



MONDAY, OCTOBER 31, 2022

SUMMARY

Weekly local currency (LC) non-resident bond flows* have remained negative in Oct (Figure 1 & 3). Outflows from Mexico resumed, likely wiping out a strong Aug-Sep. Asia continued to see modest outflows on net. Hungary started the month with large inflows that have since faded, while South Africa has been mixed in recent days.

Monthly flows (ex. CHN) turned slightly negative (-\$0.5 bn) in September, with sizeable outflows in Indonesia and Hungary. Latin America saw inflows of \$4.3 bn, while **Chinese outflows accelerated to -\$8 bn**. EM ex. CHN flows stand at -\$28 bn YTD, compared to inflows of \$32 bn in 2021.

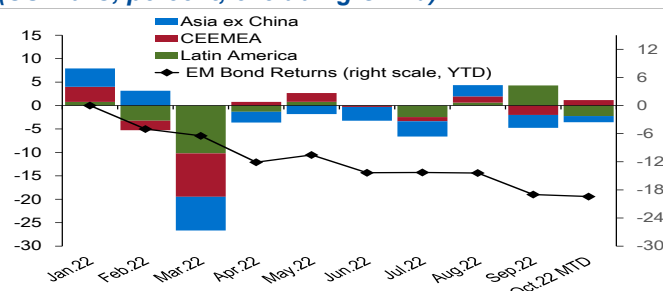
- **LATAM:** In September, Mexico saw inflows (\$1 bn) for the second consecutive month, but high frequency flows suggest a reversal in October. Flows to Brazil recovered to \$3.1 bn in September, as holdings of inflation-linked bonds stabilized after falling by \$3 bn in August, the largest drop since 2015. Colombia received inflows for the 10th month in a row in Sept, though public musings about possible capital controls by authorities weighed on sentiment in local bond and FX markets in October. Peru had modest outflows of \$0.3 bn.
- **ASIA:** Outflows resumed in September, with India (\$0.2 bn) the exception, perhaps bolstered by initial hopes of progress on index inclusion. Indonesia (-\$1.9 bn), Malaysia (-\$0.6 bn), Thailand (-\$0.4 bn) all saw outflows, though Thailand has seen net inflows for the year. Chinese outflows (-\$8 bn) saw investors reduce holdings of government bonds by \$5bn for the first time since June, while outflows from policy banks (-\$3 bn) continued for the 9th month.
- **CEEMEA:** Limited new data from CEEMEA show outflows from Hungary (-\$1.3 bn) resumed in Sept. for the worst month since June. Outflows from South Africa returned but have been muted in Sep-Oct (-\$0.4 bn combined). Investors continued to pull funds from Ghana (-\$0.1 bn), with dollar holdings falling 60% y/y (-40% in LC terms).

Investor Composition: CEE and Colombia are the only countries to see the non-resident share of debt increase this year, though gains faded in Hungary in Sept. Egypt, Ghana, Indonesia, Peru, and Ukraine have seen foreign participation fall materially (>4 ppts). Egyptian banks have stepped up and now own over 50% of the Treasury bill market (vs 38% in Dec. 21). So far this year, NBFIs have gained market share in South Africa, Brazil, and Indonesia. In Peru (+5.1%), Malaysia (+1.7%) and Turkey (+2.7%) banks have taken a larger share of the market.

1. Weekly LC Government Debt Non-resident Flows (USD bns)

	16-Sep	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct
MEX	1.67	-1.01	0.77	-0.28	-1.49	-0.24	
ZAF	0.03	-0.22	0.03	0.06	0.27	-0.29	-0.5
HUN	0.18	-0.22	-1.30	2.01	-0.47	0.20	0.1
TUR	-0.05	0.02	0.01	-0.09	-0.02	-0.01	
IDN	0.02	-0.38	-0.75	-0.39	-0.15	-0.39	-0.1
IND	0.94	-0.25	-0.51	0.00	-0.02	0.09	0.1
THA	0.08	-0.20	-0.58	0.14	-0.19	-0.42	0.2

2. Monthly LC Non-resident Flows and Returns (USD bns; percent; excluding China)



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

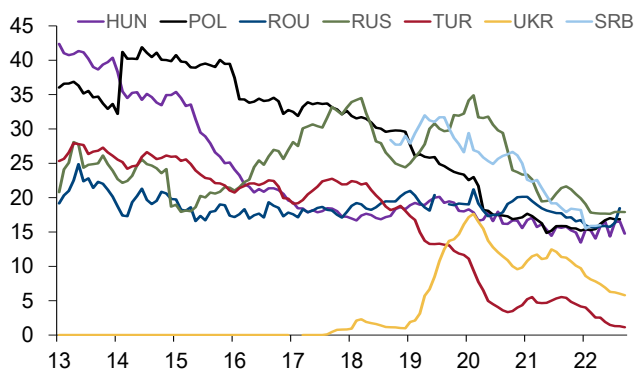
	Jan.22	Feb.22	Mar.22	Apr.22	May.22	Jun.22	Jul.22	Aug.22	Sep.22	Oct.22 MTD	2022YTD	2021
BRA	0.1	-3.4	-9.6	-0.5	-0.4	0.3	0.3	-2.2	3.1		-12.4	22.9
MEX	0.7	-0.4	-0.9	-0.7	0.0	-0.9	-2.7	1.3	1.0	-2.1	-4.8	-12.7
PER	0.0	0.2	-0.6	-0.3	0.4	-0.3	-0.5	0.2	-0.3		-1.2	-0.3
COL	0.0	0.4	0.9	0.2	0.8	0.9	0.5	1.3	0.6		5.6	3.0
HUN	1.8	0.3	-1.0	1.7	0.7	-2.0	1.5	0.1	-1.3	1.8	3.6	-0.5
POL	0.7	-0.1	0.7	1.1	1.3	1.4	-0.9	0.5			4.6	-2.4
CZE	2.3	0.7	-0.2	-1.2	2.0	1.4	0.6	-0.8			4.7	1.0
RUS	-1.6	-2.1	-0.1	-0.1	0.0	0.1	-0.4	0.0	0.0		-4.3	-1.4
TUR	-0.1	-0.6	-0.4	0.1	-0.5	-0.3	-0.1	0.0	-0.1	-0.1	-2.1	1.0
ROU	-0.2	0.0	-0.2	0.1	0.1	0.0	0.5	1.1			1.3	-1.0
UKR	-0.4	-0.2	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.2	-1.0	0.3
KAZ	-0.5	-0.1	0.1	-0.3	0.1	0.0	0.0	-0.2	0.0		-0.9	1.0
ZAF	0.8	1.2	-0.6	0.1	-0.1	-0.9	-0.9	1.9	-0.3	-0.1	1.2	3.1
EGY	0.8	-1.2	-7.7	-0.4	-1.6	0.3	-0.8	-0.5			-11.0	2.6
ZMB	0.1	0.1	0.0	0.0	-0.1	-0.1	0.0	-0.1			-0.1	1.7
GHA	-0.3	0.0	0.3	-0.1	-0.1	-0.1	-0.4	-0.6	-0.1		-1.6	0.3
MYS	1.1	0.8	-1.1	-0.6	0.2	-1.2	-1.1	0.8	-0.6		-1.6	7.6
IND	0.7	-0.5	-0.7	-0.5	-0.7	-0.3	-0.3	0.5	0.2	0.1	-1.4	-1.5
IDN	-0.3	0.6	-3.4	-1.4	-2.2	-1.0	-1.8	0.4	-1.9	-1.0	-12.0	-4.9
THA	2.4	2.2	-2.0	0.2	0.9	-0.4	-0.1	0.6	-0.4	-0.3	3.0	6.6
CHN	8.5	-10.1	-14.4	-12.5	-13.3	-13.6	-2.8	-3.8	-8.0		-70.1	115.1
EM ex. CHN	8.0	-2.1	-26.7	-2.6	0.9	-3.3	-6.6	4.4	-0.5	-1.9	-27.8	32.1

4. Local Currency Government Debt Holdings: Investor Composition

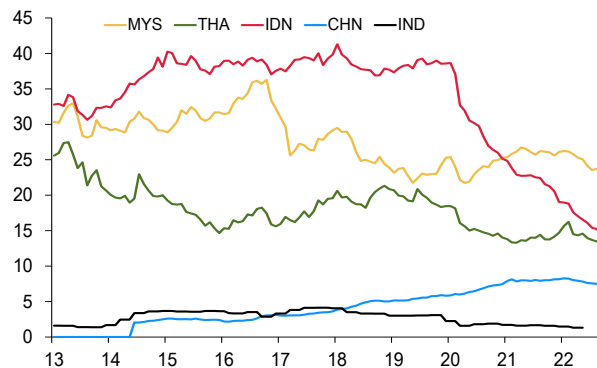
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	Change Since Dec. 2021 (ppt)	Domestic Bank Share (percent)	Monthly Change (latest, ppt)	Change Since Dec. 2021 (ppt)	Domestic NBF Share (percent)	Change Since Dec. 2021 (ppt)
BRA	94	9	0.4	-1.4	29	-0.8	0.0	51	1.3
MEX	78	16	-0.1	-1.8	10	0.0	-1.4	47	-0.3
COL	27	27	0.2	2.5	13	-0.9	-1.8	35	-1.1
PER	15	43	-1.3	-5.9	24	0.7	5.1	13	
HUN	11	15	-1.8	1.3	33	0.1	2.1	11	-0.2
POL	31	17	0.0	1.7	43	-0.4	-1.9	13	-0.4
RUS	48	18	0.0	-2.0					
TUR	1	1	-0.2	-3.0	72	0.8	2.7	11	-0.2
ROU	9	18	2.1	1.7	44	-2.1	-3.9	23	1.4
CZE	29	27	-1.6	0.6	41	2.3	-3.5	26	1.1
UKR	2	6	-0.2	-3.9	35	-1.0	-13.4		
SRB	1	16	0.1	-1.9					
KAZ	1	2	-0.2	-2.8					
GEO	0	5	-0.6	-4.8	61	-1.3	-0.7		
CHN	461	7	-0.3	-0.9	58	0.5	0.9		
IDN	48	14	-0.9	-4.7	31	-0.7	-2.6	20	2.2
MYS	50	23	-0.4	-2.7	34		1.7	33	0.0
THA	26	13	-0.3	-1.5	23	0.0	0.5	33	-2.4
IND	16	1			41			32	0.0
ZAF	48	27	-0.5	-1.4	20	0.9	0.2	51	1.0
EGY	7	8	-1.3	-14.1	51	0.8	13.2	17	-3.9
ZMB	3	26		-1.4					
GHA	2	10	-2.7	-6.1					

Regional Look: Non-resident Holdings of Domestic Government Debt

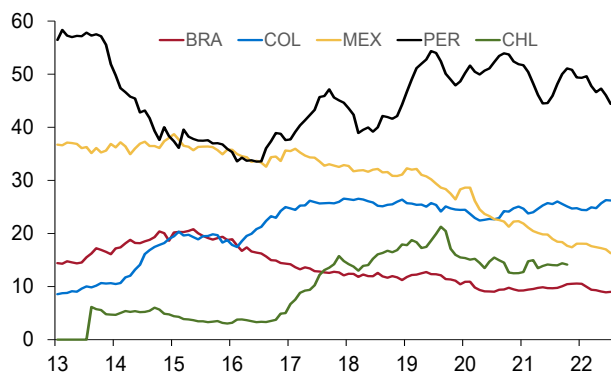
5. Eastern Europe & Turkey (percent share)



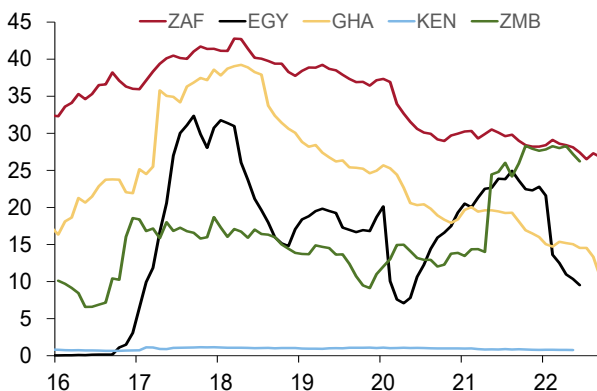
6. Asia (percent share)



7. Latin America (percent share)

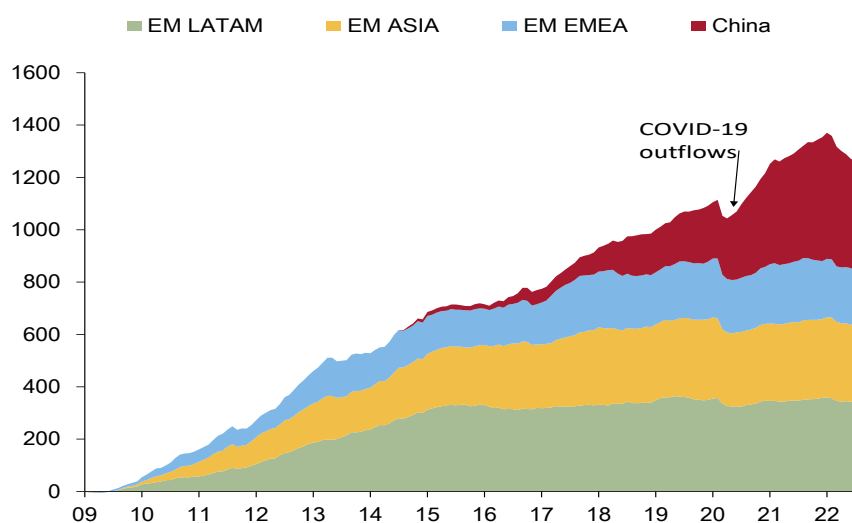


8. Africa (percent share)

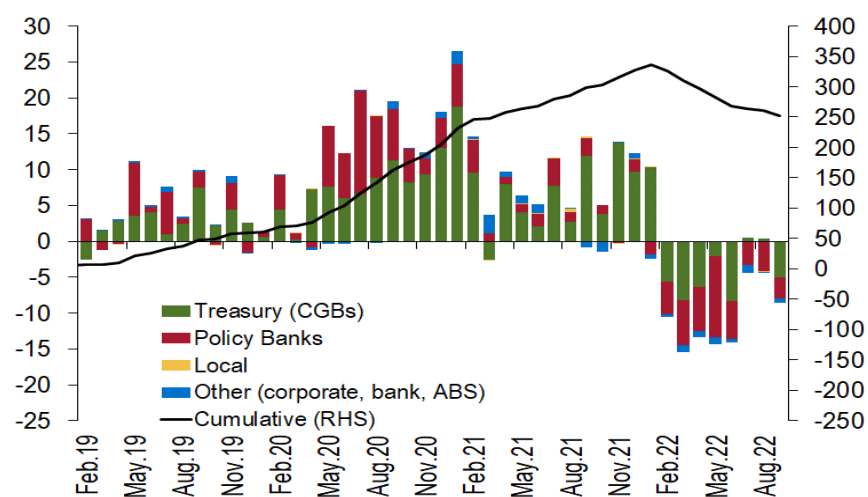


Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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

9. Cumulative Non-resident Flows into LC Government Bonds Since 2012 (US dollar, billions)



10. Non-resident Flows into Chinese Local Currency Bonds, by Sector (US dollar, billions)



Note: In chart 9, in some cases, flows are derived from the change in stock outstanding held by foreign investors each month.