



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

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Session 2: Capital Flows

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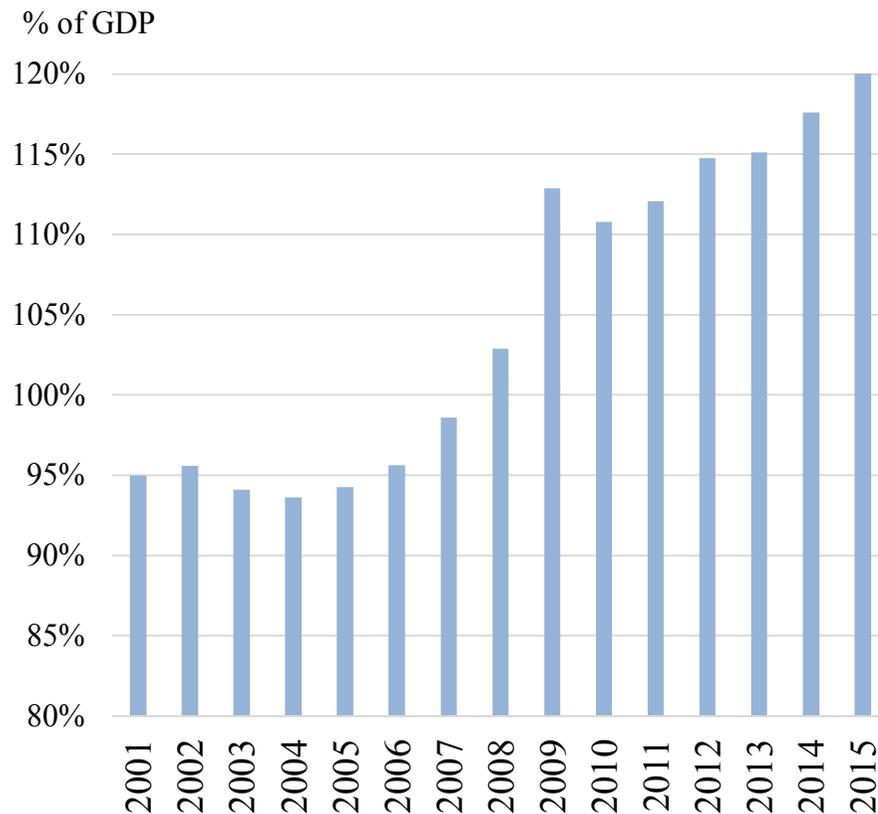
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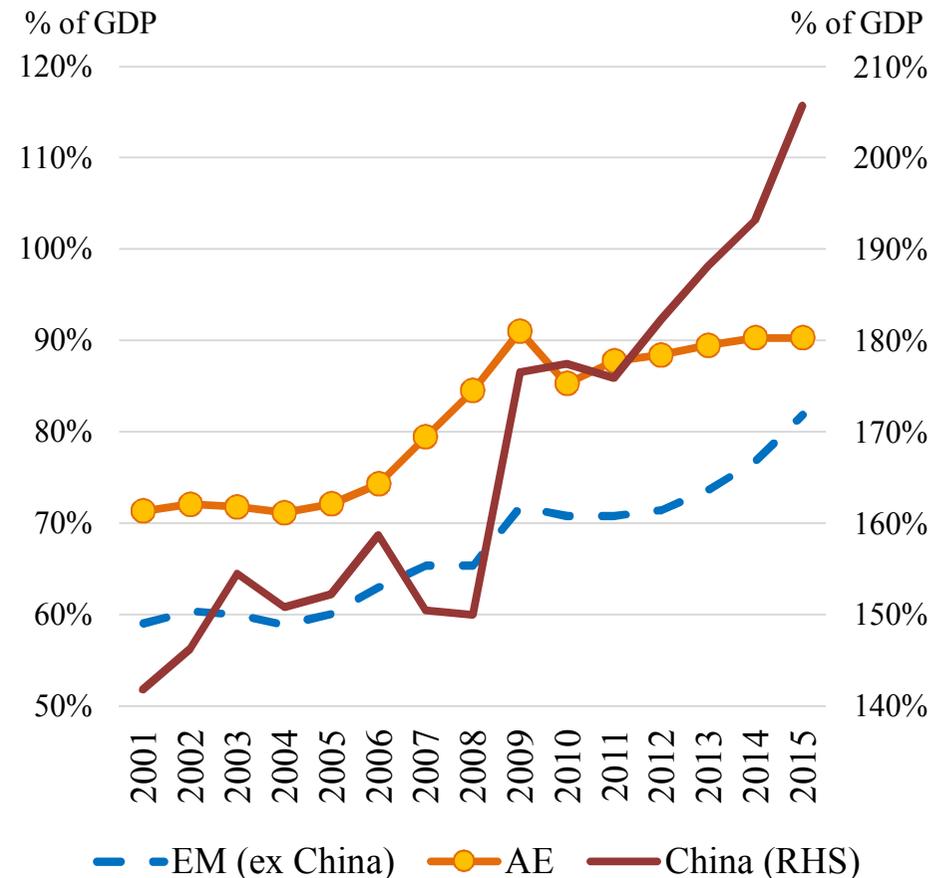


Rising global liquidity with quantitative easing in AEs and its spillover to EMs

World's Broad Money



Broad Money by Region

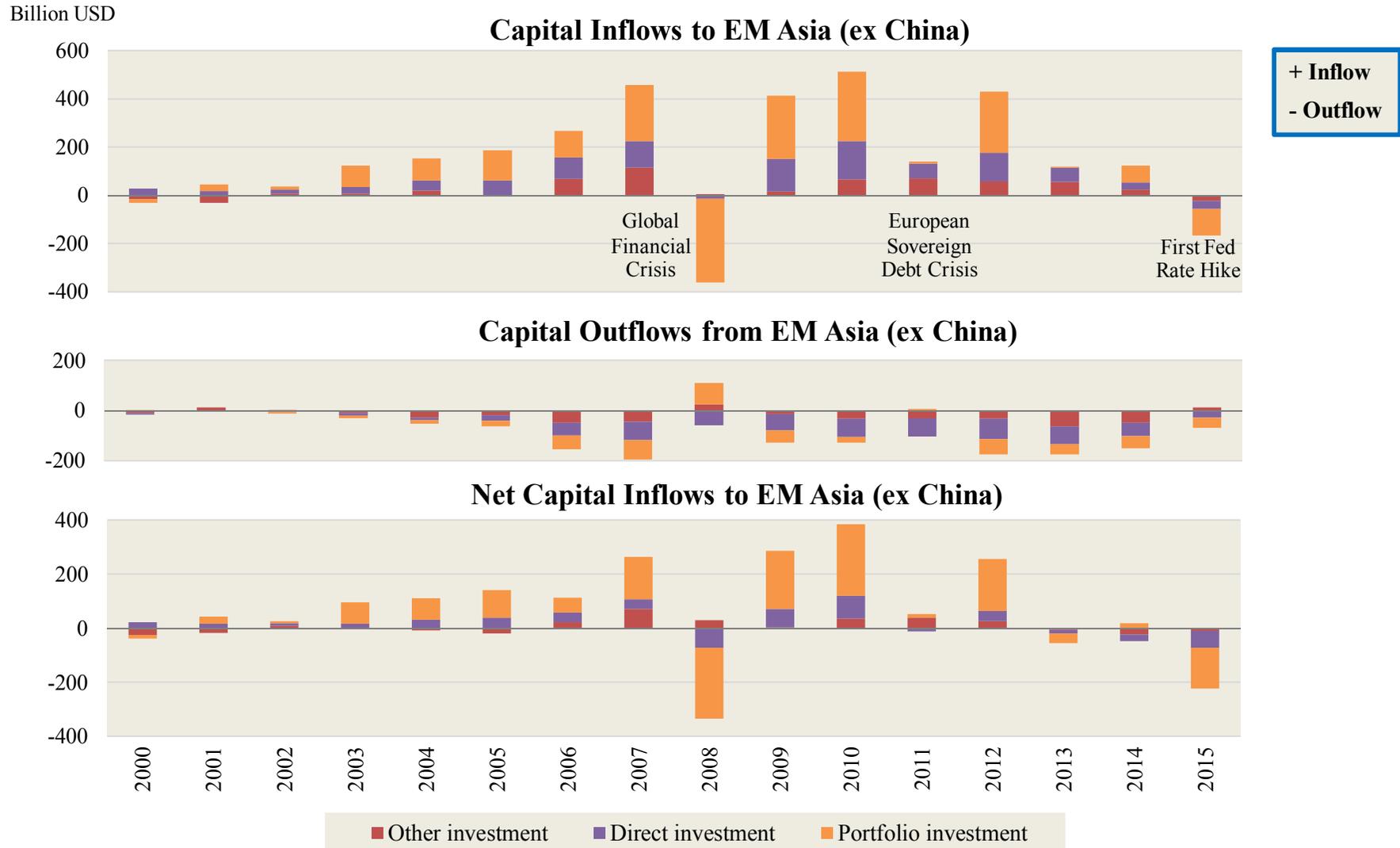


Note: World 125 countries; AEs 13 countries (USA, EU, Japan, UK, Australia, Switzerland, Sweden, Hong Kong, Israel, Denmark, Singapore, Czech Republic, and Iceland); EMs 18 countries (India, Brazil, Korea, Russia, Mexico, Indonesia, Turkey, Saudi Arabia, Poland, Thailand, UAE, Egypt, South Africa, Malaysia, Colombia, Philippines, Pakistan, and Chile)

Source: World bank and BOT's calculation



Capital inflows to EM Asia were mostly in portfolio investment, while capital outflows were mostly contributed by direct investment.



Note: **EM Asia** include India, Indonesia, Korea, Malaysia, Philippines, and Thailand (followed WEO2016)

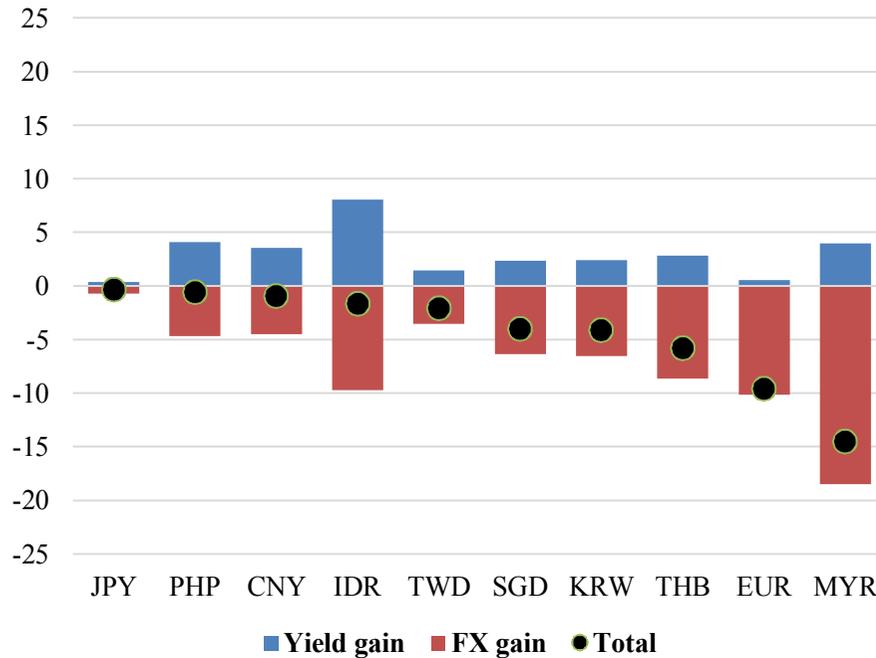
Capital outflows defined as resident investment abroad; Capital inflows defined as non-resident investment in EM Asia.

Source : IMF and BOT's calculation

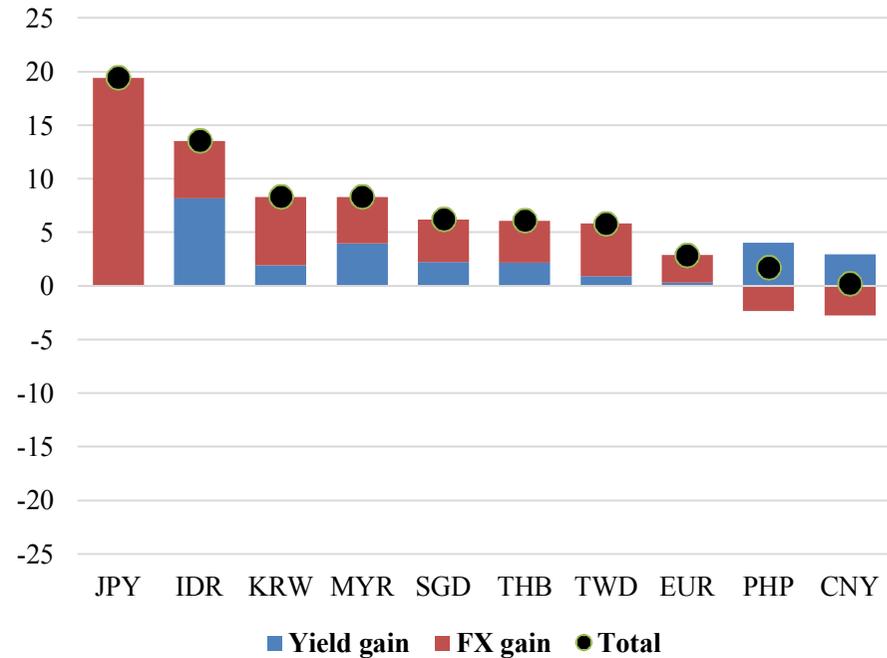


FX Gain is more attractive than bond yield investment in EM Asia.

Total return on 10Y Govt bond investment in 2015
(funding from USD)



Total return on 10Y Govt bond investment in 2016
(funding from USD)



Note:

FX gain calculated from bilateral USD end-to-end return. 2016 data as of 23 Sep 2016

Yield govt bond 10Y = average yield (proxy for average return if hold to maturity)

Implication :

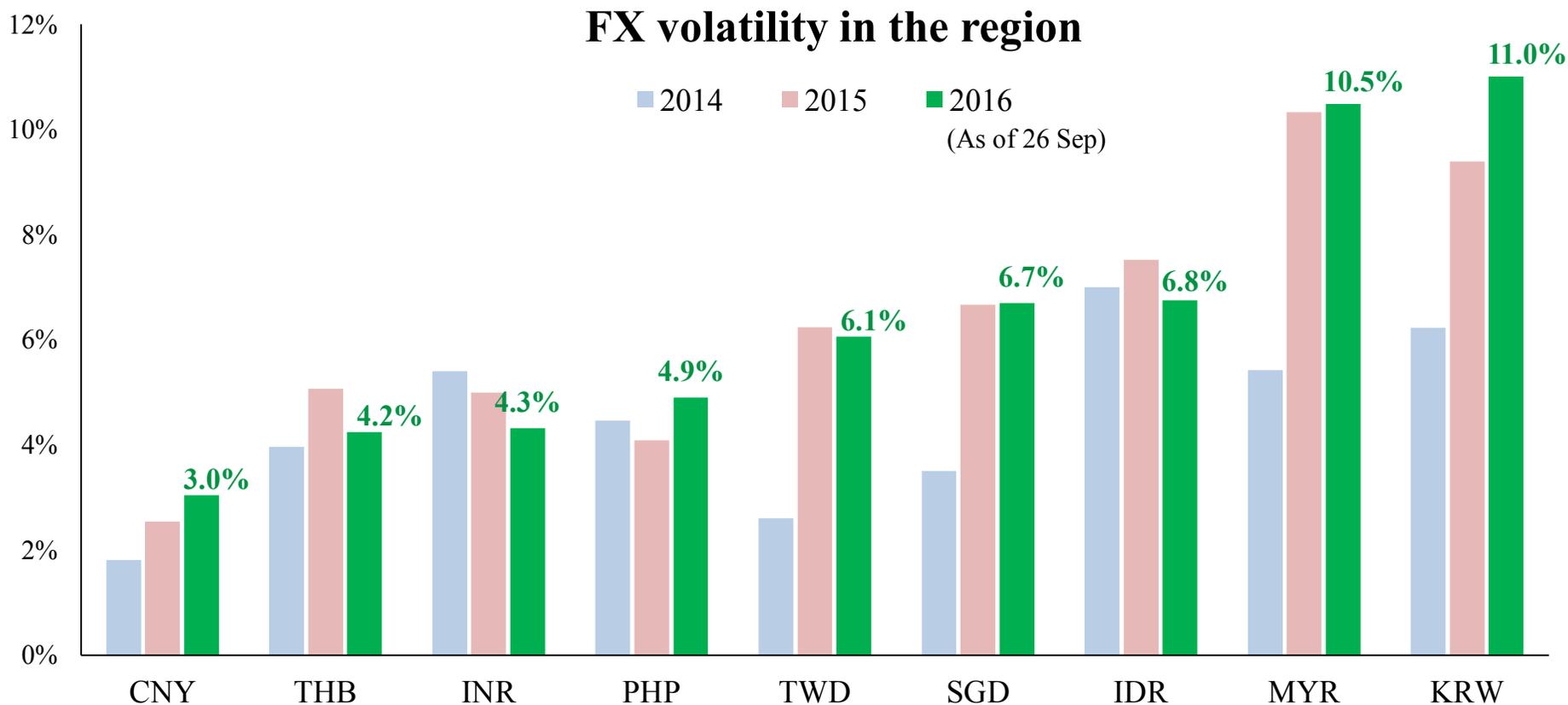
2015: Investment in EMs was net loss.

2016 (as of 23 Sep 16): Investment in EMs was net gain and mostly from FX gain (USD depreciated YTD).

Source : BOT's calculation



Exchange rate volatility rose in EM with high fluctuations in the global financial market. Thai Baht, however, still shows the low level of volatility compare to others.



Note : Volatility is calculated as a daily average of annualized exponentially weighted moving average (EWMA).

Source : Bloomberg and BOT's calculation