



WEDNESDAY, DECEMBER 1, 2021

## SUMMARY

**High frequency local currency (LC) bond nonresident flows\* have remained choppy in recent weeks** (Figure 1 and 2). Bond flows stabilized in mid-November, highlighted by strong inflows to Thailand before some renewed volatility last week, with outflows\* in most countries. November flows have been positive month to date. **Monthly nonresident flows turned negative in Oct. at -\$2.8 bn, with some exceptions** (Figures 2, 3):

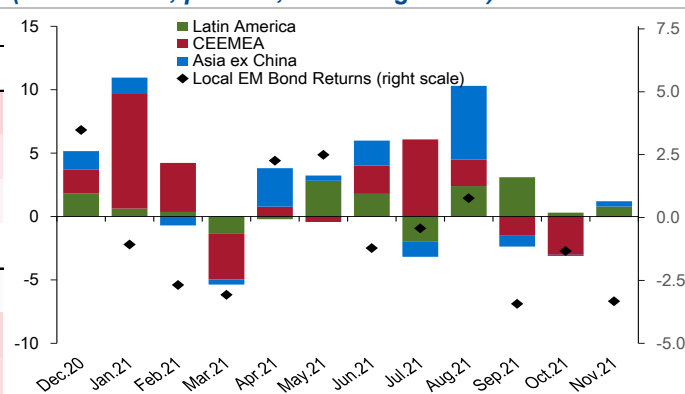
- **LATAM:** Mexico continues to lag with YTD flows at -\$12.3 bn. Foreign flows to Peru have improved over the last few months as political risks have eased. Despite the bond market selloff, Brazil has seen inflows since August, for a YTD total of \$17.3 bn, the best among non-China EMs. October saw strong demand for short term instruments likely due to the fast paced monetary policy normalization.
- **ASIA:** Indonesia has continued to see sizeable outflows even though bond yields have been quite resilient. China experienced a slowdown of inflows to \$3.8 bn in October, down from \$11.9 bn previously, leaving YTD nonresident flows at \$76 bn bolstered by the WGBI inclusion this year. India also has drawn investor attention since August (\$3.5 bn inflows), bolstered by anticipation of index inclusion in 2022.
- **CEEMEA:** Foreign flows to Eastern Europe have been relatively weak since August amid intensifying inflationary pressures. Ghana has seen outflows of nearly \$700 mn in Sept-Oct, over 10% of foreign holdings.

**Foreign share of debt has edged lower in many EMs YTD, following the steep drop in 2020** (Figure 4). Egypt, Zambia, Kazakhstan, and to a lesser degree Malaysia, Ukraine, and Brazil have been exceptions.

### 1. Weekly LC Government Debt Nonresident Flows (USD billions)

	22-Oct	29-Oct	5-Nov	12-Nov	19-Nov	26-Nov
MEX	0.51	-0.39	0.52	-0.29	0.57	
ZAF	-0.46	-0.75	-1.43	-0.94	-0.36	-0.48
HUN	-0.46	-0.23	0.20	0.04	-0.25	-0.28
UKR	-0.03	-0.07	0.04	0.07	-0.07	-0.10
TUR	-0.10	-0.12	0.04	0.11	-0.07	
IDN	0.30	-0.61	-1.41	-0.19	-0.08	0.02
IND	0.18	-0.02	0.12	0.15	0.21	-0.45
THA	-0.04	0.17	0.18	1.48	0.57	-0.39

### 2. Monthly LC Govt. Debt Foreign Flows and Returns (USD billions; percent; excluding China)



### 3. Local Currency Government Nonresident Debt Flows (USD billions; latest month is month to date)

	Jan.21	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21	Sep.21	Oct.21	Nov.21	2021YTD	2020 Flows	2019 Flows
BRA	1.2	3.6	1.5	-0.5	2.8	1.5	0.6	2.4	1.9	2.2		17.3	3.0	2.9
MEX	-0.5	-2.5	-2.1	-0.1	-0.8	-0.5	-3.4	-1.7	0.8	-2.2	0.8	-12.3	-10.0	1.1
PER	0.0	-0.2	-0.7	-0.7	-0.3	0.0	0.4	0.7	0.6	0.4		0.2	1.6	4.2
COL	0.0	-0.5	-0.1	1.1	1.1	0.7	0.3	1.1	-0.2	-0.1		3.4	3.0	-0.2
HUN	0.7	0.5	-0.9	0.4	-0.6	-0.8	1.4	-0.1	0.4	-0.7		0.3	1.1	0.8
POL	1.5	0.0	-1.2	-0.9	-3.0	0.9	1.3	0.1	0.1			-1.2	-5.7	-8.9
CZE	2.1	0.5	2.3	1.6	-0.5	0.2	0.2	-1.0	-2.1			3.4	-0.3	0.1
RUS	0.1	-0.8	-1.6	-1.9	0.5	0.9	2.4	2.0	1.1	-0.8		1.9	5.1	16.7
TUR	1.0	0.5	-0.9	0.0	0.1	0.3	0.5	0.3	-0.1	-0.6	0.0	1.2	-6.2	-3.3
ROU	0.3	0.0	-0.6	-0.1	-0.1	-0.4	0.1	0.1				-0.6	2.5	0.4
UKR	0.3	0.3	0.0	-0.2	0.0	0.4	-0.1	-0.3	0.0	-0.2	-0.1	0.3	-1.1	4.2
KAZ	0.1	0.4	0.4	0.0	-0.2	0.2	0.0	0.1	-0.1	0.0		1.0	0.8	-0.2
ZAF	1.3	1.1	-1.0	0.8	1.9	-0.2	-0.4	0.9	-1.1	-0.4		2.7	0.3	6.8
EGY	1.1	1.2	-0.2	0.8	1.5	0.6	0.9	-0.2	0.5			6.2	1.6	3.5
GHA	0.6	0.2	0.0	0.2	0.1	0.0	-0.1	0.1	-0.3	-0.4		0.4	0.2	0.0
MYS	1.0	1.5	1.1	1.4	0.4	-0.1	-0.8	1.5	0.1	0.6		6.7	5.1	5.1
IND	-0.5	-1.0	-0.5	-0.4	-0.2	-0.6	-0.1	1.8	1.5	-0.1	0.2	0.2	-13.9	3.5
IDN	0.8	-1.1	-1.3	1.0	0.2	1.3	-0.6	1.0	-1.3	-0.9	-1.7	-2.5	-5.1	12.0
THA	0.0	-0.2	0.3	1.1	0.0	1.4	0.3	1.4	-1.1	0.3	1.8	5.4	-1.0	-0.5
CHN	24.6	14.2	-2.5	8.0	4.1	2.1	7.7	2.7	11.9	3.8		76.4	144.4	35.6
EM ex. CHN	11.0	3.5	-5.4	3.6	2.8	6.0	2.9	10.3	0.7	-2.8	1.2	33.5	-18.9	48.2

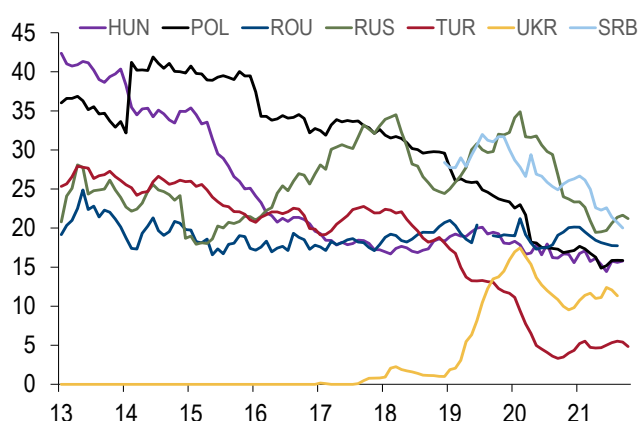
Notes: Daily data is subject to significant revisions. Data refers to domestically issued debt, primarily central government bonds in local currency. In some cases, flows are derived from the change in stock. China data includes government and policy bank bonds. Egypt refers only to Treasury bills. South Africa daily flows data is from the JSE, monthly data is derived from the Treasury. \*Sample includes only the group of countries in figure 1.

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

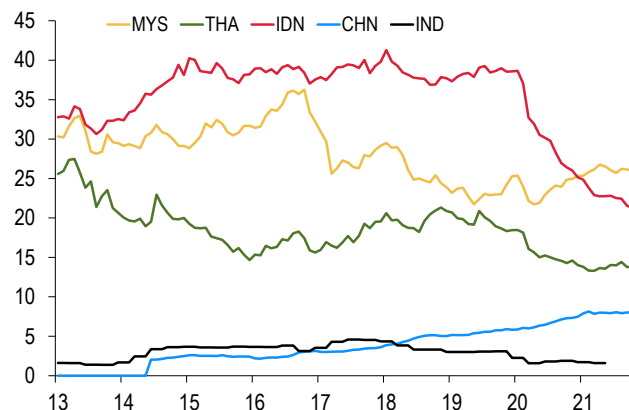
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	YTD Change (ppt)	Chg since Dec. 2019 (ppt)	Domestic Bank Share (percent)	YTD Change (ppt)	Domestic NBF Share (percent)	YTD Change (ppt)
BRA	94.6	10.5	0.4	1.2	0.0	28.8	-0.9	50.5	-1.8
MEX	80.5	17.7	-0.7	-4.6	-10.6	10.9	-0.4	45.3	1.2
COL	26.4	25.1	-0.4	0.0	0.7	14.6	-1.1	36.1	-2.2
PER	16.3	51.1	1.1	-0.8	2.4	21.4	3.8	11.5	-4.1
CHL	9.9	12.7		-2.7	-7.2				
HUN	14.8	15.2	-0.6	-0.3	-2.8	32.7	-2.2	10.3	-1.7
POL	32.4	15.9	0.0	-1.3	-7.5	45.8	-2.5	13.1	-1.2
RUS	47.2	21.2	-0.4	-2.1	-11.0				
TUR	6.2	4.8	-0.6	0.5	-6.8	68.8	1.8	10.6	0.6
ROU	9.5	17.7	0.0	-2.4	-1.3	48.1	3.1	20.8	0.0
CZE	30.0	30.4	-0.9	-0.8	-10.2	40.7	7.1	24.9	-5.4
UKR	3.5	10.7	-0.5	0.9	-5.2	47.3	0.0		
SRB	2.0	20.0		-6.3	-10.1				
KAZ	1.8	5.3	0.1	2.5	4.8				
CHN	514.9	8.0	0.0	0.6	2.2	57.4	-2.0		
IDN	66.9	21.2	-0.3	-3.9	-17.3	34.8	-0.8	17.9	-0.3
MYS	56.5	26.0	-0.1	0.7	0.8			33.1	-0.3
THA	28.1	13.8	0.0	-0.3	-4.7	23.3	3.3	35.5	-3.2
IND	19.0	1.6		-0.3	-1.5			31.9	0.0
ZAF	55.1	28.4	-0.6	-1.5	-8.7	19.9	-2.1	50.0	3.0
EGY	24.1	24.9	1.1	7.4	8.1	38.2	-8.6	17.7	
ZMB	2.9	25.9		11.8	15.0				
GHA	5.8	16.9	-1.1	-1.5	-8.1	29.9	1.3	0.9	-0.1
KEN	0.3	0.8		-0.1	-0.3			37.3	0.5

#### Regional Look: Nonresident Holdings of Domestic Government Debt

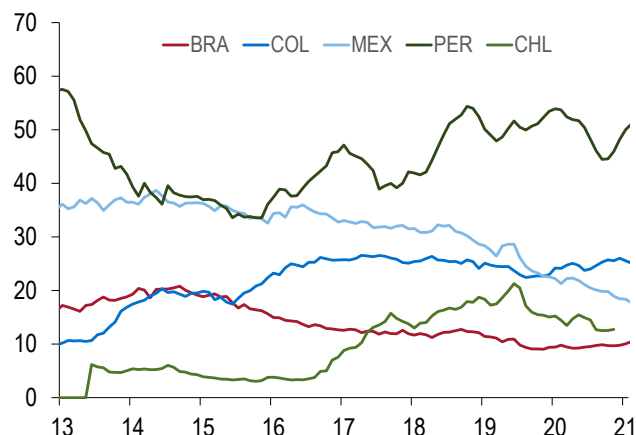
5. Eastern Europe & Turkey (percent share)



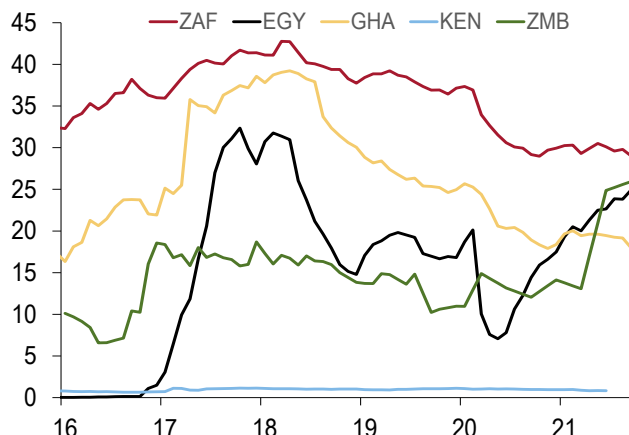
6. Asia (percent share)



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 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. Ghana nonresident share is estimated for last 3 months.

**9. Cumulative Nonresident Flows into LC Government Bonds Since 2012 (US dollar, billion)**