



NOVEMBER HIGHLIGHTS

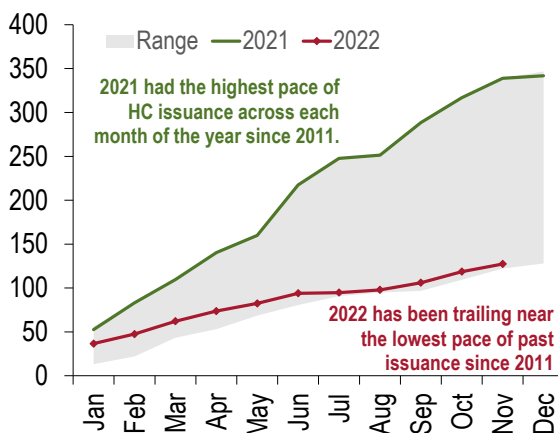
- **Total emerging market hard currency declined to \$9.7 bn in November, from \$13.7 bn the prior month, and \$27.8 bn last November as market conditions continue to be unfavorable for new debt.** Total nonfinancial corporate and sovereign issuance of \$151 bn YTD is 65% lower than last year's total through November. The situation is unlikely to change next month; December is historically the lightest month of the year for new issuance.
- **Sovereign issuance totaled just \$8.7 bn.** While that is below the \$11.5 bn from last month, it is still an improvement from the April-September period, when sovereign issuance averaged just \$5.2 bn. Investment grade sovereigns continue to dominate the new issuance market, representing 83% of the total during the month.
 - **IG Issuance:** Poland issued \$3bn (2027 and 2032) for its first dollar bond sale in six years. Hungary issued a €1bn green bond. In Latin America, Panama issued a \$1.5bn 12-year bond, and Colombia sold \$1.62 bn of a 10-year.
 - **HY issuance:** Türkiye was again the lone issuer among high yield sovereigns issuing a 5-year bond for \$1.5 bn at a yield of 10%.
- **Corporate issuance continues to limp along, down 76% y/y, with just \$1 bn in October, almost entirely from Chinese firms.**
- **Supported by the recent easing of financial conditions, EM credit spreads fell meaningfully (-74 bps) to their lowest level since June, with frontier spreads also declining (-188 bps).** The fall in sovereign spreads was broad-based with high yield names declining 122bps and IG sovereign spreads falling 30 bps. The number of sovereigns trading at distressed levels fell from 19 to 17 (inc. 25% of the benchmark index) as conditions improved somewhat, while 40% of the index has yields above 10%.
 - **Ratings roundup:** Ghana (CC), and Nigeria (B-) were downgraded. Belize (CCC+), Oman (BB), Qatar (AA-) and D.R.C (B-) were upgraded (See Annex).
- **December is likely to be a slow month for issuance, even if conditions improve.** Historically, December is easily the slowest month for issuance. That seems unlikely to change, but we have already seen one high-yield sovereign issuer coming to market, Türkiye. The country re-tapped the 5-year bond it issued last month, but at a yield 100 bps lower than in November. Going forward, analysts think Peru and China are likely to come to market soon. The Philippines have indicated they will look to sell a dollar bond near the beginning of 2023. For next year, analysts believe that ESG-labeled bonds will continue to gain market share among sovereigns.
- **EM hard currency bond funds continued to see outflows in November despite some moderate inflows in the second half of the month.** Hard currency fund outflows slowed to \$0.8 bn over. Local currency outflows were at \$5.4 bn.

November 2022 Overview

Hard currency issuance (ex. China corporates) is on pace to be the weakest since 2011

1. Pace of Sovereign and Corporate Issuance

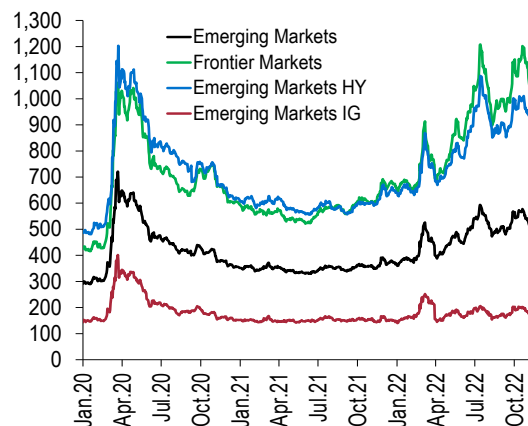
(USD billions, ex, China corporates, range since 2011)



EM credit spreads have continued to narrow modestly in November, though frontier spreads remain wider.

2. Emerging and Frontier Market Spreads

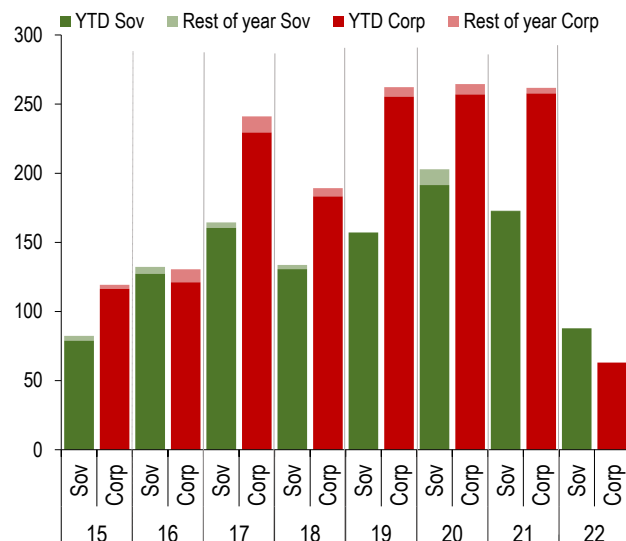
(Basis points)



Issuance Detail: Emerging Market Corporates and Sovereigns

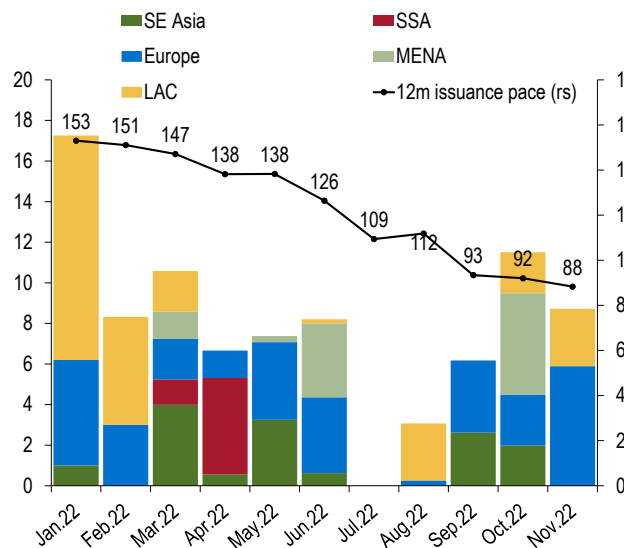
Sovereign and corporate issuance are down 50% y/y and 75% y/y respectively. Given past patterns, issuance is unlikely to recover further from here.

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



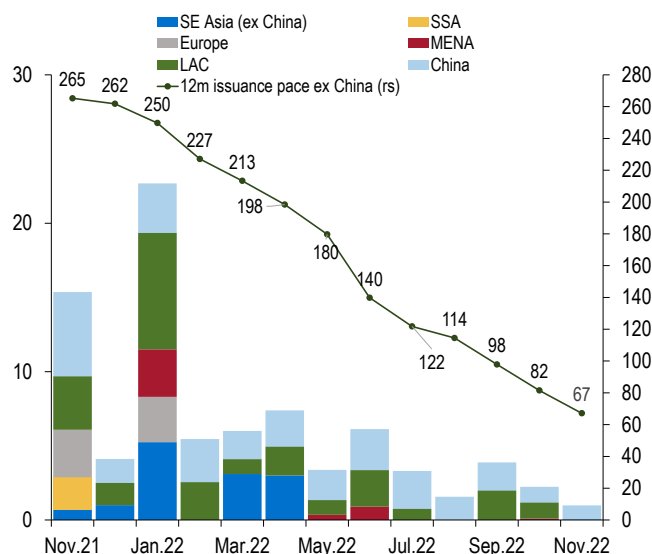
Sovereign issuance has fallen off in November. Sole issuers were Hungary, Poland, Turkey, Colombia and Panama.

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



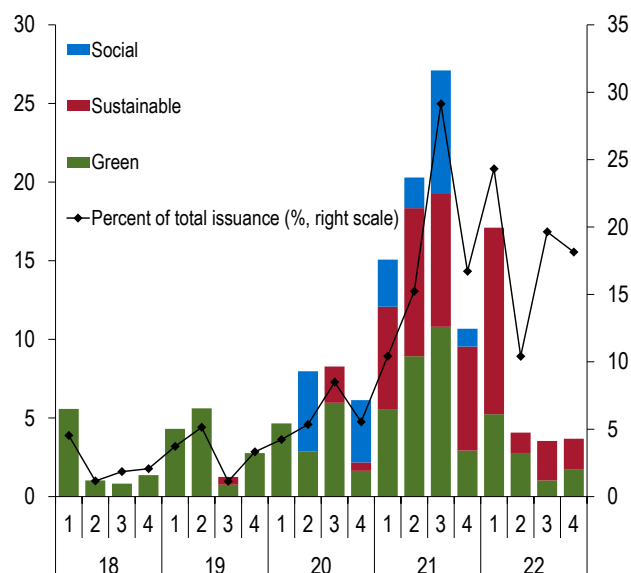
Major corporate issuance was limited to \$1.0 bn driven by China.

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



Hungary issued a \$1.0bn green bond with a 5% fixed coupon rate. ESG issuance continued at a similar pace to previous couple of quarters.

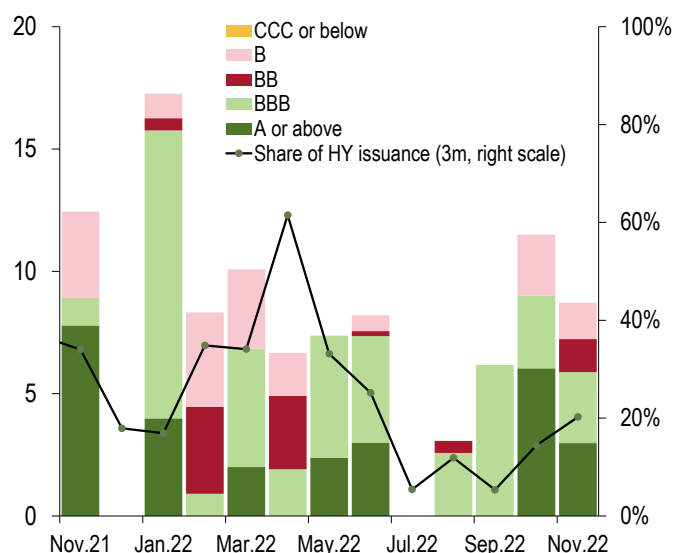
Chart 6. ESG Issuance
(USD billions; percent; quarterly)



Issuance Detail by Rating

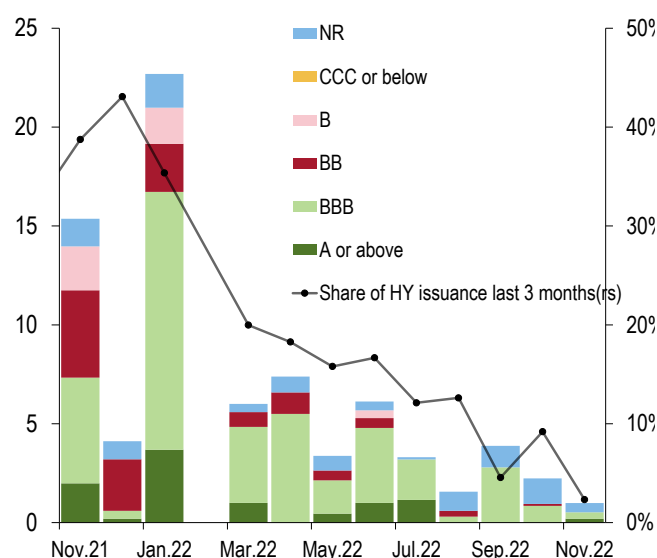
Despite total hard currency issuance decreasing in pace, its share of HY issuers increased in November.

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



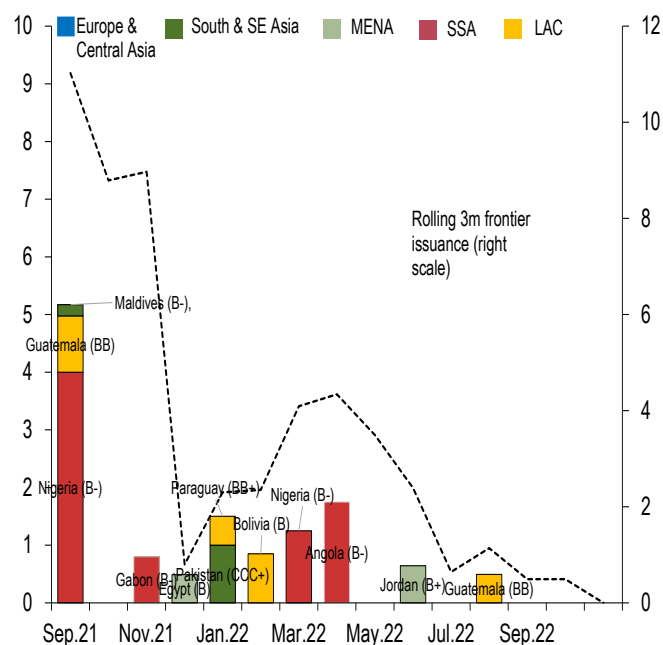
HY corporate issuers continue to face challenging access in the primary bond market.

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



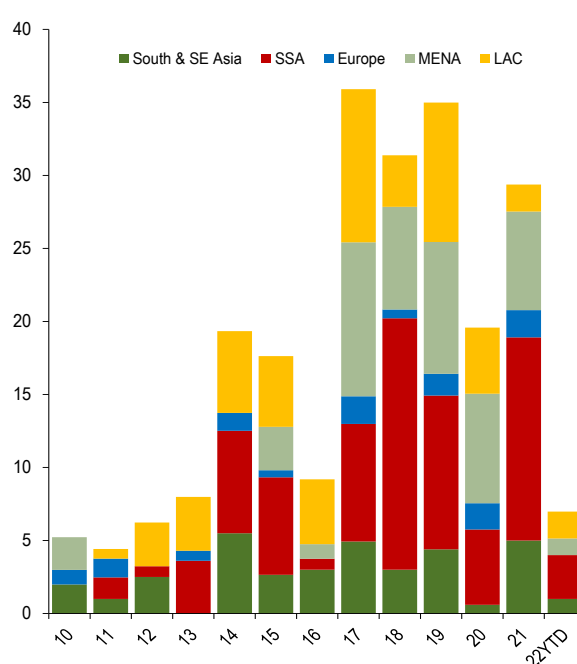
No frontier markets issued in November, with Guatemala the last to do so in August (\$0.5 bn).

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



Frontier issuance (\$7 bn YTD) remains well off the pace of recent years.

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



Issuance Detail by Maturity and Currency

Average maturity for EM sovereigns has declined in 2022, with 28% of bonds issued at under 7 years, the highest share in over a decade.

Dollar denominated debt has dominated in 2022, with over 80% of issuance.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)

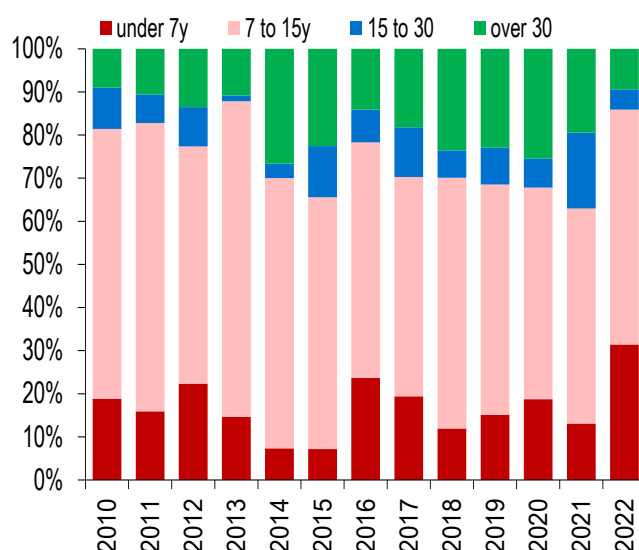
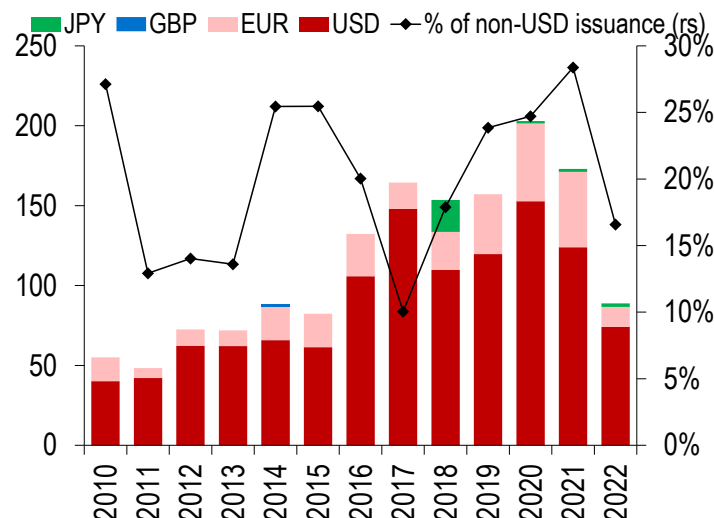


Chart 12. EM Sovereign Issuance by Currency
(Percent)



Sovereign Amortizations

Bond maturities in November are limited to IG issuers (China, Indonesia, Uruguay). Several high yield issuers (Morocco, Pakistan, Gabon, Mongolia) have redemptions due in December, before a brisk start to 2023 with over \$10 bn due in January, mainly the Europe and Central Asia regions..

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

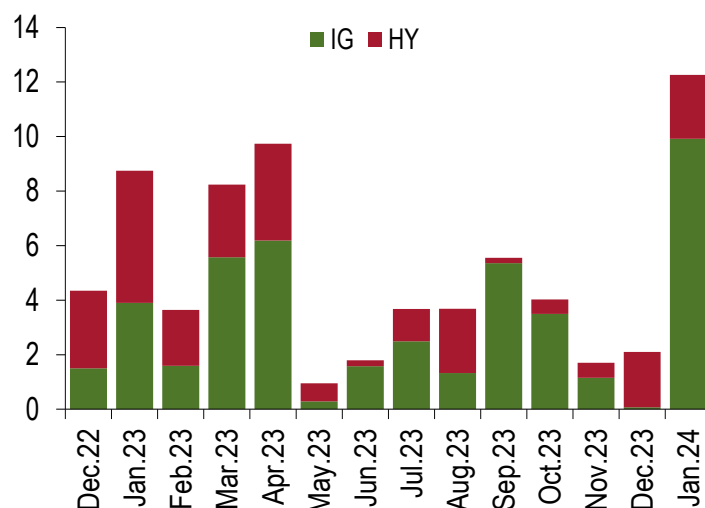
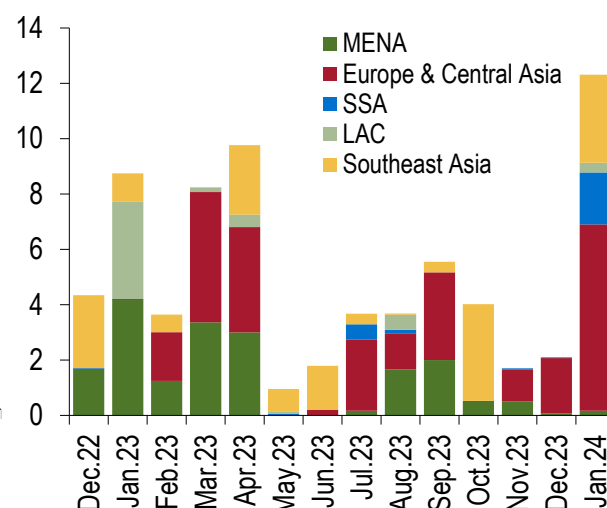


Chart 14. EM Sovereign Amortizations by Region
(US billions)

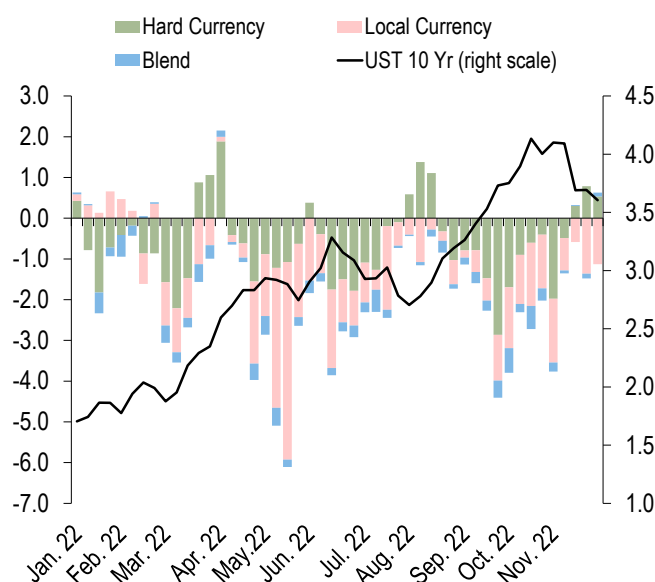


Note: does not include SOEs. MCM list of EMs does not include Czechia, Slovakia, Baltics, or Israel.

Flows: EM Debt Dedicated Funds

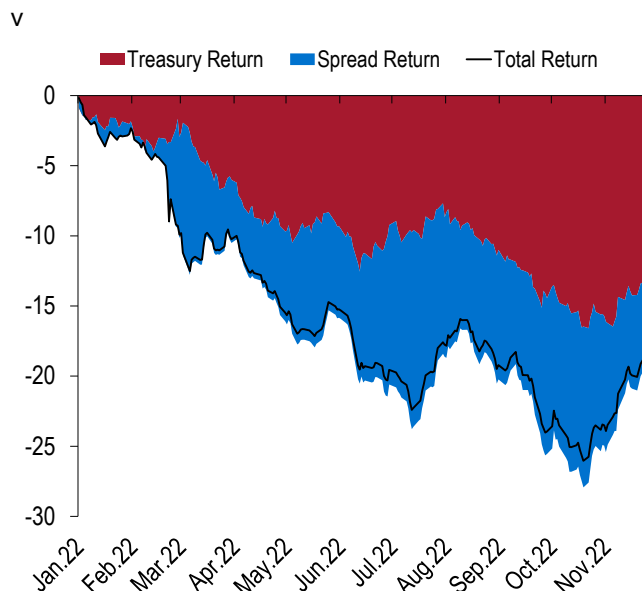
Hard currency fund inflows picked up in late November but not enough to neutralize outflows for the month.

Chart 15. Bond Fund Flows and US 10-year yield
(USD billions, 2-week sum; percent)



Duration and Treasury driven losses have pared back since October but YTD losses stand near 20%.

Chart 16. Sovereign Hard Currency Bond Returns (YTD, percent, based on JPM bond index)



Spreads on Hard Currency Bonds

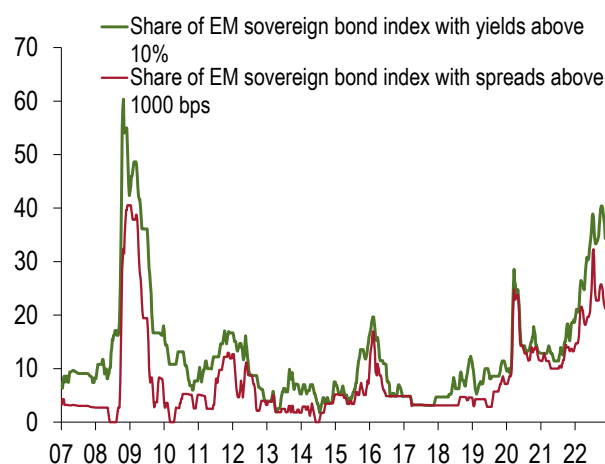
Pakistan and Ghana overperform after underperforming in October. Ethiopia's spreads have also tightened below 3500bps.

Chart 17. Major Laggards and Gainers Last Month on Credit Spreads (Basis points; restricted to issuers with spreads below 3500)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Ethiopia	(1,010)	2,828	Guatemala	(19)	244
Pakistan	(706)	2,623	Saudi Arabia	(18)	121
Tunisia	(698)	1,684	Oman	(16)	270
Ghana	(644)	2,756	Croatia	(15)	39
Kenya	(296)	642	United Arab Emirates	(13)	134
Gabon	(253)	578	Qatar	(7)	105
Ecuador	(237)	1,333	Russia	0	0
Nigeria	(220)	801	Cameroon	0	98
Iraq	(192)	617	China	4	12
Tajikistan	(185)	1,549	Trinidad And Tobago	6	212
Egypt	(166)	794	Jamaica	14	268
Mozambique	(166)	978	Kuwait	19	47
Honduras	(155)	645	Poland	35	95
Ivory Coast	(146)	356	Bolivia	76	673
Mongolia	(121)	692	Suriname	91	1,627

The share of EM sovereign issuers trading at distressed levels (spreads >1000 bps) held steady near 25%, with close to 40% having yields above 10%.

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



Annex

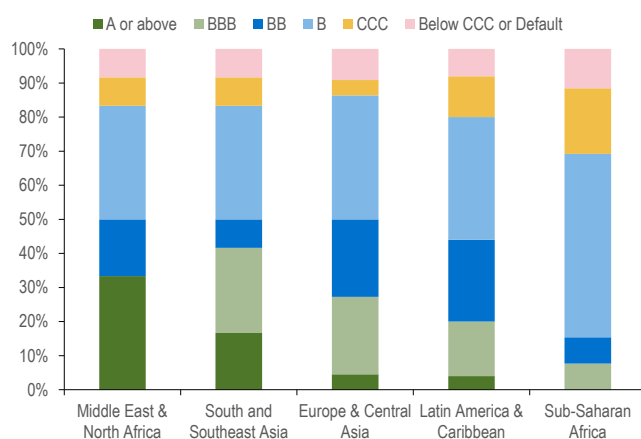
Annex Table 1. Top 2022 Issuers: Sovereign Bonds (USD billions)

Issuer	2021	2022	Sep-22	Oct-22	Nov-22	Dec-22
Turkey	10.0	11.0	-	2.5	1.5	2.0
Romania	8.2	8.5	1.3	-	-	-
Indonesia	12.2	8.2	2.6	-	-	-
Mexico	9.1	7.3	-	-	-	-
Chile	15.5	7.0	-	1.0	-	-
Hungary	5.3	5.2	-	-	1.4	-
Poland	-	5.1	-	-	3.0	-
Saudi Arabia	10.0	5.0	-	5.0	-	-
Philippines	6.0	4.8	-	2.0	-	-
United Arab Emirates	10.9	4.2	-	-	-	-
Panama	4.7	4.0	-	-	1.5	-
Dominican Republic	2.5	3.6	-	-	-	-
South Africa	-	3.0	-	-	-	-
Bulgaria	-	2.2	2.2	-	-	-
Angola	-	1.8	-	-	-	-
Croatia	2.4	1.4	-	-	-	-
Colombia	6.1	1.3	-	-	1.3	-
Nigeria	4.0	1.3	-	-	-	-
Pakistan	3.5	1.0	-	-	-	-
Uruguay	1.0	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	-	-	-	-
Bahamas, The	-	0.2	-	-	-	-

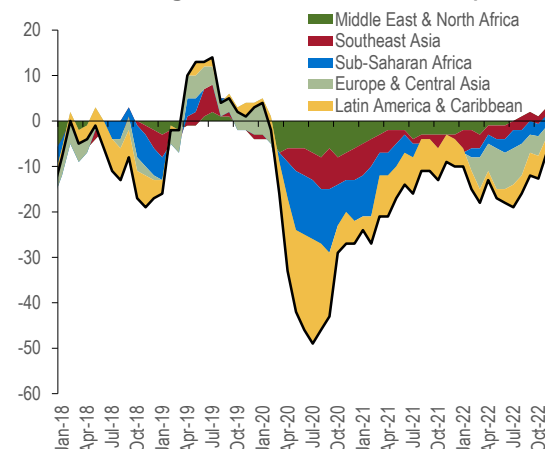
Annex Table 2. Top Issuers: Corporate Bonds (USD billions)

Issuer	2021	2022	Sep-22	Oct-22	Nov-22	Dec-22
China	93.0	23.7	1.9	1.1	1.0	0.3
Brazil	24.4	9.6	2.0	-	-	-
India	14.0	6.0	-	-	-	-
Mexico	17.1	4.3	-	-	-	-
Chile	10.3	3.7	-	1.1	-	-
Indonesia	8.8	3.0	-	-	-	-
Saudi Arabia	6.9	2.9	-	-	-	-
Guatemala	0.7	2.0	-	-	-	-
United Arab Emirates	10.6	1.6	-	0.1	-	-
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	-

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	Latest			End Oct. 22		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Belize	CCC+	B-		Caa2	B-		Caa3
Ghana	CC	CCC+	CC	Ca	CCC+	CC	Caa2 *-
Oman	BB	BB	BB	Ba3	BB-	BB	Ba3
Qatar	AA-	AA	AA-	Aa3	AA-	AA-	Aa3
Nigeria	B-	B-	B-	B3 *-	B-	B	B3 *-
D.R.C.	B-	B-	#N/A/N/A	B3	B-	#N/A/N/A	Caa1

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".