

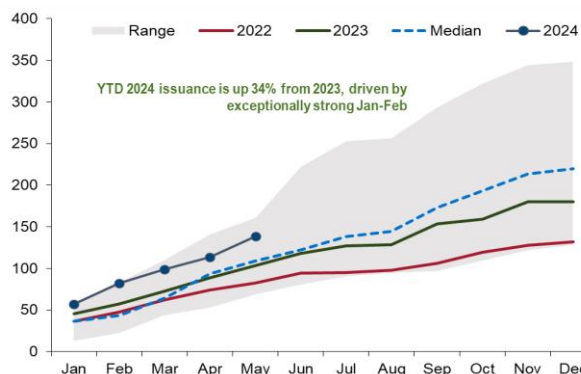


## MAY HIGHLIGHTS:

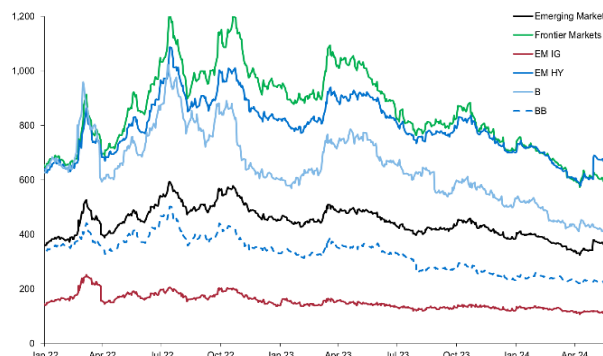
- **Growing signs of a cooling US economy spurred EM issuers to pickup pace in markets in May. Total issuances rose to \$26.5 billion** from \$16.8 billion in April, representing the second largest monthly issuance this year. Year-to-date (YTD) issuance is the strongest since 2021, up +34% y/y, driven by strong momentum in the sovereign segment in January, reaching a total of \$146.7 billion (Chart 3).
- **Sovereign issuances surged to \$19.6 billion across eight sovereigns in May** (Chart 4), a record issuance for the month. Supply was led by Investment-grade middle east sovereigns, including Saudi Arabia, Qatar and Bahrain. Saudi Arabia's \$5 billion sukuk issuances across three tranches elevated the kingdom's international debt sales to \$17 billion this year, the largest for an EM sovereign. In other markets, Indonesia priced its largest Samurai bonds (¥200 billion) since it started tapping the samurai market in 2009. The multi-tranche issuances were met with ¥329.5 billion of investors' interest and included a rare blue bond. The Philippines raised \$2 billion across two-tranches, including a 25-year sustainability note. Meanwhile, Uzbekistan became the sixth frontier sovereign to issue this year, issuing EUR, USD and UZS-denominated securities including a 3-year sustainability bond.
- **Nonfinancial corporate issuance moderated to \$6.9 billion (from \$9.5 billion in April), with EM ex. China issuers, contributing \$5.4 billion in issuances.** Chinese corporates' issuances also moderated to \$1.5 billion (from \$2 billion in April), with only three issuers, led by Shandong Hi-Speed Group's \$0.9 billion perpetual note. The A- rated bond received bids exceeding \$4.1 billion with Asian investors dominated demand (97% of bids). Corporate issuance (ex. China) saw high-yield issuances (\$3.2 billion) exceeding investment-grade volume (\$1.8 billion), with Türkiye's corporates leading the pack by tapping \$1.4 billion across three issuers. YTD corporate (ex. China) volume has increased nearly +80% y/y but remains below the historical median (Chart 8).
- **Hard currency spreads on most sovereigns (chart 2) were little changed on net in May**, although HY sovereign spreads were dragged marginally wider by CCC rated sovereigns. **Hard currency bond fund flows remained volatile in the past two months**, with some inflows seen in late May following several bouts of outflows earlier (Chart 17). Based on weekly data, EM hard currency funds received marginal inflows in May (+\$0.1 billion), although YTD flows remain negative at -\$4.2 billion or just under 2% of AUM. Going forward, continued uncertainty surrounding the US monetary policy pathway is likely to pose headwinds for durable inflows. Hard currency EM bonds returns turned positive in May primarily due to US Treasuries price action (Chart 15).
- **Credit rating upgrade momentum increased in May, continuing the trend observed in the past six months.** Most rating actions were laggard, with some agencies catching up to rating changes made by their peers earlier. An exception was Fitch's upgrade on Cabo Verde's ratings, to B from B- with a stable outlook (see Annex). Fitch cited that the upgrade was due to Cabo Verde's "*robust economic outlook and strong fiscal performance*", which is expected to aid its fiscal consolidation efforts resulting in a declining government debt trajectory.
- **Issuance volume may increase in June due to seasonality, but subject to a supportive market environment.** In the past week, Serbia issued a \$1.5 billion sustainable 10-year USD-denominated bond while Senegal became the fourth sub-Saharan African nation to tap the international bond market, via a \$750 million issuance. . Meanwhile, Brazil is seeking an opportunity to issue its second sustainable bond while Mexico is weighing a return to the samurai market, possibly in the second half of the year. Moldova is also preparing for its inaugural issuance of green Eurobonds, with the government said to be preparing the needed legislations and identifying projects, to set the stage for a €500 million issuance.

## Overview

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



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



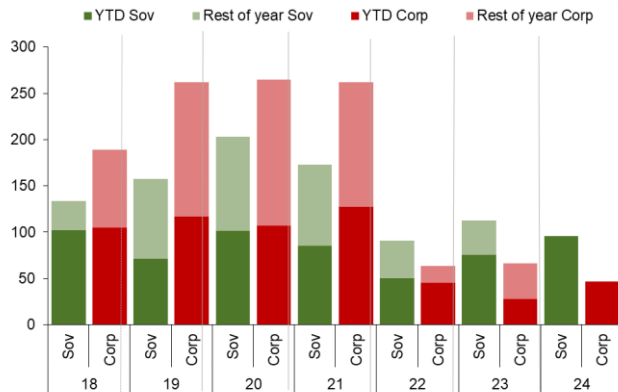
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

## Issuance Detail: Emerging Market Corporates and Sovereigns

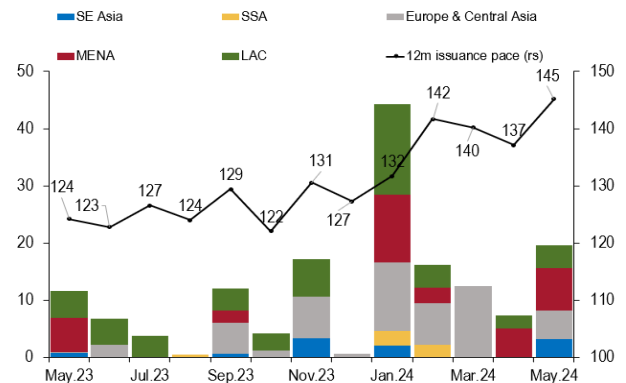
Monthly sovereign issuances were the largest since September 2021

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



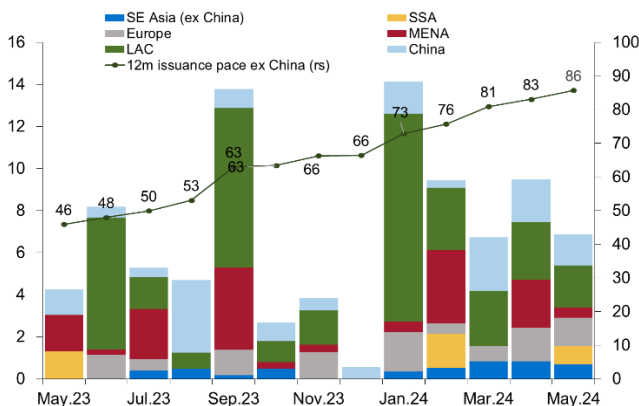
Middle East issuers accounted for more than a third of sovereign issuance volume in May

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



Corporate issuances moderated to \$7 bn in May, but is more than 60% higher y/y

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



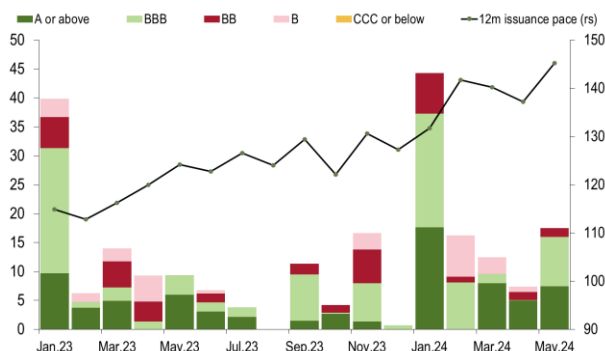
Eight sovereigns tapped the primary markets in May, led by Saudi Arabia's \$5 bn sukuk issued across three tranches

**Chart 6. Country Sovereign Issuance Totals**  
(USD billions)

Issuer	2024	Mar-24	Apr-24	May-24
Saudi Arabia	16.8	-	-	5.0
Poland	12.0	7.9	-	-
Romania	11.7	-	-	3.5
Mexico	9.6	-	-	-
United Arab Emirates	5.8	-	5.1	-
Turkey	5.1	2.1	-	-
Brazil	4.5	-	-	-
Hungary	4.1	-	-	-
Chile	3.9	-	-	2.2
Indonesia	3.3	-	-	1.3
Panama	3.1	-	-	-
Côte d'Ivoire	2.6	-	-	-
Qatar	2.5	-	-	2.5
Bahrain	2.0	-	-	-
Philippines	2.0	-	-	2.0
Uruguay	1.8	-	-	1.8
Croatia	1.6	1.6	-	-
Uzbekistan	1.5	-	-	1.5
Kenya	1.5	-	-	-
Colombia	1.4	-	1.4	-
Paraguay	1.0	-	-	-
El Salvador	0.9	-	0.9	-

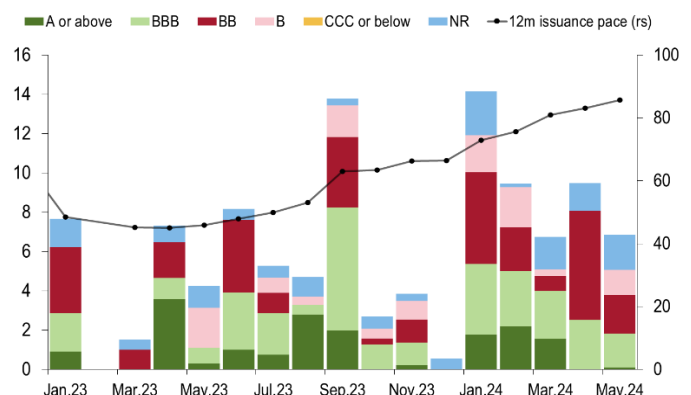
Despite the increased issuances in May, lower rated sovereigns (below BB) did not tap the primary markets

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



Unlike sovereigns, high-yield corporates accounted for the majority of May supply, led by Turkiye's corporates

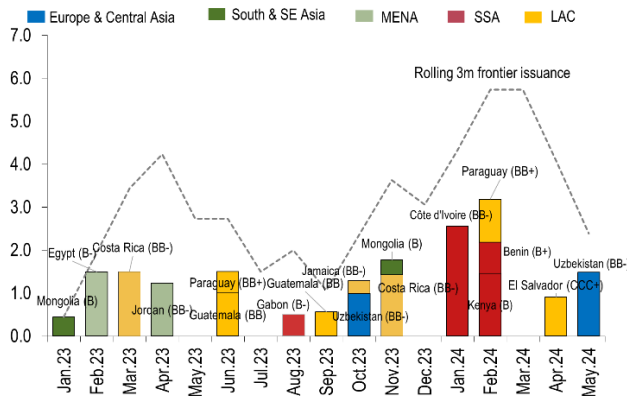
**Chart 8. Corporate Hard Currency Issuance by Rating**  
(USD billions)



## Issuance Detail: Emerging Market Corporates and Sovereigns

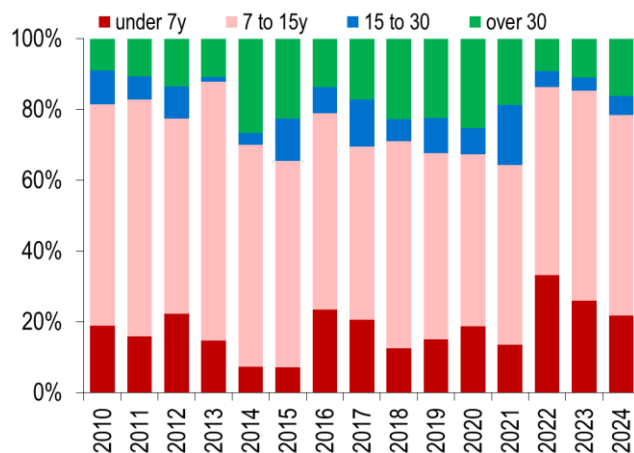
*Uzbekistan issued in May, becoming the sixth frontier issuer in 2024, compared to 12 in 2023 and 8 in 2022*

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



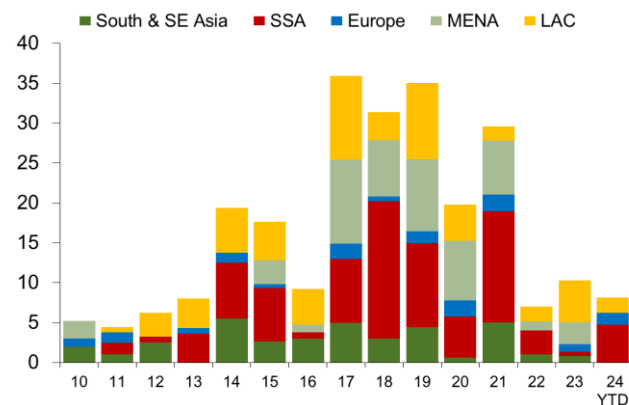
*While still not at 2017-2021 levels, the average maturity of issuances has notably increased this year*

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



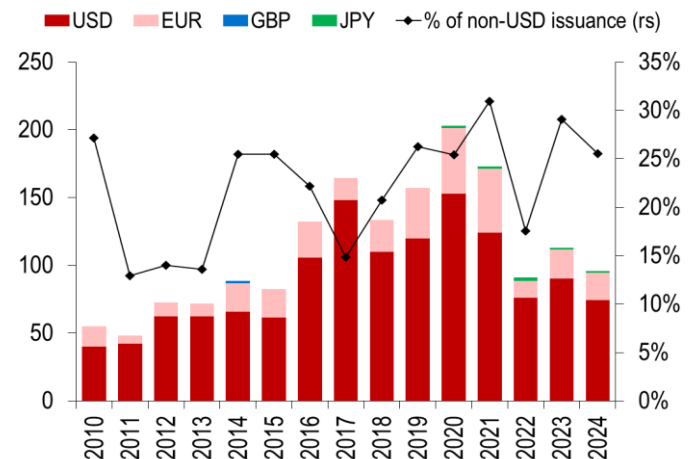
*The Uzbekistan issuance brings the overall volume in 2024 to be above full-year 2022 and is on pace to surpass 2023*

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



*Non-dollar denominated issuance has declined somewhat in 2024 but remains in line with historical averages.*

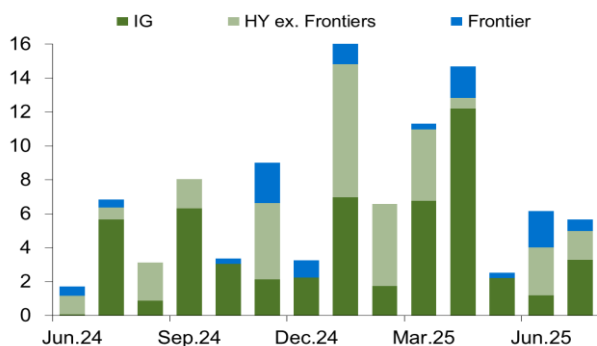
**Chart 12. EM Sovereign Issuance by Currency**  
(Percent)



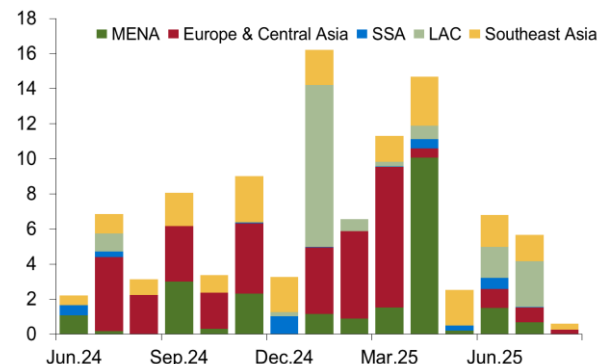
## Upcoming Amortizations

*The pace of redemptions is expected to pick-up in July, with Croatia, Indonesia, Morocco, and Poland face significant redemptions (>\$1 billion) over the next two months*

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



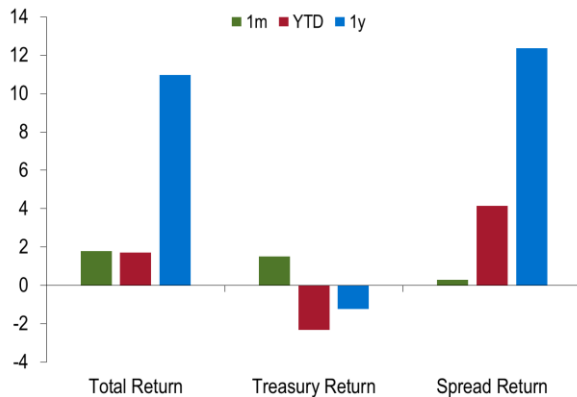
**Chart 14. EM Sovereign Amortizations by Region**  
(USD billions)



## Fund Flows and Bond Returns

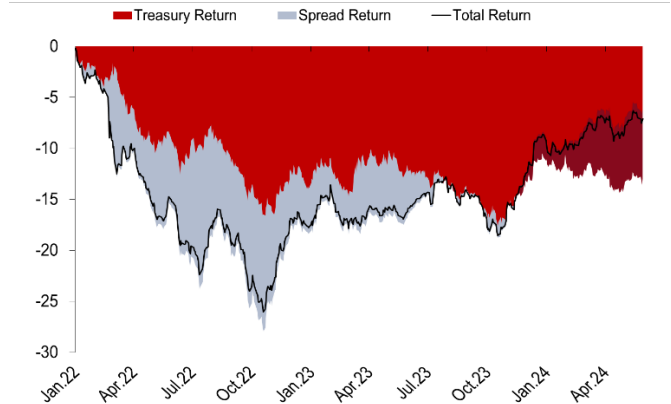
HC bond returns positive over the past month as upward pressure on US Treasury yield eases, while spreads were relatively unchanged

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



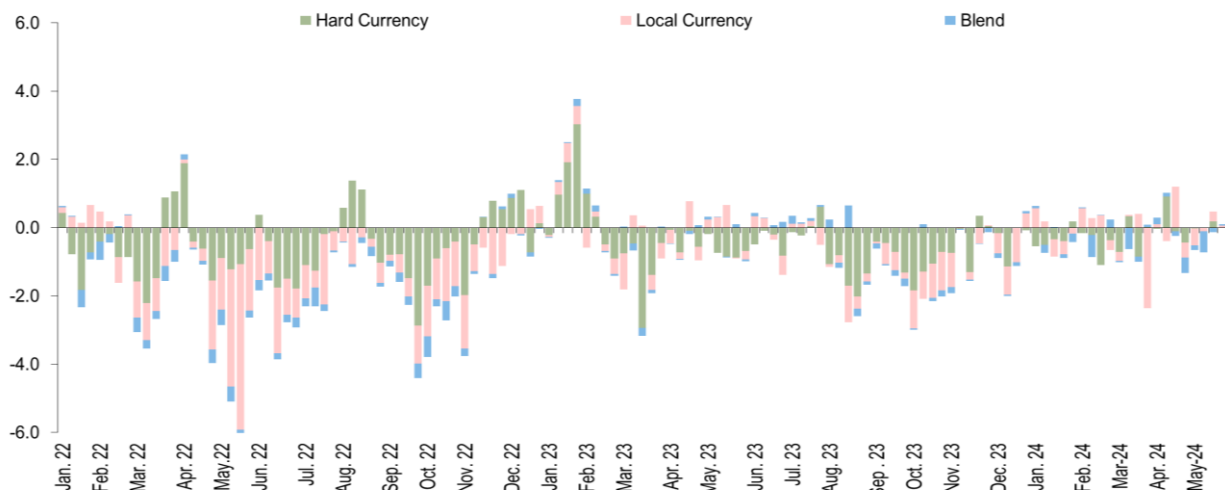
Cumulative spreads returns (since 2022) for HC Bonds turned positive since late last year as financial condition eases despite UST yields remaining high

**Chart 16. Sovereign Hard Currency Bond Returns** (percent, cumulative since Jan. 22)



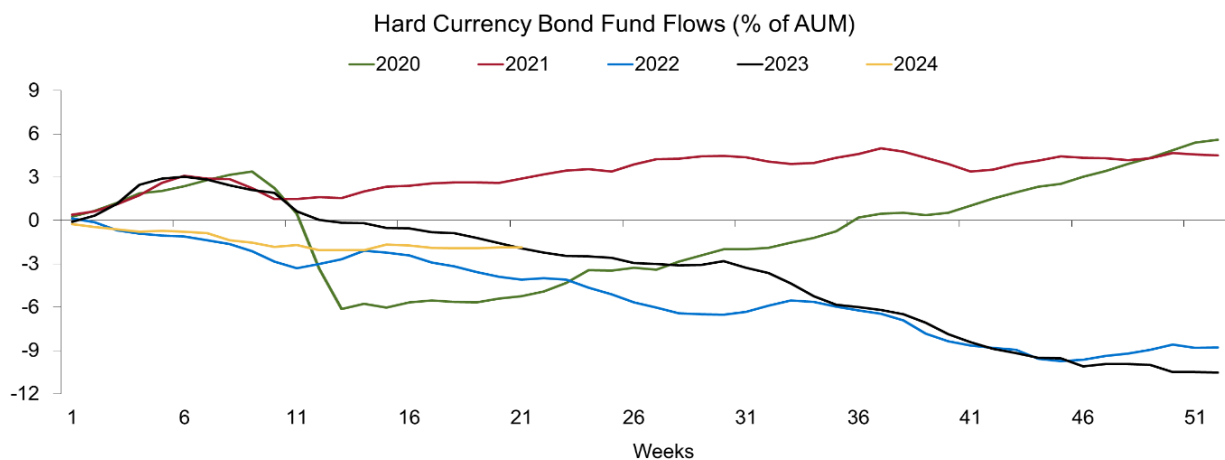
EM dedicated bond funds' weekly flows have been volatile this year. Nonetheless, over the last four weeks, overall flows for hard currency, local currency and blended funds were negative.

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



Hard currency funds' flows have stabilized, with year-to-date cumulative outflows at around 2% of AUM

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



## Sovereign Spreads on Hard Currency Bonds

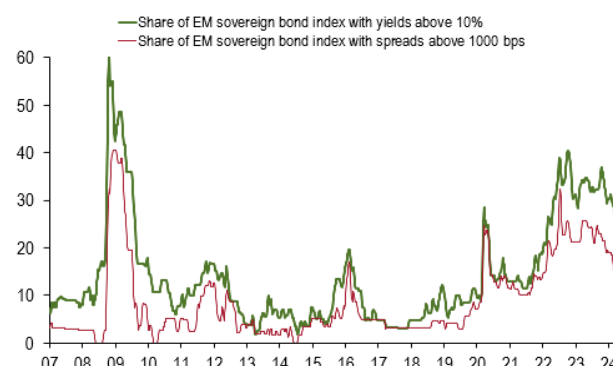
EM HC sovereign spreads largely traded in a relatively tight range in May, albeit with a few exceptions amidst idiosyncratic domestic developments.

Share of EM sovereigns in the index trading at distressed levels) appears to be stabilizing at around 15%, with just over 28% having yields above 10%.

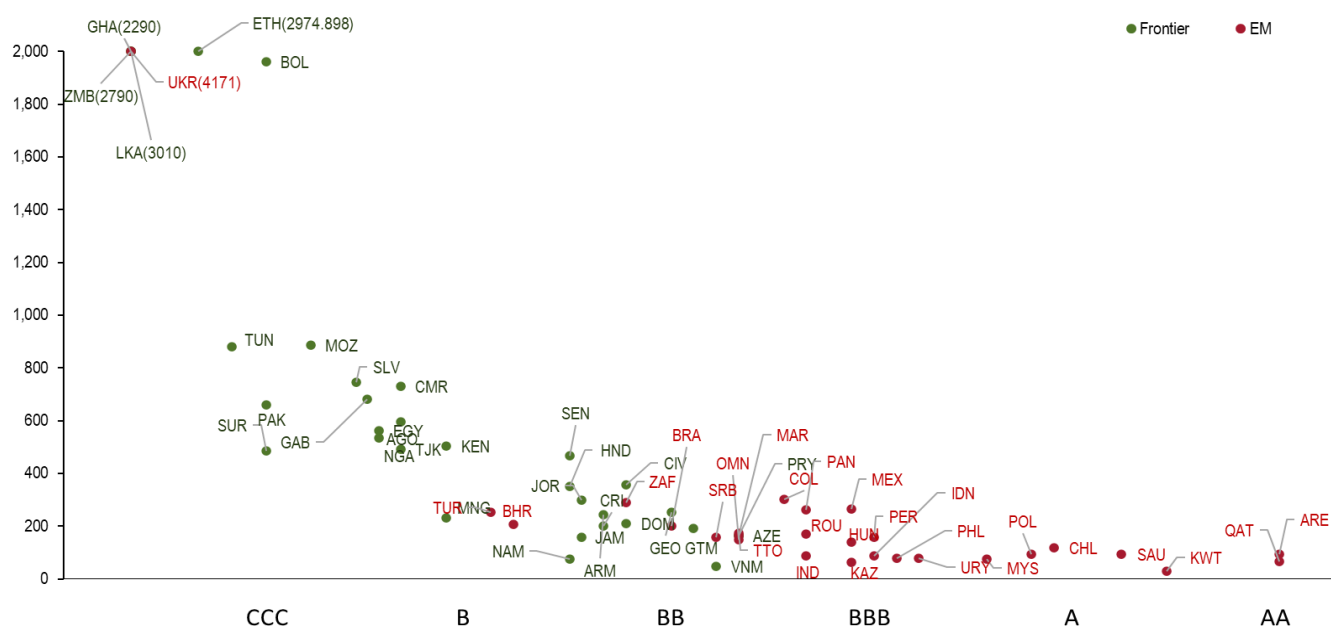
**Chart 19. Major Laggards and Gainers Last Month on Credit Spreads** (Basis points; restricted to issuers with spreads below 2500)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Ghana	(166)	2,290	Trinidad And Tobago	7	174
Tajikistan	(127)	492	Costa Rica	8	201
Iraq	(85)	358	Jamaica	8	158
Egypt	(25)	563	Nigeria	9	535
Armenia	(24)	244	Turkey	10	251
Jordan	(19)	300	Suriname	14	484
Pakistan	(18)	659	Namibia	14	75
Bahrain	(14)	207	Gabon	19	680
Mongolia	(14)	232	Senegal	26	468
Cameroon	(14)	732	Angola	28	596
Panama	(12)	261	Kenya	30	503
Guatemala	(11)	191	El Salvador	44	747
Dominican Repb.	(11)	209	Bolivia	45	1,962
Mexico	(10)	264	Mozambique	75	888
India	(10)	87	Georgia	84	254

**Chart 20. Share of Distressed Issuers in EM Bond Index** (share, 3-week average)



**Chart 21. Spreads by Rating and Country** (basis points, median rating)

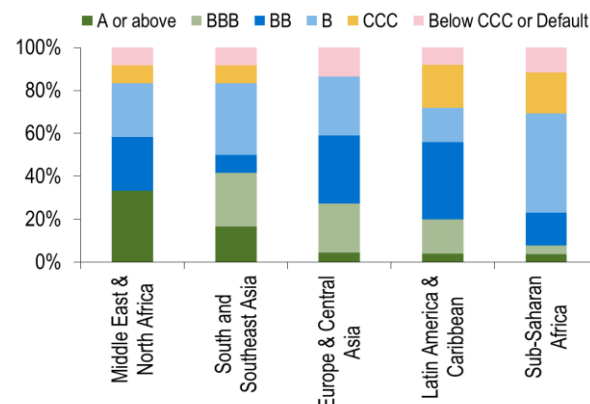


## Annex

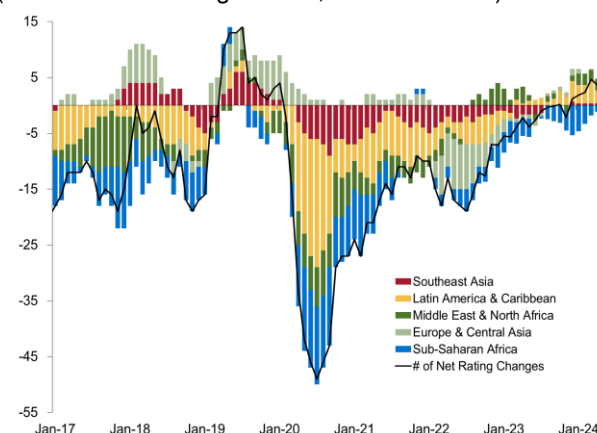
Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

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	2.6	2.9		2.9	3.3	4.9	6.1	4.7	5.3	4.7	
Feb.21										3.9	6.7	
Mar.21		3.5	4.4	3.5	3.2					5.5	8.5	
Apr.21	2.1	3.1	3.3	4.1	4.3		2.8					
May.21		2.8		4.4								
Jun.21			2.6	3.0	3.1	4.9	4.8	4.4		4.9	4.5	
Jul.21	2.8	3.1	3.2	3.1	2.8					6.0	7.9	7.4
Aug.21												
Sep.21	2.6	3.0		2.7	2.6	6.1	5.0			7.3	7.6	6.8
Oct.21	2.0	3.1	3.6	3.0	3.6			5.2				
Nov.21	2.3	3.3								3.9	5.6	
Dec.21												
Jan.22	4.0	3.1	3.6	3.7	3.8	3.8						8.0
Feb.22							5.8			7.3	7.5	
Mar.22	4.3		4.2	3.7	3.6					8.5		
Apr.22						7.3	5.9					8.8
May.22			5.0	5.3								
Jun.22	5.0	4.1		5.3	5.5							
Jul.22												
Aug.22				4.9	6.0		5.3					
Sep.22					4.7	4.8						
Oct.22	5.3	5.5		5.7	5.6				9.8			
Nov.22	5.5	5.8		7.0			8.0			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	4.1	4.0									
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	4.9	5.3					8.4			0.3	9.3	
May.24	4.9	5.3	5.3	5.6	5.3		6.9					

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. Latest Ratings Actions

	New Median rating	Latest			End Apr. 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
El Salvador	CCC+	B-	CCC+	Caa1	B-	CCC+	Caa3
Jordan	BB-	B+	BB-	Ba3	B+	BB-	B1
Turkiye	B+	B+u	B+	B3	Bu	B+	B3
Bangladesh	B+	BB-	B+	B1	BB-	BB-	B1
Nicaragua	B	B	B	B2	B	B-	B2
Uganda	B-	B-	B+	B3u	B-	B+	B2u
Cabo Verde	B	B-	B		B-	B-	

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".