



## HIGHLIGHTS: EM PULSE CHECK

- **EM bond funds on aggregate**, saw notable outflows during the week of April 2 to 9, although they are small relative to the funds' AUM:
  - The recent outflows are comparable to previous episodes of risk aversion in 2018 and in late-2022.
  - They are less severe than those seen during more significant risk events, such as during the 2020 pandemic and the 2013 taper tantrum.
  - EM hard currency fund flows are especially weak so far this year. Cumulative flows is on pace to be the weakest in five years (see *Chart 18*). Recent developments underscore the challenges for flows to durably return to the asset class.
- **EM hard currency spreads broadly widened**, coming off recent tights and rising to near pre-Fed hike levels in early 2022:
  - Spreads notably widened during the week, although they remain lower compared to when the Fed initiated its hiking cycle in 2022 (see *Chart 2*).
  - Relative *larger* widening was observed among weaker sovereigns, particularly in frontier markets and those with weaker credit ratings (see *Chart 21*). These issuers are likely to be more vulnerable to the tightening of financial conditions and as investors reassess their respective sovereign credit outlook (see *Oct. 2024 and Oct. 2022 GFSR*).
- **EM hard currency issuance was largely muted during the week**, as is typical during episodes of heightened volatility in the US Treasury and credit markets, which made pricing challenging for new issuances.
  - **Developments in March 2025:** Issuance volume moderated after a strong start to the year, while lower rated issuers continue to tap the market, suggesting investors' risk appetite remained.
  - YTD 2025 issuance volume is the largest on record (see *Chart 1*).

Summary of weekly high-frequency fund flows and spreads movements during historical risk aversion episodes

EM ETFs and Mutual Fund Flows (Weekly change as a % of AUM)											
EM Mutual Funds and ETFs Flows	April 2025 Tariffs	2024 US Elections	Sep 2022 Fed rate hike	May 2022 Fed hike (2nd week)	May 2022 Fed hike (1st week)	Pandemic (2nd Week)	Pandemic (1st week)	2018 trade tensions	2016 US elections	2015 Oil price shock	Taper tantrum
	Apr-25	Nov-24	Sep-22	May-22	May-22	Mar-20	Mar-20	Mar-18	Nov-16	Aug-15	Mar-13
Hard Currency	-1.6%	-1.2%	-1.3%	-0.4%	-0.5%	-3.3%	-3.8%	-1.2%	-2.3%	-1.8%	-2.4%
Local Currency	0.2%	0.0%	-0.6%	-2.3%	-1.6%	-4.7%	-3.7%	-0.1%	-1.7%	-1.3%	-2.2%
Blended	-0.8%	-0.3%	-0.9%	-0.3%	-0.8%	-1.6%	-1.8%	0.1%	-1.4%	-1.5%	-1.6%
<b>Total HC, LC and Blended</b>	<b>-0.7%</b>	<b>-0.6%</b>	<b>-1.0%</b>	<b>-1.2%</b>	<b>-1.0%</b>	<b>-3.7%</b>	<b>-3.6%</b>	<b>-0.6%</b>	<b>-1.9%</b>	<b>-1.6%</b>	<b>-2.2%</b>

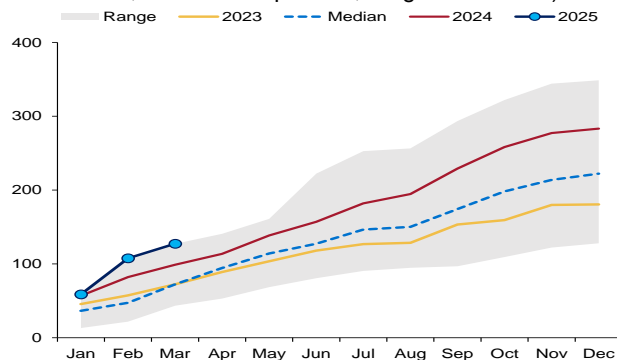
  

EM Hard Currency Sovereign Spreads (Weekly change in basis points)											
EM ex-CCC	31	5	45	9	20	-5	145	23	30	13	32
IG	21	4	23	2	10	-7	98	17	26	12	36
HY	77	0	101	21	42	29	249	34	40	26	33
Frontier	110	6	139	34	65	68	218	36	42	30	44

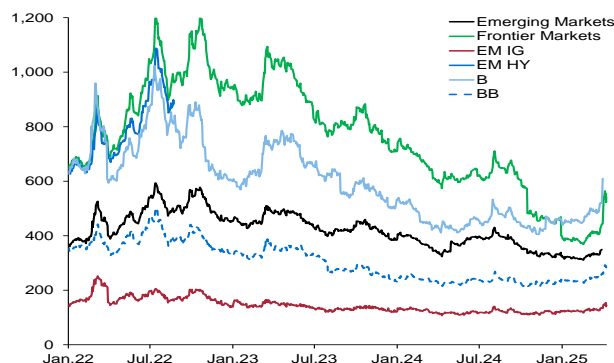
Source: Bloomberg Finance LP, Haver Analytics and IMF staff calculations

## Overview

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



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



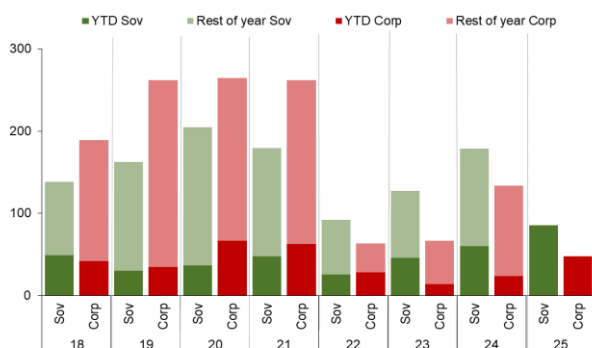
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

## Issuance Detail: Emerging Market Corporates and Sovereigns

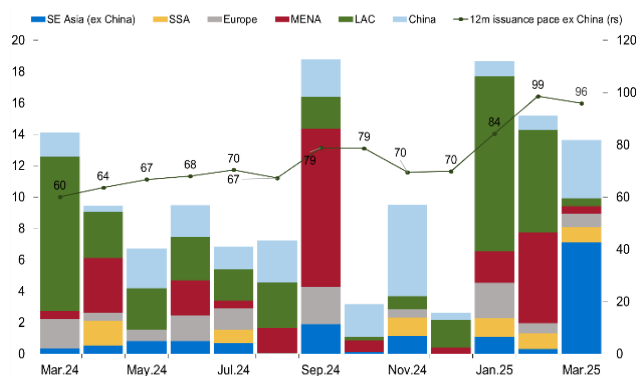
Despite the moderation in issuance over the past month, YTD issuance for sovereigns and corporates is higher compared to the past 3 years

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



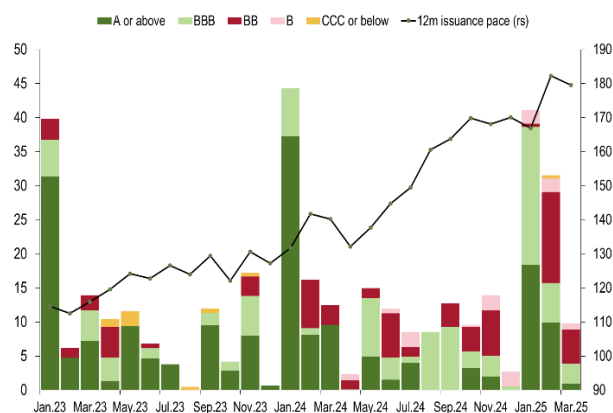
Issuance was led by Asia corporates, potentially taking advantage of the small window before anticipated April tariff announcements

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



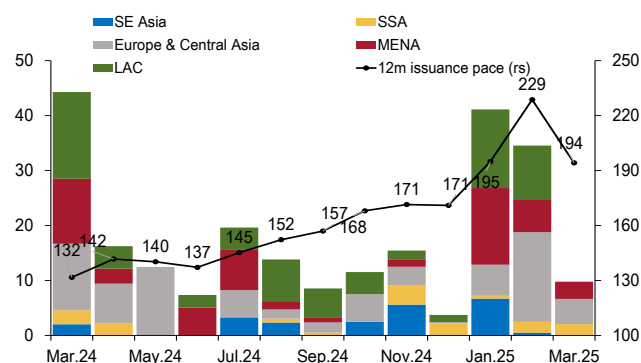
Despite the moderation in volume, issuance was mostly BB/B issuers, indicating modest risk appetite

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



Issuers in March included Romania (\$2.9bn), Morocco (\$2.1bn), Cote d'Ivoire (\$1.7bn), Ras al-Khaimah UAE (\$1bn), Montenegro (\$0.9bn) and Armenia (\$0.7bn)

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



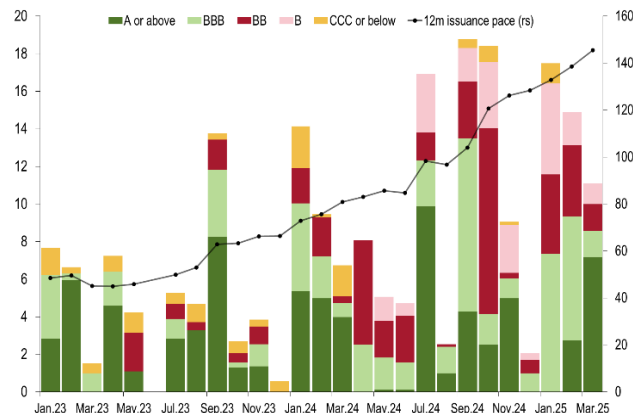
28 EM sovereigns have tapped primary markets this year, with 6 resuming issuance after a hiatus for a year or longer

**Chart 6. Sovereign International Bond Issuances**  
(USD billions)

Issuer	2024	2025	Jan-25	Feb-25	Mar-25
Saudi Arabia	16.8	14.3	11.9	2.4	-
Mexico	10.7	11.0	11.0	-	-
Poland	15.9	8.6	3.1	5.5	-
Romania	18.4	7.1	-	4.1	2.9
Dominican Republic	3.0	5.0	-	5.0	-
Indonesia	11.0	3.4	3.4	-	-
Chile	7.8	3.3	3.3	-	-
Philippines	4.5	3.3	3.3	-	-
Qatar	2.5	3.0	-	3.0	-
Hungary	4.3	2.6	2.6	-	-
Turkey	12.8	2.5	-	2.5	-
Brazil	6.4	2.5	-	2.5	-
Morocco	-	2.1	-	-	2.1
Croatia	1.6	2.1	-	2.1	-
Côte d'Ivoire	2.6	2.1	-	-	2.1
Egypt	-	2.0	2.0	-	-
United Arab Emirates	8.9	1.5	-	0.5	1.0
Uzbekistan	1.5	1.5	-	1.5	-
Kenya	1.5	1.5	-	1.5	-
Paraguay	1.0	1.2	-	1.2	-
Uruguay	3.4	1.2	-	1.2	-
Montenegro	0.8	0.9	-	-	0.9
Armenia	-	0.7	-	-	0.7
Albania	-	0.7	-	0.7	-
Gabon	-	0.5	-	0.5	-
Mongolia	-	0.5	-	0.5	-
Benin	0.7	0.5	0.5	-	-

Similarly, overall corporate issuances moderated although BB/B rated issuers continued to issue in March

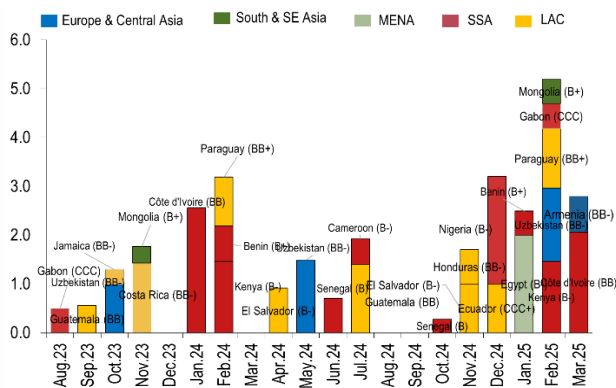
**Chart 8. Corporate Hard Currency Issuance by Rating**  
(USD billions)



## Issuance Detail: Emerging Market Corporates and Sovereigns

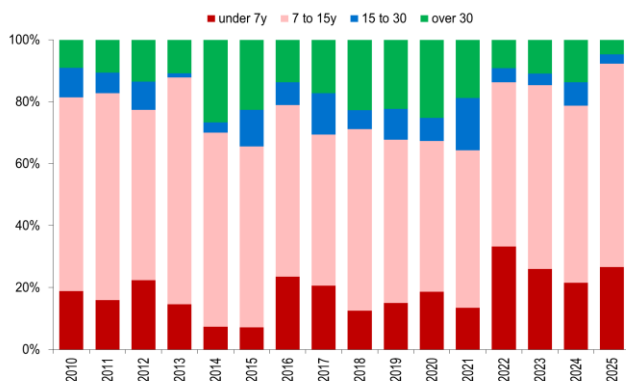
In March, two frontier sovereigns tapped the market. Côte d'Ivoire issued for the second time in 2025 to repurchase a portion of its debt, while Armenia made its first issuance in the Eurobond market since January 2021

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



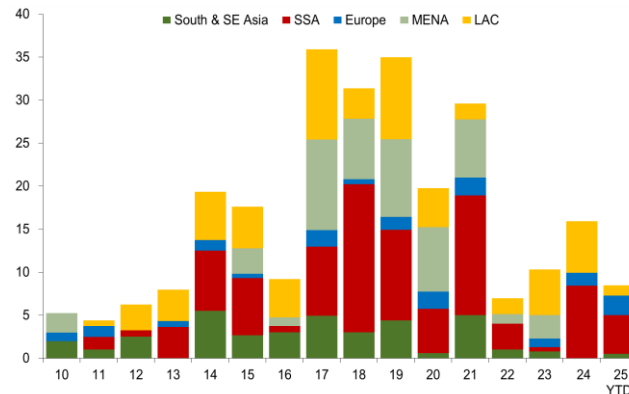
Initial maturity for new issuance has been mostly below 15 years, with risk appetite seemingly favoring the belly of the curve

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



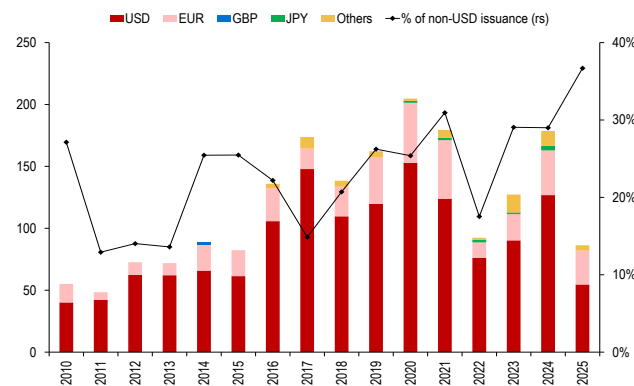
Frontier sovereigns accelerated issuance in the past two quarters, with YTD 2025 volume now exceeding half of the total volume for the entire year of 2024

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



YTD 2025, EM sovereigns have increasingly issued euro-denominated debt, not only among traditional CEEMEA issuers but also from LATAM and Asian sovereigns

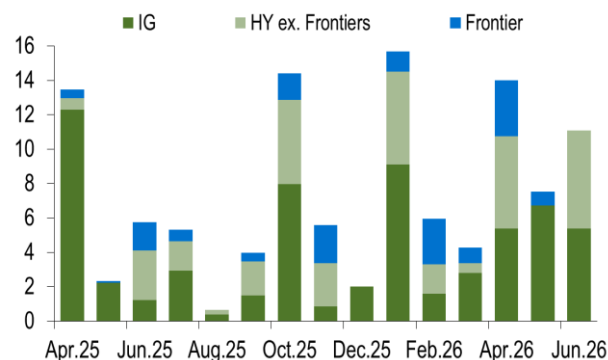
**Chart 12. EM Sovereign Issuance by Currency**  
(Percent)



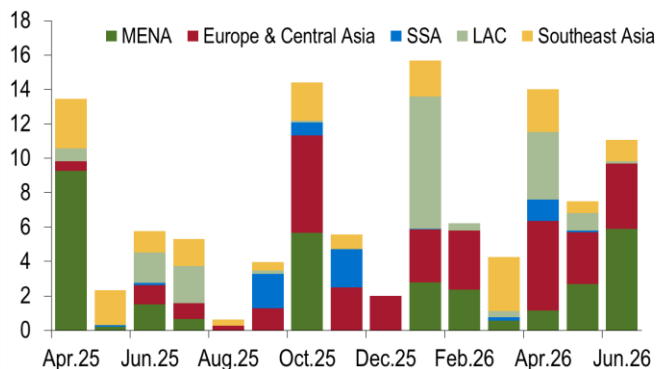
## Upcoming Amortizations

The pace of redemptions is expected to pick-up in Q4 and early 2026.

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



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



## Fund Flows and Bond Returns

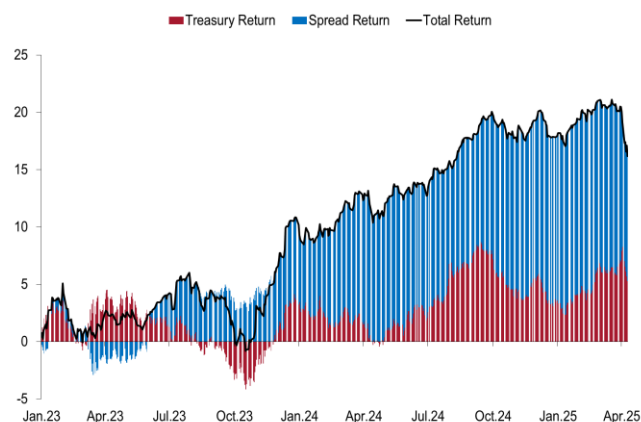
YTD returns on the asset class turned negative in recent weeks, driven by widening of spreads...

**Chart 15. Sovereign Hard Currency Bond Returns (Percent)**



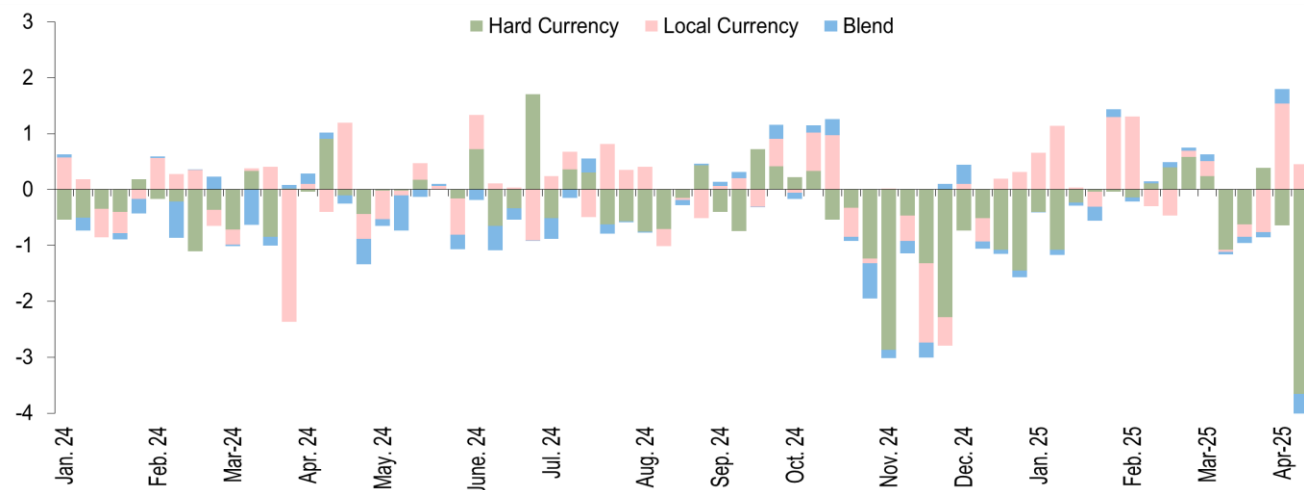
...which have erased some of the recent gains posted in the past two years

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



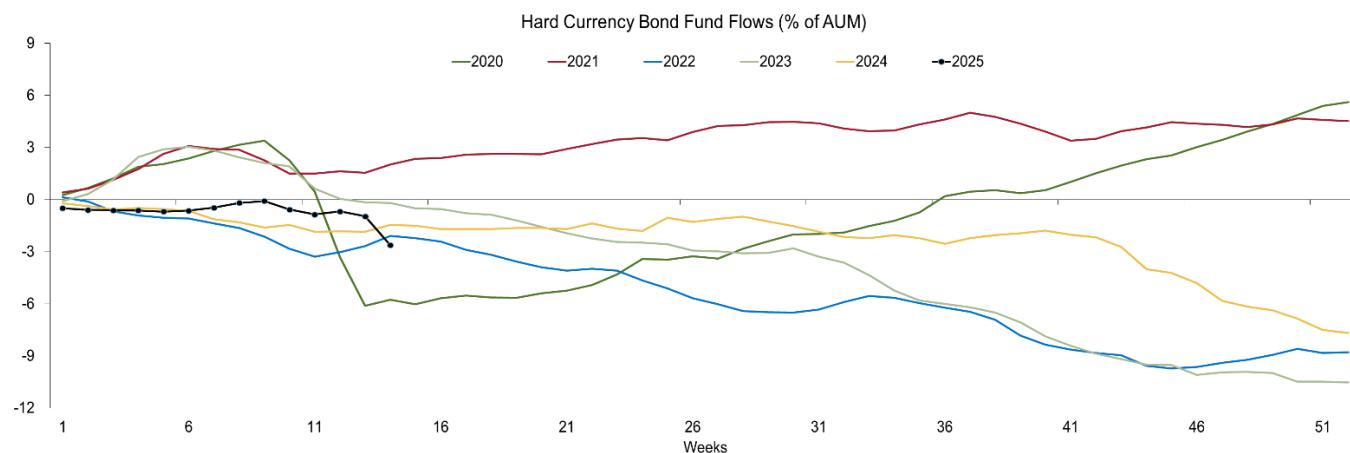
In early April, hard currency funds recorded their largest weekly outflows, in nominal terms, since 2020...

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



... bringing YTD flows (percent of AUM at the beginning of the year), slightly exceeding 2024 and 2022 drawdown levels

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



## Sovereign Spreads and Yields

EM HC sovereign spreads mostly widened through early April, with weaker-rated sovereigns underperforming

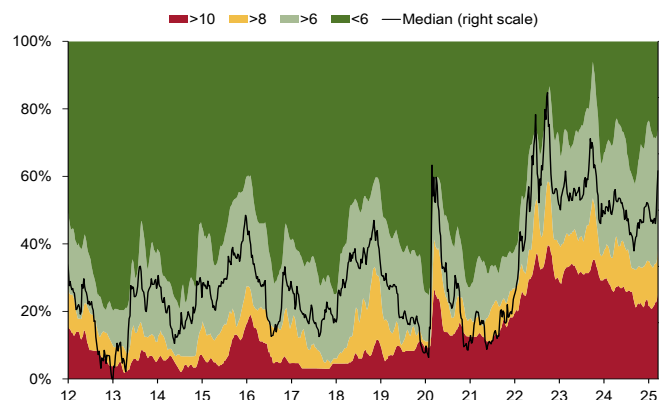
**Chart 19. Major Laggards and Gainers Last Month on Credit Spreads**

(Basis points; restricted to issuers with spreads below 2500)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads (Feb. 27 to Apr.11)	Latest spread	Country	Change in spreads (Feb. 27 to Apr.11)	Latest spread
Qatar	(2)	69	Suriname	191	617
Brazil	(1)	227	Iraq	200	440
United Arab Emirates	1	104	Bolivia	205	2,118
Honduras	8	415	Sri Lanka	209	562
Poland	9	125	Pakistan	217	804
Chile	10	138	Nigeria	235	728
China	13	94	Kenya	277	782
Philippines	13	101	Mozambique	291	1,313
Uruguay	13	112	Senegal	302	928
Costa Rica	15	226	Ghana	346	949
Jamaica	18	194	Cameroon	352	1,148
Saudi Arabia	20	125	Angola	373	1,034
Kuwait	20	47	Ukraine	384	1,152
Guatemala	21	226	Ecuador	474	1,844
Malaysia	23	100	Gabon	519	1,266

The median yield has increased to 7.7% in April and more than 13% of issuers have yields above 10%

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



**Chart 21. Spreads by Rating and Country**

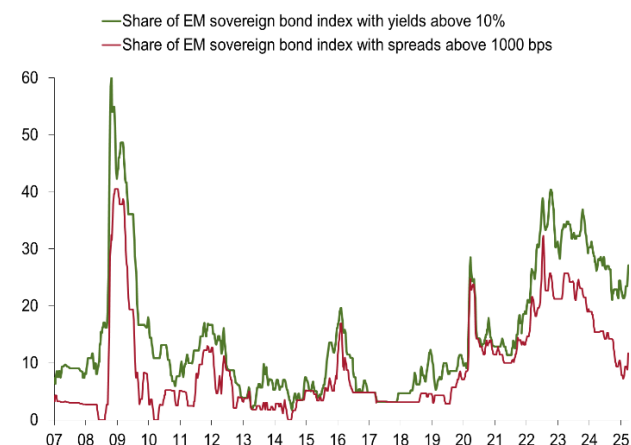
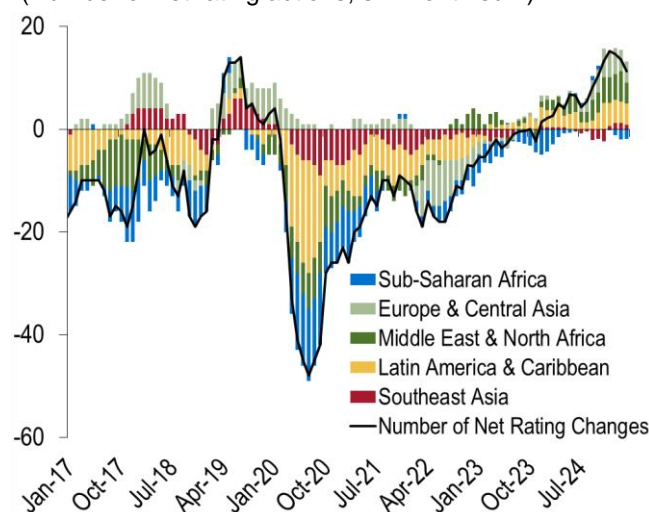
(Basis points, median rating)



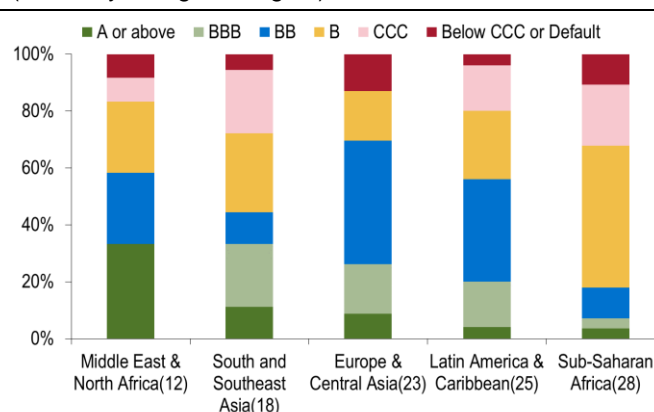
## Annex

**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	3.1	2.9	3.2	4.9	6.1	4.7	5.3	4.7				
Feb.21							3.9	6.7				
Mar.21	4.4	3.5	3.3				5.5	8.5				
Apr.21	3.3	3.1	3.7	2.8								
May.21		4.4	2.8				4.9	4.5				
Jun.21	2.6	3.0	3.1	4.9	4.8	4.4						
Jul.21	3.2	2.9	2.9				6.0	7.9	7.4			
Aug.21												
Sep.21		2.9	2.6	6.1	5.0		7.3	7.6	6.8			
Oct.21	2.8	3.0	3.2		5.2							
Nov.21		2.3	3.3				3.9	5.6				
Dec.21												
Jan.22	3.6	3.8	3.5	3.8					8.0			
Feb.22					5.8		7.3	7.5				
Mar.22	4.2	3.9	3.6				8.5					
Apr.22				7.3	5.9				8.8			
May.22	5.0	5.3										
Jun.22	5.0	5.3	4.8									
Jul.22												
Aug.22	4.9	6.0			5.3							
Sep.22		4.7	4.8									
Oct.22	5.4	5.5		5.8			9.8					
Nov.22	5.5	6.7		8.0	6.4		9.9					
Dec.22							9.9	9.9				
Jan.23	4.9	5.0	4.8	5.1	6.0	4.6	6.8	7.5	6.3	9.4		
Feb.23				6.5						10.9		
Mar.23	4.9		5.5	6.3	6.6		6.5	6.3			9.4	
Apr.23				6.3			6.8			6.3	8.4	
May.23	4.4											
Jun.23		5.0	5.3				6.2					
Jul.23				6.4								
Aug.23												
Sep.23		4.9		6.1	6.6		7.1					
Oct.23		3.4							7.9			
Nov.23		6.5		5.6	5.8		6.3	8.0		7.9	8.5	
Dec.23												
Jan.24	4.9	5.8	4.9	5.8	5.2	4.7	7.0					
Feb.24				7.1	7.8		7.0			7.7	7.9	7.6
Mar.24	5.5	5.1	4.6							7.3		
Apr.24								8.4		0.3	9.3	
May.24	5.3	5.3	5.3	5.6	5.3		6.9					
Jun.24	4.9			5.4	6.4	5.1	6.6	6.0				
Jul.24							6.6	6.1		7.1	9.5	
Aug.24				5.5	5.0	4.4						
Sep.24				5.2	5.3		6.5					
Oct.24					5.1		8.1					
Nov.24		4.2		5.5	5.0		6.8	8.3		7.8		
Dec.24										10.0		
Jan.25	5.5	5.7	5.1	6.3	5.6	6.9	8.4			9.5	8.6	
Feb.25	5.4	5.5	4.9	7.5	5.4		6.8	7.0	7.2	6.6	9.5	
Mar.25	5.0						6.8	8.1				

**Annex Table 2. Share of Distressed Issuers in EM Bond Index**  
(Share, 3-week average)

**Annex Table 3. Net Ratings Updates**  
(Number of net rating actions, six-month sum)

**Annex Table 4. Latest Ratings Actions**

	New Median rating	Latest			End Feb. 25		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Kingdom of Saudi Arabia	A+	A+u	A+	Aa3	Au	A+	Aa3

**Annex Table 5. Ratings by Region**  
(Share by rating and region)


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".