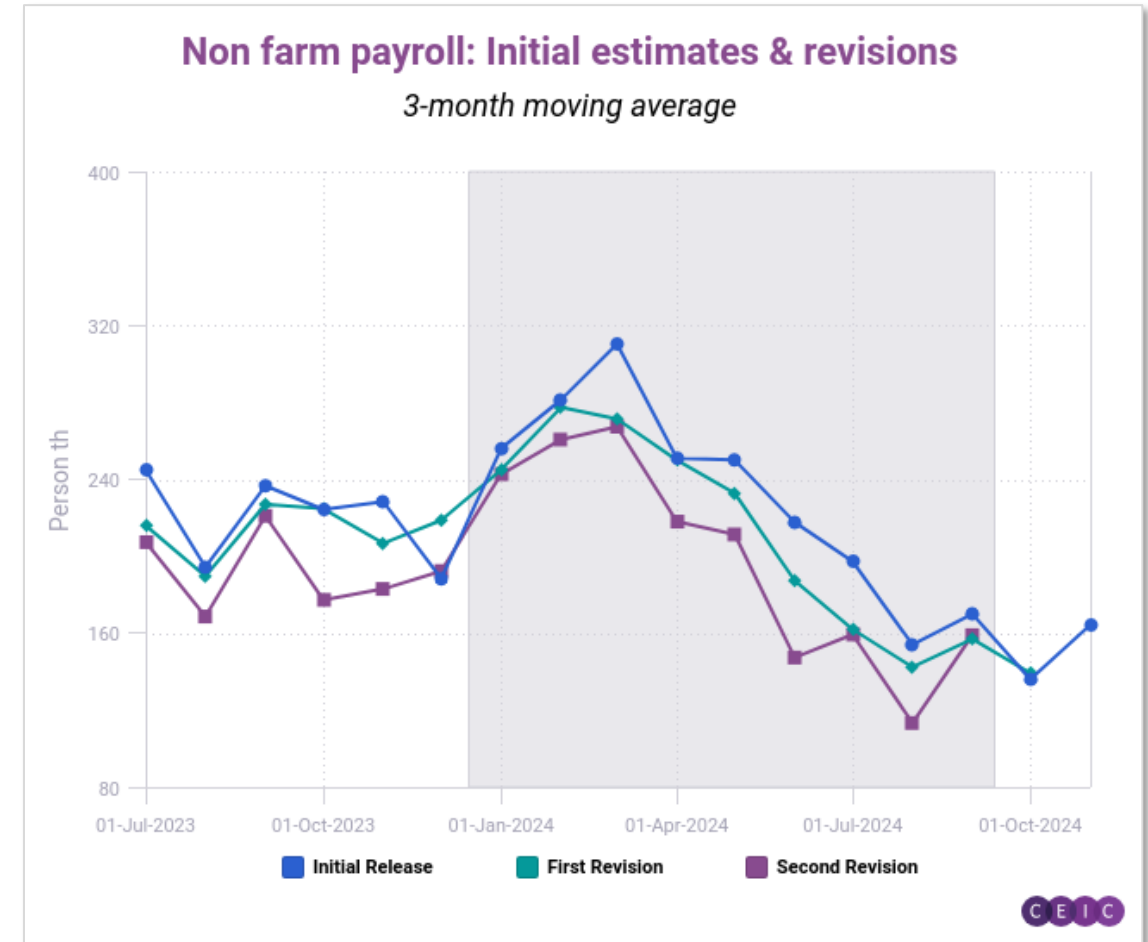
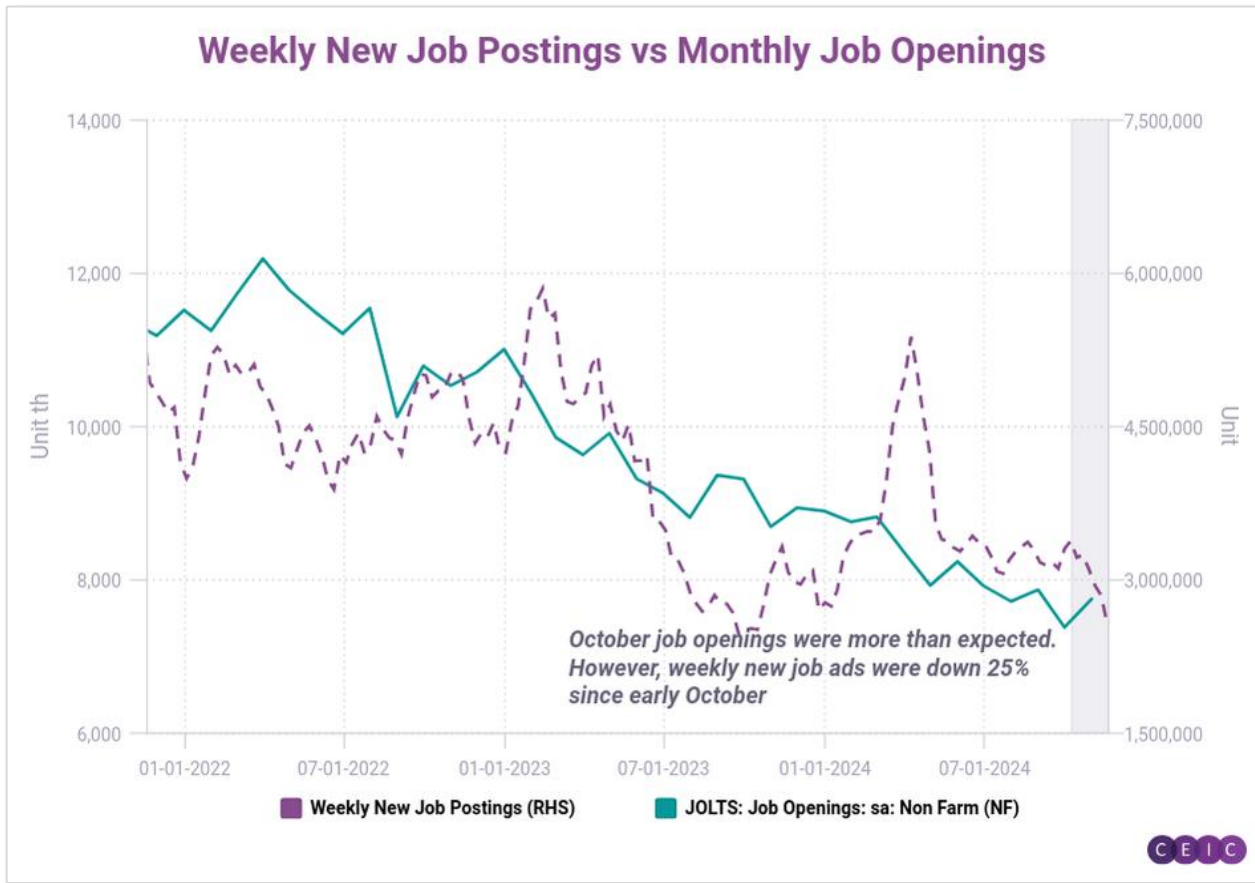
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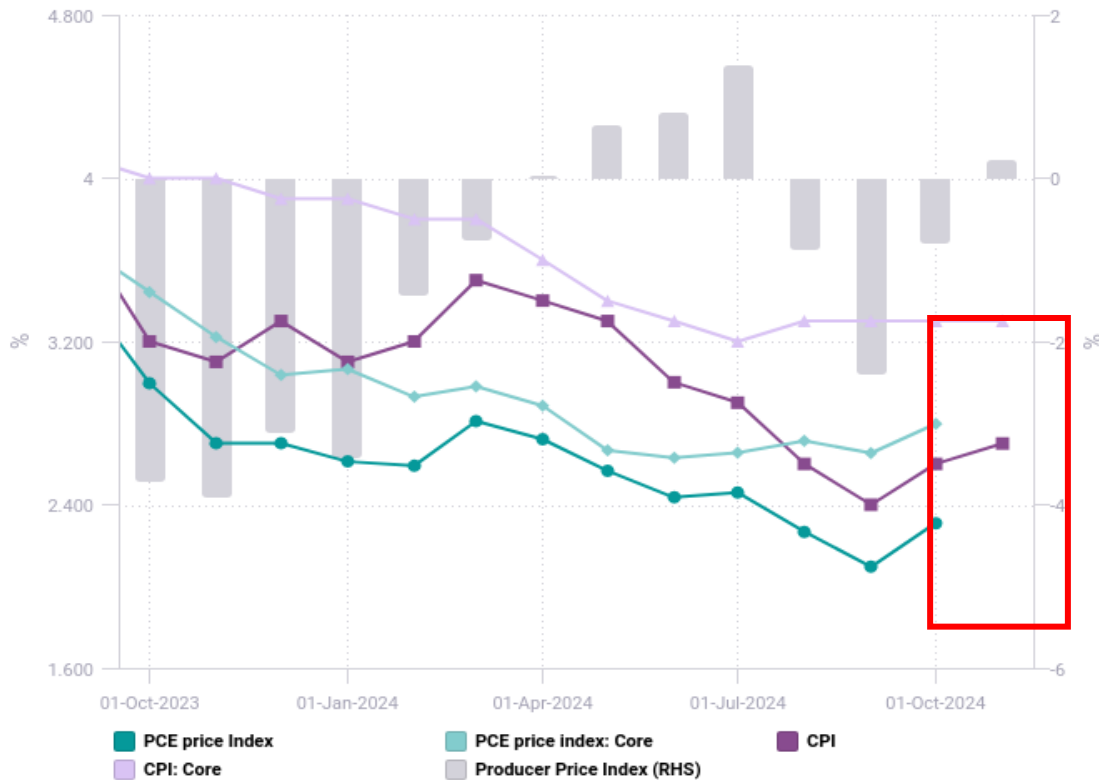
# United States labor market: Weakening, but not too weak



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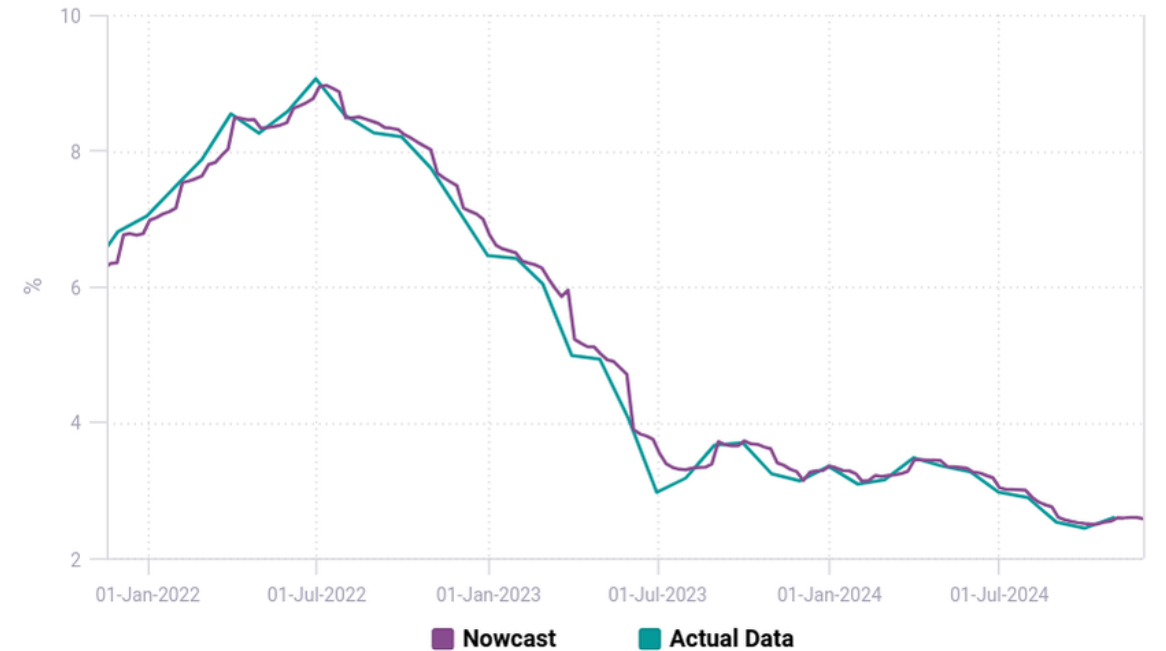
# United States: Is inflation coming back?

## United States inflation metrics



## United States Inflation Nowcast

Month-to-date average nowcast vs actual data, % y/y



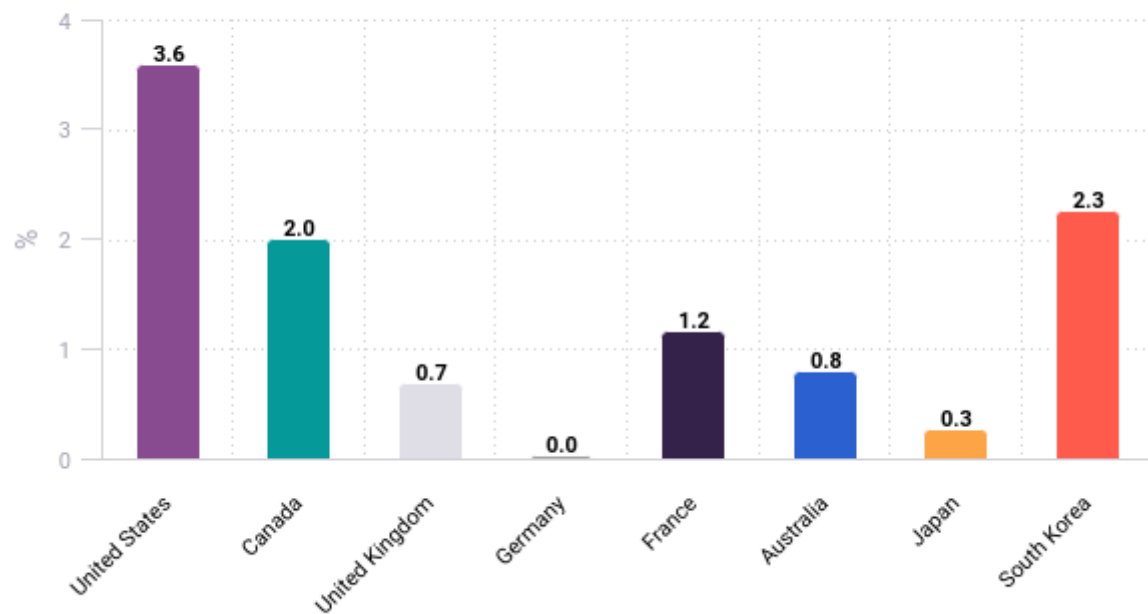
**CEIC Users:** Access the chart – [United States Inflation Nowcast](#).

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# Developed markets GDP nowcast: Stable current and next quarters, recovery for Germany

## GDP Nowcast: Developed Markets

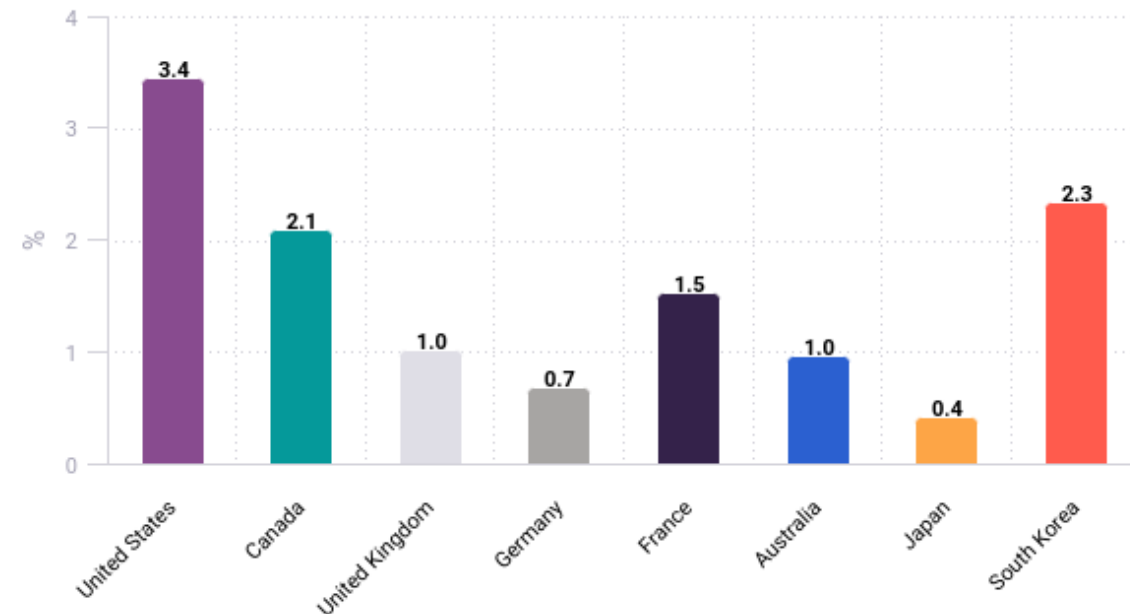
Current quarter (Q4 2024)



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## GDP Nowcast: Developed Markets

Next quarter (Q1 2025)



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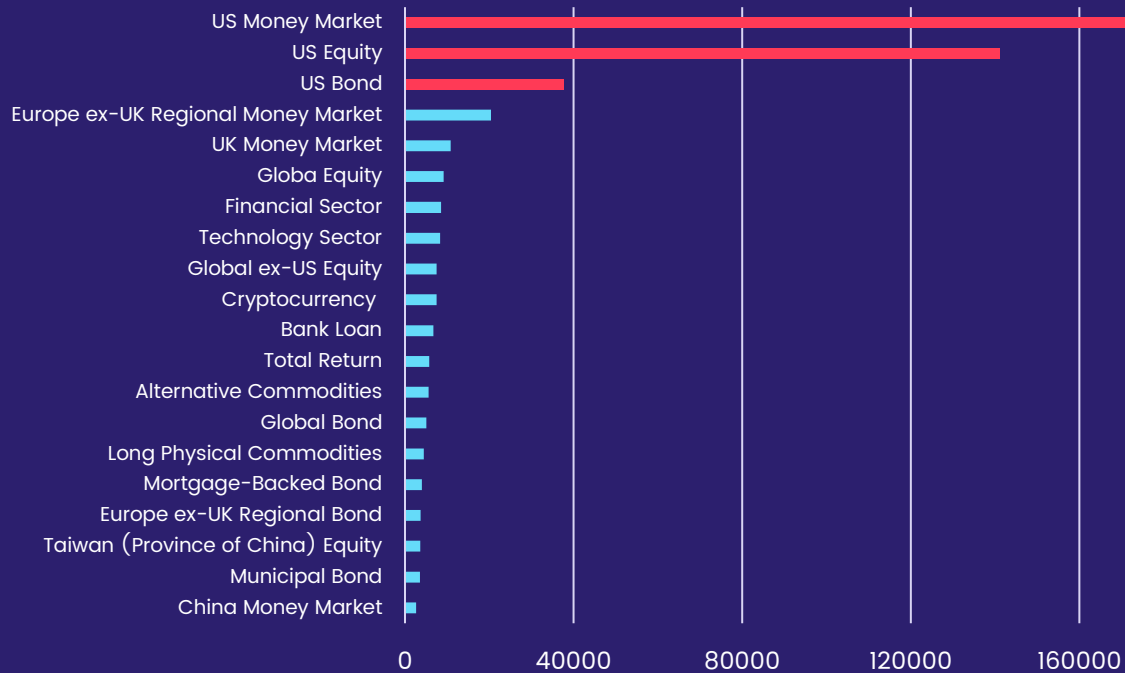


**The only shows in town? Are the US and Argentina the only reform stories on offer?**

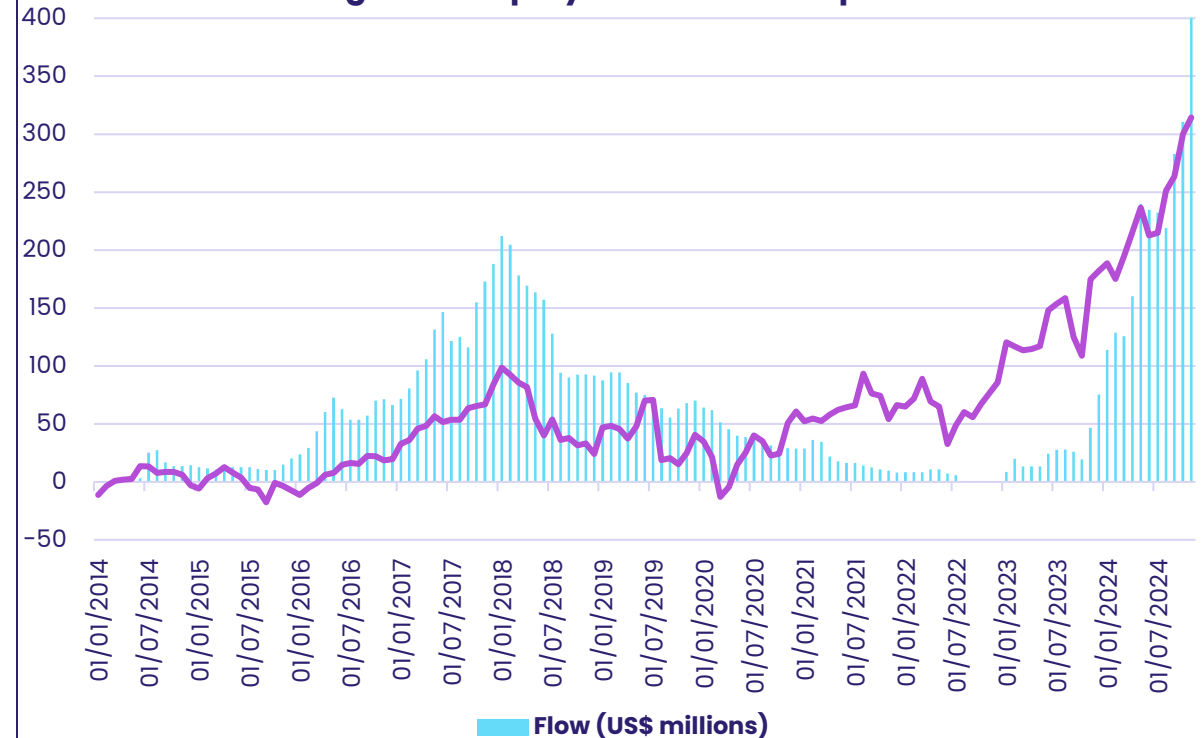
# Taking a chainsaw to red tape?

Argentina and the US may be the only significant structural reform stories in 2025

## Top 20 fund groups ranked by net inflows (US\$ millions) during November 2024



## Cumulative flows and performance for Argentina Equity Funds over the past decade



- The prospect of positive change, be it structural at the country level or disruptive at the industry level, remains a key driver of portfolio capital flows. Going into 2025, the two most talked about 'reform stories' in the developed and emerging markets universes are the US and Argentina. In part because of the personalities of Donald Trump and Javier Milei, whereas more measured and incremental approaches in countries like Egypt and Indonesia are not getting the same attention.



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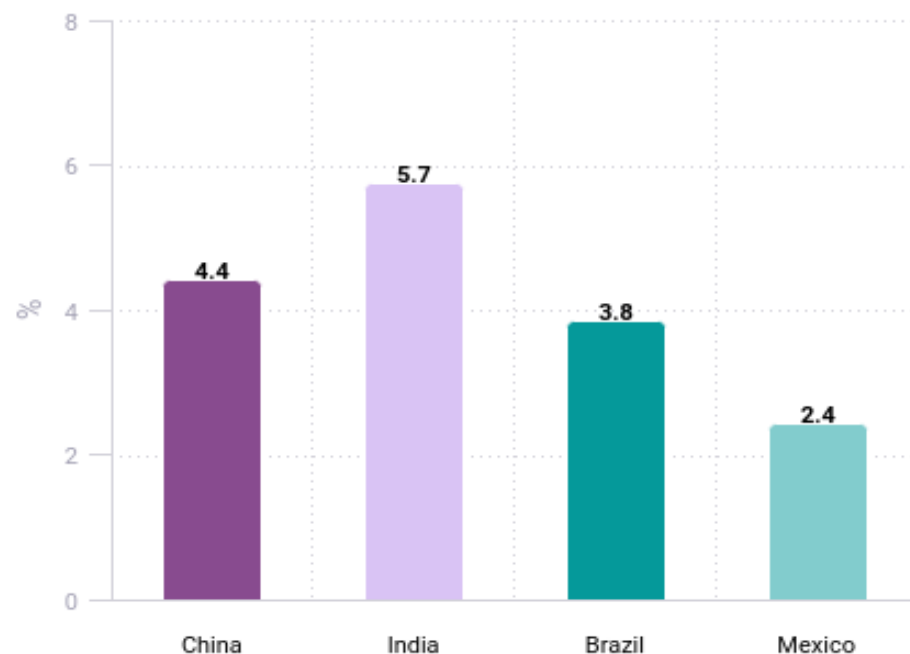
**Major emerging markets offer growth, but trade and structural friction may spell trouble for inflation**



# Emerging markets GDP Nowcast: Robust growth into 2025

## GDP Nowcast: Emerging Markets

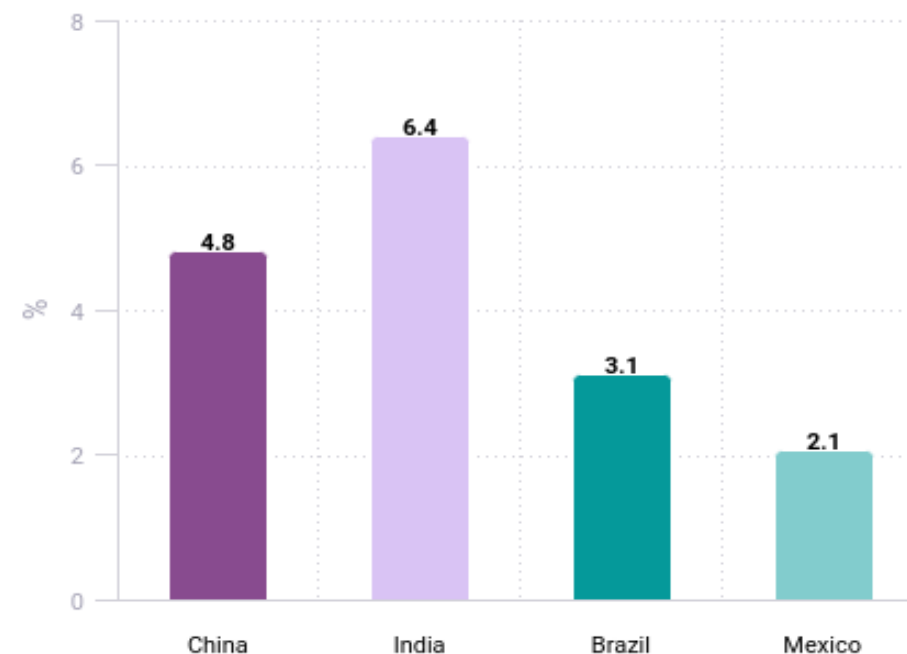
*Current quarter (Q4 2024)*



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## GDP Nowcast: Emerging Markets

*Next quarter (Q1 2025)*

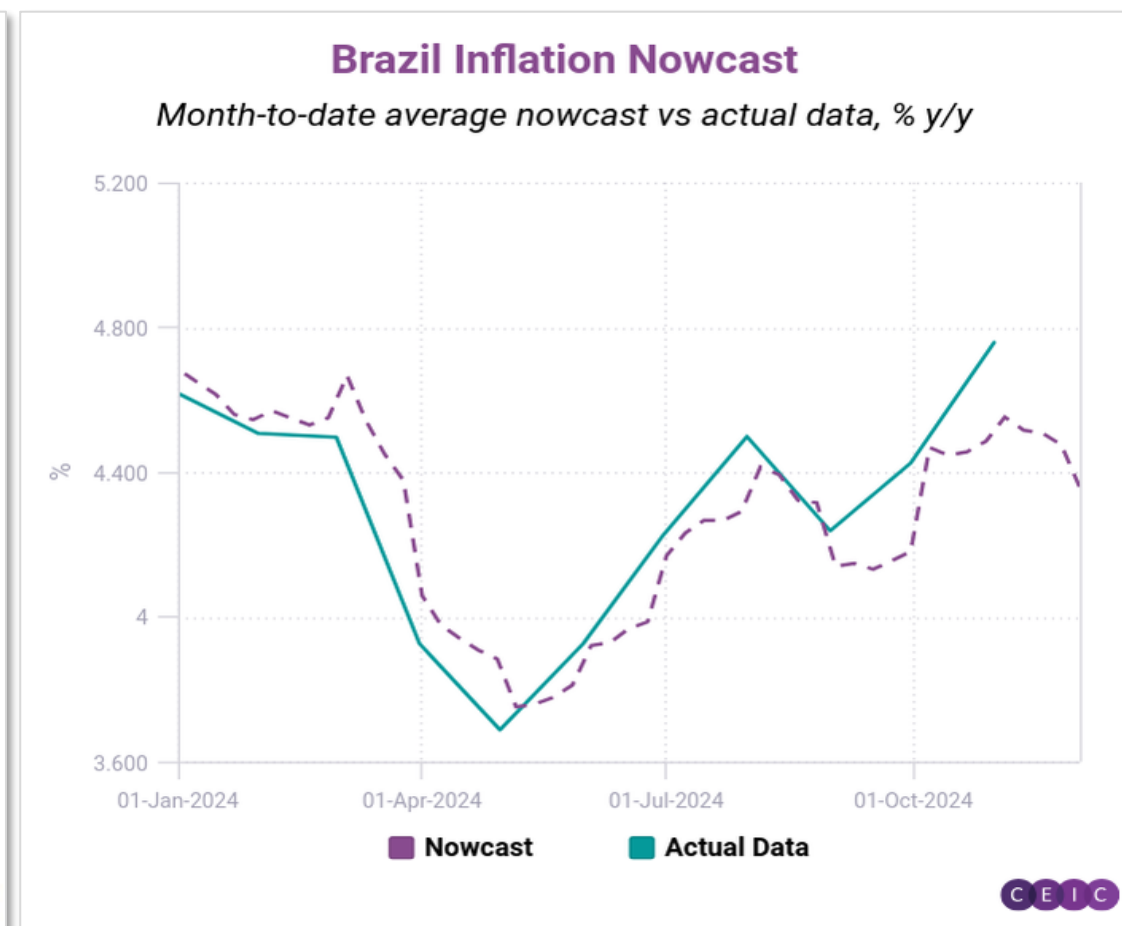
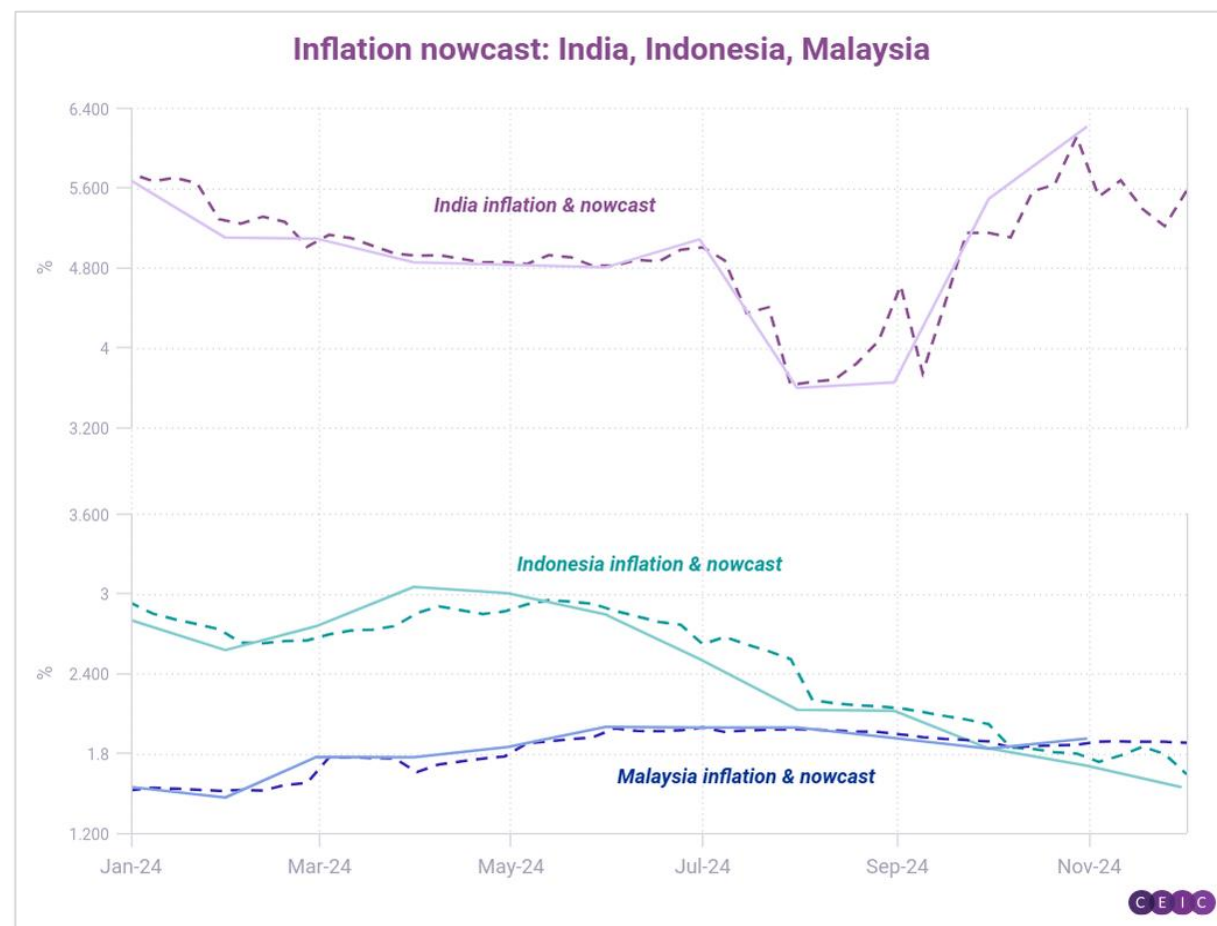


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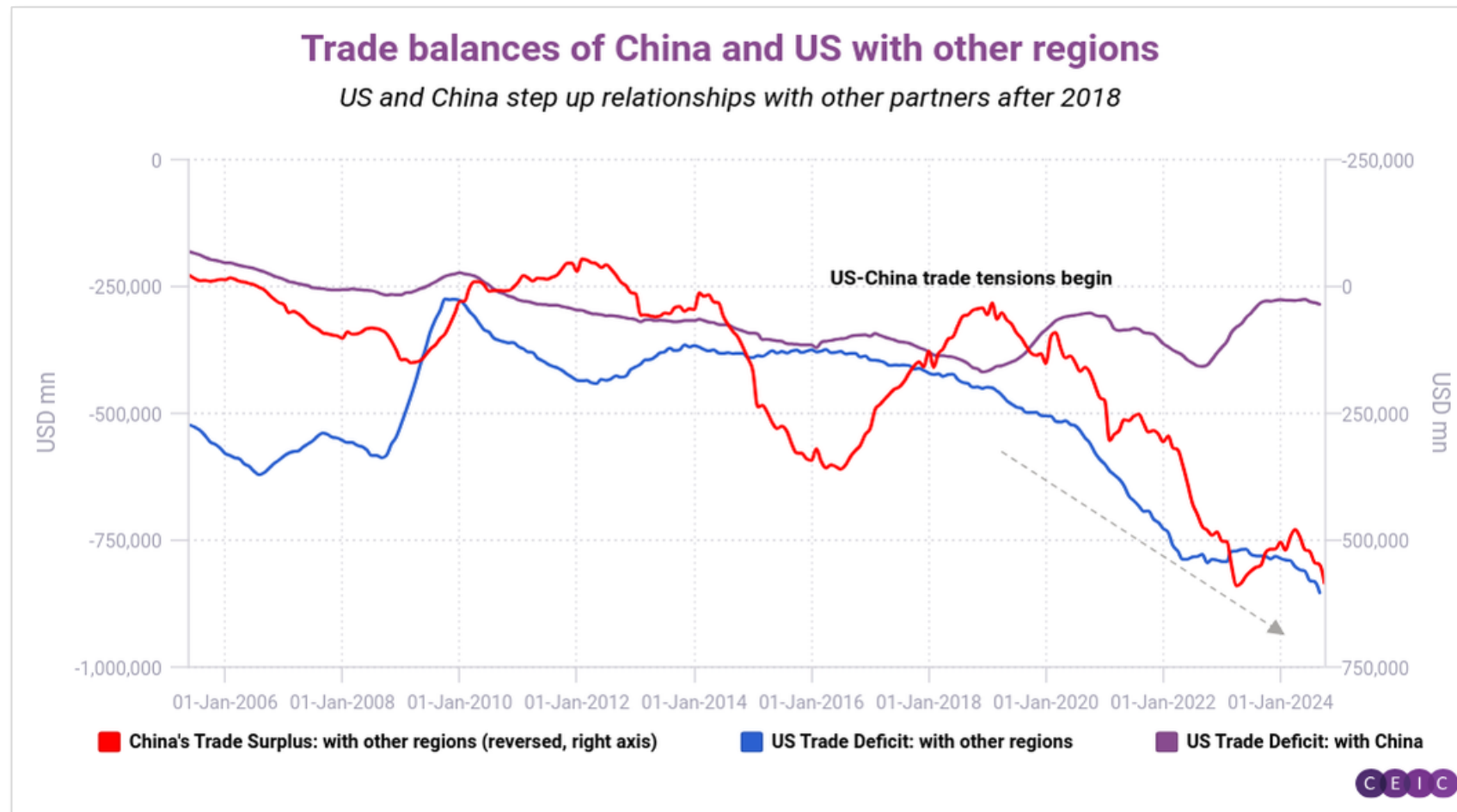
# Inflation in Emerging Markets: Nowcasts vs actual data



**CEIC Users:** Access the charts – [CEIC Nowcasts](#).

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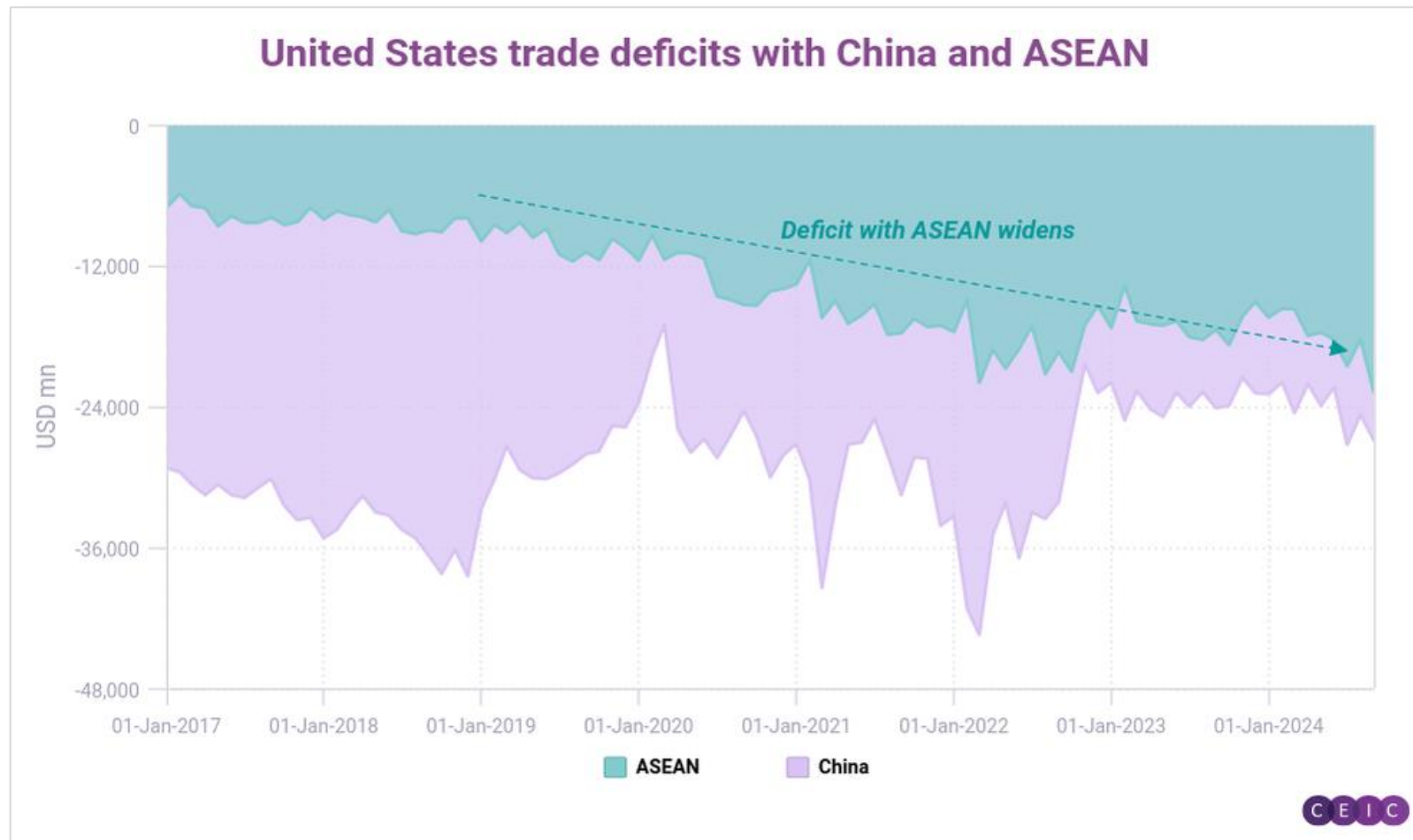
# China and US trade relations: Decoupling in bilateral trade



**CEIC Users:** Access the chart – [How US-China Trade Changed Under Trump and Biden](#).

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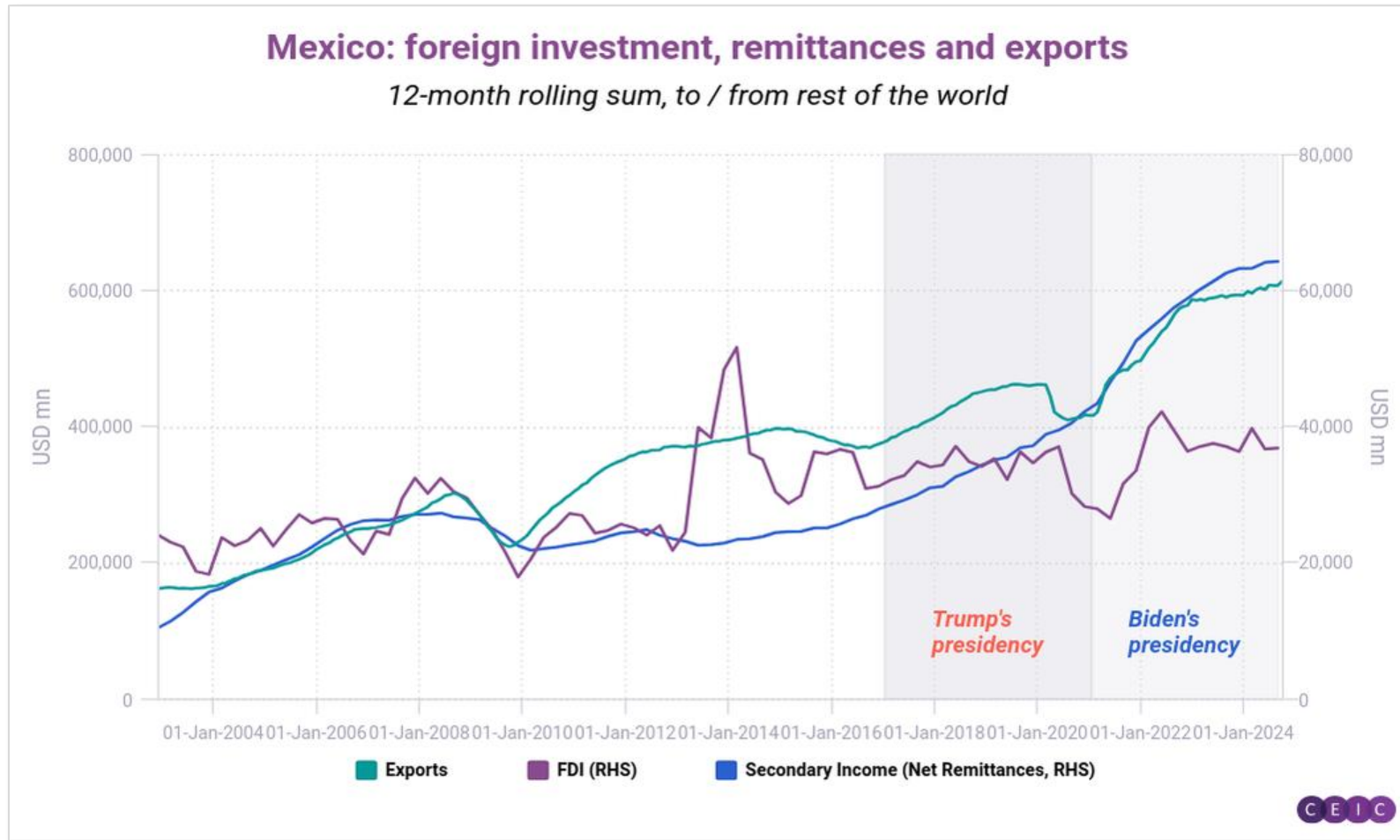
## Lessons from 2017-21: ASEAN benefited from de-risking



**CEIC Users:** Access the chart – [ASEAN-US trade under Trump: lessons from 2017-21](#).

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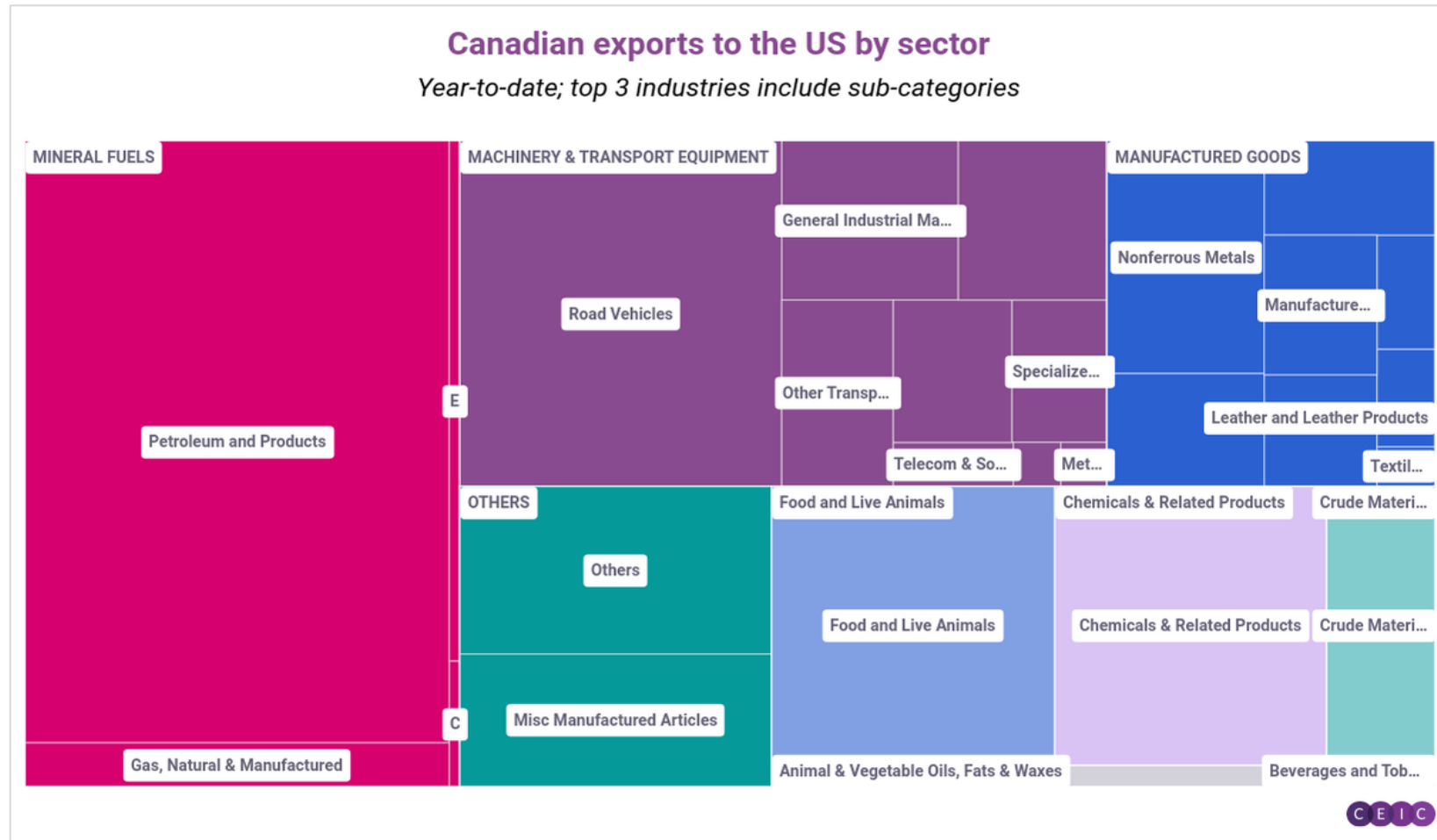
## Donald Trump's second term: Key economic flows to Mexico at risk



**CEIC Users:** Access the chart – [Three key economic flows to Mexico at risk from Trump](#).

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# Potential tariffs threaten oil and automotive exports from Canada to the US

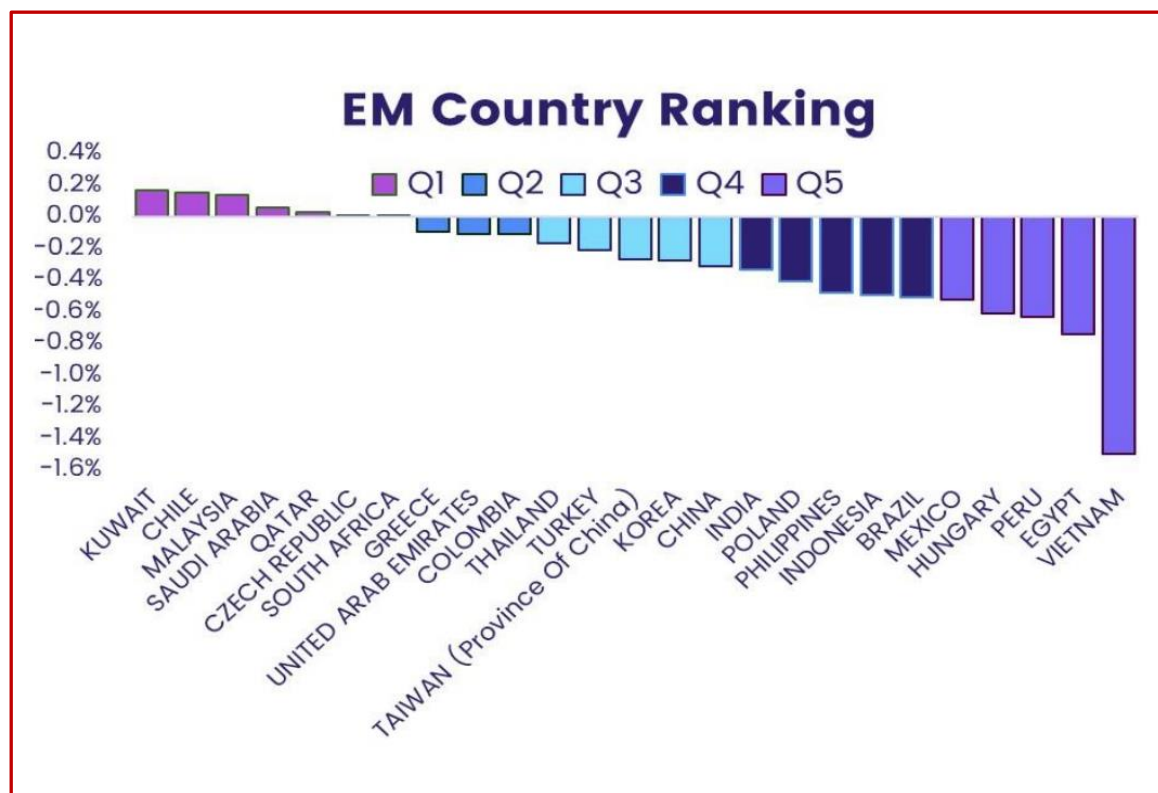


**CEIC Users:** Access the chart – [Canada's trade relationship with the US as Trump tariffs threaten oil, autos.](#)

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# EPFR's latest EM rankings: Middle of the pack has momentum, oil plays the top spots and supply chain relocation stories propping up the bottom



- The latest EPFR EM country rankings suggest that fund managers see more value in energy and resource plays (Saudi Arabia, Chile, Kuwait) than they do in revisiting the supply chain relocation story (Vietnam, Mexico). In terms of momentum, the biggest risers' week-on-week include the three big Asian technology plays.

	Country	Current	Rank change
▲	KUWAIT	0.2%	+1
▲	CHILE	0.1%	+1
▼	MALAYSIA	0.1%	-2
	SAUDI ARABIA	0.1%	0
	QATAR	0.0%	0
▲	CZECH REPUBLIC	0.0%	+1
▼	SOUTH AFRICA	0.0%	-1
	GREECE	-0.1%	0
▲	UNITED ARAB EMIRATES	-0.1%	+2
▼	COLOMBIA	-0.1%	-1
▼	THAILAND	-0.2%	-1
▲	TURKEY	-0.2%	+4
▲	TAIWAN (Province Of China)	-0.3%	+4
▲	KOREA	-0.3%	+5
▲	CHINA	-0.3%	+5
▼	INDIA	-0.3%	-4
▲	POLAND	-0.4%	+5
▼	PHILIPPINES	-0.5%	-4
▼	INDONESIA	-0.5%	-4
▼	BRAZIL	-0.5%	-2
▼	MEXICO	-0.5%	-8
▲	HUNGARY	-0.6%	+2
▼	PERU	-0.6%	-2
▼	EGYPT	-0.7%	-1
	VIETNAM	-1.5%	0



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Thank you.  
Contact us with questions.

