



### SUMMARY

After strong momentum in September, high frequency data\* show local currency bond flows came under pressure in October amid the sharp sell off in Treasury yields (see Figure 1). Most emerging markets have seen outflows in October, particularly in Asia and Mexico. Thailand is on track to see six consecutive weeks of outflows, while India is experiencing its worst stretch since April 2024. South Africa, and Hungary have also seen modest outflows on net, while Turkish inflows remain positive month to date. Treasury yields have risen close to 60 bps since mid-September amid stronger US growth and increased focus on the US election. EM currencies weakened substantially in October, with the Brazilian real, Malaysian ringgit, Chilean peso, Hungarian forint, Colombian peso, and Thai baht all down at least 4%.

Monthly inflows continued through September in EM ex. China (+\$8.4 billion), while China saw one of its largest monthly outflows (-\$17.7 bn) on record (Figure 3).

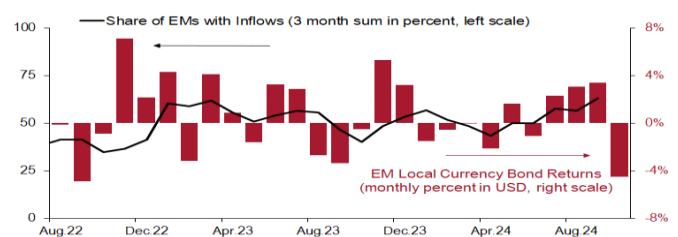
- LATAM:** Net inflows continued in September, led by Mexico (+\$2.9 billion) and Peru (+\$0.9 billion), while Colombia lagged (-\$0.7 billion). Brazil saw inflows in August (+\$1.9 billion), but September data hasn't been released.
- Asia:** The region saw further inflows in September though momentum has slowed. Indonesia (+\$1.2 billion), India (+\$2.3 bn), Thailand (+\$0.1 billion), and Malaysia (+\$0.1 billion) all received inflows in September, though high frequency data showed a reversal from late September into October. Chinese outflows were the largest since at least 2014, as investors sold close to \$16 bn in central government bonds alone, alongside outflows from policy bank bonds. Foreign investors reportedly were also net sellers of NCDs (negotiable certificates of deposits). In contrast, amid a flurry of stimulus announcements, inflows into Chinese equity funds have soared in recent weeks.
- CEEMEA:** Flows have been mixed, with positive inflows for Turkey and South Africa in September. Turkey received \$1.9 bn of inflows in September, though inflows slowed substantially in October. South Africa saw a rebound in flows in September (\$1.4 bn) before a modest reversal in recent weeks. Flows to Eastern Europe have been weak, with outflows from Hungary in September (-\$1.6 bn) and August (-\$0.5 bn), and from Poland in August (-\$0.5 bn).

**Investor Composition** (Figure 4): Turkey and Egypt have seen a sharp increase in foreign participation YTD, taking market share from domestic banks. Nonresidents also increased their share of debt to a lesser extent in Brazil, Peru, Georgia, and India YTD. Among countries where foreign investors have stepped back significantly, banks and NBFIs both increased their market share in Colombia, while banks have absorbed increased issuance in Thailand and Romania. In Mexico and South Africa, NBFIs have increased their share of debt.

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

|     | 13-Sep | 20-Sep | 27-Sep | 4-Oct | 11-Oct | 18-Oct | 25-Oct | 1-Nov |
|-----|--------|--------|--------|-------|--------|--------|--------|-------|
| MEX | 0.5    | 1.5    | 0.4    | -1.0  | -0.1   | -0.8   | -1.2   |       |
| ZAF | 0.5    | 0.3    | 0.3    | 0.5   | -0.1   | 0.2    | -0.7   | -0.2  |
| HUN | -0.2   | 0.3    | -1.0   | 0.2   | 0.1    | -0.6   | -0.1   | 0.2   |
| UKR | 0.0    | 0.0    | 0.0    | 0.0   | 0.0    | 0.0    | 0.0    | 0.0   |
| TUR | 1.6    | 1.6    | -0.4   | -0.1  | 0.2    | 0.1    |        |       |
| IDN | 0.0    | 1.1    | 0.3    | 0.7   | 0.2    | 0.2    | -0.1   | -0.2  |
| IND | 1.0    | 0.5    | 0.3    | 0.5   | -0.4   | -0.1   | -0.5   | 0.0   |
| THA | 0.1    | 0.1    | -0.4   | -0.4  | -0.3   | -0.2   | -0.1   | -0.1  |

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



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

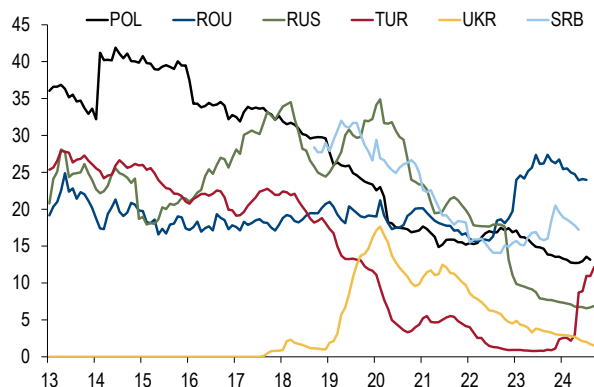
|            | Sep.23 | Oct.23 | Nov.23 | Dec.23 | Jan.24 | Feb.24 | Mar.24 | Apr.24 | May.24 | Jun.24 | Jul.24 | Aug.24 | Sep.24 | Oct.24 mtd | 2024YTD | 2023 | 2022  |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|------|-------|
| BRA        | 4.4    | 4.6    | 0.1    | -2.0   | 3.8    | 1.2    | 5.4    | -3.2   | 3.3    | 5.5    | -1.3   | 1.9    |        |            | 16.7    | 11.9 | -7.2  |
| MEX        | -0.1   | 0.7    | 1.0    | 4.9    | -1.2   | -3.2   | 4.0    | -0.6   | 0.6    | 0.6    | -2.2   | 1.9    | 2.9    | -1.8       | 1.0     | 5.0  | 3.9   |
| PER        | 0.4    | -0.2   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.8    | 0.1    | -0.9   | 1.1    | 0.7    | 0.9    |            | 2.6     | -0.3 | -1.9  |
| COL        | -1.1   | 0.1    | 0.4    | -0.4   | -0.6   | 0.1    | 0.7    | 0.3    | 0.3    | 0.0    | -0.4   | 0.5    | -0.7   | 0.0        | 0.1     | -2.5 | 4.8   |
| HUN        | -2.3   | 2.4    | -0.1   | -3.3   | 3.1    | 1.4    | -2.7   | 1.0    | 0.8    | -2.1   | 0.7    | -0.5   | -1.6   | 0.2        | 0.2     | 1.7  | 2.8   |
| POL        | -1.2   | 0.1    | -0.2   | 0.7    | 0.0    | 0.3    | -0.3   | -0.3   | 0.4    | 1.2    | 2.1    | -0.5   |        |            | 2.9     | -3.2 | 4.9   |
| TUR        | 0.5    | 0.0    | 0.3    | 1.3    | 0.3    | 0.1    | -0.4   | 0.9    | 6.6    | 0.7    | 3.0    | 1.6    | 1.9    | 0.3        | 15.0    | 2.0  | -2.2  |
| ROU        | 0.2    | -0.7   | 0.1    | 0.8    | -0.4   | 0.5    | 0.1    | -0.3   | 0.0    | 0.2    | 0.7    |        |        |            | 0.7     | 7.4  | 2.4   |
| SRB        | 0.0    | 0.0    | 0.0    | 0.1    | 0.2    | 0.2    | -0.1   | -0.1   | 0.0    | 0.0    | 0.0    | 0.0    |        |            | 0.1     | 0.0  | -0.4  |
| UKR        | 0.0    | 0.0    | -0.1   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | -0.1   | -0.1   | 0.0    | -0.1   | -0.1   |            | -0.5    | -0.4 | -1.1  |
| ZAF        | -0.3   | 0.7    | 1.7    | -1.6   | 0.3    | 0.0    | 0.0    | 0.3    | 1.8    | -0.5   | 0.7    | -0.2   | 1.3    | -0.2       | 3.6     | 2.9  | 0.3   |
| EGY        | 0.0    | -0.4   | 0.4    | 0.1    | 1.0    | -0.1   | 24.7   | 3.2    | 1.6    | -0.1   |        |        |        |            | 30.3    | 6.6  | -8.3  |
| GHA        | 0.1    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |            | -0.1    | -0.1 | -1.8  |
| MYS        | 0.0    | -0.4   | 1.3    | -0.5   | -0.8   | -0.3   | 0.4    | 0.2    | 0.9    | -0.1   | 1.4    | 1.8    | 0.1    |            | 3.5     | 5.9  | -1.9  |
| IND        | 0.2    | 0.8    | 1.7    | 2.4    | 2.5    | 2.4    | 2.2    | -1.9   | 1.0    | 2.1    | 2.6    | 2.8    | 2.3    |            | 16.1    | 8.4  | -2.0  |
| IDN        | -1.5   | -0.8   | 1.5    | 0.5    | 0.0    | -0.3   | -1.7   | -1.3   | 1.1    | 0.1    | 0.3    | 2.5    | 1.2    |            | 1.9     | 5.4  | -9.0  |
| THA        | -0.6   | 0.5    | 0.5    | -0.3   | -0.1   | -0.4   | -0.3   | -0.7   | 0.5    | -0.3   | 0.8    | 0.8    | 0.1    | -1.0       | -0.6    | 0.3  | 6.2   |
| CHN        | -1.9   | 5.8    | 22.9   | 16.8   | 11.2   | -2.3   | -11.7  | 1.5    | 10.8   | -0.8   | 3.5    | 4.8    | -17.8  |            | -0.6    | 5.8  | -47.5 |
| EM ex. CHN | -1.4   | 7.2    | 8.7    | 2.7    | 8.0    | 1.6    | 32.1   | -1.6   | 18.8   | 6.2    | 9.4    | 13.2   | 8.4    | -2.4       | 93.6    | 51.1 | -10.3 |

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

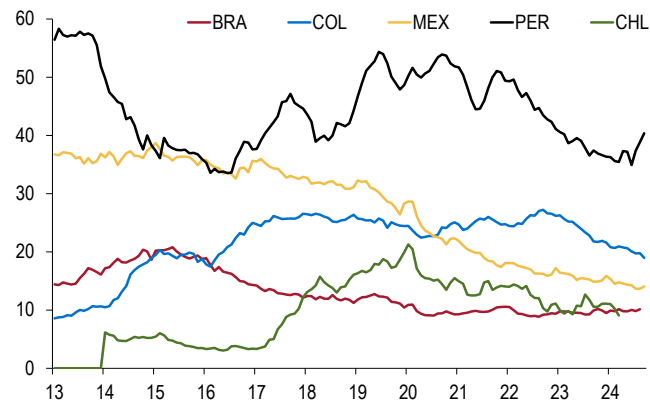
|     | Foreign Holdings (US blns) | Foreign Share (percent) | Change since Dec. 2023 (ppt) | Change since Dec. 2022 (ppt) | Domestic Bank Share (percent) | Change since Dec. 2023 (ppt) | Change since Dec. 2022 (ppt) | Domestic NBFI Share (percent) | Change since Dec. 2023 (ppt) | Change since Dec. 2022 (ppt) |
|-----|----------------------------|-------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|
| BRA | 120                        | 10                      | 0.7                          | 0.8                          | 29                            | -0.6                         | -0.1                         | 50                            | -0.1                         | -0.3                         |
| MEX | 94                         | 14                      | -1.8                         | -3.1                         | 8                             | -2.0                         | -3.6                         | 51                            | 1.4                          | 4.2                          |
| COL | 26                         | 19                      | -2.6                         | -7.2                         | 15                            | 2.0                          | 0.5                          | 45                            | 3.7                          | 10.6                         |
| PER | 17                         | 40                      | 4.0                          | -0.8                         | 29                            | 1.5                          | 4.9                          | 7                             | -8.3                         | -7.5                         |
| POL | 37                         | 13                      | -0.4                         | -3.7                         | 45                            | 1.4                          | 3.7                          | 14                            | 0.2                          | 0.6                          |
| TUR | 16                         | 12                      | 9.8                          | 11.2                         | 63                            | -12.3                        | -9.6                         | 12                            | 3.6                          | 2.5                          |
| ROU | 19                         | 24                      | -2.8                         | 4.3                          | 42                            | 3.9                          | -1.9                         | 24                            | -0.7                         | -0.4                         |
| GEO | 0                          | 3                       | 0.6                          | -1.0                         | 66                            | 9.6                          | 8.8                          | 12                            | 0.4                          | 3.4                          |
| CHN | 453                        | 6                       | -0.7                         | -1.4                         | 62                            | -1.1                         | 0.5                          | 22                            | 0.2                          | -0.5                         |
| IDN | 55                         | 15                      | -0.2                         | 0.3                          | 20                            | -7.0                         | -12.4                        | 22                            | 0.2                          | 2.6                          |
| MYS | 66                         | 23                      | -0.2                         | 0.1                          | 30                            | -1.4                         | -0.6                         | 36                            | -0.2                         | 1.9                          |
| THA | 28                         | 10                      | -0.8                         | -3.5                         | 26                            | 2.0                          | 3.7                          | 6                             | -0.1                         | -0.6                         |
| IND | 28                         | 2                       | 0.4                          | 0.9                          | 40                            | -0.8                         | 0.8                          | 37                            | 0.3                          | 0.6                          |
| ZAF | 56                         | 25                      | -0.3                         | -0.6                         | 20                            | 0.1                          | -1.5                         | 54                            | 1.0                          | 2.9                          |
| EGY | 37                         | 50                      | 35.2                         | 38.1                         | 23                            | -17.4                        | -19.7                        | 9                             | -9.6                         | -9.2                         |

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

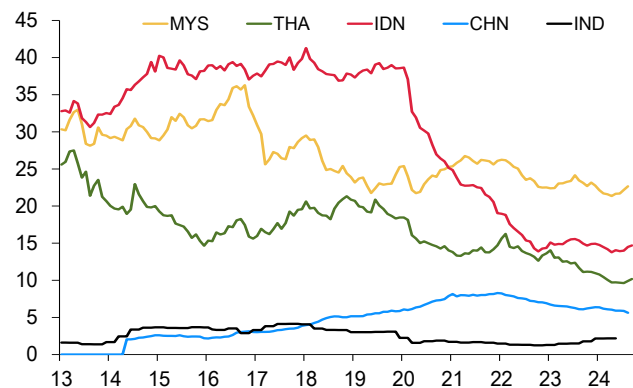
**a. Eastern Europe (percent share)**



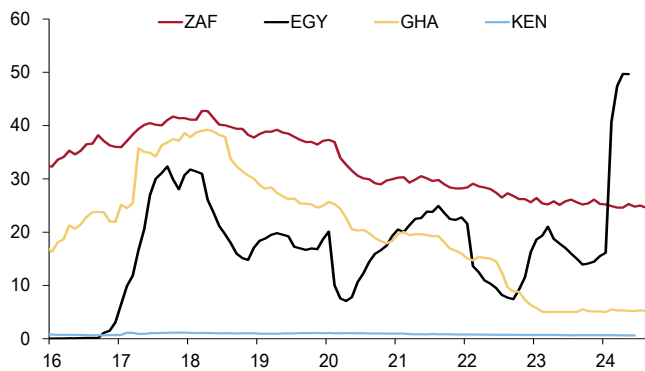
**b. Latin America (percent share)**



**c. Asia (percent share)**

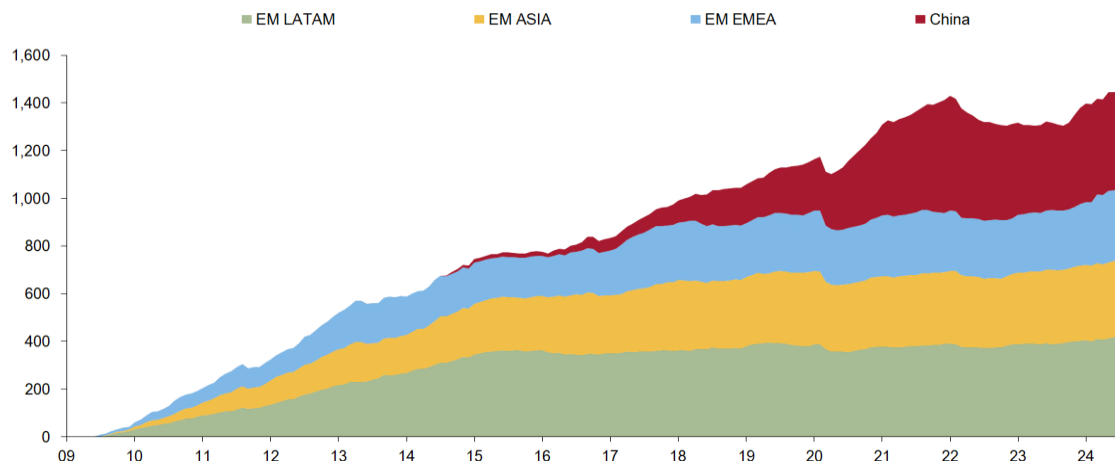


**d. Africa (percent share)**

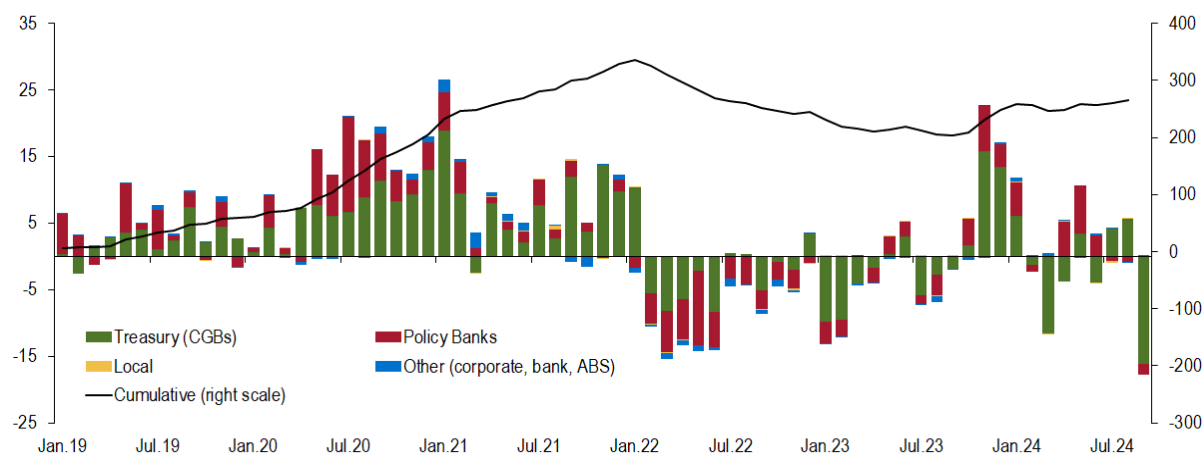


Notes: China data includes government and policy bank bonds. Egypt refers only to Treasury bills. In Figure 4, the 'latest' figures may refer to different months for each country and are the latest available. Due to lagged releases, data on flows and holdings may be slightly inconsistent for some countries.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

**Figure 6. Cumulative Non-resident Flows into Local Currency Govt. Bonds Since 2009 (USD billion)**



**Figure 7. Non-resident Flows into onshore China Local Currency Bonds, by Sector (USD billions)\***



**Figure 8. Non-resident Flows into India, Index Eligible Bonds, Fully Accessible Route (USD billions)**

