



THURSDAY, SEPTEMBER 1, 2022

## SUMMARY

**Weekly local currency (LC) non-resident bond flows\*** have rebounded substantially in August (Figure 1 and 2). Despite tentative signs that flows may be stalling again in the last week, August flags as the best month since January. Mexico (\$3.3 bn) and Indonesia (\$0.7 bn) have led the way. South Africa and India saw net inflows as well. **Monthly flows (ex. CHN) deteriorated in July (-\$6.4 bn) with Asia underperforming and YTD outflows roughly on par with 2021 gains. China continued its losing streak, though outflows moderated in July (latest available)**

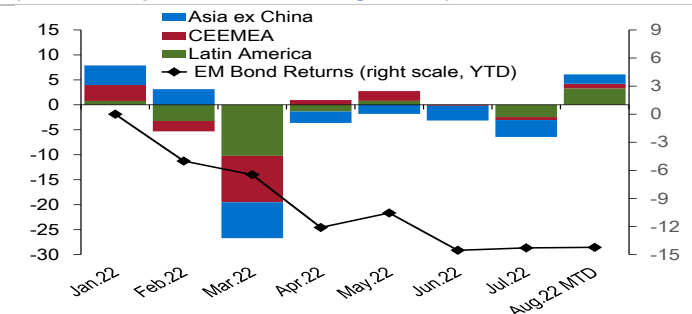
- **LATAM:** Brazil saw modest inflows of \$0.3 bn with investors preferring short term fixed rate and inflation-linked bonds as markets eye the end of rate hikes. Investors pulled money from Mexico for 6 straight months (\$6 bn) before the August rebound. Peru has underperformed as of late, and saw another \$0.5 bn in outflows in July. Colombia has remained solid with 6 months of inflows, including another \$0.5 bn in July.
- **ASIA:** The region (ex. China) saw steady outflows from Mar. – Jul. totaling \$18 bn as inflationary pressures picked up and regional central banks embarked on a tightening cycle. Early data for August appears more promising, with modest inflows. Outflows from Chinese sovereign bonds\* decelerated to \$2.8 bn in July.
- **CEEMEA:** CEE flows have been resilient, particularly in Hungary where ex. ante policy rates are now among the highest in EM. Hungary (\$1.5 bn) and Czechia (\$0.6 bn) received inflows in July. Poland saw outflows (-\$0.9 bn) for the first time since February. Flows to South Africa were negative in June-July (\$1.8 bn), though August showed improvement. Small inflows to Egypt (\$0.3 bn) resumed in June. Outflows from Ghana accelerated to -\$0.4 bn.

**Investor Composition: Foreign participation has trended lower in 2022, with CEE and Colombia notable exceptions.** Investor participation in Egypt's bond market has continued to be volatile over time, with a heavy weight towards t-bills alongside episodes of heightened macro uncertainty. The foreign share of local currency debt\* has fallen over 10 ppt in 2022, with domestic bank absorbing the increased burden. Nonresidents remain largely absent from Turkey, with no substantial flows in either direction.

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

	22-Jul	29-Jul	5-Aug	12-Aug	19-Aug	26-Aug	2-Sep
MEX	-1.53	-0.69	1.02	1.43	0.85		
ZAF	-0.54	-0.21	0.26	0.37	0.47	0.13	-0.3
HUN	-0.21	0.19	0.00	0.00	0.02	-0.05	0.1
TUR	0.00	-0.02	0.01	0.00	-0.01		
IDN	-0.75	0.01	0.72	0.25	0.37	-0.43	-0.2
IND	0.11	-0.31	0.18	0.07	0.01	0.36	-0.1
THA	-0.07	-0.05	0.19	0.25	0.11	-0.01	0.0

### 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)

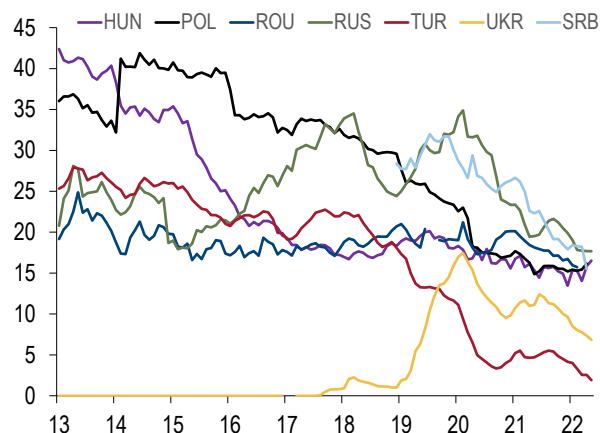
	Jan.22	Feb.22	Mar.22	Apr.22	May.22	Jun.22	Jul.22	Aug.22 MTD	2022YTD	2021
BRA	0.1	-3.4	-9.6	-0.5	-0.4	0.3	0.3		-13.3	22.9
MEX	0.7	-0.4	-0.9	-0.7	0.0	-0.9	-2.7	3.3	-1.6	-12.7
PER	0.0	0.2	-0.6	-0.3	0.4	-0.3	-0.5		-1.1	-0.3
COL	0.0	0.4	0.9	0.2	0.8	0.9	0.5		3.7	3.0
HUN	1.8	0.3	-1.0	1.7	0.7	-2.0	1.5	0.0	3.1	-0.5
POL	0.7	-0.1	0.7	1.1	1.3	1.4	-0.9		4.2	-2.4
CZE	2.3	0.7	-0.2	-1.2	2.0	1.4	0.6		5.5	1.0
RUS	-1.6	-2.1	-0.1	-0.1	0.0	0.1	-0.4		-4.3	-1.4
TUR	-0.1	-0.6	-0.4	0.1	-0.5	-0.3	-0.1	0.0	-1.9	1.0
ROU	-0.2	0.0	-0.2	0.1	0.1				-0.3	-1.0
UKR	-0.4	-0.2	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.8	0.3
KAZ	-0.5	-0.1	0.1	-0.3	0.1	0.0	0.0		-0.7	1.0
ZAF	0.8	1.2	-0.6	0.1	-0.1	-0.9	-0.9	1.0	0.6	3.1
EGY	0.8	-1.2	-7.7	-0.4	-1.6	0.3			-9.7	2.6
GHA	-0.3	0.0	0.3	-0.1	-0.1	-0.1	-0.4		-0.7	0.3
MYS	1.1	0.8	-1.1	-0.6	0.2	-1.2	-1.1		-1.9	7.6
IND	0.7	-0.5	-0.7	-0.5	-0.7	-0.3	-0.3	0.5	-1.7	-1.5
IDN	-0.3	0.6	-3.4	-1.4	-2.2	-1.0	-1.9	0.7	-8.9	-4.9
THA	2.4	2.2	-2.0	0.2	0.9	-0.4	-0.1	0.6	3.8	6.6
CHN	8.5	-10.1	-14.4	-12.5	-13.3	-13.6	-2.8		-58.3	115.1
EM ex. CHN	7.9	-2.2	-26.7	-2.6	0.9	-3.1	-6.4	6.1	-26.3	25.8

#### 4. Local Currency Government Debt Holdings: Investor Composition

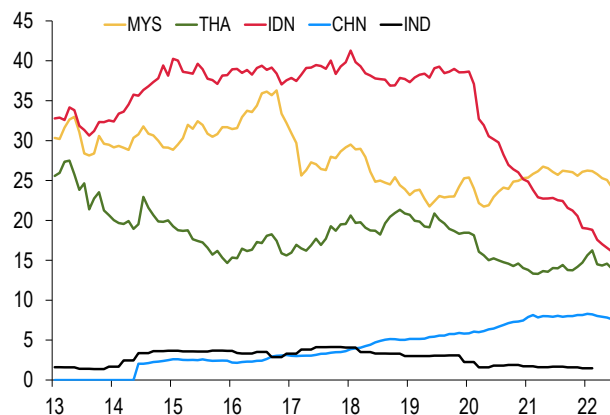
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	Change Since Dec. 2021 (ppt)	Change since Dec. 2020 (ppt)	Domestic Bank Share (percent)	Change Since Dec. 2021 (ppt)	Domestic NBF Share (percent)	Change Since Dec. 2021 (ppt)
BRA	97	9	0.1	-1.6	-0.2	30	0.1	51	1.3
MEX	75	16	-0.7	-1.8	-6.0	10	-1.7	48	0.6
COL	26	26	-0.1	1.4	1.1	15	-0.3	35	-1.0
PER	15	44	-1.6	-5.0	-7.5	24	4.4		
HUN	13	16	2.0	2.9	0.8	33	2.2	11	-0.3
POL	31	17	-0.2	1.7	-0.3	44	-0.9	13	-0.5
RUS	45	18	0.3	-2.0	-5.4	47	1.5	238	
TUR	1	1	-0.2	-2.8	-3.0	72	2.1	11	0.2
ROU	8	16	0.0	-0.9	-4.2	47	-0.8	24	1.7
CZE	30	29	0.1	2.2	-2.4	38	-5.8	27	1.7
UKR	2	6	-0.1	-3.5	-3.7	39	-9.8		
SRB	1	16	0.0	-2.0	-10.4				
KAZ	1	3	-0.1	-2.1	0.3				
GEO	0	6	-1.1	-3.8	2.3	63	0.8		
CHN	491	8	0.0	-0.6	0.1	58	1.2		
IDN	50	15	-0.7	-3.7	-9.8	34	-0.5	19	2.1
MYS	52	24	-0.6	-2.6	-1.8			34	0.6
THA	28	14	-0.3	-1.0	-0.4	23	0.6	34	-2.0
IND	18	1			-0.4	41		32	0.2
ZAF	51	27	-0.9	-1.7	-3.4	20	0.1	52	1.5
EGY	8	10	-0.6	-12.0	-7.1	51	13.2	17	-2.9
ZMB	3	28		0.2	13.9				
GHA	4	15	-0.1	-0.9	-3.3	31		1	0.0

#### Regional Look: Non-resident Holdings of Domestic Government Debt

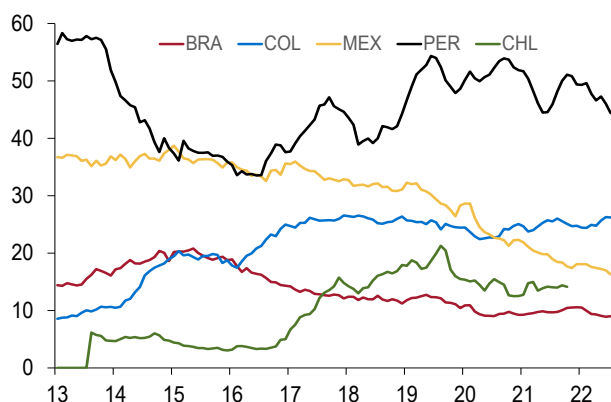
5. Eastern Europe & Turkey (percent share)



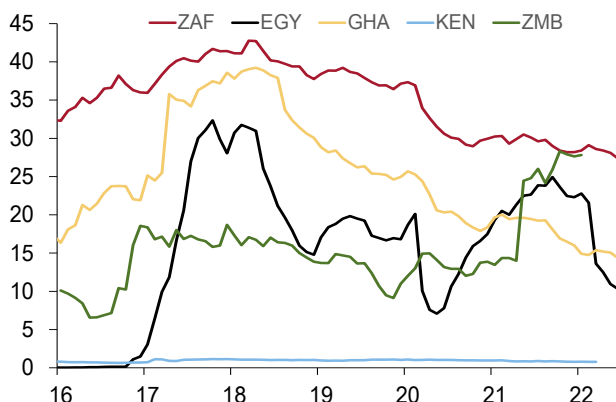
6. Asia (percent share)



7. Latin America (percent share)

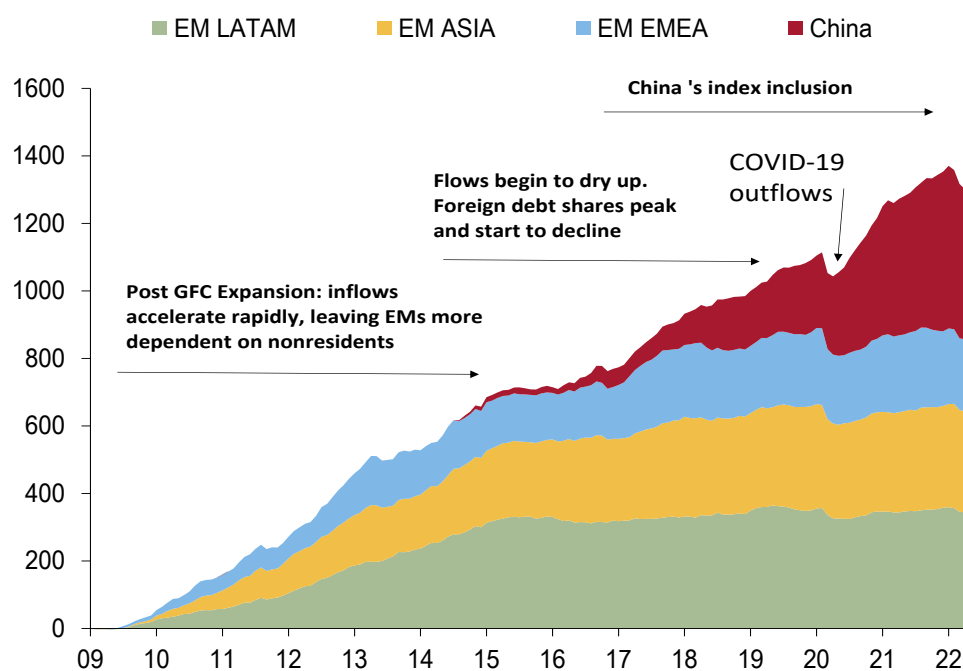


8. Africa (percent share)

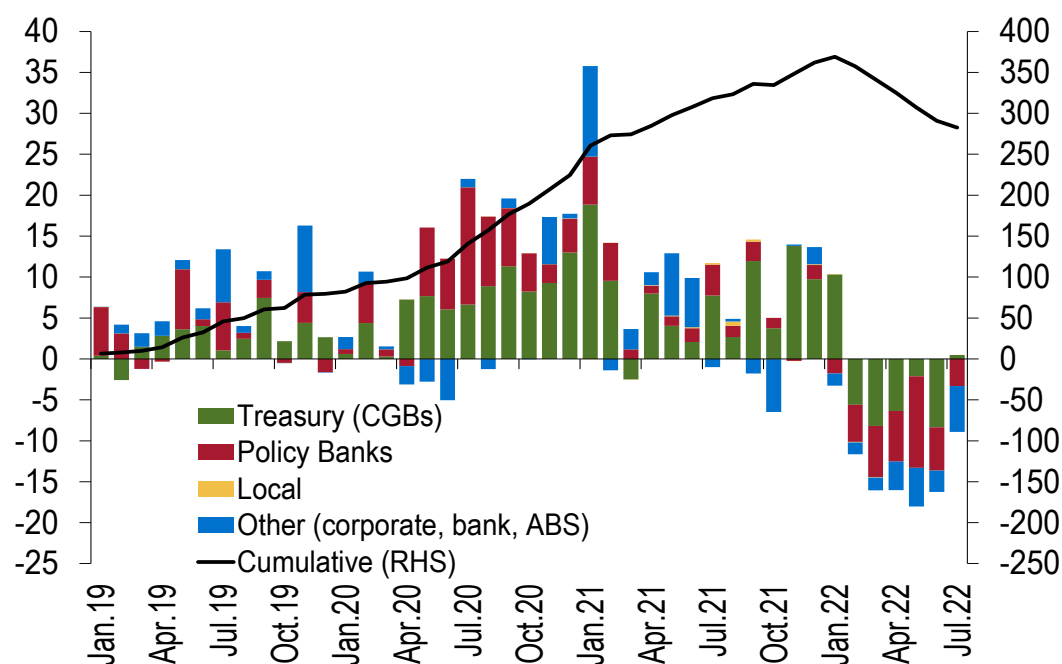


Notes: Data refers to domestically issued debt, primarily central government bonds in local currency. China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Data on 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.