



THURSDAY, OCTOBER 6, 2022

SUMMARY

Weekly local currency (LC) non-resident bond flows* turned negative again in September (Figure 1 and 2). After a solid August, outflows resumed in September amid heightened global market volatility. Outflows were broad-based by the end of the month, though Hungary and Indonesia in particular saw large outflows.

Monthly flows (ex. CHN) rebounded to \$3.8 bn in August, with inflows in EM Asia, South Africa, and much of Latin America. Chinese outflows continued in August (-\$3.8 bn) at a modest pace (latest available).

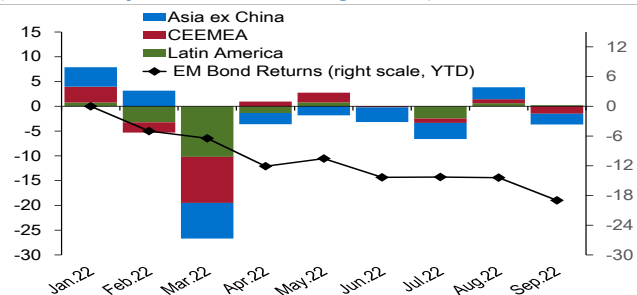
- **LATAM:** Mexico saw inflows in August (\$1.3 bn) for the first time since January, and managed to eke out further gains in September. Investor interest in Colombia has remained solid, with net flows every month this year, including \$1.3 bn in August. Peru recovered with \$0.2 bn in August, but has seen net outflows YTD.
- **ASIA:** The region (ex. China) received its first inflows since February in August before sentiment deteriorated again in September. Indonesia (\$0.4 bn), Malaysia (\$0.8 bn), India (\$0.5 bn), and Thailand (\$0.6 bn) all received modest monthly inflows. Chinese outflows continued in August (-\$3.8 bn), albeit at a more modest pace compared to earlier in the year. Recent outflows have been concentrated in policy bank bonds.
- **CEEMEA:** CEE saw only modest inflows in Hungary (\$0.1 bn) and Poland (\$0.5 bn), while Czechia saw renewed outflows (-\$0.8bn). Investors came back to South Africa in August (\$1.9 bn) after 3 months of outflows, though partial September data suggests flows receded in September. **Outflows from Ghana accelerated to \$0.6 bn in August, with investors pulling \$1.4 bn YTD** (nearly 30% of outstanding of stock from Dec. 2021).

Foreign participation has trended lower in 2022, with CEE and Colombia notable exceptions. Egypt, Georgia, Indonesia, and Ukraine have seen foreign participation fall materially in 2022. In Indonesia, NBFIs have stepped up while banks have been sidelined. In Ukraine, the central bank has greatly increased its stock of domestic debt, now holding over 50% of the market. Non-residents remain absent from Türkiye, with no sizeable flows in either direction.

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

	19-Aug	26-Aug	2-Sep	9-Sep	16-Sep	23-Sep	30-Sep
MEX	0.85	-1.80	0.13	-0.80	1.67	-1.01	0.20
ZAF	0.47	0.13	0.00	-0.07	0.03	-0.22	0.03
HUN	0.02	-0.05	0.15	-0.03	0.18	-0.22	-1.30
TUR	-0.01	-0.01	-0.06	-0.03	-0.05	0.02	
IDN	0.37	-0.43	-0.53	-0.64	0.02	-0.38	-0.75
IND	0.01	0.36	-0.15	0.09	0.94	-0.25	-0.51
THA	0.11	-0.01	0.00	0.30	0.08	-0.20	-0.58

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	2022YTD	2021
BRA	0.1	-3.4	-9.6	-0.5	-0.4	0.3	0.3	-2.2		-15.5	22.9
MEX	0.7	-0.4	-0.9	-0.7	0.0	-0.9	-2.7	1.3	0.4	-3.3	-12.7
PER	0.0	0.2	-0.6	-0.3	0.4	-0.3	-0.5	0.2		-0.9	-0.3
COL	0.0	0.4	0.9	0.2	0.8	0.9	0.5	1.3		5.0	3.0
HUN	1.8	0.3	-1.0	1.7	0.7	-2.0	1.5	0.1	-1.3	2.0	-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		-4.3	-1.4
TUR	-0.1	-0.6	-0.4	0.1	-0.5	-0.3	-0.1	0.0	-0.1	-2.0	1.0
ROU	-0.2	0.0	-0.2	0.1	0.1	0.0	0.5			0.2	-1.0
UKR	-0.4	-0.2	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.8	0.3
KAZ	-0.5	-0.1	0.1	-0.3	0.1	0.0	0.0	-0.2		-0.9	1.0
ZAF	0.8	1.2	-0.6	0.1	-0.1	-0.9	-0.9	1.9	0.0	1.5	3.1
EGY	0.8	-1.2	-7.7	-0.4	-1.6	0.3	-0.8			-10.5	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		-1.4	0.3
MYS	1.1	0.8	-1.1	-0.6	0.2	-1.2	-1.1	0.8		-1.0	7.6
IND	0.7	-0.5	-0.7	-0.5	-0.7	-0.3	-0.3	0.5	0.2	-1.5	-1.5
IDN	-0.3	0.6	-3.4	-1.4	-2.2	-1.0	-1.8	0.4	-1.9	-11.3	-4.9
THA	2.4	2.2	-2.0	0.2	0.9	-0.4	-0.1	0.6	-0.4	3.4	6.6
CHN	8.5	-10.1	-14.4	-12.5	-13.3	-13.6	-2.8	-3.8		-62.1	115.1
EM ex. CHN	8.0	-2.1	-26.7	-2.6	0.9	-3.3	-6.6	3.8	-3.2	-28.9	32.1

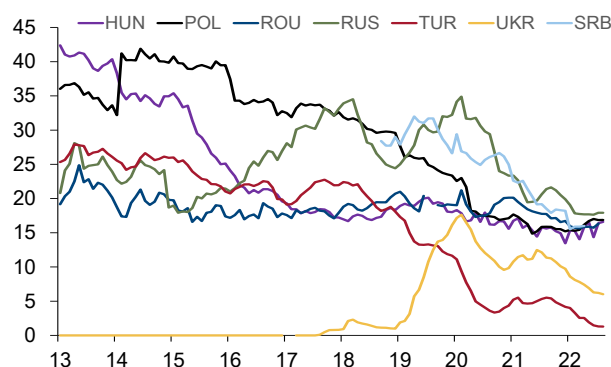
This Monitor was prepared by MCM-GA. Sources: Bloomberg, Central banks, Finance Ministries, Haver, Bond exchanges, IMF Staff calculations. Notes: Data includes local currency bonds, primarily government debt. China sovereign bonds includes government and policy banks. Egypt local currency debt refers only to Treasury bills. South Africa daily flows data from the JSE, monthly data is derived from the Treasury. *Sample includes only the group of countries in figure 11

4. Local Currency Government Debt Holdings: Investor Composition

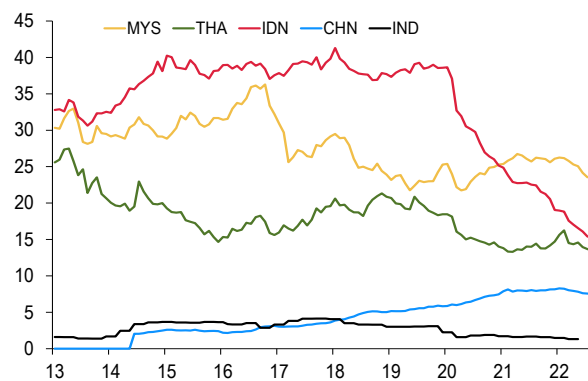
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	Change Since Dec. 2021 (ppt)	Change since Dec. 2020 (ppt)	Domestic Bank Share (percent)	Change Since Dec. 2021 (ppt)	Domestic NBF Share (percent)	Change Since Dec. 2021 (ppt)
BRA	95	9	-0.2	-1.7	-0.4	30	0.8	51	1.2
MEX	78	16	0.0	-1.8	-6.0	10	-1.5	47	0.3
COL	27	27	0.8	2.3	1.9	14	-0.9	35	-1.2
PER	15	45	0.3	-4.7	-7.2	24	5.1	13	
HUN	11	17	0.2	3.1	1.0	33	2.0	11	-0.1
POL	31	17	0.0	1.7	-0.3	43	-1.5	13	-0.4
RUS	45	18	0.0	-2.0	-5.4				
TUR	1	1	0.0	-2.9	-3.1	72	1.8	11	0.2
ROU	8	16	0.6	-0.4	-3.8	46	-1.8	23	1.4
CZE	29	27	-1.6	0.6	-4.1	41	-3.5	26	1.1
UKR	2	6	-0.2	-3.9	-4.0	35	-13.4		
SRB	1	16	0.1	-1.9	-10.3				
KAZ	1	3	-0.5	-2.6	-0.2				
GEO	0	5	-0.3	-4.2	2.0	62	0.7		
CHN	481	7	-0.1	-0.7	0.0	57	0.4		
IDN	48	14	-0.9	-4.7	-10.8	31	-2.6	20	2.2
MYS	52	24	0.2	-2.3	-1.5	34	1.7	33	0.0
THA	28	13	-0.2	-1.2	-0.6	23	0.5	33	-2.3
IND	16	1			-0.6	41		32	0.0
ZAF	51	27	0.8	-0.9	-2.6	19	-0.7	52	1.3
EGY	8	10	-0.8	-12.8	-8.0	51	12.3	18	-2.7
ZMB	3	26		-1.4	12.3				
GHA	5	13	-1.8	-3.4	-5.8				

Regional Look: Non-resident Holdings of Domestic Government Debt

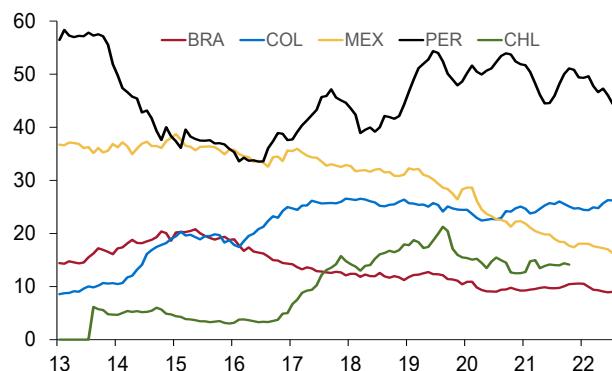
5. Eastern Europe & Turkey (percent share)



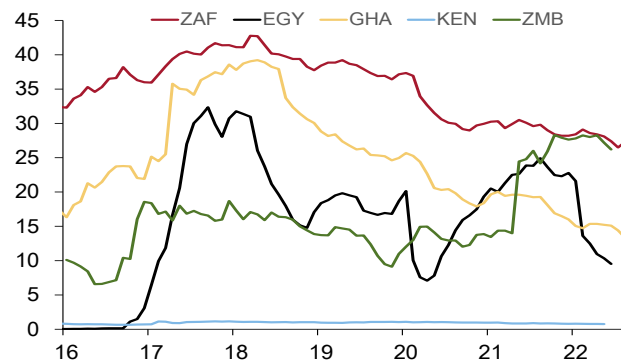
6. Asia (percent share)



7. Latin America (percent share)

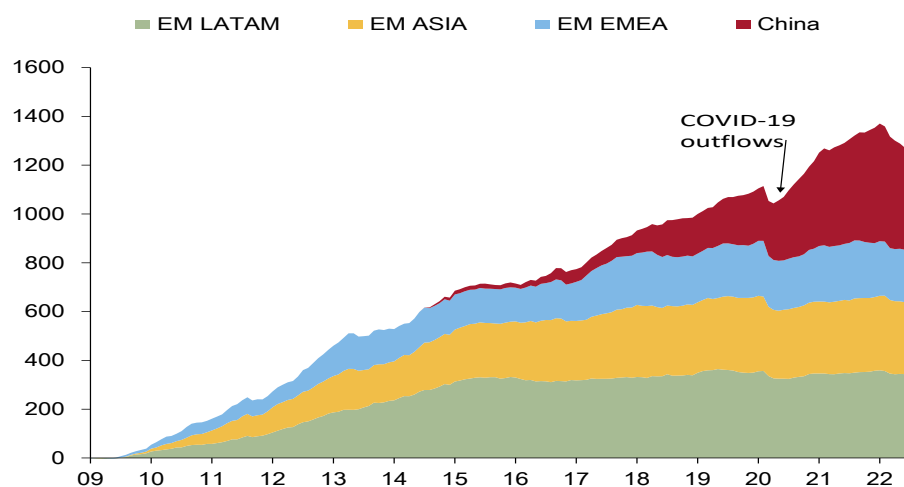


8. Africa (percent share)

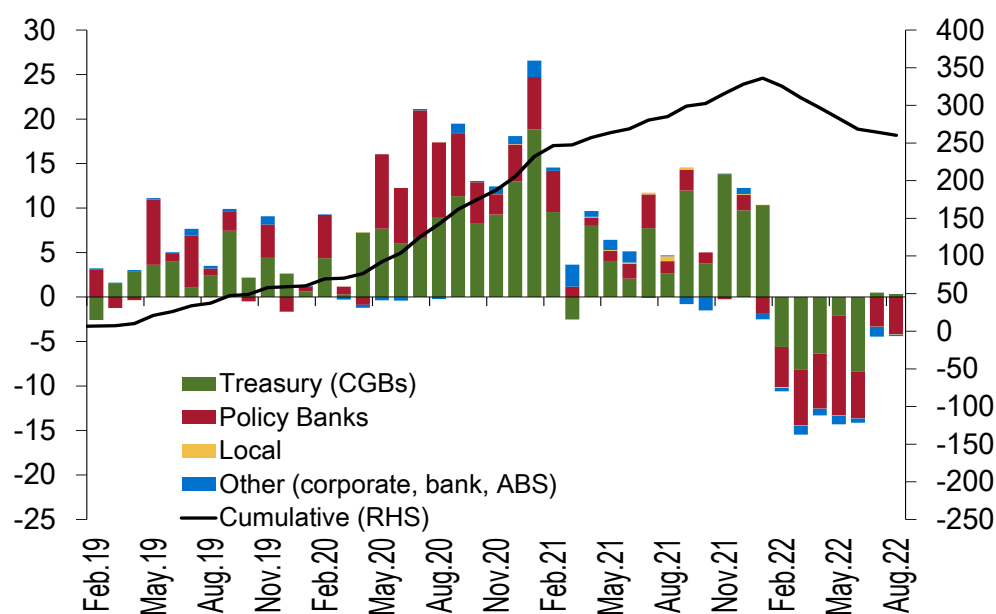


Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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