



MONDAY, JANUARY 31, 2022

SUMMARY

Weekly local currency (LC) non-resident bond flows* had a strong start to 2022. (Figure 1 and 2). Mexico, Hungary, South Africa, and Thailand registered solid inflows in the first 2-3 weeks of 2022. Although data are still partial, heightened volatility in markets started to take its toll on flows over the last week of January. Relatedly, Ukraine saw strong outflows (\$350 mn) on the back of escalating geopolitical tensions.

Monthly non-resident flows improved slightly in December but struggled in Q4 overall, with EM ex. China seeing outflows of \$6.5 bn. (Figures 2, 3):

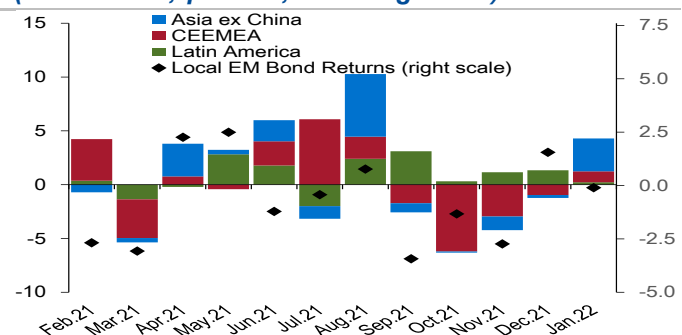
- **LATAM:** Despite the bond market selloff, demand for Brazilian debt has remained robust since August, with 2021 flows totaling of \$23 bn, the best among non-China EMs. Q4 saw strong demand for short term instruments likely due to the fast-paced monetary policy normalization. Mexico was a laggard in 2021 with flows totaling -\$12.7 bn. Foreign flows to Peru improved in the second half of 2021 as political risks eased, though December saw renewed outflows.
- **ASIA:** Indonesia has seen flows stabilize a bit in January after substantial outflows from Sep. - Dec. China experienced a slowdown of inflows in October before rebounding at the end of 2021, pushing 2021 flows to \$100 bn. Thailand has continued to be a strong outperformer, with \$6 bn of inflows over the last 3 months.
- **CEEMEA:** Foreign flows to Eastern Europe have been relatively weak since August amid intensifying inflationary pressures. Ghana has seen large outflows of \$0.9 bn in Sept-Dec.; ~15% of foreign holdings.

Foreign share of debt edged lower in many EMs in 2021, following the steep drop in 2020 (Figure 4). Egypt, Zambia, Kazakhstan, and to a lesser degree Malaysia and Brazil have been exceptions.

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

	17-Dec	24-Dec	31-Dec	7-Jan	14-Jan	21-Jan	28-Jan
MEX	0.18	0.57	-0.35	-0.44	0.29	1.03	
ZAF	-0.06	-0.11	-0.16	0.18	0.37	0.27	-0.26
HUN	-0.17	-0.36	-0.36	1.34	0.25	-0.06	-0.03
UKR	0.05	-0.03	0.01	-0.07	-0.09	-0.13	-0.07
TUR	-0.10	-0.09	0.04	-0.07	-0.08	0.02	
IDN	-0.35	-0.07	-0.15	0.16	-0.10	-0.01	-0.15
IND	-0.26	-0.93	-0.10	0.02	0.29	0.13	0.13
THA	0.22	0.73	-0.06	0.56	0.82	0.95	0.24

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



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

	Apr.21	May.21	Jun.21	Jul.21	Aug.21	Sep.21	Oct.21	Nov.21	Dec.21	Jan.22	2022YTD	2021 Flows	2020 Flows
BRA	-0.5	2.8	1.5	0.6	2.4	1.9	2.2	3.0	2.6			22.9	3.0
MEX	-0.1	-0.8	-0.5	-3.4	-1.7	0.8	-2.2	-1.4	1.8	0.9	0.9	-12.7	-10.0
PER	-0.7	-0.3	0.0	0.4	0.7	0.6	0.4	-0.1	-0.5			-0.3	1.6
COL	1.1	1.1	0.7	0.3	1.1	-0.2	-0.1	-0.4	0.0			3.0	3.0
HUN	0.4	-0.6	-0.8	1.4	-0.1	0.4	-0.7	-0.3	-0.9	1.8	1.8	-0.5	0.7
POL	-0.9	-3.0	0.9	1.3	0.1	0.1	-0.9	0.0				-2.1	-5.7
CZE	1.6	-0.5	0.2	0.2	-1.0	-2.1	-0.1	0.2				3.4	-0.3
RUS	-1.9	0.5	0.9	2.4	2.0	1.1	-0.8	-1.4				0.5	5.1
TUR	0.0	0.1	0.3	0.5	0.3	-0.1	-0.5	0.0	-0.2	-0.1	-0.1	1.0	-6.2
ROU	-0.1	-0.1	-0.4	0.1	0.1	-0.2	-0.2					-1.0	0.4
UKR	-0.2	0.0	0.4	-0.1	-0.3	0.0	-0.2	-0.1	0.0	-0.4	-0.4	0.3	-1.1
KAZ	0.0	-0.2	0.2	0.0	0.1	-0.1	0.0	0.2	-0.2			1.0	0.8
ZAF	0.8	1.9	-0.2	-0.4	0.9	-1.1	-0.4	0.0	0.4			3.1	0.3
EGY	0.8	1.5	0.6	0.9	-0.2	0.5	-1.9	-1.5				2.8	1.6
GHA	0.2	0.1	0.0	-0.1	0.1	-0.3	-0.4	-0.1	-0.1			0.2	0.2
MYS	1.4	0.4	-0.1	-0.8	1.5	0.1	0.6	-0.7	1.6			7.6	5.1
IND	-0.4	-0.2	-0.6	-0.1	1.8	1.5	-0.1	0.2	-1.6	0.6	0.6	-1.5	-13.9
IDN	1.0	0.2	1.3	-0.6	1.0	-1.3	-0.9	-2.2	-1.9	-0.2	-0.2	-4.9	-5.1
THA	1.1	0.0	1.4	0.3	1.4	-1.1	0.3	1.4	1.6	2.7	2.7	6.6	-1.0
CHN	8.0	4.1	2.1	7.7	2.7	11.9	3.8	13.8	9.7			99.9	144.4
EM ex. CHN	3.6	2.8	6.0	2.9	10.3	0.5	-6.0	-3.1	2.7	5.4	5.4	28.6	-20.2

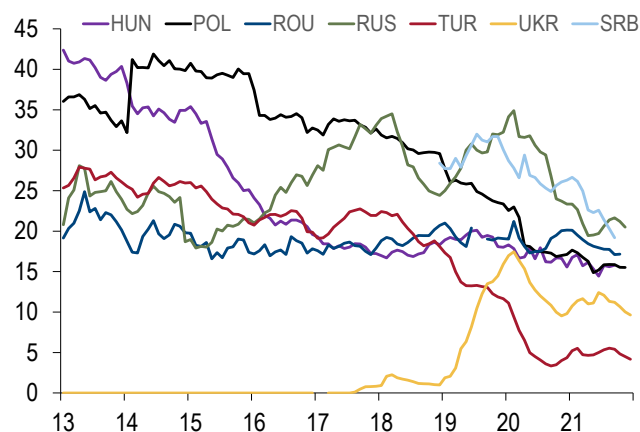
Notes: Daily data is subject to significant revisions. Data refers to domestically issued debt, primarily central government bonds in local currency. In some cases, flows are derived from the change in stock. China data includes government and policy bank bonds. Egypt refers only to Treasury bills. South 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

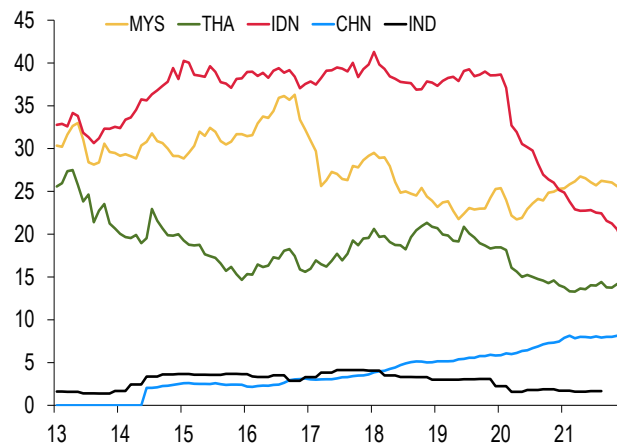
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	2021 Change (ppt)	Chg since Dec. 2019 (ppt)	Domestic Bank Share (percent)	2021 Change (ppt)	Domestic NBFI Share (percent)	2021 Change (ppt)
BRA	101.2	10.6	0.0	1.3	0.1	29.5	-0.2	49.6	-2.7
MEX	79.4	18.1	0.7	-4.2	-10.2	11.8	0.4	46.9	2.9
COL	24.7	24.8	0.1	-0.3	0.3	15.2	-0.6	35.9	-2.5
PER	15.7	49.4	-1.4	-2.5	0.7	18.7	1.2	11.5	-4.1
CHL	9.4	12.7		-2.7	-7.2				
HUN	12.7	14.9	-0.3	-0.6	-3.1	32.0	-2.9	10.4	-1.5
POL	30.5	15.5	0.0	-1.6	-7.8	45.8	-2.4	12.8	-1.4
RUS	43.0	20.5	-0.7	-2.8	-11.7				
TUR	4.3	4.2	-0.3	-0.2	-7.5	69.7	2.7	11.0	1.0
ROU	9.0	17.2	0.1	-3.0	-1.9	48.1	3.1	22.0	1.3
CZE	29.4	29.7	28.3	-1.5	-10.9	40.9	7.3	25.3	-5.0
UKR	3.3	9.6	-0.4	-0.2	-6.3	48.6	1.2		
SRB	1.8	18.5		-7.8	-11.6				
KAZ	1.8	5.1	5.1	2.4	4.6				
GEO	0.2	9.6	0.2	6.1	-0.4	61.7	-9.0		
CHN	539.6	8.1	0.0	0.7	2.3	56.7	-2.7		
IDN	62.5	19.0	-1.5	-6.1	-19.5	34.0	-1.5	17.4	-0.8
MYS	57.0	26.1	0.5	0.8	0.8	33.9	2.2	32.8	-0.6
THA	29.2	14.2	0.4	0.1	-4.3	23.4	3.4	35.0	-3.7
IND	20.2	1.7		-0.2	-1.4	0.0	-35.9	30.1	-1.8
ZAF	53.1	28.2	0.0	-1.7	-8.9	20.1	-1.9	50.2	3.2
EGY	20.7	22.5	-1.2	5.0	5.6	39.2	-7.6	19.5	
ZMB	2.9	25.9		11.8	15.0				
GHA	4.8	16.3	-0.5	-2.1	-8.6	30.3	1.7	0.9	-0.1
KEN	0.3	0.8		-0.1	-0.3	49.1	-1.6	37.3	0.5

Regional Look: Non-resident Holdings of Domestic Government Debt

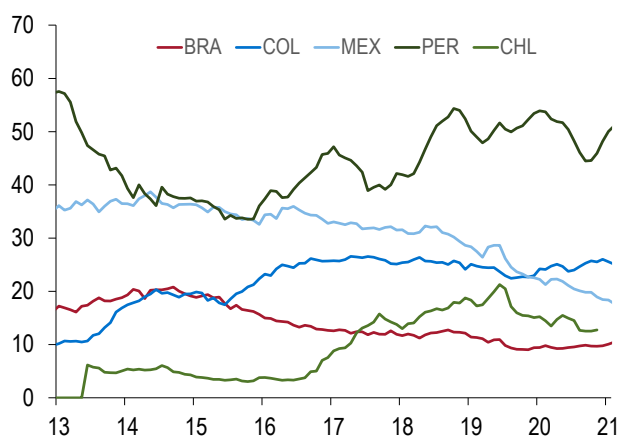
5. Eastern Europe & Turkey (percent share)



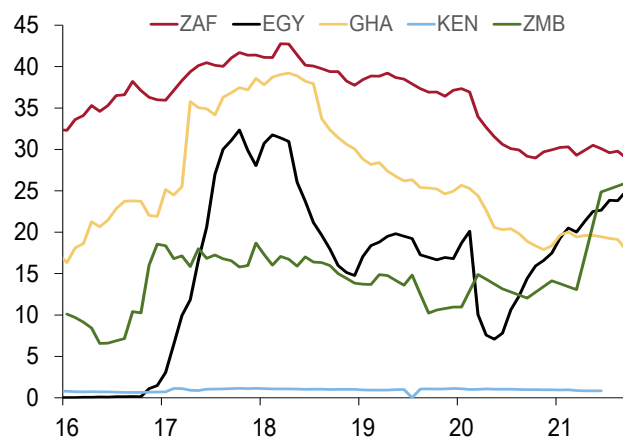
6. Asia (percent share)



7. Latin America (percent share)



8. Africa (percent share)



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