



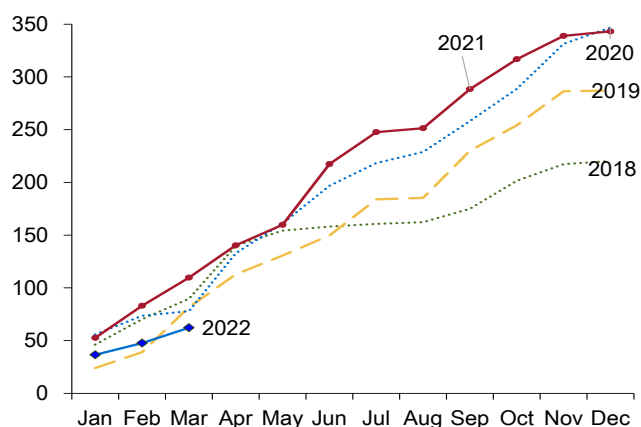
MARCH 2022 HIGHLIGHTS

- **Sovereign issuance remained weak in March amid continued market volatility**, with just \$10.5 bn, compared to a 5-year average \$17.1 bn. 2022 has been the slowest start for sovereigns (\$36 bn YTD) since 2016, and nearly \$25 bn behind last year's pace. Local government hard currency issuance from China reached \$4.3 bn, more than double last March and the highest on record.
- **IG issuance was led by Philippines (\$2.3 bn), Indonesia (\$1.7 bn), Chile (\$2 bn), and Sharjah (\$0.8 bn).**
- **HY issuance was driven by Nigeria (\$1.3 bn), Egypt (\$0.5 bn), and Turkey (\$2 bn).** Concessions for new issuance have been high this year with Nigeria and Turkey issuing with a sizeable premium over existing bonds and coupons of over 8%. Egypt's samurai bond carried a low coupon of under 1% due to guarantees from Sumitomo Mitsui Banking and Nippon Export and Investment Co.
- **Corporate issuance remained low in March (\$6 bn), with China issuing just \$1.9 bn.** Quasi-sovereigns chipped in with \$2.5 bn, led by the UAE and China. HY corporates have accounted for just 20% of supply in the last 2 months, down from roughly 40% historically.
- **EM credit spreads widened dramatically (+84 bps ex. RUS/UKR) from late Feb. to mid-March before retracing most of the move**, with spreads 30-40 bps wider YTD in emerging and frontier markets on net.
- **Market conditions for new issuance improved materially towards the end of March.** Higher rated and commodity exporters have demonstrated market access with relative ease despite the higher US yields and geopolitical risks. Analysts expect Saudi Arabia, Thailand, South Africa, Brazil, and Colombia among potential issuers in the near term. Among frontiers, Ivory Coast, Kenya and Egypt (Sukuk) are expected by analysts given the recent improvement in sentiment. On Mar 31, Angola announced a debt buy back and new issuance.
- **Fund flows recovered in late March, particularly for hard currency (HC) funds, which saw \$2.3 bn of flows following 10 consecutive weeks of outflows.** HC returns (-9.4%) are still lagging local currency (-6%) YTD.

March 2022 Overview

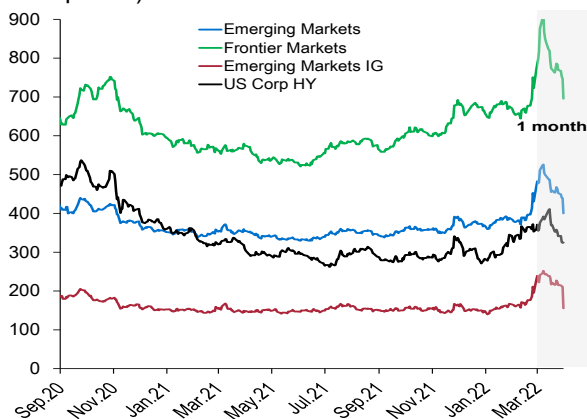
Total hard currency issuance (ex. China corporates) is off to a slow start, with \$62.3 bn the weakest since 2016

1. Pace of Sovereign and Corporate Issuance (USD billions, excluding China corporates)



EM credit spreads widened sharply in March before receding, and are little changed on net since late Feb.

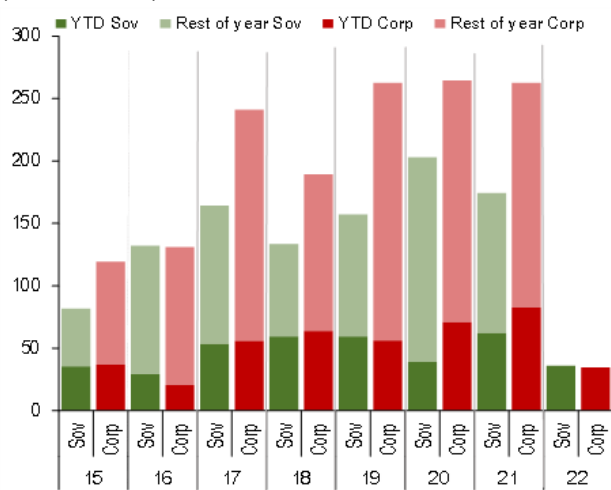
2. Emerging and Frontier Market Spreads (Basis points)



Issuance Detail: Emerging Market Corporates and Sovereigns

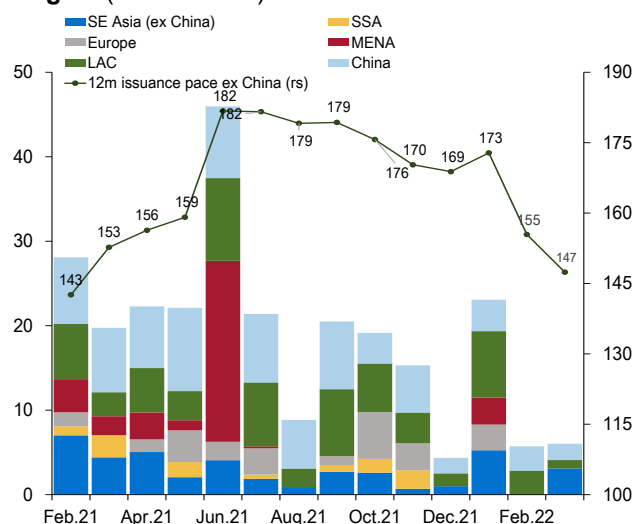
Both sovereign and corporate issuance came in weak in March, though local govt. hard currency issuance in China was the highest on record at over \$4 bn (not pictured).

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



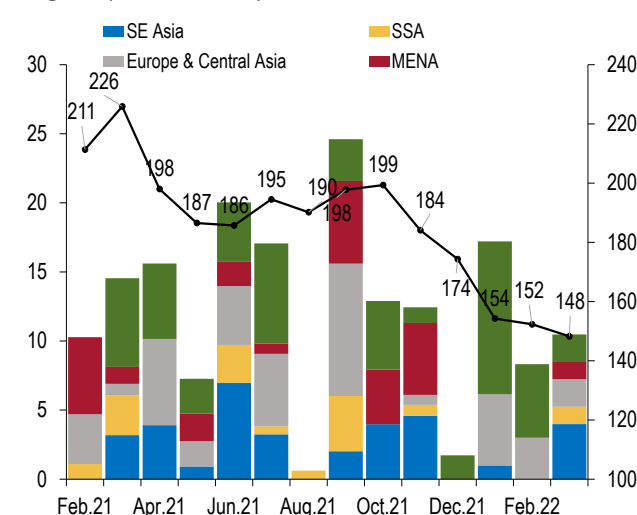
Corporate issuance remained subdued in March with \$6 bn, with China delivering just \$1.9 bn, tied for the second lowest month in the last 3 years.

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



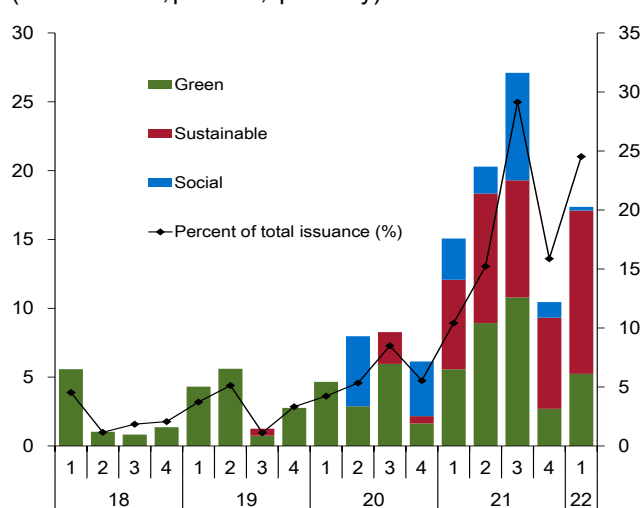
SE Asia represented about half of monthly issuance with the Philippines and Indonesia, though there were 7 issuers, including Nigeria, Turkey, Chile, Egypt, and Sharjah (UAE).

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



ESG has had a strong start to the year, accounting for 25% of total EM (sov. + corp.) issuance, backstopped by another \$2 bn from Chile in March and \$6 bn in Q1.

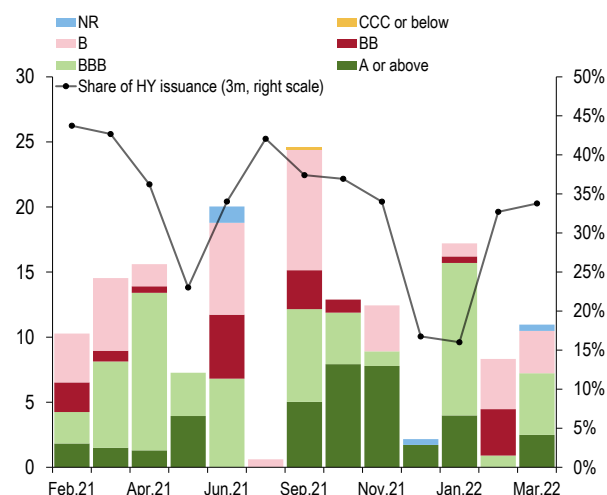
Chart 6. ESG Issuance (USD billions; percent; quarterly)



Issuance Detail by Rating

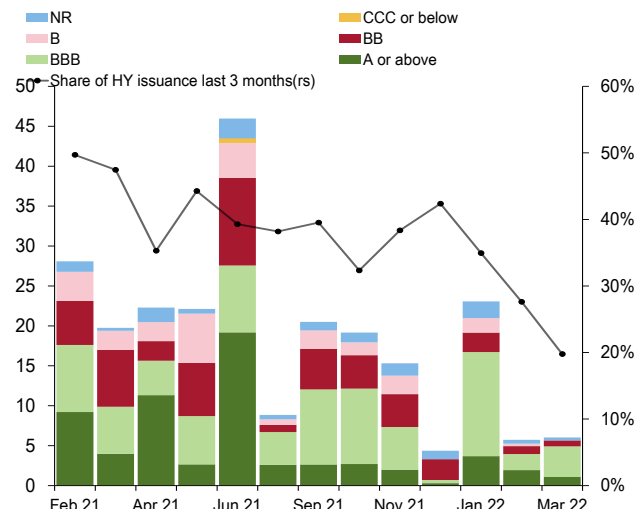
HY issuance has accounted for about one-third of total over the last 2 months, somewhat below long-term averages.

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



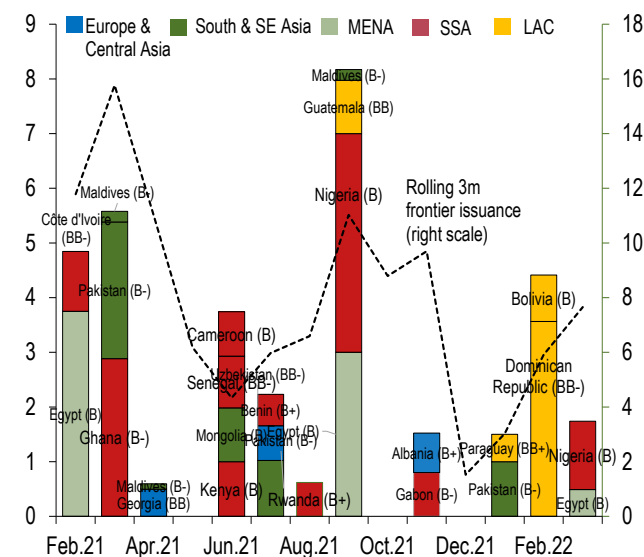
HY corporate issuers have stayed out of the market, accounting for barely 20% of total issuance.

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



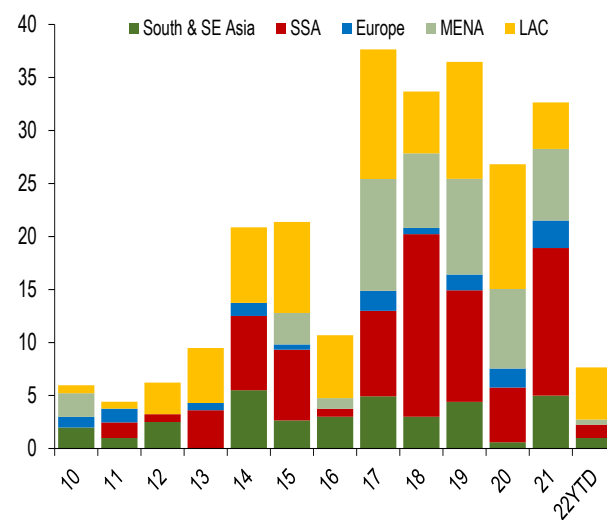
Nigeria and Egypt have been the only 2 frontier issuers since the Russian invasion.

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



The pace of frontier issuance YTD (\$7.8 bn) is down by half from 2021, with 6 issuers compared to 11 last year.

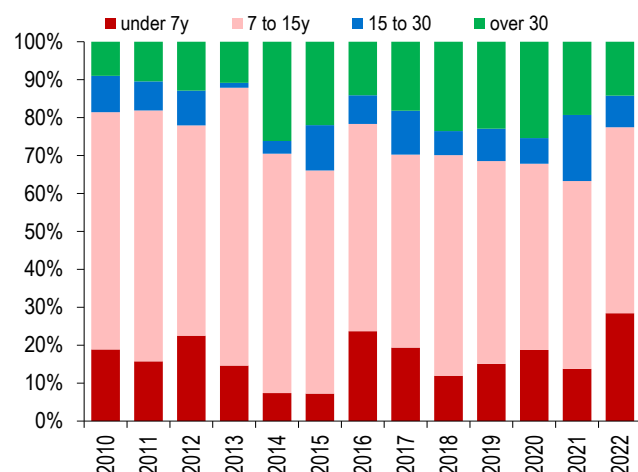
Chart 10. Frontier Sovereign Issuance by Region (USD billions)



Issuance Detail by Maturity and Currency

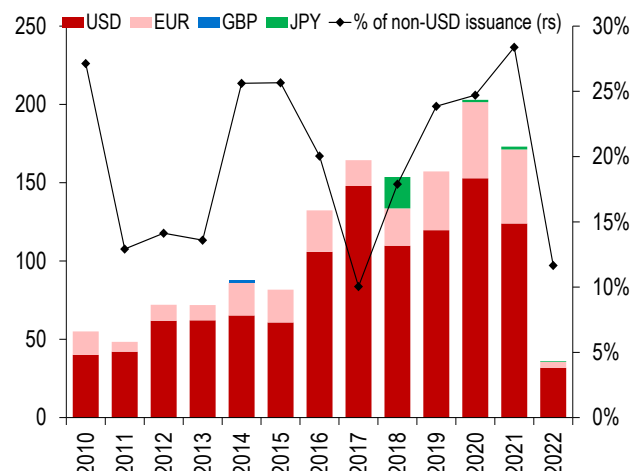
Average maturity for EM sovereigns has declined in 2022 YTD, after setting a record in 2021 with 37% of issuance at more than 15 years of maturity.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)



Egypt issued a Japanese yen-denominated bond, courtesy of guarantees, but non-dollar issuance has accounted for just 11% of the total through Q1.

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Sovereign Amortizations

Sovereign principal payments (including sinkables) will be elevated in April (\$8 bn), before easing from May-August. Upcoming payments include Russia, Indonesia, Tunisia, Saudi Arabia, and Dominican Republic. Among high yield issuers, Gabon, Guatemala, Morocco, Bahrain, and Turkey have substantial principal payments coming due in 2022.

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

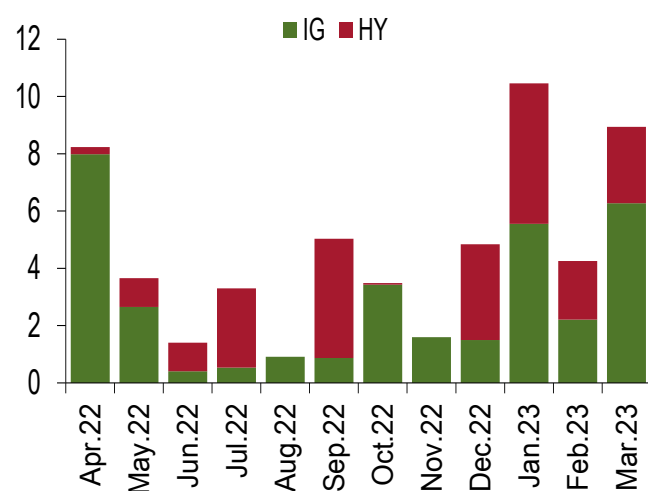
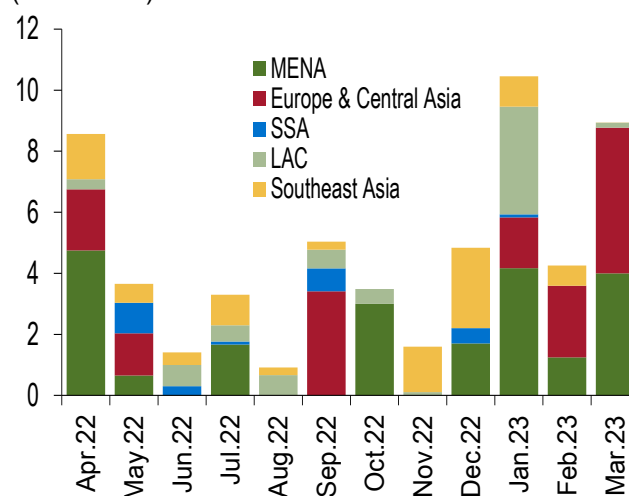


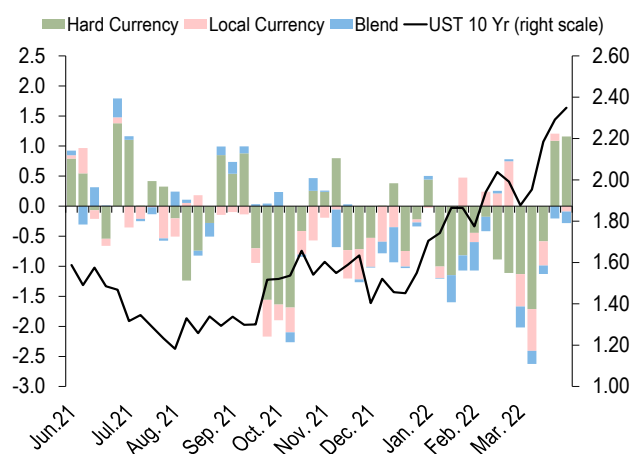
Chart 14. EM Sovereign Amortizations by Rating
(US billions)



Flows: EM Debt Dedicated Funds

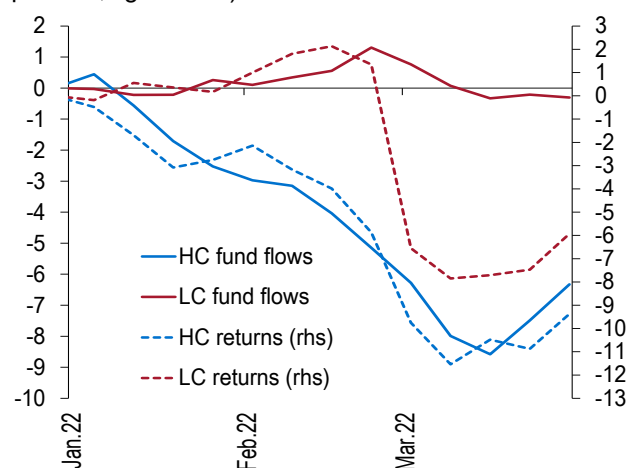
Hard currency fund flows have turned positive in the last 2 weeks after suffering significant outflows in late February to early March.

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



Local currency flows and returns have outperformed hard currency to start 2022, in contrast with 2021. Hard currency funds have seen outflows over \$2 bn to start the year

Chart 16. Weekly Fund Flows Year to Date and Returns (Jan 1, 2021 = 0; USD billions, left scale; percent, right scale)



Spreads on Hard Currency Bonds

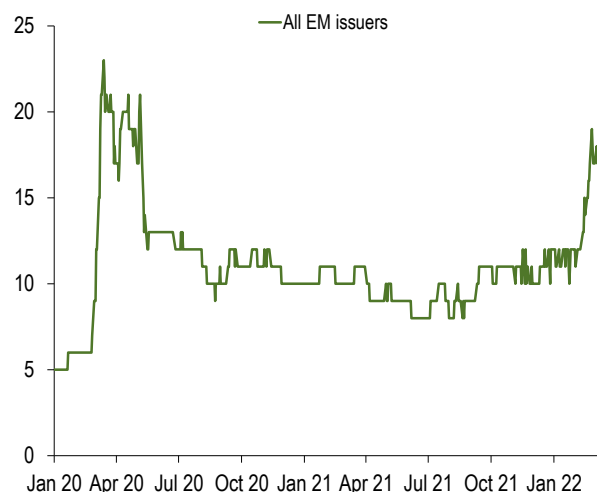
Amid a volatile month, Ghana, Sri Lanka, and Honduras tightened upwards of 150 bps, while Tunisia, Pakistan, and Central Asia/Caucasus underperformed.

Chart 17. Major Laggards and Gainers Last Month on Credit spreads (Basis points; change in November)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Ghana	(174)	1,098	Ecuador	51	806
Zambia	(168)	2,116	Georgia	82	441
Honduras	(150)	464	Ethiopia	109	1,739
Iraq	(144)	391	El Salvador	170	1,780
Gabon	(131)	484	Pakistan	229	945
Egypt	(124)	675	Tunisia	284	1,862
Vietnam	(92)	58	Tajikistan	335	1,253
Bahrain	(92)	320	Russia	922	3,415
Angola	(89)	614	Lebanon	3,356	26,013
Mozambique	(83)	787	Belarus	7,034	10,269
Oman	(78)	308			
Nigeria	(71)	618			

The number of distressed issuers rose as high as 18, from 12 in early February, before receding to 16..

Chart 18. Number of Distressed Issuers
(Number, threshold of 1000 bps is used for distressed issuers)



Annex: Country Level Issuers

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

Issuer	2021	2022	Jan-22	Feb-22	Mar-22
Chile	16.8	6.0	4.0	-	2.0
Romania	8.2	5.1	5.1	-	-
Turkey	10.0	5.0	-	3.0	2.0
Mexico	9.1	5.0	4.1	0.9	-
Dominican Republic	2.5	3.6	-	3.6	-
Panama	4.7	2.5	2.5	-	-
Philippines	6.0	2.3	-	-	2.3
Indonesia	12.2	1.7	-	-	1.7
Nigeria	4.0	1.3	-	-	1.3
Pakistan	3.5	1.0	1.0	-	-
Bolivia	-	0.9	-	0.9	-
United Arab Emirates	10.9	0.8	-	-	0.8
Paraguay	0.9	0.5	0.5	-	-
Egypt	6.8	0.5	-	-	0.5

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

Issuer	2021	2022	Jan-22	Feb-22	Mar-22
China	93.7	8.6	3.7	2.9	1.9
India	14.0	6.0	5.2	-	0.8
Brazil	23.3	3.7	2.9	0.8	-
Mexico	17.1	3.6	0.8	1.7	1.0
Saudi Arabia	6.9	2.5	2.5	-	-
Chile	10.0	2.1	2.1	-	-
Thailand	1.5	1.3	-	-	1.3
Colombia	5.1	1.2	0.9	0.3	-
Serbia	0.5	1.1	1.1	-	-
Guatemala	0.7	1.1	1.1	-	-
Malaysia	6.1	1.0	-	-	1.0
United Arab Emirates	10.6	0.7	0.7	-	-
Hungary	1.2	0.6	0.6	-	-
Romania	0.4	0.6	0.6	-	-
Turkey	2.7	0.5	0.5	-	-
Georgia	0.5	0.3	0.3	-	-
Philippines	3.2	0.1	-	-	0.1

Annex Table 3. March Sovereign Bond Issuance and Pricing

Issue Date	Country	Amount (US blns)	Maturity (years)	Maturity Date	Currency	Yield at Issue (%)	Yield at issue (%) of similar maturity bond	Issue date	New issuance vs existing nearest maturity date bond (bps)	Latest Yield	Change Since Issue Date(bps)	ESG
24-Mar-22	EGYPT	0.5	5	3/31/2027	JPY	0.85				0.8	-1	N
22-Mar-22	INDONESIA	1.0	10	3/31/2032	USD	3.6	2.1	Jul.21	29	3.3	-26	N
22-Mar-22	INDONESIA	0.7	30	3/31/2052	USD	4.3	3.1	Jan.21	47	4.1	-17	N
21-Mar-22	PHILIPPINES	0.5	5	3/29/2027	USD	3.2			23	3.0	-25	N
21-Mar-22	PHILIPPINES	0.8	11	9/29/2032	USD	3.5	2.0	Jul.21	42	3.3	-16	N
21-Mar-22	PHILIPPINES	1.0	25	3/29/2047	USD	4.2	3.2	Jul.21	16	4.0	-22	Y
17-Mar-22	TURKEY	2.0	6	9/24/2027	USD	8.6	5.7	Sep.21	61	8.1	-53	N
17-Mar-22	NIGERIA	1.3	7	3/24/2029	USD	8.3	6.1	Sep.21	59	8.2	-10	N
2-Mar-22	CHILE	2.0	20	3/7/2042	USD	4.3	3.3	May.21	16	4.1	-19	Y

Note: In Table 3, comparable bonds limited to the last 18 months.