



#### SUMMARY

In June, weekly data\* suggests that local currency bond flows show a mixed picture after a strong May (Figure 1). Inflows into Indian local currency markets appear to have picked up pace into the country's inclusion to the JPM GBI index. Political uncertainty following elections in Mexico appears to have triggered modest outflows along with the peso's depreciation. Türkiye saw a slowdown of inflows in June after a very strong bounce back of flows in May.

Monthly flows data recorded its second strongest month for this year (+\$13billion) but have been concentrated into a handful of markets (Figure 3). Year-to-date inflows into EM-ex-China currently stand at \$51.9billion but nearly half of the flows have been into Egypt in March (\$24.7billion). A large portion of May's inflows have been into Türkiye as foreign investors have been crawling back into the asset class (\$6.6billion). Brazil continues to be one the largest receivers of foreign inflows across emerging markets following May (+\$3.3billion). Inflows into China have also picked up (\$10.8billion) following a weak April (\$1.5billion, \$9.5billion ytd). The weak flows seen earlier in the year coincided with strong inflows into the country's NCD market suggesting investors might have rotated between the two markets.

- LATAM:** Brazil pulled back its outflows from April (\$3.3billion), with its year-to-date flows nearing 2023 levels (\$10.6 billion) before entering H2. The cumulative flows currently stand near 20% across other EM ex-China. In Mexico, investors withdrew more than \$1billion in June following a rise in political uncertainty. Colombia continues to see small steady inflows for the fourth consecutive month (+\$0.3 billion).
- Asia:** Outflows in April reversed in May. Preliminary data suggests inflows into India have picked up pace (\$2.1billion). Similar to Brazil and Türkiye, India is another country that has received nearly 20% of the inflows into EM-ex-China supported by the country's inclusion into JP Morgan's GBI-EM index. The flows into the rest of the region continue to be weak with Indonesia and Thailand seeing cumulative outflows year-to-date. Inflows into Malaysia in May (+0.9billion) have brought cumulative inflows into positive territory (+0.4% ytd).
- CEEMEA:** Inflows into Egypt in March now make up half of the cumulative inflows into EM-ex-China (+\$24.7billion). The influx of foreign investors follows the improvements in the country's external balances and policy shift. Inflows into Türkiye significantly picked up pace in May but appears to have slowed down according to high frequency data (\$1.4billion). Volatility of flows into Hungary remains high but cumulative flows in the country and among the region continue to be tepid.

**Investor Composition:** Foreign participation in the local currency market continues to broadly decline in May, with notable exceptions for Egypt and Türkiye (Figure 4). Latest data for Egypt shows foreign ownership of local currency bonds has surged to 41% in March. In Türkiye, while foreign investors appear to have bought local bonds from domestic banks, Bloomberg has recently reported that foreign inflows numbers may also include domestic banks purchasing local currency bonds through their branches abroad.

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

	10-May	17-May	24-May	31-May	7-Jun	14-Jun	21-Jun	28-Jun
MEX	0.24	0.33	0.23	-0.31	0.19	-1.69	0.26	
ZAF	1.64	0.27	-1.24	0.40	-0.02	-0.04	0.33	-0.42
HUN	0.32	0.02	0.82	-0.03	0.28	-1.28	1.06	-2.16
TUR	2.83	1.34	1.57	0.09	0.54	0.79	0.03	
IDN	0.36	0.31	0.03	0.26	-0.05	-0.02	-0.34	0.53
IND	-0.01	0.25	0.19	0.65	0.72	0.15	0.62	0.65
THA	0.07	0.11	0.24	-0.04	0.08	-0.09	-0.09	-0.18

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

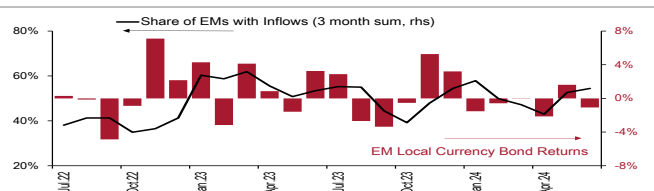


Figure 3. Local Currency Government Non-resident Debt Flows (USD bn; latest month is month to date)

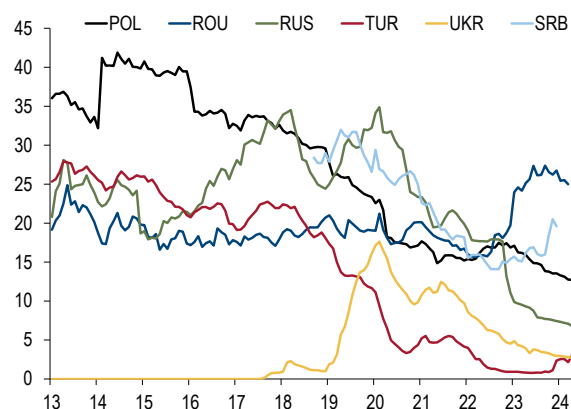
	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	May.24	Jun.24 mtd	2024YTD	2023	2022
BRA	-4.1	2.5	4.4	4.6	0.1	-2.0	3.8	1.2	5.4	-3.2	3.3		10.6	11.9	-7.2
MEX	0.3	0.5	-0.1	0.7	1.0	4.9	-1.2	-3.2	4.0	-0.6	0.6	-1.2	-2.9	5.0	3.9
PER	-0.5	-0.5	0.4	-0.2	0.0	0.0	0.0	-0.1	0.0	0.8	0.1		0.8	-0.3	-1.9
COL	-0.4	-0.4	-1.1	0.1	0.4	0.0	-0.6	0.1	0.7	0.3	0.3		0.7	-2.5	4.8
HUN	1.0	0.3	-2.3	2.4	-0.1	-3.3	3.1	1.4	-2.7	1.0	0.8	-2.1	-0.7	1.7	2.8
POL	0.3	-0.3	-1.2	0.1	-0.2	0.7	0.0	0.3	-0.3	-0.3	0.4		0.1	-3.2	4.9
TUR	0.0	0.0	0.5	0.0	0.3	1.3	0.3	0.1	-0.4	0.9	6.6	1.4	10.3	2.0	-2.2
ROU	0.1	0.3	0.2	-0.7	0.1	0.8	-0.4	0.5	0.1		0.0		0.2	7.4	2.4
SRB	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	-0.1				0.3	0.0	-0.4
UKR	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.4	-0.4	-1.1
ZAF	1.0	-0.5	-0.3	0.7	1.7	-1.6	0.3	0.0	0.0	0.3	0.9	-0.2	1.2	2.9	0.3
EGY	0.1	0.0	0.0	-0.4	0.4	0.1	1.0	-0.1	24.7				25.6	6.6	-8.3
GHA	0.0	0.0		-0.1	0.0	0.0	0.0						-0.1	-0.1	-1.8
MYS	1.9	-1.1	0.0	-0.4	1.3	-0.5	-0.8	-0.3	0.4	0.2	0.9		0.4	5.9	-1.9
IND	0.4	0.9	0.2	0.8	1.7	2.4	2.5	2.4	2.2	-1.9	1.0	2.1	10.5	8.4	-2.0
IDN	0.6	-0.6	-1.5	-0.8	1.5	0.5	0.0	-0.3	-1.7	-1.3	1.1	0.1	-2.1	5.4	-9.0
THA	1.0	-1.1	-0.6	0.5	0.5	-0.3	-0.1	-0.4	-0.3	-0.7	0.5	-0.3	-1.6	0.3	6.2
CHN	-7.2	-6.0	-1.9	5.8	22.9	16.8	11.2	-2.3	-11.7	1.5	10.8		9.5	5.8	-84.5
EM ex. CHN	1.5	0.2	-1.5	7.2	8.7	2.7	8.0	1.6	32.1	-4.5	16.3	-0.3	51.9	45.6	-23.6

**Figure 4. Local Currency Government Debt Holdings: Investor Composition**

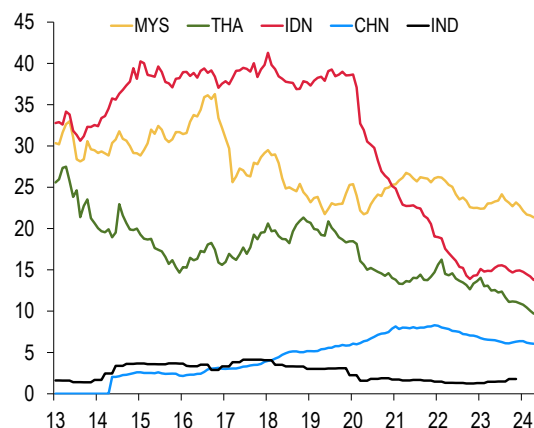
	Foreign Holdings (US blns)	Foreign Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic Bank Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)	Domestic NBF Share (percent)	Change since Dec. 2023 (ppt)	Change since Dec. 2022 (ppt)
BRA	123	10	0.3	0.4	30	0.7	1.3	50	-1.0	-1.3
MEX	105	14	-1.5	-2.8	11	0.8	-0.9	49	-0.6	2.2
COL	28	21	-1.0	-5.6	15	1.9	0.5	45	3.3	10.3
PER	15	37	0.8	-3.9	29	1.1	4.4	13	-2.9	-2.0
POL	34	13	-0.8	-4.2	45	1.5	3.8	13	-0.2	0.2
TUR	10	9	6.4	7.8	67	-8.8	-6.1	12	2.8	1.7
ROU	18	25	-1.8	5.3	41	2.9	-2.9	23	-1.6	-1.3
CZE	46	34	-1.2	7.5	34	1.3	-5.3	25	-0.2	-2.4
GEO	0	3	0.1	-1.4	66	9.5	8.8	11	-0.8	2.3
CHN	451	6	-0.3	-1.0	64	0.8	2.4	22	-0.5	-1.3
IDN	50	14	-1.0	-0.4	22	-4.4	-9.9	22	0.5	2.9
MYS	55	22	-1.1	-0.8	34	1.8	2.5	36	-0.2	1.9
THA	24	10	-1.2	-3.9	26	1.9	3.6	6	-0.1	-0.6
IND	28	2	0.4	0.9	41	0.2	1.8	36	-0.3	0.1
ZAF	51	25	-0.5	-0.8	20	0.2	-1.4	54	0.9	2.8
EGY	34	41	26.2	29.1	28	-11.9	-14.2	13	-5.5	-5.1

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

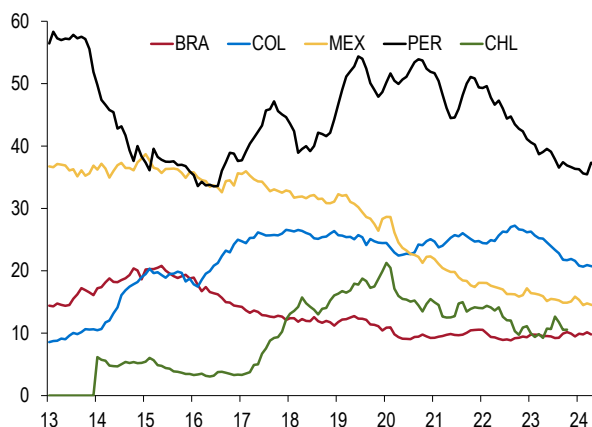
**a. Eastern Europe (percent share)**



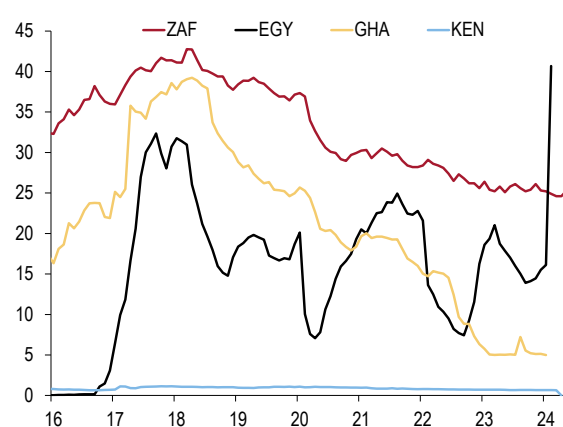
**b. Asia (percent share)**



**c. Latin America (percent share)**



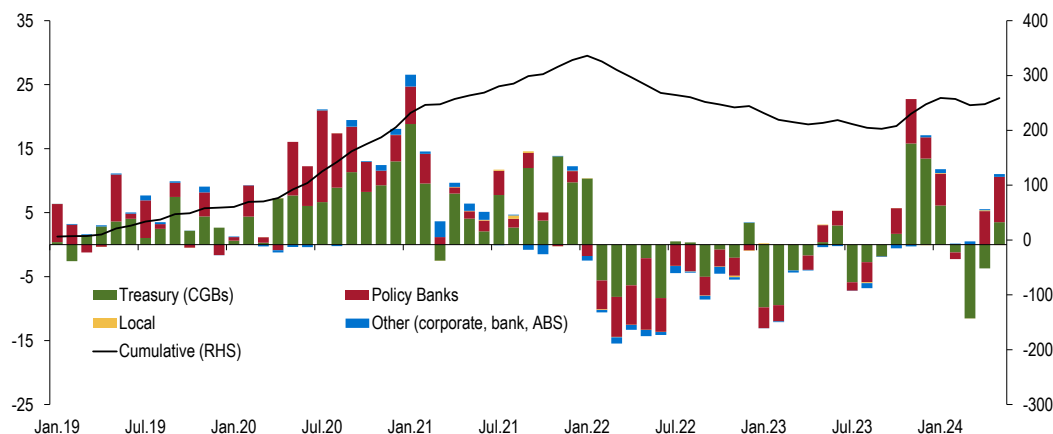
**d. Africa (percent share)**



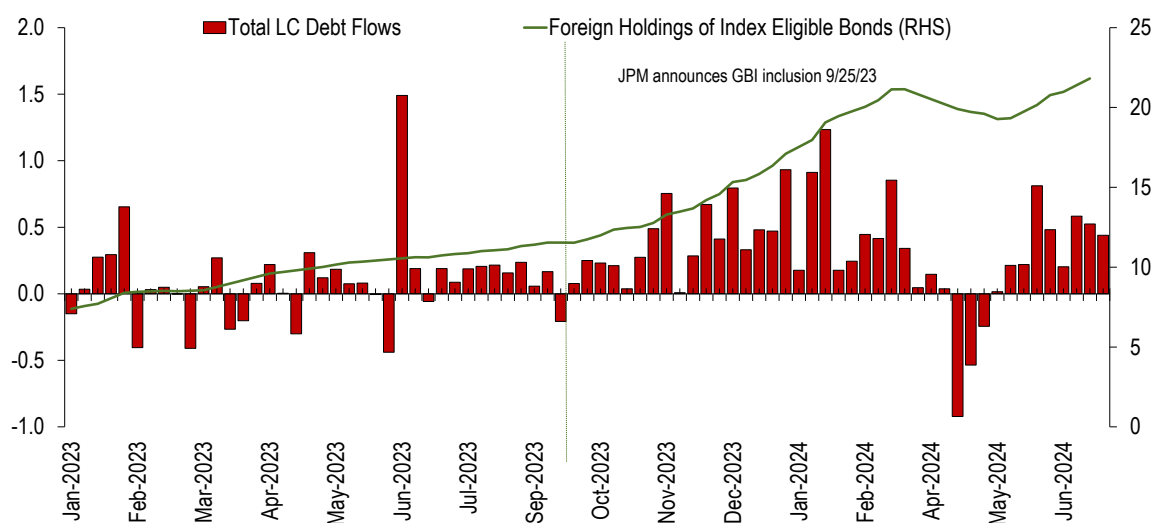
Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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

## Annex

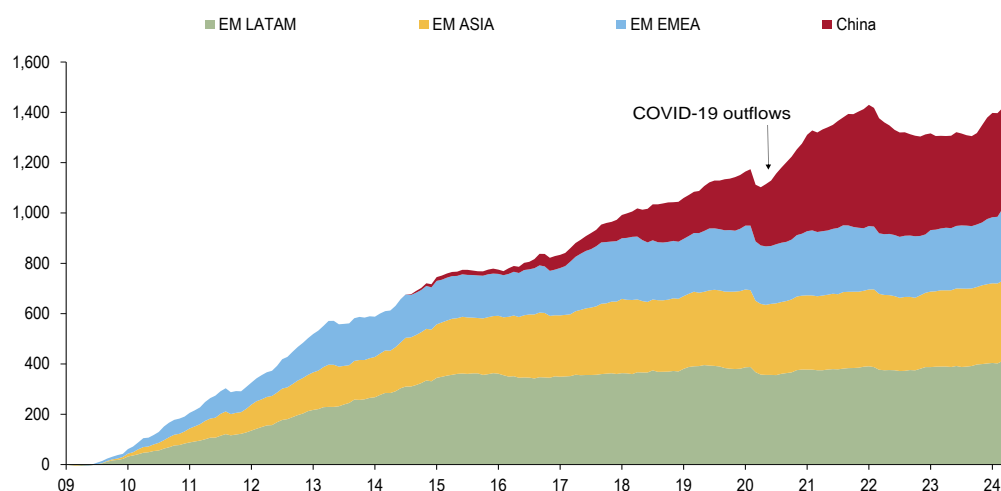
### a. Non-resident Flows into Chinese Local Currency Bonds, by Sector (USD billions)\*



### 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)



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