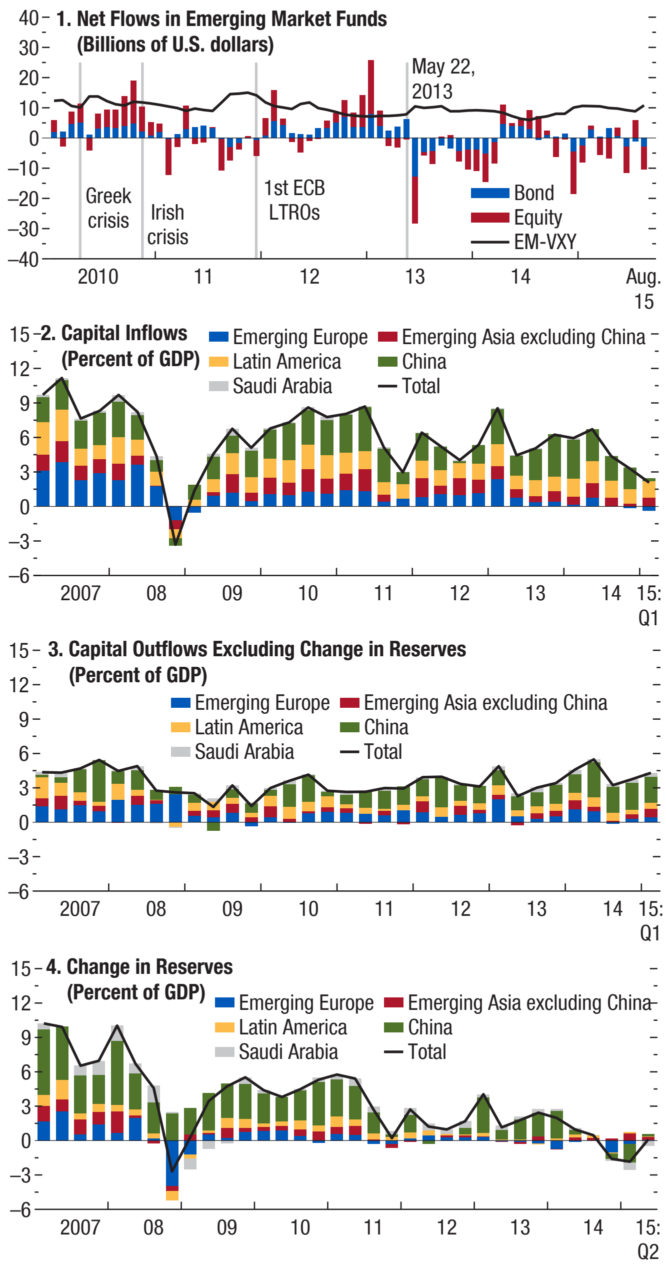
Figure 1.12. Capital Flows in Emerging Market Economies

Gross capital inflows to emerging market economies began slowing markedly in 2014 and, as a percent of GDP, reached their lowest level since the recovery from the global financial crisis in the first quarter of 2015. As gross capital outflows have held up, and with little change in the aggregate current account balance, these economies as a group started selling foreign exchange reserves in 2014.



Sources: Bloomberg, L.P.; EPFR Global; Haver Analytics; IMF, *International Financial Statistics;* and IMF staff calculations.
Note: Capital inflows are net purchases of domestic assets by nonresidents. Capital outflows are net purchases of foreign assets by domestic residents. Emerging Asia excluding China comprises India, Indonesia, Malaysia, the Philippines, and Thailand; emerging Europe comprises Poland, Romania, Russia, and Turkey; Latin America comprises Brazil, Chile, Colombia,Mexico, and Peru. ECB = European Central Bank; EM-VXY = J.P. Morgan Emerging Market Volatility Index; LTROs = longer-term refinancing operations.