



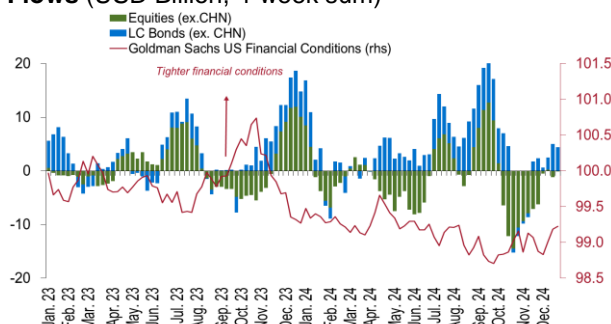
## KEY HIGHLIGHTS

- High-frequency data for Q4 2024 reveals that most EMs experienced portfolio outflows in both equities and bonds.** The outflows were notably more significant in equities, although a recovery in flows to portfolio debt was observed by the end of the year (Fig. 1). Additionally, these quarterly portfolio outflows appeared to be widespread, affecting countries across all major regions (Fig. 2).
- Q3 BOP data indicates that portfolio inflows have strengthened for major EMs (Fig. 2).** In Q3, India, Türkiye, and Poland emerged as the primary beneficiaries of these inflows. Additionally, flows in Asia saw a notable rebound, with Indonesia, Malaysia, and Thailand reporting their largest inflows since Q2 2020, Q2 2023, and Q4 2022, respectively. Flows were largely driven by the start of the easing cycle by the US Federal Reserve. However, provisional Q4 data suggests a broadly pessimistic environment for most EMs. Notably, India, Malaysia, Thailand, and Hungary have shown a reversal in flows in Q4. In Asia, some equity outflows may be attributed to reallocations into China following the announcement of new stimulus measures. Despite a more uncertain external environment, Brazil, Türkiye, Poland, the Philippines, and Chile are poised to maintain inflows in Q4, though at reduced volumes compared to Q3.
- FDI inflows for EMs (as a percentage of GDP) remain low in Q3 (Fig. 7) and moderated from a seasonally strong Q1.** Nonetheless, nominal FDI flows appear to be gradually rebounding (Fig. 5), although Asia continues to lag. Rolling four-quarter FDI inflows remain low but stable at approximately 2% of GDP, trending below the historical average of 2.5%. Simultaneously, portfolio debt inflows (as a percentage of GDP) continue to slightly exceed historical averages, while portfolio equity rebounded in Q3 after two challenging quarters, although it remains below historical averages.
- Capital inflows into China exhibited gradual improvement in Q3 (Fig. 6)** following the announcement of various stimulus measures. Non-resident portfolio debt inflows remained robust, marking the fourth consecutive quarter of inflows, while equities recorded inflows for the second consecutive quarter after a prolonged period of outflows. However, FDI faced continued challenges, posting their second consecutive quarter of outflows in Q3, following record withdrawals in Q2, marking only the third quarter of outflows in the dataset available since 1998. **Meanwhile, residents' outflows (net acquisition of foreign assets) increased to \$131 billion in Q3**, the largest since Q4 2021, primarily driven by "other investments" (\$61 billion) and direct investment (\$34 billion).
- Capital outflows among EM residents appear to be stabilizing, albeit at relatively low levels (Fig. 9).** Net foreign asset acquisitions by EM residents accelerated in Q3 across portfolio equity, direct investment, and "other investments." Nonetheless, high-frequency and provisional data suggest that residents' portfolio flows are moderating in Q4 (Fig. 8). Overall, net capital flows to EMs in Q3 moderated for the second consecutive quarter, due to a smaller increase in non-resident flows compared to resident outflows during the quarter (Fig. 10).
- Other BOP Details:** Over the past year, most EMs with current account deficits have narrowed, while those with surpluses have seen some deterioration (Fig. 13). While reserves for most EMs improved in Q3 alongside portfolio inflows, Q4 has been a more challenging operating environment for many EM central banks (Fig. 15). Remittances, as a share of GDP, are trending towards the higher end for most EMs compared to historical data (Fig. 17, 18).

## BOP Portfolio Tracking

Flows into EM local currency debt and, to some extent, equities strengthened in Q3 as the US Fed eased monetary policy, but these flows reversed in Oct-Nov.

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



After a strong Q3, portfolio flows turned to outflows for most EMs in Q4 while those that experienced inflows saw some moderation from previous quarter

**Figure 2. BOP Non-Resident Quarterly Portfolio Flows (USD Billion, \*Quarter-to-Date for 2024-Q4, \*\* high frequency non-BOP data for 2024-Q4)**

Year	2020				2021				2022				2023				2024			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4*
BRA	-217	-43	20	220	65	129	37	02	08	-75	-28	65	09	70	26	33	62	-15	75	59
CHL	72	25	-14	-11	42	65	166	55	83	07	-25	65	-04	00	44	01	25	01	20	09
CZE	00	27	-11	71	-23	-07	-39	81	-56	-121	-18	48	01	22	19	-48	-03	28	53	-12
HUN	-34	32	03	35	-17	-11	58	-02	-02	13	18	40	50	34	26	50	48	-20	18	-20
IND	-145	05	70	211	78	03	50	-59	-155	-143	69	49	-30	144	84	109	93	15	200	-109
POL	-14	-87	02	-10	-32	-33	14	-17	-30	47	07	33	-07	75	-04	35	105	22	86	25
ZAF**	-59	-30	-23	15	-04	00	-248	-26	40	25	-19	-15	-16	-11	-23	-05	-18	-26	-01	-02
IDN**	-83	99	-17	26	52	47	15	-46	-18	-23	-15	-10	43	-18	-25	51	00	-19	78	-15
MYS**	-62	55	01	31	35	74	03	21	15	-27	07	-24	-31	39	04	08	-03	04	33	-30
PHL**	-10	40	-14	22	-36	25	33	17	26	13	12	00	07	08	03	02	-09	26	09	13
THA**	-72	-15	-08	16	04	-01	02	43	39	09	-04	38	-28	-30	-35	-10	-27	-18	23	-30
MEX**	28	-12	25	20	-15	-42	-74	-59	35	-48	-44	03	15	-50	-51	23	05	-32	12	-16
TUR*	-30	-108	-13	85	-12	29	52	-38	-22	-51	-39	20	11	-04	30	75	97	90	93	55

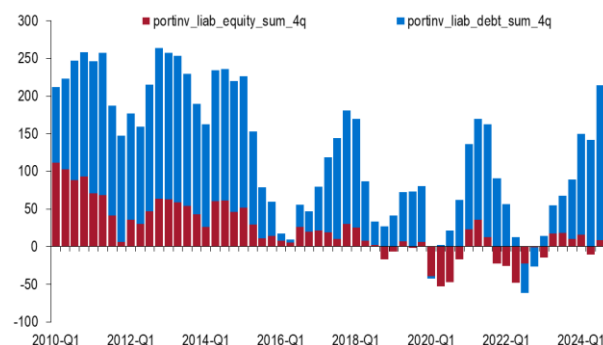
Please see releases of the EM Local Currency Bond Holdings Monitor and EM Hard Currency Issuance Monitor for more detail.

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 Non-Resident Flows

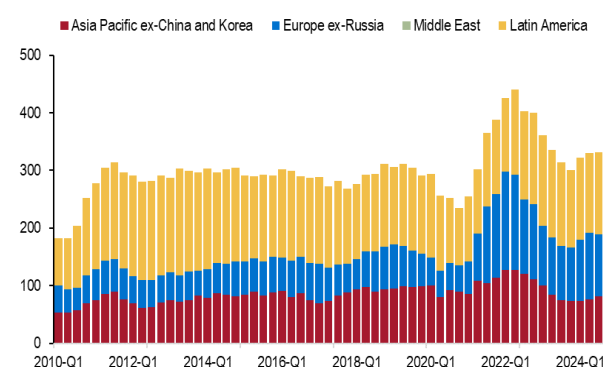
Trailing 12m debt portfolio flows into EM ex-China strengthened in the past year, but equity flows remain a laggard

**Figure 3. EM ex-China: Non-Resident Portfolio**  
(4Q rolling sum, USD billion)



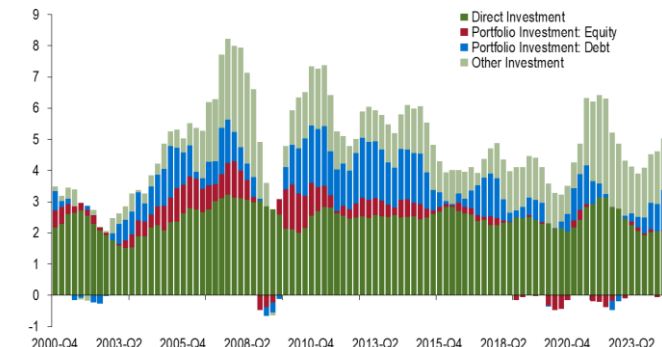
Trailing-12m FDI flows indicate early signs of recovery, particularly in Latin America and Europe, while flows into Asia remain below pre-pandemic levels

**Figure 5. EM ex-China: FDI Non-Resident Flows**  
(4Q rolling sum, USD billion)



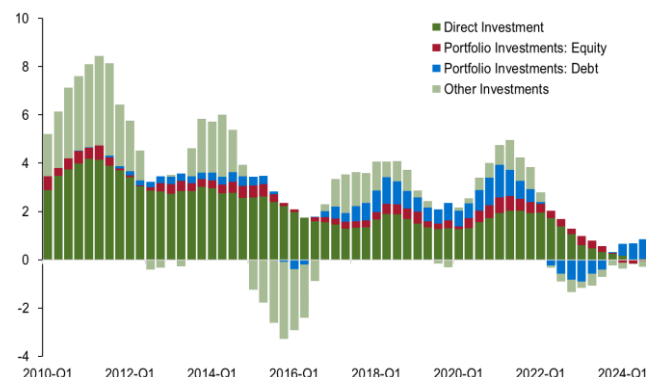
Additionally, the decline in “direct investments” by non-residents has halted, while “other investment” remains robust

**Figure 4. EM ex-China: Non-Resident Flows**  
(4Q, % of GDP)



Non-resident flows into China continued at a slow pace, led by portfolio debt, but FDI and equity inflows have remain challenged in the past year

**Figure 6. China Non-Resident BOP Flows**  
(4Q % to GDP)



**Figure 7. BOP Non-Resident 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
2023-Q4	FDI	2023-Q4	1.4	1.9	2.5	6%	35%	10%	20%	56%	15%
		2024-Q1	3.1	2.0	2.5	9%	35%	10%	19%	69%	21%
		2024-Q2	1.8	2.0	2.5	11%	45%	10%	21%	75%	14%
		2024-Q3	1.9	2.0	2.5	12%	45%	10%	23%	68%	20%
2023-Q4	Port. Equity	2023-Q4	0.2	0.1	0.2	26%	28%	6%	44%	31%	11%
		2024-Q1	-0.1	0.1	0.2	33%	17%	6%	52%	38%	7%
		2024-Q2	-0.4	-0.1	0.2	14%	39%	11%	32%	28%	4%
		2024-Q3	0.5	0.1	0.2	21%	28%	11%	49%	32%	5%
2023-Q4	Port. Debt	2023-Q4	0.9	0.5	0.9	35%	39%	17%	17%	53%	29%
		2024-Q1	2.0	0.8	0.9	56%	33%	28%	24%	73%	54%
		2024-Q2	0.6	0.9	0.9	57%	28%	22%	35%	74%	52%
		2024-Q3	1.7	1.3	0.9	75%	6%	39%	72%	85%	63%
2023-Q4	Other	2023-Q4	2.0	1.6	1.3	75%	15%	20%	76%	66%	49%
		2024-Q1	1.2	1.6	1.3	74%	35%	15%	82%	55%	51%
		2024-Q2	1.9	1.7	1.3	79%	25%	20%	89%	59%	52%
		2024-Q3	1.3	1.6	1.4	78%	20%	15%	77%	58%	63%

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

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

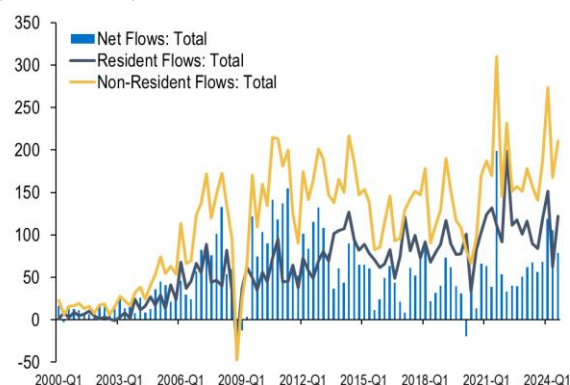
Resident portfolio outflows continue to moderate through Q4, after an outsized flow in Q1'2024

**Figure 8. EMs ex China: Resident Portfolio Outflows**  
(USD Billions, \*Quarter-to-Date for 2024-Q4), \*\* high frequency non-BOP data for 2024-Q4)

Year	2020				2021				2022				2023				2024			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4*
BRA	2.4	2.7	4.0	1.8	5.5	8.3	5.2	-3.6	1.3	-0.9	-1.5	0.9	2.0	3.4	1.3	-2.2	7.8	3.6	-1.8	1.0
CHL	3.8	4.6	-11.0	-3.3	4.8	-5.7	0.7	0.3	5.6	2.6	-2.4	2.0	3.0	3.1	0.7	-0.9	0.9	3.3	3.0	0.3
CZE	-1.4	1.1	1.0	1.6	0.5	1.7	1.0	1.7	0.1	-0.9	-0.4	1.5	1.5	0.8	0.1	0.9	1.6	3.1	1.6	-0.2
HUN	-0.3	0.3	0.1	0.6	0.6	0.8	0.9	0.8	-0.1	0.5	0.4	1.5	0.7	2.9	0.5	2.2	0.8	-0.1	2.0	0.8
PHL	-0.3	1.8	3.7	1.3	4.6	1.8	1.0	0.4	0.9	-1.2	0.7	-0.7	1.5	1.7	0.1	0.4	1.1	-1.8	1.6	
POL	-0.8	2.5	1.0	-6.9	3.0	1.1	0.7	0.2	-0.7	0.0	0.1	3.9	5.0	3.0	4.7	1.8	3.6	4.6	0.2	1.8
ROU	0.1	0.0	0.0	0.0	0.2	0.3	0.2	0.7	0.3	0.2	0.9	-0.1	-0.2	1.3	0.2	0.1	-0.1	0.1	1.6	0.0
TUR	2.8	-2.3	1.2	1.2	-0.8	0.6	0.7	1.8	2.7	1.5	-0.7	1.0	1.4	0.4	0.2	1.1	5.8	0.8	10.1	4.9

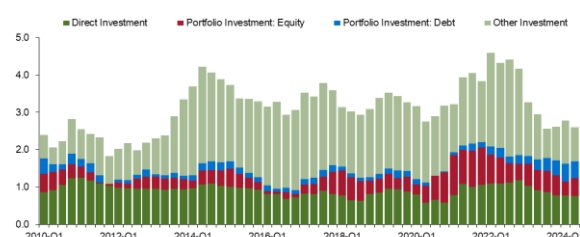
Net capital flows to EMs continue to moderate in Q3 after peaking in Q1, as non-resident flows remain

**Figure 10. Net Capital Flows**  
(USD Billion)



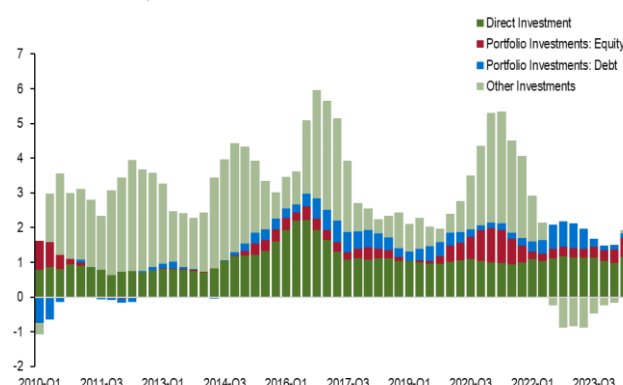
Cross border flows from EM residents, as a percent of GDP, stabilizing after declining from a peak in Q1'2022

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



China resident outflows shows early signs of bottoming out with "other investments" and equities rebounding

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



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

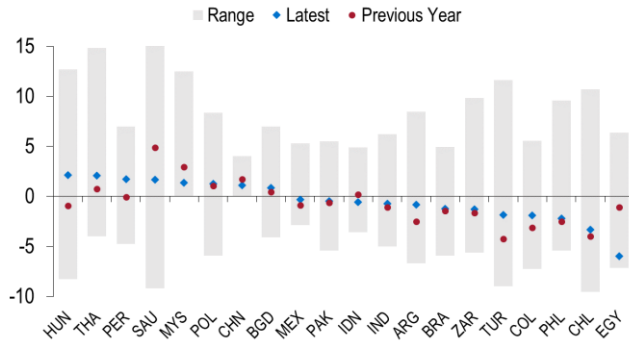
		Level (% of GDP)				Percentile Rank (based on 4Q)					
			Quarter	4Q Sum	Historical Avg (4Q)	All	% in lower quartile	% in upper quartile	Asia	Europe	LATAM
2023-Q4	FDI	2023-Q4	0.8	0.8	0.9	34%	30%	20%	31%	66%	28%
2024-Q1		2024-Q1	0.9	0.8	0.9	33%	30%	15%	42%	60%	31%
2024-Q2		2024-Q2	0.6	0.8	0.9	31%	30%	15%	35%	55%	38%
2024-Q3		2024-Q3	0.9	0.8	0.9	38%	35%	15%	44%	56%	40%
2023-Q4	Port. Equity	2023-Q4	0.7	0.5	0.4	85%	21%	42%	68%	88%	47%
2024-Q1		2024-Q1	0.3	0.4	0.4	63%	11%	37%	66%	62%	74%
2024-Q2		2024-Q2	0.6	0.5	0.4	78%	5%	37%	71%	73%	87%
2024-Q3		2024-Q3	0.9	0.7	0.4	92%	11%	37%	91%	84%	95%
2023-Q4	Port. Debt	2023-Q4	0.3	0.4	0.2	81%	7%	47%	34%	97%	79%
2024-Q1		2024-Q1	0.9	0.5	0.2	92%	0%	53%	54%	100%	62%
2024-Q2		2024-Q2	0.4	0.4	0.2	85%	33%	47%	59%	98%	57%
2024-Q3		2024-Q3	0.4	0.5	0.2	88%	27%	47%	68%	99%	37%
2023-Q4	Other	2023-Q4	1.1	0.9	1.2	43%	35%	15%	65%	31%	11%
2024-Q1		2024-Q1	1.8	1.2	1.2	54%	20%	15%	77%	49%	25%
2024-Q2		2024-Q2	0.0	0.9	1.2	45%	30%	10%	83%	32%	0%
2024-Q3		2024-Q3	0.9	1.0	1.2	49%	30%	30%	81%	38%	9%

## Other Balance of Payments Details

Current account deficits have narrowed compared to a year ago for most EMs, but some with surpluses have seen some decline

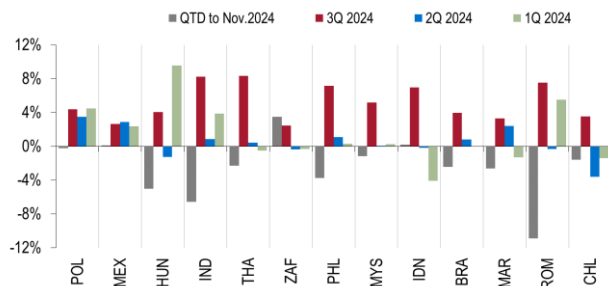
**Figure 13: Current Account Balances**

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



Although most major EMs' reserve levels recovered in 3Q, alongside strong portfolio inflows, the 4Q operating environment has been more challenging

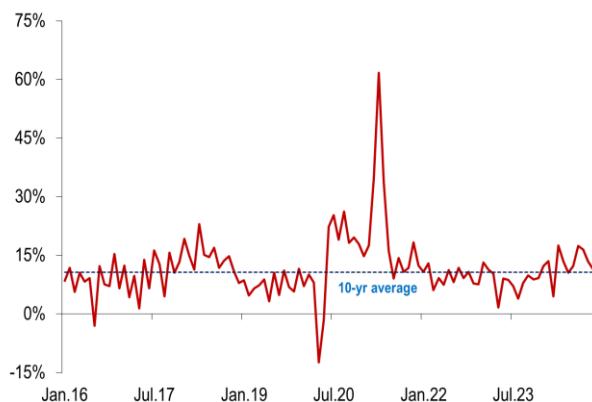
**Figure 15: EM Reserve Stocks** (quarterly change, percent)



After moderating in Q1, remittance growth has picked-up and continues to trend above long-term averages...

**Figure 17: Remittances, EM Median**

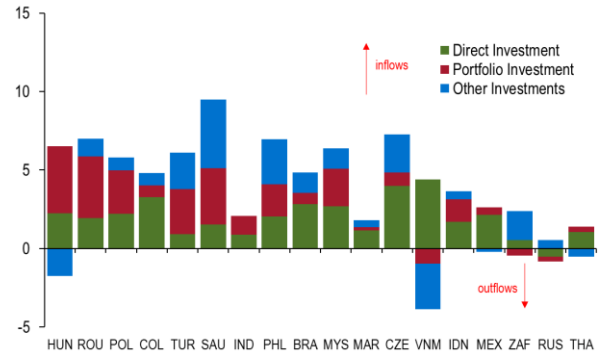
(y/y growth)



FDI flows remain significant as a proportion to total flows for most EMs, but portfolio flows have become more meaningful for some EMs in the past year

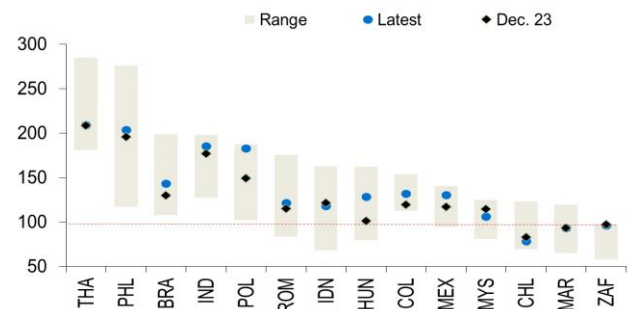
**Figure 14: External Financing Sources**

(4Q sum to GDP)



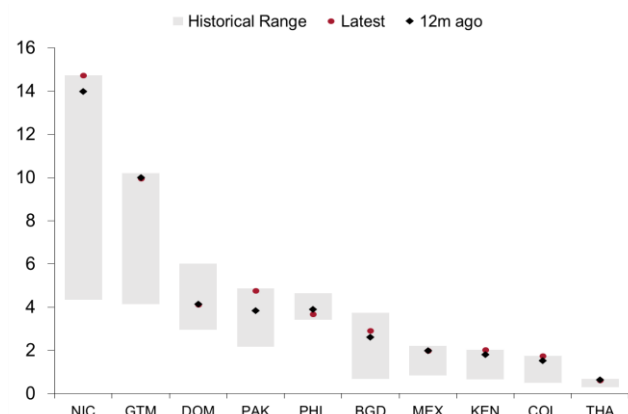
Most EMs' reserves have improved over the past year but a few are narrowly operating near the recommended 100% threshold

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



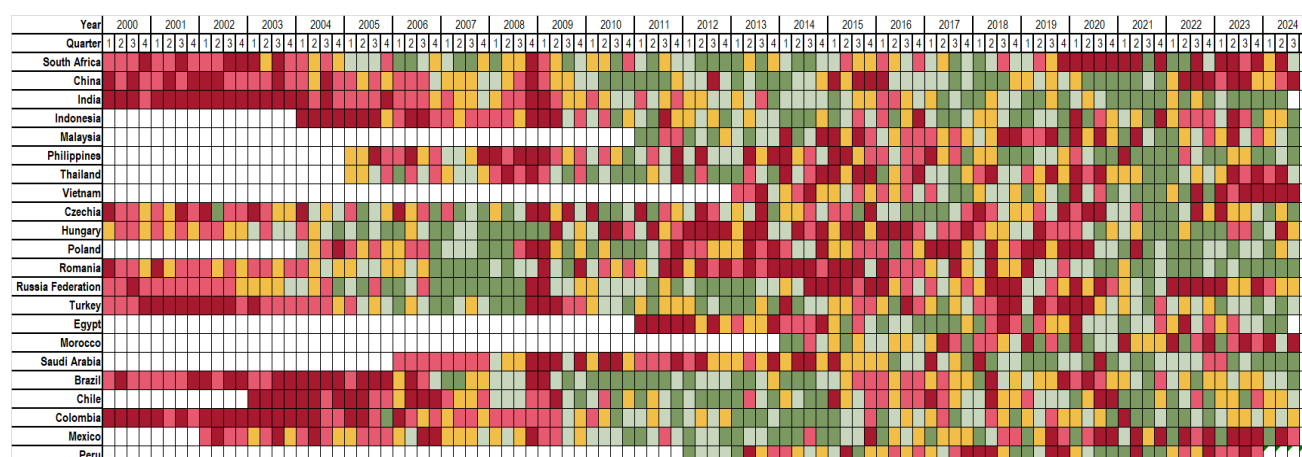
... and remains on the high side for most countries, as a share, compared to their respective historical range

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

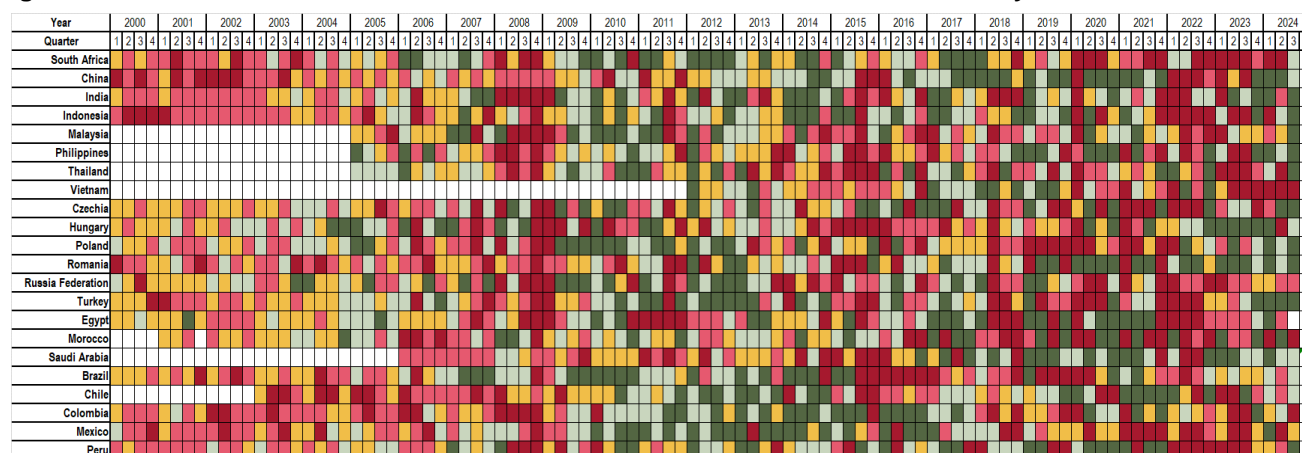


## Appendix: Long Term Heat Maps on Non-Resident Capital Flows

**Figure 19. Non-Resident BOP Flows to EMs: Percentile Rank relative to their Own History**



**Figure 20. Non-Resident Portfolio Flows: Percentile Rank relative to their Own History**



**Figure 21. Non-Resident FDI Flows to EMs Percentile Rank relative to their Own History**

