



MONDAY, MAY 6, 2024

SUMMARY

Weekly data* suggest local currency bond flows continue to remain choppy, with modest inflows in April into Hungary(\$1bn) and Türkiye (\$0.9bn) (Figure 1). India has seen its first month of outflows since April of last year thus far in the month (-\$1.8bn). Mexico, Indonesia, and Thailand have generally seen outflows, with South Africa seeing small inflows (Figures 1 & 3).

After a weak February, monthly flows data showed large net inflows in March for EM ex. China (+\$7.4bn), with by inflows to LATAM and India (Figure 3). YTD inflows stand at \$13.4 billion. Outflows from Chinese bonds significantly picked up pace (-\$11.7bn, -\$2.8bn ytd.) after three consecutive months of inflows. EM local currency returns were marginally negative in March for the fourth straight month.

- **LATAM:** Inflows into Brazil (+\$5.4bn) continue to be strong, making up more than 75% of inflows into EM ex-China so far this year. Flows into Mexico continue to be volatile with the country seeing outflows on net since the start of the year (-\$1.2bn) a strong March (\$4bn). Inflows into Colombia continued for the second consecutive month (+\$0.7bn).
- **Asia:** Inflows into India continued into March (+\$2.2bn) but preliminary April data points to the first month of outflows in over a year (-\$1.8bn). Outflows from Indonesia continued (-\$1.7bn) with high frequency data pointing to further outflows for April (-\$1bn). Thailand's outflows have reached -\$1.3bn year-to-date with the majority of outflows occurring in April (-\$0.8bn). Malaysia saw modest inflows in March (+\$0.4bn) after three consecutive months of outflows.
- **CEEMEA:** Positive inflows in Jan-Feb have reversed in March. In March, Hungary (-\$2.7bn), Poland (-\$0.3 bn), and Türkiye (-\$0.4bn) faced outflows. However, outflows appear to have reversed in April in Hungary and Türkiye. Notably, Türkiye has seen its biggest inflow since early December (+0.9bn). Flows to South Africa continue to flat over the last couple months, with small net inflows in April. Egypt saw its biggest inflows since Q2-2023 in January (+\$1bn).

Investor Composition: Domestic banks have continued to increase their share of government debt holdings in several countries over the past month, continuing a trend seen since the start of the year. Notably, China, Colombia and Thailand have all seen increased domestic bank holdings in April. Meanwhile, Mexico which had experienced a significant rise earlier in the year saw some decline of bank holdings in the month. Foreign participation continues to mostly lag, with further declines in Peru, Poland, Türkiye, China, and South Africa among others. Brazil, Mexico, and Colombia however have experienced some increase in percent of foreign participation in April.

Figure 1. Weekly Local Currency (LC) Non-resident Flows (USD bn)

	8-Mar	15-Mar	22-Mar	29-Mar	5-Apr	12-Apr	19-Apr	26-Apr
MEX	2.29	0.91	-0.42	0.94	-0.29	0.76	-0.85	0.12
ZAF	0.39	0.15	-0.33	-0.39	-0.18	1.06	-0.08	-0.33
HUN	-0.45	-0.18	-0.02	-1.86	1.35	-0.49	0.23	0.15
TUR	-0.26	-0.07	-0.10	0.11	0.09	0.08	0.12	0.60
IDN	-0.72	-0.25	0.09	-0.44	-0.09		-0.37	-0.29
IND	0.97	0.44	-0.20	1.04	-0.62	0.02	-0.81	-0.43
THA	0.01	-0.31	-0.43	0.42	-0.26	-0.42	-0.08	-0.03

Figure 2. Flow Dispersion and Returns (percent share, left scale; percent, right scale)

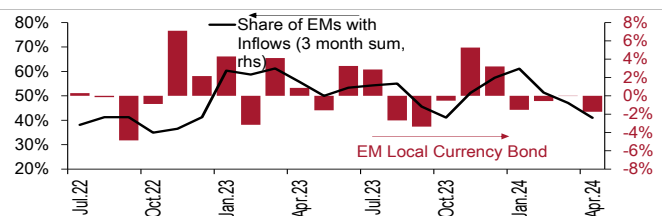


Figure 3. Local Currency Government Non-resident Debt Flows (USD bn; latest month is month to date)

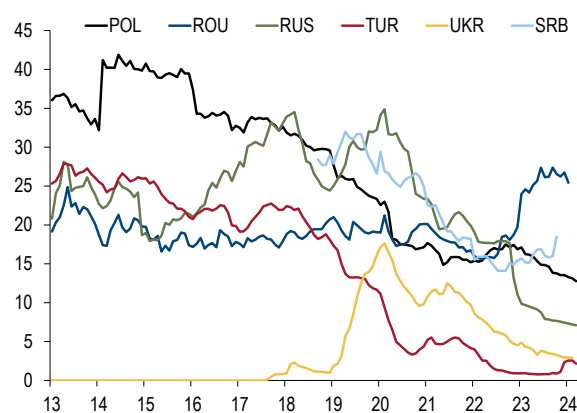
	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	2024YTD	2023	2022
BRA	0.0	0.0	2.8	-4.1	2.5	4.4	4.6	0.1	-2.0	3.8	1.2	5.4		10.4	11.9	-7.2
MEX	-0.2	-3.6	1.7	0.3	0.5	-0.1	0.7	1.0	4.9	-1.2	-3.2	4.0	-0.3	-0.7	5.0	3.9
PER	0.4	0.6	0.1	-0.5	-0.5	0.4	-0.2	0.0	0.0	0.0	-0.1	0.0		-0.1	-0.3	-1.9
COL	0.3	-0.2	-0.5	-0.4	-0.4	-1.1	0.1	0.4	-0.4	-0.6	0.1	0.7		0.1	-2.5	4.8
HUN	2.5	-0.6	-2.0	1.0	0.3	-2.3	2.4	-0.1	-3.3	3.1	1.4	-2.7	1.0	2.7	1.7	2.8
POL	-0.5	-0.9	-0.3	0.3	-0.3	-1.2	0.1	-0.2	0.7	0.0	0.3	-0.3		0.0	-3.2	4.9
TUR	0.0	-0.1	0.1	0.0	0.0	0.5	0.0	0.3	1.3	0.3	0.1	-0.4	0.9	1.5	2.0	-2.2
ROU	0.3	1.0	1.0	0.1	0.3	0.2	-0.7	0.1	0.8	-0.4				-0.4	7.4	2.4
SRB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2				0.2	0.0	-0.4
UKR	-0.1	-0.2	0.2	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.4	-1.1
KAZ	0.0	0.1	-0.1											0.0	0.2	-0.9
ZAF	1.5	-0.8	1.7	1.0	-0.5	-0.3	0.7	1.7	-1.6	0.3	0.0	0.0	0.2	0.6	2.9	0.3
EGY	0.4	-0.5	0.4	0.1	0.0	0.0	-0.4	0.4	0.1	1.0				1.0	6.6	-8.3
GHA	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0				-0.1	-0.1	-1.8
MYS	0.0	0.6	0.8	1.9	-1.1	0.0	-0.4	1.3	-0.5	-0.8	-0.3	0.4		-0.8	5.9	-1.9
IND	0.1	0.4	1.2	0.4	0.9	0.2	0.8	1.7	2.4	2.5	2.4	2.2	-1.9	5.0	8.4	-2.0
IDN	0.3	0.4	1.2	0.6	-0.6	-1.5	-0.8	1.5	0.5	0.0	-0.3	-1.7	-1.3	-3.3	5.4	-9.0
THA	-0.6	0.7	-0.3	1.0	-1.1	-0.6	0.5	0.5	-0.3	-0.1	-0.4	-0.3	-0.7	-1.5	0.3	6.2
CHN	-3.9	3.1	5.3	-7.2	-6.0	-1.9	5.8	22.9	16.8	11.2	-2.3	-11.7		-2.8	5.8	-76.0
EM ex. CHN	4.3	-3.1	8.1	1.5	0.2	-1.4	7.2	8.8	2.7	8.0	1.0	7.4	-2.2	14.4	49.0	-23.6

Figure 4. Local Currency Government Debt Holdings: Investor Composition

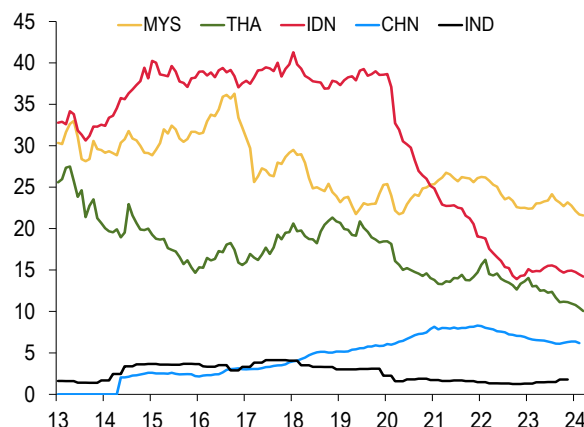
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)
BRA	129	10	0.7	0.8	29	1.2	0.2	50	-0.5	-0.7
MEX	107	15	-1.1	-2.4	11	1.0	-1.1	49	-0.8	2.0
COL	28	21	-0.7	-5.2	14	0.8	-0.3	44	2.0	9.0
PER	15	35	-0.9	-5.7	28	-0.7	3.9	15	-0.8	0.1
POL	33	13	-0.8	-4.1	44	0.5	2.9	13	-0.1	0.2
TUR	3	3	0.6	2.1	72	-3.4	-0.7	12	3.0	1.9
ROU	18	25	-1.3	5.7	40		-3.8	24		-0.4
CZE	45	34	-1.0	7.7	34	0.3	-5.1	25	-0.4	-2.6
GEO	0	3	0.4	-1.2	63	1.7	5.7	11	-0.9	2.2
CHN	466	6	-0.1	-0.9	62	0.4	2.0			
IDN	51	14	-1.2	-0.6	25	-2.9	-7.4	22	0.2	2.7
MYS	53	22	-1.2	-0.9	34		2.5	34		0.0
THA	24	10	-0.9	-3.6	27	1.5	3.9	7	0.1	-0.4
IND	29	2		0.5	39		0.0	36		0.0
ZAF	48	25	-0.7	-1.0	20	-0.1	-1.2	53	0.4	2.3
EGY	14	16		4.0	37	0.0	-5.3	20		2.0

Figure 5. Regional Look: Non-resident Share of Domestic Government Debt

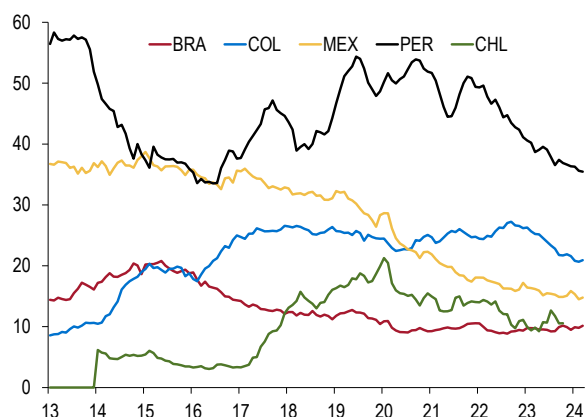
a. Eastern Europe (percent share)



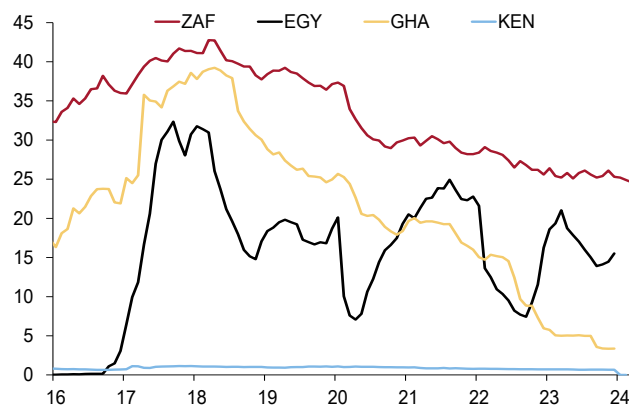
b. Asia (percent share)



c. Latin America (percent share)



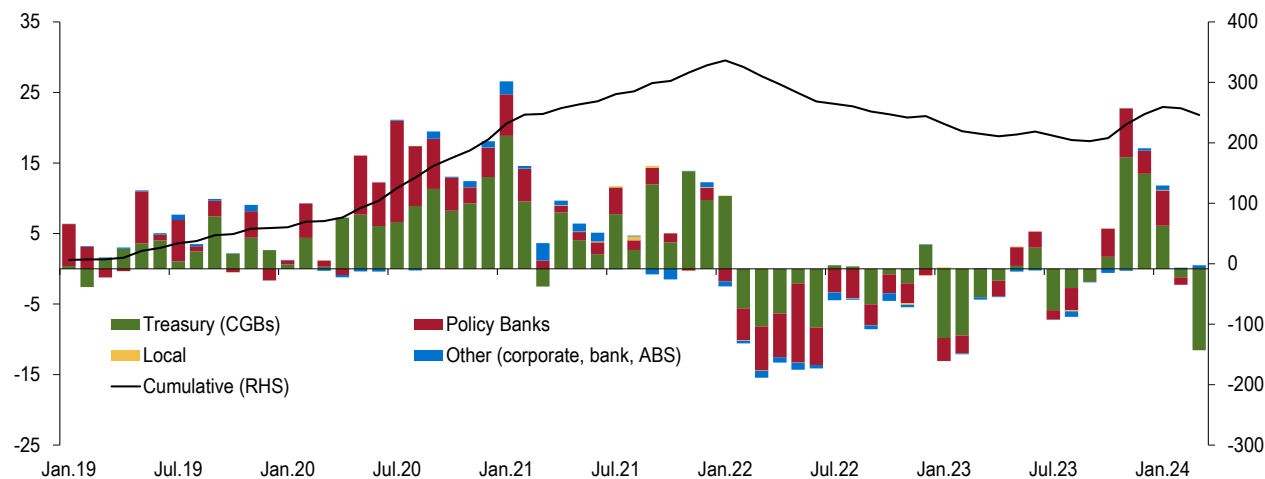
d. Africa (percent share)



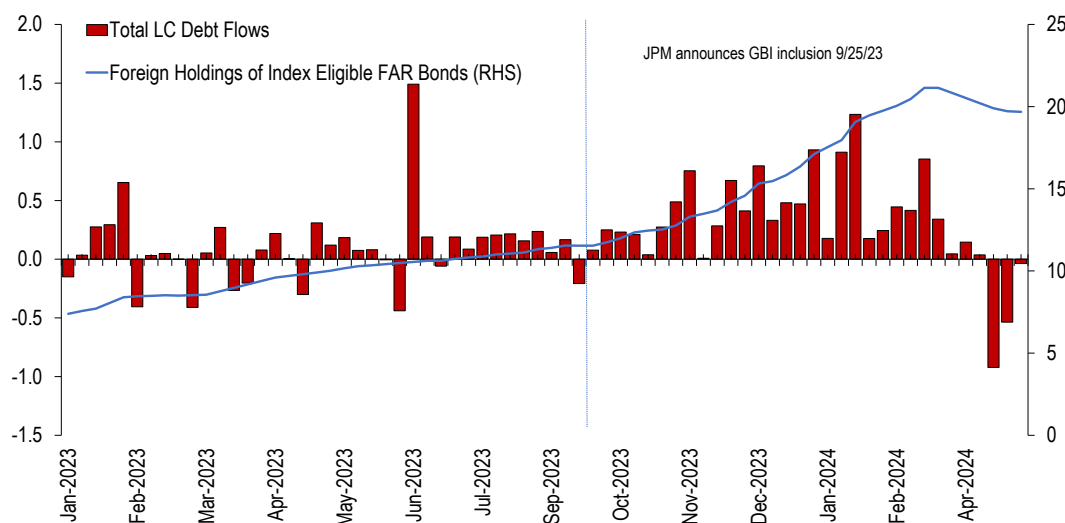
Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries. Data on NBFIs refers to insurance, pension (including public), and investment funds where specifically available, but exact categorization may differ across countries. South Africa includes 'other financial institutions' alongside pension funds and insurance for NBFIs.

Annex

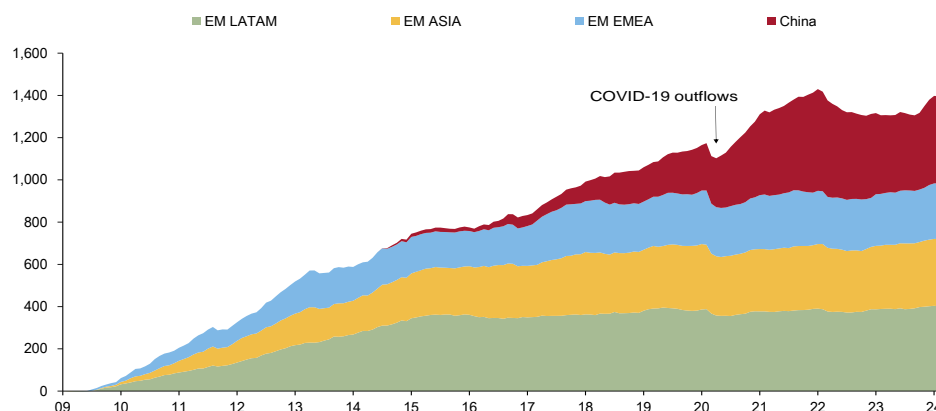
a. Non-resident Flows into Chinese Local Currency Bonds, by Sector (USD billions)*



b. Non-resident Flows into India, Index Eligible Bonds, Fully Accessible Route (USD billions)



c. Cumulative Non-resident Flows into LC Government Bonds Since 2009 (USD billions)



*Note: In some cases, flows are derived from the change in stock outstanding held by foreign investors each month.