



TUESDAY, MAY 17, 2022

SUMMARY

Weekly local currency (LC) non-resident bond flows* have been weak amid a broad risk-off tone in markets since April (Figure 1 and 2). Significant outflows occurred in Mexico, Indonesia, and India, while Thailand, South Africa, and Hungary saw some small inflows in the week ending May 13.

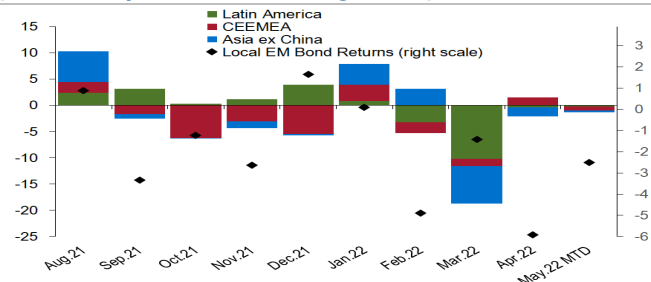
Monthly outflows (ex. China) accelerated in March (-\$19 bn) led by Brazil (-\$10 bn) while China experienced a second month of outflows, losing nearly \$25 bn in Feb and March. So far, April data remain negative but there has been notable improvement in some countries.

- **LATAM:** Brazil had its largest outflows in 2 years in March driven by outflows in short term treasury bills (LTNs). Despite the large outflows there were some notable inflows in inflation linked bonds (\$1.3 bn). Overall, Investors have withdrawn \$13 bn YTD from Brazil after inflows of \$22.9 bn in 2021. Flows to Colombia were relatively resilient with \$1bn of inflows in March and April. Mexico has seen modest outflows over the last 3 months.
- **ASIA:** Flows turned negative in March and April, with the region (ex. China) seeing its largest outflows (-\$7.2 bn in March) since March 2020 on the back of growth concerns in China, higher US rates, and a relatively more dovish stance by Asian Central banks compared to other EMs. Thailand saw its first outflows in 6 months and Indonesia had its largest outflows since March 2020 at -\$3.4 bn. Outflows from Chinese bonds* accelerated in March to \$14.4 bn, following the loss of \$10.1 bn in February. While fund redemption pressures and the need for cash likely played a role in Feb.-early March (alongside overweight positioning), some investors may also be concerned about renewed lockdowns and narrowing yield differentials given the recent moves in core AE bonds.
- **CEEMEA:** CEE flows have been resilient to the recent turmoil, with flows to Hungary turning positive again in April and Poland receiving inflows in March. Elsewhere, investors pulled about \$0.6 bn from South Africa in March before small inflows resumed in April and early May. Russian outflows approached \$6 bn from Oct. – Jan, but the market for local debt has largely been frozen for foreigners since. Outflows from Kazakhstan resumed in April after a respite in March following the political crisis in Dec/Jan. Ghana attracted its first flows in March (\$0.3 bn) since Aug. 21, before flows retreated again in April.

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

	8-Apr	15-Apr	22-Apr	29-Apr	6-May	13-May
MEX	0.0	-0.6	0.1	-0.4	-0.6	
ZAF	0.1	-0.1	0.4	0.2	-0.4	0.1
HUN	1.6	0.2	-0.1	0.2	-0.1	0.2
TUR	0.0	0.0	0.0	0.0	-0.1	
IDN	0.0	-0.4	-0.3	-1.0		-0.8
IND	0.2	-0.1	-0.3	-0.3	-0.4	-0.2
THA	0.3	-0.1	-0.1	0.1	-0.2	0.1

2. Monthly LC Non-resident Flows and Returns (USD bns; percent; excluding China)



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

	Aug.21	Sep.21	Oct.21	Nov.21	Dec.21	Jan.22	Feb.22	Mar.22	Apr.22	May.22 MTD	2022YTD	2021	2020
BRA	2.4	1.9	2.2	3.0	2.6	0.1	-3.4	-9.6			-13.0	22.9	3.0
MEX	-1.7	0.8	-2.2	-1.4	1.8	0.7	-0.4	-0.9	-0.6	-0.2	-1.4	-12.7	-10.0
PER	0.7	0.6	0.4	-0.1	-0.5	0.0	0.2	-0.6			-0.4	-0.3	1.6
COL	1.1	-0.2	-0.1	-0.4	0.0	0.0	0.4	0.9	0.2		1.5	3.0	3.0
HUN	-0.1	0.4	-0.7	-0.3	-0.9	1.8	0.3	-1.0	1.7	-0.1	2.6	-0.5	0.7
POL	0.1	0.1	-0.9	0.0	-0.3	0.7	-0.1	0.7			1.3	-2.4	-5.7
CZE	-1.0	-2.1	-0.1	0.2	-2.4	2.3	0.7	-0.2			2.8	1.0	-0.3
RUS	2.0	1.1	-0.8	-1.4	-1.9	-1.6	-2.1	-0.1			-3.8	-1.4	5.1
TUR	0.3	-0.1	-0.5	0.0	-0.2	-0.1	-0.6	-0.4	0.1	0.0	-1.0	1.0	-6.2
ROU	0.1	-0.2	-0.2	-0.2	0.2	-0.2	0.0				-0.3	-1.0	0.4
UKR	-0.3	0.0	-0.2	-0.1	0.0	-0.4	-0.2	0.0	0.0	0.0	-0.6	0.3	-1.1
KAZ	0.1	-0.1	0.0	0.2	-0.2	-0.5	-0.1	0.1	-0.3		-0.8	1.0	0.8
ZAF	0.9	-1.1	-0.4	0.0	0.4	0.8	1.2	-0.6	0.1	-0.6	0.9	3.1	0.3
EGY	-0.2	0.5	-1.9	-1.5	-0.2	0.8	-1.2				-0.4	2.6	1.6
GHA	0.1	-0.3	-0.4	-0.1	-0.1	-0.4	0.0	0.3	-0.1		-0.1	0.3	0.2
MYS	1.5	0.1	0.6	-0.7	1.6	1.1	0.8	-1.1			0.8	7.6	5.1
IND	1.8	1.5	-0.1	0.2	-1.6	0.7	-0.5	-0.7	-0.5	-0.2	-1.2	-1.5	-13.9
IDN	1.0	-1.3	-0.9	-2.2	-1.9	-0.3	0.6	-3.4	-1.4		-4.4	-4.9	-5.1
THA	1.4	-1.1	0.3	1.4	1.6	2.4	2.2	-2.0	0.2	-0.2	2.6	6.6	-1.0
CHN	4.0	14.2	5.0	13.5	11.4	8.5	-10.1	-14.4			-16.0	115.1	144.4
EM ex. CHN	10.3	0.5	-6.0	-3.2	-1.8	7.8	-2.1	-18.7	-0.6	-1.4	-15.1	24.1	-20.2

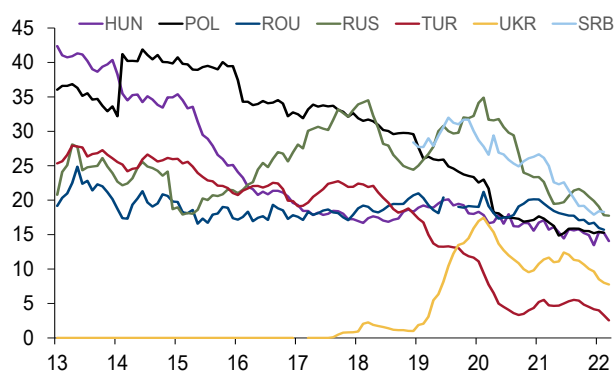
Notes: Data includes local currency bonds, primarily government debt. China includes government and policy bank bonds. Egypt refers only to Treasury bills. South Africa daily flows data from the JSE, monthly data is derived from the Treasury. *Sample includes only the group of countries in figure 1.

4. Local Currency Government Debt Holdings: Investor Composition

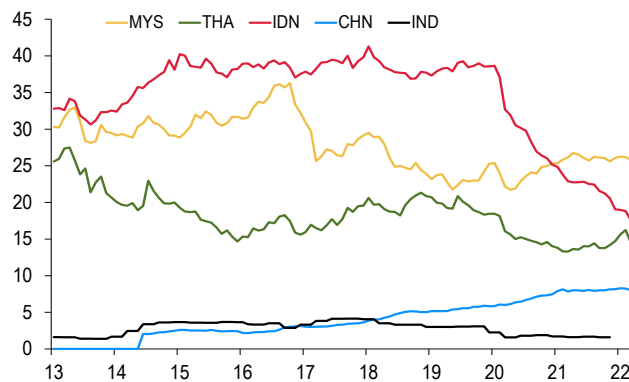
	Foreign Holdings (US blns)	Foreign Share (percent)	Monthly Change (latest, ppt)	Change Since Dec. 2021 (ppt)	Change since Dec. 2020 (ppt)	Domestic Bank Share (percent)	Change Since Dec. 2021 (ppt)	Domestic NBFI Share (percent)	Change Since Dec. 2021 (ppt)
BRA	106.0	9.4	-0.6	-1.2	0.2	29.5	0.0	50.2	0.6
MEX	81.1	17.6	-0.4	-0.5	-4.7	12.4	0.6	46.5	-0.4
COL	26.3	24.8	-0.1	0.0	-0.3	15.0	-0.2	36.4	0.5
PER	16.5	47.8	-1.8	-1.6	-4.1	19.7	0.6		
HUN	14.4	14.1	-1.2	0.6	-1.5	32.6	1.8	10.4	-0.5
POL	31.1	15.4	0.1	0.2	-1.7	44.9	0.2	12.2	-0.9
RUS	32.9	17.7	-0.1	-2.2	-5.6	46.7	1.5	20.0	
TUR	2.6	2.5	-0.7	-1.6	-1.8	71.1	1.4	11.5	0.5
ROU	8.4	15.7	-0.2	-1.0	-4.4	48.7	0.6	22.3	0.2
CZE	30.5	27.6	-0.7	1.1	-3.6	38.6	-5.5	27.6	2.5
UKR	2.5	7.4	-0.4	-2.3	-2.5	46.6	-2.0		
SRB	1.5	18.2	-0.1	0.3	-8.1				
KAZ	0.9	2.9	-0.9	-2.2	0.2				
GEO	0.1	7.1	-0.7	-2.5	3.7	65.5	3.8		
CHN	538.5	8.0	-0.2	-0.1	0.6	57.5	0.8	32.1	
IDN	59.1	17.6	-1.3	-1.5	-7.6	32.8	-1.2	18.5	1.1
MYS	57.4	25.8	-0.4	-0.3	0.5			33.6	0.5
THA	31.2	14.5	-1.7	-0.2	0.5	23.6	0.7	34.4	-1.3
IND	19.3	1.6			-0.3	38.1		32.2	
ZAF	54.8	28.4	-0.2	0.2	-1.5	19.2	-0.9	50.5	0.3
EGY	20.1	21.6	-1.2	-0.7	4.1	38.0		20.8	
ZMB		28.8			14.7				
GHA	4.0	15.4	0.6	-0.6	-3.0	30.2		0.9	
KEN	0.3	0.8			-0.2	48.2		38.1	

Regional Look: Non-resident Holdings of Domestic Government Debt

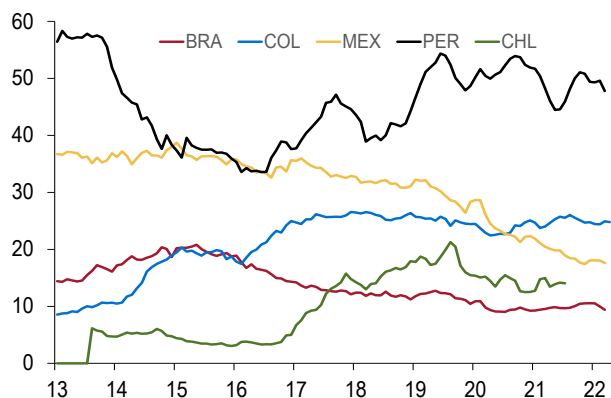
5. Eastern Europe & Turkey (percent share)



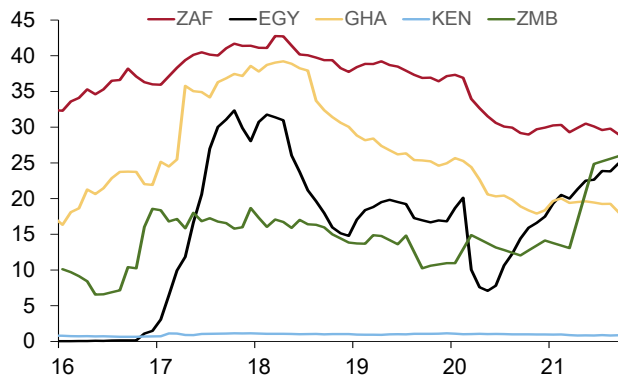
6. Asia (percent share)



7. Latin America (percent share)

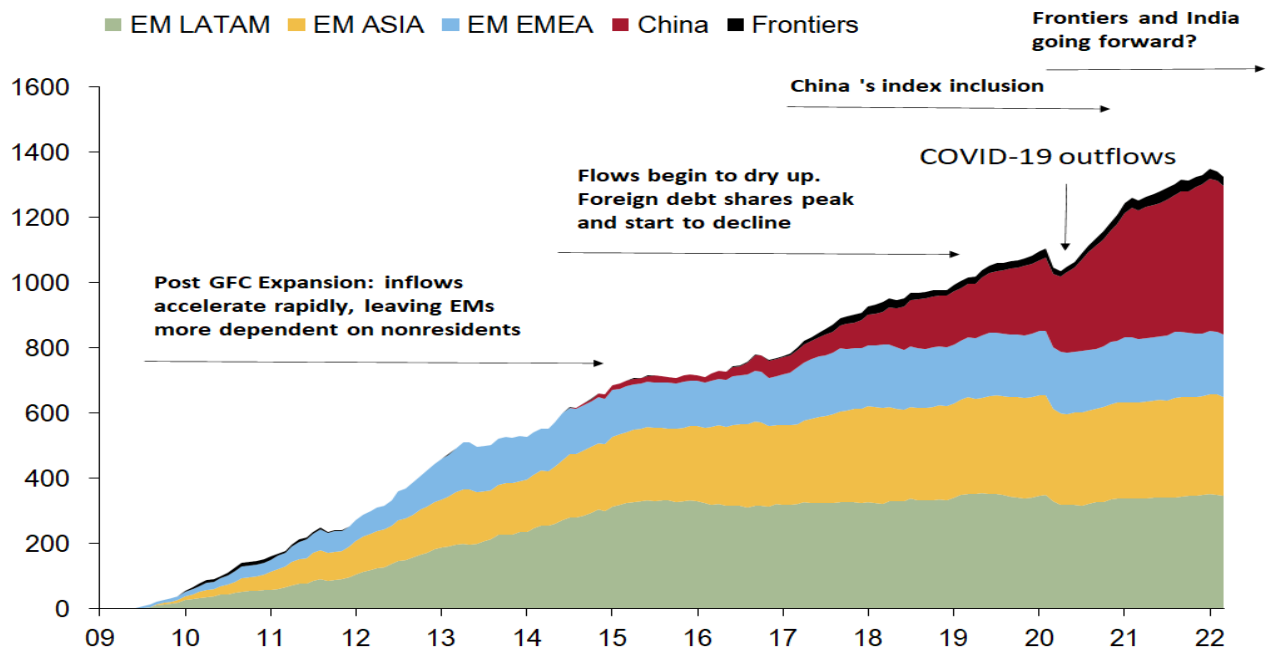


8. Africa (percent share)



Notes: Data refers to domestically issued debt, primarily central government bonds in local currency. 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. Data on NBFIs

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



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