



### SUMMARY

In May, weekly data\* suggests that local currency bond flows have shown a moderate improvement, on aggregate, despite record monthly flows to Türkiye (Figure 1). India saw a return of inflows following outflows in April. In recent weeks, Hungary, Indonesia, Mexico, and Thailand also experienced modest inflows. Conversely, South Africa faced volatile flows ahead of its recently concluded general elections.

After a strong start to the year, monthly flows data reversed in April for EM ex. China (-\$4.5 billion), with meaningful outflows from Asia and Brazil (Figure 3). YTD cumulative inflows remain positive at \$24.2 billion. China was an exception, experiencing inflows in April (+\$1.5 billion, -\$1.3 billion ytd) after two consecutive months of outflows.

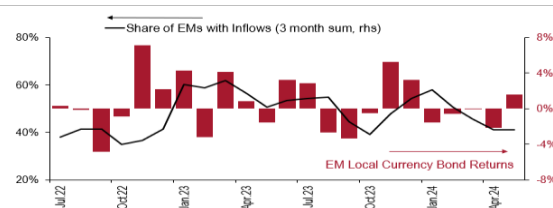
- **LATAM:** Brazil experienced outflows (-\$3.2 billion) in April, reducing its cumulative ytd flows to +\$7.2 billion. However, this still accounts for approximately 30% of cumulative inflows into EM ex-China so far this year. Flows into Mexico continue to be volatile with the country seeing slight outflows in April (-\$0.6 billion), but flows have returned in May. Inflows into Colombia continued for the third consecutive month (+\$0.3 billion).
- **Asia:** Outflows in April reversed somewhat in May. April marked the first month of outflows for India (-\$1.9 billion) in over a year although preliminary data for May suggest that some of these flows returned (+\$1.1 billion). Outflows from Indonesia continued in April (-\$1.3 billion) with high frequency data pointing to flows returning in May (+\$1.2 billion). Thailand's outflows continued for the fifth consecutive month in April (-\$0.7 billion), but some inflows observed in May (+\$0.5 billion). Inflows continue to trickle for Malaysia for the second consecutive month (+\$0.2 billion).
- **CEEMEA:** Bulking the broader trend, the region recorded a better momentum in April. Hungary (+\$1.0 billion) and Türkiye (+\$0.9 billion) experienced inflows after a challenging March. Notably, preliminary data suggests that monthly flows into Türkiye for May (+\$8.1 billion) is on track to be the largest ever, supported by optimism for economic reforms. Flows to South Africa remained cautious, with small net inflows in April (+\$0.3 billion) and May (+\$0.9 billion).

**Investor Composition:** Foreign participation in the local currency market continues to broadly decline in April, with exceptions to Peru and Türkiye (Figure 4). Consequently, domestic banks and NBFIs have absorbed some of this slack, continuing a trend seen since the start of the year. Several countries are also experiencing idiosyncratic developments. In Peru, the passage of the seventh early pension withdrawal approved since 2020 led to a significant reduction in NBFi holdings in April, as pension fund administrators may have to prepare an estimated \$7 billion available for withdrawal according to market participants. In Indonesia, non-residents and domestic banks holdings have been declining, while the central bank's purchases increased this year<sup>1</sup>. Nonetheless, the return of foreign investors in May could help ease pressure on the market and potentially lead to a slower pace of the central bank's purchases going forward.

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

	5-Apr	12-Apr	19-Apr	26-Apr	3-May	10-May	17-May	24-May	31-May
MEX	-0.29	0.76	-0.85	0.00	-0.13	0.24	0.33	-0.02	
ZAF	-0.18	1.06	-0.08	-0.33	-0.48	1.64	0.27	-1.24	0.4
HUN	1.35	-0.49	0.23	0.15	-0.63	0.32	0.02	0.82	-0.4
TUR	0.09	0.08	0.12	0.60	0.76	2.83	1.34	1.57	
IDN	-0.09		-0.37	-0.29	-0.08	0.36	0.31	0.03	0.3
IND	-0.62	0.02	-0.81	-0.43	-0.16	-0.01	0.25	0.19	0.7
THA	-0.26	-0.42	-0.08	-0.03	0.23	0.07	0.11	0.24	0.0

**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)**

	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	May.24 mtd	2024YTD	2023	2022
BRA	0.0	2.8	-4.1	2.5	4.4	4.6	0.1	-2.0	3.8	1.2	5.4	-3.2	7.2	7.2	11.9	-7.2
MEX	-3.6	1.7	0.3	0.5	-0.1	0.7	1.0	4.9	-1.2	-3.2	4.0	-0.6	0.6	-0.4	5.0	3.9
PER	0.6	0.1	-0.5	-0.5	0.4	-0.2	0.0	0.0	0.0	-0.1	0.0	0.8		0.7	-0.3	-1.9
COL	-0.2	-0.5	-0.4	-0.4	-1.1	0.1	0.4	-0.4	-0.6	0.1	0.7	0.3		0.4	-2.5	4.8
HUN	-0.6	-2.0	1.0	0.3	-2.3	2.4	-0.1	-3.3	3.1	1.4	-2.7	1.0	0.4	3.2	1.7	2.8
POL	-0.9	-0.3	0.3	-0.3	-1.2	0.1	-0.2	0.7	0.0	0.3	-0.3	-0.3		-0.3	-3.2	4.9
TUR	-0.1	0.1	0.0	0.0	0.5	0.0	0.3	1.3	0.3	0.1	-0.4	0.9	8.1	9.0	2.0	-2.2
ROU	1.0	1.0	0.1	0.3	0.2	-0.7	0.1	0.8	-0.4	0.5			0.0	0.1	7.4	2.4
SRB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	-0.1			0.3	0.0	-0.4
UKR	-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	-0.2	-0.4	-1.1
ZAF	-0.8	1.7	1.0	-0.5	-0.3	0.7	1.7	-1.6	0.3	0.0	0.0	0.3	0.9	1.5	2.9	0.3
EGY	-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		-0.1	0.0	0.0	0.0					-0.1	-0.1	-1.8
MYS	0.6	0.8	1.9	-1.1	0.0	-0.4	1.3	-0.5	-0.8	-0.3	0.4	0.2		-0.5	5.9	-1.9
IND	0.4	1.2	0.4	0.9	0.2	0.8	1.7	2.4	2.5	2.4	2.2	-1.9	1.1	6.3	8.4	-2.0
IDN	0.4	1.2	0.6	-0.6	-1.5	-0.8	1.5	0.5	0.0	-0.3	-1.7	-1.3	1.2	-2.0	5.4	-9.0
THA	0.7	-0.3	1.0	-1.1	-0.6	0.5	0.5	-0.3	-0.1	-0.4	-0.3	-0.7	0.5	-1.0	0.3	6.2
CHN	3.1	5.3	-7.2	-6.0	-1.9	5.8	22.9	16.8	11.2	-2.3	-11.7	1.5		-1.3	5.8	-76.0
EM ex. CHN	-3.2	8.1	1.5	0.2	-1.5	7.2	8.7	2.7	8.0	1.7	7.4	-4.5	12.7	24.2	46.4	-23.6

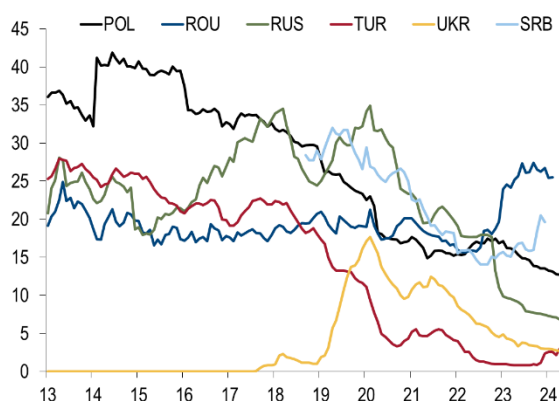
<sup>1</sup> Data as disclosed by the Indonesia's Ministry of Finance as at June 4, 2024

**Figure 4. Local Currency Government Debt Holdings: Investor Composition**

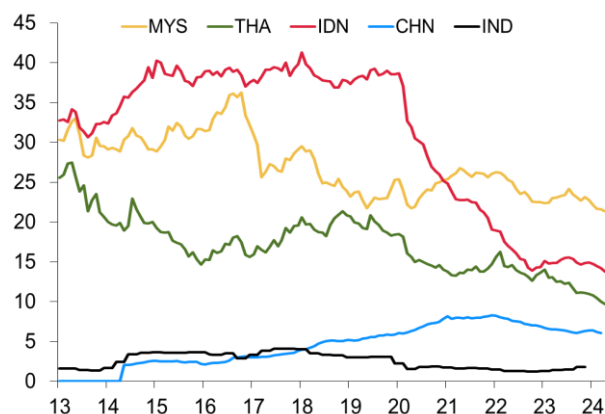
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)
BRA	122	10	0.3	0.4	29	1.1	0.1	50	-0.5	-0.7
MEX	103	15	-1.3	-2.6	11	1.0	-1.1	49	-0.6	2.2
COL	28	21	-0.8	-5.4	14	1.1	0.1	45	2.8	9.8
PER	15	37	1.0	-3.8	28	-0.8	3.9	13	-2.4	-1.6
POL	32	13	-0.8	-4.2	45	1.5	3.9	13	-0.2	0.1
TUR	3	3	0.6	2.1	72	-3.4	-0.7	12	3.0	1.9
ROU	18	26	-1.2	5.8	40		-3.4	24		-0.7
CZE	44	34	-1.8	6.8	35	0.6	-4.7	25	0.0	-2.2
GEO	0	3	0.2	-1.4	64	2.6	6.6	11	-1.0	2.0
CHN	466	6	-0.2	-0.9	62	0.4	2.1			
IDN	51	14	-1.2	-0.6	25	-2.9	-7.4	22	0.2	2.7
MYS	53	21	-1.4	-1.1	34		2.5	36		1.9
THA	23	10	-1.3	-3.9	26	1.1	3.5	7	0.1	-0.5
IND	29	2		0.5	39		0.0	36		0.0
ZAF	49	25	-0.7	-1.0	21	0.3	-0.8	53	0.1	2.0
EGY	14	16		4.0	37	0.0	-5.3	20		2.0

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

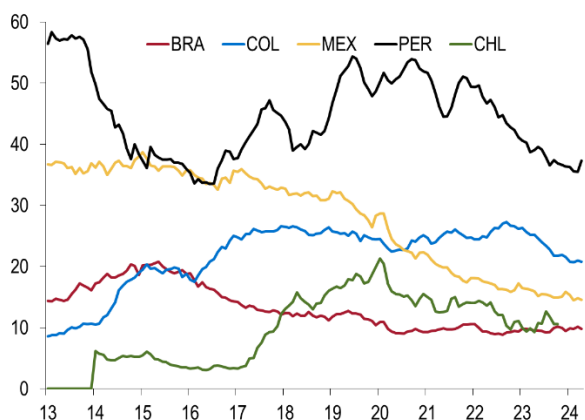
**a. Eastern Europe (percent share)**



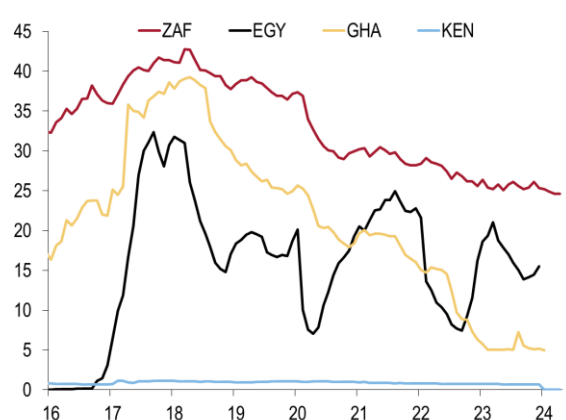
**b. Asia (percent share)**



**c. Latin America (percent share)**



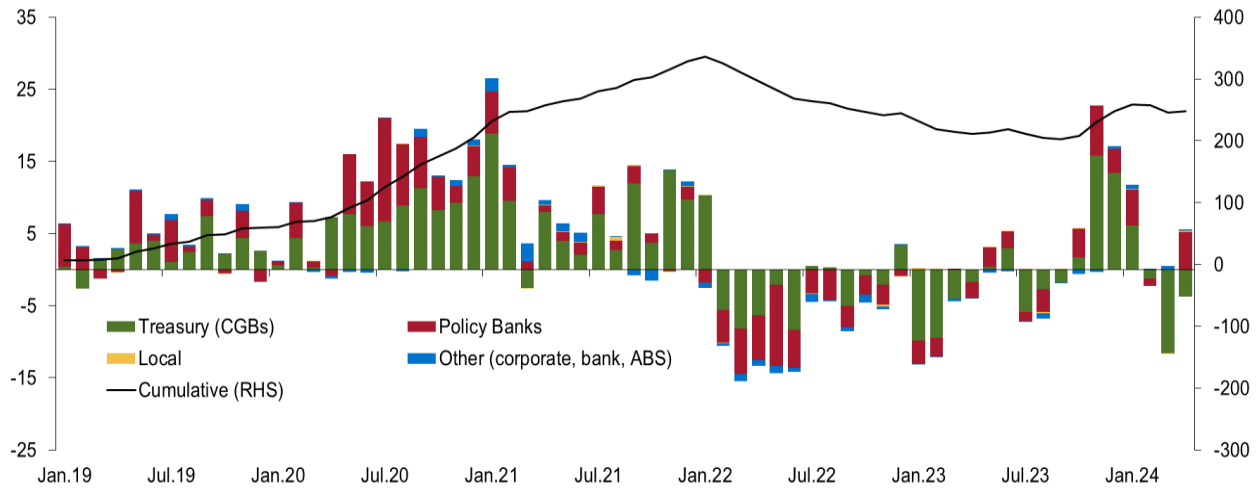
**d. Africa (percent share)**



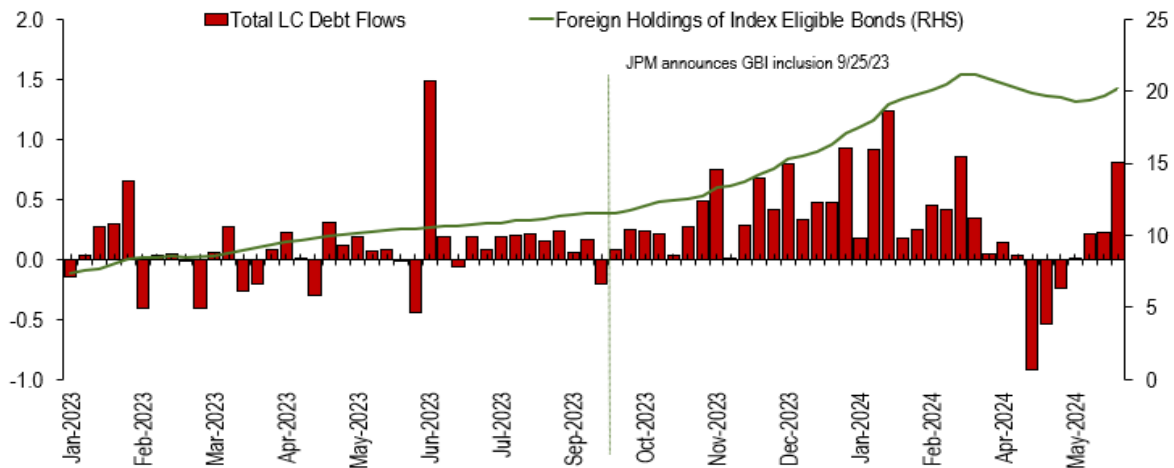
Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries. 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

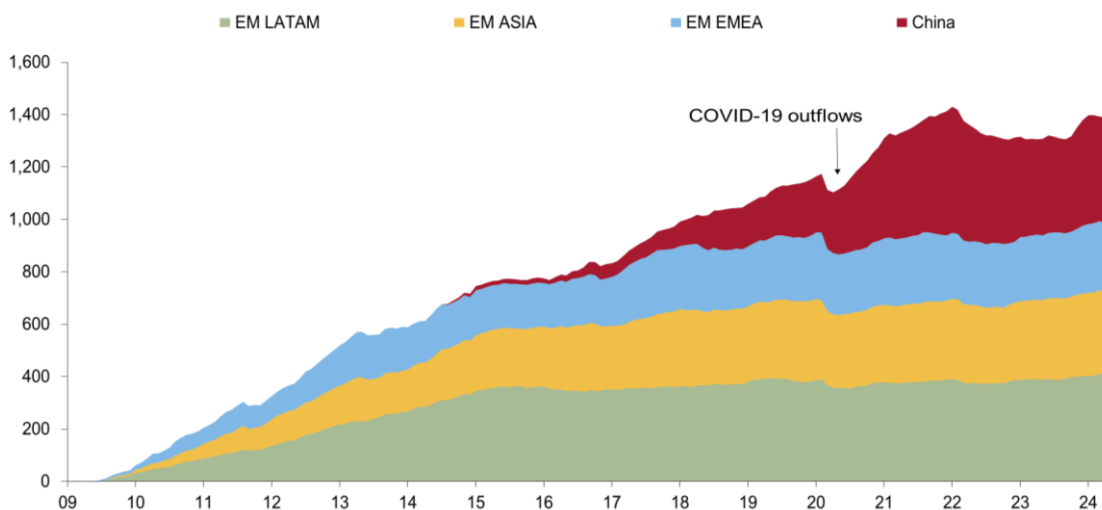
### a. Non-resident Flows into Chinese Local Currency Bonds, by Sector (USD billions)\*



### 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.