



SEPTEMBER HIGHLIGHTS:

- **Total international bond issuance surged by \$40.1bn in September following seasonally weak issuance in August, bringing the total amount issued in 2024 to just under \$230bn (Chart 1).** Year-to-date (YTD) issuance is the strongest since 2021, up +50% y/y, with both corporate and sovereign issuance the highest since 2021 (Chart 3).
- **Sovereign issuance amounted to \$15.2bn in September across six sovereigns.** Issuance was driven by sovereigns in Europe and central Asia, while China also issued international sovereign debt for the first time this year (\$2.2bn), bringing the total number of sovereigns to have issued this year to 33, compared to 34 in 2023 as a whole (Chart 4). Romania (\$5.4bn) and Türkiye (\$3.4bn) were the top issuers for the month. Romania has tapped markets for the seventh time this year. Hungary has issued its first yen-denominated debt since 2020. Türkiye was the only high yield issuer in September. International sovereign bond issuance now amounts to \$138.8bn YTD, compared to \$117.4bn for 2023 as a whole.
- **Nonfinancial corporate issuance jumped by \$24.9bn, with issuance increasing across most regions (Chart 5).** Chinese issuance (\$5.7bn) was the highest monthly issuance since late 2021. Corporate issuance (ex. China) was geographically diverse in September, with the majority of issuance from corporates rated A or higher. Monthly issuance was the highest since June 2021 and YTD issuance now amounts to \$100.8bn (Chart 8).
- **After spiking in August, high yield sovereign spreads narrowed in September, on the back of an interest rate cut by the Fed (Chart 2).** Spreads tightened across a handful of frontier markets Ghana (-149bps), El Salvador (-106bps), Iraq (-102bps), Pakistan (-101bps) and Kenya (-77bps). In contrast, spreads widened by around +40bps in a few countries like Angola, Tajikistan, and Honduras (Chart 19). Investment grade spreads continue to remain near historical lows. The rally in US Treasury bond markets paved the way for the median yield in the EM bond index to decline near 7% (Chart 20).
- **Bond fund inflows picked up pace towards the end of September (Chart 17).** Based on weekly data, flows into EM hard currency funds were flat in September, whereas local currency and blended (local and hard currency) funds saw inflows (+\$0.5bn for both). Returns increased in September, driven by both Treasury action and spreads. YTD, the EM bond index has returned close to 10%.
- **Sovereign ratings' positive momentum has picked up pace.** Croatia was upgraded by Fitch and S&P to A- based on growth and reform progress. Kazakhstan's diversification efforts were cited by Moody's as the reason for its upgrade to Baa1. Türkiye was upgraded for the second time this year by Fitch (BB-). Oman, Costa Rica, Montenegro, Jordan, Mongolia and Tunisia were the other sovereigns that saw upgrades in September, while Moody's also upgraded Brazil by one notch to Ba1 in early October. Maldives was downgraded by Moody's (Caa2*-) on heightened default risks (see Annex).
- **Strong issuance dynamics could continue based on past issuance patterns, but uncertainty around the US election and monetary policy could weigh on the market.** While the rally in Treasury yields during the summer provided some support to the market, yields retraced higher in August following September's US jobs report. Bloomberg reports that Egypt is expected to issue Eurobonds later in this fiscal year. Poland currently stands as the third-largest issuer for this year (+\$12bn ytd) and could come to market again before the end of the year. Romania issued green yen-dominated bonds at the start of October.

Overview

Chart 1. Pace of EM Sovereign and Corporate International Issuance

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

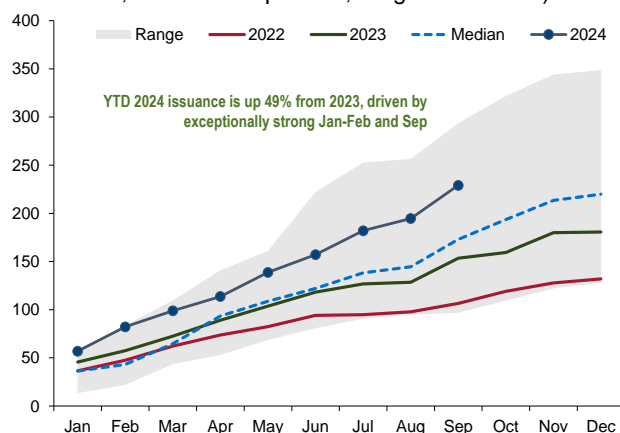
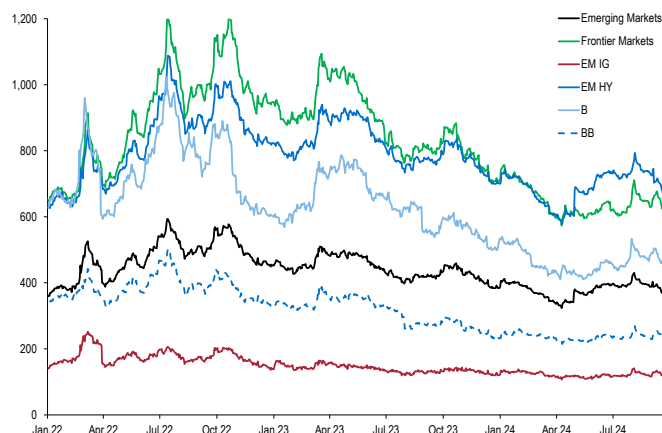


Chart 2. Emerging and Frontier Market Spreads

(Basis points)



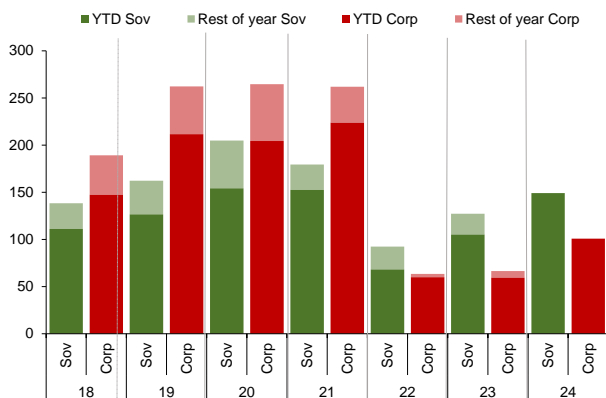
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

xIssuance Detail: Emerging Market Corporates and Sovereigns

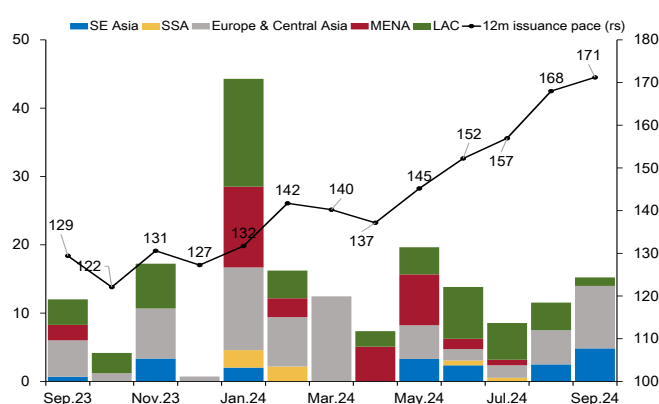
Sovereign and corporate issuances so far this year are already the strongest since 2021

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



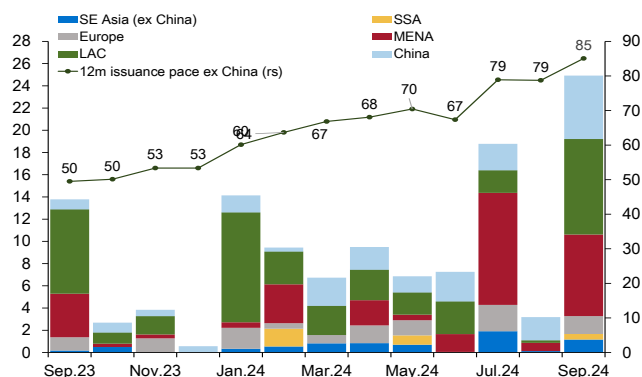
The rebound in sovereign's Eurobond issuance was broad based, led by Europe & Central Asia as well as Southeast Asia with significant issuances seen in Romania (\$5.4bn), Türkiye (\$3.4bn) and Indonesia (\$2.6bn).

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



Corporate issuances increased sharply in September.

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



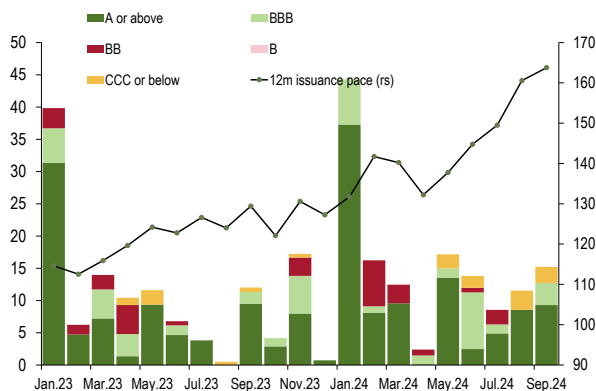
Thirty three sovereigns have tapped the primary markets since January.

Chart 6. Country Sovereign Issuance Totals
(USD billions)

Issuer	2024	Jun-24	Jul-24	Aug-24	Sep-24
Romania	17.7	0.2	0.1	0.3	5.4
Saudi Arabia	16.8	-	-	-	-
Poland	12.0	-	-	-	-
Mexico	10.7	-	-	1.0	-
Turkey	10.3	-	1.7	-	3.4
Indonesia	8.3	2.4	-	-	2.6
United Arab Emirates	8.1	1.5	0.8	-	-
Chile	7.8	-	4.0	-	-
Brazil	6.4	2.0	-	-	-
Peru	4.8	1.8	-	3.0	-
Bulgaria	4.8	-	-	2.5	-
Philippines	4.5	-	-	-	-
Hungary	4.3	-	-	-	0.3
Panama	3.1	-	-	-	-
Uruguay	3.0	-	-	-	1.2
Dominican Republic	3.0	3.0	-	-	-
Côte d'Ivoire	2.5	-	-	-	-
Qatar	2.5	-	-	-	-
China	2.2	-	-	-	2.2
Bahrain	2.0	-	-	-	-
Croatia	1.6	-	-	-	-
Uzbekistan	1.5	-	-	-	-
Serbia	1.5	1.5	-	-	-
Kenya	1.5	-	-	-	-
Guatemala	1.4	-	1.4	-	-
Colombia	1.4	-	-	-	-
Paraguay	1.0	-	-	-	-
El Salvador	0.9	-	-	-	-
Trinidad and Tobago	0.8	0.8	-	-	-
Montenegro	0.8	-	-	-	-
Benin	0.7	-	-	-	-
Senegal	0.7	-	-	-	-
Cameroon	0.5	-	0.5	-	-

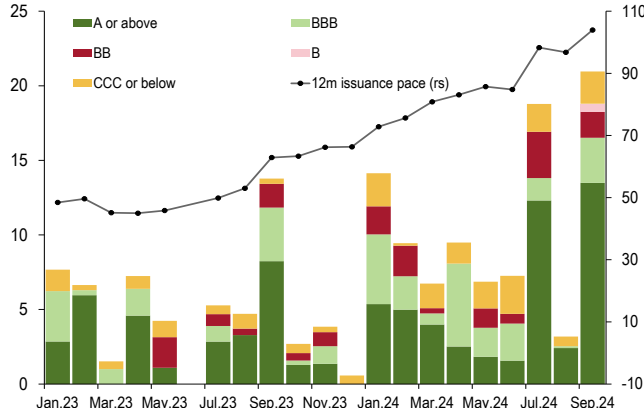
The majority of sovereign hard currency issuance was by A- or higher rated sovereigns.

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



Appetite for high yield corporates remained strong in September.

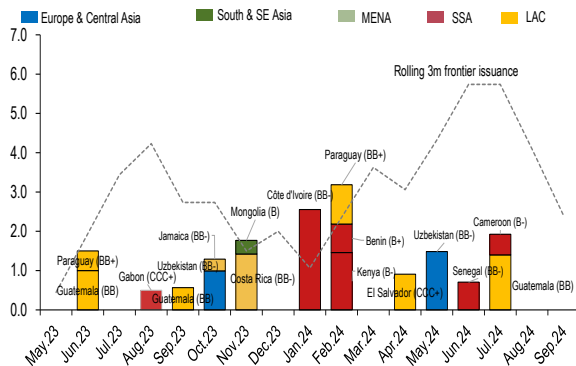
Chart 8. Corporate Hard Currency Issuance by Rating
(USD billions)



Issuance Detail: Emerging Market Corporates and Sovereigns

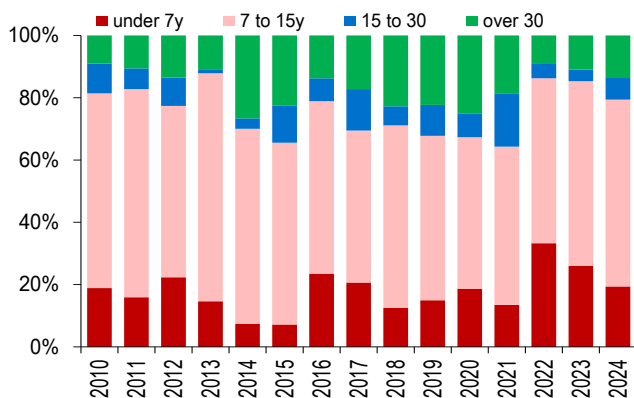
After Cameroon successfully issued in the international bond market in July, frontier sovereign issuance came to halt in August and September.

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



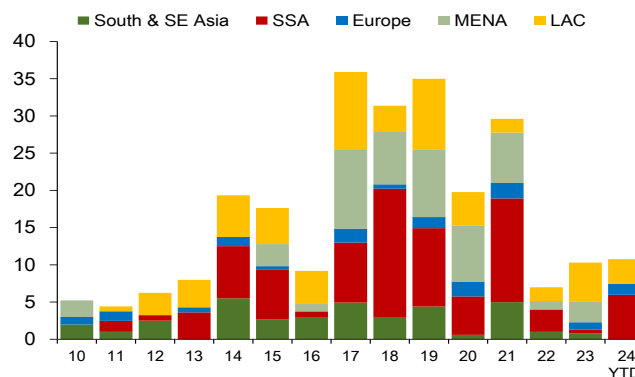
While still not at 2017-2021 levels, the average maturity of issuances has notably increased so far this year

Chart 11. EM Sovereign Issuance by Maturity
(Percent)



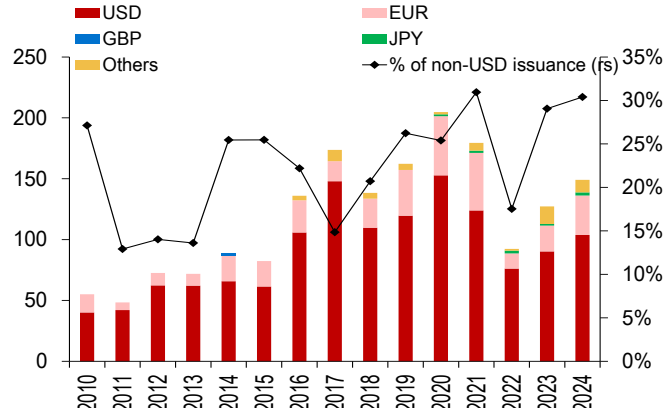
Nevertheless, frontier issuance so far in 2024 has already surpassed 2022 and 2023, reflecting an improvement of market access of sub-Saharan African countries this year.

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



Similar to in 2023, US Dollar denominated bonds continue to account for roughly 70% of total international bond issuances, with euro issues around 20%

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

The pace of redemptions is expected to pick-up over the next few months, with Argentina, Brazil Egypt, Ethiopia, and Indonesia.

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

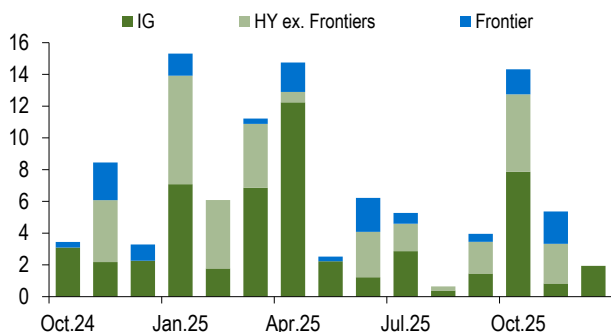
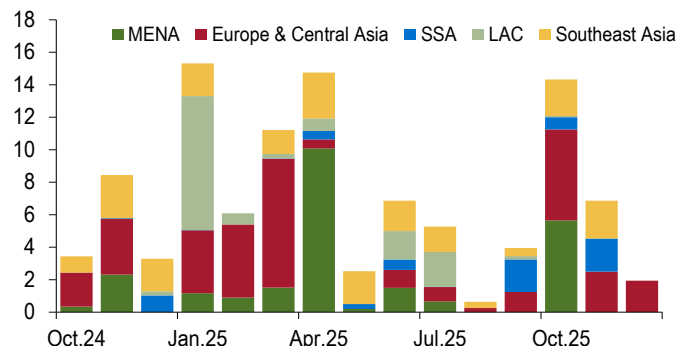


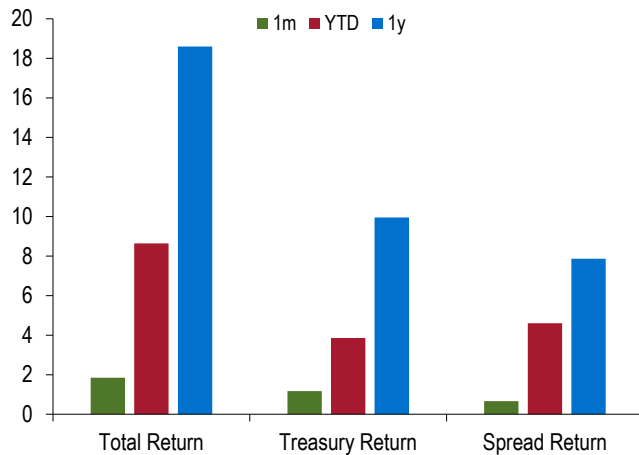
Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

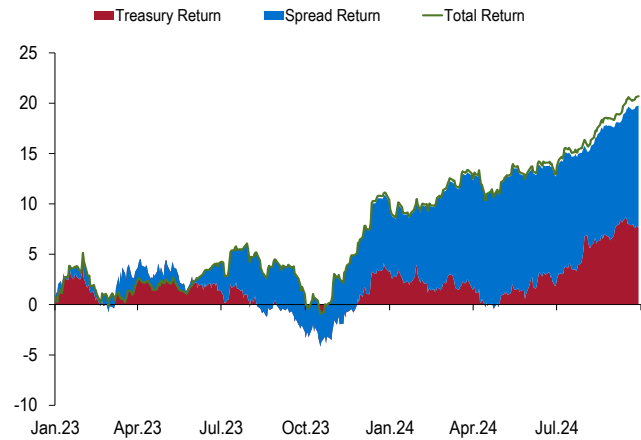
Returns have picked up pace notably on the back of the recent rally in US Treasuries, with returns also boosted by spreads

Chart 15. Sovereign Hard Currency Bond Returns
(percent)



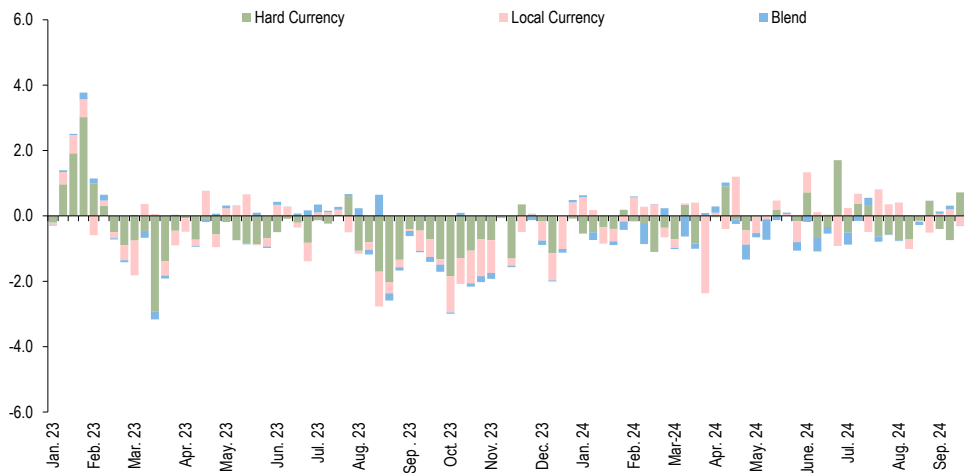
Buoyant risk appetite and market expectations that the Fed will deliver a quick easing cycle have boosted returns since the summer, with steeper gains after the Fed's 50bps rate cut.

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



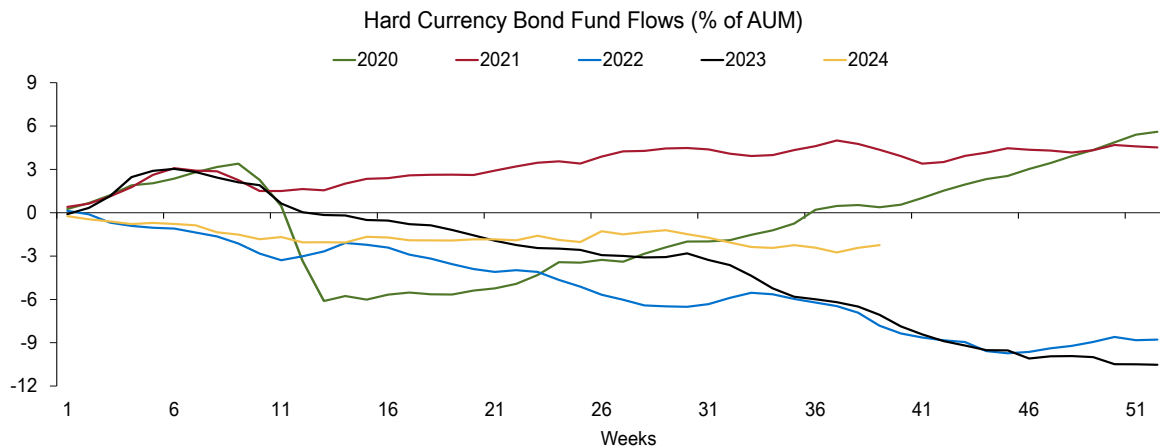
Fund flows have remained choppy for most of the summer. September boost in total returns.

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



Hard currency bond funds' flows have stabilized, with year-to-date cumulative outflows at around 2.2% of AUM

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



Sovereign Spreads and Yields

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

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	(149)	2,174	Qatar	5	64
El Salvador	(106)	569	Hungary	5	148
Iraq	(102)	348	United Arab Emirates	6	100
Pakistan	(101)	676	Georgia	7	285
Kenya	(77)	556	Guatemala	8	207
Mozambique	(52)	877	Poland	9	112
Egypt	(40)	594	Jordan	10	346
Ecuador	(29)	1,211	Saudi Arabia	10	110
Ivory Coast	(27)	355	Uruguay	11	90
Mongolia	(26)	256	Suriname	19	490
Turkey	(24)	250	Cameroon	24	778
South Africa	(18)	224	Senegal	29	520
Panama	(16)	238	Honduras	34	427
Bolivia	(14)	2,281	Tajikistan	38	434
Namibia	(14)	143	Angola	41	683

The median yield has declined to 7%, though over 30% of issuers have yields above 8 percent.

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

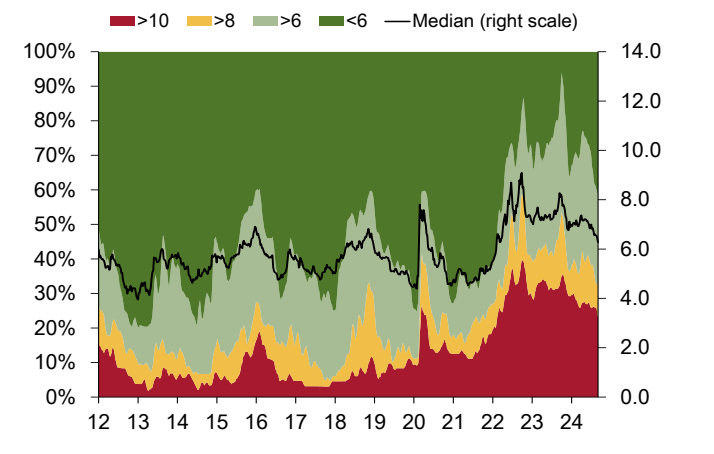
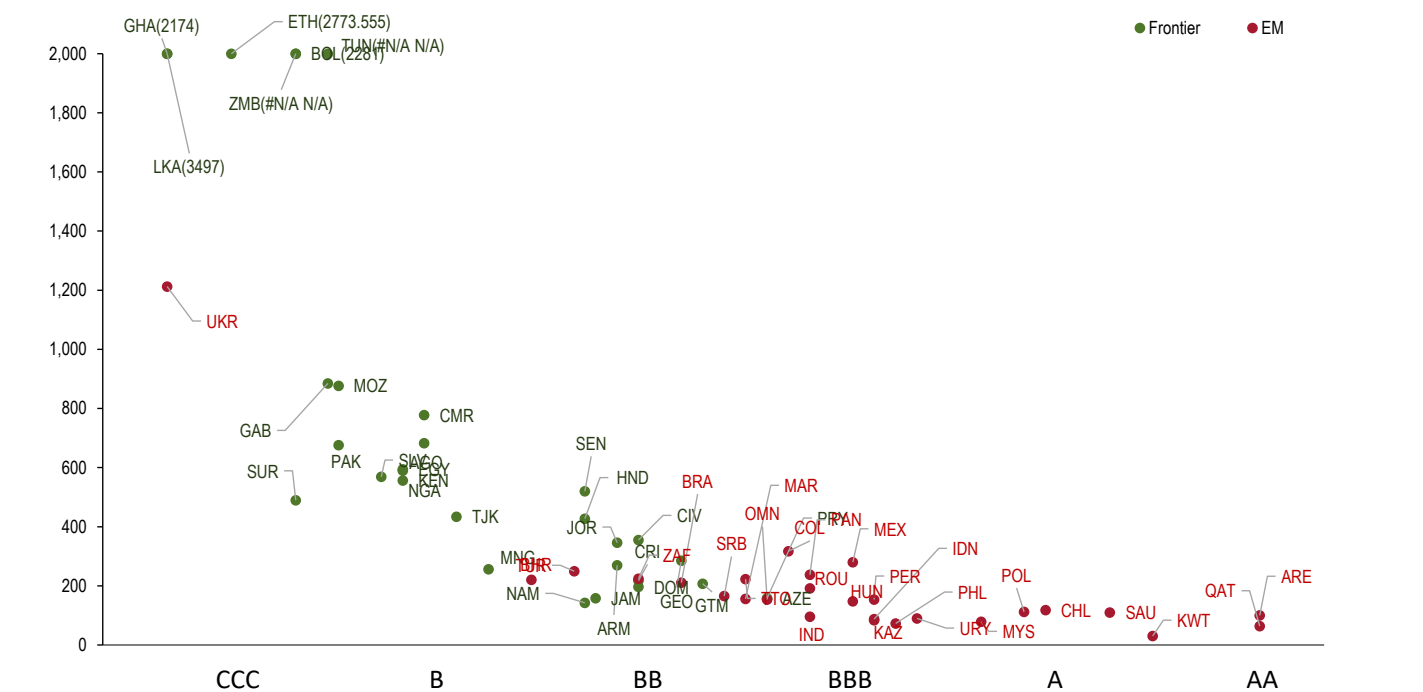


Chart 21. Spreads by Rating and Country (basis points, median rating)

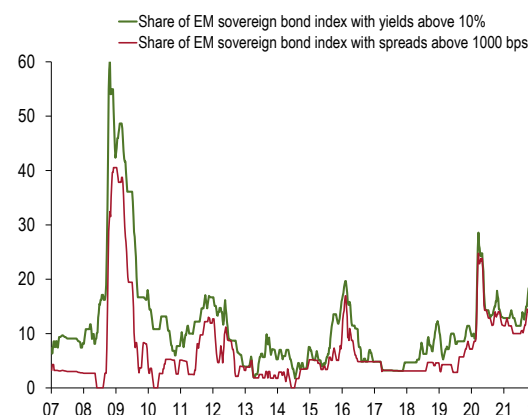
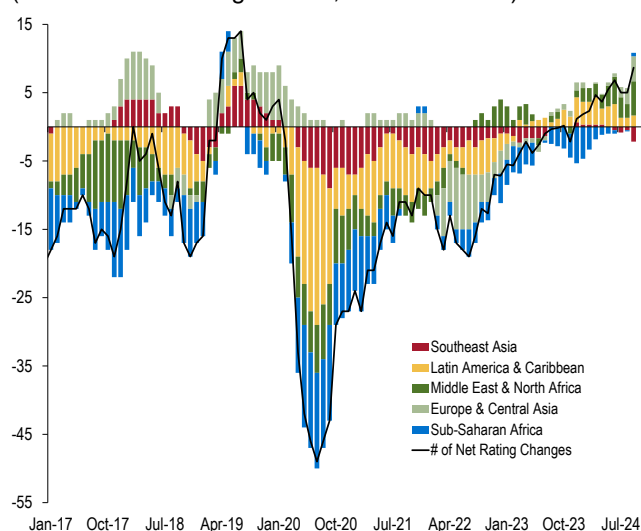


Annex

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

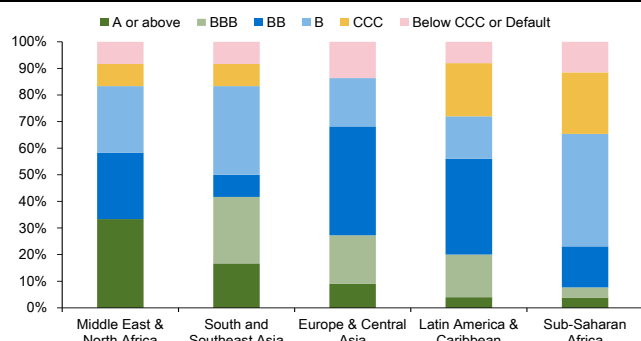
Maturity (yrs)	A or above			BBB			BB			B		
	<7	7 to 15	>15	<7	7 to 15	>15	<7	7 to 15	>15	<7	7 to 15	>15
Jan.21	3.1	2.9	3.2	4.9	6.1	4.7	5.3	4.7				
Feb.21								3.9	6.7			
Mar.21	4.4	3.5	3.3					5.5	8.5			
Apr.21	3.3	3.1	3.7		2.8							
May.21		4.4	2.8									
Jun.21	2.6	3.0	3.1	4.9	4.8	4.4		4.9	4.5			
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	5.5	5.5					9.8					
Nov.22	5.5	6.6		8.0				9.9	9.9			
Dec.22												
Jan.23	5.1	5.9	4.7	6.8	7.5	6.3	9.4					
Feb.23	6.5						10.9					
Mar.23	5.8	6.6	5.5		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	6.1	6.1		7.1								
Oct.23		3.4				7.9						
Nov.23	5.6	6.1		6.3	8.0		7.9	8.5				
Dec.23												
Jan.24	5.5	5.3	4.8	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	5.4	5.3	5.3	6.9								
Jun.24	4.9	6.4		6.1	6.0	5.1			7.8			
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								

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 Aug. 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Croatia	A-	A-	A-	Baa2	BBB+	BBB+	Baa2
Kazakhstan	BBB	BBB-	BBB	Baa1	BBB-	BBB	Baa2
Oman	BB+	BBB-	BB+	Ba1	BB+	BB+	Ba1
Costa Rica	BB-	BB-	BB	Ba3	BB-	BB	B1
Montenegro	BB-	B+		Ba3	B+		B1
Jordan	BB-	BB-	BB-	Ba3	B+	BB-	Ba3
Turkey	B+	B+u	BB-	B1	B+u	B+	B1
Mongolia	B	B	B+	B3	B	B	B3
Tunisia	CCC+	NR	CCC+	Caa2	NR	CCC-	Caa2
Maldives	CCC-		CC	Caa2*		CC	Caa1

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".