

# Daily Portfolio Flows User Guide

DECEMBER 2, 2015



This note explains the data in our proprietary daily EM portfolio flows database and answers the following frequently asked questions:

- 1. What do IIF daily portfolio flows data measure?
- 2. What are the data sources?
- 3. How accurate are the data?
- 4. Why don't daily flows and monthly Tracker estimates match up?
- 5. What is the currency denomination and sectoral coverage of bond flows?
- 6. How do you calculate flows?
- 7. What do the blank cells in the daily flows database mean?

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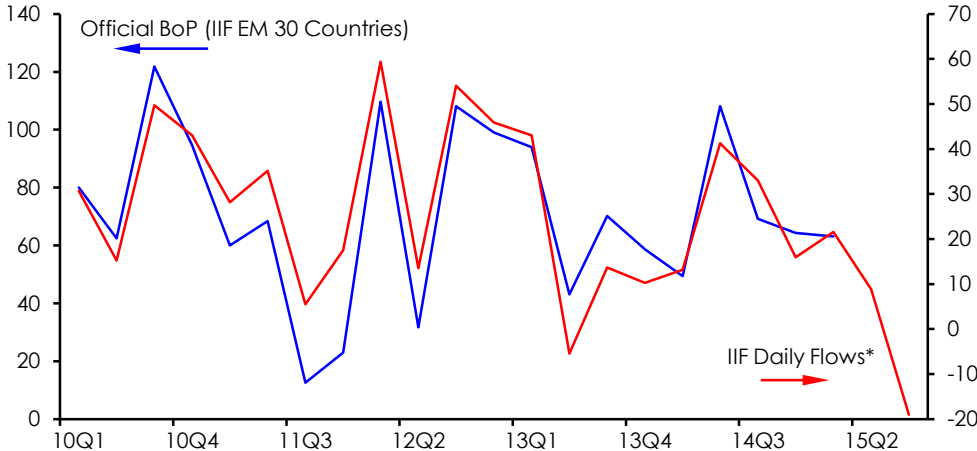
## HIGH-FREQUENCY TRACKING OF EM PORTFOLIO FLOWS

In May 2015, we launched a new database with daily and weekly data on non-resident portfolio flows to emerging markets. The database provides a tool to monitor trends in global investor behavior in a very timely manner. We generally update the database every business day and make it available to IIF members on our website at [www.iif.com/publications/flows-alerts](http://www.iif.com/publications/flows-alerts).

IIF daily flows data are available to IIF members on our website at [www.iif.com/publications/flows-alerts](http://www.iif.com/publications/flows-alerts)

Like our monthly [Portfolio Flows Tracker](#), the data track balance of payments (BoP) data on international portfolio flows closely (Chart 1) and are conceptually consistent with BoP data. Daily flows data are much more timely than BoP data, however, which are typically published at a quarterly frequency with a lag of several months.

**Chart 1**  
**Total Portfolio Flows to EMs: IIF Daily Flows vs. Official BoP for all EMs**  
\$ billion, both scales; includes equity and debt flows



\*Indonesia, India, Korea, Thailand, South Africa, Brazil, Hungary, Mexico, Turkey  
Source: IMF, Haver Analytics, IIF.

## 1. WHAT DO IIF DAILY PORTFOLIO FLOWS DATA MEASURE?

Our flows data seek to measure portfolio flows as reported in a country's official Balance of Payments (BoP). BoP portfolio flows are typically quite different from other high-frequency flows data such as flows in and out of investment funds (see Box 1 in our February 2015 joint note with EPFR Global, [Emerging Market Portfolio Flows: Lessons from 2014](#)). Portfolio flows arise through the transfer of ownership of securities from one country to another. The securities involved in these transactions can be either stocks ("portfolio equity flows") or bonds ("portfolio debt flows").

Our data measure the net purchases (or sales) by non-residents. In the literature, this concept of portfolio flows is often referred to as "gross inflows." For example, if a U.S. resident purchases shares of a Brazilian company from a resident of Brazil, this would be recorded as a portfolio equity inflow for Brazil. From an EM country perspective, our data seeks to measure the net change of all external liabilities in the portfolio investment category in the financial account of the BoP.

## 2. WHAT ARE THE DATA SOURCES?

We obtain the data from national central banks, governments agencies, and securities exchanges. Table 1 provides a breakdown for all the countries in our sample (other countries do not provide such timely data).

**Table 1**  
**High Frequency Portfolio Flows: Data Sources**

Data Source		Frequency (Lag in # of business days)	Currency Reported in (See FAQ #6)	Reported as Stock or Flow Data (See FAQ #7)	% of EM Equity or Debt Portfo- lio Flows (2010-2014)
<b>Equity</b>					<b>53.4</b>
Brazil	Brazil Stock Exchange (BM&FBOVESPA)	Daily (2)	BRL	Flow	12.0
India	Securities and Exchange Board of India	Daily (1)	USD	Flow	14.7
Indonesia	Jakarta Stock Exchange	Daily (0)	USD	Flow	2.8
Korea	Korea Exchange (KRX)	Daily (0)	USD	Flow	15.0
South Africa	Johannesburg Stock Exchange	Daily (1)	USD	Flow	3.0
Thailand	Thailand Stock Exchange	Daily (0)	USD	Flow	3.0
Turkey	Central Bank of Turkey	Weekly (5)	USD	Flow	2.9
<b>Debt</b>					<b>50.8</b>
Hungary	Government Debt Management Agency	Daily (2)	HUF	Stock	2.7
India	Securities and Exchange Board of India	Daily (1)	USD	Flow	5.4
Indonesia	Ministry of Finance	Daily (1)	IDR	Stock	6.2
Mexico	Bank of Mexico	Daily (7)	MXN	Stock	19.9
South Africa	Johannesburg Stock Exchange	Daily (1)	USD	Flow	4.4
Thailand	Thailand Bond Market Association	Daily (0)	USD	Flow	3.0
Turkey	Central Bank of Turkey	Weekly (5)	USD	Flow	9.2

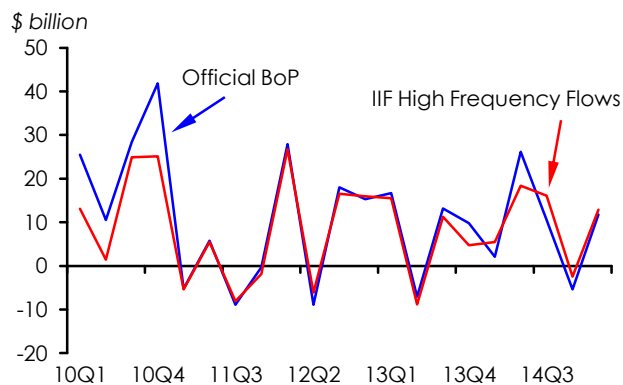
Source: IIF.

### 3. HOW ACCURATE ARE THE DATA?

Charts 2 and 3 below compare our high frequency series to official Balance of Payments statistics for the countries in our database. For country-specific charts, see the appendix on pages 6-8. The high frequency equity flows series is often nearly identical to official portfolio flows data, while the high frequency debt series is not as accurate. One reason for the relative inaccuracy of the debt series is that four out of the seven countries tracked only publish local currency-denominated debt flows, while official Balance of Payment Statistics include both local and hard currency debt (see FAQ #5). This also explains why the discrepancy to BoP data was greatest during the period around the "taper tantrum," when outflows from local currency bond markets were disproportionately large. Nonetheless, daily debt flows data typically signal the direction accurately, even if the magnitude may differ from BoP data.

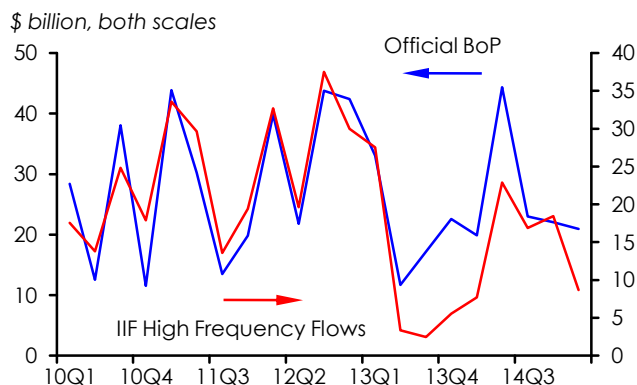
Charts 4 and 5 present the high frequency flows data alongside the official portfolio flows data for the 30 major countries covered by the IIF

**Chart 2**  
Equity Sample Countries\*: Official BoP vs. IIF Portfolio Flows



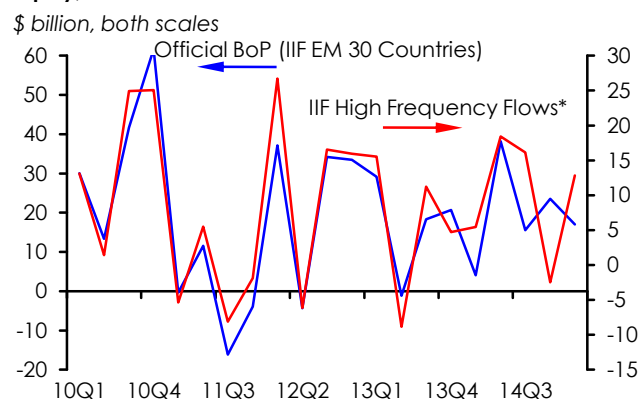
\*Indonesia, India, Korea, Thailand, S. Africa, Brazil, Turkey  
Source: IMF, Haver Analytics, IIF.

**Chart 3**  
Debt Sample Countries\*: Official BoP vs. IIF Portfolio Flows



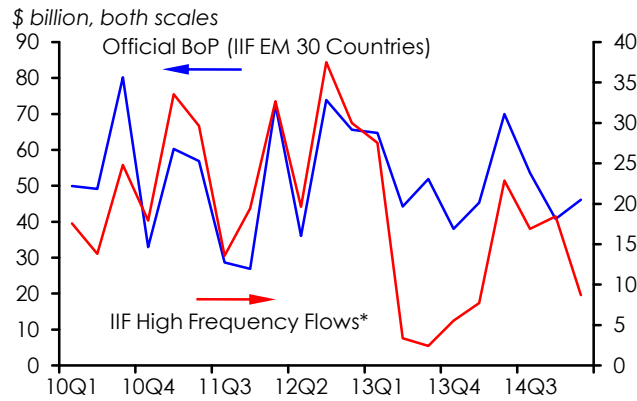
\*Indonesia, India, Thailand, S. Africa, Hungary, Turkey, Mexico  
Source: IMF, Haver Analytics, IIF.

**Chart 4**  
Equity, all EMs: Official BoP vs. IIF Portfolio Flows



\*Indonesia, India, Korea, Thailand, S. Africa, Brazil, Turkey  
Source: IMF, Haver Analytics, IIF.

**Chart 5**  
Debt, all EMs: Official BoP vs. IIF Portfolio Flows



\*Indonesia, India, Thailand, S. Africa, Hungary, Turkey, Mexico  
Source: IMF, Haver Analytics, IIF.

(see Table 3, page 8). Equity flows to the countries covered in our high frequency database typically account for about 53% of flows in the broader country group, while debt flows average around 51% (Table 1).

#### 4. WHY DON'T DAILY FLOWS AND MONTHLY TRACKER ESTIMATES MATCH UP?

Our daily flows and [monthly Tracker](#) series both seek to track official BoP statistics on portfolio flows. At the country level, the daily and monthly data are typically nearly identical. When aggregated, the high frequency data do not match up with the monthly estimates for two main reasons: 1) Our daily flows data cover a smaller group of countries than our monthly Tracker; 2) For the monthly Tracker, we make use of additional variables to estimate flows in an econometric tracking model. These variables include issuance data, a proxy for investor risk aversion, and a measure of market expectations for future Fed policy.

#### 5. WHAT IS THE CURRENCY DENOMINATION AND SECTORAL COVERAGE OF BOND FLOWS?

All flows data in our database are published in dollar terms, but the underlying securities involved in the transactions may be denominated in other currencies. For debt flows, Table 2 lists the currency denominations of the bonds captured by each series. Asterisks indicate that we have not received confirmation from the source as of the writing of this publication. Note that standard BoP data include cross-border transactions of securities regardless of the currency denomination.

For some countries, the debt flows data covers only bonds issued by the government (Table 2). This is another reason why the magnitude of total daily debt flows for the countries in our sample tends to be smaller than that of official BoP data for the same set of countries.

**Table 2**  
**Coverage of Daily Debt flows**

	<b>Currency denomination of bonds (Local=LC; Hard=HC)</b>	<b>Sectoral Coverage</b>
Hungary	LC	Government
India	LC + HC*	Government + Corporate
Indonesia	LC + HC	Government
Mexico	LC	Government
South Africa	LC	Government + Corporate*
Thailand	LC + HC*	Government + Corporate
Turkey	LC	Government

Source: National Sources, IIF.

## 6. HOW DO YOU CALCULATE FLOWS?

While we publish our database as flow data in dollar terms, source data are published in a variety of forms. If the raw flows data are reported in local currency, we convert to millions of USD using the particular day's exchange rate. If raw data are reported as stock data, we subtract the previous day's value from the current day's value in order to calculate the flow. In some cases, we do both calculations. For example, Indonesia's authorities publish debt flows as stock data in trillions of IDR. First, we subtract the stock data for day X-1 from day X in order to calculate the flow in IDR for day X. Next, we convert the flow data to USD using that day's exchange rate.

## 6. WHAT DO THE BLANK CELLS IN THE DATABASE MEAN?

Blank cells indicate that data are not available. This is typically due to national holidays on which banks and exchanges are closed.

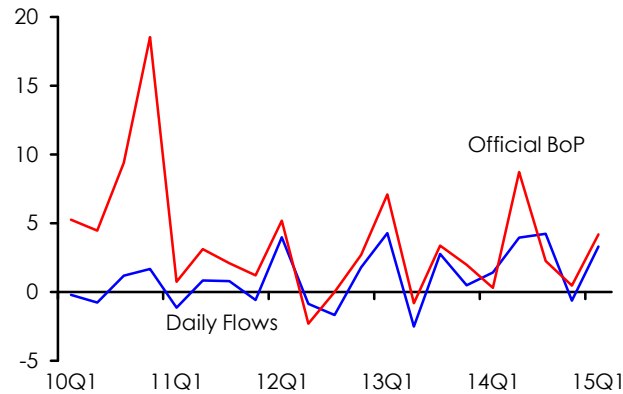
## APPENDIX: COUNTRY FLOWS DATA – IIF DAILY FLOWS VS. OFFICIAL BOP

### EQUITY FLOWS CHARTS

**Chart 6**

**Brazil Daily Equity Flows vs. Official BoP**

\$ billion

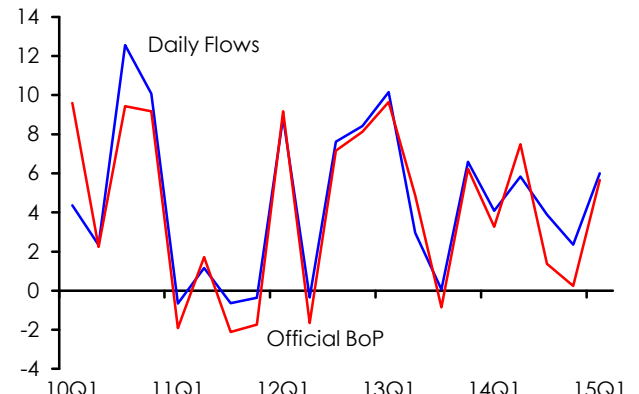


Source: BM&FBOVESPA, IMF, Haver, IIF.

**Chart 7**

**India Daily Equity Flows vs. Official BoP**

\$ billion

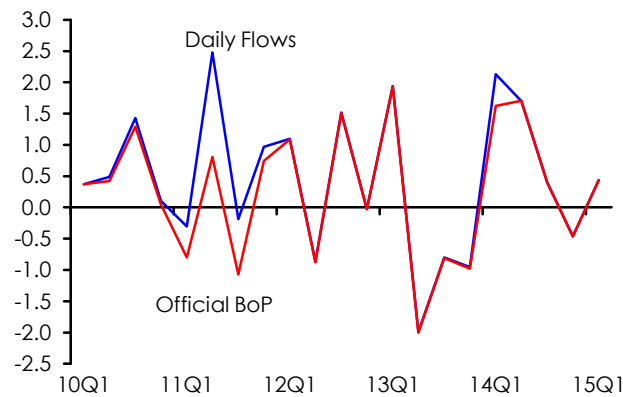


Source: Securities and Exchange Board of India, IMF, Haver, IIF.

**Chart 8**

**Indonesia Daily Equity Flows vs. Official BoP**

\$ billion

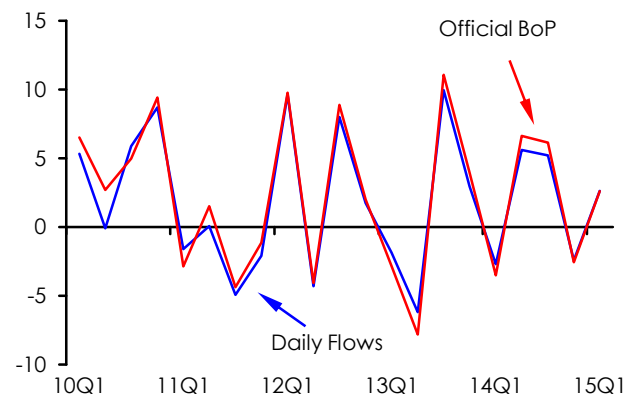


Source: Jakarta Stock Exchange, IMF, Haver, IIF.

**Chart 9**

**Korea Daily Equity Flows vs. Official BoP**

\$ billion

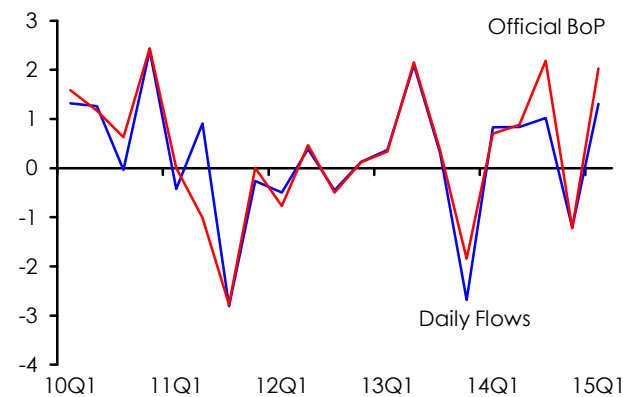


Source: Korea Exchange, IMF, Haver, IIF.

**Chart 10**

**South Africa Daily Equity Flows vs. Official BoP**

\$ billion

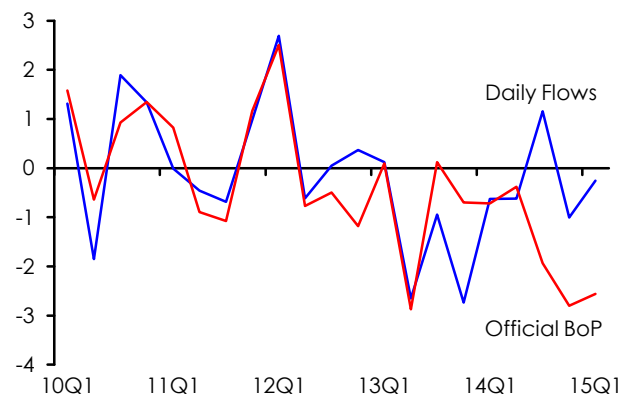


Source: Johannesburg Stock Exchange, IMF, Haver, IIF.

**Chart 11**

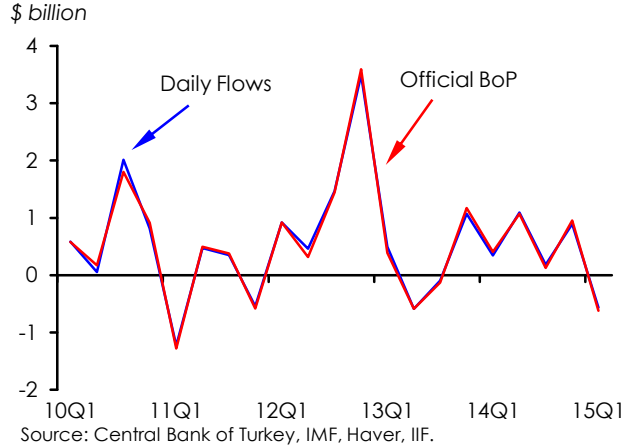
**Thailand Daily Equity Flows vs. Official BoP**

\$ billion



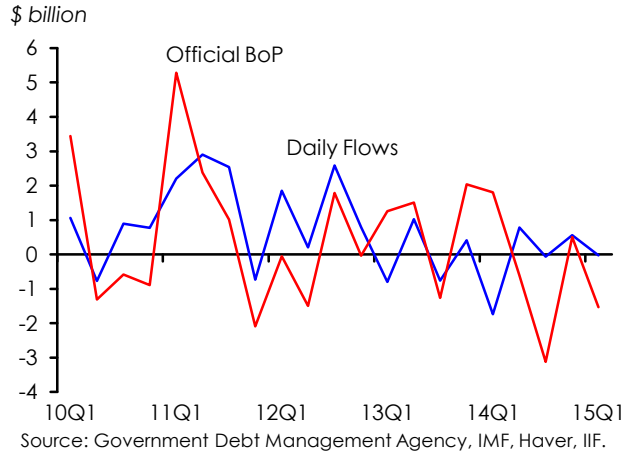
Source: Thailand Stock Exchange, IMF, Haver, IIF.

**Chart 12**  
**Turkey Weekly Equity Flows vs. Official BoP**

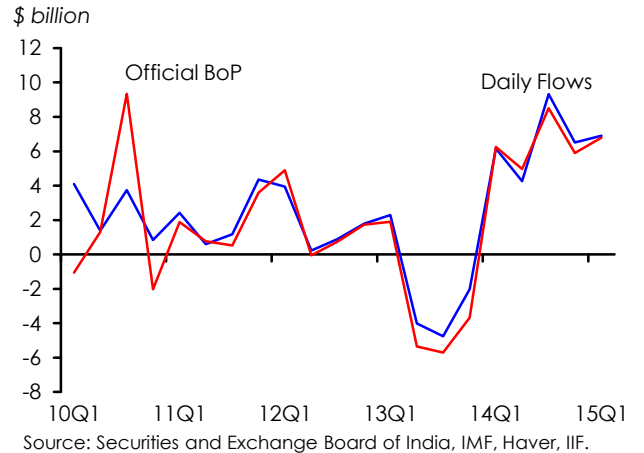


**DEBT FLOWS CHARTS**

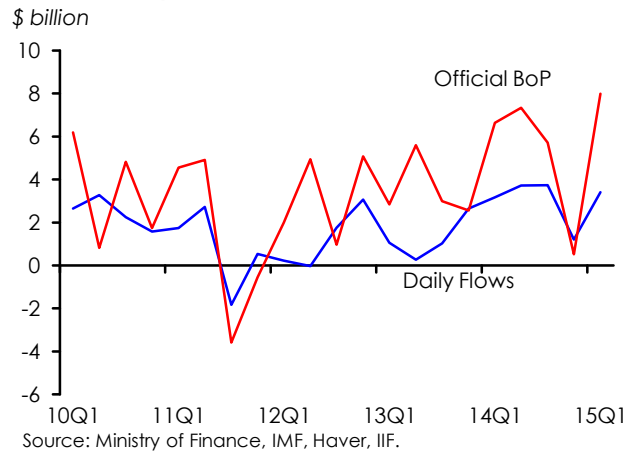
**Chart 13**  
**Hungary Daily Debt Flows vs. Official BoP**



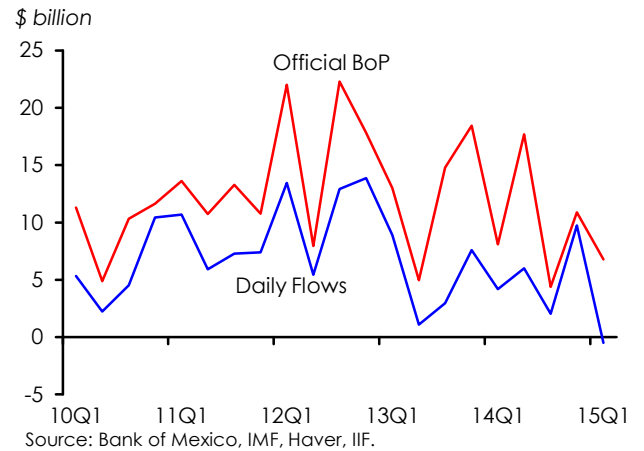
**Chart 14**  
**India Daily Debt Flows vs. Official BoP**



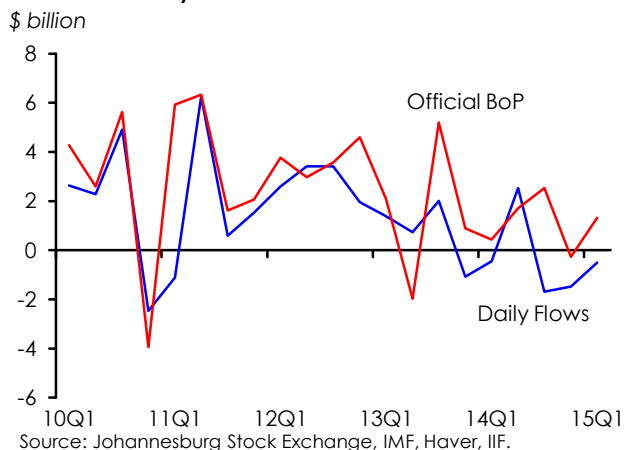
**Chart 15**  
**Indonesia Daily Debt Flows vs. Official BoP**



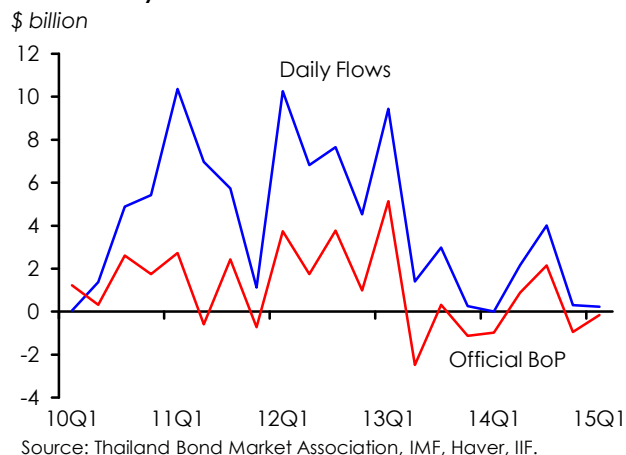
**Chart 16**  
**Mexico Daily Debt Flows vs. Official BoP**



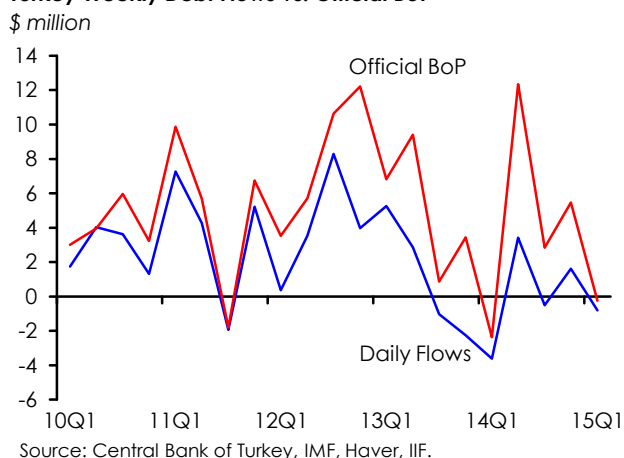
**Chart 17**  
South Africa Daily Debt Flows vs. Official BoP



**Chart 18**  
Thailand Daily Debt Flows vs. Official BoP



**Chart 19**  
Turkey Weekly Debt Flows vs. Official BoP



**Table 3**  
30 Major Emerging Markets Covered by the IIF

EM Asia	Latin America	EM Europe	Africa & Middle East
China	Argentina	Bulgaria	Egypt
India	Brazil	Czech Republic	Lebanon
Indonesia	Chile	Hungary	Morocco
Malaysia	Colombia	Poland	Nigeria
Philippines	Ecuador	Romania	Saudi Arabia
South Korea	Mexico	Russia	South Africa
Thailand	Peru	Turkey	UAE
	Venezuela	Ukraine	

Source: IIF.