
EM Capital Flows: Recent Trends and Stylized Facts

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Luis Oganes^{AC}

Managing Director, Head of Currencies, Commodities and Emerging Markets Research

+44 (0) 207 742 1420

luis.oganes@jpmorgan.com

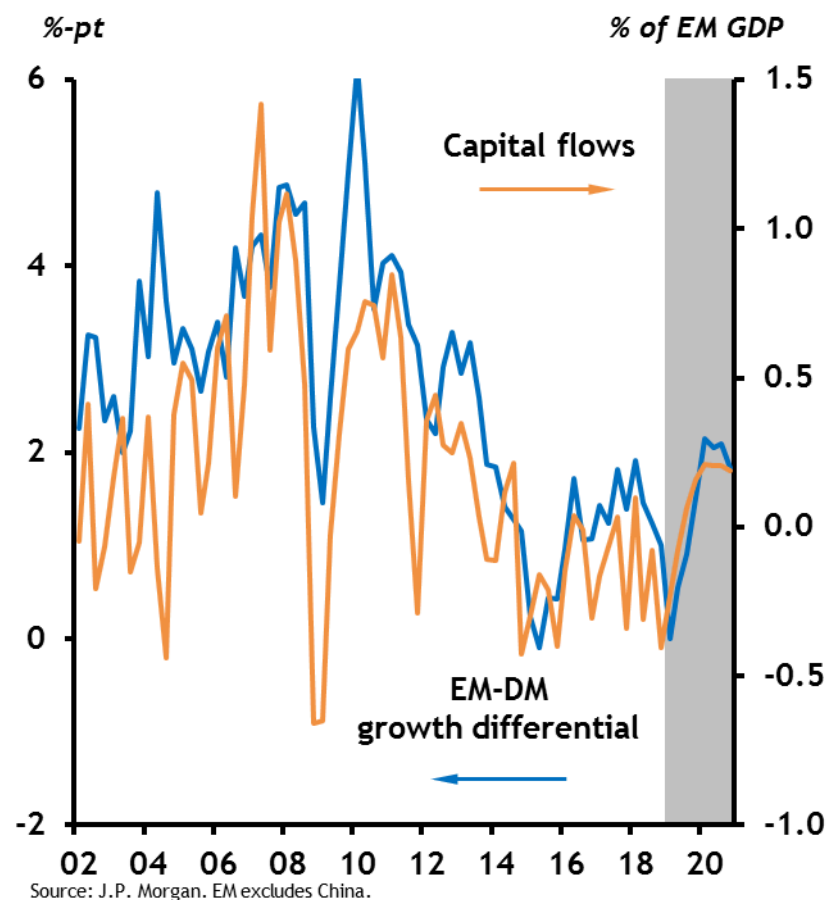
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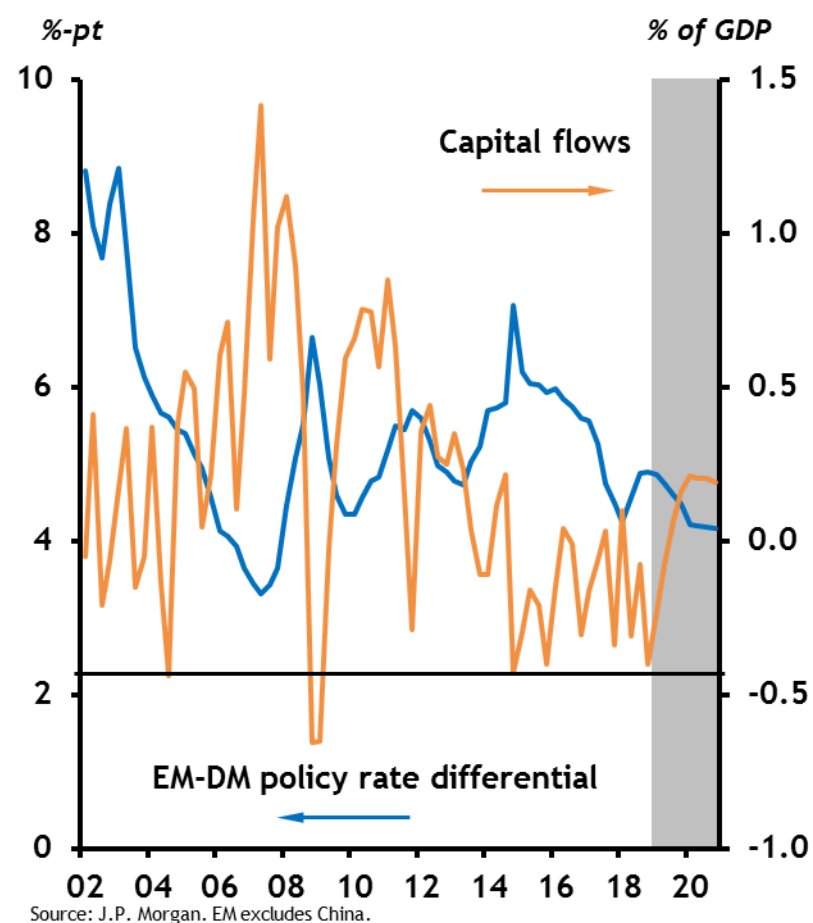
EM-DM growth differential drives capital flows to EM economies

Capital flow into EM is dominated by EM-DM growth and not interest rate differential

EM capital flows & growth differential



EM capital flows & rate differential

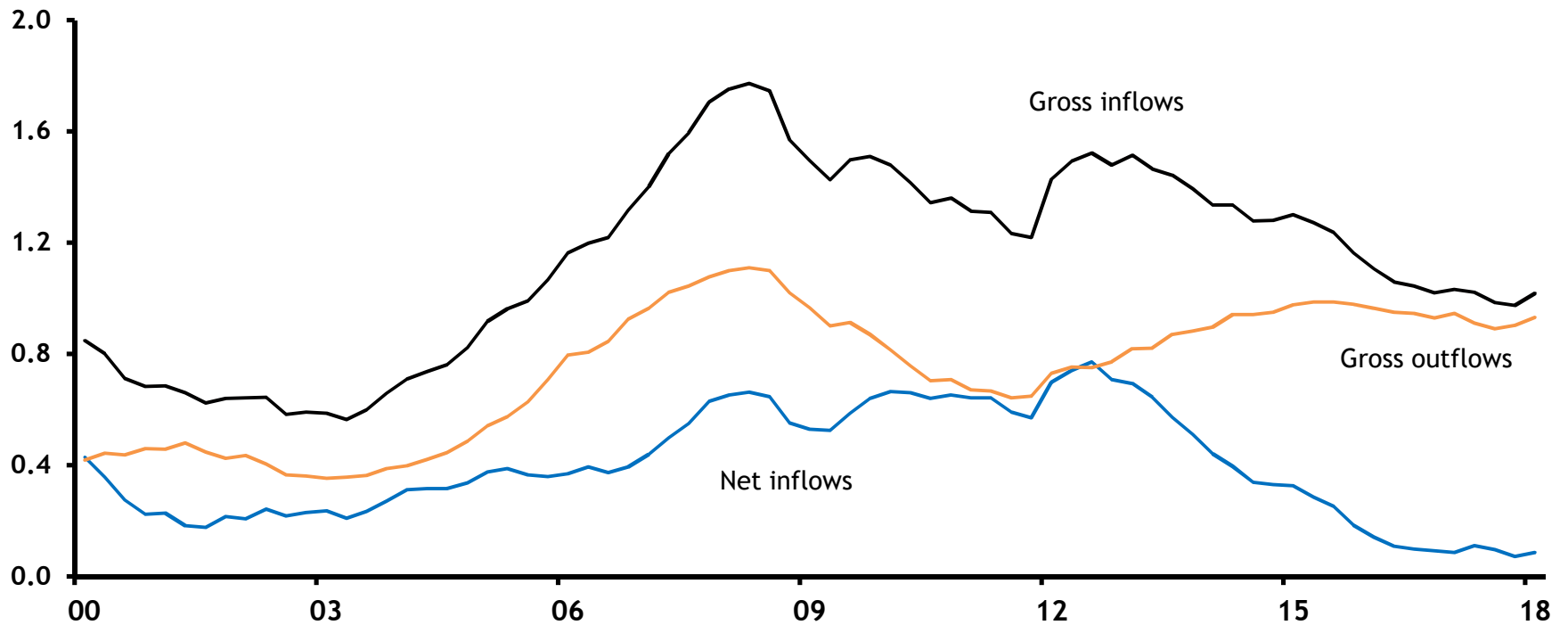


The patterns of EM capital flows have changed since 2012

EM resident outflows as big a driver of net flows as non-resident inflows

Gross inflows and outflows grow in size

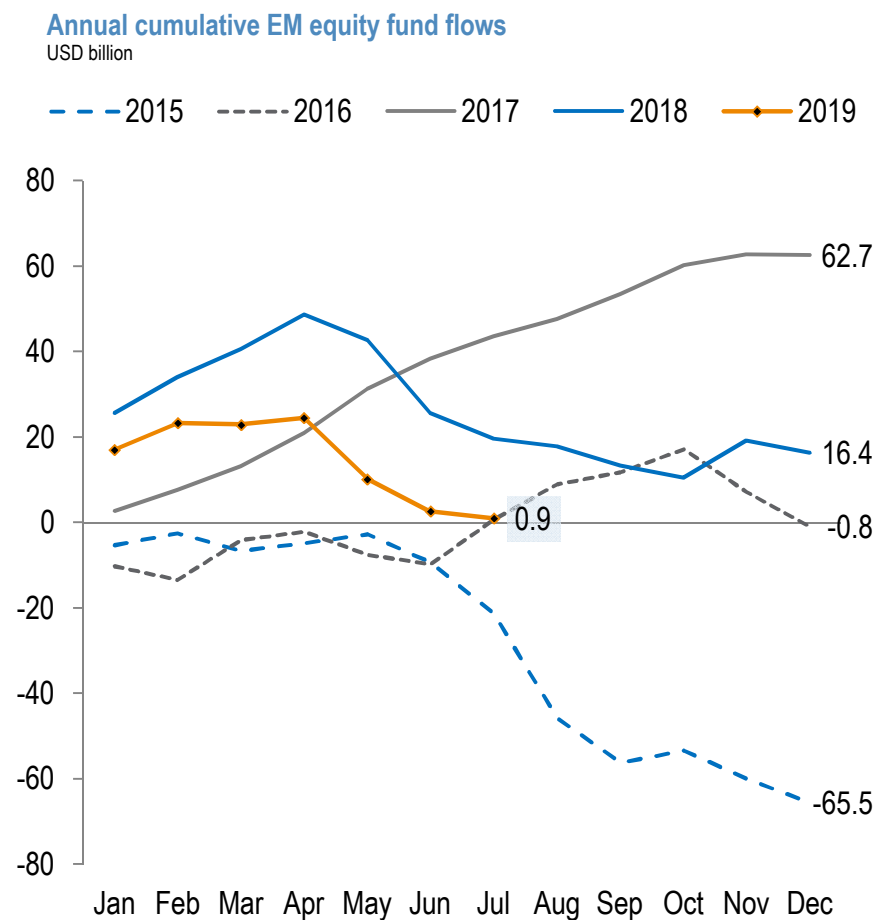
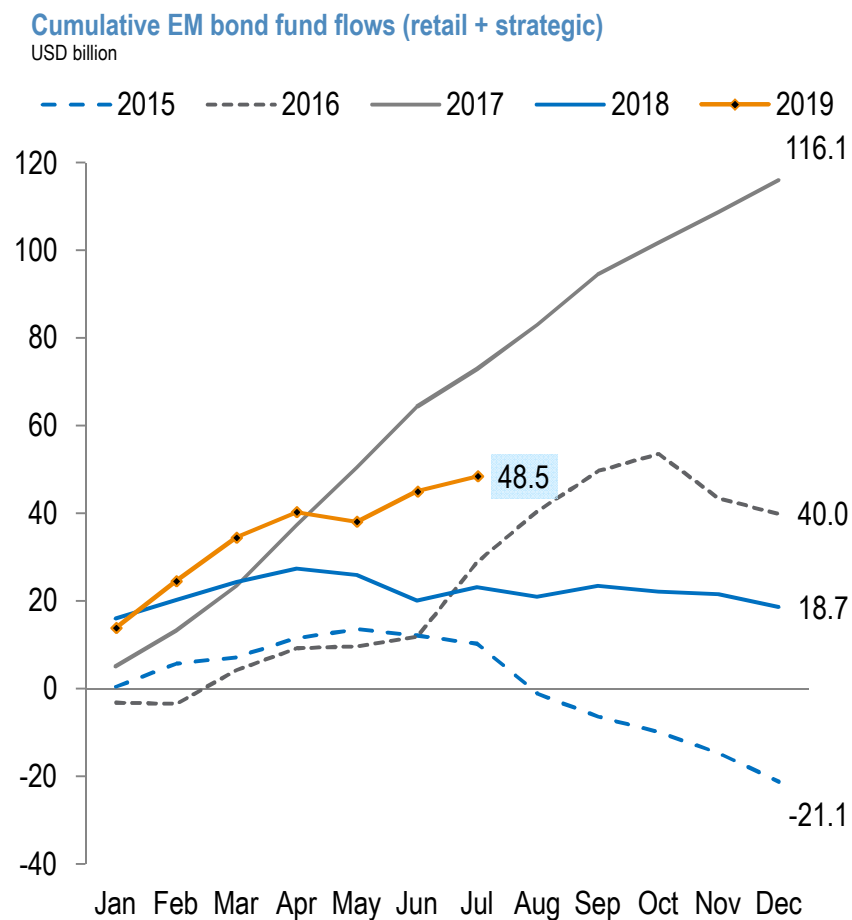
% of GDP, rolling 5yr avg



Source: Haver, national sources and J.P. Morgan

Dedicated EM bond fund flows are tracking much better than equity so far in 2019

We now forecast +\$70-\$80bn of EM-dedicated bond fund flows (from +\$30-\$40bn)



Source: EPFR Global and J.P. Morgan

Source: EPFR Global and J.P. Morgan

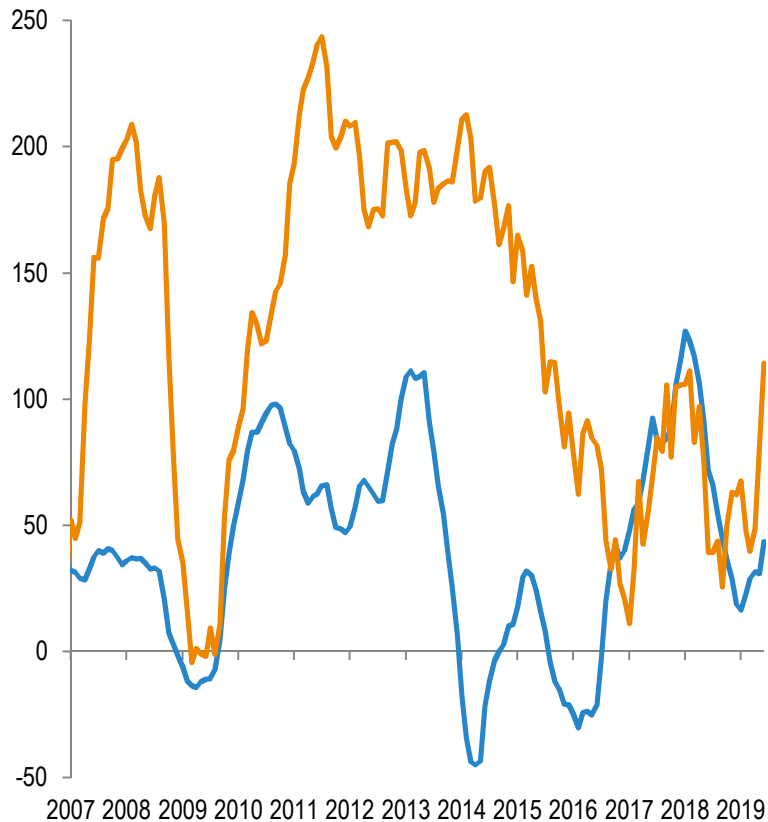
Non EM-dedicated bond and equity fund flows are rebounding more than EM-dedicated fund flows in 2019

Non EM-dedicated funds allocate less than 50% of their portfolios to EM assets

EM bond fund flows

USD billion

- EM-dedicated bond fund flows (12m rolling sum)
- Proxy for non EM-dedicated bond flows (ex-China, 12m rolling sum)

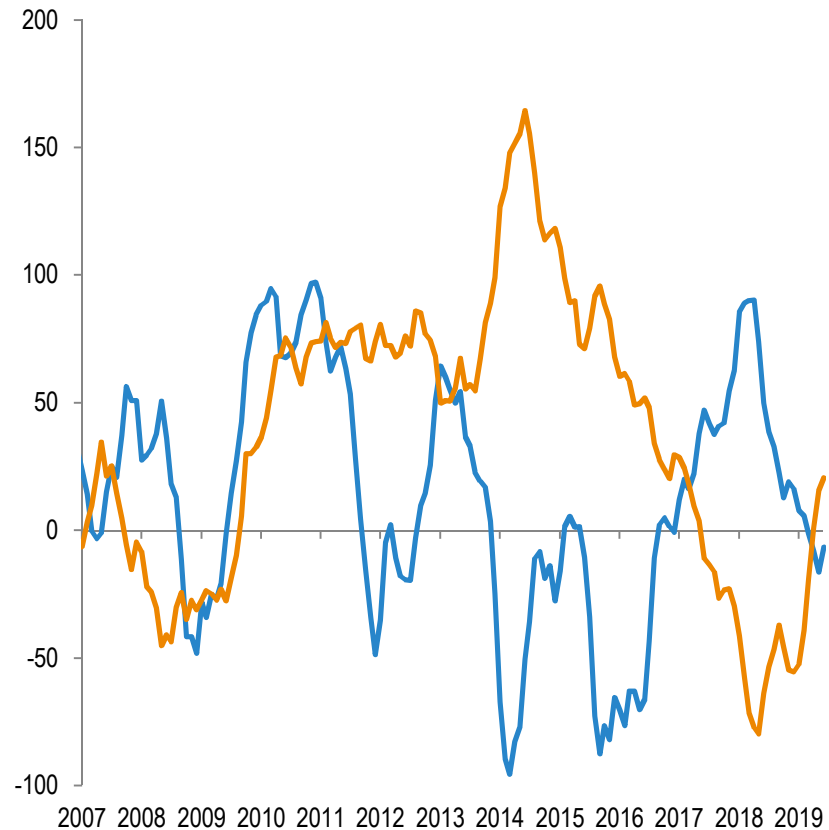


Source: EPFR Global and J.P. Morgan

EM equity fund flows

USD billion

- EM-dedicated equity fund flows (12m rolling sum)
- Proxy for non EM-dedicated equity flows (ex-China, 12m rolling sum)



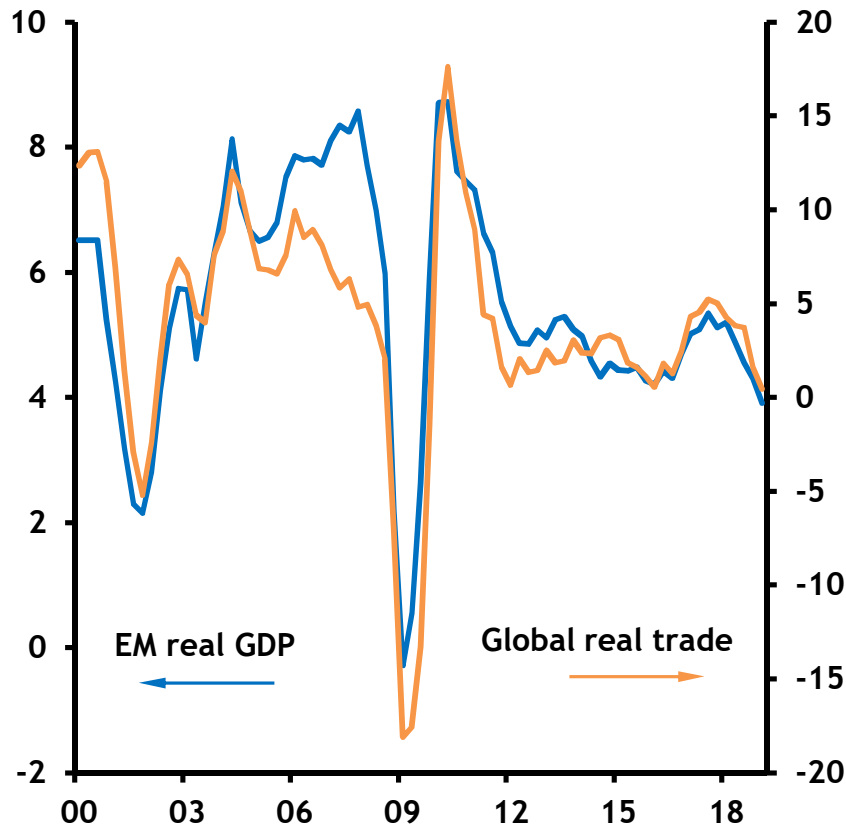
Source: EPFR Global and J.P. Morgan

Trade protectionism and de-globalization are a growing threat to EM

Global trade has been and remains the lifeblood of EM economies

EM GDP growth and global trade

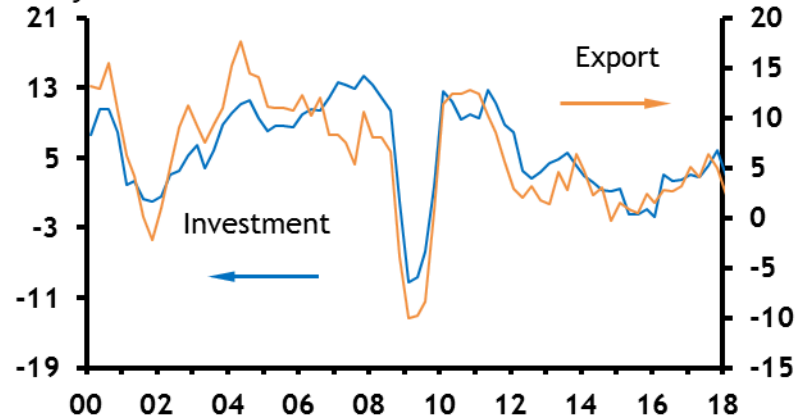
% oya, both scales



Source: J.P. Morgan, CPB

EM ex CN: export & investment

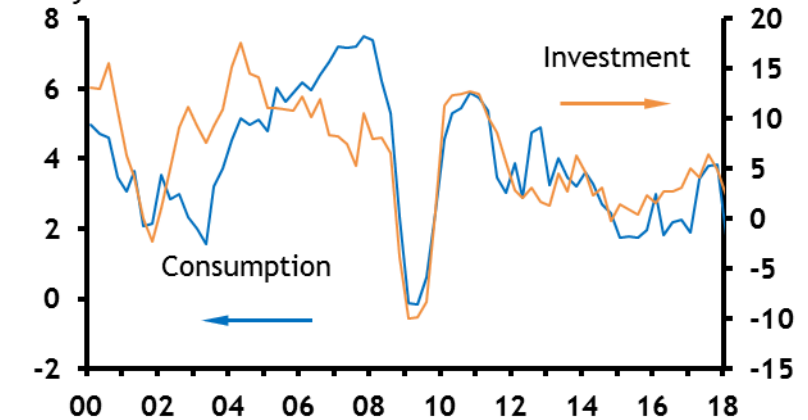
% oya both scales



Source: J.P. Morgan

EM ex CN: exports & consumption

% oya both scales



Source: J.P. Morgan

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