



TUESDAY, MAY 30, 2023

SUMMARY

Weekly local currency non-resident bond flows* have been choppy in May (Figure 1 & 3). The uncertain macro backdrop, alongside volatility related to idiosyncratic developments, has led to a lack of conviction from investors despite some favorable sentiment amid signs of peaking inflation and the end of central bank tightening. After a solid April, flows turned negative in Mexico, South Africa, Thailand, and Hungary through mid-May.

EM ex. CHN had modest monthly inflows in April (\$4.1 bn), led by South Africa, Hungary, Peru, and Colombia. China experienced \$4 bn in outflows both April and March, bringing the YTD total to -\$33bn.

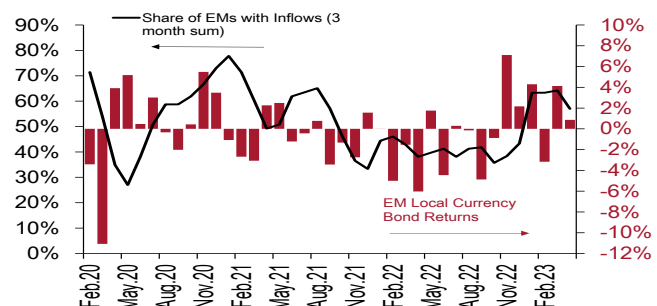
- LATAM:** Flows have been mixed, with small outflows from Mexico in April (-\$0.2 bn) accelerating in May. Peru (\$0.4 bn) and Colombia (\$0.3 bn) rebounded in April. Brazil saw small outflows in April, with inflows to shorter term fixed rate bonds and net sales of floating rate bonds as investors eye a potential policy pivot.
- ASIA:** Sentiment appears to have softened in April-May after a strong start to the year, with optimism over Chinese reopening fading and some regional currency weakness. April inflows were tepid in Indonesia (\$0.3 bn) and India (\$0.1 bn), with outflows in Thailand (-\$0.6 bn). May data has been mixed.
- CEEMEA:** Hungary (\$2.5 bn) and South Africa (\$1.5 bn) saw inflows rebound in April before fading in May, with idiosyncratic issues weighing on the latter. Poland and Czechia received inflows in March. Romania reported large inflows of \$4.5 bn through February. Egypt also saw a renewed surge of inflows (\$6 bn) into t-bills through Feb.
- Investor Composition** (Fig 4): Foreign ownership has increased in Romania, Czechia, Indonesia, Malaysia, and Brazil in the first few months of the year. Latin America (ex. BRA) has generally lagged, notably in Peru (-2.5 ppt YTD). Foreign participation in Egypt continues to be volatile, with the share of debt close to doubling since Nov. 22 to 18.6% after falling by half early in 2022. NBFIs have stepped in to gain market share across much of Latin America, particularly in Colombia (+3.6 ppt YTD). Domestic banks increased their share of government debt in parts of EMEA (Turkey, Ukraine, Egypt), as well as Asia (Malaysia, Thailand, China).

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

	7-Apr	14-Apr	21-Apr	#####	5-May	12-May	19-May	26-May
MEX	0.49	0.04	-1.11	0.40	-1.79	-0.32	-0.19	
ZAF	0.47	0.32	0.19	0.01	0.03	-0.18	-0.85	0.51
HUN	0.99	0.08	0.26	1.16	-0.72	0.00	-0.22	0.35
TUR	0.01	-0.01	-0.05	0.01	-0.07	-0.04	0.00	
IDN	0.16	0.10	0.01	-0.02	0.18	-0.04	-0.31	0.24
IND	-0.17	0.13	0.14	-0.05	-0.17	0.07	0.22	0.27
THA	-0.36	-0.09	-0.41	0.25	0.55	1.27	-0.51	-0.53

2. Flow Dispersion and Returns

(percent share, left scale; percent, right scale)



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

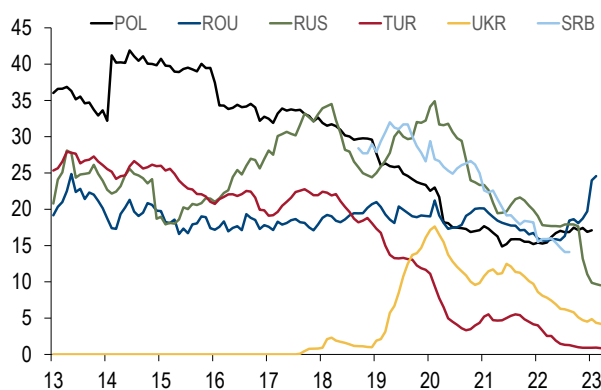
	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23 mtd	2023YTD	2022
BRA	3.1	1.1	3.5	0.5	1.6	1.2	0.6	0.0		3.4	-7.2
MEX	1.0	-2.0	2.0	6.7	-2.0	1.7	0.1	-0.2	-2.3	-2.7	3.9
PER	-0.3	-0.2	-0.1	-0.4	-0.2	0.0	-0.4	0.4		-0.3	-1.9
COL	0.6	-0.3	0.0	-0.5	0.5	-0.9	0.0	0.3		0.0	4.8
HUN	-1.3	2.9	-0.8	-1.1	4.2	0.4	-0.6	2.5	-0.6	5.9	2.7
POL	0.8	-0.2	0.4	-0.8	0.0	-1.2	0.3			-0.9	4.9
CZE	1.1	-0.7	-0.5	-0.6	1.6	0.3	2.1			4.0	4.0
RUS	0.0	0.0	-9.2	-2.8	-3.0	0.0	-0.1			-3.2	-16.4
TUR	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0		0.0	-2.2
ROU	0.2	-0.1	0.7	0.4	3.8	0.5				4.2	2.4
UKR	0.0	-0.2	-0.1	0.0	0.2	-0.2	0.0	-0.1	-0.2	-0.4	-1.1
KAZ	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	-0.9
ZAF	-0.3	-0.6	0.4	-0.7	1.7	-1.4	-0.9	1.5	-0.5	0.4	0.2
EGY	-0.1	0.0	1.2	1.6	4.0	2.0				6.1	-8.3
GHA	-0.1	0.0	-0.2	0.0	0.0	0.0	-0.1	0.0		-0.2	-1.8
MYS	-0.6	-0.9	0.1	0.5	0.5	1.1	1.5	0.0		3.2	-1.9
IND	0.2	-0.4	0.1	-0.2	0.6	0.1	-0.3	0.1	0.4	0.9	-2.0
IDN	-1.9	-1.1	1.5	1.6	3.3	-0.5	0.9	0.3	0.1	4.1	-9.0
THA	-0.5	-0.4	1.8	1.5	0.8	-1.1	0.9	-0.6	0.7	0.7	6.2
CHN	-8.0	-3.5	-4.8	2.5	-13.1	-12.0	-4.0	-3.9		-33.0	-76.0
EM ex. CHN	1.6	-3.3	0.6	5.8	17.6	2.1	4.0	4.1	-2.4	25.4	-23.9

4. Local Currency Government Debt Holdings: Investor Composition

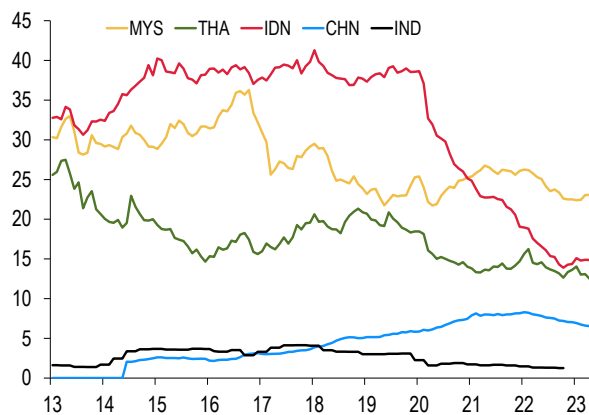
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2022 (ppt)	Change since Dec. 2021 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2022 (ppt)
BRA	108	10	0.4	-0.8	28	-1.1	51	0.5
MEX	94	16	-1.3	-2.2	9	-3.2	47	0.2
COL	25	25	-1.0	0.4	12	-1.9	38	3.6
PER	15	39	-2.5	-10.7	26	1.6	16	1.5
POL	33	16	-0.7	1.0	41	0.0	13	0.2
TUR	1	1	-0.1	-3.3	74	1.4	8	-1.9
ROU	15	25	4.9	7.8	41	-2.7	23	-1.5
CZE	36	28	1.2	1.5	40	0.4	26	-1.5
UKR	2	4	-0.6	-5.8	34	2.5		
KAZ	1	2	0.0	-2.8				
GEO	0	5	0.6	-4.6	56	-1.3	9	0.2
CHN	453	7	-0.3	-1.4	61	1.3		
IDN	56	15	0.5	-4.2	30	-2.1	20	0.6
MYS	55	23	0.6	-3.0	34	2.5	34	0.5
THA	30	13	-1.1	-2.2	24	1.0	33	-0.3
IND	16	1		-0.3	41		33	0.0
ZAF	47	26		-2.4	20	-1.1	52	1.0
EGY	12	19	7.1	-3.7	43	0.6	16	-2.5
GHA	1	6	-1.1	-10.1				

Regional Look: Non-resident Holdings of Domestic Government Debt

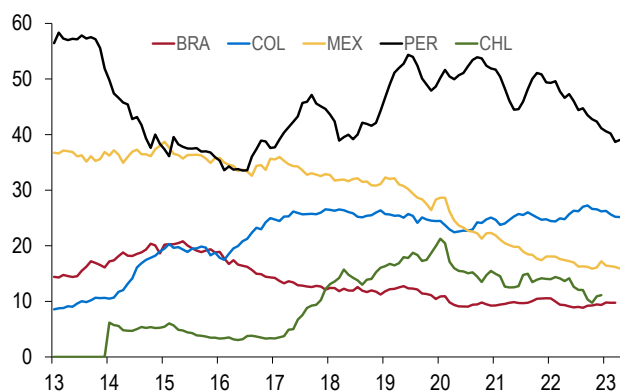
5. Eastern Europe & Turkey (percent share)



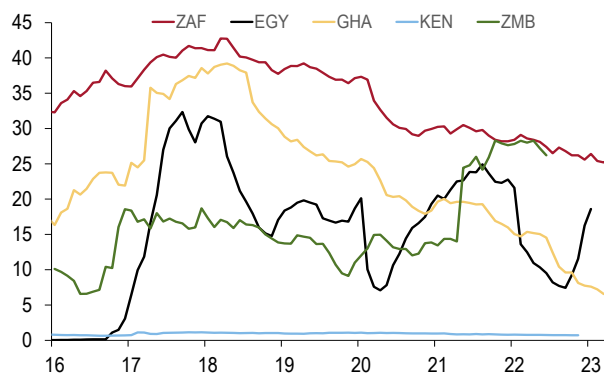
6. Asia (percent share)



7. Latin America (percent share)

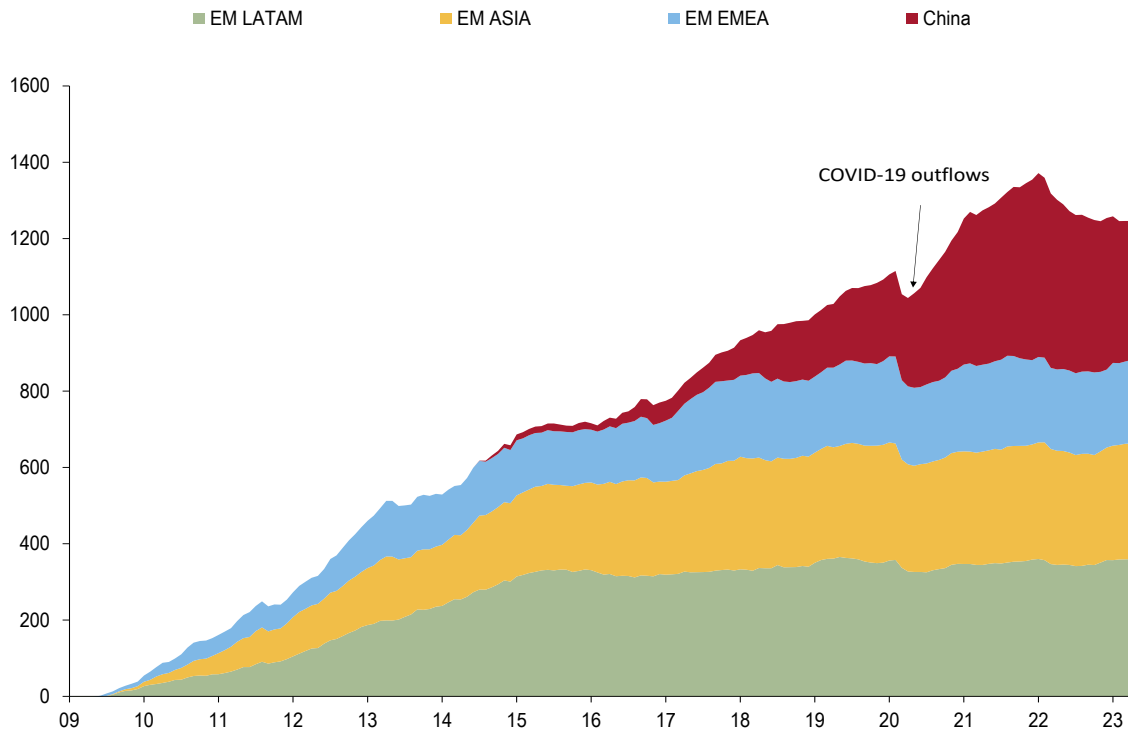


8. Africa (percent share)

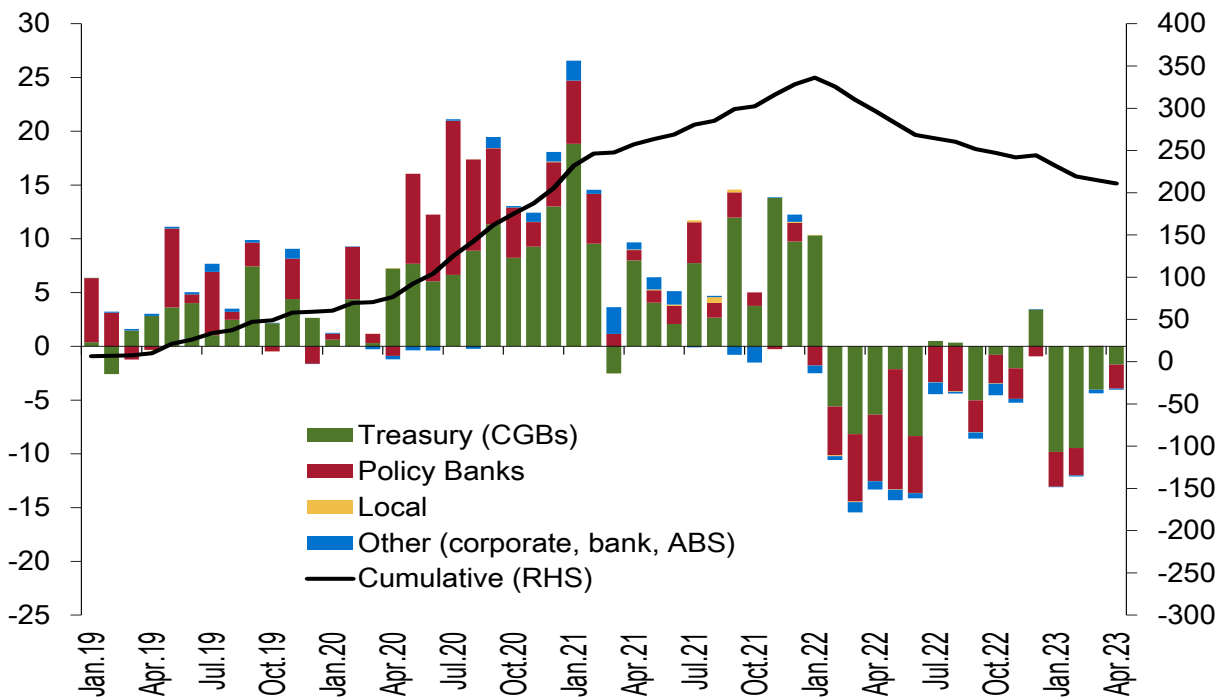


Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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