



SUMMARY

- EM weekly local currency bond flows*** suggest that inflows have been constructive for the third consecutive month, in contrast to hard currency flows (see Annex). India, Indonesia, Mexico, and Turkey continue to experience inflows month to date (Figures 1 & 3).
- On aggregate, EM ex. China saw an *increased in monthly* local currency non-resident inflows in November (+\$7.9 billion), led by inflows to India, Indonesia, Malaysia, and South Africa.** Based on the latest available data, EM ex. China local currency non-resident flows is positive at +\$50.6 billion for 2023, a marked improvement from the prior year. Flows to China also accelerated in November (+\$22.9 billion inflows), rebounding from a challenging third quarter, and reducing YTD 2023 total outflows by \$11.0 billion.
- LATAM: Sentiments remain constructive with small but broad inflows recorded in November.** Brazil, Mexico, Peru, and Chile experienced marginal inflows. However, cumulatively, both Peru and Colombia continue to record year-to-date outflows.
- ASIA: Flows improved in the past few weeks** after a weak August and September. Flows also stabilized in Indonesia and Malaysia, with both recording their first monthly inflows since July. India continues to be the bright spot in the region, maintaining a streak of monthly inflows since March.
- CEEMEA: Regional flows were mixed in November and December.** Flows for Hungary was relatively volatile, with outflows of \$-3.3 billion in December after recording inflows in October (+\$2.4 billion). Turkey and South Africa continue to record trickling inflows, increasing their cumulative 2023 inflows.
- Local Currency Government Debt Holdings dynamics: Foreign holdings have been mixed in 2023, after a broad reduction in 2022 (Fig.4).** Holdings have increased in CEEMEA, notably Romania, Turkey, and Egypt. Despite the narrowing yield differentials against AE, parts of Asia have seen an increase of foreign participation. Latin America generally lagged YTD 2023, notably in Peru (-4.5 ppt), Colombia (-4.3 ppt), and Mexico (-2.1 ppt). Domestically, NBFIs have increased their holdings across much of Latin America, particularly in Colombia, as well as Georgia, Indonesia, Mexico, Malaysia, and South Africa. Domestic banks have stepped-up in parts of CEEMEA (Poland and Turkey), Asia (China, Malaysia, and India), and Latin America (Peru).

Figure 1. Weekly Local Currency (LC) Non-resident Flows (USD bn)

	17-Nov	24-Nov	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan
MEX	-1.58	-0.07	-0.38	1.56	0.83	2.03	0.23	
ZAF	0.46	0.19	-0.44	0.29	0.28	-0.76	-0.13	0.52
HUN	0.00	-0.18	0.00	-0.34	-0.26	-0.46	-2.30	4.67
TUR	0.01	0.10	0.15	0.89	0.19	0.03	0.01	
IDN	0.03	0.42	0.67	0.17	0.03	0.24	-0.14	0.40
IND	0.35	0.24	0.21	0.68	0.58	0.75	0.23	0.52
THA	-0.09	0.03	-0.13	-0.03	0.05	-0.17	0.13	0.37

Figure 2. Flow Dispersion and Returns (percent share, left scale; percent, right scale)

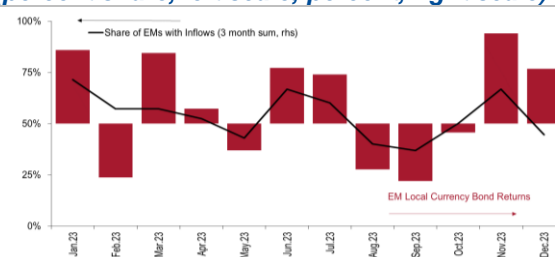


Figure 3. Local Currency Government Non-resident Debt Flows (USD bn; latest month is month to date)

	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24 mtd	2023	2022
BRA	1.6	1.2	0.6	0.0	0.0	2.8	-4.1	2.5	4.4	4.6	0.1			13.9	-7.2
MEX	-2.0	1.7	0.1	-0.2	-3.6	1.7	0.3	0.5	-0.1	0.7	1.0	4.8		4.9	3.9
PER	-0.2	0.0	-0.4	0.4	0.6	0.1	-0.5	-0.5	0.4	-0.2	0.0			-0.3	-1.9
COL	0.5	-0.9	0.0	0.3	-0.2	-0.5	-0.4	-0.4	-1.1	0.1	0.4			-2.1	4.8
HUN	4.0	0.4	-0.7	2.5	-0.6	-2.0	1.0	0.3	-2.3	2.4	-0.1	-3.3	4.7	1.7	2.8
POL	0.0	-1.2	0.3	-0.5	-0.9	-0.3	0.3	-0.3	-1.2	0.1	-0.2			-3.9	4.9
CZE	1.6	0.3	2.1	-0.9	0.1	1.3	1.7	0.0	0.6	-1.4	-0.4			5.0	4.0
RUS	-3.0	0.0	-0.1	-0.2	-0.1	-0.5	-1.5	-0.4	-0.2	-0.1	0.0			-6.0	-16.4
TUR	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.0	0.5	0.0	0.3	1.3	0.0	2.0	-2.2
ROU	3.8	0.5	0.1	0.3	1.0	1.0	0.1	0.3	0.2	-0.7				6.4	2.4
UKR	0.2	-0.2	0.0	-0.1	-0.2	0.2	0.0	-0.1	0.0	0.0	-0.1	0.0		-0.4	-1.1
ZAF	1.7	-1.4	-0.9	1.5	-0.8	1.7	1.0	-0.5	-0.3	0.7	1.7	-1.6	0.5	2.9	0.3
EGY	4.0	2.0	0.1	0.4	-0.5	0.4	0.1	0.0	-0.1					6.4	-8.3
GHA	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1					-0.1	-1.8
MYS	0.5	1.1	1.5	0.0	0.6	0.8	1.9	-1.1	0.0	-0.4	1.3	-0.5		5.9	-1.9
IND	0.6	0.1	-0.3	0.1	0.4	1.2	0.4	0.9	0.2	0.8	1.7	2.4		8.4	-2.0
IDN	3.3	-0.5	1.1	0.1	0.4	1.2	0.6	-0.6	-1.4	-0.9	1.5	0.5		5.4	-9.0
THA	0.8	-1.1	0.9	-0.6	0.7	-0.3	1.0	-1.1	-0.6	0.5	0.5	-0.3		0.3	6.2
CHN	-13.1	-12.0	-4.0	-3.9	3.1	5.3	-7.2	-6.0	-1.9	5.8	22.9			-11.0	-76.0
EM ex. CHN	17.5	2.0	4.4	3.0	-3.2	9.0	1.7	-0.2	-1.0	6.1	7.9	3.2	5.2	50.6	-23.6

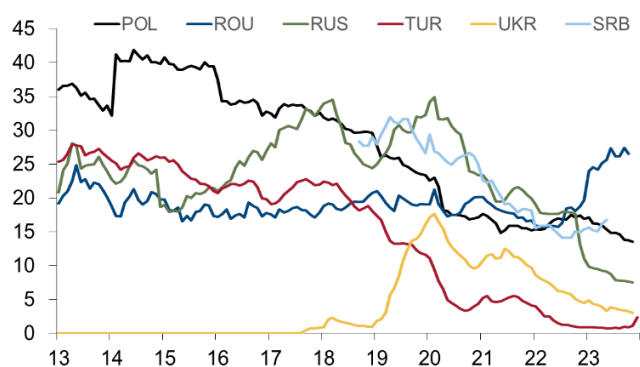
This Monitor was prepared by MCM-GA. Sources: Bloomberg, Central banks, Haver, Bond exchanges, IMF Staff calculations. Notes: Data includes local currency bonds, primarily government debt. LC = local currency. China sovereign bonds include government and policy banks. Egypt LC debt refers only to treasury 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 1

Figure 4. Local Currency Government Debt Holdings: Investor Composition

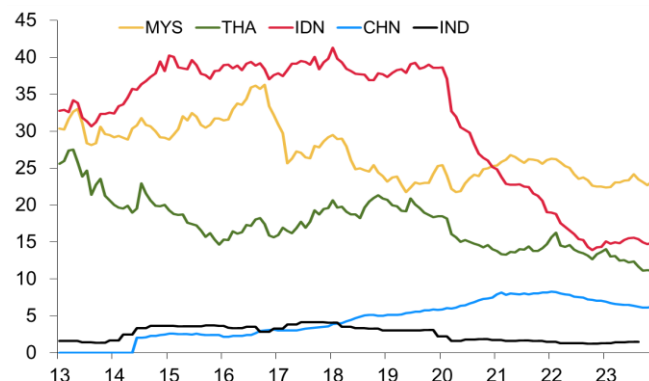
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2022 (ppt)	Change since Dec. 2021 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2022 (ppt)
BRA	122	10	0.6	-0.6	29	-0.2	51	-0.2
MEX	99	15	-2.1	-3.0	11	-0.6	49	2.1
COL	27	22	-4.3	-2.9	13	-1.5	41	6.3
PER	15	37	-4.5	-12.8	28	3.2	15	0.5
POL	33	14	-3.3	-1.7	44	2.9	13	0.2
TUR	3	2	1.4	-1.8	76	2.7		
ROU	17	27	6.8	9.8	38	-5.6	25	0.4
CZE	36	28	0.7	1.0	41	1.4	25	-2.2
GEO	0	3	-1.5	-6.7	53	-3.7	12	3.3
CHN	428	6	-0.8	-1.9	62	2.3		
IDN	54	15	0.6	-4.1	27	-5.5	22	2.4
MYS	56	23	0.3	-3.3	34	2.5	35	1.8
THA	27	0	-13.6	-14.7	24	1.3	33	-0.3
IND	0	1	0.2	-0.1	41	2.1	32	-3.9
ZAF	49	25	-0.3	-2.9	20	-1.6	53	1.9
EGY	13	15	3.3	-7.4	42	-0.4	18	-0.4

Figure 5. Regional Look: Non-resident Holdings of Domestic Government Debt

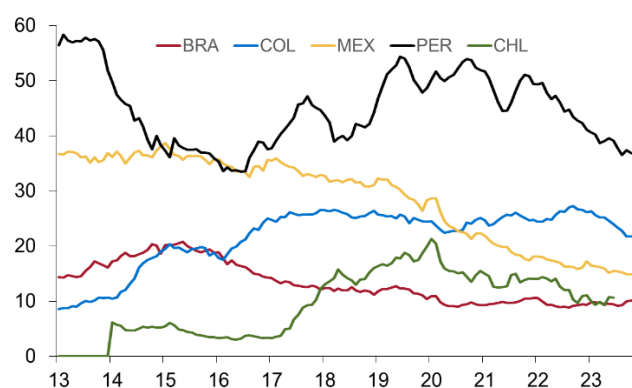
a. Eastern Europe & Turkey (percent share)



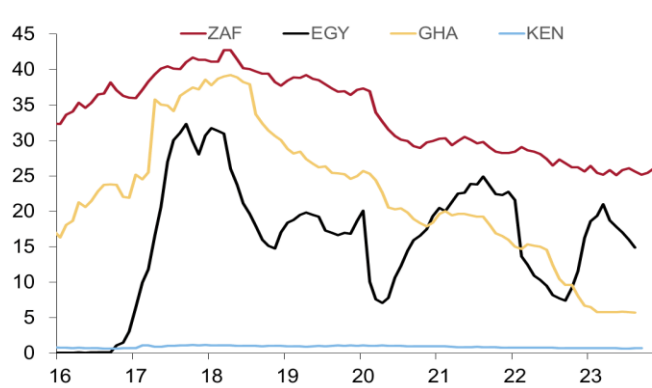
b. Asia (percent share)



c. Latin America (percent share)



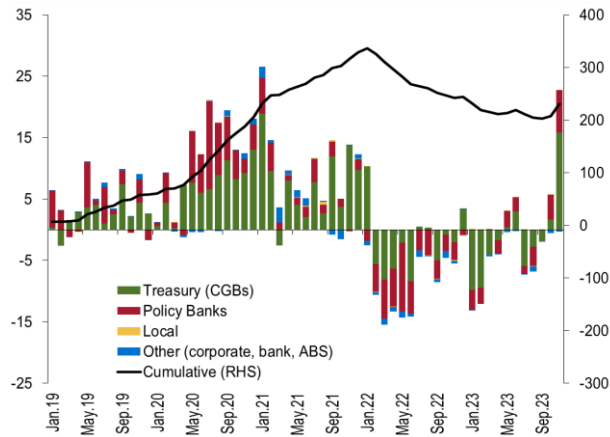
d. Africa (percent share)



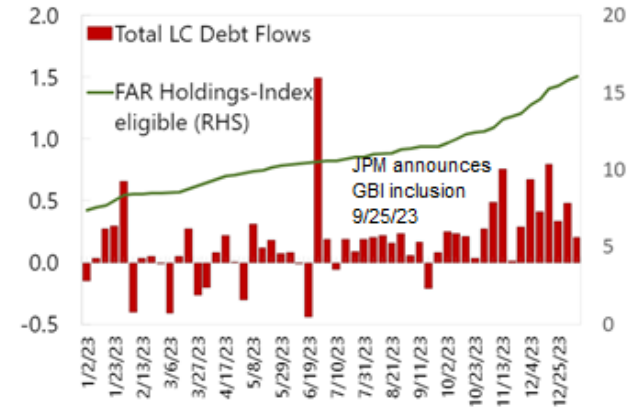
Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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

Annex

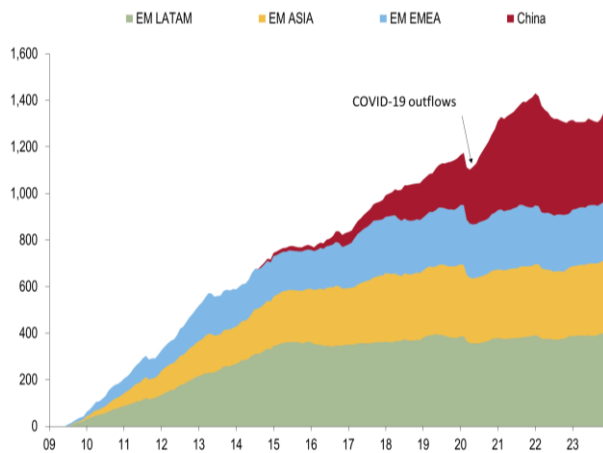
a. Non-resident Flows into Chinese Local Currency Bonds, by Sector (USD billions)*



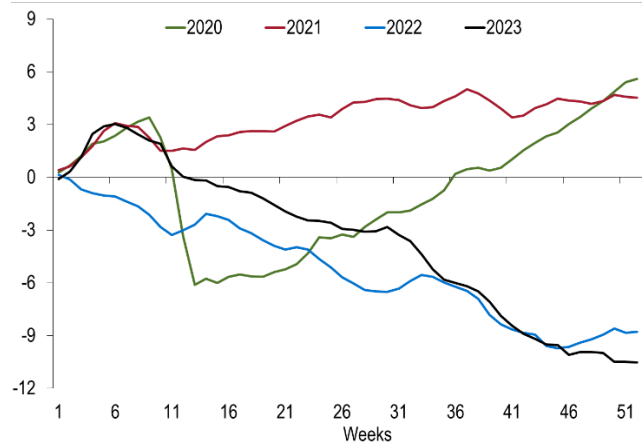
b. Non-resident Flows into India, Index Eligible Bonds, Fully Accessible Route (USD billions)



c. Cumulative Non-resident Flows into LC Government Bonds Since 2009 (USD billions)



d. EM Hard Currency ETF and Mutual Fund Flows (percent of AUM, cumulative by year)



*Note: In some cases, flows are derived from the change in stock outstanding held by foreign investors each month.