



APRIL HIGHLIGHTS:

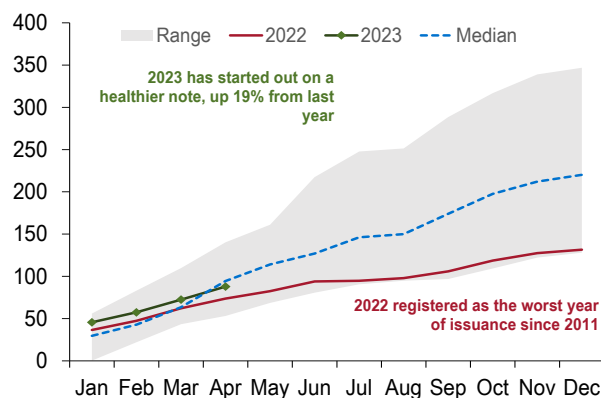
- **Total EM issuance increased to \$16.6 bn in April (from \$15.5 bn in March).** Sovereign and corporate issuance (ex. China) YTD through April has been hovering around the median of issuance since 2010, albeit driven largely by January's near record volume.
- **Sovereign issuance dropped to \$9.3 bn, down from \$14 bn in March,** below historical median issuance for April (\$11.5bn). Among the five sovereigns that were able to issue new debt, the only investment grade issuer was Mexico (\$1.3 bn). High yield issuers included Turkey (\$2.5 bn), Brazil (\$2.2 bn), Bahrain (\$2bn) and Jordan (\$1.2 bn). Turkey has issued \$15.5 bn in external bonds since October 2022.
- **Corporate issuance picked up to \$7.3 bn (up from a very weak March, \$1.5bn) Despite a higher levels of issuance the level is less than half its historical median pace (\$22.3bn).** Weak issuance partially reflects the large refinancing completed in 2021 and early 2022 amid easy financial conditions, and the limited redemptions due in 2023 as a result. The next three months coupons and amortizations are expected to be \$24bn and \$59bn respectively. EM ex. China issuance YTD of \$18.6 bn is down by nearly half from its historical median since 2010 (\$44.6bn). Chinese issuance also has been depressed with \$4.5 bn YTD, versus \$10.6 bn in 2022, and \$42.3 bn in 2021. Real estate and REITs made up \$31.8bn of the issuance at the same time of year in 2021. In contrast, the current level of issuance for the real estate sector stands at \$2.0bn.
- **Headline, IG and Frontier EM credit spreads were broadly stable in April from levels in March with the exception of high yield issuers (+16 bps).** However, spreads for HY sovereigns rated above CCC remain relatively benign by historical standards. Egypt was the worst performer across frontier markets (+309bps).
 - **Ratings roundup:** There were four upgrades and two downgrades following net downgrades in March but the overall trend is turning more balanced. S&P downgraded Bolivia (B-) and Ukraine (CCC) as they upgraded Guatemala (BB) and Uruguay (BBB+). Fitch upgraded El Salvador (CCC+) and Saudi Arabia (A+) (See Annex Tables 3 & 4) .

April 2023 Overview

Hard currency issuance (ex. China corporates) is about 19% above last year' pace.

1. Pace of Sovereign and Corporate Issuance

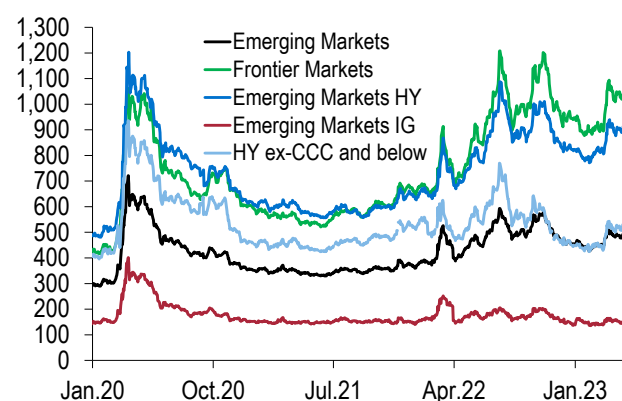
(USD billions, ex. China corporates, and median range since 2011)



Headline EM credit spreads were broadly stable in April.

2. Emerging and Frontier Market Spreads

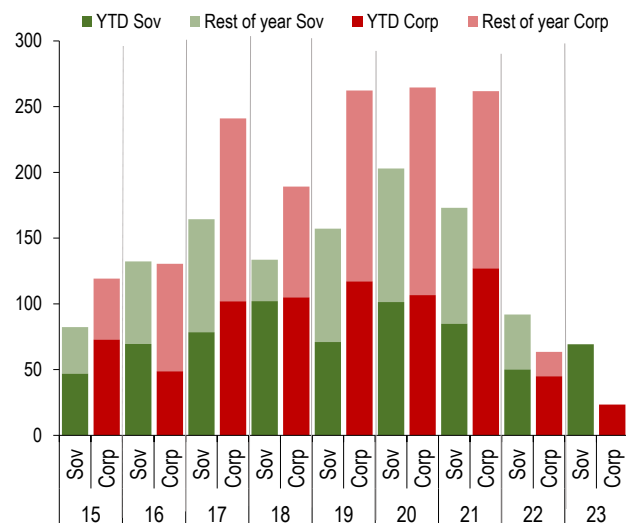
(Basis points)



Issuance Detail: Emerging Market Corporates and Sovereigns

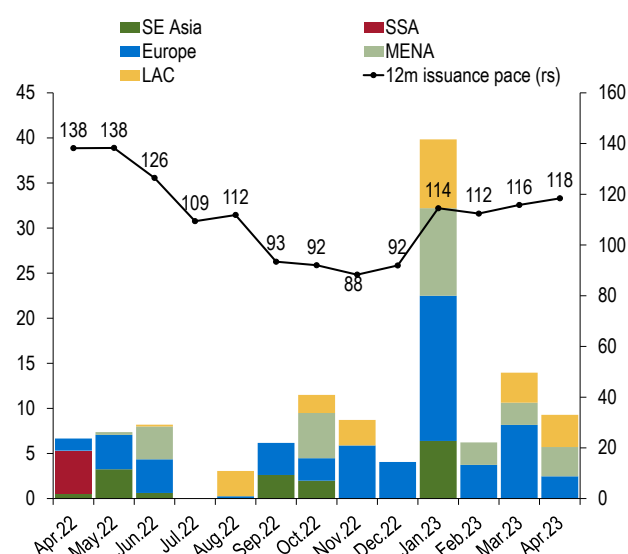
Corporate issuance remains subdued year-to-date, while sovereign issuance through April is line with longer term averages thanks to large volumes in January.

Chart 3. Sovereign and Corporate Issuance History
(USD billions)



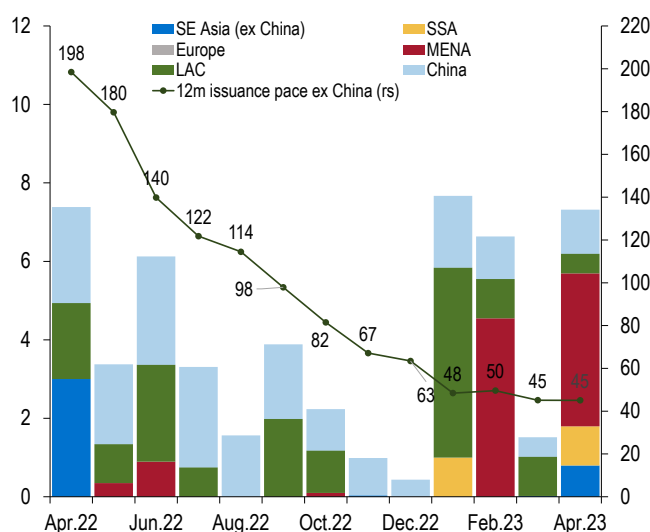
Five sovereigns issued nearly \$10 bn total, led by Turkey with \$2.5bn, as well as Brazil (\$2.2bn), Bahrain, Mexico and Jordan

Chart 4. EM Sovereign Hard Currency Issuance by Region
(USD billions)



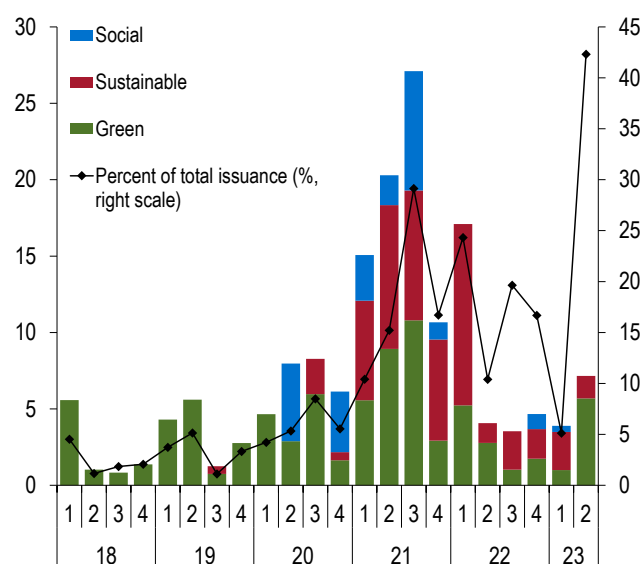
Corporate supply picked up to \$7.3 bn, with the 12m pace remaining at \$45 bn.

Chart 5. Corporate Hard Currency Issuance by Region
(USD billions)



Slow start to the year for ESG issuance picked up in April, as ESG surged to over 40% of total issuance

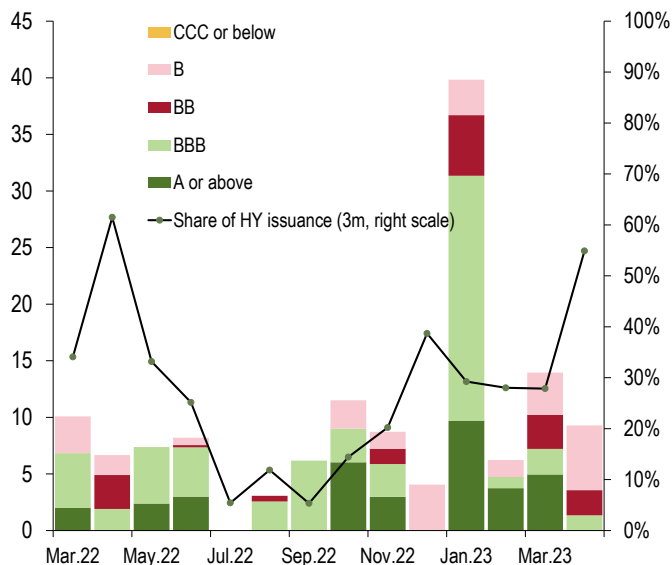
Chart 6. ESG Issuance
(USD billions; percent; quarterly)



Issuance Detail by Rating

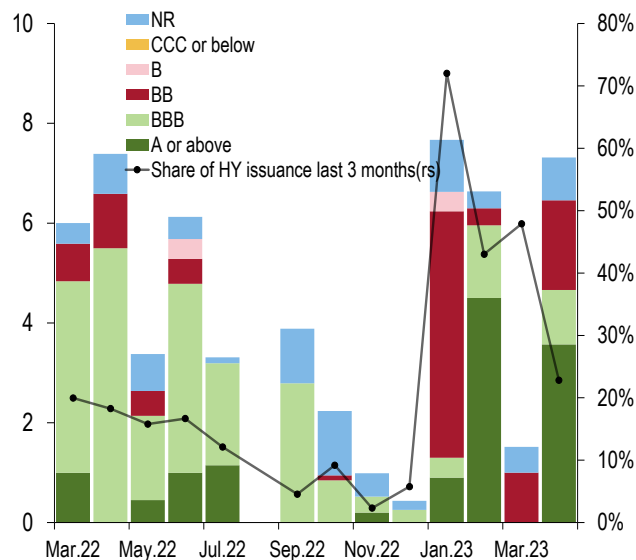
High yield issuers accounted for more than half of total issuance in April, above the long-term average

Chart 7. Sovereign Hard Currency Issuance by Rating
(USD billions; Percent)



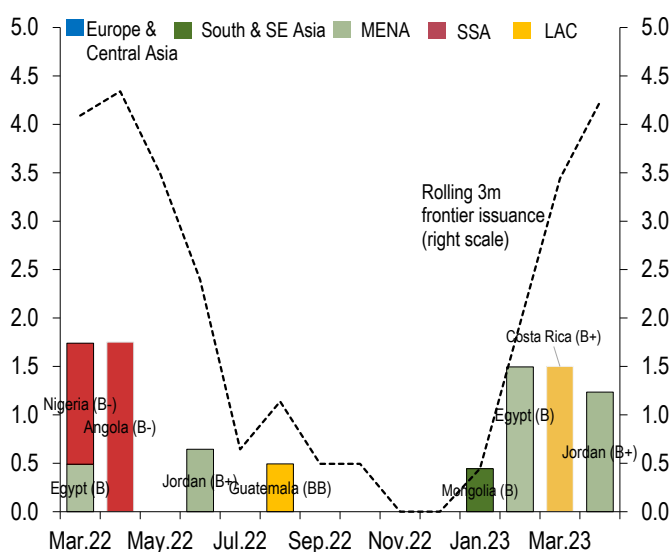
HY rated issuance share declined for corporates where levels of issuance by IG corporates were similar to February.

Chart 8. Corporate Hard Currency Issuance by Rating
(USD billions)



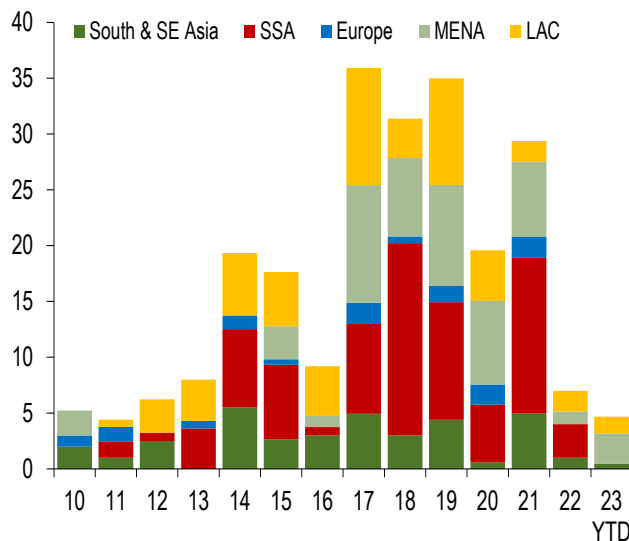
Jordan, Costa Rica and Egypt (sukuk) have issued in consecutive months.

Chart 9. Frontier Sovereign Issuance by Rating
(USD billions)



Four frontiers have issued in 2023 for \$4.7bn YTD. Levels reached so far is two-thirds of 2022 levels already.

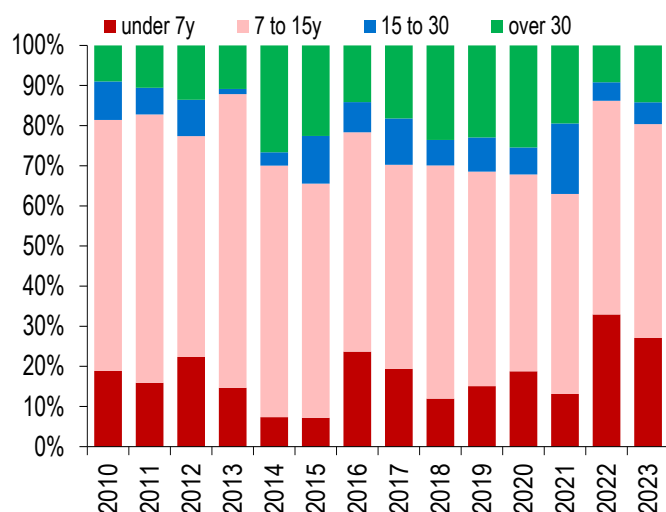
Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



Issuance Detail by Maturity and Currency

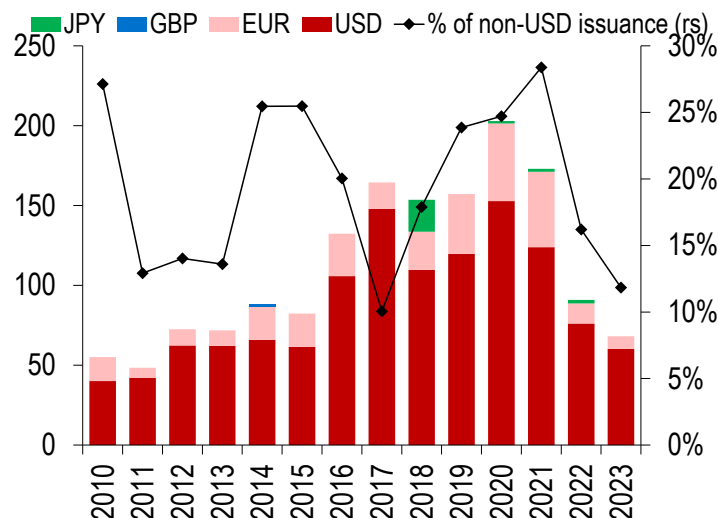
Average maturity has increased in 2023, with two 30+-year placements, and a larger share of bonds at 15+years compared to 2022.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)



Non-dollar denominated issuance has been low in 2023.

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Sovereign Amortizations

Bond redemptions remain low in May. While upcoming maturities from June-August are limited in aggregate.

Chart 13. EM Sovereign Maturities by Rating
(US billions)

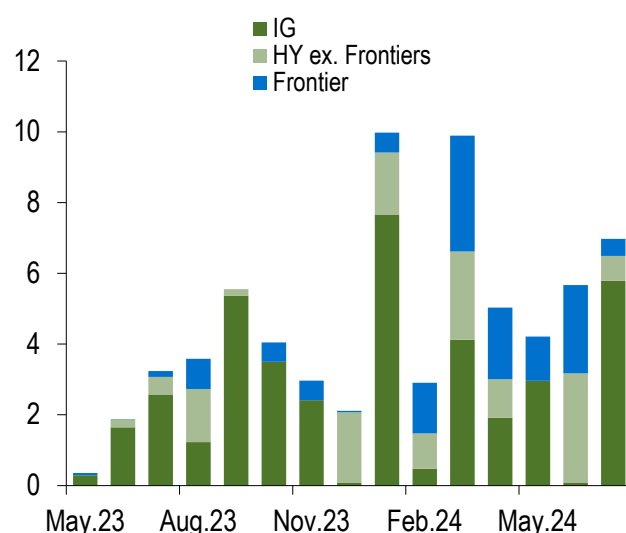
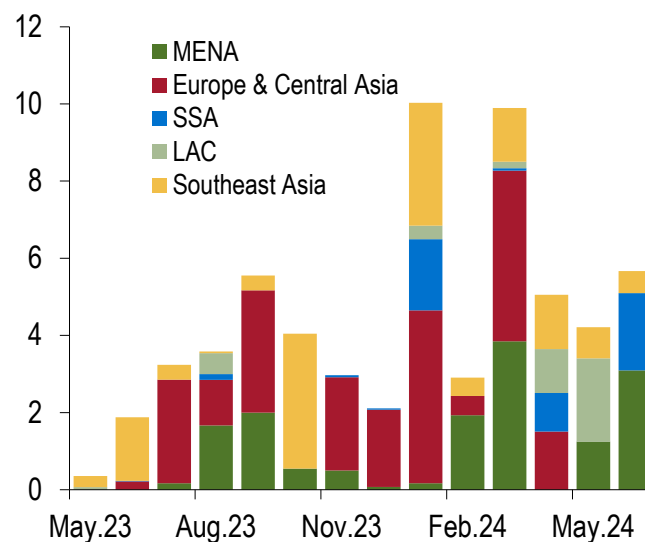


Chart 14. EM Sovereign Amortizations by Region
(US billions)

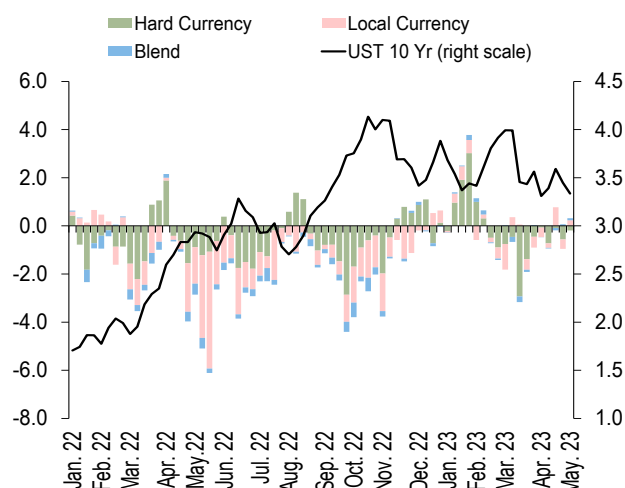


Note: does not include SOEs. MCM list of EMs does not include Czechia, Slovakia, Baltics, or Israel.

Flows: EM Debt Dedicated Funds

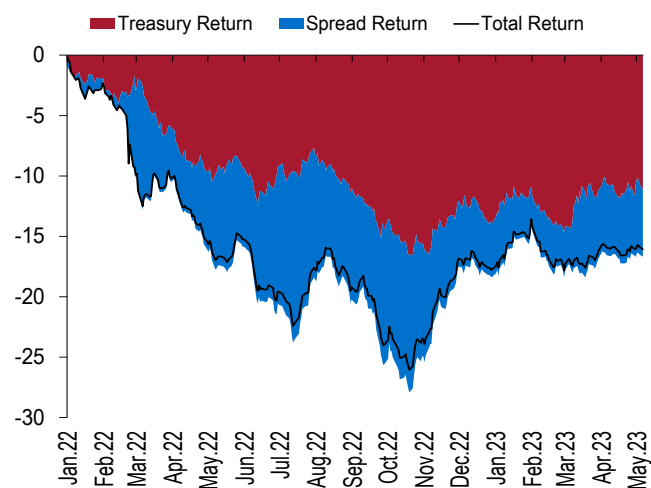
Fund flows deteriorated in mid-February and outflows accelerated in March before stabilizing last week.

Chart 15. Bond Fund Flows and US 10-year yield
(USD billions, 2-week sum; percent)



Returns from falling Treasury yields have been offset by widening spreads on EM bonds.

Chart 16. Sovereign Hard Currency Bond Returns
(cumulative since Jan 2022, percent, based on JPM bond index)



Spreads on Hard Currency Bonds

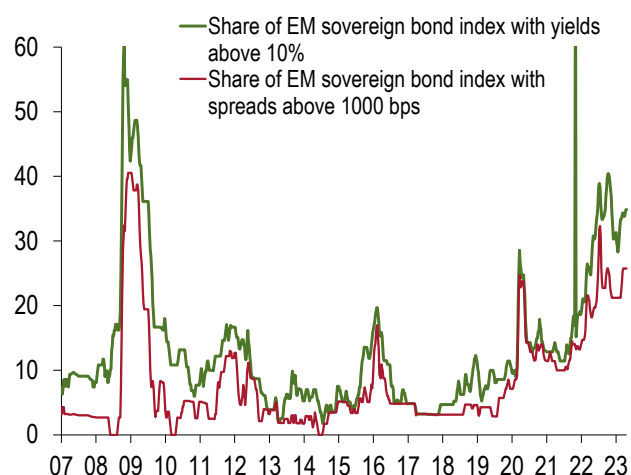
Compared to our March update, the number of countries that saw their spreads widened decreased. Ecuador has been the best performer since the end of March.

Chart 17. Major Laggards and Gainers Last Month on Credit Spreads (Basis points; restricted to issuers with spreads below 2500)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Ecuador	(294)	1,623	Mexico	16	366
Bolivia	(228)	1,333	South Africa	24	367
Tajikistan	(170)	1,086	Poland	30	114
El Salvador	(167)	1,354	Iraq	30	510
Suriname	(112)	2,097	Senegal	35	658
Croatia	(54)	(22)	Colombia	38	420
Mongolia	(33)	486	Ivory Coast	52	479
Kazakhstan	(29)	145	Nigeria	64	926
Vietnam	(28)	137	Cameroon	70	902
Serbia	(25)	242	Turkey	75	516
Costa Rica	(25)	304	Angola	104	876
Azerbaijan	(25)	201	Mozambique	113	1,271
Hungary	(23)	210	Gabon	131	902
Indonesia	(21)	129	Kenya	167	956
Oman	(19)	241	Egypt	309	1,416

The share of EM sovereign issuers trading at distressed levels (spreads >1000 bps) stayed above 25%, with close to 35% having yields above 10%.

Chart 18. Share of Distressed Issuers in EM Bond Index
(share, 3 week average)



Annex

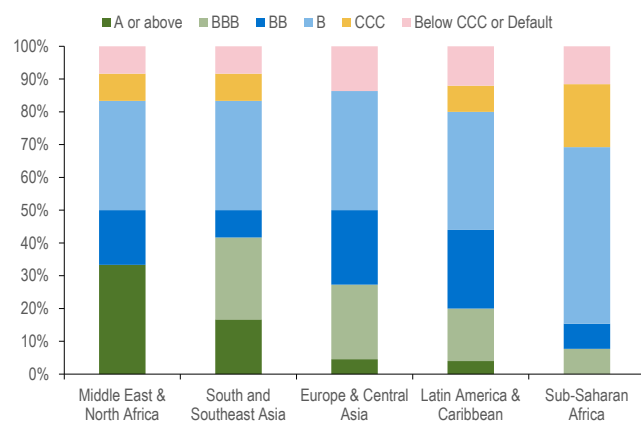
Annex Table 1. Top 2022 Issuers: Sovereign Bonds (USD billions)

Issuer	2021	2022	2023	Feb-23	Mar-23	Apr-23	May-23
Turkey	10.0	13.0	7.4	-	2.2	2.5	-
Romania	8.2	8.5	6.0	-	-	-	-
Indonesia	12.2	8.2	3.0	-	-	-	-
Mexico	9.1	7.3	5.3	-	-	1.3	-
Chile	15.5	7.0	-	-	-	-	-
Hungary	5.3	5.2	4.6	-	0.5	-	-
Poland	-	5.1	8.7	3.7	5.0	-	-
Saudi Arabia	10.0	5.0	9.7	-	-	-	-
Philippines	6.0	4.8	3.0	-	-	-	-
United Arab Emirates	10.9	4.2	1.0	1.0	-	-	-
Panama	4.7	4.0	1.8	-	1.8	-	-
Dominican Republic	2.5	3.6	1.8	-	-	-	-
South Africa	-	3.0	-	-	-	-	-
Bulgaria	-	2.2	1.6	-	-	-	-
Angola	-	1.8	-	-	-	-	-
Croatia	2.4	1.4	-	-	-	-	-
Colombia	6.1	1.3	1.8	-	-	-	-
Nigeria	4.0	1.3	-	-	-	-	-
Pakistan	3.5	1.0	-	-	-	-	-
Uruguay	1.0	1.0	-	-	-	-	-
Bolivia	-	0.9	-	-	-	-	-
Jordan	-	0.6	1.2	-	-	1.2	-
Paraguay	0.9	0.5	-	-	-	-	-
Guatemala	1.0	0.5	-	-	-	-	-
Egypt	6.8	0.5	1.5	1.5	-	-	-
Bahamas, The	-	0.2	-	-	-	-	-

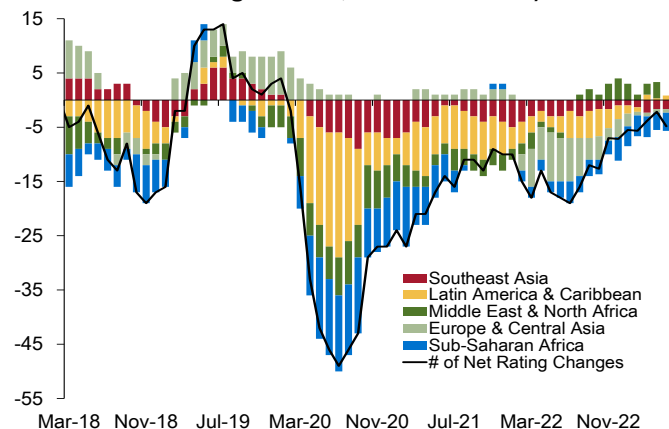
Annex Table 2. Top Issuers: Corporate Bonds (USD billions)

Issuer	2021	2022	2023	Feb-23	Mar-23	Apr-23	May-23
China	93.0	23.9	4.8	1.1	0.5	1.1	0.3
Brazil	24.4	9.6	1.0	1.0	-	-	-
India	14.0	6.0	0.4	-	-	0.4	-
Mexico	17.1	4.3	3.0	-	1.0	-	-
Chile	10.3	3.7	1.4	-	-	0.5	-
Indonesia	8.8	3.0	0.4	-	-	0.4	-
Saudi Arabia	6.9	2.9	6.5	4.5	-	2.0	-
Guatemala	0.7	2.0	-	-	-	-	-
United Arab Emirates	10.6	1.6	1.9	0.0	-	1.9	-
Thailand	1.5	1.3	-	-	-	-	-
Serbia	0.5	1.1	-	-	-	-	-
Malaysia	6.1	1.0	-	-	-	-	-
Hungary	1.2	0.6	-	-	-	-	-
Romania	0.4	0.6	-	-	-	-	-
Peru	3.7	0.5	-	-	-	-	-
Trinidad and Tobago	-	0.5	-	-	-	-	-
Turkey	2.7	0.5	-	-	-	-	-
Georgia	0.5	0.3	-	-	-	-	-
Philippines	3.2	0.1	0.0	-	0.0	-	-
South Africa	5.2	-	2.0	-	-	1.0	-

Annex Table 3. Ratings by Region (share by rating and region)



Annex Table 4. Net Ratings Updates (number of net rating actions, six month sum)



Annex Table 5. Latest Ratings Actions

	New Median rating	Latest			End Apr. 23		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Bolivia	B-	B-	B-	Caa1 *-	B *-		Caa1 *-
El Salvador	CCC+	CCC+	CCC+	Caa3	CCC+	CC	Caa3
Guatemala	BB	BB	BB	Ba1	BB-	BB	Ba1
Saudi Arabia	A+	Au	A+	A1	Au	A	A1
Ukraine	CC	CCC	CC	Ca	CCC+	CC	Ca
Uruguay	BBB	BBB+	BBB-	Baa2	BBB		Baa2

Note: Annex Table 4 incorporates S&P, Fitch, and Moody's ratings agencies. Size of ratings adjustment not reflected; a ratings change by any agency counts as "1".