EM BOP Capital Flows Monitor

GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

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KEY HIGHLIGHTS

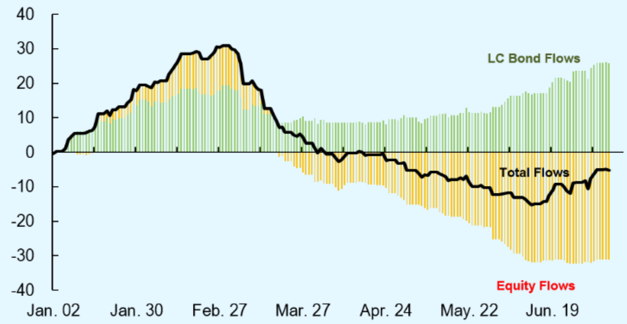
- **Provisional high-frequency data for Q2 2026 indicate that portfolio flows to EMs excluding China have rebounded following an easing of geopolitical tensions in the Middle East and an improvement in risk sentiment** (Fig. 1). While the external environment has been challenging in recent months, most EMs continue to record gross inflows, barring a few markets (Fig. 2).

- **Flows were supported by a rebound in local currency bonds, while outflows from equities have moderated.**

- Some market analysts attribute this divergence to:
  - a rotation back into AI-related sectors, which have continued to support equity market performance in some advanced economies;
  - concerns over earnings growth outlook amid heightened geopolitical uncertainty, trade policy uncertainty and elevated global policy rates; and
  - continued demand for local currency bonds in some EMs offering relatively high carry and improving fiscal prospects.

Cumulative YTD nonresident flows into local currency bonds and equities

(USD billion)



Source: Bloomberg Finance LP; and IMF staff calculations.
Note: Flows are derived from high-frequency sources and limited by data availability for each jurisdiction.

Highlights for Q1 2026: EM nonresident inflows increased prior to the escalation of geopolitical tensions

- **Gross capital inflows to EMs excluding China** (four-quarter rolling sum) stabilized near historical averages (Fig 4), although FDI continued to moderate while portfolio equity flows remain subdued.

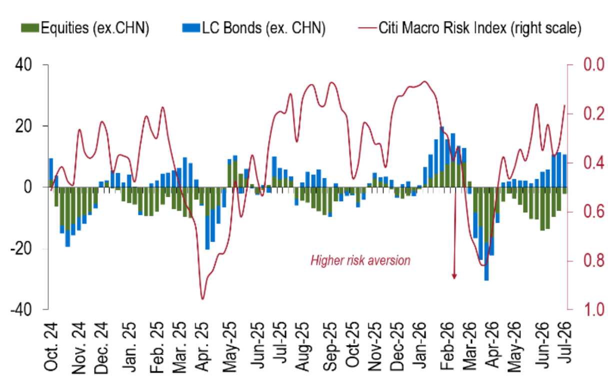
- **Net capital flows** (nonresident inflows minus resident outflows) have increased gradually in recent quarters (Fig. 10) supported by continued nonresident inflows and moderating resident outflows.

- **Gross capital inflows into China**, on a trailing 12-month basis, remained subdued (Fig. 6) while gross capital outflows continued to hover at elevated levels, although with tentative signs of peaking (Fig. 11).

BOP Portfolio Tracking

High-frequency indicators suggest a rebound in bond flows while equities outflows have moderated

Figure 1. Weekly Local Currency Debt and Equity Inflows (USD Billion, 4-week sum; Risk Index, inverted scale)



While Q2 was marked by challenging conditions, most major EMs have nonetheless recorded small inflows

Figure 2. BOP Nonresident Quarterly Portfolio Inflows (USD Billion, *Quarter-to-Date for 2026-Q2, ** high frequency non-BOP data for 2026-Q1)

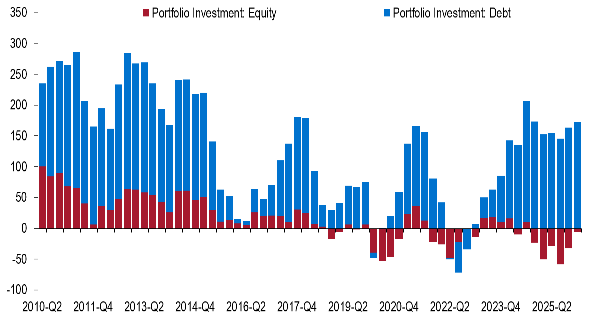
Year	2022				2023				2024				2025				2026	
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2*
BRA	0.8	-7.5	-2.8	6.5	0.9	7.0	2.6	3.3	6.1	-3.4	7.8	-2.3	-2.9	4.8	7.4	6.0	15.8	5.4
CHL	8.4	0.8	-2.5	6.5	-0.4	-0.1	4.4	0.0	2.4	0.0	1.8	0.2	3.8	1.3	2.5	3.9	6.0	2.2
CZE	-5.6	-12.1	-1.8	4.8	0.1	2.2	1.9	-4.8	-0.3	2.8	5.3	7.6	-8.1	7.1	4.7	7.8	-2.5	0.0
HUN	-0.2	1.3	1.8	4.0	5.0	3.4	2.6	5.0	4.8	-2.0	1.8	-0.2	-0.2	4.1	2.8	3.6	5.3	4.1
IND	-15.5	-14.3	6.9	4.9	-3.0	14.4	6.4	10.9	9.3	1.5	20.0	-10.9	-7.9	0.4	-4.4	0.1	-12.7	-7.6
POL	-3.0	4.7	0.7	3.3	-0.7	7.5	-0.5	3.5	10.5	2.2	8.7	4.5	2.8	4.9	5.8	7.0	10.4	6.8
ZAF**	4.0	2.5	-1.9	-1.5	-1.6	-1.1	-2.3	-0.5	-2.8	-1.1	2.5	1.9	-2.9	3.8	-4.5	-1.0	1.7	
IDN**	-1.8	-2.3	-1.5	-1.0	4.3	-1.8	-2.5	5.1	-0.8	4.2	10.8	-2.0	1.5	-8.0	-0.7	0.5	-3.4	-0.2
MYS**	1.5	-2.7	-0.7	-2.4	-3.1	3.9	0.4	0.8	-0.5	1.5	7.8	-3.7	-2.4	8.9	-2.8	0.3	3.1	0.3
PHL**	2.6	1.3	1.2	0.0	0.7	0.8	0.3	0.2	-0.9	2.6	0.9	0.3	1.3	-1.4	1.4	0.2	3.3	0.6
THA**	3.9	0.9	-0.4	3.8	-2.8	-3.0	-3.5	-1.0	2.2	-2.2	2.8	-5.4	-0.7	-2.4	-0.5	0.5	1.4	0.1
MEX**	3.5	-4.8	-4.4	0.3	1.5	-5.0	-5.1	2.3	9.8	-6.2	2.8	-0.2	10.8	-3.0	-5.6	2.1	3.3	0.6
TUR**	-6.3	-8.1	-3.4	0.8	-0.8	-1.1	3.1	7.1	3.5	11.6	3.0	5.2	3.4	-3.1	13.2	4.1	1.7	6.4

Please see releases of the EM Local Currency Bond Holdings Monitor and EM Hard Currency Issuance Monitor for more detail. Comprehensive BOP data is generally lagged by a full quarter. EM includes 20 countries. Source: Bloomberg, Haver Analytics, IMF BOP, IMF staff calculations

EM BOP Nonresident Inflows (Gross Inflows)

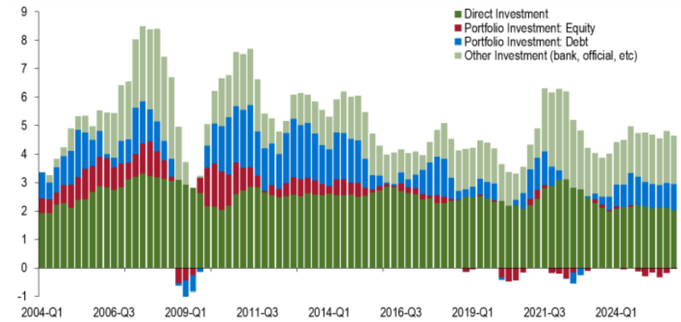
Trailing 12-month equity outflows by nonresidents moderated, while debt inflows held steady

Figure 3. EMs ex-China: Nonresidentdent Portfolio
(4Q rolling sum, USD billion)



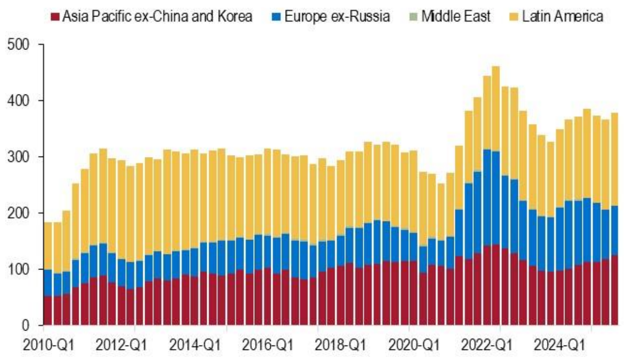
As a proportion of GDP, FDI inflows by nonresidents are stabilizing at low levels, compared to historical levels

Figure 4. EMs ex-China: Nonresident Flows
(4Q, % of GDP)



In nominal terms, trailing-12 month FDI inflows continued to recover in Asia-Pacific ex-China and strengthened in Latin America, but weakened in Europe

Figure 5. EMs ex-China: FDI Nonresidentdent Flows
(4Q rolling sum, USD billion)



Nonresident inflows into China remained at very low levels, with some signs of recovery in several BOP segments

Figure 6. China Nonresident BOP Flows
(4Q % to GDP)

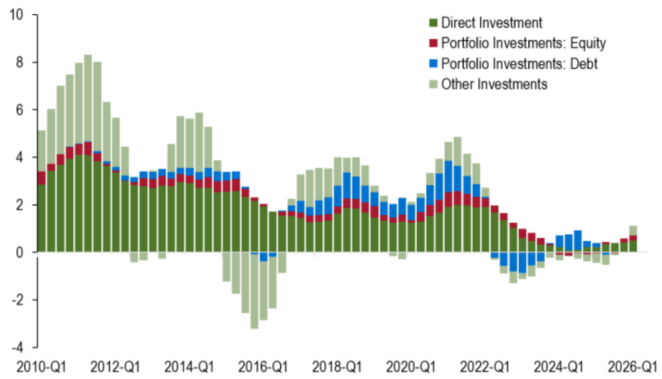


Figure 7. BOP Nonresident Flows, Composition ex-China and Russia

		Level (% of GDP)			Percentile Rank (based on 4Q)					
		Quarter	4Q Sum	Historical Avg (4Q)	All	% in lower quartile	% in upper quartile	Asia	Europe	LATAM
FDI	2025-Q1	2.7	2.1	2.5	19%	33%	14%	25%	52%	35%
	2025-Q2	1.9	2.1	2.5	11%	24%	14%	27%	30%	41%
	2025-Q3	2.1	2.1	2.5	14%	29%	14%	30%	27%	44%
	2025-Q4	1.7	2.1	2.5	12%	33%	14%	29%	35%	34%
Port. Equity	2025-Q1	-0.7	-0.3	0.2	7%	44%	11%	9%	17%	5%
	2025-Q2	0.1	-0.2	0.2	13%	39%	11%	16%	29%	10%
	2025-Q3	-0.2	-0.3	0.2	6%	44%	28%	2%	35%	6%
	2025-Q4	0.0	-0.2	0.2	11%	33%	17%	8%	43%	11%
Port. Debt	2025-Q1	1.2	0.9	0.9	57%	6%	17%	46%	60%	57%
	2025-Q2	0.6	0.9	0.9	56%	11%	28%	32%	52%	68%
	2025-Q3	1.2	0.8	0.9	52%	11%	22%	11%	55%	77%
	2025-Q4	0.6	0.9	0.9	58%	11%	28%	21%	65%	73%
Other	2025-Q1	2.0	1.7	1.4	80%	14%	29%	82%	75%	56%
	2025-Q2	1.6	1.7	1.4	79%	14%	19%	84%	74%	50%
	2025-Q3	1.5	1.6	1.4	75%	19%	14%	56%	73%	61%
	2025-Q4	2.1	1.8	1.4	82%	10%	19%	67%	72%	76%

Note: in Figure 4, other investment liabilities for India are estimated from national sources.

EM BOP Resident Capital Flows *(Net Acquisition of Assets)*

EM residents (ex-China) continued to acquire foreign portfolio assets, but the pace eased across most economies in Q2 this year, and compared to a year ago

Figure 8. EMs ex China: Resident Portfolio Outflows

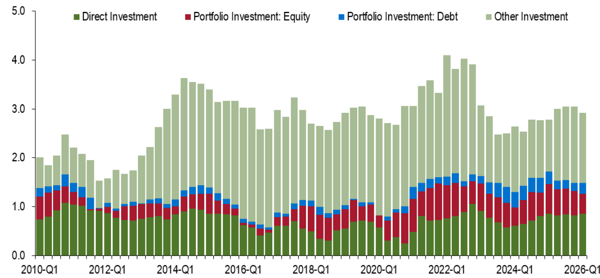
(USD Billions, *Quarter-to-Date for 2026-Q2), ** high frequency non-BOP data for 2026-Q2)

Year	2022				2023				2024				2025				2026	
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2*
BRA	1.3	-0.9	-1.5	0.9	2.0	3.4	1.3	-2.2	7.8	3.8	-1.8	-2.6	11.0	6.0	6.0	-0.8	13.3	1.9
CHL	5.5	2.4	-2.2	1.9	3.2	3.2	1.1	-2.2	1.1	3.5	2.4	-1.5	5.8	3.0	3.9	6.2	4.5	1.0
CZE	0.1	-0.9	-0.4	1.5	1.5	0.8	0.1	0.9	1.6	3.1	1.6	0.8	2.3	2.0	4.7	2.6	6.3	1.0
HUN	-0.1	0.5	0.4	1.5	0.7	2.9	0.5	2.2	0.8	-0.1	2.0	2.8	1.0	-0.1	1.7	2.5	0.7	0.5
PHL	0.9	-1.2	0.7	-0.7	1.5	1.7	0.1	0.2	1.0	-1.9	1.2	0.7	4.2	-1.0	2.0	-0.3	0.1	
POL	-0.7	0.0	0.1	3.9	5.0	3.0	4.7	1.9	3.6	4.5	0.9	5.5	0.8	2.1	1.2	2.9	5.5	1.6
ROU	0.3	0.2	1.0	-0.1	-0.2	1.3	0.2	0.1	-0.1	0.0	1.6	-0.3	0.2	-0.4	0.3	1.5	0.1	0.2
TUR	0.8	0.5	0.3	-0.7	1.7	-0.5	0.6	0.2	2.9	1.4	2.8	2.4	1.2	3.0	5.1	4.7	6.3	2.4

Cumulative cross border flows from EM residents (ex-China), as a share of GDP, has broadly stabilized after gaining momentum over the past two years

Figure 9. EM BOP Resident Outflows

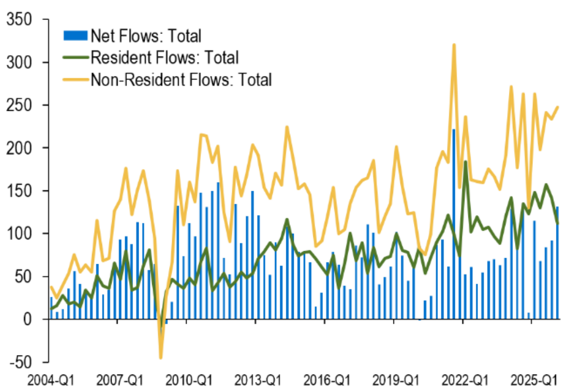
(4Q % to GDP)



Net capital inflows to EMs ex-China have increased, supported by a rebound in nonresident flows and moderating resident outflows

Figure 10. Net Capital Flows for EMs ex China

(USD Billion)



China's resident outflows are showing tentative signs of stabilization following an increasing trend since mid-2024

Figure 11: China Resident Outflows

(4Q % to GDP)

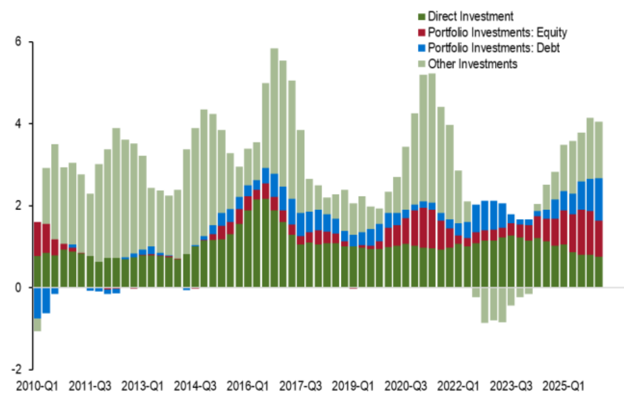


Figure 12. BOP Resident Flows ex-China and Russia *(Net Acquisition of Assets)*

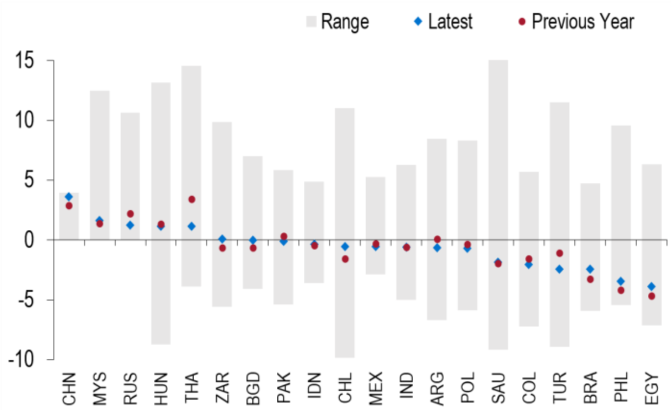
			Level (% of GDP)			Percentile Rank (based on 4Q)					
			Quarter	4Q Sum	Historical Avg (4Q)	All	% in lower quartile	% in upper quartile	Asia	Europe	LATAM
2025-Q1	FDI	2025-Q1	0.9	0.9	0.7	73%	14%	29%	54%	79%	74%
2025-Q2		2025-Q2	0.5	0.8	0.7	69%	14%	19%	58%	70%	68%
2025-Q3		2025-Q3	0.9	0.8	0.7	71%	10%	24%	62%	76%	66%
2025-Q4		2025-Q4	0.9	0.8	0.7	68%	14%	29%	59%	64%	75%
2025-Q1	Port. Equity	2025-Q1	0.8	0.6	0.4	94%	11%	53%	83%	84%	100%
2025-Q2		2025-Q2	0.3	0.5	0.4	91%	5%	53%	93%	64%	96%
2025-Q3		2025-Q3	0.7	0.5	0.4	90%	11%	47%	77%	66%	98%
2025-Q4		2025-Q4	0.2	0.5	0.4	83%	16%	53%	37%	73%	99%
2025-Q1	Port. Debt	2025-Q1	0.3	0.3	0.2	71%	27%	33%	61%	86%	70%
2025-Q2		2025-Q2	0.1	0.2	0.2	51%	33%	33%	39%	46%	81%
2025-Q3		2025-Q3	0.1	0.2	0.2	50%	33%	33%	22%	41%	90%
2025-Q4		2025-Q4	0.2	0.2	0.2	45%	13%	33%	31%	28%	87%
2025-Q1	Other	2025-Q1	1.3	1.1	1.2	49%	33%	24%	93%	30%	0%
2025-Q2		2025-Q2	1.9	1.5	1.2	84%	5%	24%	98%	53%	19%
2025-Q3		2025-Q3	1.6	1.5	1.2	86%	5%	33%	95%	49%	56%
2025-Q4		2025-Q4	1.4	1.6	1.2	91%	0%	29%	99%	66%	37%

Other Balance of Payments Details

Current account balance developments across EMs have been mixed, although some countries with wide deficits have shown signs of narrowing

Figure 13: Current Account Balances

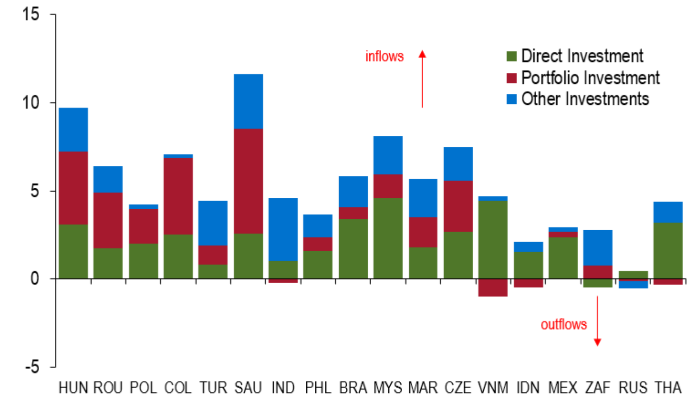
(4Q, latest and historical range as share of GDP)



FDI continues to account for a large share of major EM capital inflows, although portfolio flows have surpassed FDI in some countries

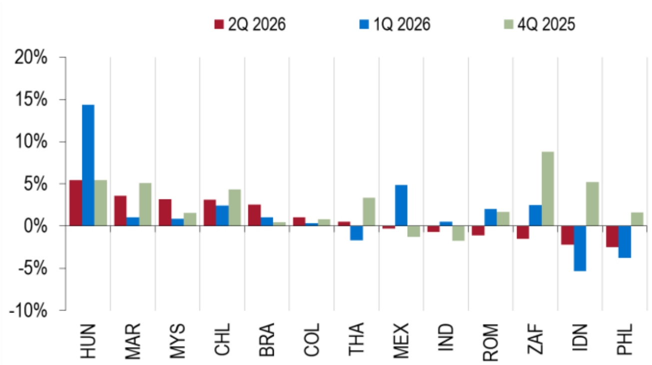
Figure 14: External Financing Sources

(4Q sum to GDP)



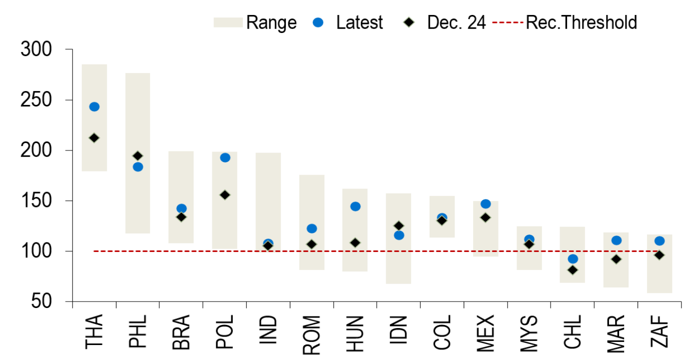
Reserve accumulation has come under pressure in some major EMs amid a more challenging external environment…

Figure 15. EM Reserve Stocks (quarterly change, percent)



… although most major EMs continue to maintain adequate buffers

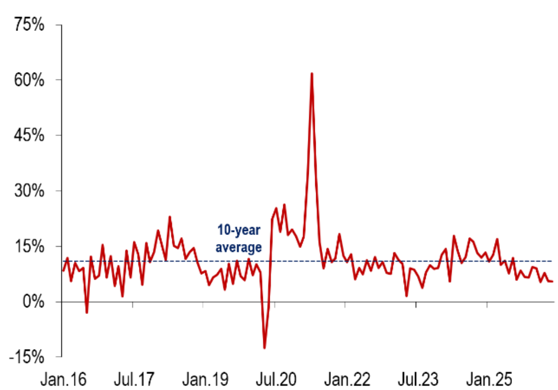
Figure 16. Reserves as Share of ARA Metric (percent, latest available for official reserve assets)



Remittance growth, while remaining near its historical average, has moderated in the past year…

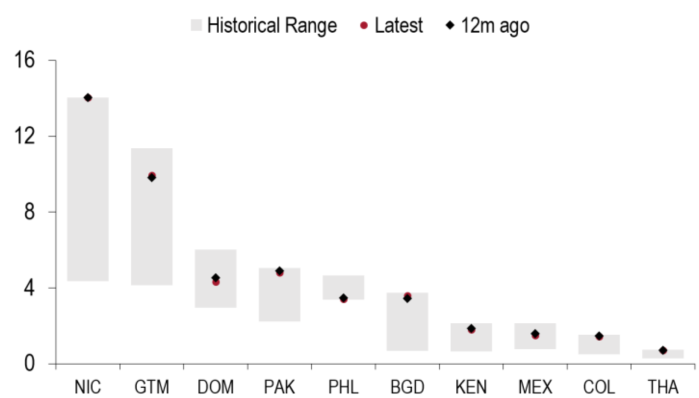
Figure 17. Remittances, EM Median

(y/y growth)



…. but levels remain elevated as a percent of GDP for most countries, compared to their historical ranges

Figure 18. Remittances as Share of GDP, 12-month rolling sum (% of GDP, range since 2012)



Appendix: Long-Term Heat Maps on Nonresident Capital Flows

Figure 19. Nonresident BOP Flows to EMs: Percentile Rank relative to their Own History

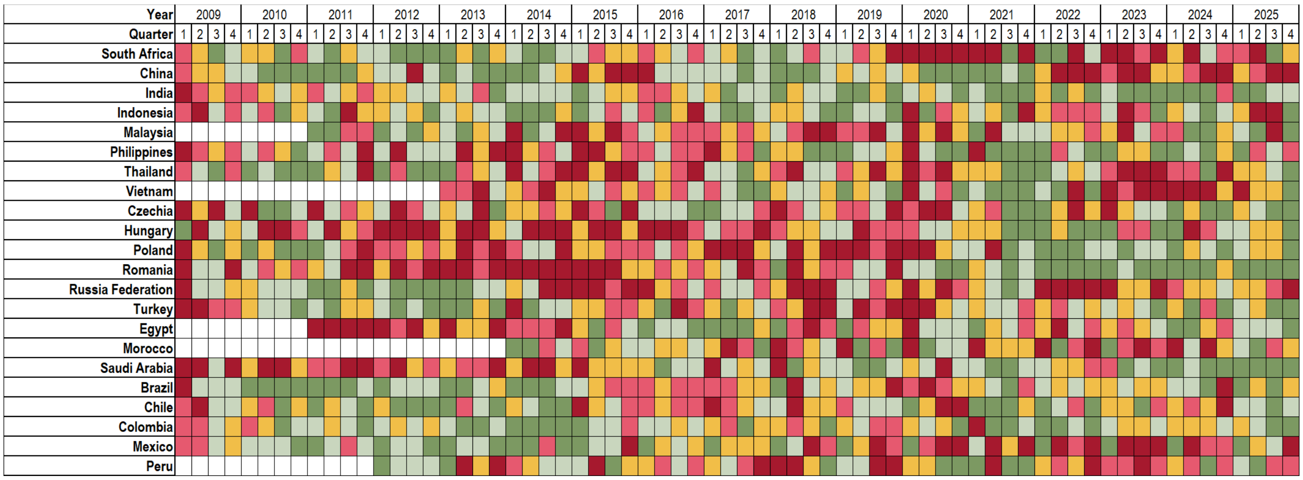


Figure 20. Nonresident Portfolio Flows: Percentile Rank relative to their Own History

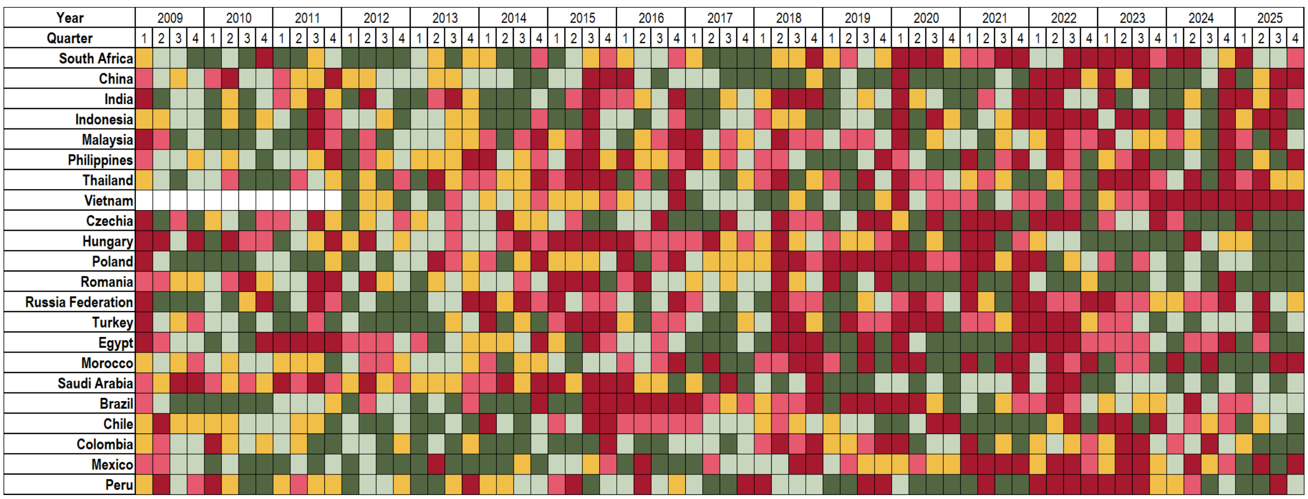


Figure 21. Nonresident FDI Flows to EMs Percentile Rank relative to their Own History