



## MARCH HIGHLIGHTS:

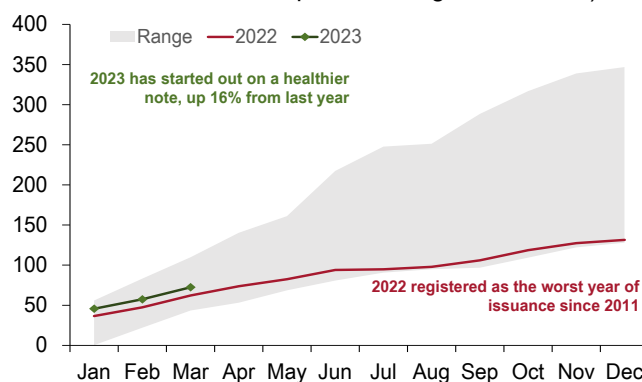
- **Total EM issuance increased to \$15.5 bn in March (from \$13 bn in Feb), driven by sovereigns.** Sovereign and corporate issuance (ex. China) YTD through March has been roughly average compared to the last 10 years, albeit driven largely by January's near record volume.
- **Sovereign issuance rose to \$14 bn, up from \$6.6 bn in February**, in line with average historical March issuance. Seven sovereigns were able to issue new debt, with nearly half of total volume going to high yield issuers, including one frontier (Costa Rica, \$1.5 bn). Panama (\$1.8 bn) and Poland (\$5 bn) were able to place maturities of over 30 years. High yield issuers included Morocco (\$2.5 bn), North Macedonia (\$0.5 bn), and Turkey (\$2.2 bn). Turkey has issued \$13 bn in external bonds over the last six months. Hungary (\$0.5 bn) also issued.
- **Corporate issuance slowed to \$1.5 bn, including \$0.5 bn from Chinese issuers, for one of the weakest first quarters in the last decade.** 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. EM ex. China issuance YTD of \$12.4 bn is down by half from 2022, and compares to \$33 bn average historically. Chinese issuance also has been depressed with \$3.4 bn YTD, versus \$8.2 bn in 2022, and \$31 bn in the previous 5 years.
- **EM credit spreads widened sharply in March (+37 bps), led by frontier (+120 bps) and high yield issuers (+70 bps).** However, spreads for sovereigns rated above CCC remain relatively benign by historical standards. Among frontiers, Bolivian USD bonds sold off sharply amid concerns over reserve adequacy, with the 2028 bond dropping to 52 cents on the dollar from 70 in early March. Just over 15% (11) of sovereigns have spreads trading at distressed levels, alongside 8 countries in default or restructuring.
  - **Ratings roundup:** Net downgrades have continued, but the overall trend is turning more balanced. S&P downgraded Argentina (CCC-) and Moody's downgraded Bolivia (Caa1), while Costa Rica (BB-) and Saudi Arabia (A1) received upgrades (See Annex Tables 3 & 4).
- **Market activity should continue to be solid in April.** Lower issuance concessions in March, easing volatility in Treasury markets, and large redemptions in April suggest new issuance should remain healthy in April. Jordan is in talks to issue a 5-year bond worth up to \$1.25 bn. Analysts also flagged potential issuers in the coming months including Chile, Mexico, Peru, and Uruguay, while among HY sovereigns, Bahrain and Uzbekistan are possibilities. Redemptions beyond April are modest for the next few months before picking up again in September.
- **Hard currency funds have seen outflows for seven consecutive weeks totaling \$7.5 bn, though the last week showed some signs of stabilization.** YTD weekly fund flows are marginally negative.

## March 2023 Overview

*Hard currency issuance (ex. China corporates) is about 16% above last year's pace.*

### 1. Pace of Sovereign and Corporate Issuance

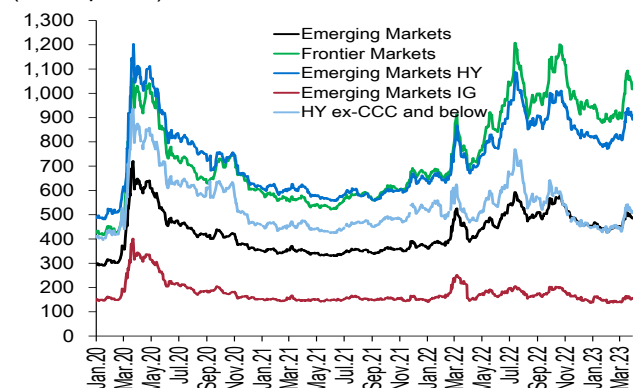
(USD billions, ex. China corporates, range since 2011)



*EM credit spreads widened significantly in March, with HY and frontier spreads underperforming*

### 2. Emerging and Frontier Market Spreads

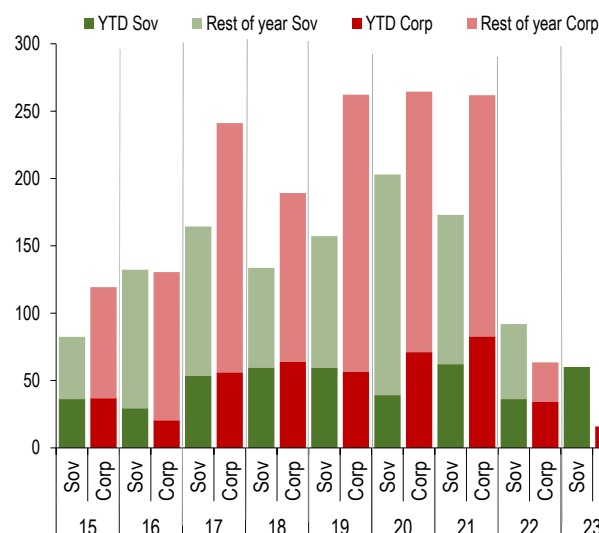
(Basis points)



## Issuance Detail: Emerging Market Corporates and Sovereigns

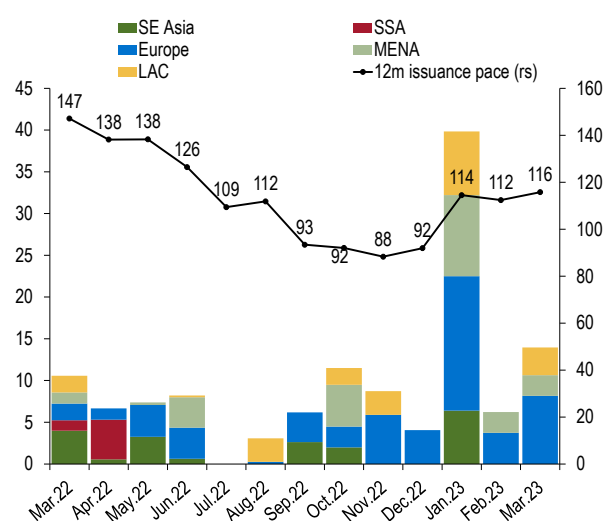
Corporate issuance remains subdued, while sovereign issuance through Q1 is line with longer term averages thanks to large volumes in January.

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



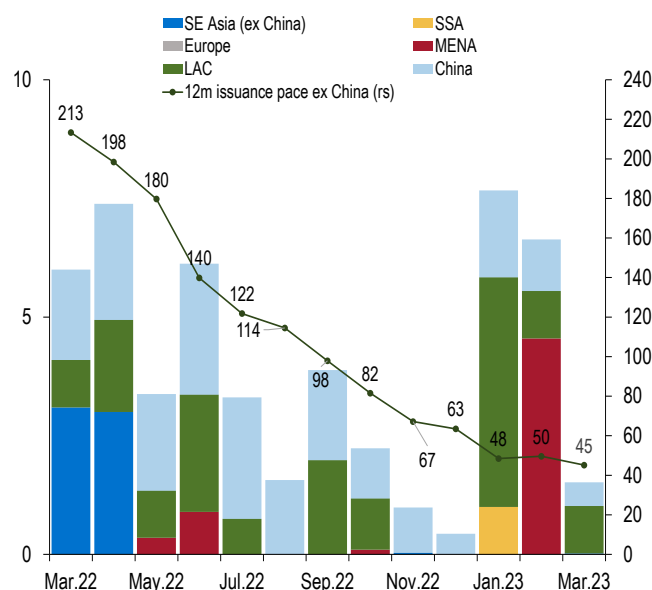
Seven sovereigns issued \$14 bn total, led by Poland with \$5bn, as well as Turkey, Costa Rica, Panama, Morocco, and North Macedonia

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



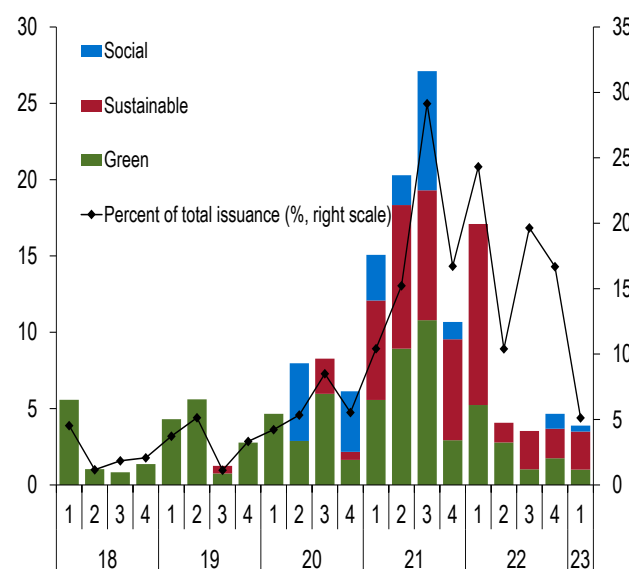
Corporate supply fell to \$1.5 bn, with the 12m pace slowing to \$45 bn, and the slowest Q1 in more than a decade

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



Slow start to the year for ESG issuance continued, as ESG dropped to 5% of total issuance

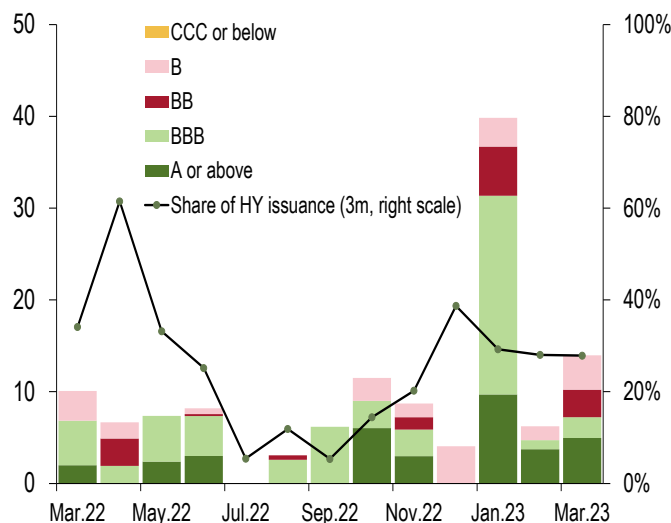
**Chart 6. ESG Issuance**  
(USD billions; percent; quarterly)



## Issuance Detail by Rating

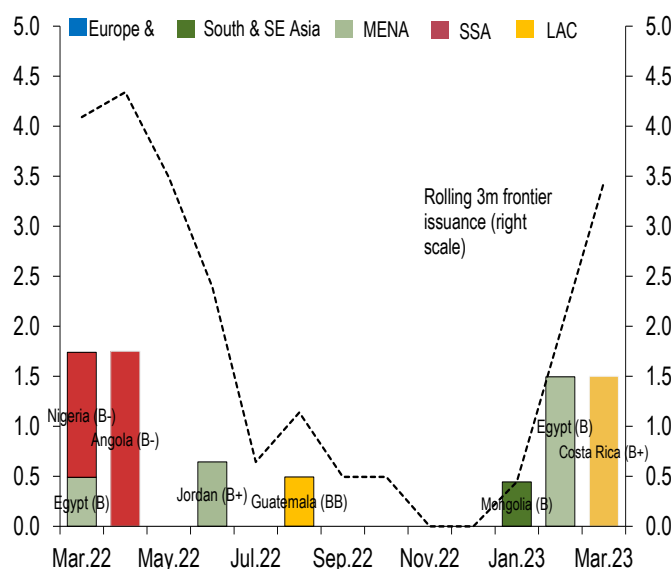
High yield issuers accounted for nearly half of total issuance in March, above the long-term average

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



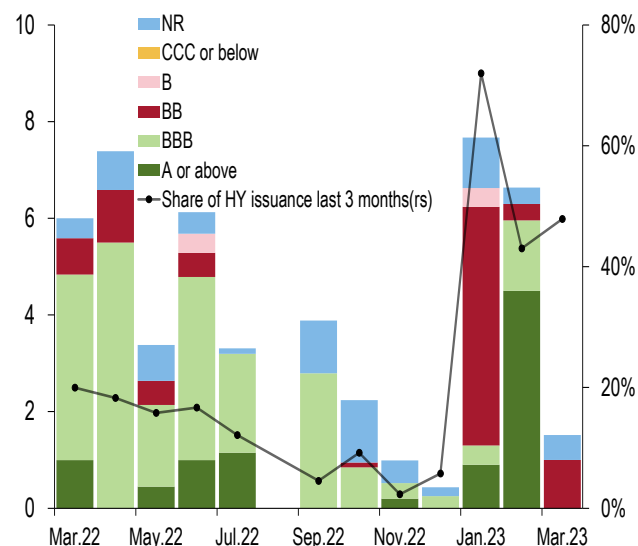
Costa Rica, Egypt (sukuk) and Mongolia have issued in consecutive months.

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



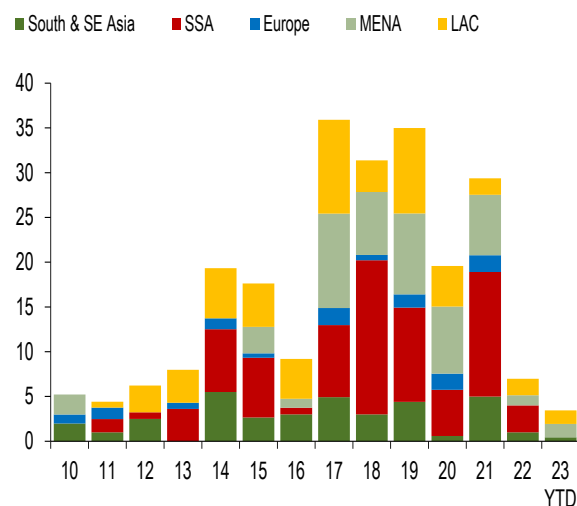
HY rated issuance has accounted for half of issuance over the last 3 months after a very subdued 2022, albeit driven largely by January.

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



Three frontiers have issued in 2023 for \$3.4 bn YTD, down slightly y/y, but still marking the best 3 month pace in a year.

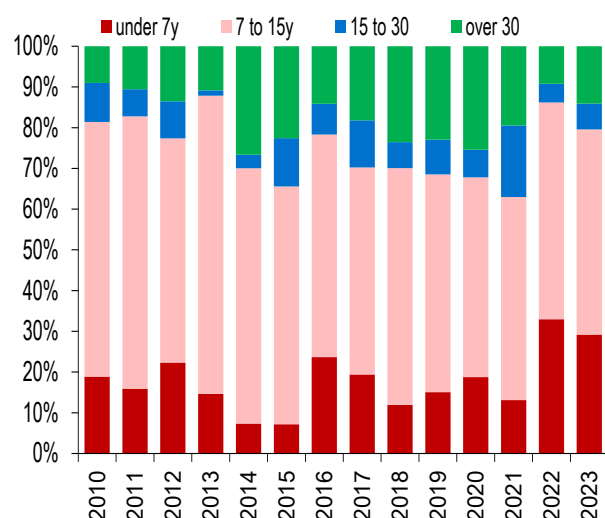
**Chart 10. Frontier Sovereign Issuance by Region**  
(USD billions)



## Issuance Detail by Maturity and Currency

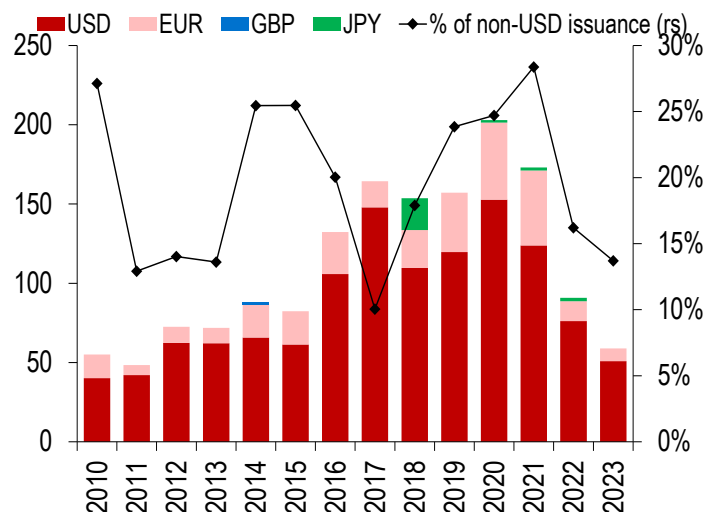
Average maturity has increased in 2023, with two 30+ year placements, and a larger share of bonds at 15+ years compared to 2022.

**Chart 11. EM Sovereign Issuance by Maturity**  
(Percent)



Nondollar denominated issuance has been low in 2023.

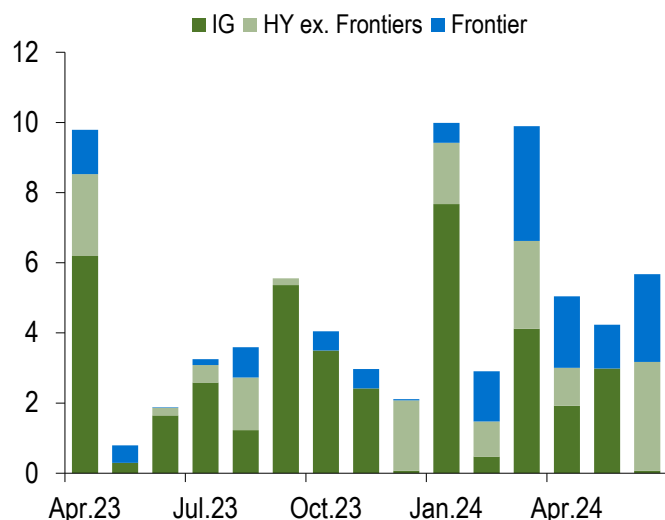
**Chart 12. EM Sovereign Issuance by Currency**  
(Percent)



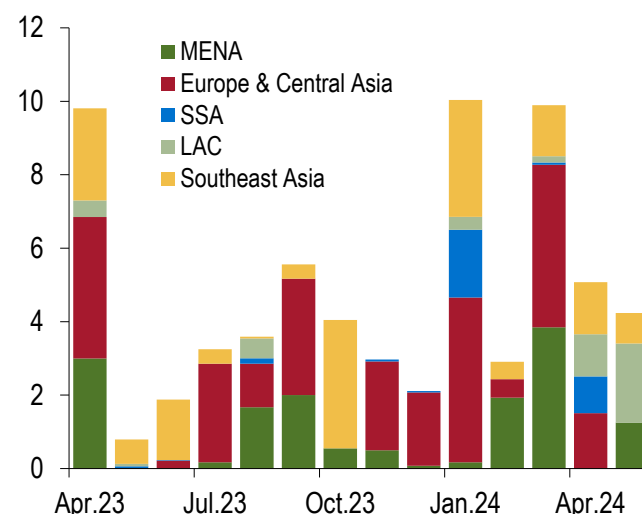
## Sovereign Amortizations

Bond redemptions remain high in April at \$9.9 bn, highlighted by Croatia, Indonesia, Qatar, Mexico, and Turkey. While upcoming maturities from May-August are limited in aggregate, Mongolia, Costa Rica, North Macedonia, and Tunisia are among the HY sovereigns with substantial payments due.

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



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

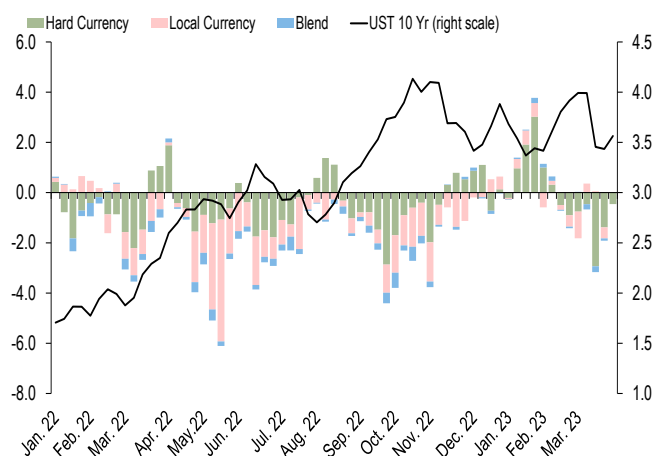


Note: does not include SOEs. MCM list of EMs does not include Czechia, Slovakia, Baltics, or Israel.

## Flows: EM Debt Dedicated Funds

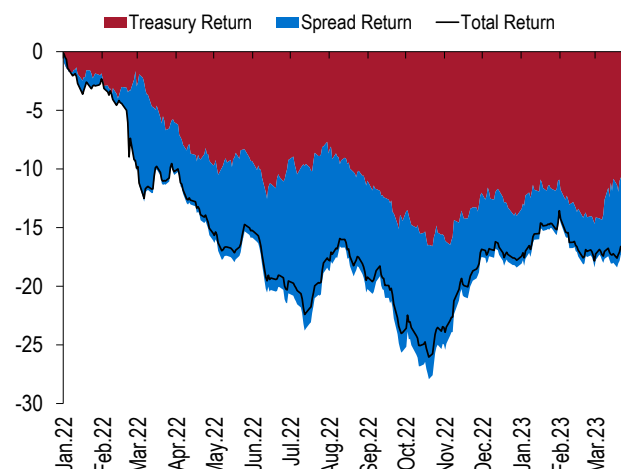
*Fund flows deteriorated in mid-February and outflows accelerated in March before stabilizing last week.*

**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

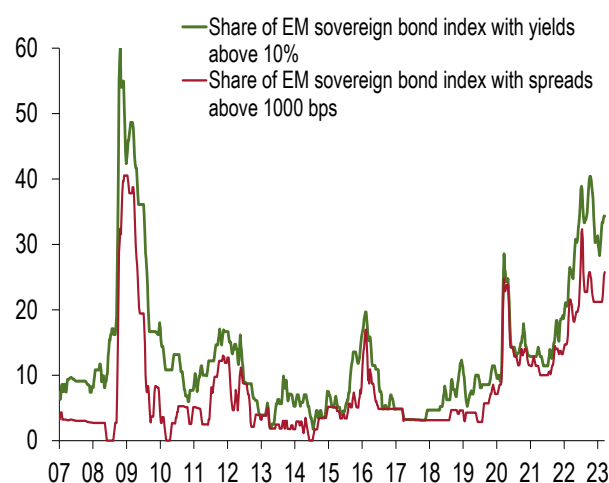
*Several frontiers saw spreads widen by over 100 bps, with Bolivian bond selling off sharply on concerns about reserve adequacy.*

**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
Turkey	(29)	441	Jordan	85	414
Morocco	(21)	242	Vietnam	88	165
Colombia	(11)	382	Nigeria	96	862
Croatia	(1)	32	Cameroon	106	832
China	(1)	10	Georgia	126	322
Malaysia	4	101	Kenya	139	789
Poland	6	84	Angola	146	772
Chile	8	153	Ecuador	152	1,917
El Salvador	8	1,521	Mongolia	162	519
Brazil	10	254	Tajikistan	174	1,256
Paraguay	11	238	Gabon	186	771
Iraq	11	480	Mozambique	213	1,158
Qatar	13	105	Egypt	243	1,107
Philippines	13	118	Suriname	253	2,209
Costa Rica	13	329	Bolivia	819	1,561

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

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



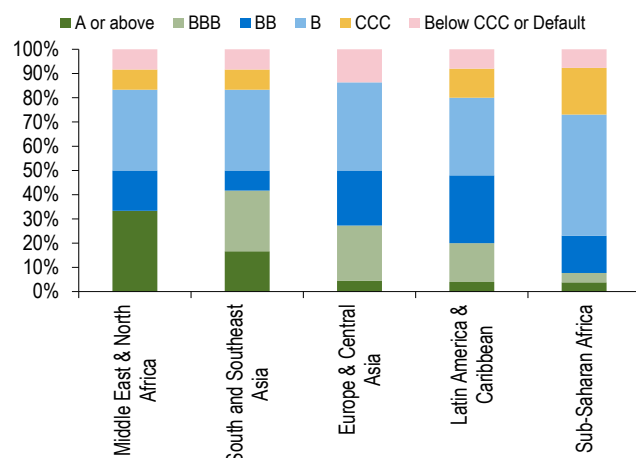
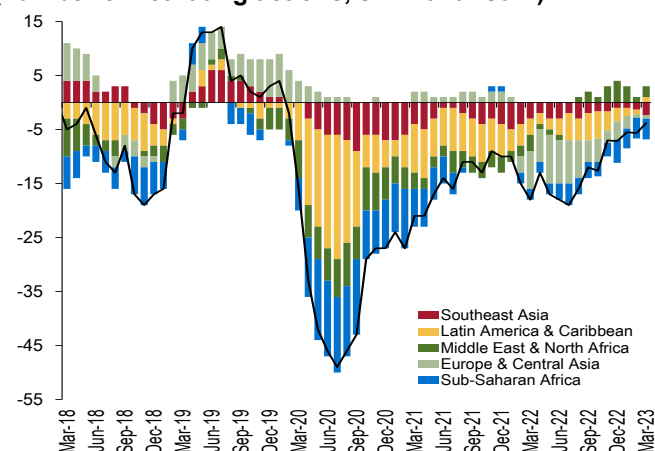
## Annex

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

Issuer	2021	2022	2023	Jan-23	Feb-23	Mar-23
Turkey	10.0	13.0	4.9	2.7	-	2.2
Romania	8.2	8.5	6.0	6.0	-	-
Indonesia	12.2	8.2	3.0	3.0	-	-
Mexico	9.1	7.3	4.0	4.0	-	-
Chile	15.5	7.0	-	-	-	-
Hungary	5.3	5.2	4.6	4.2	-	0.5
Poland	-	5.1	8.7	-	3.7	5.0
Saudi Arabia	10.0	5.0	9.7	9.7	-	-
Philippines	6.0	4.8	3.0	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	1.8	-	-
South Africa	-	3.0	-	-	-	-
Bulgaria	-	2.2	1.6	1.6	-	-
Angola	-	1.8	-	-	-	-
Croatia	2.4	1.4	-	-	-	-
Colombia	6.1	1.3	1.8	1.8	-	-
Nigeria	4.0	1.3	-	-	-	-
Pakistan	3.5	1.0	-	-	-	-
Uruguay	1.0	1.0	-	-	-	-
Bolivia	-	0.9	-	-	-	-
Jordan	-	0.6	-	-	-	-
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	Jan-23	Feb-23	Mar-23
China	93.0	23.9	3.4	1.8	1.1	0.5
Brazil	24.4	9.6	1.0	-	1.0	-
India	14.0	6.0	-	-	-	-
Mexico	17.1	4.3	3.0	2.0	-	1.0
Chile	10.3	3.7	0.9	0.9	-	-
Indonesia	8.8	3.0	-	-	-	-
Saudi Arabia	6.9	2.9	4.5	-	4.5	-
Guatemala	0.7	2.0	-	-	-	-
United Arab Emirates	10.6	1.6	0.0	-	0.0	-
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	-	1.0	1.0	-	-
Lebanon	-	-	-	-	-	-
Argentina	0.3	-	-	-	-	-

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	S&P	Fitch	Moody's	S&P	Fitch	Moody's
Argentina	CCC-	CCC-		Ca	CCC+		Ca
Bolivia	B-	B *	B-	Caa1 *	B	B	B2
Costa Rica	B+	B+	BB-	B2	B+	B	B2
Saudi Arabia	A	Au	A	A1	A-u	A	A1

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".