



JANUARY HIGHLIGHTS:

- **Total sovereign and nonfinancial corporate (ex-China) international debt issuances by emerging- and frontier markets reached its highest monthly volume on record in January 2026 – amounting to \$92 bn – roughly 56% higher y/y** (Chart 1). Issuance was driven by heavy investment-grade front-loading, as sovereigns and corporates took advantage of supportive market conditions. This follows after a record annual issuance pace in 2025 as a whole (\$386.9 bn, up +37% y/y).
- **Sovereign issuance amounted to \$61.6 bn in January, roughly 50%/y/y higher.** Strong front-loading of funding plans, supportive market conditions, and still-compressed spreads enabled sovereigns to tap markets aggressively at the start of the year. Notable deals include the issuance from several frontier sovereigns namely Ecuador (CCC+), Benin (B+), Cameroon (B-) and Georgia (BB):
 - **Ecuador (CCC+) raised \$4 bn in its largest-ever international bond issuance since its 2020 restructuring, placing 2034 and 2039 notes at yields of 8.75% and 9.25%, respectively.** Proceeds are intended to support a buyback of outstanding debt;
 - **Benin (B+) raised \$850 mn, including its inaugural dollar sukuk, with the 7-year tranche priced at 6.2%.** Strong demand (more than \$7bn of orders) enabled pricing below initial guidance (at 6.875%);
 - **Cameroon (B-) raised \$750 mn through a 5-year bond at 10.125%,** helping to bolster external financing buffers;
 - **Georgia (BB) issued \$500 mn in 5-year notes at 5.375%, refinancing bonds due in April and extending its maturity profile.**
- **Nonfinancial corporate issuance (ex-China) also reached a record monthly level at \$30.4 bn in January (72% y/y), led by MENA (\$12.5 bn) and Latin America (\$9.6 bn).** While high-yield issuance declined as a share of total issuance, HY volumes remained high in absolute terms.
- **EM sovereign spreads continued to tighten in January (Chart 2),** leaving spreads near multi-year tight spots and supporting market access across ratings buckets, including for lower-rated frontier issuers.
- **EM funds inflows have been volatile since December 2025.** Net inflows were observed for both hard-currency and blended funds in January 2026 while local currency bond funds saw outflows (Chart 17).
- **EM sovereign credit rating upgrades continue to outpace downgrades.** In January, four sovereigns with initial ratings of CCC or lower received upgrades (Bolivia, Ecuador, Kenya and Ukraine).
- **In early February, funding conditions remained conducive.** A notable issuance is the **Republic of Congo (CCC+)**, which raised \$700 million through a 7-year weighted-average-life amortizing bond priced at a yield of 11.625% (9.5% coupon). The bond was issued at a discount and was reportedly nearly three times oversubscribed, reflecting continued investor demand for high-yield African sovereign paper amid compressed spreads. Other sovereigns also tapped primary markets, including Brazil, Dominican Republic, Panama, Paraguay, Poland, and Türkiye.
- **Looking ahead, analysts anticipate potential issuances from Malaysia, Morocco, Kenya and the Democratic Republic of Congo,** while Angola is reportedly considering a debt-for-education swap.

Overview

Chart 1. Pace of EM Sovereign and Corporate Issuance
(USD billions, ex. CHN corporates, range since 2011)

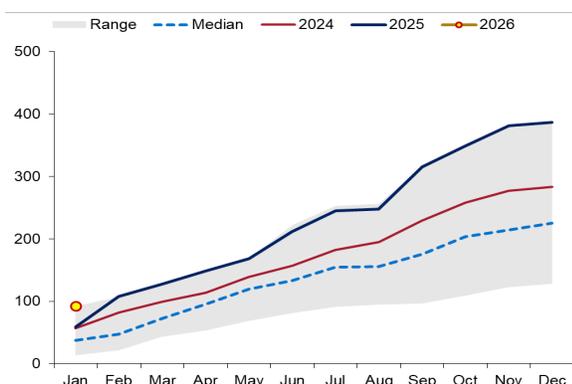


Chart 2. Emerging and Frontier Market Benchmark Spreads
(Basis points)



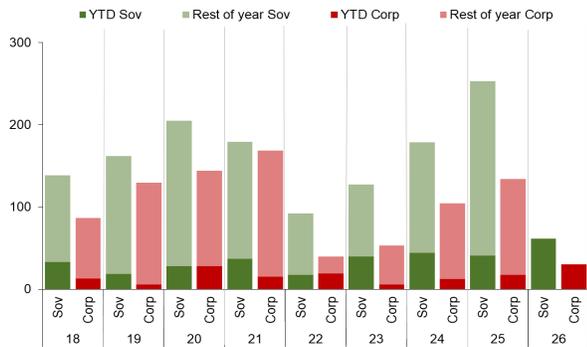
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

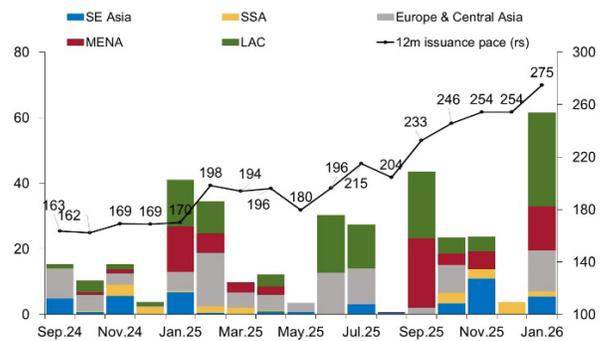
January 2026 recorded the highest monthly sovereign and corporate issuances on record

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



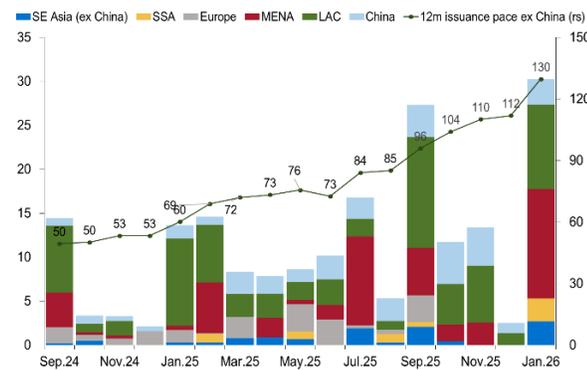
Latin America, MENA led sovereign issuances in January, driven by deals from Mexico and Saudi Arabia.

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



Corporate issuances in January were also led by MENA and Latin America

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



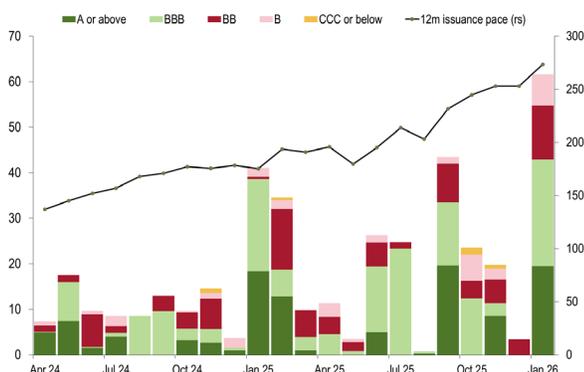
Mexico, Saudi Arabia and Colombia were amongst the largest sovereign issuers in January, tapping the EUR and USD markets

Chart 6. Country Sovereign Issuance Totals (USD billions)

Issuer	2026	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Mexico	14.5	-	13.9	-	-	-	14.5
Saudi Arabia	11.4	-	5.4	-	-	-	11.4
Colombia	4.9	-	4.8	-	2.3	-	4.9
Chile	4.3	-	-	-	-	-	4.3
Ecuador	4.0	-	-	-	-	-	4.0
Poland	3.8	-	-	-	-	-	3.8
Hungary	3.5	-	-	-	-	-	3.5
Turkey	3.5	-	2.0	2.3	-	-	3.5
Philippines	2.7	-	-	-	-	-	2.7
Indonesia	2.7	0.5	-	3.4	2.0	-	2.7
Bahrain	2.1	-	-	2.5	-	-	2.1
North Macedonia	1.1	-	-	-	-	-	1.1
Trinidad and Tobago	1.0	-	-	-	-	-	1.0
Benin	0.9	-	-	-	-	-	0.9
Cameroon	0.7	-	-	-	-	-	0.7
Georgia	0.5	-	-	-	-	-	0.5

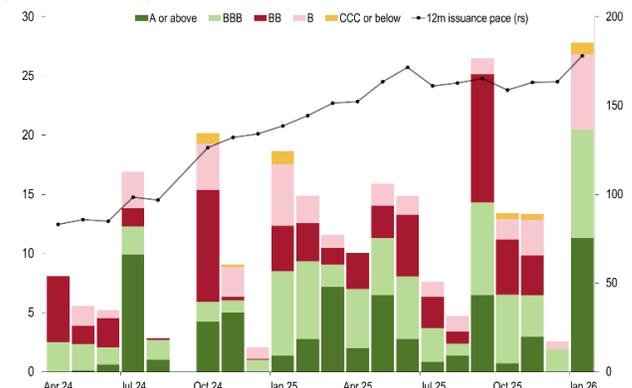
Sovereign issuances were generally broad-based across the rating spectrum, with share of issuances by high-yield sovereigns around 30% of total volume

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



For corporates, the proportion of HY issuances also represented around a third of rated issuances in January 2026

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



Issuance Detail: Emerging Market Corporates and Sovereigns

International debt issuance in frontier markets was strong in January, with deals from Ecuador, Benin, Cameroon and Georgia

Frontier market issuance increased to \$6.1 bn in January 2026, more than double the issuance volume in January 2025

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

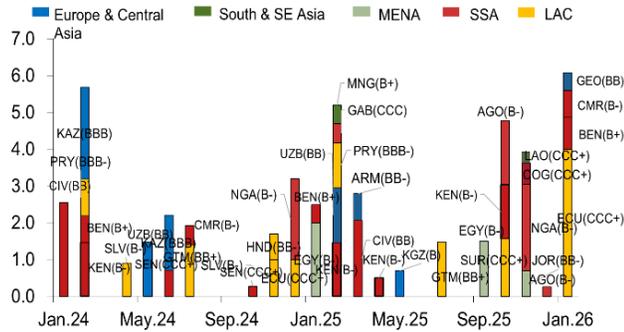
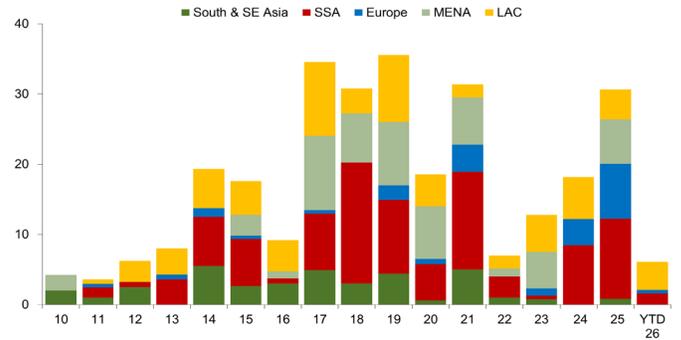


Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



January issuance remained concentrated in the short-to medium-term segment, with roughly a third maturing within seven years.

The majority of issuance continues to be denominated in USD, with EUR-denominated debt amounting to just over a quarter of total January volume.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)

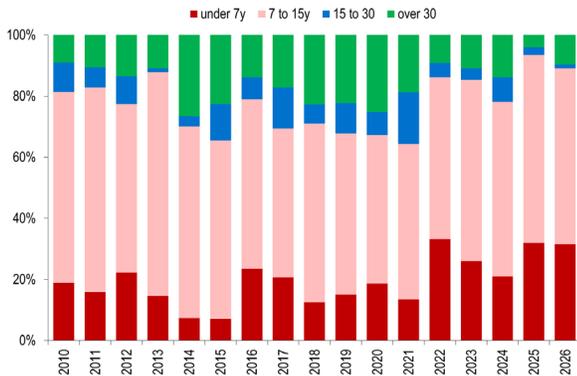
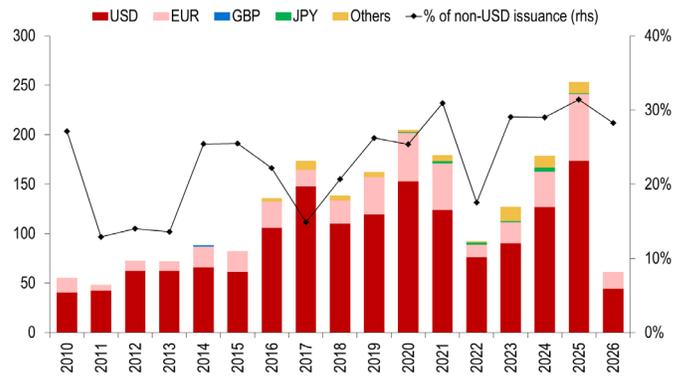


Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

EM sovereigns' funding needs are expected to peak in the next quarter, before easing later in the year

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

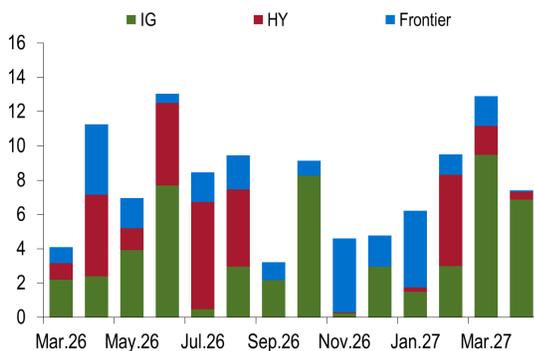
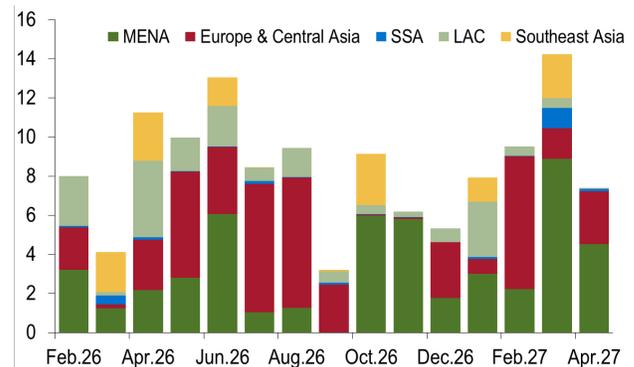


Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

Over the past month, both spreads and USTs continued to positively contribute to the asset class's returns

Spread compression accounted for the bulk of the asset class returns since the US Fed funds rate peaked in mid-2023

Chart 15. Sovereign Hard Currency Bond Returns (percent)

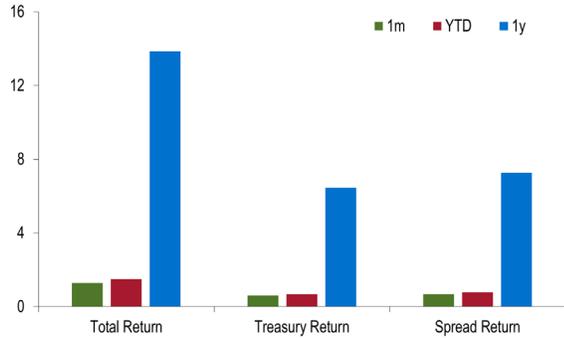
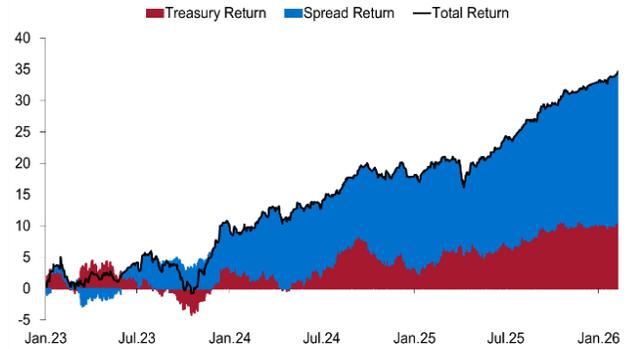
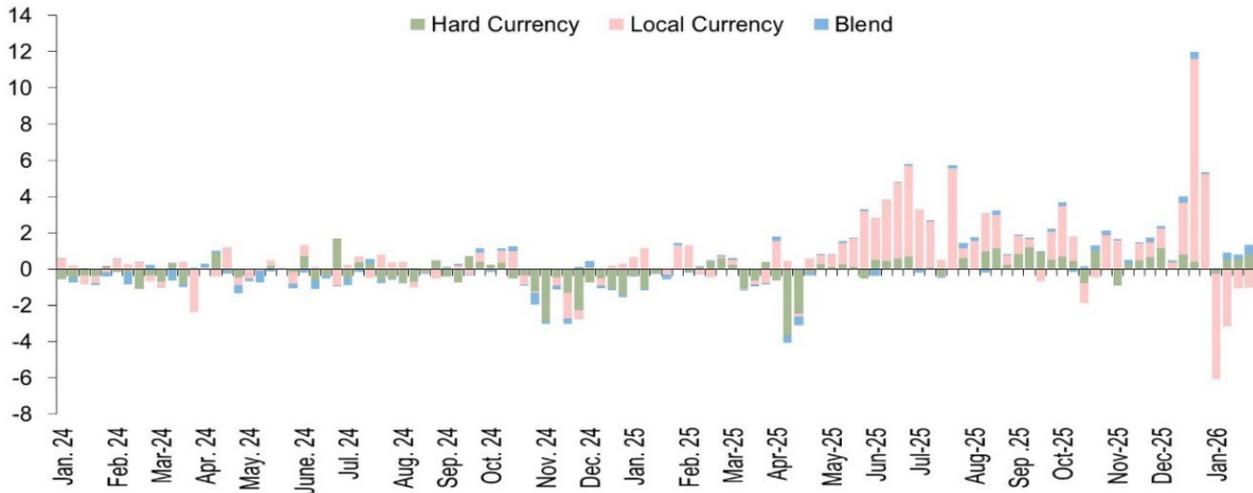


Chart 16. Sovereign Hard Currency Bond Returns (percent, cumulative since Jan. 23)



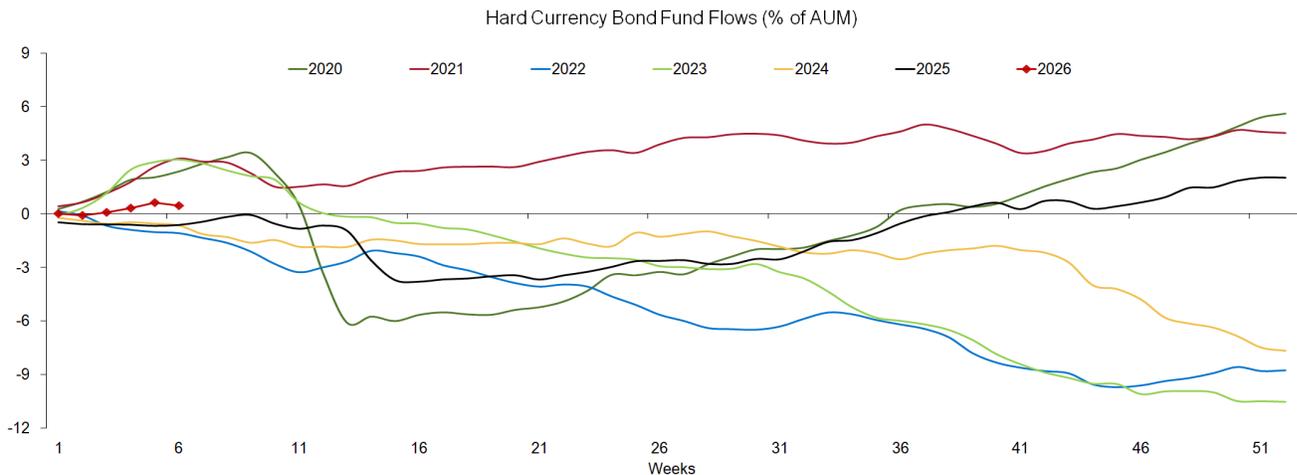
Fund flows were volatile for local currency mandates, driven by large swings in China-based fund flows in last few weeks of 2025 and in early 2026

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



Hard-currency funds remained positive in January 2026, after reversing a three-year outflow trend in late 2025

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



Sovereign Spreads and Yields

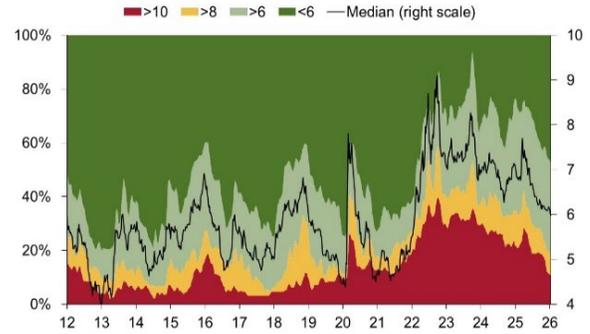
Spreads were broadly tighter for most sovereigns in January. Gabon saw the largest tightening with market contacts pointing to a tilt toward an IMF-backed program while Ethiopia's spreads saw the largest widening.

With spreads compressing and UST yields declining, all-in EM yields have fallen, while the percentage of EMs with yields exceeding 10% declined to near 10% in January, a post-pandemic low

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

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

Top-15 Leaders			Top-15 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Gabon	(284)	780	Azerbaijan	2	94
Sri Lanka	(113)	179	Philippines	3	65
Georgia	(97)	184	Morocco	3	120
Bolivia	(93)	576	Saudi Arabia	3	87
Ukraine	(87)	847	Oman	4	105
Cameroon	(71)	661	Paraguay	4	108
Ecuador	(62)	439	Ivory Coast	5	265
Mozambique	(49)	960	Ghana	5	303
Mongolia	(47)	183	Indonesia	6	81
Honduras	(45)	194	Kazakhstan	14	87
Pakistan	(43)	349	South Africa	17	204
Kenya	(27)	373	Egypt	20	360
Senegal	(24)	1,302	Bahrain	21	227
Serbia	(18)	115	China	25	67
Angola	(17)	548	Iraq	25	210



...while the number of EMs with spreads above 1,000bps decreased to ~5% from ~9% at the end of September 2025.

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

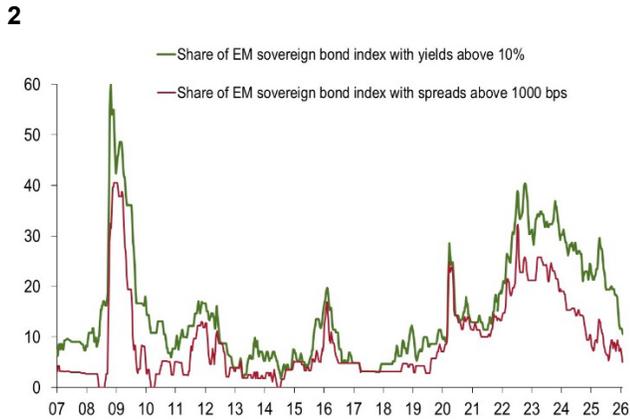


Chart 22. EM Yields and Spreads Decomposition (percent)

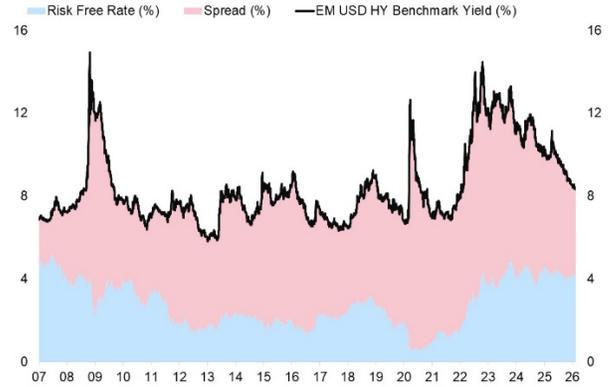
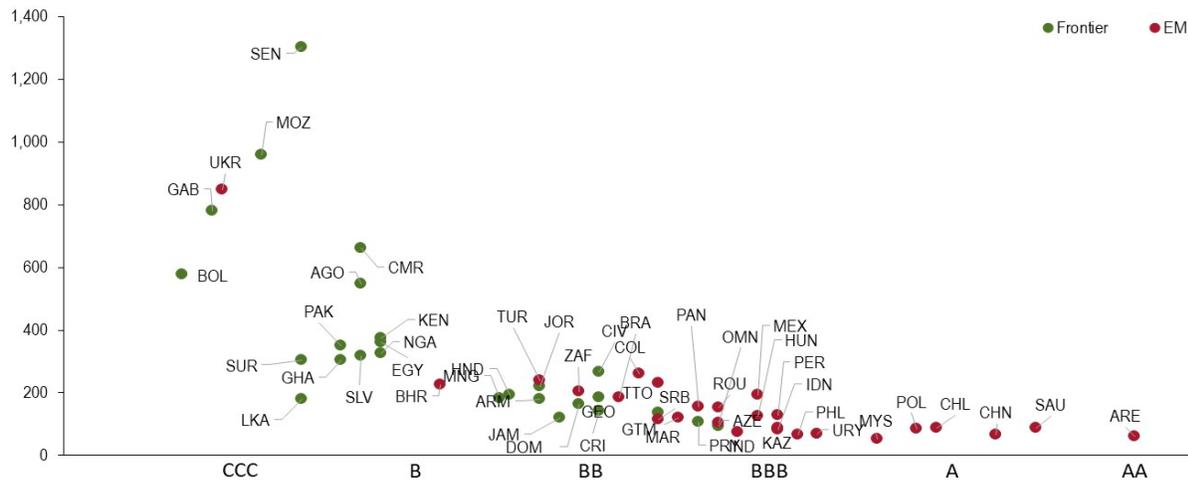


Chart 23. Spreads by Rating and Country (basis points, median rating)

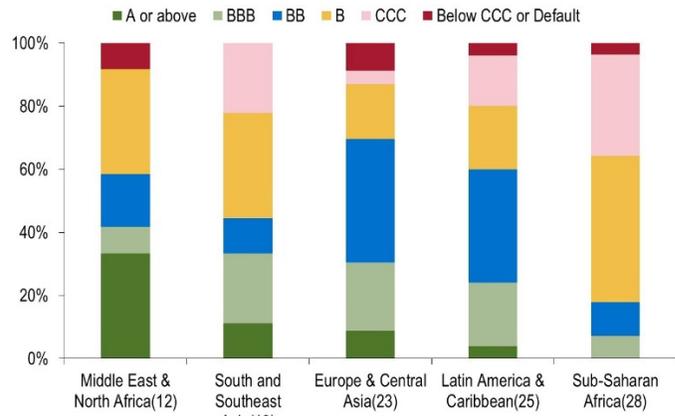


Annex

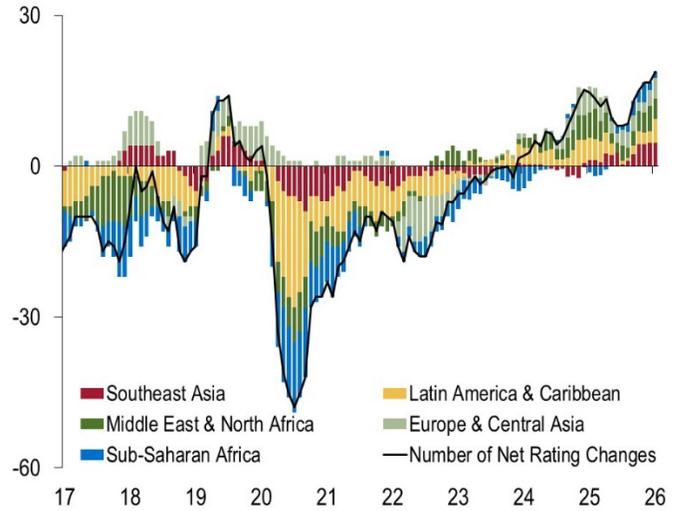
Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

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												
Aug 22				5.4			5.3					
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				7.7	
Mar 24	4.6	5.1	5.5								7.3	
Apr 24	4.9	5.0	5.5				8.0	8.8	4.8			
May 24	5.0	5.0		5.3	5.6		6.9					
Jun 24	4.5	4.9					7.1	6.3				
Jul 24	4.3						6.3				8.3	
Aug 24				5.5	4.9	5.2						
Sep 24				5.3	5.2		6.5					
Oct 24				5.1			7.8	8.4				
Nov 24	4.2			5.0	5.3	5.7	6.5	7.9	8.0		5.9	
Dec 24	6.0									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							7.4				7.3	
May 25							7.3				7.8	
Jun 25				5.4	5.8	6.8	6.1	6.6			8.1	
Jul 25				5.3	5.9		6.3	6.9				
Aug 25	4.9											
Sep 25	4.1	4.8		4.8	5.5		5.5	7.0	7.3	7.2		
Oct 25				4.4	5.0		6.3			9.2	7.8	
Nov 25	3.6	4.3		4.5	5.1		6.0			8.6		9.1
Dec 25							6.3		7.3			
Jan 26	4.3	4.9	5.9	4.8	5.6	6.1	5.9	6.6		8.0		

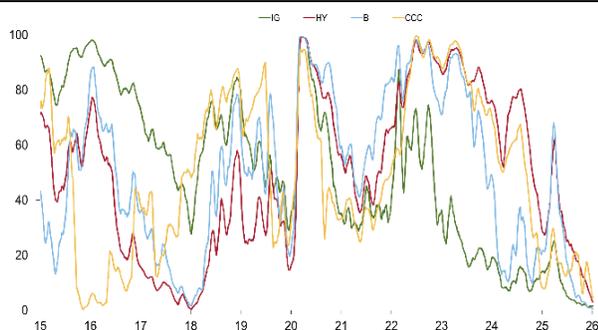
Annex Table 2. Ratings by Region (share by rating and region)



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 5. Latest Ratings Actions

New median rating	Latest			End Dec. 25		
	S&P	Fitch	Moody's	S&P	Fitch	Moody's
Bolivia	CCC-	CCC	Ca	CCC-	CCC-	Ca
Ecuador	CCC+	CCC+	Caa1	B-	CCC+	Caa3
Kenya	B-	B-	B3u	B	B-	Caa1u
Ukraine	CCC	CCC+	Ca	SD	NR	Ca

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