GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Emerging and Frontier Markets Issuance

Thursday July 9, 2026

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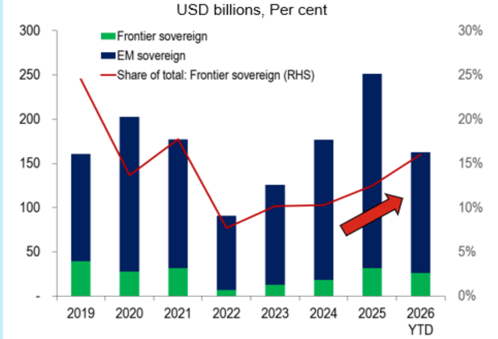
HIGHLIGHTS:

- **International debt issuance by emerging- and frontier markets remained strong in June, bringing first-half issuance to a record pace.** Cumulative sovereign and corporate issuance reached its highest first-half total in recent years, reflecting resilient investor demand and continued market access despite geopolitical volatility (Charts 1 and 2). In June:
  - Mexico issued $6.3 bn notional across two tranches ($4.7 bn on 2037 and a $1.5bn tap on 2056) to finance the buyback of its existing debt, due in 2027 and 2028, and euro-denominated bonds maturing in 2029.
  - China raised €5 bn, its largest ever euro-denominated deal, with the 5-, 8-, and 12-year tranches attracting more than €29.8bn in orders.
  - Türkiye raised $2.75 bn through its first international Islamic bond issuance of the year, with the six-year sukuk attracting more than $6.85 bn in demand. The sukuk is Türkiye's fifth international bond deal this year.
  - The Philippines raised $2.5 bn through a three-tranche bond offering, its second transaction of the year. The transaction was increased from an initial target of $2 bn after attracting orders more than 4.4 times the amount offered, and it completes the government's external commercial borrowing plans for 2026.
- **There was no public international hard-currency frontier issuance in June.** Nevertheless, frontier sovereign issuance during the first half of 2026 has already approached the full-year issuance level seen in 2025, accounting for around 16% of total EM sovereign issuance year to date (Chart A). Separately, Egypt issued ¥80 bn in Sustainability Samurai bonds (via private placements) with a partial credit guarantee from the African Development Bank, illustrating how some frontier borrowers are diversifying funding sources beyond conventional USD and EUR eurobond markets.
- **EM hard-currency spreads continued to grind tighter in June,** remaining below levels prevailing before the war in the Middle East (Chart 3). Market contacts note that spreads are near historical tights, especially in BB and B-rated credits, limiting room for further compression, However, still-attractive all-in yields continue to support demand for EM credit.
- **EM sovereign rating upgrades continued to outpace downgrades.** In June, Argentina, the Maldives, South Africa and Uzbekistan were upgraded, while there were no downgrades.
- **EM bond fund inflows moderated in June.** While local-currency fund inflows remained positive, they were less sustained than in May. Hard-currency flows were broadly flat to slightly negative late in the month (Charts 16 and 17).
- **Looking ahead, market contacts continue to view market access as broadly supportive, although the pace of issuance is expected to slow after the strong front-loaded start to the year.** In early July, Hungary issued its first eurobond since the parliamentary election in April. Market contacts expect potential sovereign issuers in the coming months to include Argentina, Brazil, Guatemala, Pakistan and Türkiye.

Chart A: Emerging- and Frontier Market Sovereign International Debt Issuance
USD billions, Per cent



Sources: Bloomberg, BondRadar and IMF calcalculations

Overview

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

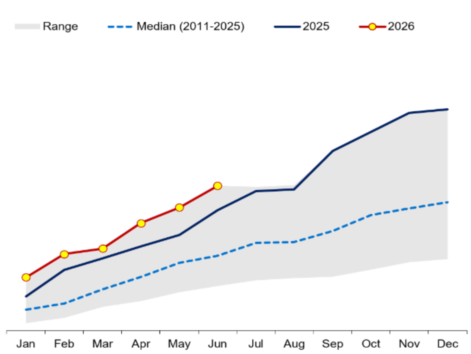
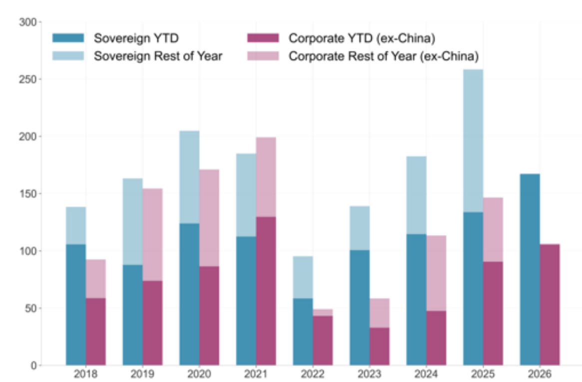


Chart 2. Total Sovereign and Corporate Issuance (Historical trend, USD billions)

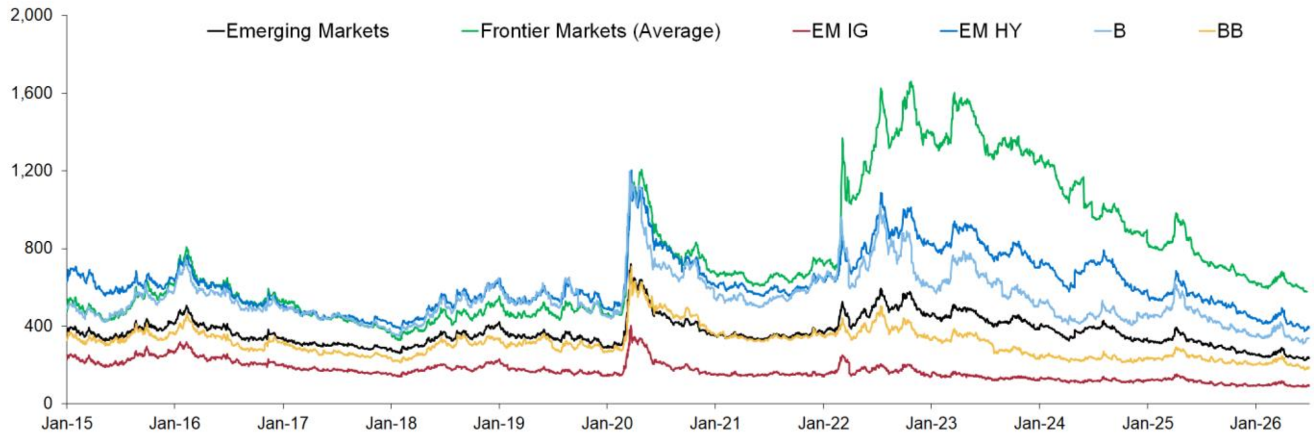


This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.
Sources: Bloomberg, Bond Radar (issuance), EPFR (fund flows), JPMorgan (spreads), analyst reports, and IMF staff.

Issuance Detail: Emerging Market Corporates and Sovereigns

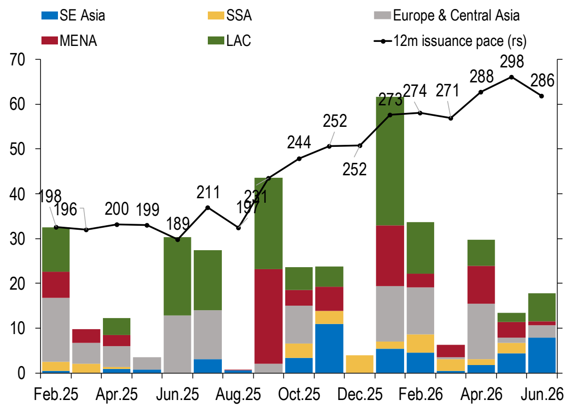
Benchmark spreads compression continued in June, with higher-yielding EMs leading the rally

Chart 3. Emerging and Frontier Market Benchmark Spreads
(Basis points)



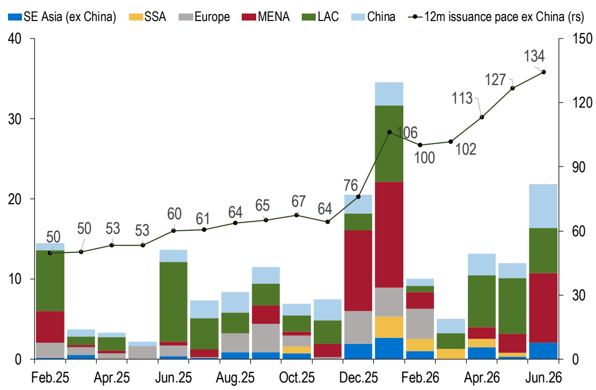
EM sovereign international issuance increased in June with broad participation from most regions…

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



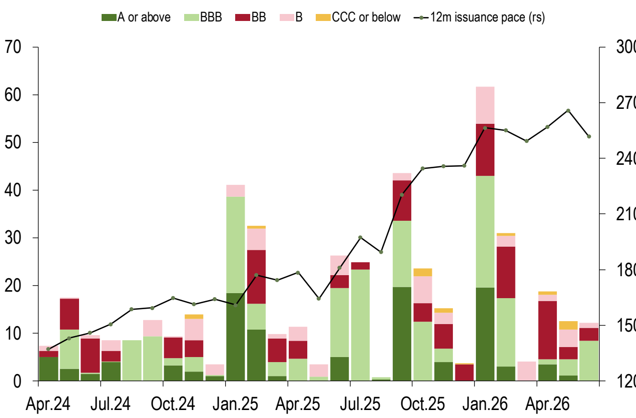
… while EM corporate issuances were led by MENA

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



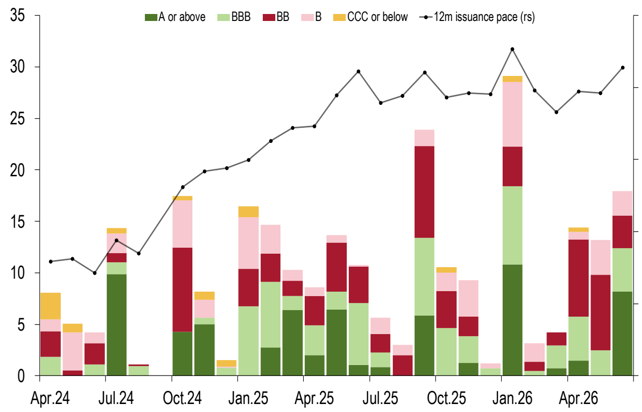
Mexico was the largest sovereign issuer, and the share of high-yield issuances declined to ~30%

Chart 6. Sovereign Hard Currency Issuance by Rating (USD billions)



The proportion of high-yield issuances for corporates also decreased in Junel

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



Issuance Detail: Emerging Market Corporates and Sovereigns

Frontier sovereign issuance was muted in June, following a surge in May, when calmer market conditions supported the strongest monthly issuance since September 2021. YTD issuances are near 2025 full year volume and already surpassed full-year 2023 and 2024 levels.

Chart 8. Frontier Sovereign Issuance by Month (USD billions)

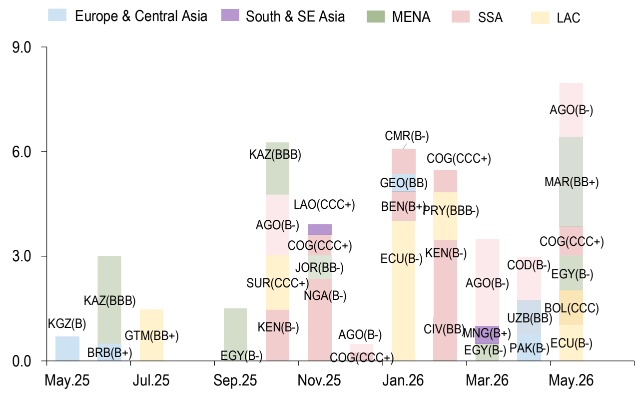
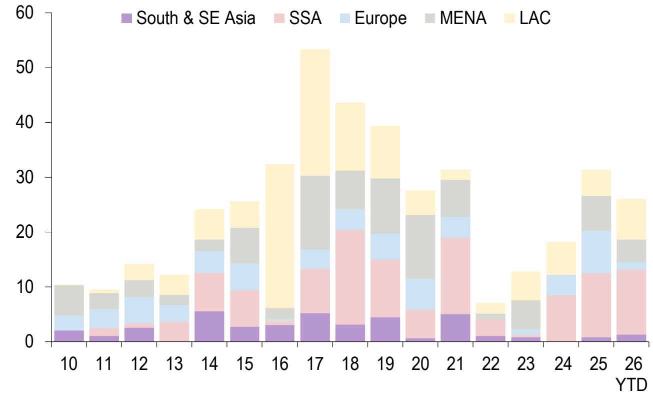


Chart 9. Frontier Sovereign Issuance by Year

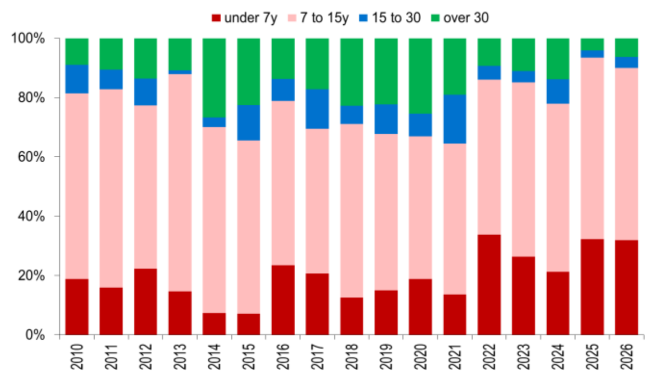
(USD billions)



EM international debt issued in 2026 YTD remains concentrated in the short- to medium-term segment, with roughly 30% maturing within seven years

Chart 10. EM Sovereign Issuance by Maturity

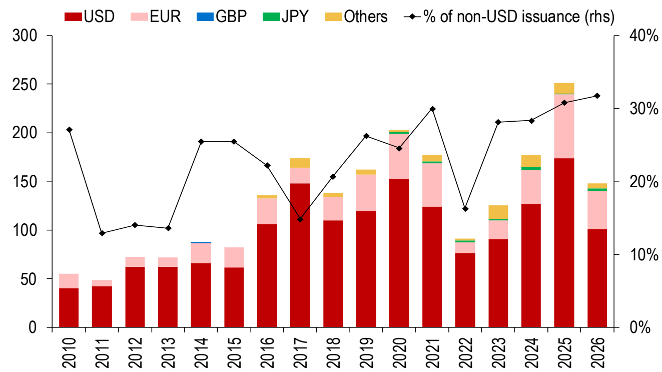
(Percent)



Most international issuances continue to be denominated in USD, alongside sustained interest in EUR-denominated debt

Chart 11. EM Sovereign Issuance by Currency

(Percent)



Upcoming Debt Repayments

Refinancing pressures for major EM sovereigns have eased over the remainder of the year, supported by robust issuance earlier in 2026 that has strengthened liquidity buffers. In contrast, frontier economy debt repayments remain heavily concentrated toward the end of this year and into early 2027.

Chart 12. EM Sovereign Maturities by Region

(USD billions)

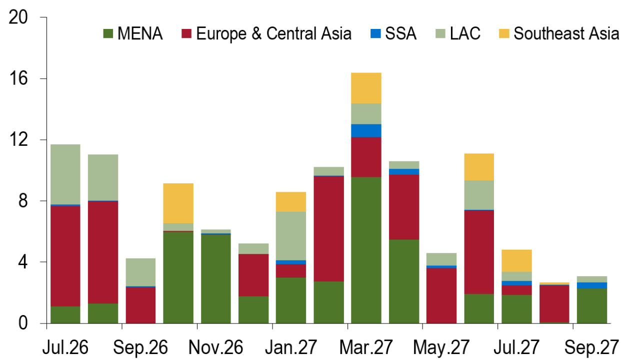
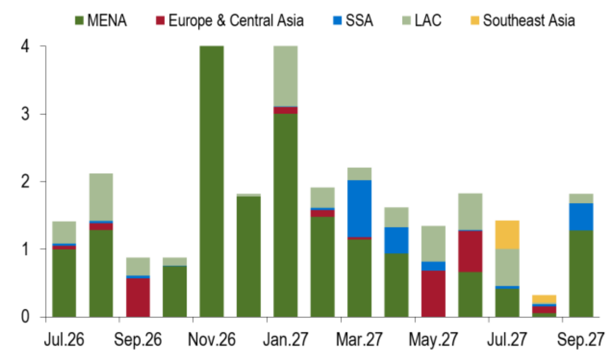


Chart 13. Frontier Sovereign Maturities by Region

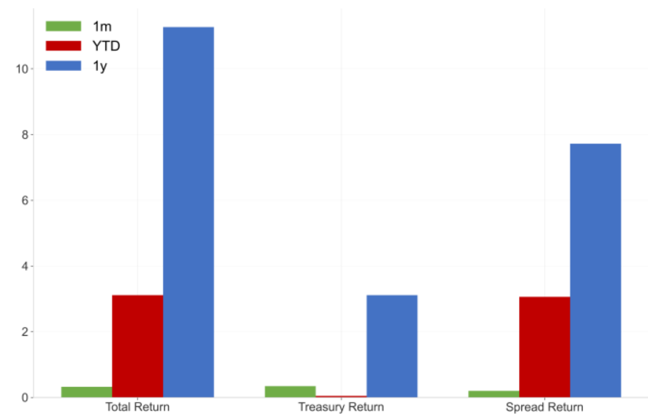
(USD billions)



Fund Flows and Bond Returns

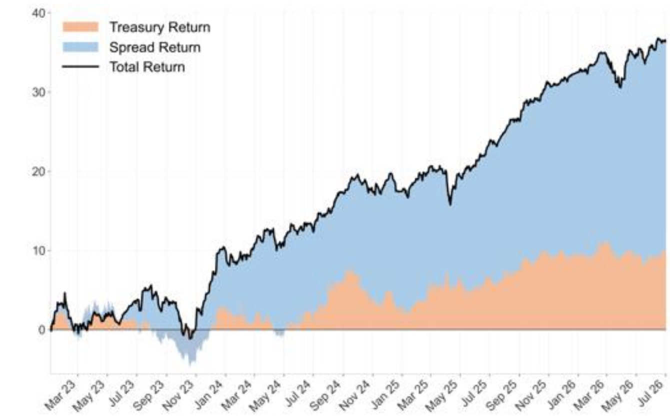
While spreads continue to support returns, volatility in UST yields have weighed on the asset class YTD

Chart 14. Sovereign Hard Currency Bond Returns
(percent)



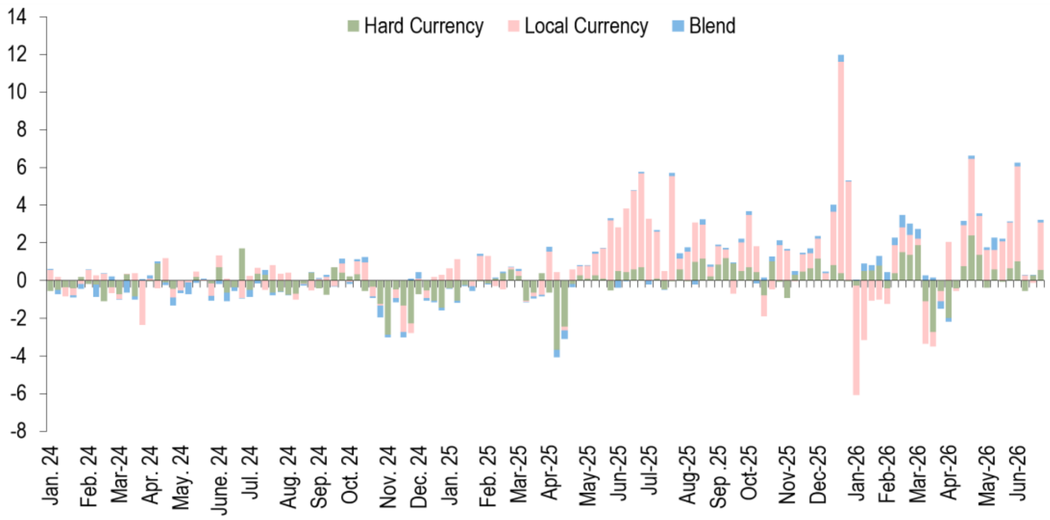
Overall asset class returns moderated as tight spreads constrain performance momentum seen in previous months

Chart 15. Sovereign Hard Currency Bond Returns
(percent, cumulative since Jan. 2023)



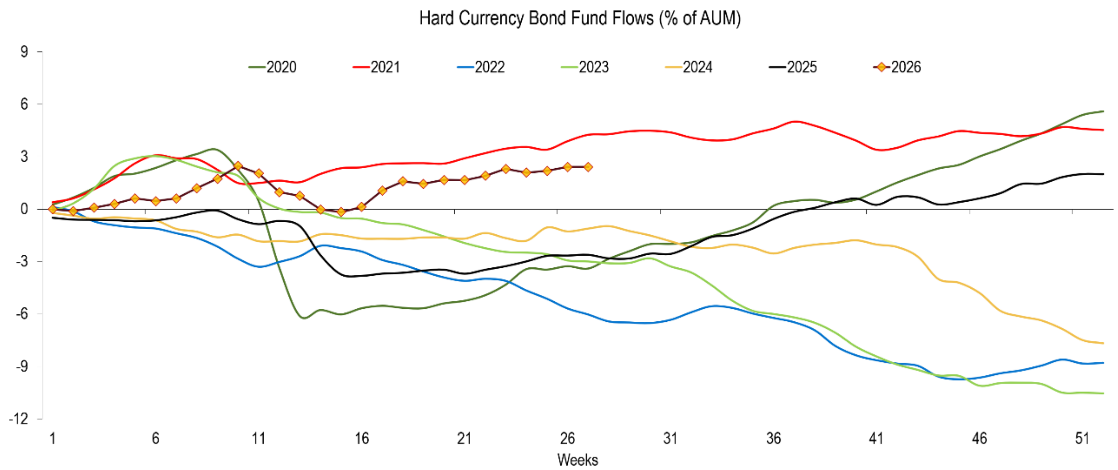
EM funds' inflows lost some momentum in mid-June, with flows continuing to favor local currency exposure

Chart 16. ETF and Mutual Fund Flows (USD billions)



YTD hard currency fund inflows were little changed in recent weeks

Chart 17. Hard Currency Fund Flows (percent of AUM, cumulative, by year)



Sovereign Spreads and Yields

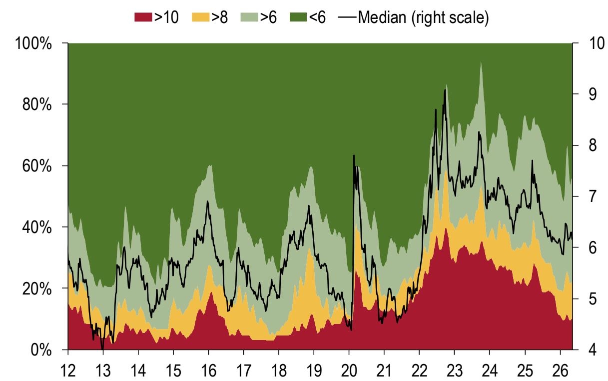
Spreads continued to narrow for most in June, although with some idiosyncratic developments for some individual economies

Chart 18. Major Laggards and Gainers on Credit Spreads in June (Basis points; restricted to issuers with spreads below 2500)

Top-15 Leaders			Top-15 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Bolivia	(152)	424	South Africa	1	170
Iraq	(71)	217	Brazil	2	177
Sri Lanka	(60)	127	Kazakhstan	2	76
Pakistan	(58)	320	Trinidad And Tobago	2	177
Colombia	(50)	190	Azerbaijan	3	62
Ukraine	(40)	692	Malaysia	5	46
Suriname	(32)	258	Indonesia	5	89
Mozambique	(28)	910	Saudi Arabia	7	86
Kenya	(27)	371	India	9	78
Honduras	(23)	167	Nigeria	17	284
Senegal	(19)	1,526	Bahrain	19	250
Egypt	(15)	340	Ghana	20	251
Turkey	(15)	266	Angola	20	452
Jordan	(14)	187	Cameroon	50	481
Ivory Coast	(13)	216	Gabon	84	717

Despite geopolitical developments and related uncertainty, the percentage of EMs with yields exceeding 10% remained broadly stable at around 10%...

Chart 19. Distribution of Yields in EM Bond Index (share, 4-week average)



…while the share of EMs with spreads above 1,000bps remained around 7% suggesting that broader market conditions have remained conducive despite recent uncertainties

Chart 20. Share of Distressed Issuers and those with yields above 10% in EM Bond Index (share, 3-week average)

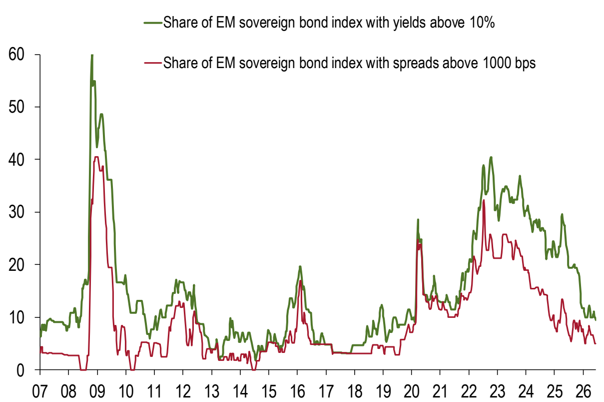


Chart 21. EM Yields and Spreads Decomposition (percent)

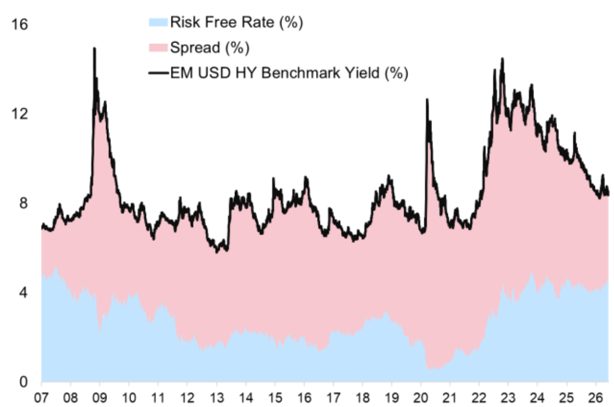
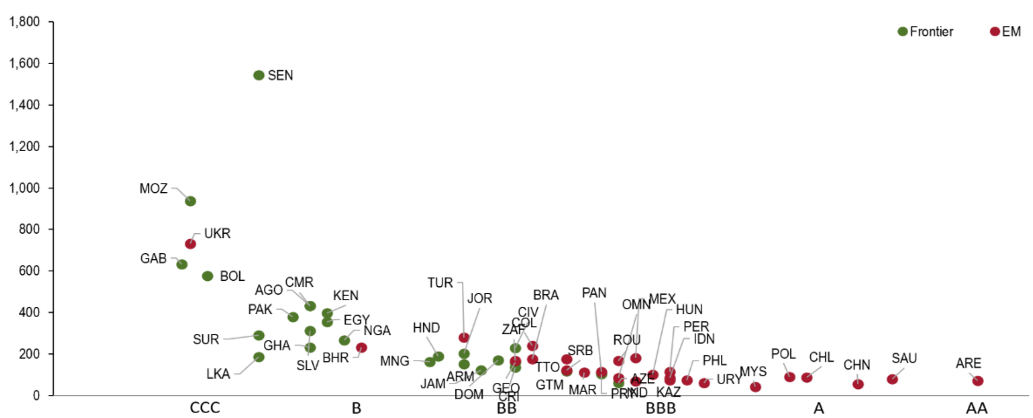


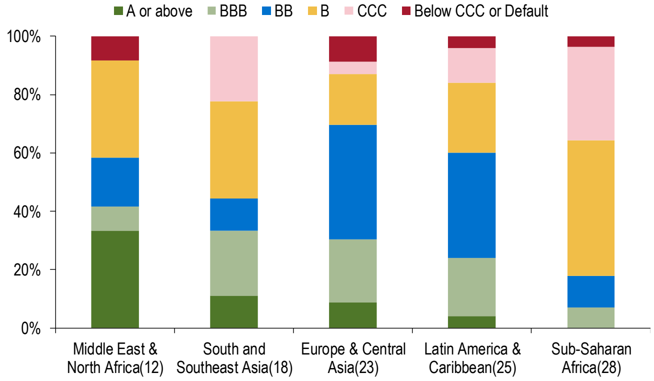
Chart 22. Spreads by Rating and Country (basis points, median rating)



Annex

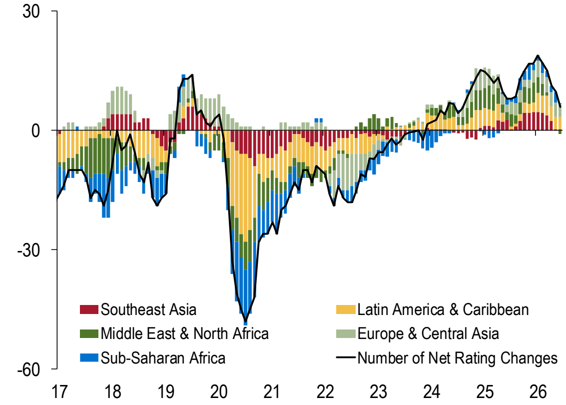
Annex Figure 1. Ratings by Region

(share by rating and region)



Annex Figure 2. Net Ratings Updates

(number of net rating actions, six-month sum)



Annex Table 1. Latest Ratings Actions

	New median rating	Latest			End May. 26		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Argentina	B-	B-	B-u	Caa1	CCC+	B-u	Caa1
South Africa	BB	BB	BB	Ba2	BB	BB-	Ba2
Uzbekistan	BB	BB	BB	Ba2u	BB	BB	Ba3u
Maldives	CCC		CCC-	Caa2		CC	Caa2

Annex Table 2. Country Sovereign Issuance Totals

Issuer	2026	Mar-26	Apr-26	May-26	Jun-26
Mexico	20.7	-	-	-	6.2
Poland	12.2	-	6.0	1.1	-
Indonesia	11.8	-	1.1	3.4	-
Saudi Arabia	11.4	-	-	-	-
Turkey	10.6	-	2.0	-	2.7
Brazil	10.3	-	5.9	-	-
China	6.5		-	0.9	5.6
United Arab Emirates	6.5	-	3.5	-	-
Romania	5.5	-	-	-	-
Ecuador	5.0	-	-	1.0	-
Philippines	4.9	-	-	-	2.2
Colombia	4.9	-	-	-	-
Hungary	4.8	-	-	-	-
Chile	4.3	-	-	-	-
Kuwait	4.2	2.2	2.0	-	-
Angola	4.0	2.5	-	1.5	-
Serbia	3.4	-	3.4	-	-
Bahrain	3.1	-	-	-	1.0
Qatar	3.0	-	3.0	-	-
Panama	3.0	-	-	-	-
Dominican Republic	2.7	-	-	-	-
Morocco	2.6	-	-	2.6	-
Kenya	2.2	-	-	-	-
Egypt	1.5	0.5	-	1.0	-
Congo	1.5	-	-	0.8	-
Paraguay	1.4	-	-	-	-
Côte d'Ivoire	1.3	-	-	-	-
Democratic Republic of the Congo	1.3	-	1.3	-	-
North Macedonia	1.1	-	-	-	-
Bolivia	1.0	-	-	1.0	-
Trinidad and Tobago	1.0	-	-	-	-
Uzbekistan	1.0	-	1.0	-	-
Benin	0.9	-	-	-	-
Pakistan	0.8	-	0.8	-	-
Cameroon	0.7	-	-	-	-
Bosnia and Herzegovina	0.6	0.6	-	-	-
Mongolia	0.5	0.5	-	-	-
Georgia	0.5	-	-	-	-