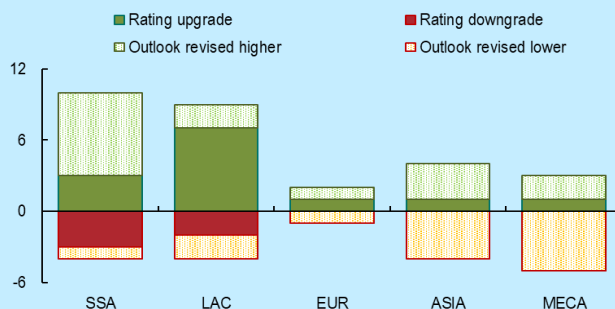




HIGHLIGHTS:

- **International debt issuance by emerging and frontier markets remained strong in May** despite continued geopolitical uncertainty, supported by tighter spreads and resilient investor demand. Total issuance continued to run well above the historical median for this point in the year (Chart 1).
- **Hard-currency sovereign issuance amounted to \$13.4 bn, above the 10-year monthly average of \$10.7 bn for the month of May.** Frontier sovereign borrowing was particularly strong, reaching its highest monthly level since Sep. 2021.
 - Angola raised \$1.5 bn from two tranches (2031 and 2037 maturity), the second time it has tapped international markets since the Middle East conflict (\$2.5 bn in March);
 - Bolivia raised \$1 bn in its first dollar bond since 2022;
 - Ecuador raised \$1 bn, tapping its existing 2034 and 2039 notes first issued in January;
 - Egypt issued \$1 bn (social bond) with subscription orders exceeding \$3.9bn;
 - Morocco raised €2.25 bn from notes maturing in 2034 and 2038, with orders exceeding €5.4 bn and;
 - Republic of Congo raised \$850 mn., with investors placing bids of more than \$1.95 bn.
- **EM hard-currency spreads continued to narrow in May, with higher-yielding sovereigns leading the rally.** Spread remains below levels seen before the conflict escalation (Chart 3), although some market analysts caution that the scope for further compression may be limited, given spreads are already near historically tight levels.
- **EM sovereign rating upgrades continued to outpace downgrades.** In May, Argentina, the Bahamas, Ghana, and Nigeria credit ratings were upgraded, while Mexico's rating was downgraded. South Africa was also upgraded in early June. Despite the positive rating action, several sovereigns in Asia and the Middle East have their ratings outlook revised lower since the escalation of geopolitical tensions (Figure A).
- **EM bond fund inflows gained momentum in May,** led by local-currency funds, while hard-currency inflows also continued to trickle in (Charts 16 and 17).
- **Looking ahead, market contacts continue to view market access as broadly supportive for EM issuers.** In early June, Bahrain raised \$1 bn through a 10-year bond due 2036 priced at 7.125%. According to market analysts, potential issuers in the coming months include Mexico and the Philippines in the IG space, and Argentina, Brazil, Guatemala, and Türkiye in HY.

Figure A: Count of credit rating actions since March, 2026



Notes: Coverage only include actions from Moody's, Fitch and S&P. EUR = Europe; LAC = Latin America and the Caribbean; MECA = Middle East and Central Asia; SSA = Sub-Saharan Africa

Overview

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

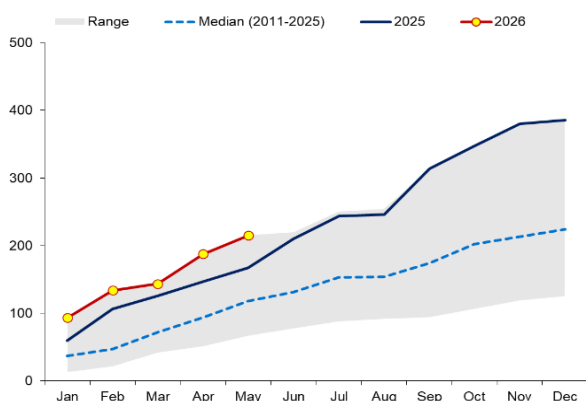
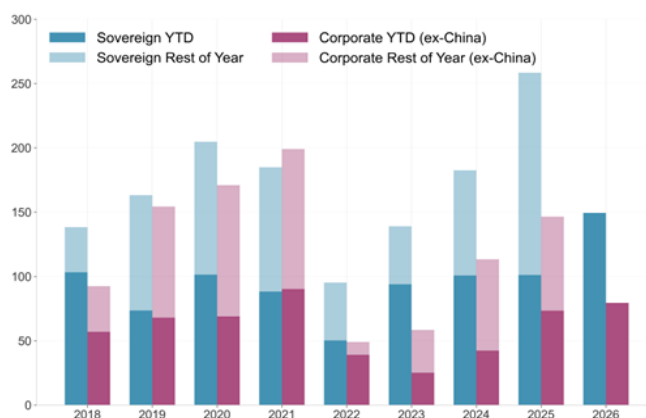


Chart 2. Total Sovereign and Corporate Issuance (Historical trend, USD billions)



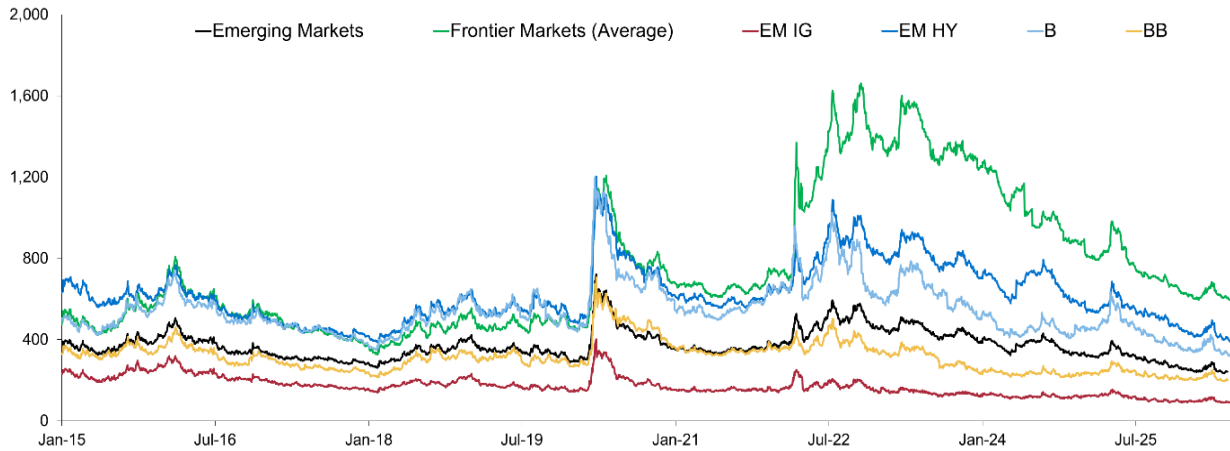
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

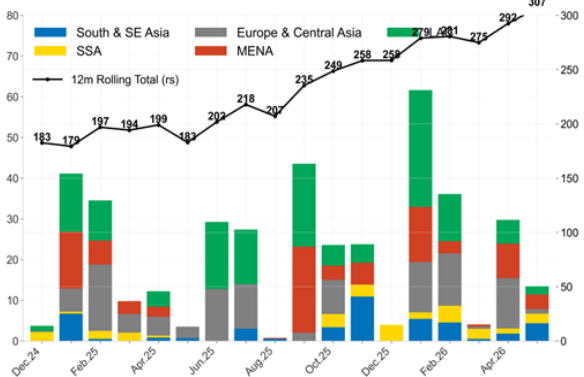
Benchmark spreads compression continued in May, with higher-yielding EMs leading the rally

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



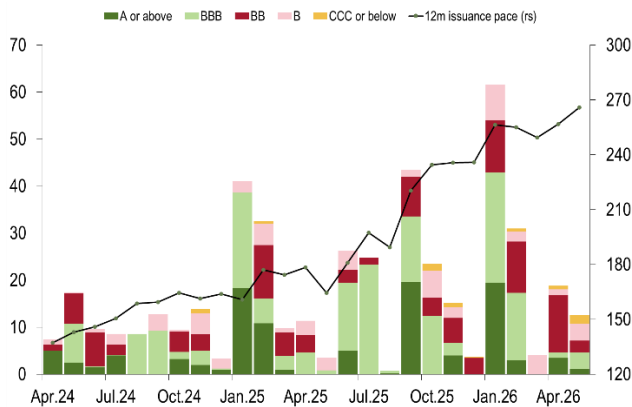
EM sovereign international issuance moderated in May with broad participation from all regions...

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



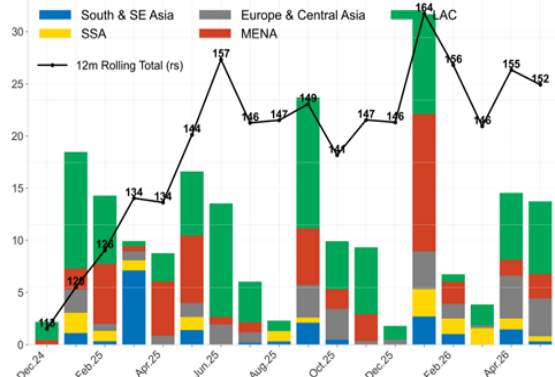
Indonesia was the largest sovereign issuer, raising \$2 bn of USD bonds and €2.25 bn of EUR bonds

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



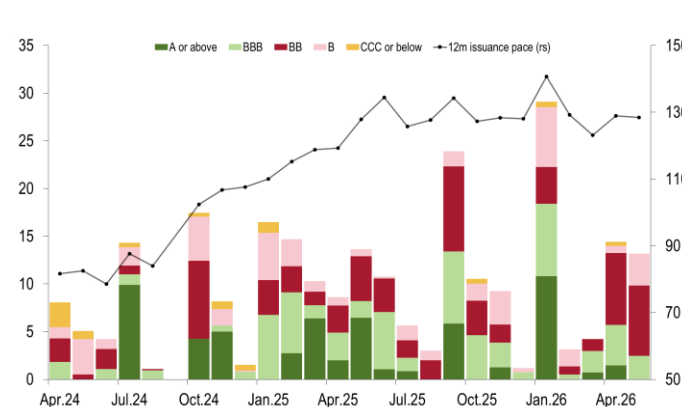
... while EM corporate issuances continue to be led by Latin America

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



For corporates, the proportion of high-yield issuances remain high, as previously seen in April

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



Issuance Detail: Emerging Market Corporates and Sovereigns

Frontier sovereign borrowing surged in May as calmer market conditions drive the strongest monthly issuance since September 2021. YTD issuances are near 2024 full year volume and already surpassed full-year 2022 and 2023 levels

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

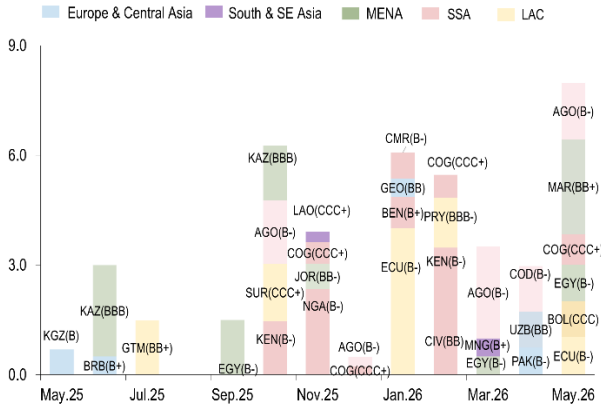
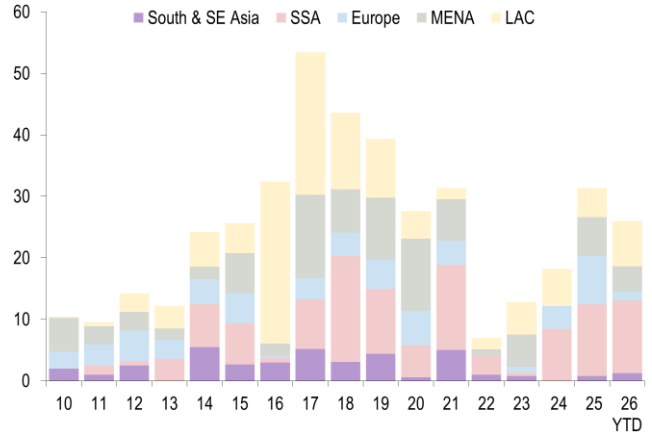
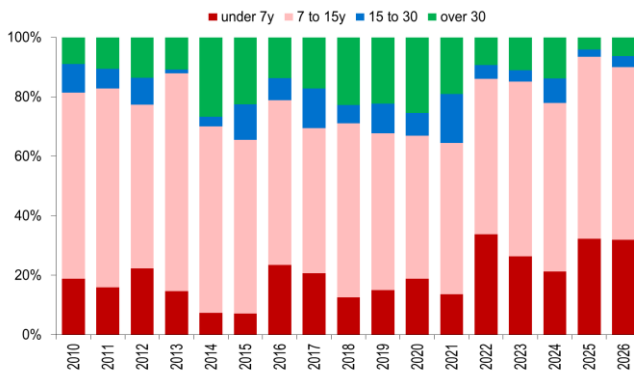


Chart 9. Frontier Sovereign Issuance by Year (USD billions)



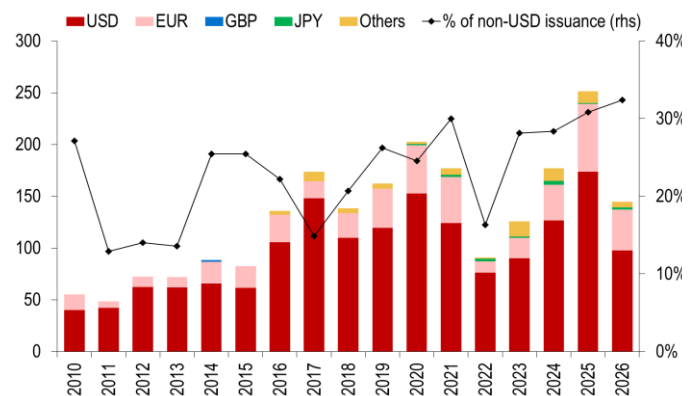
EM international debt issued in 2026 YTD remains concentrated in the short- to medium-term segment, with roughly 30% maturing within seven years

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 needs are broadly distributed across the year for major EMs, but strong early-year issuance has improved liquidity buffers; Frontier economy repayments remain concentrated toward year-end and early next year

Chart 12. EM Sovereign Maturities by Region (USD billions)

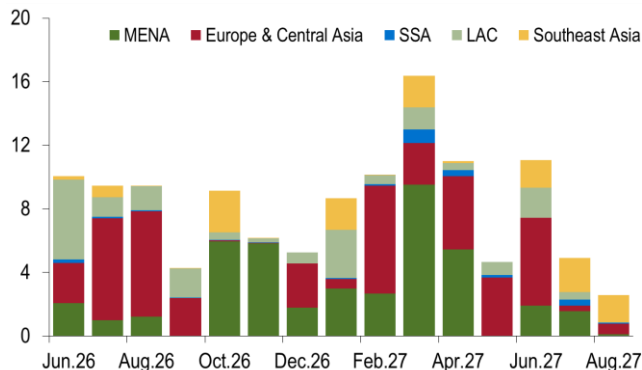
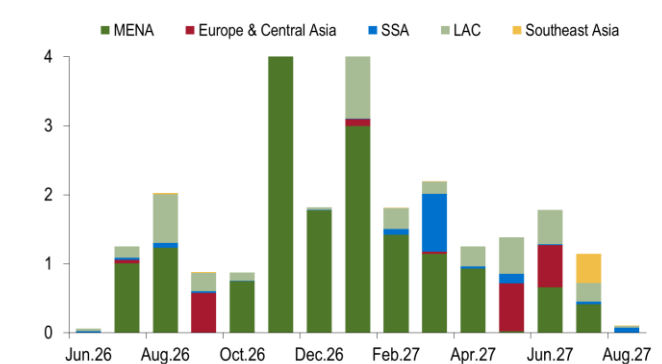


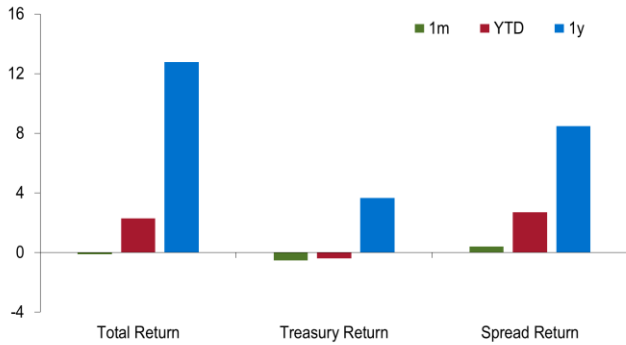
Chart 13. Frontier Sovereign Maturities by Region (USD billions)



Fund Flows and Bond Returns

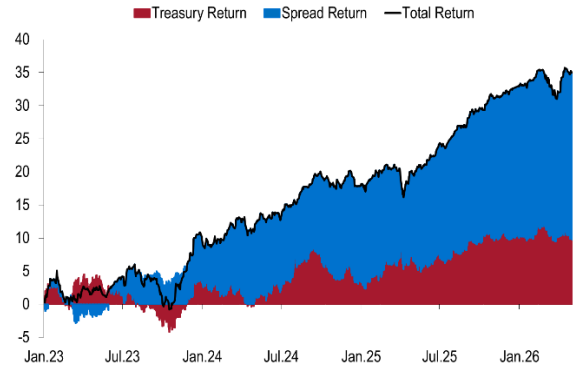
While spreads continue to support returns, volatility in UST yields have weighed on the asset class YTD

Chart 14. Sovereign Hard Currency Bond Returns (percent)



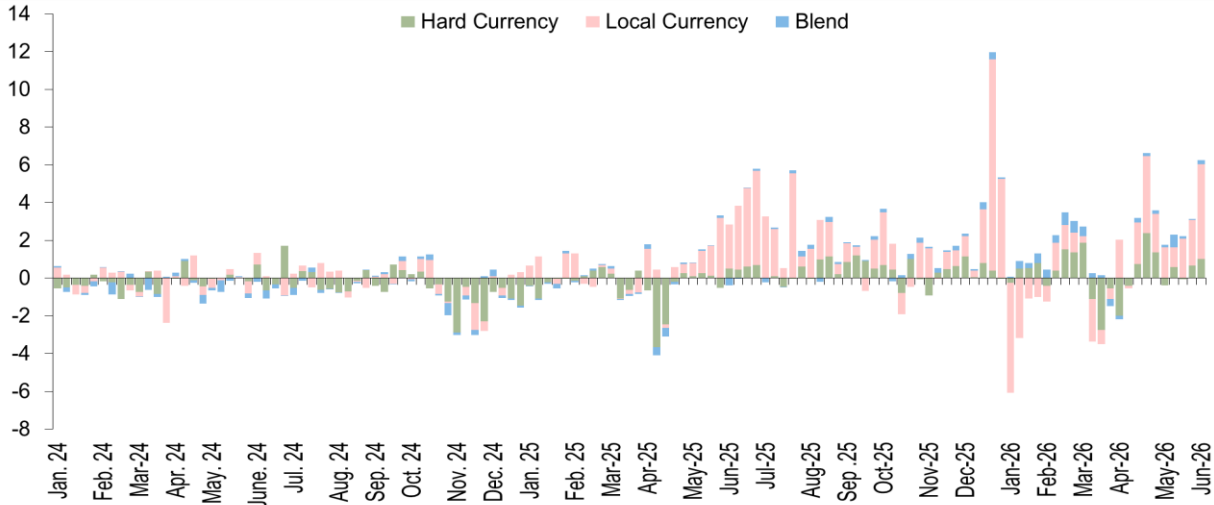
Overall asset class returns moderated as tight spreads constrain performance momentum seen in previous months

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



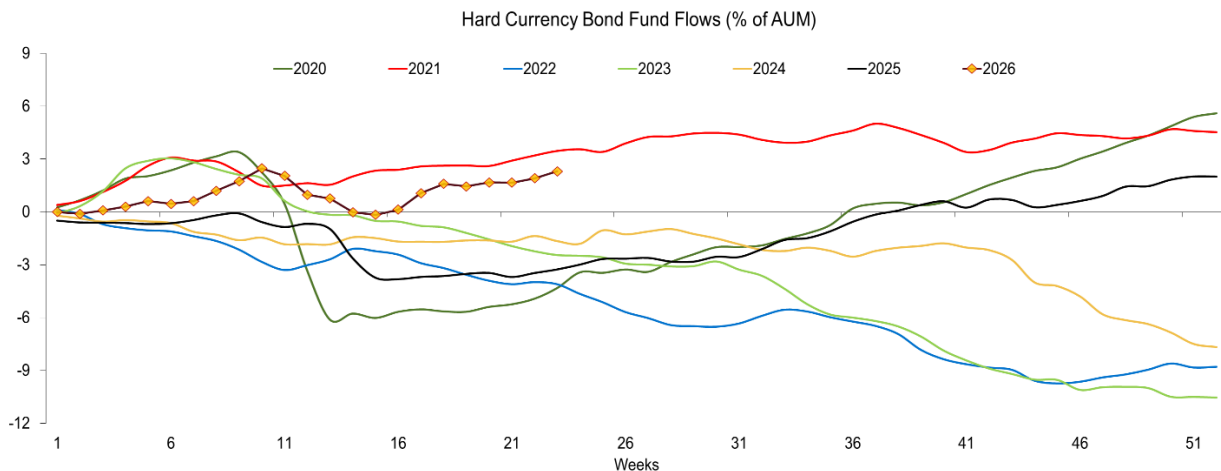
EM funds' inflows gathering momentum, with flows favoring local currency exposure

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



YTD hard currency fund inflows have gradually rebounded in recent weeks

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



Sovereign Spreads and Yields

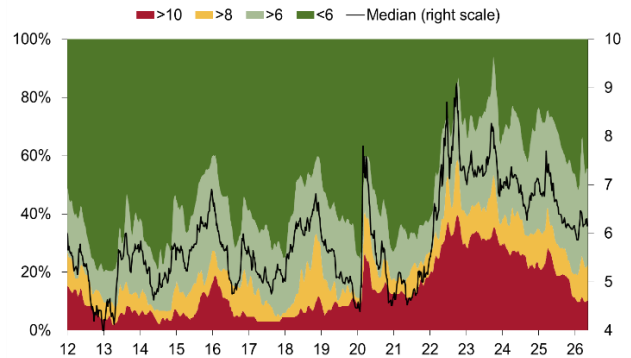
Spreads continue to narrow for most in May, although with some idiosyncratic developments for some individual economies

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

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

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

Top-15 Leaders			Top-15 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Mozambique	(237)	938	Angola	2	432
Ukraine	(203)	732	Chile	3	86
Gabon	(150)	633	Indonesia	4	84
Kenya	(70)	398	Kazakhstan	4	74
Cameroon	(64)	431	Turkey	5	281
Iraq	(61)	288	Costa Rica	5	134
Ghana	(60)	231	Honduras	6	190
Egypt	(48)	355	Colombia	7	240
Ivory Coast	(47)	229	Poland	8	89
South Africa	(36)	169	Philippines	8	73
Jordan	(23)	201	Serbia	11	123
Trinidad And Tobago	(22)	175	Suriname	12	290
Sri Lanka	(20)	187	Jamaica	14	122
Bahrain	(15)	230	Bolivia	127	576
Nigeria	(15)	267	Senegal	184	1,546



...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)

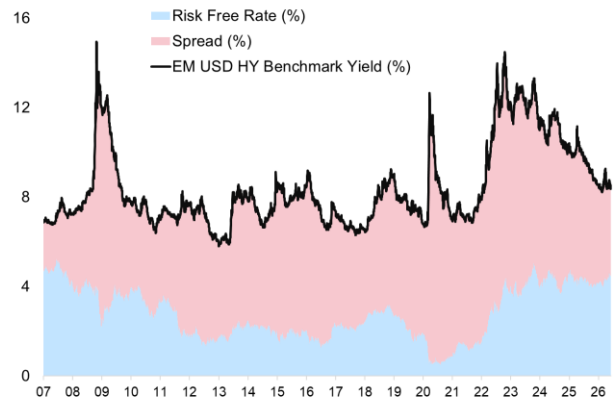
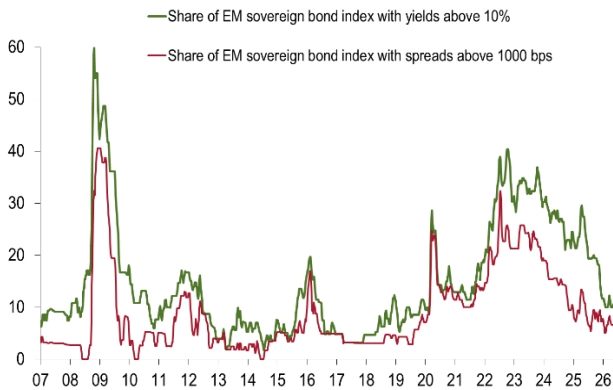
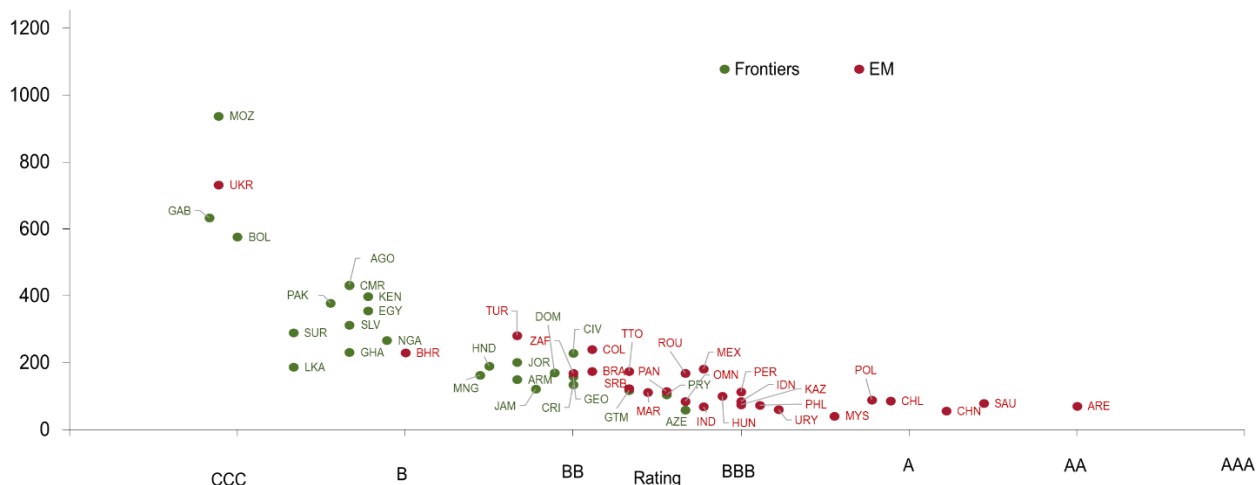
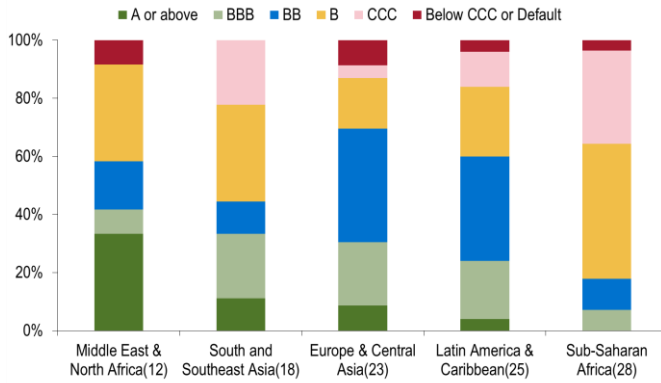


Chart 22. Spreads by Rating and Country (basis points, median rating)

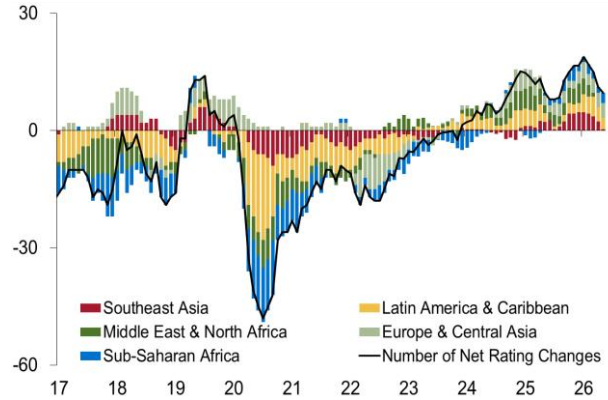


Annex

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 Apr. 26		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Argentina	CCC+	CCC+	B-u	Caa1	CCC+	CCC+u	Caa1
Bahamas, The	BB-	BB-	BB-	Ba3	BB-	BB-	B1
Ghana	BB-	B-	B	Caa1	B-	B-	Caa1
Mexico	BBB-	BBB	BBB-	Baa3	BBB	BBB-	Baa2
Nigeria	B	B	B	B3	B-	B	B3

Annex Table 2. Country Sovereign Issuance Totals

Issuer	2026	Feb-26	Mar-26	Apr-26	May-26
Mexico	14.5	-	-	-	-
Poland	12.2	1.3	-	6.0	1.1
Indonesia	11.8	4.5	-	1.1	3.4
Saudi Arabia	11.4	-	-	-	-
Brazil	10.3	4.5	-	5.9	-
Turkey	7.8	2.4	-	2.0	-
United Arab Emirates	6.5	-	-	3.5	-
Romania	5.5	5.5	-	-	-
Ecuador	5.0	-	-	-	1.0
Colombia	4.9	-	-	-	-
Hungary	4.8	1.3	-	-	-
Chile	4.3	-	-	-	-
Kuwait	4.2	-	2.2	2.0	-
Angola	4.0	-	2.5	-	1.5
Serbia	3.4	-	-	3.4	-
Qatar	3.0	-	-	3.0	-
Panama	3.0	3.0	-	-	-
Dominican Republic	2.7	2.7	-	-	-
Philippines	2.7	-	-	-	-
Morocco	2.6	-	-	-	2.6
Kenya	2.2	2.2	-	-	-
Bahrain	2.1	-	-	-	-
Egypt	1.5	-	0.5	-	1.0
Congo	1.5	0.6	-	-	0.8
Paraguay	1.4	1.4	-	-	-
Côte d'Ivoire	1.3	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	-
China	0.9	-	-	-	0.9
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	-	-	-	-