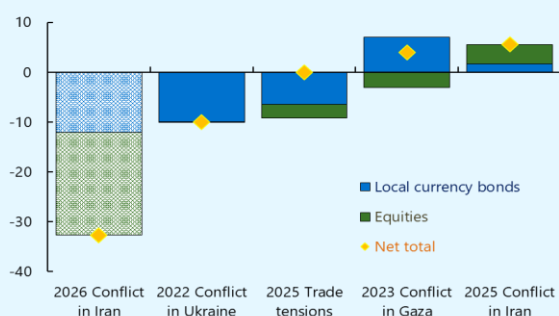




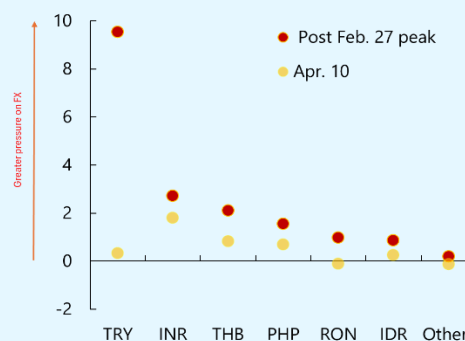
## KEY HIGHLIGHTS

- Provisional high-frequency data for Q1 2026 indicate that portfolio flows for EM excluding China turned negative following the onset of the Middle East conflict.** Nonresident investors exited local markets, reversing part of the inflows observed earlier in the year (Fig. 1).
  - These developments exerted pressure on the broader financial conditions, with adverse spillovers to equity prices, local currency bond yields, and FX rates.
  - Concurrently, pressures in FX markets have intensified for some economies, with covered interest rate parity deviation rising meaningfully in several markets following the onset of the conflict.

**Cumulative 5-week nonresident portfolio flows to local currency bonds and equities since onset of risk event**  
USD billion



**Change in spread between 3-Month FX forward implied yield and local interbank rates**  
Percent



Source: Bloomberg Finance LP; and IMF staff calculations.

Note: Panel 1 presents high-frequency nonresident flow data and captures part of total nonresident flows. Coverage is limited to a small subset of EM countries and may not be representative of all EMs. In panel 2, the CIP deviation is computed from the differences in 3-month onshore FX forward implied yields and interbank rates. Other EMs include BRL, CLP, COP, HUF, MXN, MYR, PLN, and ZAF.

## Highlights for Q3 and Q4 2025: EM nonresident inflows increased prior to the conflict

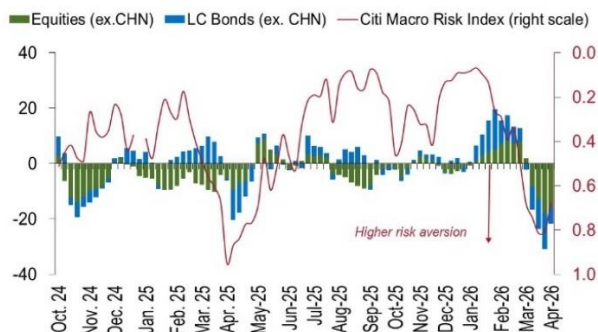
- Gross capital inflows to EMs excluding China** (4Q rolling sum) continued to moderate in Q3 (Fig. 4), with some signs of pick-up in Q4 (Fig. 2)
- Net capital flows** (nonresident inflows minus resident outflows) increased marginally in Q3 (Fig. 10) and remained slightly positive.
- Gross capital inflows into China**, on a trailing 12-month basis, compressed to low levels in Q3 (Fig. 6) while gross outflows remained at elevated levels (Fig. 12).

## BOP Portfolio Tracking

High-frequency indicators suggest significant nonresident sell-offs in recent weeks, across both equities and bonds, reversing earlier inflows

Prior to the recent Middle East conflict, most major EMs saw portfolio inflows

**Figure 1. Weekly Local Currency Debt and Equity Inflows (USD Billion, 4-week sum)**



**Figure 2. BOP Nonresident Quarterly Portfolio Inflows (USD Billion, \*Quarter-to-Date for 2026-Q1, \*\* high frequency non-BOP data for 2026-Q1)**

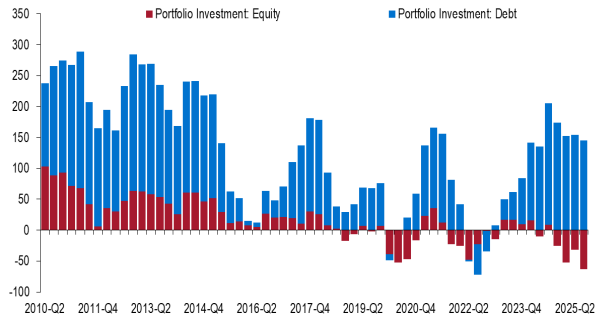
| Year  | 2022  |       |      |      | 2023 |      |      |      | 2024 |      |      |       | 2025 |      |      |      | 2026 |
|-------|-------|-------|------|------|------|------|------|------|------|------|------|-------|------|------|------|------|------|
|       | 1     | 2     | 3    | 4    | 1    | 2    | 3    | 4    | 1    | 2    | 3    | 4     | 1    | 2    | 3    | 4    | 1*   |
| BRA   | 0.8   | -7.5  | -2.8 | 6.5  | 0.9  | 7.0  | 2.6  | 3.3  | 6.1  | -3.4 | 7.8  | -2.3  | -2.9 | 4.8  | 7.4  | 6.0  | 18.6 |
| CHL   | 8.4   | 0.8   | -2.5 | 6.5  | -0.4 | -0.1 | 4.4  | 0.0  | 2.4  | 0.0  | 1.8  | 0.2   | 3.8  | 1.3  | 2.5  | 3.9  | 4.6  |
| CZE   | -5.6  | -12.1 | -1.8 | 4.8  | 0.1  | 2.2  | 1.9  | -4.8 | -0.3 | 2.8  | 5.3  | 7.6   | -8.1 | 7.1  | 4.7  | 7.8  | -3.9 |
| HUN   | -0.2  | 1.3   | 1.8  | 4.0  | 5.0  | 3.4  | 2.6  | 5.0  | 4.8  | -2.0 | 1.8  | -0.2  | -0.2 | 4.1  | 2.8  | 3.6  | 2.4  |
| IND   | -15.5 | -14.3 | 6.9  | 4.9  | -3.0 | 14.4 | 6.4  | 10.9 | 9.3  | 1.5  | 20.0 | -10.9 | -7.9 | 0.4  | -4.4 | 0.1  | 0.9  |
| POL   | -3.0  | 4.7   | 0.7  | 3.3  | -0.7 | 7.5  | -0.5 | 3.5  | 10.5 | 2.2  | 8.7  | 4.5   | 2.8  | 4.9  | 5.8  | 7.0  | 6.5  |
| ZAF** | 4.0   | 2.5   | -1.9 | -1.5 | -1.6 | -1.1 | -2.3 | -0.5 | -2.8 | -1.1 | 2.5  | 1.9   | -2.9 | 3.8  | -4.5 | -1.0 | 1.7  |
| IDN** | -1.8  | -2.3  | -1.5 | -1.0 | 4.3  | -1.8 | -2.5 | 5.1  | -0.8 | 4.2  | 10.8 | -2.0  | 1.5  | -8.0 | -0.7 | 0.5  | -3.4 |
| MYS** | 1.5   | -2.7  | -0.7 | -2.4 | -3.1 | 3.9  | 0.4  | 0.8  | -0.5 | 1.5  | 7.8  | -3.7  | -3.1 | 9.1  | -2.5 | -0.1 | 1.4  |
| PHL** | 2.6   | 1.3   | 1.2  | 0.0  | 0.7  | 0.8  | 0.3  | 0.2  | -0.9 | 2.6  | 0.9  | 0.3   | 1.3  | -1.4 | 1.4  | 0.2  | 2.1  |
| THA** | 3.9   | 0.9   | -0.4 | 3.8  | -2.8 | -3.0 | -3.5 | -1.0 | 2.2  | -2.2 | 2.8  | -5.4  | -0.7 | -2.4 | -0.5 | 0.5  | 1.4  |
| MEX** | 3.5   | -4.8  | -4.4 | 0.3  | 1.5  | -5.0 | -5.1 | 2.3  | 9.8  | -6.2 | 2.8  | -0.2  | 10.8 | -3.0 | -5.6 | 2.1  | 5.8  |
| TUR** | -6.4  | -8.2  | -3.5 | 0.5  | -1.0 | -1.3 | 2.9  | 6.9  | 3.1  | 11.2 | 2.4  | 4.7   | 2.7  | -4.3 | 11.3 | 2.7  | 9.9  |

Please see releases of the EM Local Currency Bond Holdings Monitor and EM Hard Currency Issuance Monitor for more detail. Comprehensive BOP data is generally lagged by a full quarter. EM includes 20 countries. Source: Bloomberg, Haver Analytics, IMF BOP, IMF staff calculations

**EM BOP Nonresident Inflows (Gross Inflows)**

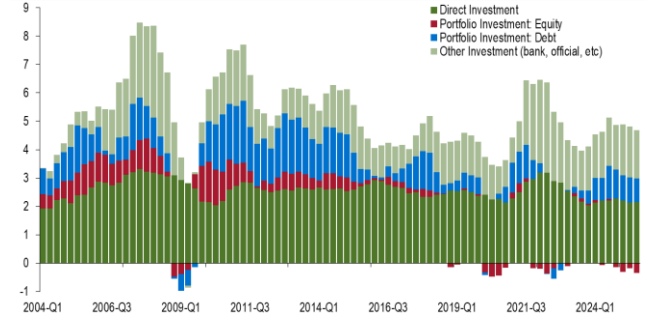
Trailing 12m equity outflows by nonresidents has re-accelerated again, while debt inflows are moderating

**Figure 3. EMs ex-China: Nonresident Portfolio (4Q rolling sum, USD billion)**



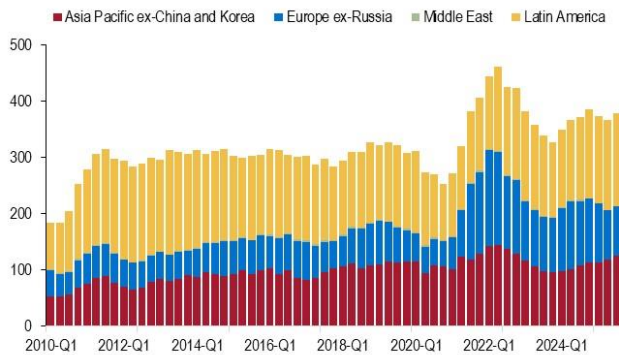
As a proportion of GDP, FDI inflows by nonresidents are stabilizing at low levels, compared to historical levels

**Figure 4. EMs ex-China: Nonresident Flows (4Q, % of GDP)**



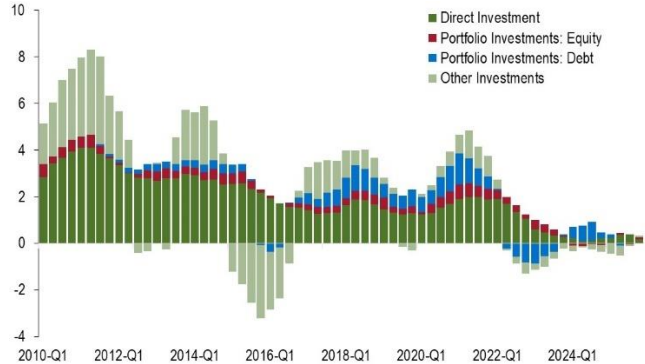
In nominal terms, trailing-12m FDI flows have continued to recover in Asia-Pacific ex-China and increased in Latin America, but declined in Europe

**Figure 5. EMs ex-China: FDI Nonresident Flows (4Q rolling sum, USD billion)**



Nonresident inflows into China remained at very low levels, with limited signs of recovery in all BOP segments

**Figure 6. China Nonresident BOP Flows (4Q % to GDP)**



**Figure 7. BOP Nonresident Flows, Composition ex-China and Russia**

|         |              | Level (% of GDP) |        |                     | Percentile Rank (based on 4Q) |                     |                     |      |        |       |     |
|---------|--------------|------------------|--------|---------------------|-------------------------------|---------------------|---------------------|------|--------|-------|-----|
|         |              | Quarter          | 4Q Sum | Historical Avg (4Q) | All                           | % in lower quartile | % in upper quartile | Asia | Europe | LATAM |     |
| 2024-Q4 | FDI          | 2024-Q4          | 1.7    | 2.2                 | 2.5                           | 26%                 | 33%                 | 14%  | 24%    | 66%   | 36% |
|         |              | 2025-Q1          | 2.7    | 2.1                 | 2.5                           | 17%                 | 33%                 | 14%  | 23%    | 52%   | 35% |
|         |              | 2025-Q2          | 1.9    | 2.1                 | 2.5                           | 9%                  | 24%                 | 14%  | 26%    | 30%   | 41% |
|         |              | 2025-Q3          | 2.1    | 2.1                 | 2.5                           | 12%                 | 29%                 | 10%  | 28%    | 27%   | 43% |
| 2024-Q4 | Port. Equity | 2024-Q4          | -0.5   | -0.1                | 0.2                           | 15%                 | 39%                 | 17%  | 26%    | 26%   | 3%  |
|         |              | 2025-Q1          | -0.7   | -0.3                | 0.2                           | 7%                  | 50%                 | 11%  | 8%     | 11%   | 5%  |
|         |              | 2025-Q2          | 0.1    | -0.2                | 0.2                           | 11%                 | 39%                 | 11%  | 15%    | 22%   | 10% |
|         |              | 2025-Q3          | -0.3   | -0.3                | 0.2                           | 5%                  | 44%                 | 22%  | 2%     | 25%   | 6%  |
| 2024-Q4 | Port. Debt   | 2024-Q4          | 0.3    | 1.0                 | 0.9                           | 63%                 | 0%                  | 33%  | 44%    | 72%   | 65% |
|         |              | 2025-Q1          | 1.1    | 0.9                 | 0.9                           | 57%                 | 6%                  | 17%  | 45%    | 61%   | 58% |
|         |              | 2025-Q2          | 0.6    | 0.9                 | 0.9                           | 58%                 | 11%                 | 28%  | 31%    | 53%   | 69% |
|         |              | 2025-Q3          | 1.2    | 0.8                 | 0.9                           | 53%                 | 11%                 | 22%  | 12%    | 56%   | 77% |
| 2024-Q4 | Other        | 2024-Q4          | 1.4    | 1.5                 | 1.4                           | 71%                 | 24%                 | 24%  | 81%    | 54%   | 47% |
|         |              | 2025-Q1          | 2.0    | 1.8                 | 1.4                           | 81%                 | 14%                 | 24%  | 82%    | 75%   | 57% |
|         |              | 2025-Q2          | 1.6    | 1.7                 | 1.4                           | 80%                 | 14%                 | 19%  | 84%    | 74%   | 52% |
|         |              | 2025-Q3          | 1.6    | 1.7                 | 1.4                           | 77%                 | 19%                 | 14%  | 57%    | 73%   | 63% |

Note: in Figure 4, other investment liabilities for India are estimated from national sources.

**EM BOP Resident Capital Flows (Net Acquisition of Assets)**

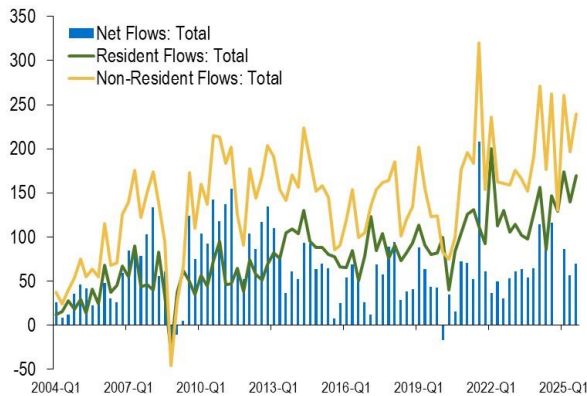
EM residents (ex China) continued to acquire foreign portfolio assets in Q3, but the pace eased across most economies

**Figure 8. EMs ex China: Resident Portfolio Outflows** (USD Billions, \*Quarter-to-Date for 2026-Q1), \*\* high frequency non-BOP data for 2026-Q1)

| Year | 2022 |      |      |      | 2023 |      |     |      | 2024 |      |      |      | 2025 |      |     |      | 2026 |
|------|------|------|------|------|------|------|-----|------|------|------|------|------|------|------|-----|------|------|
|      | 1    | 2    | 3    | 4    | 1    | 2    | 3   | 4    | 1    | 2    | 3    | 4    | 1    | 2    | 3   | 4    | 1*   |
| BRA  | 1.3  | -0.9 | -1.5 | 0.9  | 2.0  | 3.4  | 1.3 | -2.2 | 7.8  | 3.8  | -1.8 | -2.6 | 11.0 | 6.0  | 6.0 | -0.8 | 2.4  |
| CHL  | 5.5  | 2.4  | -2.2 | 1.9  | 3.2  | 3.2  | 1.1 | -2.2 | 1.1  | 3.5  | 2.4  | -1.5 | 5.8  | 3.0  | 3.9 | 6.2  | 1.2  |
| CZE  | 0.1  | -0.9 | -0.4 | 1.5  | 1.5  | 0.8  | 0.1 | 0.9  | 1.6  | 3.1  | 1.6  | 0.8  | 2.3  | 2.0  | 4.7 | 2.6  | 0.0  |
| HUN  | -0.1 | 0.5  | 0.4  | 1.5  | 0.7  | 2.9  | 0.5 | 2.2  | 0.8  | -0.1 | 2.0  | 2.8  | 1.0  | -0.1 | 1.7 | 2.5  | -0.5 |
| PHL  | 0.9  | -1.2 | 0.7  | -0.7 | 1.5  | 1.7  | 0.1 | 0.2  | 1.0  | -1.9 | 1.2  | 0.7  | 4.2  | -1.0 | 2.0 | -0.3 |      |
| POL  | -0.7 | 0.0  | 0.1  | 3.9  | 5.0  | 3.0  | 4.7 | 1.9  | 3.6  | 4.5  | 0.9  | 5.5  | 0.8  | 2.1  | 1.2 | 2.9  | 2.2  |
| ROU  | 0.3  | 0.2  | 1.0  | -0.1 | -0.2 | 1.3  | 0.2 | 0.1  | -0.1 | 0.0  | 1.6  | -0.3 | 0.2  | -0.4 | 0.4 | 1.6  | 0.1  |
| TUR  | 0.8  | 0.5  | 0.3  | -0.7 | 1.7  | -0.5 | 0.6 | 0.2  | 2.9  | 1.4  | 2.8  | 2.4  | 1.2  | 3.0  | 5.1 | 4.7  | 1.5  |

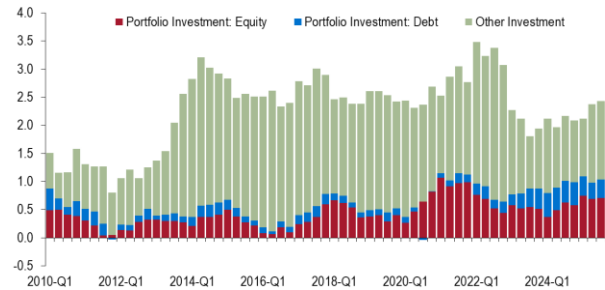
Net capital inflows to EMs ex China appear to be stabilizing in recent quarters after hovering near zero in Q4 2024

**Figure 10. Net Capital Flows for EMs ex China** (USD Billion)



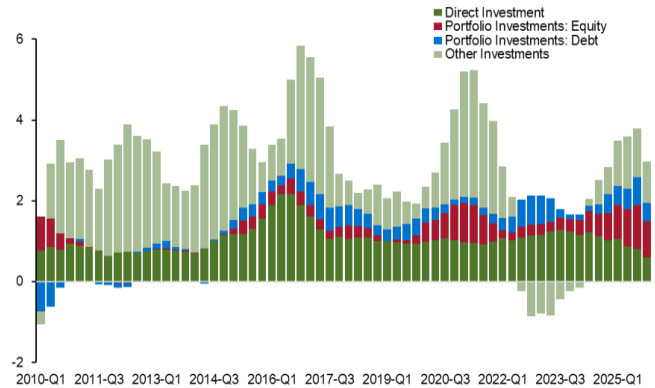
Cumulative cross border flows from EM residents (ex China), as a percent of GDP, has continue to gradually increase since 2023

**Figure 9. EM BOP Resident Outflows** (4Q % to GDP)



China's resident outflows have accelerated since mid-2024, led by equity, bond and other portfolio flows, while FDI flows have moderated

**Figure 11: China Resident Outflows** (4Q % to GDP)



**Figure 12. BOP Resident Flows ex-China and Russia (Net Acquisition of Assets)**

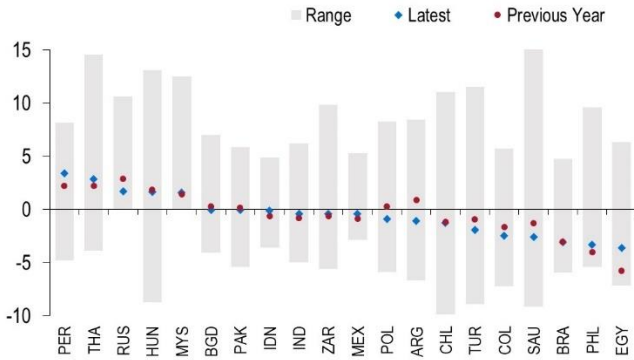
|              |         | Level (% of GDP) |        |                     | Percentile Rank (based on 4Q) |                     |                     |      |        |       |      |
|--------------|---------|------------------|--------|---------------------|-------------------------------|---------------------|---------------------|------|--------|-------|------|
|              |         | Quarter          | 4Q Sum | Historical Avg (4Q) | All                           | % in lower quartile | % in upper quartile | Asia | Europe | LATAM |      |
| FDI          | 2024-Q4 | 2024-Q4          | 1.1    | 0.9                 | 0.9                           | 51%                 | 24%                 | 19%  | 47%    | 73%   | 55%  |
|              | 2025-Q1 | 2025-Q1          | 1.0    | 0.9                 | 0.9                           | 61%                 | 14%                 | 33%  | 44%    | 79%   | 75%  |
|              | 2025-Q2 | 2025-Q2          | 0.7    | 0.9                 | 0.9                           | 59%                 | 14%                 | 19%  | 56%    | 70%   | 68%  |
|              | 2025-Q3 | 2025-Q3          | 0.9    | 0.9                 | 0.9                           | 57%                 | 14%                 | 24%  | 48%    | 76%   | 66%  |
| Port. Equity | 2024-Q4 | 2024-Q4          | 0.5    | 0.6                 | 0.4                           | 85%                 | 5%                  | 42%  | 90%    | 62%   | 94%  |
|              | 2025-Q1 | 2025-Q1          | 1.0    | 0.7                 | 0.4                           | 94%                 | 5%                  | 58%  | 91%    | 84%   | 100% |
|              | 2025-Q2 | 2025-Q2          | 0.4    | 0.7                 | 0.4                           | 91%                 | 0%                  | 58%  | 94%    | 65%   | 97%  |
|              | 2025-Q3 | 2025-Q3          | 0.9    | 0.7                 | 0.4                           | 93%                 | 5%                  | 53%  | 95%    | 67%   | 99%  |
| Port. Debt   | 2024-Q4 | 2024-Q4          | 0.3    | 0.4                 | 0.2                           | 86%                 | 27%                 | 47%  | 56%    | 100%  | 25%  |
|              | 2025-Q1 | 2025-Q1          | 0.5    | 0.3                 | 0.2                           | 78%                 | 20%                 | 40%  | 67%    | 86%   | 71%  |
|              | 2025-Q2 | 2025-Q2          | 0.1    | 0.3                 | 0.2                           | 71%                 | 27%                 | 40%  | 45%    | 45%   | 82%  |
|              | 2025-Q3 | 2025-Q3          | 0.4    | 0.3                 | 0.2                           | 77%                 | 20%                 | 40%  | 65%    | 40%   | 90%  |
| Other        | 2024-Q4 | 2024-Q4          | 1.0    | 1.1                 | 1.3                           | 48%                 | 19%                 | 29%  | 81%    | 29%   | 25%  |
|              | 2025-Q1 | 2025-Q1          | 1.4    | 1.0                 | 1.3                           | 45%                 | 38%                 | 19%  | 88%    | 30%   | 0%   |
|              | 2025-Q2 | 2025-Q2          | 1.8    | 1.4                 | 1.3                           | 74%                 | 10%                 | 24%  | 93%    | 54%   | 19%  |
|              | 2025-Q3 | 2025-Q3          | 1.4    | 1.4                 | 1.3                           | 73%                 | 10%                 | 29%  | 85%    | 49%   | 56%  |

Other Balance of Payments Details

Current account balance developments across EMs have been mixed, with only a handful of economies recording widening surpluses

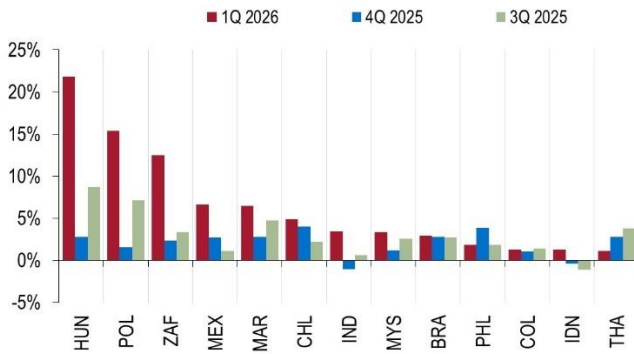
Figure 13: Current Account Balances

(4Q, latest and historical range as share of GDP)



Reserves for most major EMs have continued to recover in recent quarters...

Figure 15. EM Reserve Stocks (quarterly change, percent)



Remittance growth remains near its historical average...

Figure 17. Remittances, EM Median

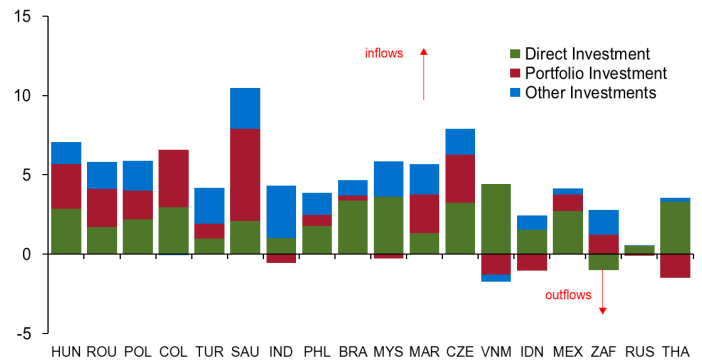
(y/y growth)



FDI continues to account for a large share of major EM capital inflows, although portfolio flows have surpassed FDI in some countries

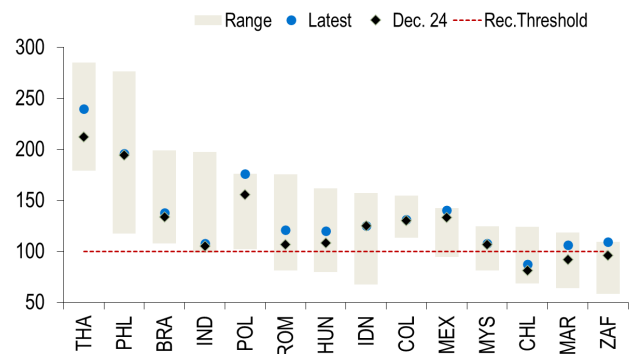
Figure 14: External Financing Sources

(4Q sum to GDP)



... although a few economies remain close to the recommended 100% threshold

Figure 16. Reserves as Share of ARA Metric (percent, latest available for official reserve assets)



... but levels remain elevated as a percent of GDP for most countries, compared to their historical ranges

Figure 18. Remittances as Share of GDP, 12-month rolling sum (% of GDP, range since 2012)

