



SUMMARY

High frequency data* in early January indicates outflow pressures for EM ex-China intensified before easing in the past week (Figure 1). Flows to some Asia countries (Indonesia, India and Thailand) reverted to outflows in recent weeks. Notably, Indonesia posted outflows following its unexpected policy rate cut on Jan. 15 while flows to Mexico were also more subdued after a surprisingly strong December. Elsewhere, flows were choppy for South Africa, Hungary, and Türkiye.

In December, flows were mixed for major EM ex-China, with substantial inflows for Mexico, India, and South Africa while outflows were observed for Hungary, Colombia, and Malaysia (Figure 3). Overall, the absolute return (in US Dollar terms) on the asset class was negative, marking the third consecutive month of disappointing performance (Figure 2). Total EM ex-China inflows is tracking at \$4.5 billion for December, and inflows for full year 2024 are set to double those observed in 2023.

- **LATAM: Flows were mostly constructive over the past two months.** In November, high-yielding Brazil recorded its fourth consecutive month of strong inflows (+\$7.7 billion). Flows also returned to Mexico in December (+\$3.4 billion), following two consecutive months of outflows, despite a more uncertain external environment. Peru continued to post small inflows through December (+\$0.3 billion), marking the sixth consecutive month of inflows, the longest streak since 2020. In contrast, Colombia experienced its fourth consecutive month of outflows in December (-\$0.4 billion), with non-residents mostly reducing their nominal bonds holdings, marking its longest monthly outflow streak since mid-2023.
- **Asia: Flows were mixed in the region for December.** After a challenging November, flows returned to India (+\$1.6 billion), Thailand (+\$0.4 billion), and Indonesia (+\$0.3 billion) although non-residents began to reduce their positions in early January. In contrast, Malaysia continued to experience outflows in December (-\$0.4 billion), marking the third consecutive month of outflows and the largest cumulative rolling 3-month outflows since early 2020. **China also recorded outflows (-\$6.2 billion) from its government and policy bank bonds for the fourth consecutive month**, with cumulative 2024 outflows from government bonds (CGBs) representing the largest annual outflow on record.
- **CEEMEA: Flows remained choppy in the past two months.** Türkiye recorded its eighth consecutive month of inflows before experiencing modest outflows in December (-\$0.3 billion). However, flows appeared to have rebounded in early January while its non-resident holdings are now approaching levels last seen in 2019. Poland experienced small inflows in November (+\$0.5 billion), marking the fifth consecutive month of fluctuating flows. In contrast, Hungary faced its second consecutive month of outflows in December (-\$1.5 billion). Meanwhile, South Africa saw a return of inflows in December (+\$1.5 billion), effectively reversing the outflows observed in November.

Investor Composition: Total non-resident holdings, in nominal US dollar terms, continued to rise for 2024, despite a more challenging external environment (Figure 6). As a percentage of total outstanding bonds (Figure 4), Türkiye, Egypt, Brazil, Peru, India have experienced increased non-resident participation in the past year, and alleviated supply pressures on domestic institutions. Domestic banks holdings increased for Poland, Romania and Georgia, while domestic NBFIs increased their presence in Mexico and Türkiye. Both domestic banks and NBFIs have stepped-up in Colombia, where the non-resident share of total outstanding bonds declined.

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

	13-Dec	20-Dec	27-Dec	3-Jan	10-Jan	17-Jan	24-Jan
MEX	-0.6	3.0	0.4	-0.2	0.2	-0.8	
ZAF	0.0	0.3	-0.2	-0.1	-0.2	0.2	0.4
HUN	-0.3	-0.2		1.6	-0.3	-0.9	0.3
UKR	0.0	0.0	0.0		0.0	0.0	0.0
TUR	-0.2	0.3	-0.3	0.2	0.5	1.2	
IND	0.6	-0.2	0.0	0.1	0.1	-0.5	0.2
IND	-0.2	0.2	-0.2	0.1	-0.9	0.0	0.3
THA	-0.2	0.4	0.0	-0.2	-0.1	-0.3	0.3

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

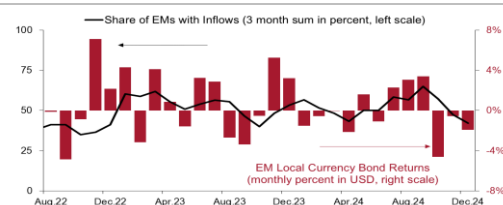


Figure 3. Local Currency Government Non-resident Debt Flows (USD billion; latest month is month-to-date)

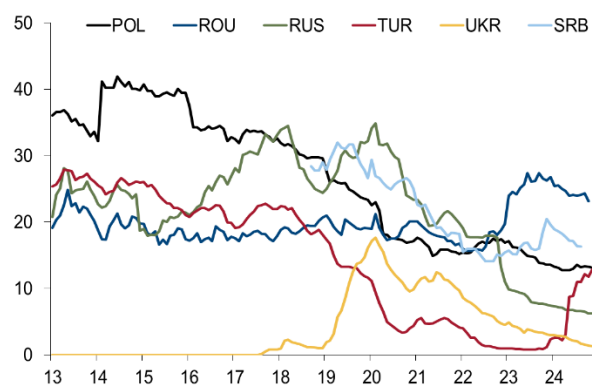
	Jan.24	Feb.24	Mar.24	Apr.24	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24	Nov.24	Dec.24	Jan.25 mtd	2025YTD	2024	2023
BRA	3.8	1.2	5.4	-3.2	3.3	5.5	-1.3	1.9	2.6	5.2	7.7			0.0	32.2	11.9
MEX	-1.2	-3.2	4.0	-0.6	0.6	0.6	-2.2	1.9	2.9	-3.6	-0.5	3.4	-0.8	-0.8	2.1	5.0
PER	0.0	-0.1	0.0	0.8	0.1	-0.9	1.1	0.7	0.9	0.1	0.3	0.3		0.0	3.3	-0.3
COL	-0.6	0.1	0.7	0.3	0.3	0.0	-0.4	0.5	-0.7	-0.1	-0.6	-0.4	0.0	0.0	-1.0	-2.5
HUN	3.1	1.4	-2.7	1.0	0.8	-2.1	0.7	-0.5	-1.6	0.7	-1.6	-1.5	0.0	0.0	-2.5	1.7
POL	0.0	0.3	-0.3	-0.3	0.4	1.2	2.1	-0.5	1.5	-0.3	0.5			0.0	4.6	-3.2
TUR	0.3	0.1	-0.4	0.9	6.6	0.7	3.0	1.6	1.9	0.2	2.2	-0.3	0.4	0.4	16.8	2.0
ROU	-0.4	0.5	0.1	-0.3	0.0	0.2	0.7	0.4	0.5	-0.7				0.0	1.0	7.4
SRB	0.2	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0			0.0	0.0	0.0
UKR	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1	-0.1	0.0	0.0	-0.1		0.0	-0.6	-0.4
ZAF	0.3	0.0	0.0	0.3	1.8	-0.5	0.7	-0.2	1.3	0.5	-1.2	1.2	0.1	0.1	4.3	2.9
EGY	1.0	-0.1	24.7	3.2	1.6	-0.1	0.3	-0.7	0.0	2.5				0.0	32.4	6.6
GHA	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
MYS	-0.8	-0.3	0.4	0.2	0.9	-0.1	1.4	1.8	0.1	-2.6	-0.1	-0.4		0.0	0.4	5.9
IND	2.5	2.4	2.2	-1.9	1.0	2.1	2.6	2.8	2.3	-0.3	-0.1	1.6	0.0	0.0	17.2	8.4
IND	0.0	-0.3	-1.7	-1.3	1.1	0.1	0.3	2.5	1.2	1.0	-0.8	0.3		0.0	2.3	5.4
THA	-0.1	-0.4	-0.3	-0.7	0.5	-0.3	0.8	0.8	0.1	-1.0	-0.9	0.4		0.0	-1.1	0.3
CHN	11.2	-2.3	-11.7	1.5	10.8	-0.8	3.5	4.8	-17.8	-13.1	-5.0	-6.2		0.0	-25.0	5.8
EM ex. CHN	8.0	1.6	32.1	-1.6	18.8	6.2	9.7	13.0	13.0	1.5	4.8	4.5	-0.3	-0.3	111.5	51.1

Figure 4. Local Currency Government Debt Holdings: Investor Composition

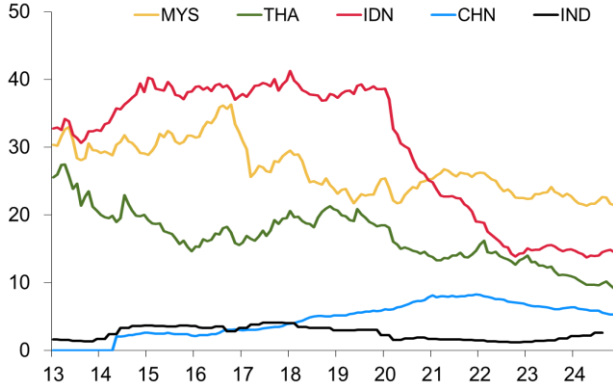
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)
BRA	128	11	1.8	1.9	28	-1.3	-0.7	50	-0.6	-0.9
MEX	90	14	-2.2	-3.5	8	-2.4	-4.1	52	2.3	5.1
COL	23	18	-3.9	-8.5	16	3.1	1.6	47	4.9	11.9
PER	18	41	4.6	-0.2	28	0.0	3.4	8	-7.1	-6.3
POL	37	13	-0.5	-3.8	46	2.5	4.8	13	-0.1	0.3
TUR	17	12	9.8	11.2	62	-13.6	-10.9	14	5.0	3.9
ROU	19	23	-3.6	3.4	42	4.3	-1.5	24	-0.4	-0.2
GEO	0.1	2	-1.3	-2.9	69	12.7	11.9	13	1.3	4.4
CHN	433	5	-1.0	-1.8	61	-2.4	-0.8	22	0.0	-0.7
IDN	55	15	-0.4	0.2	17	-9.1	-14.6	22	0.4	2.9
MYS	58	21	-1.5	-1.2	30	-2.3	-1.6	36	-0.2	1.9
THA	25	9	-1.6	-4.2	26	1.7	3.4	6	-0.3	-0.8
IND	28	3	0.9	1.4	39	-1.1	0.5	37	0.5	0.8
ZAF	52	25	-0.7	-1.0	21	0.9	-0.7	53	0.8	2.7
EGY	38	48	33.3	36.2	24	-16.0	-18.3	8	-10.5	-10.1

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

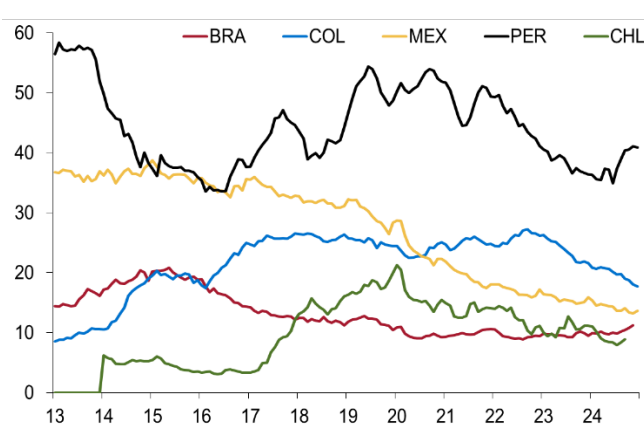
a. Eastern Europe (percent share)



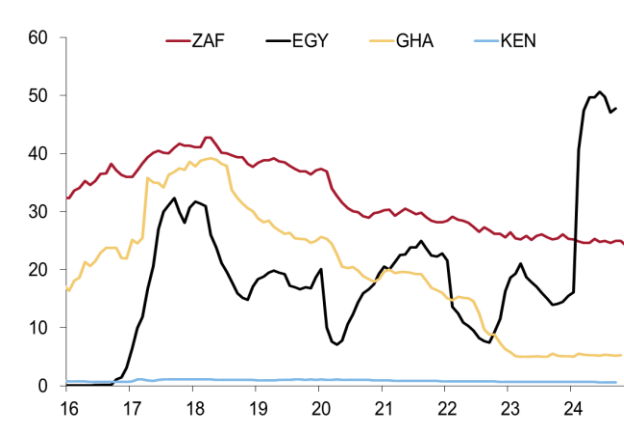
b. Asia (percent share)



c. Latin America (percent share)



d. Africa (percent share)



Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. 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)

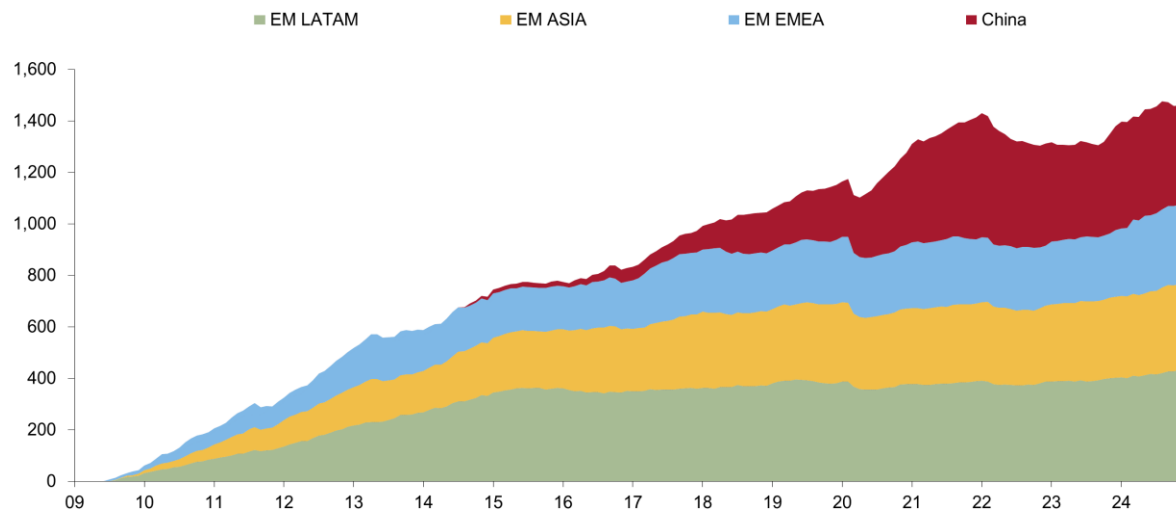


Figure 7. Non-resident Flows into onshore China Local Currency Bonds, by Sector (USD billions)

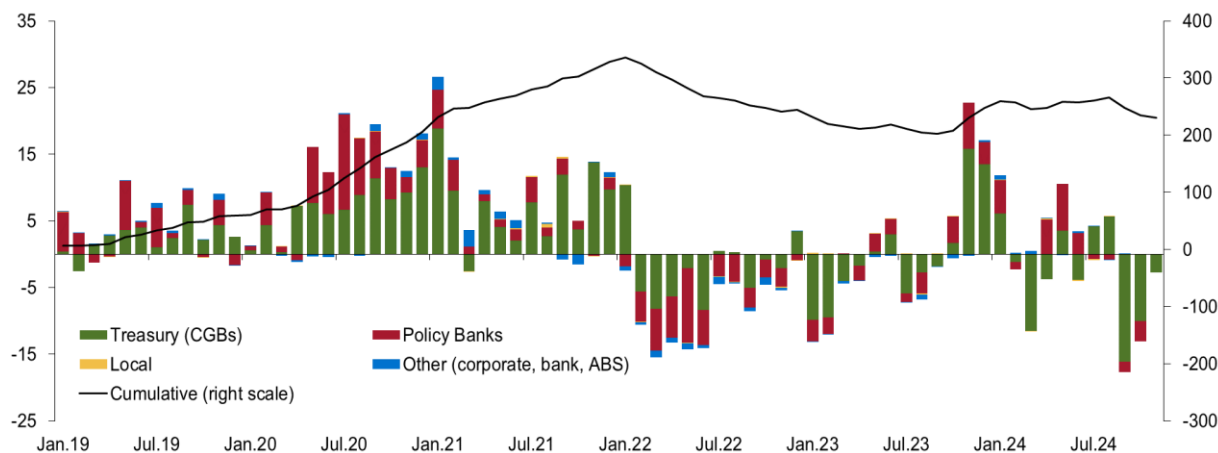


Figure 8. Non-resident Flows into India, Index Eligible Bonds, Fully Accessible Route (USD billions)

