



AUGUST HIGHLIGHTS:

- **Total international sovereign and nonfinancial corporate issuance moderated to \$5.6 billion in a typically slow August.** YTD 2025 issuance has reached \$247.7 billion, an increase of +27% y/y (Chart 1), driven largely by strong activity in the first quarter of the year.
- **Monthly sovereign issuance was minimal at \$0.8 billion, consisting of:**
 - Indonesia's inaugural Australian dollar-denominated Kangaroo bonds. The sovereign raised A\$800 million across 5-and 10-year issuances, at 4.4% and 5.3% respectively, which attracted demand of about 10 times the issuances size. In May, the sovereign issued Samurai bonds and also plans to tap the offshore yuan market with a Dim Sum bond later this year.
 - UAE Abu Dhabi's \$250 million tap on its existing 2029 issuance.
- **Nonfinancial corporate issuance moderated to \$4.9 billion,** led by Asia (\$2.9 billion) with LATAM and CEEMEA contributing \$1 billion each. Despite the moderation from July, it was the most issued in the month of August since 2021.
- **EM sovereign spreads broadly continue to grind tighter in August although frontier spreads lagged** (Chart 2). Notably, investment grade benchmark spreads have tightened to the narrowest levels since 2007. In contrast, frontier sovereigns' spreads performance remains heterogeneous. Coupled with persistently high US Treasury yields, close to 20% of sovereigns continue to trade above 10% absolute yield level (Chart 21).
- **EM funds inflows continued through August.** However, inflows into hard currency bond funds remained subdued (Chart 17) despite the recent tightening of spreads. On a cumulative basis, fund flows are still negative, at -1.5% of AUM, though the cumulative YTD flows is an improvement compared to the levels observed in the past three years (Chart 18).
- **Four sovereigns had their credit ratings upgraded in August:**
 - Dominican Republic: Moody's upgraded the sovereign rating to Ba2 from Ba3, citing strong economic growth, a more diversified economy, and improvements in institutional quality and policy frameworks.
 - India: S&P raised the rating to BBB from BBB-, reflecting robust economic growth, strengthened commitment to fiscal consolidation, and enhanced monetary policy setting that anchors inflation expectations.
 - Kenya: S&P upgraded the rating to B from B-, noting reduced near-term external liquidity risks and stronger FX reserve buffers supported by resilient export earnings and remittance inflows.
 - Pakistan: Moody's raised the rating to Caa1 from Caa2, highlighting an improved external position and steady progress on economic reforms.
- **Issuances are likely to rise in the coming month.** Several EMs have maturities or coupons due in October (Chart 14) and primary market activities are expected to pick up. According to market analysts, potential issuers in the coming months include Kuwait, Panama, the Philippines, Poland, and Romania in the investment-grade segment. Bahrain, Brazil, Colombia, Oman, South Africa, Egypt, Kenya, Cameroon, and Türkiye are also possible issuers in the high-yield space.

Overview

Chart 1. Pace of EM Sovereign and Corporate International Issuance

(USD billions, ex. CHN corporates, range since 2011)

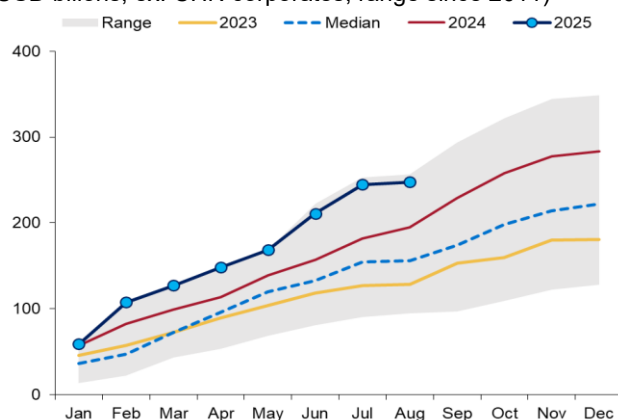
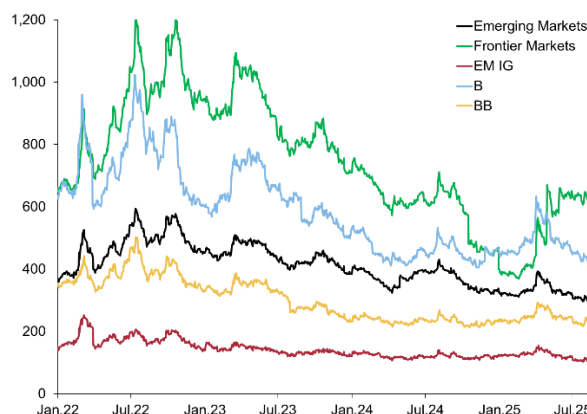


Chart 2. Emerging and Frontier Market Benchmark Spreads
(Basis points)



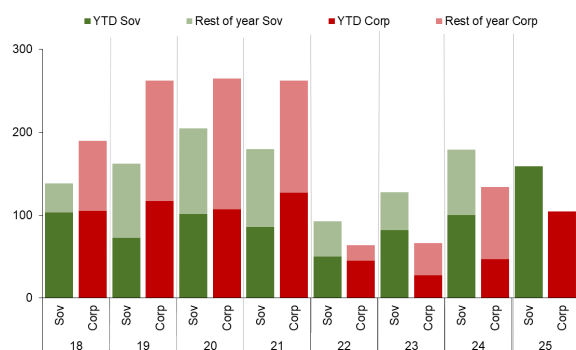
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

Sources: Bloomberg, Bond Radar (issuance), EPFR (fund flows), JPMorgan (spreads), analyst reports, and IMF Staff.

Issuance Detail: Emerging Market Corporates and Sovereigns

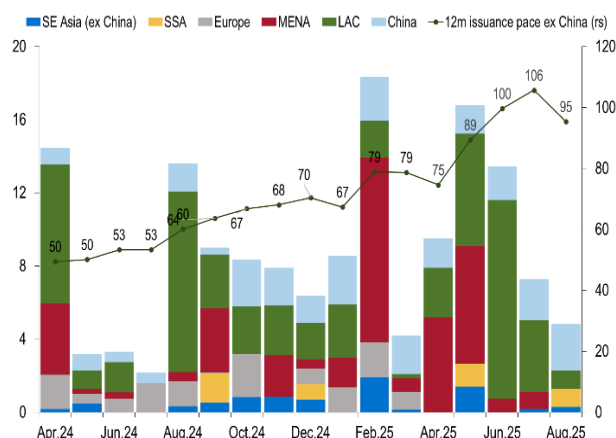
Sovereign issuance is on track to exceed 2024 levels, while corporate issuance has surged to its highest level since 2021

Chart 3. Total Sovereign and Corporate Issuance
(Historical monthly patterns, USD billions)



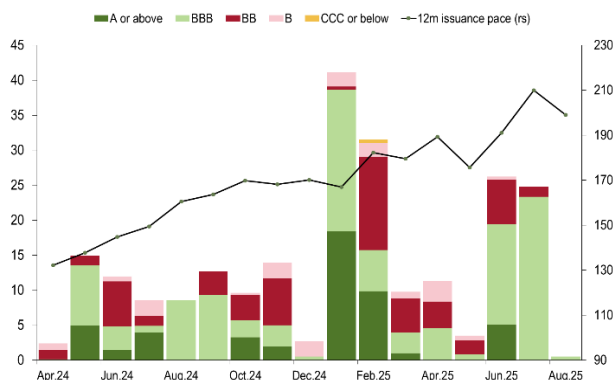
Despite the recent moderation, corporate issuances remain supported with the trailing 12-month issuances up more than +50% y/y

Chart 5. Corporate International Bond Issuance by Region (USD billions)



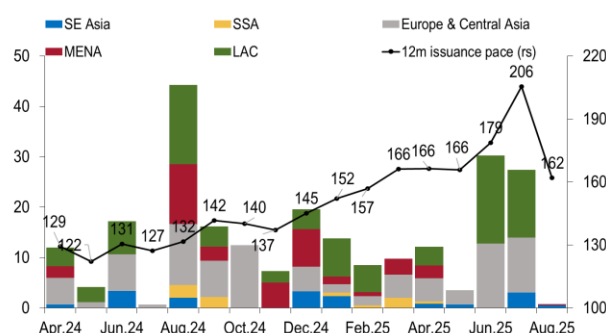
Sovereign issuances were subdued in August, and mostly from BBB (Indonesia)

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



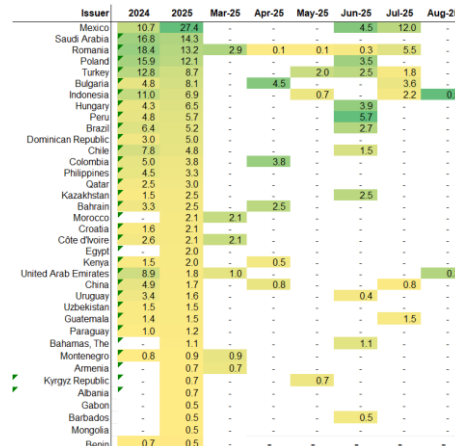
Sovereign issuances in August were limited to Abu Dhabi (UAE) and Indonesia

Chart 4. EM Sovereign International Bond Issuance by Region (USD billions)



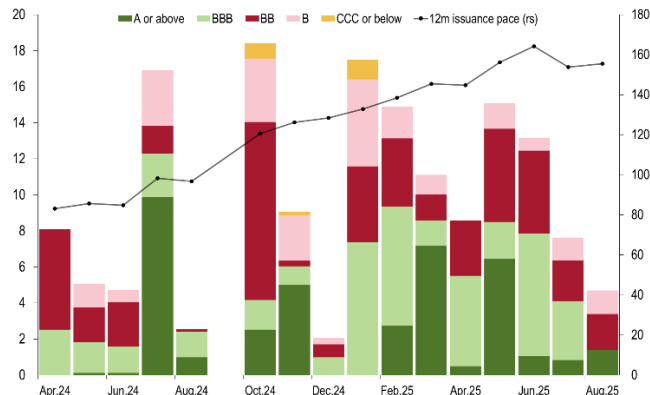
37 sovereigns have issued hard currency bonds in 2025, compared to 39 sovereigns in 2024

Chart 6. Country Sovereign Issuance Totals
(USD billions)



HY corporates (including financials) continue to access markets (China, India, Türkiye and Zambia issuers)

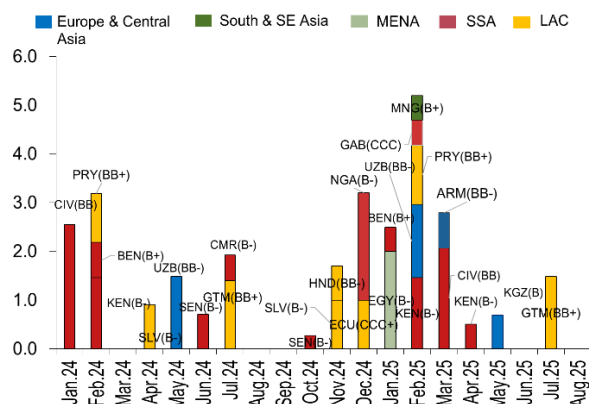
Chart 8. Corporate Hard Currency Issuance by Rating
(USD billions)



Issuance Detail: Emerging Market Corporates and Sovereigns

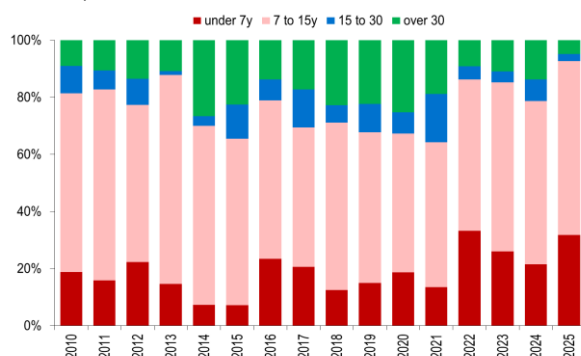
Frontier issuances were muted in August, while July saw issuances from Guatemala (2036 and 2055 tranches)

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



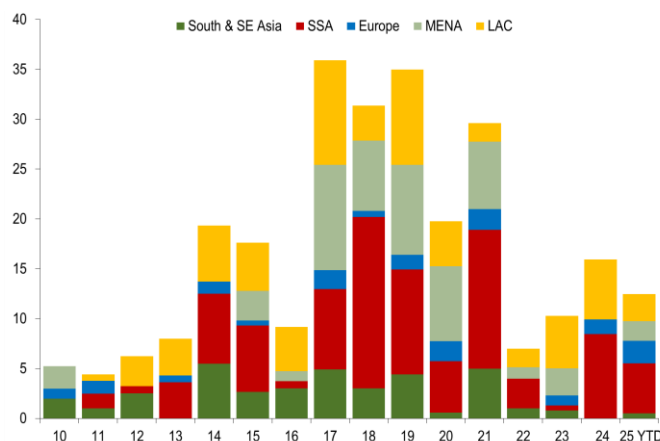
YTD 2025 issuances were mainly in the sub 15 years segment, with lesser issuances in the ultra-long maturities

Chart 11. EM Sovereign Issuance by Maturity
(Percent)



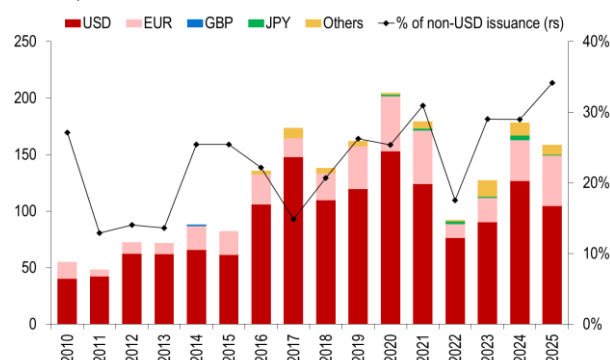
YTD 2025 frontier issuances have exceeded 2022 and 2023 full-year levels

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



YTD 2025 non-US Dollar issuance volume constituted 34% of overall volume, the highest in at least 15 years, and primarily driven from EUR issuances

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

Upcoming maturities are concentrated for next month in October, as well as January and April 2026

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

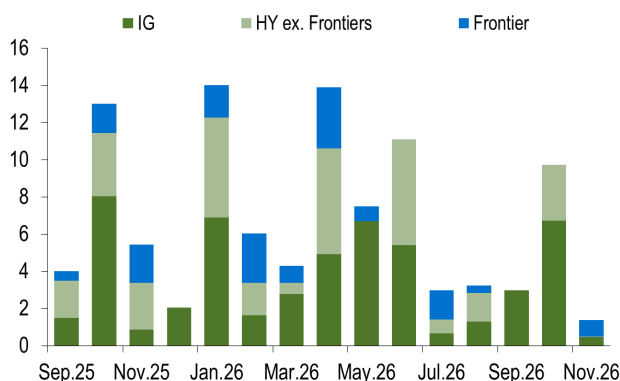
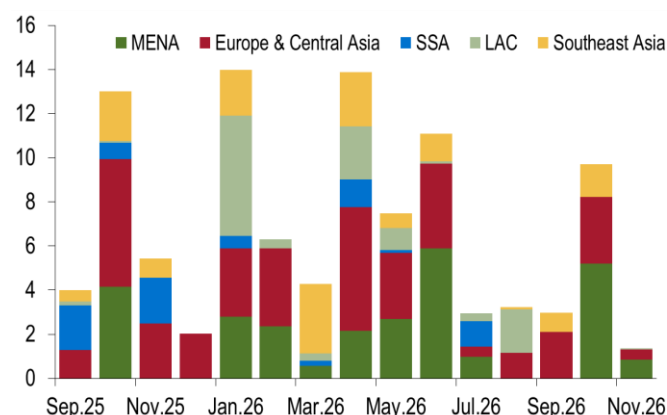


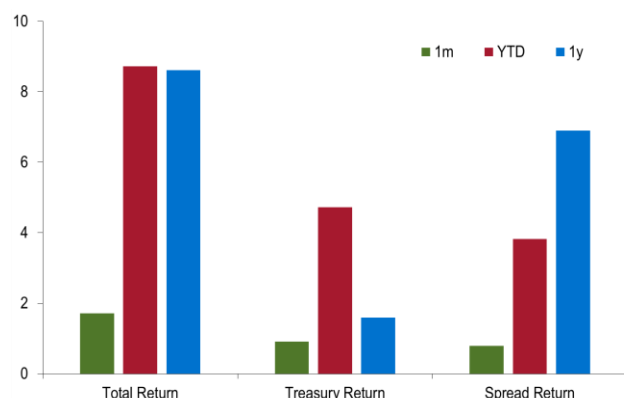
Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

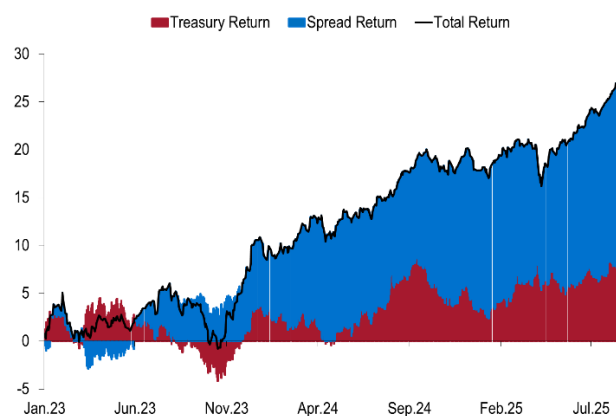
In the past month, tightened spread and lower US Treasury yields have supported asset class returns...

Chart 15. Sovereign Hard Currency Bond Returns (percent)



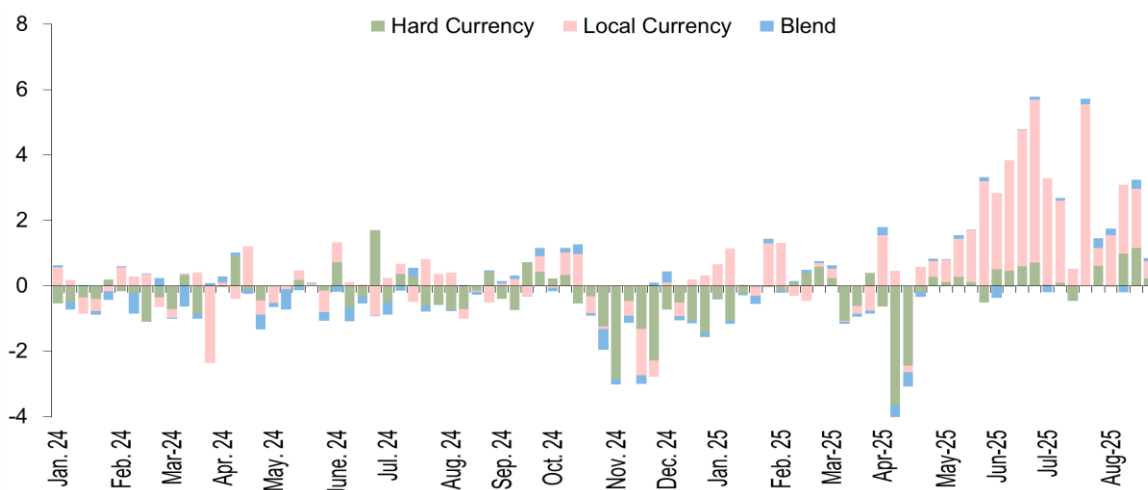
...with spreads compression contributing most of the asset class returns since 2024, and since April 2025

Chart 16. Sovereign Hard Currency Bond Returns (percent, cumulative since Jan. 23)



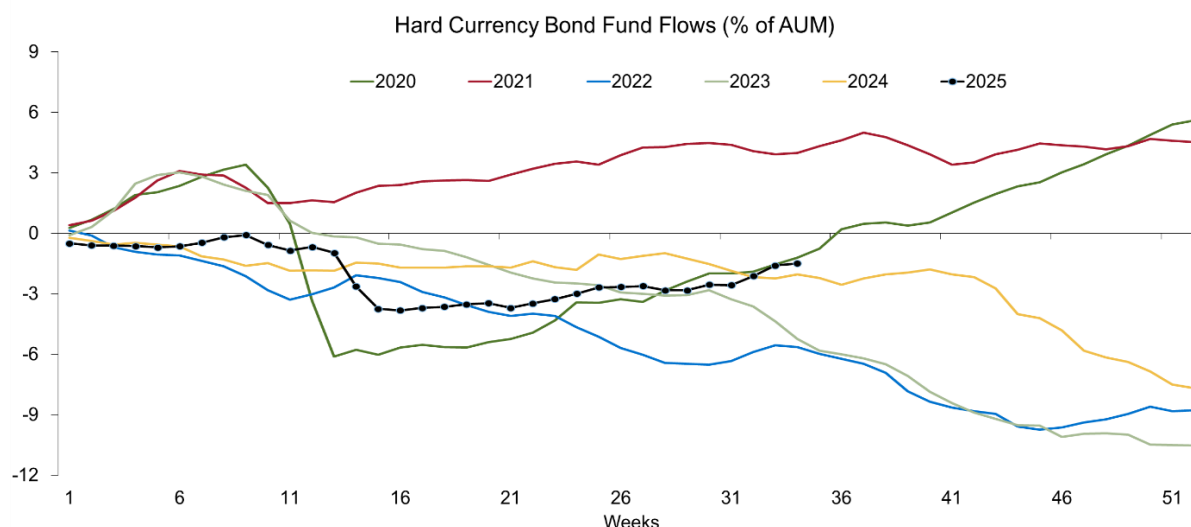
After a surge in June, bond fund flows have slowed in recent weeks, with hard currency funds continue to post small inflows

Chart 17. ETF and Mutual Fund Flows (USD billions)



YTD 2025 cumulative flows is still negative, but has improved compared to 2023 and 2022 levels

Chart 18. Hard Currency Fund Flows (percent of AUM, cumulative, by year)



Sovereign Spreads and Yields

Spreads movements were mixed in August, driven by domestic idiosyncrasies...

Chart 19. Major Laggards and Gainers Last Month on Credit Spreads (Basis points; restricted to issuers with spreads below 2500)

Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Bolivia	(159)	1,327	Saudi Arabia	1	82
Ukraine	(78)	1,064	Ivory Coast	2	377
Cameroon	(48)	827	India	4	71
Armenia	(35)	214	Georgia	5	275
Mozambique	(33)	857	Romania	7	207
Ecuador	(33)	756	Azerbaijan	9	118
Kenya	(28)	492	Oman	9	106
Colombia	(27)	282	Serbia	12	140
Panama	(25)	206	Pakistan	12	473
Angola	(22)	635	Senegal	15	755
Trinidad And Tobago	(20)	232	Sri Lanka	17	344
Nigeria	(16)	429	Suriname	31	417
Mexico	(15)	228	Iraq	34	205
El Salvador	(13)	400	Gabon	38	819
Peru	(11)	131	Mongolia	53	294

...although on aggregate, all-in yields have eased for most EMs

Chart 20. Distribution of Yields in EM Bond Index (share, 4-week average)

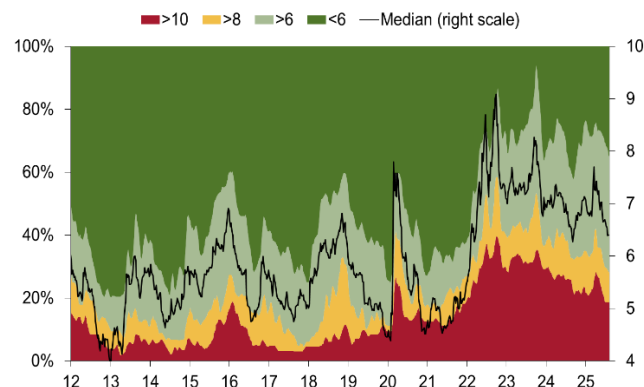


Chart 21. Share of Distressed Issuers in EM Bond Index (share, 3-week average)

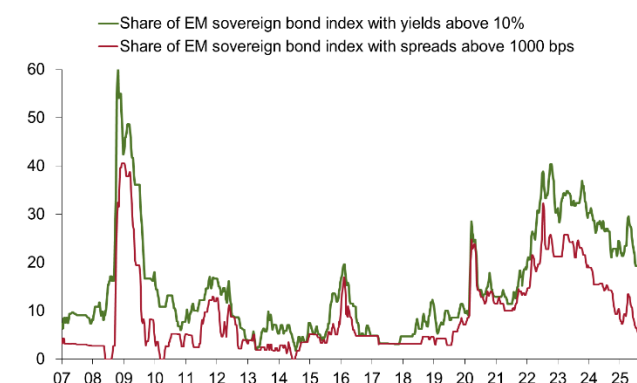


Chart 22. EM Yields and Spreads Decomposition (percent)

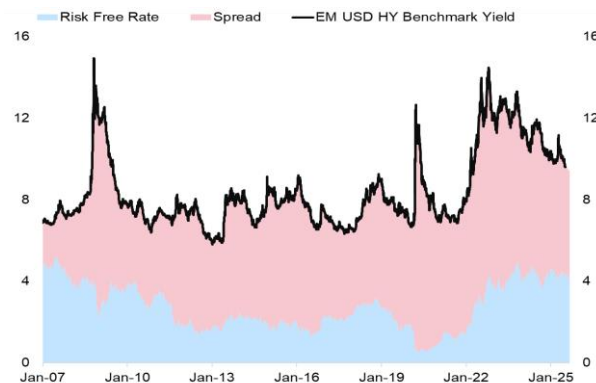
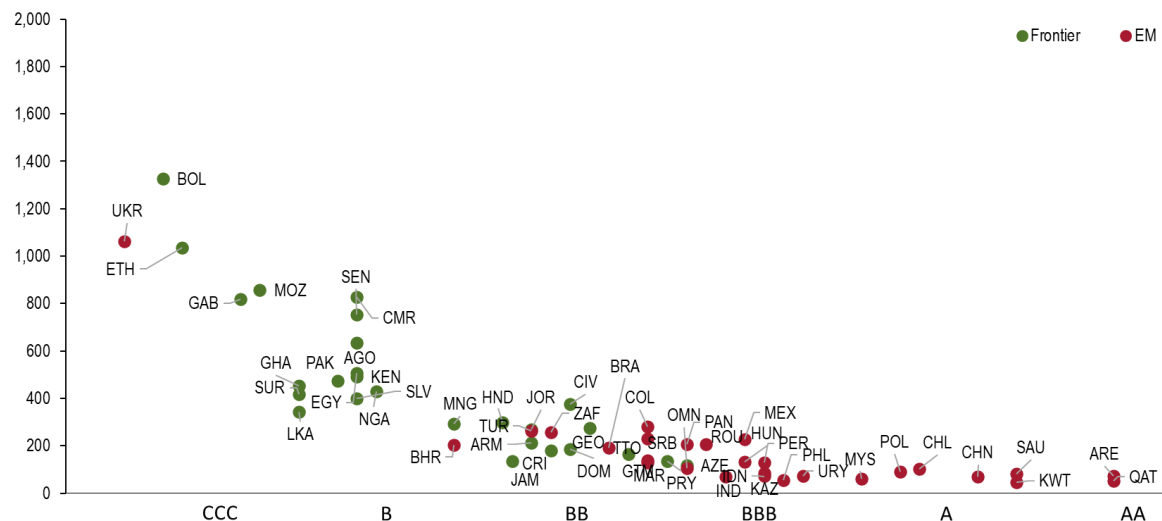


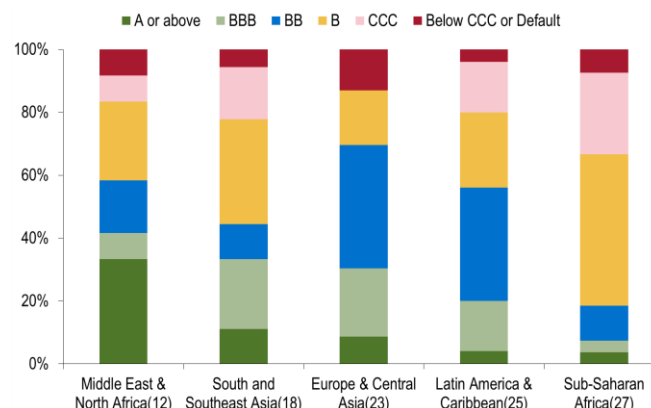
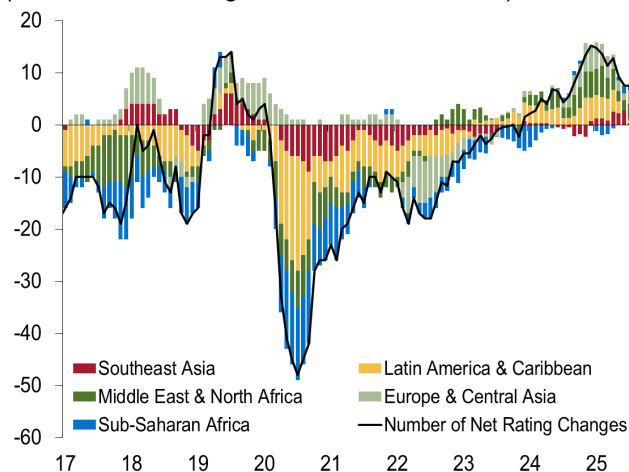
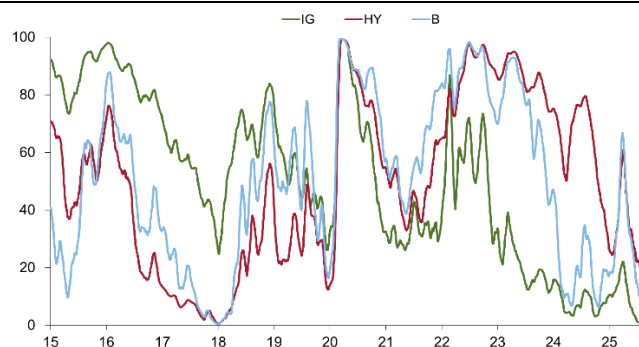
Chart 23. Spreads by Rating and Country (basis points, median rating)



Annex

Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

Maturity (yrs)	A or above			BBB			BB			B		
	<7	7 to 15	>15	<7	7 to 15	>15	<7	7 to 15	>15	<7	7 to 15	>15
Jan.21	2.4	3.3		2.4	3.6		4.8	4.8	5.9		4.4	6.3
Feb.21										3.9	5.9	7.5
Mar.21		3.5		3.2	3.7					3.0	7.9	8.9
Apr.21	2.1	3.1		3.3	4.2		2.8					
May.21	2.5	3.1		4.4								
Jun.21				1.5	2.3	3.8	5.1	4.3	4.8	3.5	5.4	
Jul.21	2.6	3.1		2.7	3.2					6.0	7.1	8.9
Aug.21												
Sep.21	1.9	3.1		2.1	3.2		5.4	4.7		5.8	6.9	8.5
Oct.21	2.0	3.1		3.0	3.6			5.2				
Nov.21	2.3	3.3									4.8	
Dec.21												
Jan.22	2.8	3.5	4.0	3.0	3.5	4.5	3.8				8.0	
Feb.22							5.8			7.3	7.5	
Mar.22		4.3		3.2	3.6	4.3				8.6	8.4	
Apr.22							5.9	7.3			8.8	
May.22				4.8	5.4							
Jun.22	4.1	5.0		5.4								
Jul.22							5.3					
Aug.22					5.4							
Sep.22				4.2	4.7	5.5						
Oct.22	5.3	5.5		5.2	5.7	6.0				9.8		
Nov.22	5.5	5.8		6.4	7.6		8.0			9.9		
Dec.22										9.9		
Jan.23	4.8	4.9	5.0	5.0	5.9	6.4	6.3	7.0			9.4	
Feb.23					6.5					10.9		
Mar.23	4.9	5.5		6.1	6.3	6.9	6.0	6.5		9.4		
Apr.23					6.3	7.5	6.0				7.7	
May.23	4.2	4.3										
Jun.23	5.0	5.3					6.2					
Jul.23				6.4								
Aug.23												
Sep.23	4.9			6.3	6.9		7.1					
Oct.23		3.4					7.9					
Nov.23	6.5			5.8	5.7		7.1	8.0	8.2			
Dec.23												
Jan.24	4.8	5.0	5.8	5.1	5.6	5.8	6.9	7.1				
Feb.24				7.3	7.9		7.0				7.8	
Mar.24	4.6	5.1	5.5				8.0	8.8	4.8		7.3	
Apr.24	4.9	5.0	5.5				6.9					
May.24	5.0	5.0		5.3	5.6		6.2					
Jun.24	4.5	4.9		6.4			6.3				8.3	
Jul.24	4.3											
Aug.24				5.5	4.9	5.2						
Sep.24				5.3	5.2		6.5					
Oct.24	4.2			5.1			7.8	8.4				
Nov.24	6.0			5.0	5.3	5.7	6.5	7.9	8.0		5.9	9.7
Dec.24										9.6	10.4	
Jan.25	5.3	5.6		5.6	6.0	6.6		8.4	8.6	9.5		
Feb.25	4.9	5.3		6.5			6.9	6.9	6.6	9.5		
Mar.25		5.0					7.4					
Apr.25							8.5				7.3	
May.25							7.3			7.8		
Jun.25				5.4	5.8	6.8	6.1	7.4			8.0	
Jul.25				5.3	5.9		6.3	6.9				
Aug.25	4.9											

Annex Table 2. Ratings by Region
(share by rating and region)**Annex Table 3. Net Ratings Updates**
(number of net rating actions, six-month sum)**Annex Table 4. Sovereign Spreads by Percentile and Rating (4-week average).****Annex Table 4. Latest Ratings Actions**

	New Median rating	Latest			End Jul. 25		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Dominican Republic	BB	BB	BB-	Ba2	BB	BB-	Ba3
India	BBB-	BBBu	BBB-u	Baa3	BBB-u	BBB-u	Baa3
Kenya	B-	B	B-	Caa1u	B-	B-	Caa1u
Pakistan	B-	B-	B-	Caa1	B-	B-	Caa2

Note: Annex Table 3 incorporates S&P, Fitch, and Moody's ratings agencies. Size of ratings adjustment not reflected; a ratings change by any agency counts as "1".