



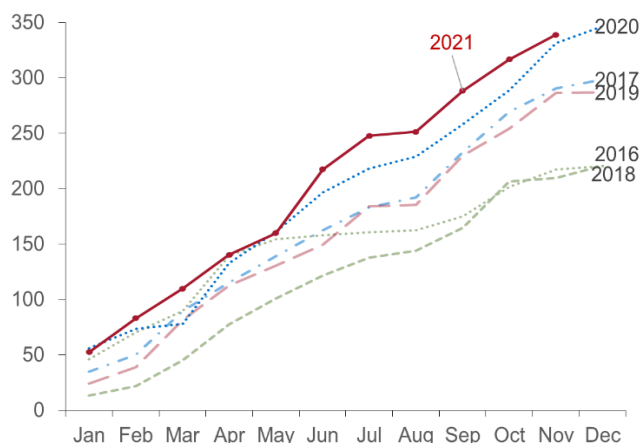
NOVEMBER HIGHLIGHTS

- **Sovereign issuance remained weak in November** at \$12.4 bn as the volatile global risk sentiment, growth concerns and a collapse in commodity prices kept away many issuers. Year to date sovereign issuance at \$172 bn, is around \$20bn lower than the record pace of last year but is higher than earlier years. EM ESG issuance was weak, but the market deepening is visible through the rise in proportion of the non-green bonds.
- **IG sovereign issuance** was close to \$9bn, driven by China (\$4.6bn in Nov; after \$4bn in October), Saudi Arabia (\$3.2bn) and Peru (\$1.1bn in November; after \$4 bn in October).
- **HY sovereign issuance** remained low, with a modest decline in the proportion of HY issuance. Bahrain, Albania and Gabon were the only HY issuers
- **Corporate issuance** weakened in November, falling to \$15.3 bn from \$19.2 bn last month. Contribution from Chinese firms recovered to 37% (\$5.6 bn) last month (led by quasis), up from its 19% share in October. At \$2 bn, Brazilian firms were the next largest contributor. YTD EM corporate issuance excluding China has reached \$166.3 bn, already well above last year's total of \$143.9 bn.
- **Typical issuance seasonality could see issuance drop in December before surging in January**, as investors return, and many issuers look to pre-fund their annual needs. Market contacts expect a number of sovereigns to issue in the near term, including potentially Morocco, Romania, Angola, Ivory Coast (likely EUR), Kenya (likely green), Pakistan (potentially sukuk), Panama and Uruguay (likely JPY). Poor risk sentiment, interest rate volatility and pandemic resurgence remain key investor concerns to this outlook.
- **Spreads widened sharply in November**, with frontier spreads rising by 90 bps (to 692 bps) driven by the risk-off sentiment and Omicron concerns. Ethiopia, Sri Lanka, El Salvador and Zambia were the laggards. El Salvador's announcement that it plans to issue a \$1 bn tokenized bond sent the prices of its existing dollar-denominated debt falling. The price of its bond due in 2023 has fallen nearly 10 pts in the past month.
- **EM bond fund flows were on the weaker side in November with continued divergence between local and hard currency flows.** Hard currency bond flows turned positive in November. Local currency bond fund returns deteriorated sharply, down over 11% YTD, alongside strong outflows in November.

November 2021 Overview

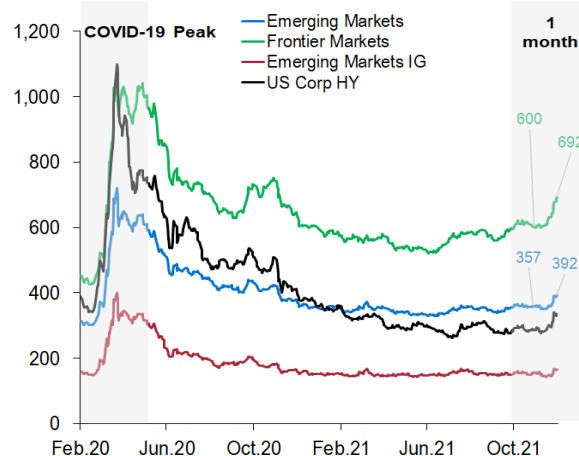
Hard currency issuance (ex. China corporates) remains on a record pace at \$339 bn YTD, versus \$331 bn in 2020.

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



EM credit spreads widened in November, impacted by the global risk-off sentiment and virus concerns

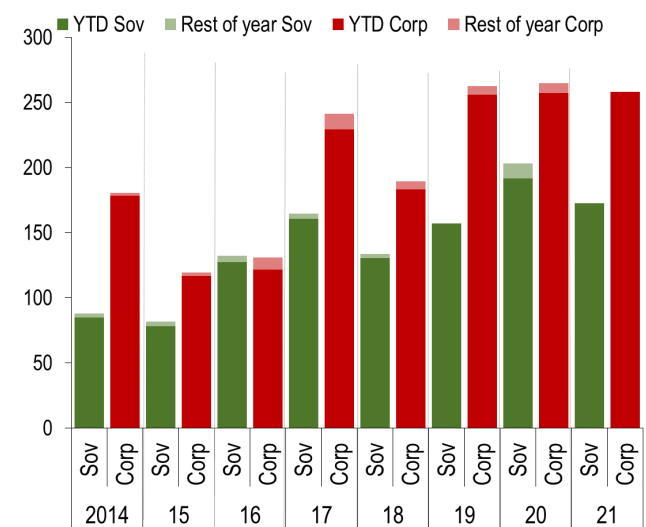
2. Emerging and Frontier Market Spreads (Basis points)



Issuance Detail: Emerging Market Corporates and Sovereigns

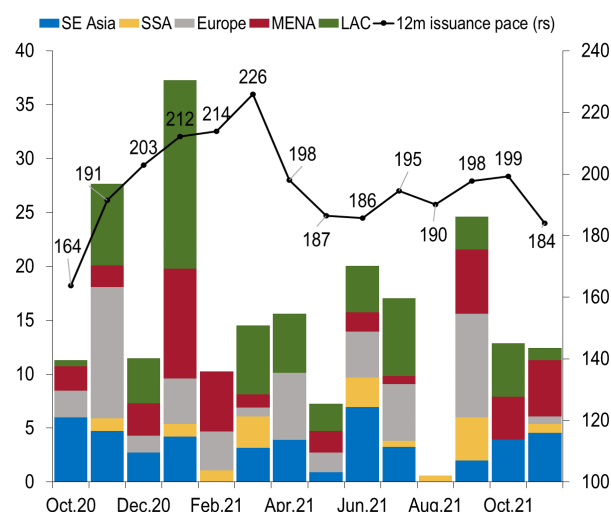
Corporate issuance is broadly inline with 2020's record, driven in particular by non-China EMs, while sovereign issuance is almost \$20 bn behind last year's pace.

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



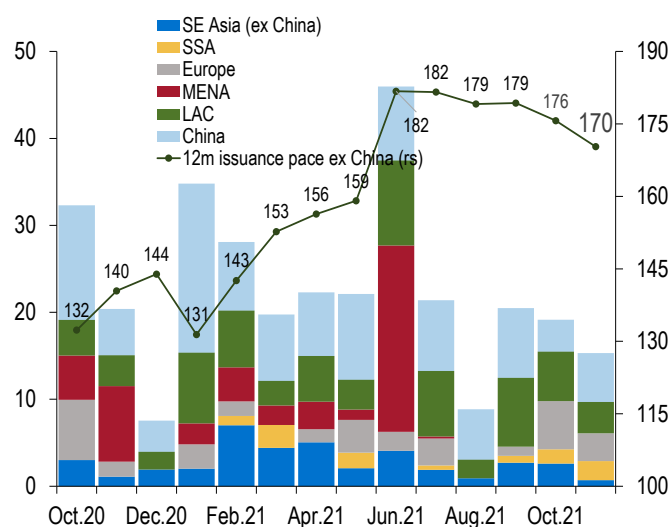
Sovereign issuance remained weak at \$12.4bn in Nov, leading to a sharp decline in the 12m pace; China (\$4.6bn) and Saudi Arabia (\$3.2bn) led the issuance, followed by Bahrain (\$2bn)

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



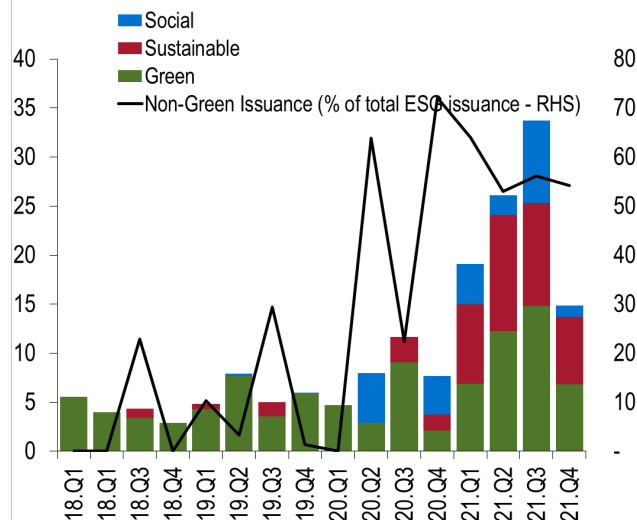
Corporate issuance moderated further in November to \$15bn, and was significantly less than the seasonal November average of \$21bn

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



ESG issuance slowed sharply in the last 2 months, but the market deepening is reflected in the strength of non-green bonds

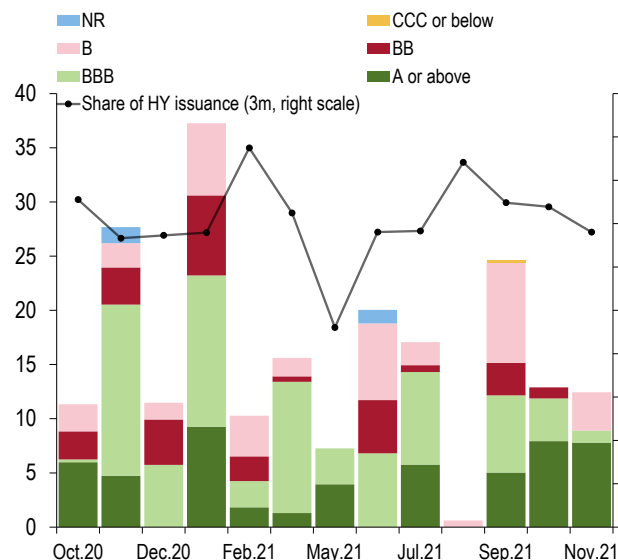
Chart 6. EM Quarterly ESG issuance
(USD billions)



Issuance Detail by Rating

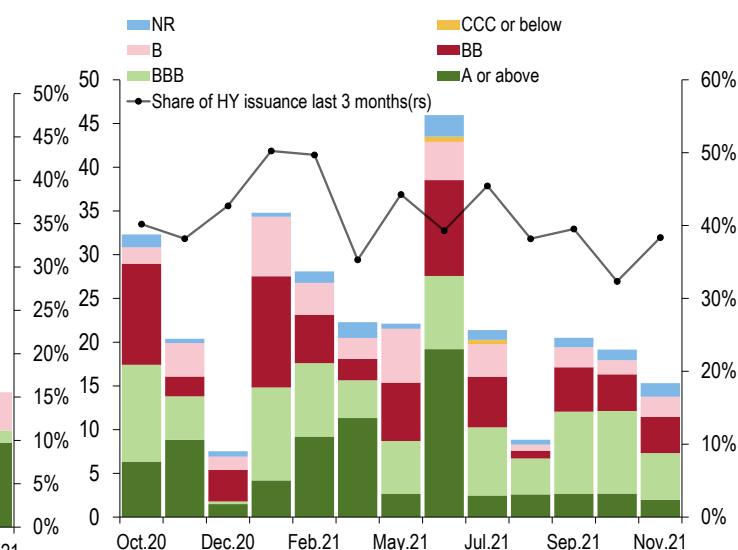
Sovereign issuance continued to be dominated by the investment grade segment. Bahrain (\$2bn), Albania (\$0.8bn) and Gabon (\$0.7bn) were the only HY issuers

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



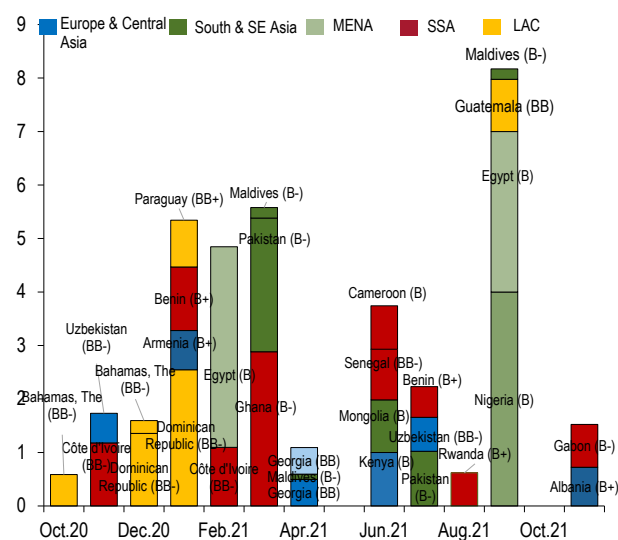
The share of HY corporate issuance rose marginally in November. Nigeria and Ukraine were the 'B' rated issuers

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



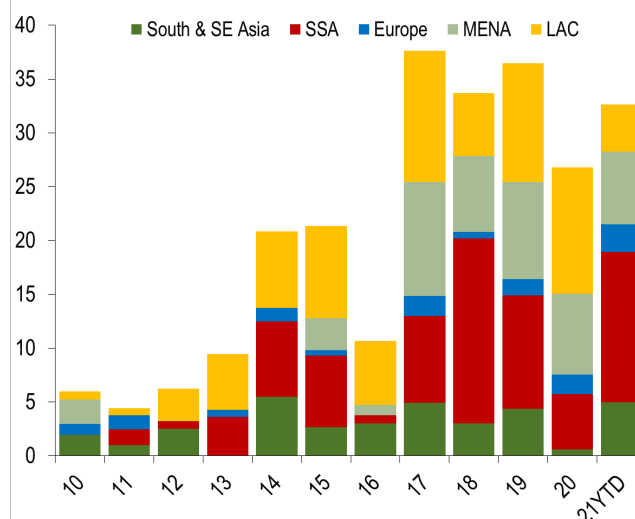
Small frontier market issuance by Gabon and Albania in November.

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



YTD frontier issuance is almost \$6bn above the 2020 total (driven by SSA and South East Asia), but less than the three years before

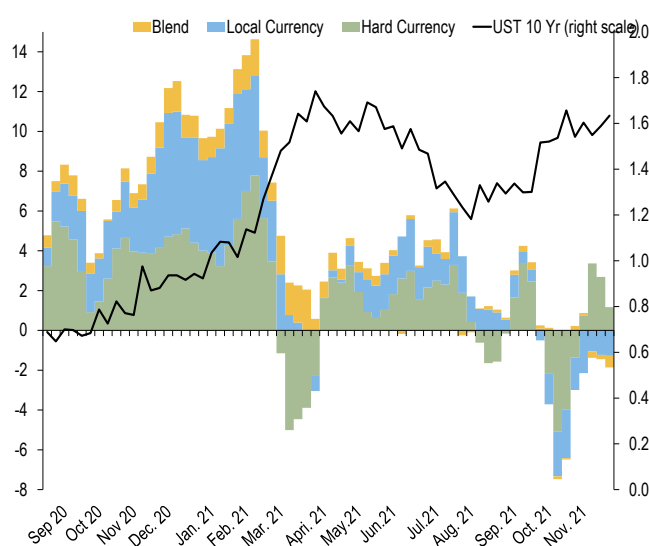
Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



Flows: EM Debt Dedicated Funds

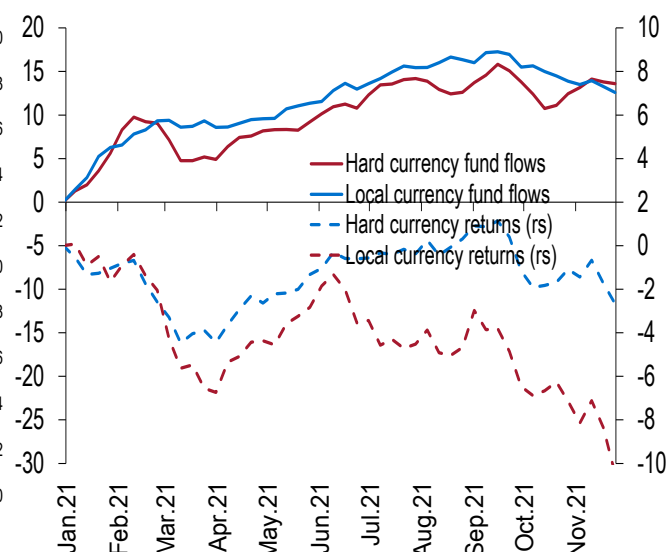
Fund flows remained weak with a recovery in hard currency bond fund flows, being offset by the weakness in local currency bond fund flows

Chart 11. Bond Fund Flows and US 10-year yield
(USD billions, 4 week sum; percent)



There has been a sharp deterioration in the bond returns – in particular the local currency segment. This has been reflected in a stalling of flows

Chart 12. Weekly Fund Flows Year to Date and Returns
(Jan 1, 2021 = 0; USD billions, left scale; percent, right scale)



Spreads on Hard Currency Bonds

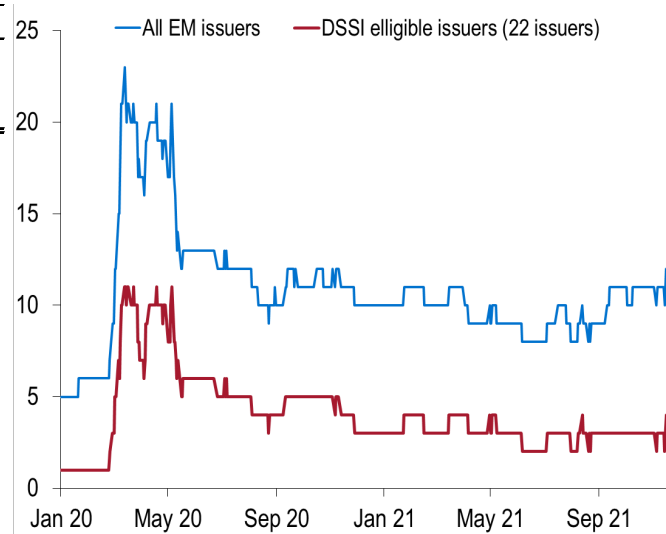
Most issuers have remained under pressure.

The number of distressed issuers rose from 11 to 12, with the inclusion of Ghana in this list (after the recent market sell-off)

Chart 13. Major Laggards and Gainers Last Month on Credit spreads (Basis points; change in November)

Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Suriname	(59)	1,637	Angola	116	831
China	(3)	19	Ukraine	159	670
Honduras	0	391	Gabon	163	601
Malaysia	2	120	Ghana	165	1,024
Saudi Arabia	4	141	Iraq	226	761
Chile	5	166	Tunisia	242	1,471
Qatar	5	124	Zambia	256	2,085
Philippines	6	116	El Salvador	308	1,315
Brazil	6	344	Sri Lanka	447	2,201
United Arab E	6	144	Ethiopia	822	2,108
Indonesia	7	181			
India	10	137			

Chart 14. 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	Aug-21	Sep-21	Oct-21	Nov-21
Chile	5.5	15.5	-	2.0	-	-
Indonesia	10.8	12.2	-	1.8	-	-
United Arab Emirates	20.8	10.9	-	3.0	3.9	-
Saudi Arabia	11.9	10.0	-	-	-	3.2
Turkey	8.7	10.0	-	2.3	-	-
Peru	7.0	10.0	-	-	4.0	1.1
Mexico	14.9	9.1	-	-	-	-
China	10.7	8.6	-	-	4.0	4.6
Romania	13.2	8.2	-	-	-	-
Egypt	5.8	6.8	-	3.0	-	-
Colombia	4.2	6.1	-	-	1.0	-
Philippines	6.4	6.0	-	-	-	-
Hungary	7.2	5.3	-	5.3	-	-
Oman	2.5	5.0	-	-	-	-
Panama	5.2	4.7	-	-	-	-
Nigeria	-	4.0	-	4.0	-	-
Bahrain	4.0	4.0	-	-	-	2.0
Pakistan	-	3.5	-	-	-	-
Serbia	3.3	3.2	-	2.0	-	-
Ghana	3.0	2.9	-	-	-	-
Dominican Republic	7.2	2.5	-	-	-	-
Croatia	2.2	2.4	-	-	-	-
Brazil	6.1	2.2	-	-	-	-
Russia	2.4	1.8	-	-	-	-
Ukraine	4.0	1.8	-	-	-	-
Benin	-	1.8	-	-	-	-
Malaysia	-	1.3	-	-	-	-
Côte d'Ivoire	1.2	1.1	-	-	-	-
Kenya	-	1.0	-	-	-	-
Mongolia	0.6	1.0	-	-	-	-
Guatemala	1.2	1.0	-	1.0	-	-
Senegal	-	0.9	-	-	-	-
Paraguay	1.5	0.9	-	-	-	-
North Macedonia	0.8	0.8	-	-	-	-
Cameroon	-	0.8	-	-	-	-
Gabon	1.0	0.8	-	-	-	0.8
Armenia	-	0.7	-	-	-	-
Albania	0.7	0.7	-	-	-	0.7

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

Issuer	2020	2021	Aug-21	Sep-21	Oct-21	Nov-21
China	120.6	91.9	5.8	8.0	3.7	5.6
Brazil	20.6	23.3	-	2.2	-	2.0
Mexico	19.9	15.6	-	1.7	1.2	-
Qatar	-	13.4	-	-	-	-
India	12.9	13.0	0.9	1.7	-	-
Russia	10.0	12.6	-	1.0	4.8	1.1
United Arab Emirates	6.2	10.6	-	-	-	-
Chile	8.3	10.0	-	3.7	2.0	0.5
Indonesia	7.4	8.8	-	-	1.4	0.4
Saudi Arabia	14.7	6.9	-	-	-	-
Malaysia	1.5	6.1	-	-	0.6	-
South Africa	1.5	5.2	-	0.8	0.7	1.2
Colombia	2.8	5.1	0.3	-	2.0	0.8
Peru	1.6	3.7	-	-	0.5	-
Poland	-	3.3	-	-	0.8	-
Philippines	2.3	3.2	-	1.0	0.6	0.3
Turkey	2.5	2.7	-	-	-	-
Ghana	0.7	2.7	-	-	0.4	-
Panama	2.0	1.9	1.9	-	-	-
Nigeria	1.3	1.7	-	-	-	1.0
Thailand	1.5	1.5	-	-	-	-
Morocco	-	1.5	-	-	-	-
Ukraine	3.9	1.4	-	-	-	0.8
Argentina	1.6	1.4	-	-	-	-
Hungary	-	1.2	-	-	-	0.6
Uzbekistan	-	1.0	-	-	-	0.7
Bahrain	-	0.9	-	-	-	-
Bulgaria	-	0.7	-	-	-	-
Guatemala	-	0.7	-	-	-	-
Kuwait	-	0.7	-	-	-	-