



MONDAY, MARCH 6, 2023

SUMMARY

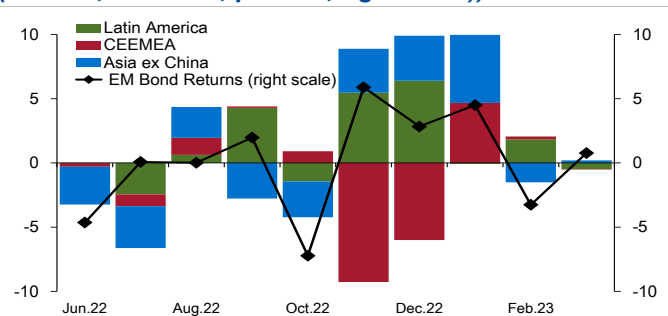
Weekly local currency non-resident bond flows* turned negative in mid-February (Figure 1 & 3). Solid inflows to South Africa, Hungary, Indonesia, Mexico, and India turned negative in mid-February, as 10y Treasury yields sold off over 50 bps in 4 weeks. Over the past week, there have been some signs of stabilization, especially in Mexico and Hungary. Flows to Thailand have lagged more generally, with outflows in 4 out of 5 weeks.

EM ex. CHN had large monthly inflows in January (\$9.8 bn), driven by Asia (+\$5.3 bn) and Hungary. China saw renewed outflows of \$13.1 bn. In 2022, EM ex. CHN had outflows of \$26.8 bn, China had outflows of -\$76 bn.

- LATAM:** Flows have been mixed, with outflows from Peru and Colombia in Dec., as well as Mexico and Peru in Jan. However, Mexico received renewed inflows in February (\$1.8 bn), and net purchases of Brazilian bonds increased to \$1.6 bn in January after a weak December. Foreign inflows to Colombia returned in Jan as well. In 2022, Mexico and Colombia received net inflows, while Brazil failed to recover from large outflows in March.
- ASIA:** Optimism over Chinese reopening helped drive \$12 bn into regional bond markets from Nov.-Jan. before a partial reversal in February. Thailand (-\$1.1 bn) and Indonesia (-\$0.5 bn) saw outflows in February. In 2022, only Thailand (\$6.2 bn) had net inflows, while Indonesia saw sizeable outflows of \$9 bn.
- CEEMEA:** February data is limited, but strong inflows to Hungary (\$4.2 bn) in Jan. continued into February, albeit at a slower pace (\$0.4bn). CEEMEA generally received inflows in Jan, highlighted by South Africa at +\$1.7 bn, before fading in February. In 2022, Hungary, Poland, Czechia, Romania, and South Africa proved resilient with net inflows, while Turkey, Egypt, Ghana, and Kazakhstan saw outflows (along with UKR and RUS).
- Investor Composition 2022** (Fig 4): Foreign participation increased in Hungary, Poland, and Colombia while the nonresident share of debt fell materially in Peru, Turkey, Kazakhstan, Georgia, Indonesia, Malaysia, Ghana, Egypt, and to a lesser extent in South Africa in 2022. Domestic banks increased their share of government debt in China, Egypt, Turkey, and Peru. NBFIs gained market share in Romania, Brazil, and Indonesia.

1. Weekly Local Currency (LC) Government Debt Non- 2. Monthly LC Non-resident Flows and Returns resident Flows (USD bn) (USD bn, left scale; percent, right scale)

	13-Jan	20-Jan	27-Jan	3-Feb	10-Feb	17-Feb	24-Feb	3-Mar
MEX	0.37	-0.03	-0.92	0.64	1.10	-0.67	0.32	
ZAF	0.51	0.23	-0.10	-0.33	0.22	-0.88	0.01	-0.49
HUN	0.38	0.69	0.00	-0.17	-0.18	-0.01	0.25	0.45
TUR	0.08	0.00		0.04	0.00	-0.04	0.01	
IDN	0.86	1.29	0.38	0.12	-0.09	-0.33	-0.03	-0.09
IND	0.20	0.17	0.18	0.77	-0.42	0.06	-0.05	0.04
THA	0.57	-0.79	0.07	-0.98	-0.01	-0.32	-0.10	0.22



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

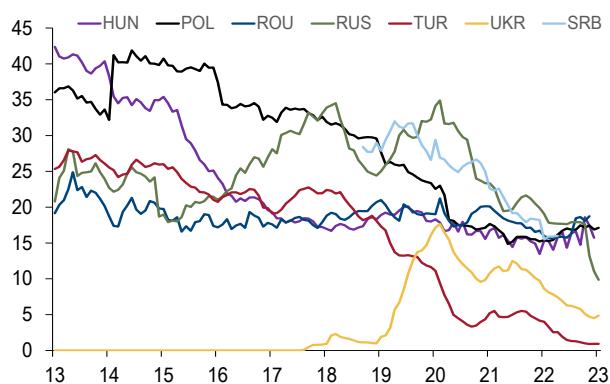
	May.22	Jun.22	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23 mtd	2023YTD	2022	2021
BRA	-0.4	0.3	0.3	-2.2	3.1	1.1	3.5	0.5	1.6			1.6	-7.2	22.9
MEX	0.0	-0.9	-2.7	1.3	1.0	-2.0	2.0	6.7	-2.0	1.9		-0.2	3.9	-12.7
PER	0.4	-0.3	-0.5	0.2	-0.3	-0.2	-0.1	-0.4	-0.2			-0.2	-1.9	-0.3
COL	0.8	0.9	0.5	1.3	0.6	-0.3	0.0	-0.5	0.5			0.5	4.8	3.0
HUN	0.7	-2.0	1.5	0.1	-1.3	2.9	-0.8	-1.1	4.2	0.4	0.1	4.7	2.7	-0.5
POL	1.3	1.4	-0.9	0.5	0.8	-0.2	0.4	-0.8	0.0			0.0	4.9	-2.4
CZE	2.0	1.4	0.6	-0.8	1.1	-0.7	-0.5	-0.6	1.6			1.6	4.0	1.0
RUS	0.0	0.1	-0.4	0.0	0.0	0.0	-9.2	-2.8	-3.0			-3.0	-16.4	-1.4
TUR	-0.5	-0.3	-0.1	0.0	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1	-2.2	1.0
ROU	0.1	0.0	0.5	1.1	0.2	-0.1	0.7					0.0	2.0	-1.0
UKR	-0.1	0.0	0.0	-0.1	0.0	-0.2	-0.1	0.0	0.2	-0.2	0.0	-0.1	-1.1	0.3
KAZ	0.1	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0		0.0	-0.9	1.0
ZAF	-0.1	-0.9	-0.9	1.9	-0.3	-0.6	0.4	-0.7	1.7	-0.6		1.1	0.2	3.1
EGY	-1.6	0.3	-0.8	-0.5	-0.1	0.0						0.0	-11.1	2.6
GHA	-0.1	-0.1	-0.4	-0.6	-0.1	0.0	-0.2	0.0	0.0			-0.1	-1.7	0.3
MYS	0.2	-1.2	-1.1	0.8	-0.6	-0.9	0.1	0.5	0.5			0.5	-1.9	7.6
IND	-0.7	-0.3	-0.3	0.5	0.2	-0.4	0.1	-0.2	0.6	0.1	0.0	0.8	-2.0	-1.5
IDN	-2.2	-1.0	-1.8	0.4	-1.9	-1.1	1.5	1.6	3.3	-0.5		2.8	-9.0	-4.9
THA	0.9	-0.4	-0.1	0.6	-0.5	-0.4	1.8	1.5	0.8	-1.1	0.2	-0.1	6.2	6.6
CHN	-13.3	-13.6	-2.8	-3.8	-8.0	-3.5	-4.8	2.5	-13.1			-13.1	-76.0	115.1
EM ex. CHN	0.9	-3.1	-6.6	4.4	1.6	-3.3	-0.6	3.9	9.8	0.0	0.3	10.0	-26.8	23.9

4. Local Currency Government Debt Holdings: Investor Composition

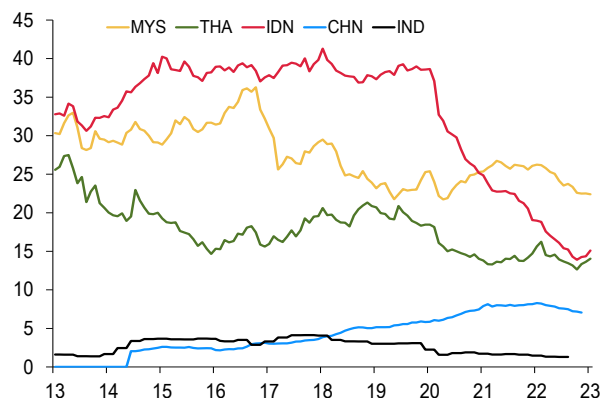
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	Change since Dec. 2021 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2021 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2021 (ppt)
BRA	106	10	0.4	-0.8	27	-2.1	52	2.5
MEX	89	16	-0.8	-1.7	11	-0.6	47	0.0
COL	26	26	0.1	1.5	14	-1.0	35	-0.8
PER	14	41	-0.6	-8.8	24	5.3	15	
HUN	19	20	4.6	6.8	31	0.3	12	0.6
POL	34	17	0.2	1.9	41	-3.9	13	0.4
TUR	1	1	0.0	-3.2	73	3.5	9	-2.1
ROU	10	19	0.6	2.0	45	-3.5	24	2.3
CZE	33	27	0.1	0.4	40	-4.0	26	1.1
UKR	2	0	-4.9	-9.7	34	-14.7		
KAZ	1	2	0.2	-2.9				
GEO	0	5	-0.5	-5.0	55	-6.6		
CHN	471	7	0.0	-1.1	61	4.2		
IDN	53	15	-0.3	-4.3	33	-0.8	19	2.0
MYS	54	22	-0.1	-3.7	31	-1.1	34	0.5
THA	34	14	0.4	-0.7	23	-0.1	33	-3.2
IND	16	1		-0.3	41		32	-0.2
ZAF	50	26	0.8	-1.8	21	0.6	51	0.9
EGY	7	7		-14.9	51	12.5	17	-3.8
GHA	1	8		-8.2				

Regional Look: Non-resident Holdings of Domestic Government Debt

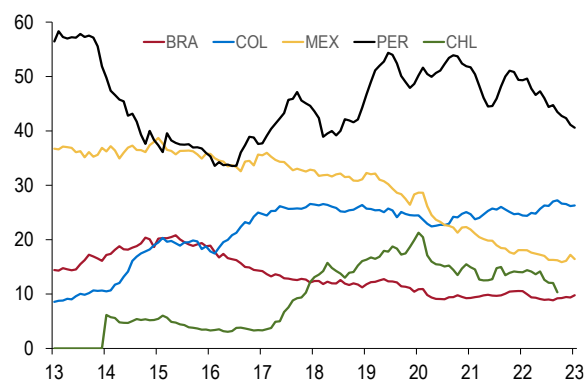
5. Eastern Europe & Turkey (percent share)



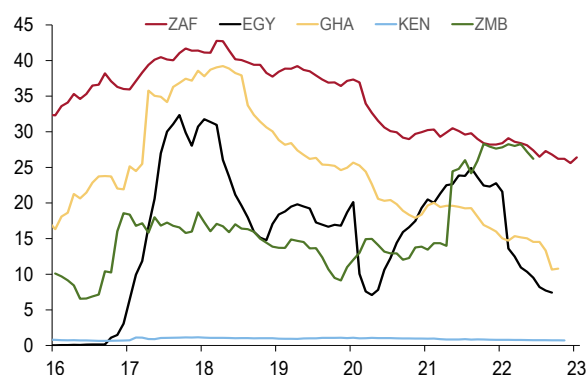
6. Asia (percent share)



7. Latin America (percent share)

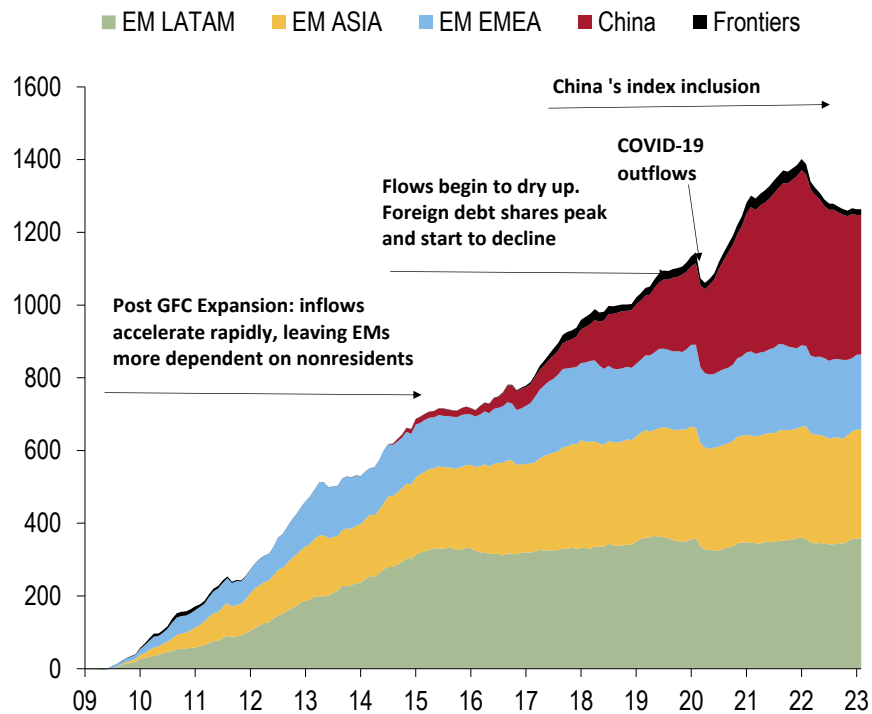


8. Africa (percent share)

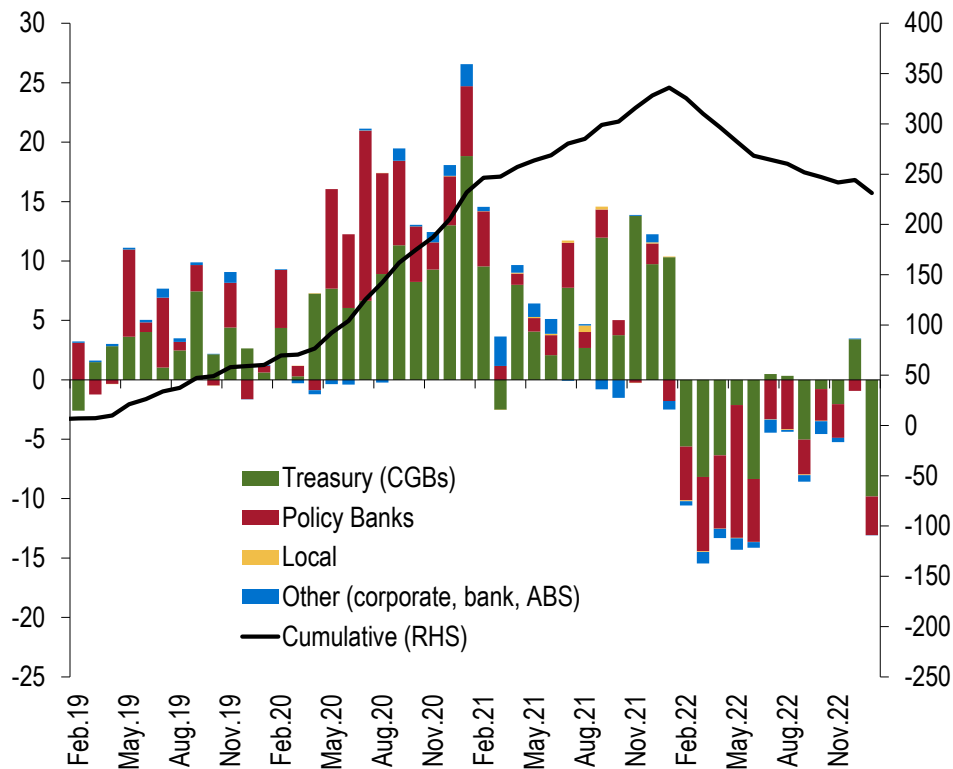


Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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