## HIGHLIGHTS

**Portfolio flows to EM local currency debt have remained relatively strong in aggregate, led by Latin America, though only about half of our sample saw inflows in Q4.** Colombia, Peru, Brazil, Egypt, South Africa, Hungary, and Malaysia all saw inflows of at least 1% of GDP in 2025.

- **Partial daily data\* for January show positive momentum, with strong returns and net inflows** (Fig. 1). Mexico has received three consecutive weeks of inflows after a sluggish 2025. Flows to South Africa have mostly rebounded to start the year. Notably, Türkiye ($3.5 bn) and Hungary ($5.5 bn) have seen large inflows YTD. Flows to Asia remain mixed, with India continuing to lag with net outflows YTD. Sentiment deteriorated after Bloomberg deferred inclusion of Indian bonds into its global aggregate index in January. Indonesia and Thailand have received modest inflows YTD, though Indonesian assets have come under pressure in the last few days, possibly signaling a reversal. Monthly returns on the benchmark EM local currency bond index reached their highest level since August 2025, mostly driven by currency returns.

- **Monthly data for December show inflows to EM ex. China rebounded ($10.3 bn) after small outflows in November** *(Fig. 3). In Latin America,* Brazil received another $7.1 bn of inflows in December. Net flows to Colombia reached $7.1 bn, with a single investor reportedly accounting for the bulk of the purchases. Mexico saw $2.4 bn of inflows, breaking an 8-month streak of outflows, while early January data points towards further inflows. On the downside, nonresidents sold $0.3 bn of Peruvian debt in December. Flows to the Dominican Republic stabilized in November after large outflows in October *In Asia,* Malaysia ($0.5 bn) and Indonesia ($0.4 bn) saw inflows in December, with Malaysia receiving persistent foreign inflows for the last three months, in contrast to the rest of EM Asia. India (-$1.3 bn) and Thailand (-$0.3 bn) saw outflows in the last month of the year. Flows to China were negative (-$4.8 bn) for the second month, marking a second consecutive year of outflows. *In CEEMEA*: South Africa saw outflows for a third consecutive month (-$0.8 bn) in December, though January data shows some improvement. Hungary ended the year on a down note (-$5.1 bn), though flows fully recovered in January, with net flows over the last three months. Türkiye has seen persistent inflows in recent months, including $0.4 bn in December. Poland saw renewed inflows ($1.3 bn) in December.

**Non-resident participation increased in nearly half of EMs in 2025, though broader absorption patterns have varied:** The non-resident share of LC debt increased in Peru, South Africa, Hungary, Egypt, Colombia, and Brazil amid strong inflows in 2025 (Fig. 4 and 5). In contrast, despite net inflows in Poland and Türkiye, non-resident participation fell amid heavy domestic issuance. Non-resident share also fell in Mexico and Romania due to both outflows and higher debt stock, while in the Dominican Republic the decline was largely driven by outflows (Fig. 8). NBFIs absorbed additional market share in the Dominican Republic, Türkiye, Mexico, Romania, and Georgia. Elsewhere, banks have been especially active in Brazil, Indonesia, and Thailand

### Figure 1. Weekly LC Non-resident Flows (US billions)

|  | 12-Dec | 19-Dec | 26-Dec | 9-Jan | 16-Jan | 23-Jan | 30-Jan |
|---|---|---|---|---|---|---|---|
| MEX | 2.1 | -0.3 | -0.4 | 0.3 | 1.0 | 0.3 |  |
| ZAF | -0.5 | 0.4 | 0.3 | 1.6 | -0.2 | -0.5 | 1.1 |
| HUN | -0.7 | 1.6 | -1.3 | 4.4 | 1.4 | -0.2 | 1.1 |
| TUR | 0.3 | 0.2 | -0.2 | 0.9 | 1.1 | 1.3 |  |
| IDN | 0.0 | 0.1 | 0.2 | 0.2 | 0.1 | 0.0 | -0.1 |
| IND | -0.6 | -0.2 | -0.4 | 0.2 | -0.4 | 0.5 | 0.3 |

### Figure 2. EM LC Bond Returns (percent, JPM GBI-EM)



Legend: FX return, Price Return, Coupon return, USD total return
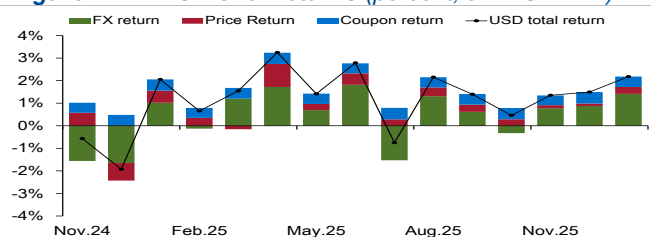
### Figure 3. Local Currency Government Non-resident Debt Flows (USD billion; latest month is month-to-date)

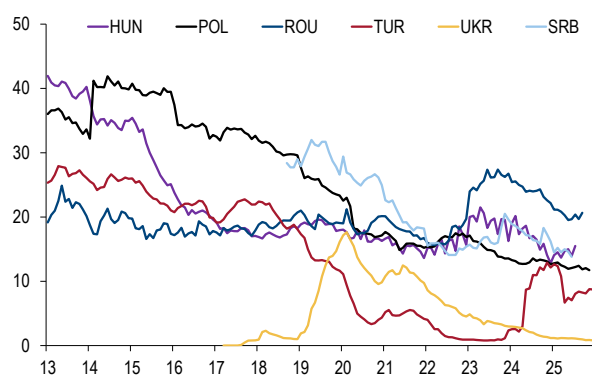|  | Jan.25 | Feb.25 | Mar.25 | Apr.25 | May.25 | Jun.25 | Jul.25 | Aug.25 | Sep.25 | Oct.25 | Nov.25 | Dec.25 | Jan.26 | 2026YTD | 2025 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BRA | -3.4 | 0.3 | -0.1 | 3.3 | 2.9 | 3.4 | 1.2 | 3.5 | 4.8 | 6.4 | -2.0 | 7.1 |  | 0.0 | 27.3 | 22.3 |
| MEX | -1.4 | 2.4 | 0.8 | -1.3 | -2.4 | -0.2 | -0.5 | -0.6 | -1.4 | -2.4 | -0.6 | 2.4 | 1.7 | 1.7 | -5.1 | 2.1 |
| DOM | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 | 0.0 |  |  | 0.0 | -0.4 | -0.1 |
| PER | 0.6 | 0.9 | 0.0 | -0.2 | 0.3 | 1.6 | -0.3 | 0.6 | 0.1 | 0.4 | 0.0 | -0.3 |  | 0.0 | 3.7 | 3.3 |
| COL | 0.5 | 0.6 | 0.0 | 0.0 | 0.4 | 0.2 | -1.5 | 0.8 | 8.0 | -0.6 | 0.4 | 7.1 |  | 0.0 | 15.9 | -1.0 |
| HUN | 1.4 | 0.6 | -0.7 | 1.3 | 0.6 | -1.5 | 2.0 | 2.5 | -2.1 | 2.5 | 0.8 | -5.1 | 6.0 | 6.0 | 2.4 | -2.5 |
| POL | 1.7 | 1.7 | -0.4 | -0.5 | -0.4 | 1.4 | 1.1 | 1.3 | -1.2 | 1.6 | -0.8 | 1.3 |  | 0.0 | 6.8 | 4.1 |
| TUR | 1.6 | 0.5 | -1.5 | -5.6 | 1.5 | -0.1 | 2.3 | 1.4 | 0.4 | 0.1 | 1.7 | 0.4 | 3.5 | 3.5 | 2.5 | 16.1 |
| ROU | -0.7 | 0.0 | 0.0 | -0.1 | -0.6 | 0.3 | 0.7 | -0.4 | 1.3 |  |  |  |  | 0.0 | 0.4 | 0.1 |
| SRB | 0.2 | -0.1 | -0.1 | 0.0 | 0.0 | -0.1 | -0.1 | 0.0 | -0.1 | -0.1 | -0.1 |  |  | 0.0 | -0.3 | 0.0 |
| UKR | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | -0.6 |
| ZAF | 0.2 | 0.8 | 0.6 | 0.2 | -0.2 | 1.9 | -0.4 | 1.9 | 4.5 | -2.1 | -1.6 | -0.8 | 2.0 | 2.0 | 4.8 | 4.3 |
| EGY | 3.2 | -0.6 | 3.4 | -1.8 | 2.1 | -0.3 | 3.2 | 0.8 | 0.9 |  |  |  |  | 0.0 | 10.8 | 27.3 |
| MYS | 0.4 | -0.4 | 0.7 | 2.2 | 3.0 | -1.4 | -1.2 | 0.7 | -1.5 | 0.8 | 0.9 | 0.5 |  | 0.0 | 4.9 | 0.4 |
| IND | 1.4 | 1.4 | 3.7 | -3.0 | 0.2 | 0.1 | 0.1 | 1.7 | 1.2 | 2.0 | 0.0 | -1.3 | 0.8 | 0.8 | 7.5 | 17.2 |
| IDN | 0.3 | 0.5 | 0.1 | 0.5 | 1.6 | -0.5 | 1.0 | 1.1 | -2.7 | -1.8 | -0.4 | 0.4 | 0.1 | 0.1 | 0.2 | 2.3 |
| THA | -0.4 | 0.1 | 0.6 | 1.7 | 0.0 | -0.6 | -0.1 | -0.1 | 0.2 | 0.6 | 0.5 | -0.3 | 1.4 | 1.3 | 2.3 | -1.1 |
| CHN | -8.0 | 0.8 | 0.4 | 9.4 | -1.0 | -3.9 | -17.9 | -3.8 | 2.2 | 3.0 | -2.0 | -4.8 |  | 0.0 | -25.6 | -25.0 |
| EM ex. CHN | 5.7 | 8.6 | 7.3 | -3.6 | 9.0 | 4.2 | 7.5 | 15.1 | 12.4 | 7.1 | -1.1 | 11.6 | 15.5 | 15.4 | 83.7 | 94.4 |

## Figure 4. Local Currency Government Debt Holdings: Investor Composition
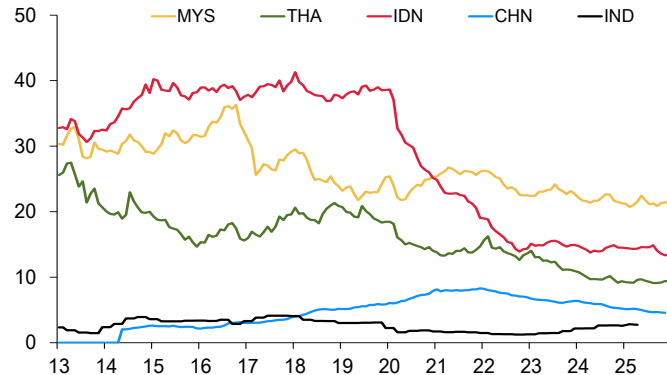
| | Foreign Share (percent) | Change since Dec. 2024 (ppt) | Change since Dec. 2023 (ppt) | Change Since Dec 2019 (ppt) | Domestic Bank Share (percent) | Change since Dec. 2024 (ppt) | Change since Dec. 2023 (ppt) | Change Since Dec 2019 (ppt) | Domestic NBFI Share (percent) | Change since Dec. 2024 (ppt) | Change since Dec. 2023 (ppt) | Change Since Dec 2019 (ppt) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BRA | 10 | 0.1 | 0.9 | -0.1 | 33 | 3.4 | 3.2 | 8.2 | 47 | -2.6 | -3.5 | -8.5 |
| MEX | 11 | -2.2 | -4.4 | -16.9 | 8 | 0.8 | -1.6 | 1.1 | 54 | 2.1 | 4.4 | 12.0 |
| COL | 23 | 5.0 | 1.1 | -1.7 | 15 | -0.9 | 2.1 | -0.2 | 44 | -3.1 | 1.8 | 5.2 |
| PER | 44 | 2.9 | 7.4 | -4.9 | 19 | -2.8 | -3.3 | 9.2 | | | | |
| DOM | 3 | -2.4 | -4.0 | -7.0 | 27 | -1.1 | 9.6 | 11.9 | 45 | 5.7 | -2.5 | 11.8 |
| HUN | 0 | -10.1 | -13.8 | -20.0 | 30 | -0.2 | 4.0 | -2.0 | 15 | 1.0 | 1.2 | 1.5 |
| POL | 12 | -0.8 | -1.7 | -11.5 | 51 | 0.3 | 0.6 | 5.9 | 15 | 0.8 | 1.1 | -5.2 |
| TUR | 9 | -3.4 | 6.4 | -2.9 | 53 | -8.6 | -22.3 | -2.7 | 20 | 6.3 | 11.2 | 11.6 |
| ROU | 21 | -1.5 | -6.1 | 1.6 | 42 | -0.1 | 3.9 | -2.9 | 27 | 1.8 | 2.0 | 5.8 |
| GEO | 0 | -1.6 | -2.9 | -10.0 | 71 | 2.1 | 14.8 | -0.8 | 15 | 2.0 | 3.3 | 13.8 |
| CHN | 5 | -0.7 | -1.7 | -1.3 | 64 | 2.7 | 0.4 | 1.8 | 21 | -1.6 | -1.6 | 2.3 |
| IDN | 13 | -1.1 | -1.6 | -25.2 | 21 | 3.2 | -5.9 | -0.5 | 23 | 1.3 | 1.7 | 1.5 |
| MYS | 22 | 0.2 | -1.2 | -3.8 | 30 | 0.3 | -2.2 | 0.6 | 36 | -0.4 | 0.5 | -1.8 |
| THA | 9 | 0.0 | -1.6 | -9.1 | 30 | 3.8 | 5.5 | 15.3 | 36 | 0.5 | 1.2 | -6.7 |
| IND | 3 | 0.2 | 1.0 | -0.3 | 37 | -2.5 | -3.5 | -4.5 | 37 | -0.4 | 0.4 | 6.0 |
| ZAF | 25 | 0.4 | -0.3 | -12.1 | 20 | -0.6 | 0.3 | 3.5 | 54 | 0.3 | 1.1 | 8.0 |
| EGY | 42 | -0.1 | 27.2 | 24.8 | 30 | -0.7 | -10.3 | -12.5 | 8 | 0.1 | -10.1 | -2.1 |

## Figure 5. Regional Look: Non-resident Share of Domestic Government Debt
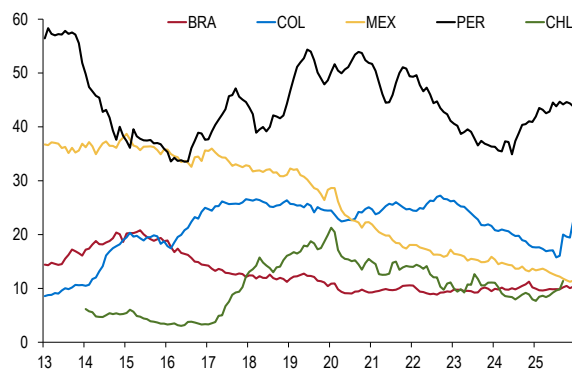
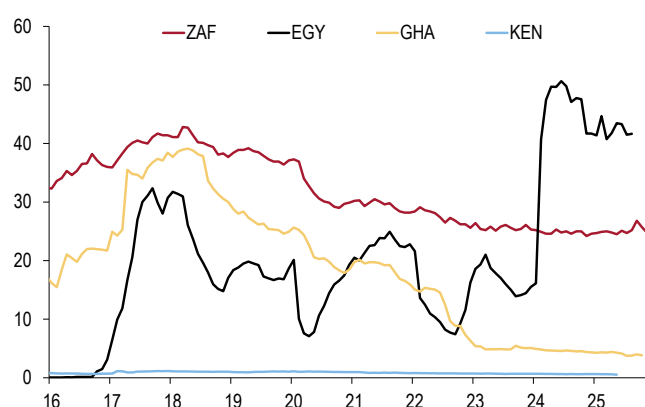### a. Eastern Europe (percent share)



### 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. For Hungary, nonresident invstor composition accounts for repo transactions per the source, which may lead to a divergence between flows and share. 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.

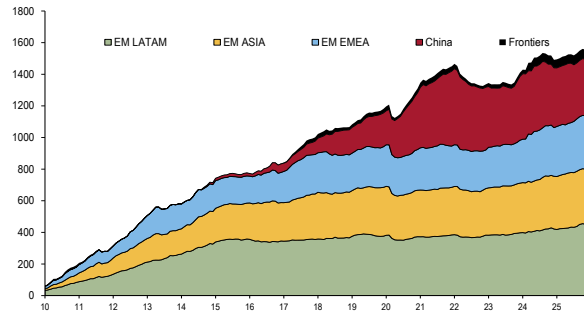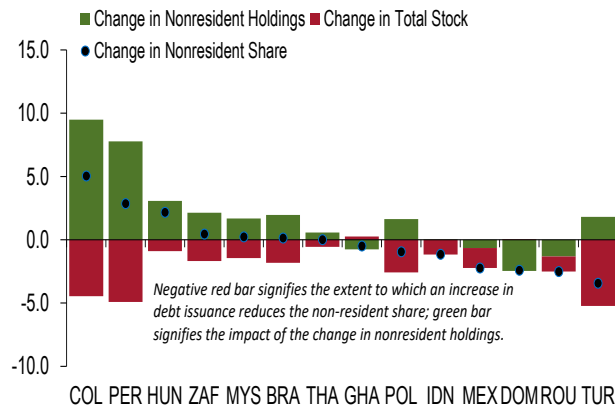**Figure 6. Cumulative Non-resident Flows into Local Currency Govt. Bonds Since 2009** *(USD billion)*

**Figure 7. Non-resident Flows to LC Bonds, 12 months rolling as share of GDP** *(median, aggregate, and interquartile range for sample of 17 EMs)*

**Figure 8. Contribution of Total Issuance and Non-resident Holdings to Change in Nonresident Share Since Dec. 24** *(percenage points).*
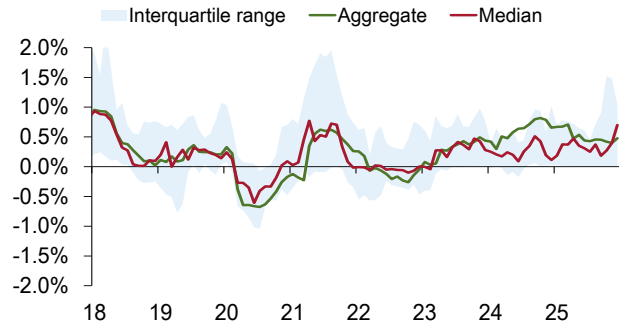
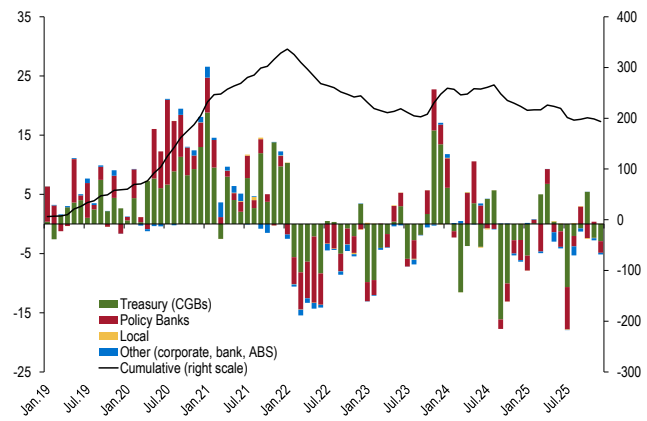**Figure 9. Non-resident Flows into Chinese Local Currency Bonds, by Sector** *(USD billions)*

**Figure 10. Non-resident Flows as Share of Foreign Holdings** *(USD billions; flow figures may differ from monthly to due high frequency data).*

| | Nov 24 | Dec 24 | Jan 25 | Feb 25 | Mar 25 | Apr 25 | May 25 | Jun 25 | Jul 25 | Aug 25 | Sep 25 | Oct 25 | Nov 25 | Dec 25 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BRA | 6.4% | -7.9% | -2.8% | 0.3% | -0.1% | 2.7% | 2.3% | 2.6% | 0.9% | 2.5% | 3.3% | 4.3% | -1.3% | 4.8% | 20.9% |
| MEX | -0.6% | 3.9% | -1.6% | 2.7% | 0.9% | -1.5% | -2.5% | -0.3% | -0.5% | -0.6% | -1.4% | -2.5% | -0.3% | 2.6% | -5.0% |
| DOM | 0.1% | -2.9% | 0.1% | -0.7% | -3.5% | -4.1% | -1.1% | -1.2% | -1.3% | -3.4% | -0.8% | -33.2% | 1.8% | | |
| PER | 1.6% | 1.9% | 3.2% | 4.8% | -0.2% | -1.0% | 1.6% | 7.9% | -1.2% | 2.7% | 0.5% | 1.8% | -0.1% | -1.1% | 20.1% |
| COL | -2.5% | -1.8% | 2.2% | 2.4% | 0.1% | 0.0% | 1.7% | 0.7% | -5.8% | 3.2% | 29.3% | -1.8% | 1.0% | 19.3% | 59.5% |
| POL | 1.3% | -1.3% | 4.7% | 4.2% | -0.9% | -1.2% | -0.9% | 3.3% | 2.5% | 2.8% | -2.6% | 3.4% | -1.6% | | |
| TUR | 14.5% | -2.2% | 9.5% | 2.7% | -8.4% | -34.6% | 14.2% | -0.4% | 19.8% | 10.0% | 2.5% | 0.6% | 11.3% | 2.2% | 18.5% |
| ROU | -4.9% | 0.5% | -4.0% | -0.2% | 0.2% | -0.7% | 0.0% | -1.6% | 3.9% | -2.3% | 6.8% | | | | |
| SRB | -0.9% | -2.6% | 17.2% | -5.4% | -3.9% | -8.7% | 4.6% | -4.4% | -4.6% | -2.7% | -4.5% | -5.1% | -5.4% | | |
| UKR | -0.6% | -9.8% | 0.5% | -6.6% | 7.0% | -2.3% | -1.9% | 1.0% | -2.2% | -5.6% | -5.5% | -11.4% | 2.1% | -2.7% | -25.3% |
| ZAF | -2.3% | 2.4% | 0.3% | 1.4% | 1.1% | 0.3% | -0.3% | 3.4% | -0.7% | 3.3% | 7.2% | -3.2% | -2.5% | -1.2% | 9.0% |
| EGY | -1.6% | -12.4% | 10.1% | -1.8% | 9.9% | -4.9% | 5.7% | -0.9% | 8.2% | 2.0% | 2.1% | | | | |
| GHA | -3.3% | -0.9% | 1.4% | 4.6% | -1.4% | 1.0% | -5.0% | -3.8% | -6.6% | 0.8% | 4.2% | -12.2% | | | |
| MYS | -0.2% | -0.7% | 0.7% | -0.7% | 1.3% | 3.7% | 4.8% | -2.1% | -1.9% | 1.1% | -2.3% | 1.3% | 1.4% | 0.8% | 8.2% |
| IND | 1.6% | 0.0% | 0.0% | 13.1% | 0.0% | 0.0% | -8.8% | 0.0% | 0.0% | 8.6% | 0.0% | 0.0% | | | |
| IDN | -1.5% | 0.5% | 0.5% | 1.0% | 0.2% | 0.9% | 3.0% | -0.8% | 1.9% | 1.9% | -4.8% | -3.3% | -0.7% | 0.7% | 0.2% |
| THA | -3.9% | 1.0% | -0.8% | 0.0% | 0.8% | 6.1% | 1.5% | -3.8% | -1.1% | -1.2% | 0.7% | 1.8% | 2.8% | -0.6% | 6.3% |
| CHN | -0.6% | -0.6% | -1.3% | 0.0% | 1.2% | 1.6% | 0.1% | -0.3% | -2.5% | -0.5% | -0.2% | 1.3% | -0.5% | -0.7% | -1.7% |
| **EM ex. CHN** | **1.0%** | **-1.8%** | **0.6%** | **1.9%** | **0.6%** | **-0.4%** | **0.9%** | **0.7%** | **0.8%** | **2.2%** | **1.9%** | **0.4%** | **-0.2%** | **2.9%** | **8.0%** |