



THURSDAY, JANUARY 13, 2022

## SUMMARY

**Weekly local currency (LC) non-resident bond flows\* have remained choppy** (Figure 1 and 2). Most of December witnessed outflows, with Mexico a notable exception. So far in 2022 EMs have seen modest inflows despite the selloff in Treasury yields, highlighted by flows to Thailand, Hungary, and South Africa.

**Monthly non-resident flows turned negative in Oct. at -\$2.8 bn, with some exceptions** (Figures 2, 3):

- **LATAM:** Despite the improvement in December, Mexico was a laggard in 2021 with flows totaling -\$12.7 bn. Foreign flows to Peru have broadly improved over the last few months as political risks have eased. Despite the bond market selloff, Brazil has seen strong inflows since August, for a YTD 2021 total of \$20.3 bn, the best among non-China EMs. Q4 saw strong demand for short term instruments likely due to the fast-paced monetary policy normalization.
- **ASIA:** Indonesia has continued to see sizeable outflows through much of 2021, with bond yields moving higher in December. China experienced a slowdown of inflows to \$3.8 bn in October, before rebounding in at the end of 2021, pushing 2021 flows to \$100 bn. Thailand has also continued to outperform.
- **CEEMEA:** Foreign flows to Eastern Europe have been relatively weak since August amid intensifying inflationary pressures. Ghana has seen large outflows of nearly \$0.9 bn in Sept-Dec.; 15% of foreign holdings.

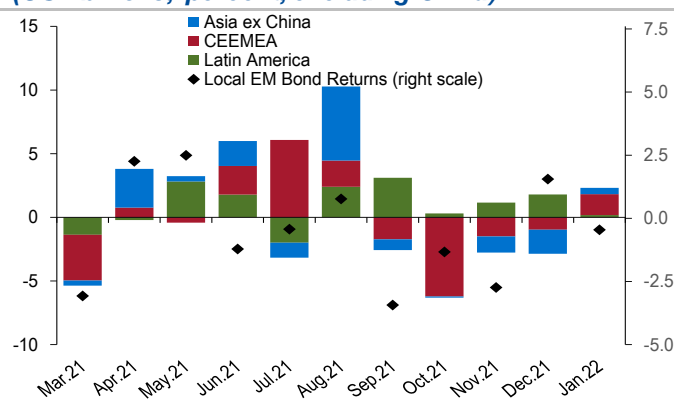
**Foreign share of debt edged lower in many EMs in 2021, following the steep drop in 2020** (Figure 4).

Egypt, Zambia, Kazakhstan, and to a lesser degree Malaysia and Brazil have been exceptions.

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

	3-Dec	10-Dec	17-Dec	24-Dec	31-Dec	7-Jan	14-Jan
MEX	0.30	0.90	0.18	0.57	-0.35	0.18	
ZAF	-0.42	0.05	-0.06	-0.11	-0.16	0.18	0.49
HUN			-0.17	-0.36	-0.36	1.34	0.37
UKR	-0.03	0.02	0.05	-0.03	0.01	-0.07	-0.05
TUR	-0.01	-0.05	-0.10	-0.09	0.04		
IDN	-1.09	-0.70	-0.35	-0.07	-0.15	0.16	-0.40
IND	0.10	-0.31	-0.26	-0.93	-0.10	0.02	-0.03
THA	-0.07	0.37	0.22	0.73	-0.06	0.56	0.18

### 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)

	Mar.21	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	1.5	-0.5	2.8	1.5	0.6	2.4	1.9	2.2	3.0				20.3	3.0
MEX	-2.1	-0.1	-0.8	-0.5	-3.4	-1.7	0.8	-2.2	-1.4			0.2	-12.7	-10.0
PER	-0.7	-0.7	-0.3	0.0	0.4	0.7	0.6	0.4	-0.1				0.1	1.6
COL	-0.1	1.1	1.1	0.7	0.3	1.1	-0.2	-0.1	-0.4	0.0			3.0	3.0
HUN	-0.9	0.4	-0.6	-0.8	1.4	-0.1	0.4	-0.7	-0.3	-0.9	1.7	1.7	-0.5	0.7
POL	-1.2	-0.9	-3.0	0.9	1.3	0.1	0.1	-0.9	0.0				-2.1	-5.7
CZE	2.3	1.6	-0.5	0.2	0.2	-1.0	-2.1	-0.1	0.2				3.4	-0.3
RUS	-1.6	-1.9	0.5	0.9	2.4	2.0	1.1	-0.8	-1.4				0.5	5.1
TUR	-0.9	0.0	0.1	0.3	0.5	0.3	-0.1	-0.5	0.0	-0.2	0.0	0.0	1.0	-6.2
ROU	-0.6	-0.1	-0.1	-0.4	0.1	0.1	-0.2	-0.2					-1.0	0.4
UKR	0.0	-0.2	0.0	0.4	-0.1	-0.3	0.0	-0.2	-0.1	0.0	-0.1	-0.1	0.3	-1.1
KAZ	0.4	0.0	-0.2	0.2	0.0	0.1	-0.1	0.0	0.2	-0.2			1.0	0.8
ZAF	-1.0	0.8	1.9	-0.2	-0.4	0.9	-1.1	-0.4	0.0	0.4			3.1	0.3
EGY	-0.2	0.8	1.5	0.6	0.9	-0.2	0.5	-1.9					4.2	1.6
GHA	0.0	0.2	0.1	0.0	-0.1	0.1	-0.3	-0.4	-0.1	-0.1			0.2	0.2
MYS	1.1	1.4	0.4	-0.1	-0.8	1.5	0.1	0.6	-0.7				6.0	5.1
IND	-0.5	-0.4	-0.2	-0.6	-0.1	1.8	1.5	-0.1	0.2	-1.6	0.0	0.0	-1.5	-13.9
IDN	-1.3	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	0.3	1.1	0.0	1.4	0.3	1.4	-1.1	0.3	1.4	1.6	0.7	0.7	6.6	-1.0
CHN	-2.5	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	-5.4	3.6	2.8	6.0	2.9	10.3	0.5	-6.0	-1.6	-1.1	2.3	2.3	26.3	-20.2

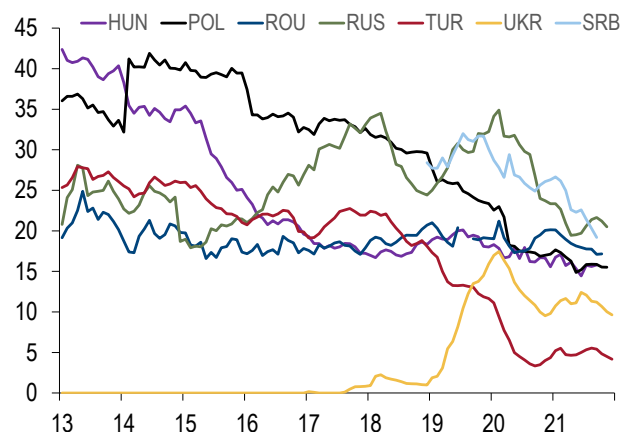
Notes: Daily data is subject to significant revisions. Data refers to domestically issued debt, primarily central government bonds in local currency. In some cases, flows are derived from the change in stock. China data includes government and policy bank bonds. Egypt refers only to Treasury bills. South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

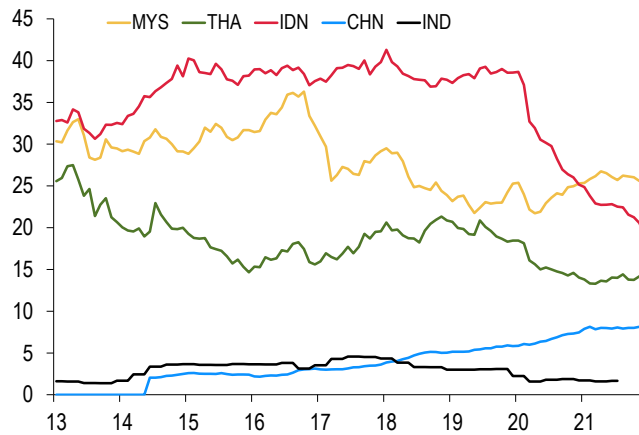
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	2021 Change (ppt)	Chg since Dec. 2019 (ppt)	Domestic Bank Share (percent)	2021 Change (ppt)	Domestic NBF Share (percent)	2021 Change (ppt)
BRA	98.0	10.5	0.1	1.3	0.1	29.0	-0.6	50.1	-2.2
MEX	73.1	17.4	-0.3	-4.9	-10.9	10.9	-0.4	45.9	1.9
COL	24.7	24.8	0.1	-0.3	0.3	15.2	-0.6	35.9	-2.5
PER	16.2	50.8	-0.3	-1.1	2.2	18.7	1.2	11.5	-4.1
CHL	9.2	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	-0.3	-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	-0.5	2.4	4.6				
GEO	0.2	9.6	0.2	-1.7	-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	54.7	25.6	-0.4	0.3	0.3	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	22.1	23.6	-1.3	6.2	6.8	38.1	-8.8	18.8	
ZMB	2.9	25.9		11.8	15.0				
GHA	5.8	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

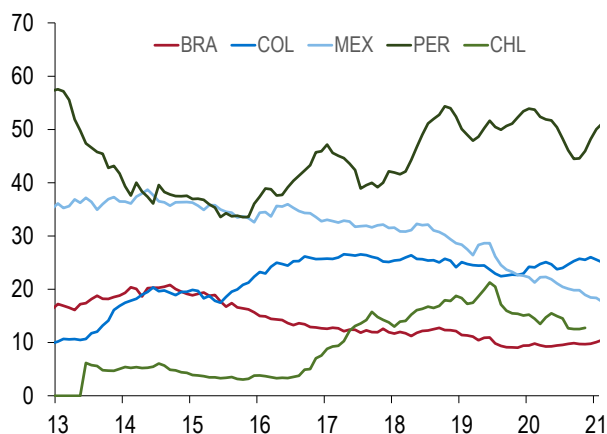
5. Eastern Europe & Turkey (percent share)



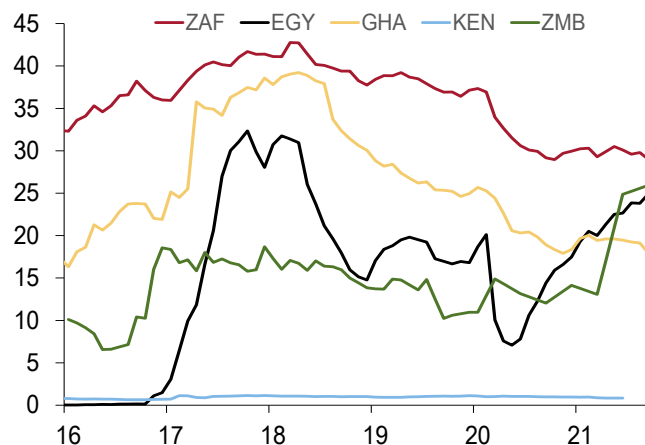
6. Asia (percent share)



7. Latin America (percent share)



8. Africa (percent share)



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