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## XTF Eyes ETF Trend Analysis, Correlation Tools

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Mel Herman, CEO, XTF

Exchange-traded funds data provider XTF is creating datasets for trend analysis and correlation, as part of a broader suite of portfolio optimization tools that the vendor plans to release later this year.

Chief technology officer Richard Radnay says the trend analysis is still in development, but will augment the vendor's existing global heatmaps of ETF flows by providing a linear description of what countries, industries and sectors money is moving to and from over specific time periods, as well as whether that movement is accelerating or decelerating, to immediately detect any trends in money flows.

The information will be displayed both in heatmaps and tables, and will be made available via the vendor's website, as well as via an email alert that will be distributed each morning containing a summary of current technical trends, as well as details of performance and the components of the relevant ETFs.

XTF chief executive Mel Herman says the vendor will release the trend analysis component in the coming months ahead of a full package of portfolio optimization tools that it will make available as part of its core service as well as marketing separately as apps that users can download onto mobile devices and tablets.

Officials say the idea for the trend analysis came about as a result of the vendor looking for ways to leverage the transparency of ETFs in a way that makes it easier for investors to understand money flows from mutual funds into ETFs. "If you try to do this just based on mutual fund reporting every quarter, you're three months behind," Herman says.

As a precursor to the trend analysis, Radnay says that in the coming weeks, XTF will release a correlation analysis tool that looks at how closely an ETF tracks other ETFs or its thematic counterparts, and other asset classes, countries and sectors, enabling users to identify correlated ETFs, as well as non-correlated instruments to balance their risk profile.

"We have the data and performance statistics for our thematic indexes, so we can correlate them together to produce results for investors," Radnay says. "We have to correlate them first, before we can perform the trend analysis."

He says the aim of the new tools is to give all levels of investors and money managers access to information that might previously have only been available to a small sector of professionals, and that the vendor is working on white-label solutions with institutions serving those client bases.

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