



# Emerging and Frontier Markets Issuance Monitor

MONETARY AND CAPITAL MARKETS DEPARTMENT

## April Highlights:

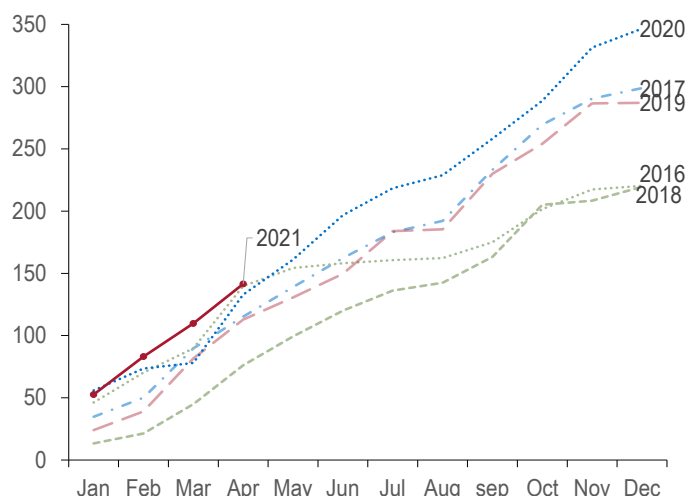
May 6, 2021

- **Sovereign issuance** increased to \$16.4 bn in April (compared to \$14.5 bn in March), with most of the issuance coming from investment grade issuers that took advantage of the stabilization in US rates last month.
- **IG sovereign issuance** included Colombia (\$3 bn), Philippines (€2.1 bn), Romania (€3.5 bn) while Mexico issued (\$3.3 bn) as part of its liability management operations that aim to extend the maturity of its debt stock. Finally, Malaysia (\$ 1.3 bn) issued the first sovereign ESG sukuk bond.
- **HY sovereign issuance** was subdued with issuers remaining cautious following the market turmoil in Feb-Mar, despite the improvement in spreads in April. Issuance picked up toward the end of April, with Ukraine issuing \$1.25 bn. Another notable transaction was the debut placement for the Republic of Srpska (B3/B). The sovereign priced a €0.3 bn 5-year at 5%. Finally, Maldives (B3/CCC) taped a recently issued sukuk at 10.5% yield for \$0.1 bn and Georgia (BB) issued \$0.5 bn.
- **Corporate issuance** ex China was robust at \$15.3 bn (compared to \$12.1 bn in March). YTD issuance remains strong, \$13 bn higher than the record pace set in 2020. Chinese issuance was moderate at a \$7 bn as high yield issuers faced headwinds due to the debt troubles of a state owned asset management company.
- **Near term outlook for issuance remains positive, as more issuers look to lock-in attractive rates.** Analysts expect issuance to remain skewed towards investment grade issuers, that look to take advantage of strong investor demand at historically low rates. Chile has already issued in May and other potential issuers according to analysts include Panama and Indonesia as well as several SOEs (e.g. Qatar Petroleum looking to issue close to \$10 bn). Among high yield and frontier issuers, analysts expect Kenya to issue by June and Nigeria is expected to return to the market sometime in 2021 for the first time since 2018. In Latam, Brazil has not come to the markets yet and has significant amount of expected issuance in 2021 according to analysts.
- **Emerging and frontier market spreads tightened near post pandemic lows in April.** Frontier spreads tightened by 30bps and EMBIG spreads by 15bps in April. Ecuador was the main outperformer with spreads declining to their lowest levels since the announcement of the debt restructuring in 2020. El Salvador was a strong performer in April, but bonds reversed their gains in May following changes in the judicial system.
- **EM bond fund inflows were moderate in April following a period of outflows that started in mid-February.** YTD inflows remain at similar levels since mid-February as investor returns for both hard and local currency have been stagnant since the mid-February selloff.

## April 2021 Overview

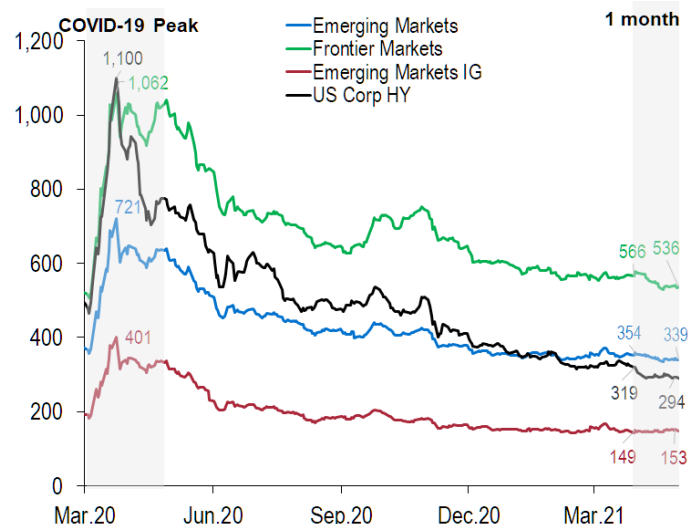
*As of end of April, hard currency issuance continues to run at a record pace in YTD terms (\$141 bn).*

Chart 1. Cumulative Sovereign and Corporate Issuance (USD billions, excluding China)



*Emerging market credit spreads continued to tighten in April close to post-pandemic lows.*

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



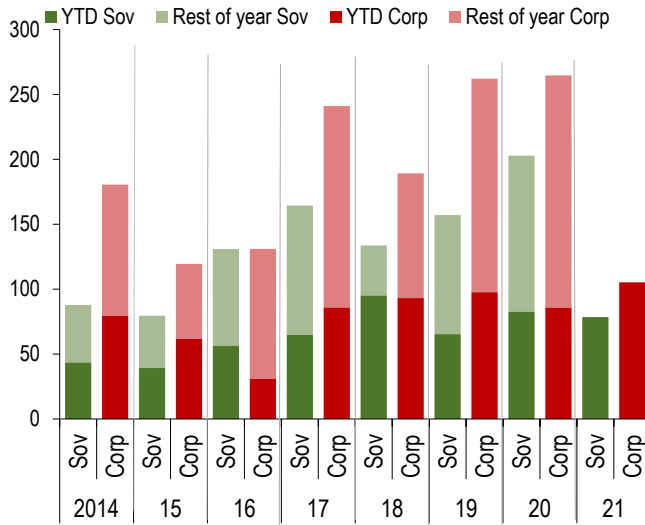
This monitor is produced by MCMGA. It captures international issuance, not hard or local currency issuance in local law.

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

## Issuance Detail: Emerging Market Corporates and Sovereigns

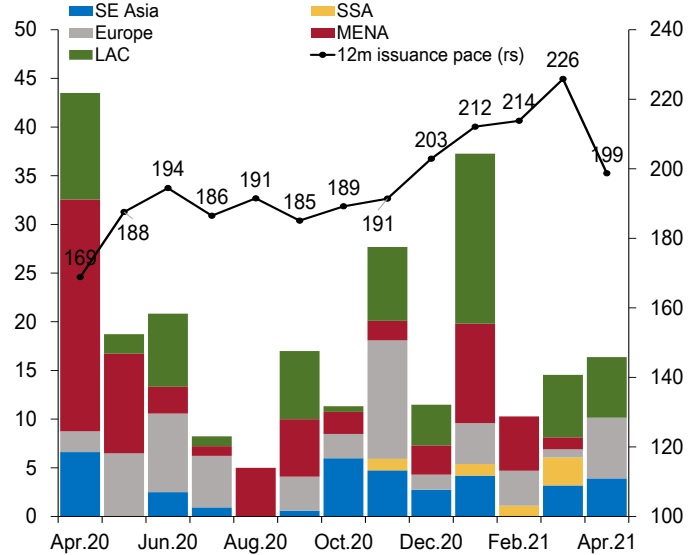
**Corporate issuance remains at record YTD pace while the sovereign issuance pace has moderated ...**

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



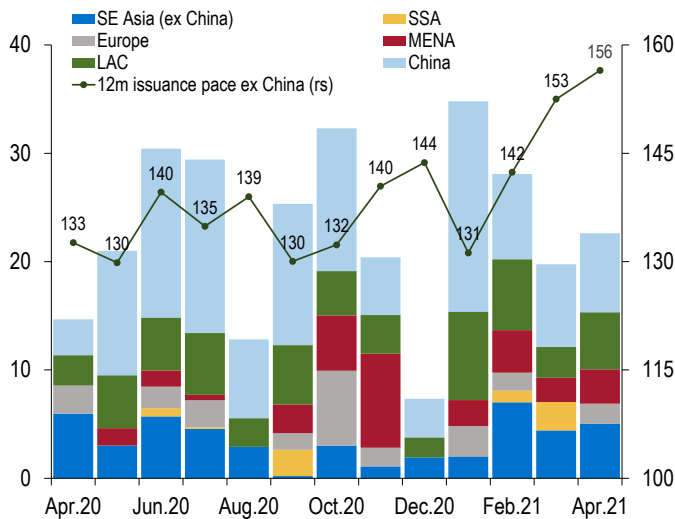
**... compared to some historically strong months following the pandemic (e.g. Apr 20, Nov 20, Jan 21).**

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



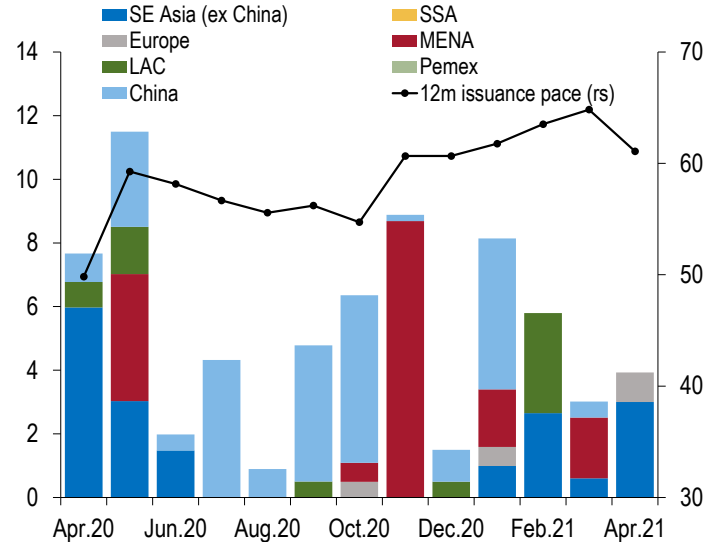
**EM corporate issuance was robust in April at \$23 bn even though Chinese corporate issuance has slowed down compared to 2020.**

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



**Petronas (Malaysia) was the largest SOE issuer with \$3 bn in April.**

**Chart 6. SOE Hard Currency Issuance by Region (USD billions)**

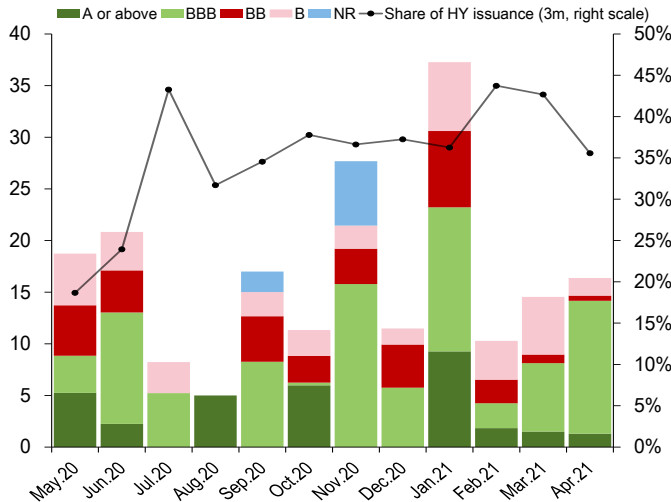


Note: Europe includes Central Asia. LAC=Latin America and the Caribbean; LAC excludes Pemex in Chart 6. SSA = Sub Saharan African Region. SE Asia=Southeast Asia

## Issuance Detail by Rating

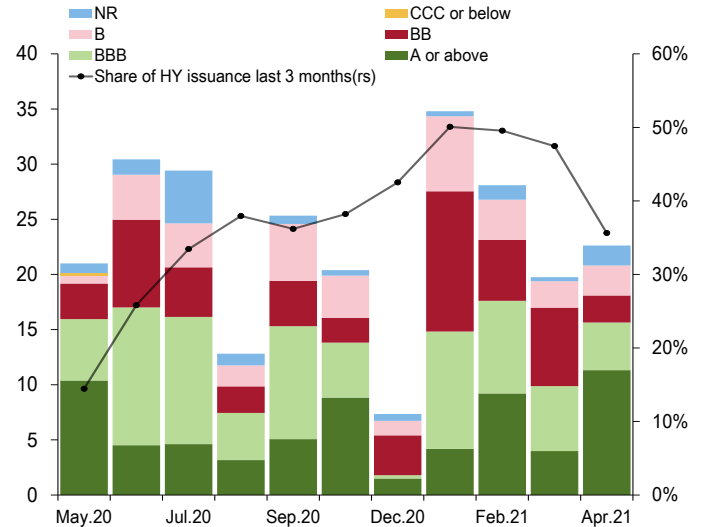
*Sovereign high yield issuance was subdued in April with issuers reluctant to take advantage of the tightening in spreads.*

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



*Corporate issuance was also dominated by high rated issuers such as Tencent and Petronas.*

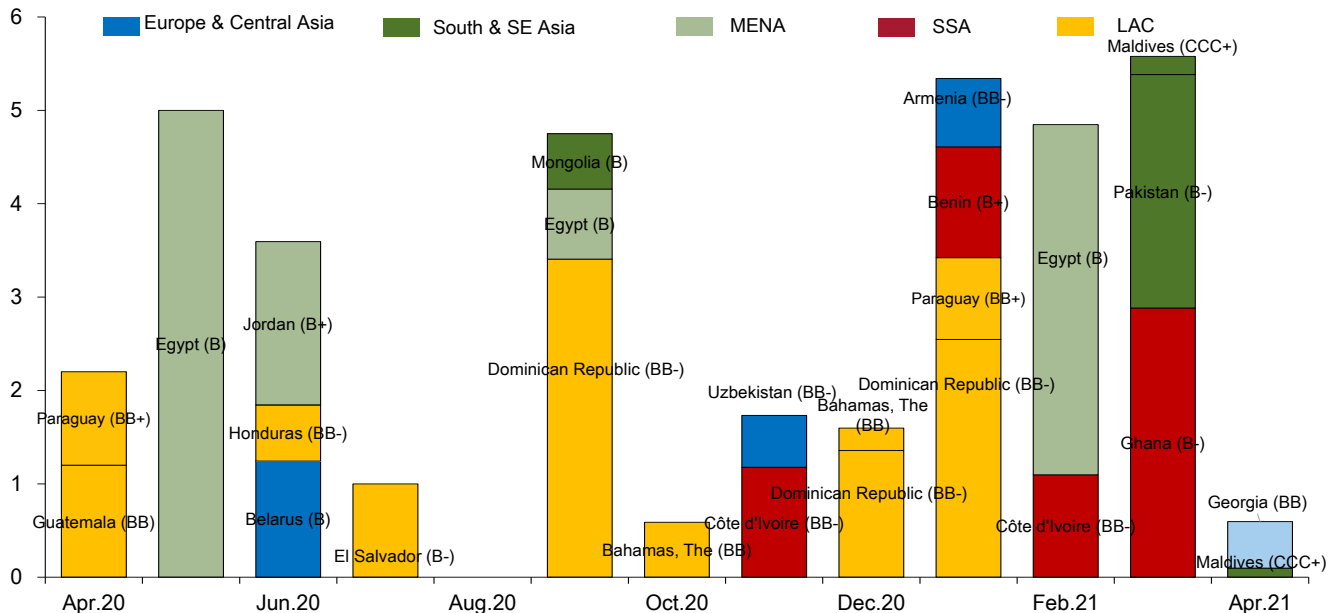
**Chart 8. Corporate Hard Currency Issuance by Rating (USD billions)**



## Issuance Detail of Frontier Economies

*After a strong of the year, frontier issuance was very low in April in line with overall high yield issuance.*

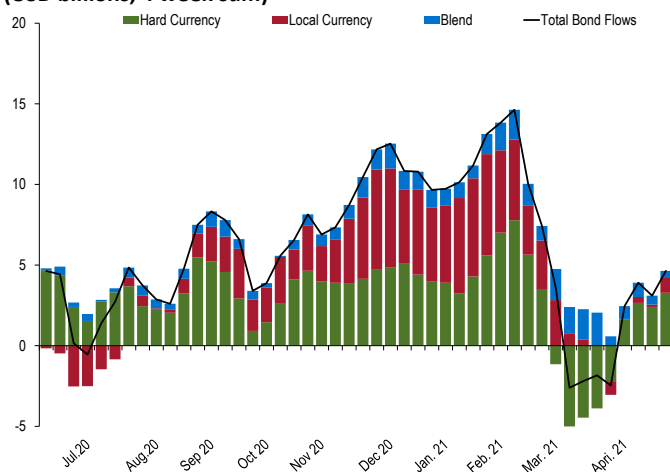
**Chart 9. Frontier Sovereign Issuance by Rating (USD billions)**



## Flows: EM Debt Dedicated Funds

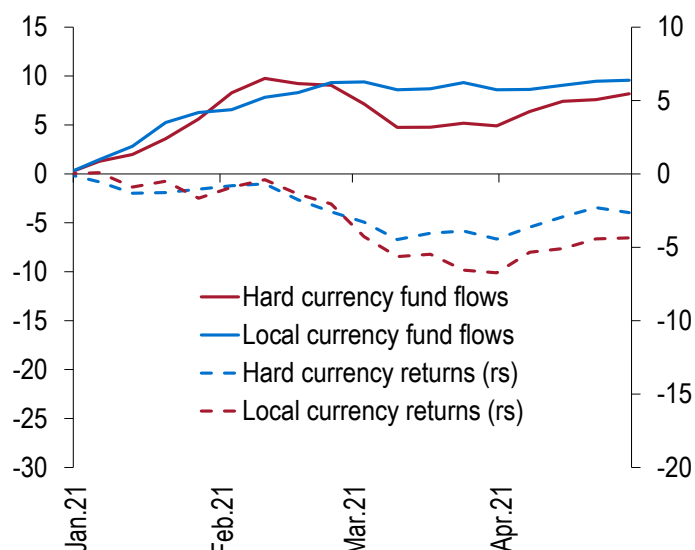
*Bond fund flows started to improve at a slow pace in April after experiencing outflows following the rise in US yields in February.*

**Chart 10. Bond Fund Flows Since January 2020**  
(USD billions, 4 week sum)



*YTD flows have reversed to mid-Feb levels as returns have stabilized following the Feb-Mar selloff.*

**Chart 11. Weekly Fund Flows Year to Date and Returns**  
(Jan 1, 2021 = 0; USD billions, left scale; percent, right scale)



## Spreads on Hard Currency Bonds

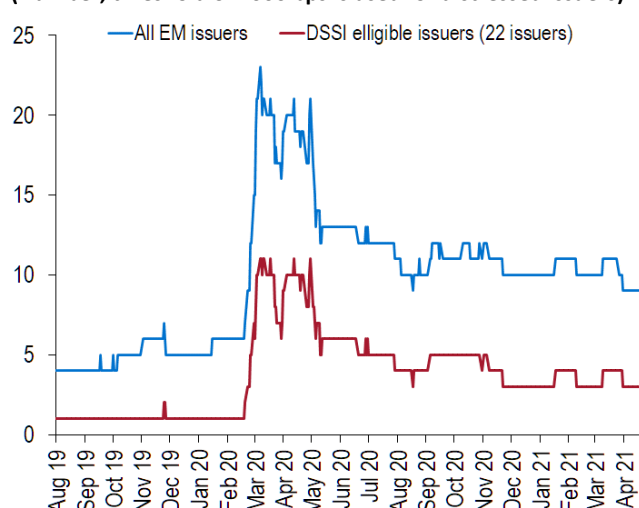
*Several frontier economies saw significant tightening in April.*

**Chart 12. Major Laggards and Gainers Last Month on Credit Spreads**  
(Basis points; change during April)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Lebanon	(951)	14,822	Panama	3	162
Ecuador	(454)	764	India	3	148
Tunisia	(200)	699	Peru	4	165
Zambia	(199)	2,739	Qatar	6	116
Sri Lanka	(172)	1,557	Poland	6	19
Ethiopia	(120)	718	Paraguay	9	224
Suriname	(110)	1,719	Ukraine	14	539
Cameroon	(102)	500	Mozambique	19	916
Argentina	(100)	1,499	Tajikistan	24	978
Angola	(100)	673	Pakistan	41	490

*The number of distressed issuers decreased by 1 to 9, down from 23 at the height of the crisis.*

**Chart 13. Number of Distressed Issuers**  
(Number, threshold of 1000 bps is used for distressed issuers)



## Annex: Country Level Issuers

**Annex Table 1. Top-30 Issuers: Sovereign Bonds**  
(USD billions)

Issuer	2020	2021	Jan-21	Feb-21	Mar-21	Apr-21
Mexico	14.9	8.3	5.1	-	-	3.3
Saudi Arabia	11.9	6.8	5.0	1.8	-	-
Chile	5.5	5.8	4.3	-	1.5	-
Colombia	4.2	5.0	2.1	-	-	3.0
Peru	7.0	4.9	-	-	4.9	-
Indonesia	10.8	4.2	4.2	-	-	-
Romania	13.2	4.1	-	-	-	4.1
Egypt	5.8	3.8	-	3.8	-	-
Turkey	8.7	3.5	3.5	-	-	-
Oman	2.5	3.2	3.2	-	-	-
Philippines	6.4	3.0	-	-	0.5	2.5
Ghana	3.0	2.9	-	-	2.9	-
Panama	5.2	2.6	2.6	-	-	-
Dominican Republic	7.2	2.5	2.5	-	-	-
Pakistan	-	2.5	-	-	2.5	-
Croatia	2.2	2.4	-	2.4	-	-
Bahrain	4.0	2.0	2.0	-	-	-
Malaysia	-	1.3	-	-	-	1.3
Ukraine	4.0	1.3	-	-	-	1.3
United Arab Emirates	20.8	1.2	-	-	1.2	-
Benin	-	1.2	1.2	-	-	-
Serbia	3.3	1.2	-	1.2	-	-
Côte d'Ivoire	1.2	1.1	-	1.1	-	-
Paraguay	1.5	0.9	0.9	-	-	-
North Macedonia	0.8	0.8	-	-	0.8	-
Armenia	-	0.7	0.7	-	-	-
Georgia	-	0.5	-	-	-	0.5
Bosnia and Herzegovina	-	0.4	-	-	-	0.4
Maldives	-	0.3	-	-	0.2	0.1

**Annex Table 2. Top-30 Issuers: Corporate Bonds**  
(USD billions)

Issuer	2020	2021	Jan-21	Feb-21	Mar-21	Apr-21
China	121.0	42.3	19.4	7.9	7.6	7.3
Brazil	20.6	8.7	4.0	2.2	1.0	1.4
United Arab Emirates	6.2	7.9	1.5	3.9	-	2.5
India	12.9	7.1	0.8	4.4	1.9	-
Mexico	19.9	6.8	2.2	2.6	0.3	1.7
Malaysia	1.5	5.5	0.5	-	0.9	4.0
Russia	10.0	4.1	2.0	1.7	-	0.4
Indonesia	7.4	4.0	0.7	2.7	0.3	0.3
Peru	1.6	2.3	-	1.7	0.6	-
Chile	8.3	2.2	0.8	-	0.9	0.5
South Africa	1.5	2.0	-	-	2.0	-
Argentina	1.6	1.4	1.1	-	-	0.3
Thailand	1.5	1.2	-	-	1.2	-
Qatar	-	1.0	-	-	1.0	-
Bahrain	-	0.9	0.3	-	0.6	-
Turkey	2.5	0.7	-	-	-	0.7
Guatemala	-	0.7	-	-	-	0.7
Kuwait	-	0.7	-	-	-	0.7
Nigeria	1.3	0.7	-	-	0.7	-
Saudi Arabia	14.7	0.7	-	-	0.7	-
Kenya	-	0.6	-	0.6	-	-
Hungary	-	0.6	0.6	-	-	-
Oman	-	0.6	0.6	-	-	-
Philippines	2.3	0.6	-	-	-	0.6
Ghana	0.7	0.5	-	0.5	-	-
Moldova	0.3	0.4	-	-	-	0.4
Colombia	2.8	0.4	-	-	-	0.4
Uzbekistan	-	0.3	-	-	-	0.3
Dominican Republic	-	0.3	-	-	-	0.3
Vietnam	0.7	0.2	-	-	-	0.2

## Annex: HY Sovereign Bond Issuance in 2021

**Annex Table 3: High Yield Sovereign Issuance in 2021**

Date	Issuer	FX	Size in USD mln	Coupon	Maturity in years	Moody's	S&P	Fitch	Yield at issuance	Latest Yield	Change in bps
26-Apr-21	UKRAINE	USD	1250	6.9	8	NR	B	B	6.9%	6.8%	-6
26-Apr-21	MALDIVES	USD	98	9.9	5	B3	NR	NR	10.5%	10.1%	-44
20-Apr-21	REPUBLIC OF SRPSKA	EUR	357	4.8	5	B3	B	NR	5.0%	4.5%	-47
15-Apr-21	GEORGIA	USD	497	2.8	5	Ba2	BB	BB	2.9%	2.6%	-26
30-Mar-21	PAKISTAN	USD	1000	6.0	5	B3	NR	B-	6.0%	5.4%	-64
30-Mar-21	PAKISTAN	USD	1000	7.4	10	B3	NR	B-	7.4%	6.7%	-68
30-Mar-21	PAKISTAN	USD	500	8.9	30	B3	NR	B-	8.9%	8.2%	-63
29-Mar-21	GHANA	USD	410	0.0	4	B3	B-	B	6.3%	6.9%	55
29-Mar-21	GHANA	USD	1000	7.8	8	B3	B-	B	7.8%	7.3%	-43
29-Mar-21	GHANA	USD	991	8.6	13	B3	B-	B	8.8%	8.2%	-55
29-Mar-21	GHANA	USD	483	8.9	21	B3	B-	B	9.3%	8.8%	-41
29-Mar-21	MALDIVES	USD	195	9.9	5	B3	NR	NR	10.5%	10.1%	-44
3-Mar-21	NORTH MACEDONIA	EUR	834	1.6	7	NR	BB-	BB+	1.9%	2.1%	22
24-Feb-21	SERBIA	EUR	1185	1.7	12	Ba3	BB+	BB+	1.9%	2.0%	5
8-Feb-21	EGYPT	USD	750	3.9	5	NR	B	B+	3.9%	4.4%	56
8-Feb-21	EGYPT	USD	1500	5.9	10	NR	B	B+	5.9%	6.4%	48
8-Feb-21	EGYPT	USD	1500	7.5	40	NR	B	B+	7.5%	8.1%	62
8-Feb-21	IVORY COAST	EUR	338	6.6	27	Ba3	NR	B+	5.8%	6.3%	52
8-Feb-21	IVORY COAST	EUR	759	4.9	11	Ba3	NR	B+	4.3%	4.8%	51
26-Jan-21	ARMENIA	USD	733	3.6	10	Ba3	NR	B+	3.9%	4.6%	68
20-Jan-21	PARAGUAY	USD	275	5.4	29	Ba1	BB	BB+	4.1%	4.6%	48
20-Jan-21	PARAGUAY	USD	600	2.7	12	Ba1	BB	BB+	2.7%	3.2%	48
20-Jan-21	BAHRAIN	USD	500	4.3	7	NR	B+	B+	4.3%	4.2%	-3
20-Jan-21	BAHRAIN	USD	1000	5.3	12	NR	B+	B+	5.3%	5.6%	32
20-Jan-21	BAHRAIN	USD	500	6.3	30	NR	B+	B+	6.3%	6.7%	48
19-Jan-21	TURKEY	USD	1738	4.8	5	B2	NR	BB-	4.9%	5.4%	51
19-Jan-21	TURKEY	USD	1740	5.9	10	B2	NR	BB-	6.0%	6.6%	62
14-Jan-21	OMAN	USD	508	4.9	4	Ba3	NR	BB-	4.5%	3.4%	-107
14-Jan-21	OMAN	USD	1750	6.3	10	Ba3	NR	BB-	6.3%	5.2%	-109
14-Jan-21	OMAN	USD	970	7.0	30	Ba3	NR	BB-	7.3%	6.8%	-43
13-Jan-21	DOMINICAN REPUBLIC	USD	1500	5.3	20	Ba3	BB-	BB-	5.3%	5.1%	-20
13-Jan-21	DOMINICAN REPUBLIC	USD	1047	4.5	9	Ba3	BB-	BB-	3.9%	3.9%	4
12-Jan-21	REP OF BENIN	EUR	838	4.9	11	NR	B+	B	5.1%	4.8%	-30
12-Jan-21	REP OF BENIN	EUR	349	6.9	31	NR	B+	B	7.3%	6.5%	-80