



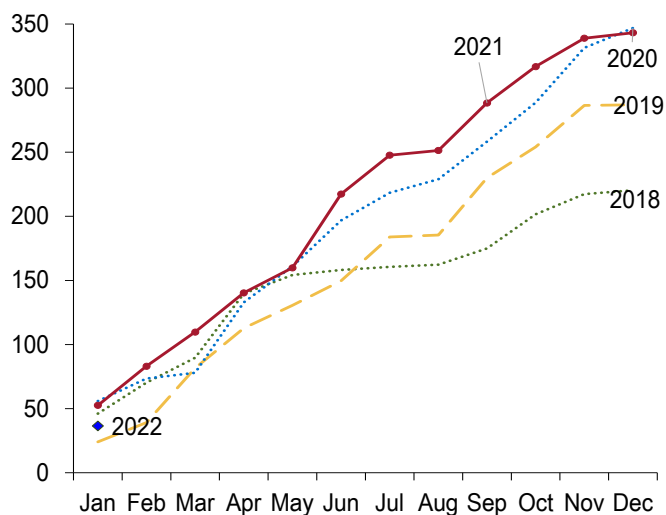
JANUARY 2022 HIGHLIGHTS

- Sovereign issuance was weak in January amid heightened market volatility**, with just \$17.2 bn compared to a seasonal average of \$28 bn the last 5 years, as January is typically one of the strongest months. **IG issuance was \$15.7 bn**, driven by Romania (\$5.1 bn), Mexico (\$4.1 bn), Panama (\$2.5 bn), and Chile (\$4 bn). **HY issuance was limited** to just Pakistan (\$1 bn) and Paraguay (\$0.5 bn). This continues a recent trend for high yield (sub-investment grade) issuance, which has struggled in recent months, accounting for just 15% of the total over the last 4 months, compared to 36% from 2019-2021.
- Corporate issuance was subdued at \$23.1 bn despite solid non-China supply**, down from a seasonal average of \$30 bn. Chinese issuance of \$3.7 bn was the lowest January total since 2016, but up slightly from a traditionally quiet December (\$1.9 bn). EM corporates ex. China issued \$19.3 bn, the best month since June and above last January (\$15.4 bn).
- The issuance outlook has deteriorated amid repricing of Fed policy expectations**. Some sovereigns, particularly higher rated issuers, may look to frontload new issuance before rates move higher (as Mexico, Chile, Romania have done so far) but the financing outlook looks to be more challenging than last year. Near term issuance may be supported by elevated amortizations in March and April. Upcoming maturities in February include Romania and Turkey. Potential upcoming issuers based on analyst reports include Angola, Hungary, and El Salvador, which intends to issue a Bitcoin bond in March according to the finance minister.
- EM sovereign credit spreads widened 10-15 bps in January**. Frontier spreads rose as much as 30 bps by mid-January before retracing a bit over the last week. EM investment grade spreads had their worst month since July, but remain tight by historical standards. US high yield spreads also have been under pressure, widening nearly 60 bps since December.
- EM bond fund flows weakened in January**. Local currency flows and returns have outperformed hard currency to start 2022, in contrast with 2021. Hard currency funds have seen outflows over \$2 bn to start the year.

January 2022 Overview

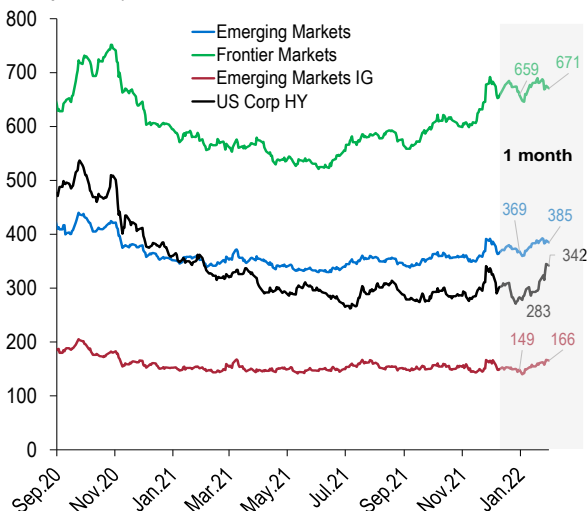
Total hard currency issuance (ex. China corporates) is off to a slow start, with \$36.6bn the weakest since 2019. 2021 full year issuance came in just below 2020's record pace.

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



EM credit spreads widened in January, with frontier spreads up close to 70 bps over the last 3 months.

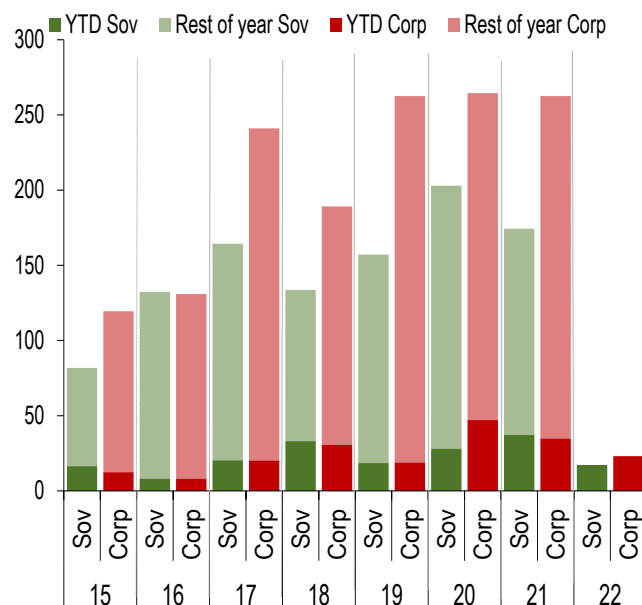
2. Emerging and Frontier Market Spreads (Basis points)



Issuance Detail: Emerging Market Corporates and Sovereigns

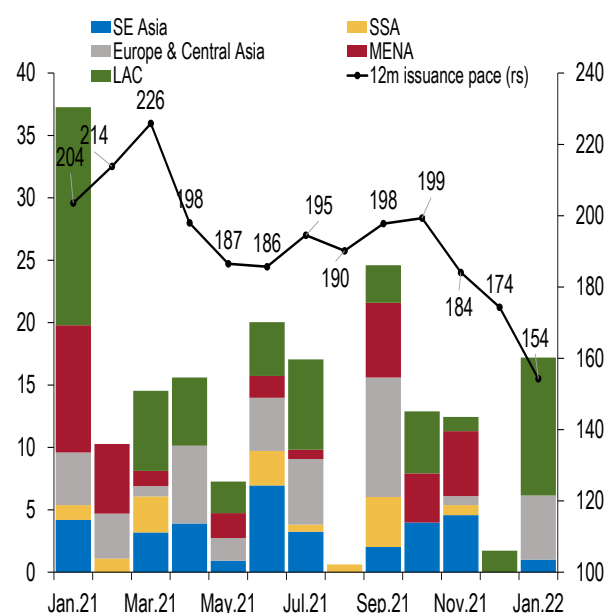
Sovereign issuance fell to the lowest January total since 2016, while corporate issuance also slowed year-on-year, weighed down by just \$3.7bn from China.

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



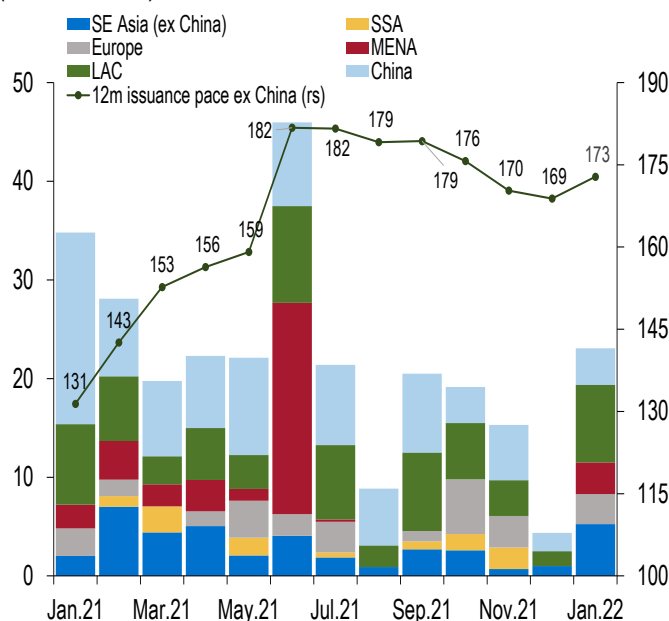
Latin America came on strong in January, with Chile, Mexico, Panama, and Paraguay. Pakistan and Romania also issued.

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



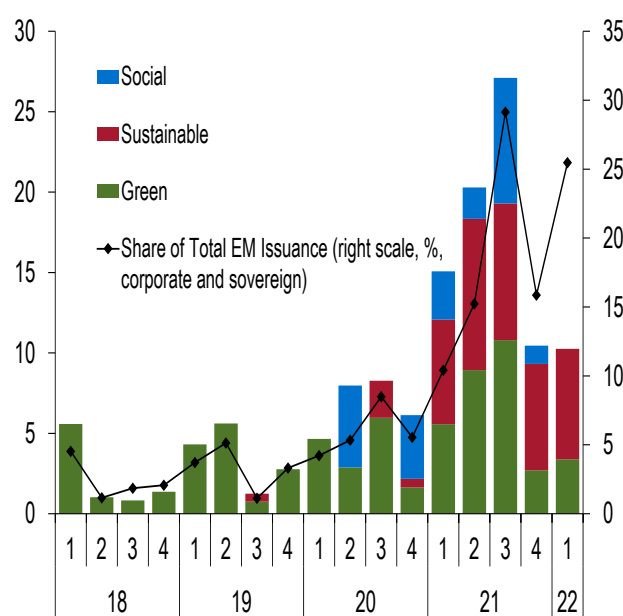
Non-China corporates had a solid January with \$19.3 bn, led by Latin America (\$7.8bn) and India (\$5.2bn)

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



ESG had a strong start to the year with \$10.3bn, accounting for 23% of issuance in January, led by Chile with \$4bn in sustainable sovereign bonds.

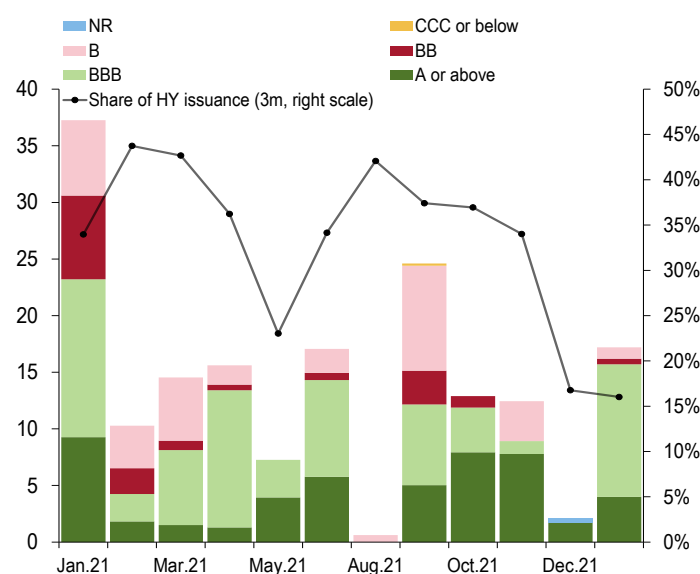
Chart 6. EM Sovereign Issuance by Currency
(USD billions; percent; quarterly)



Issuance Detail by Rating

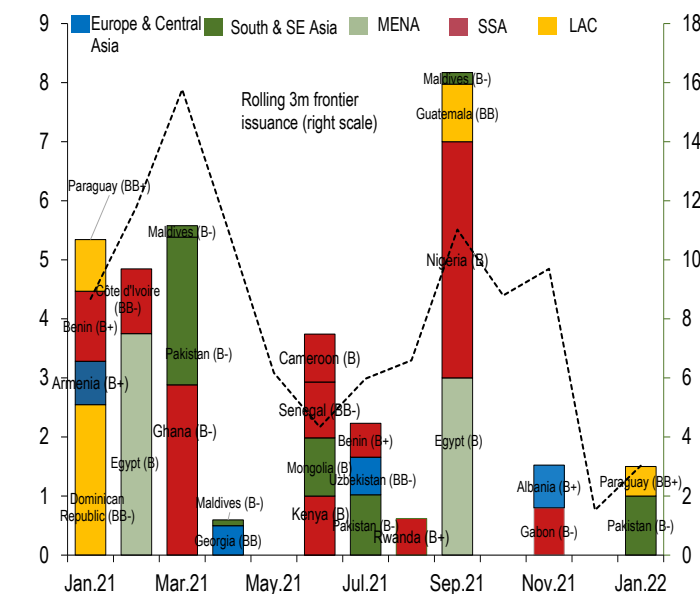
Sluggish high yield sovereign issuance continued, accounting for just 15% of issuance over the last 2 months.

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



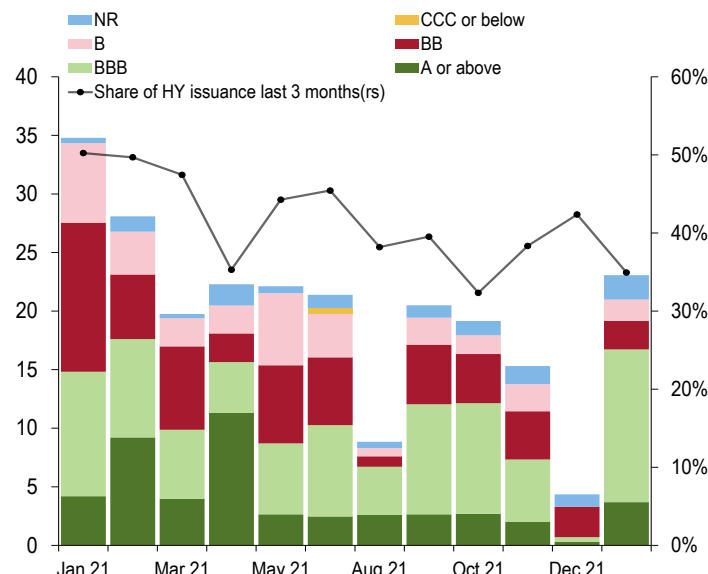
Paraguay (\$0.5bn) and Pakistan (\$1bn) issued in January, making just 4 frontier issuers in the last 4 months.

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



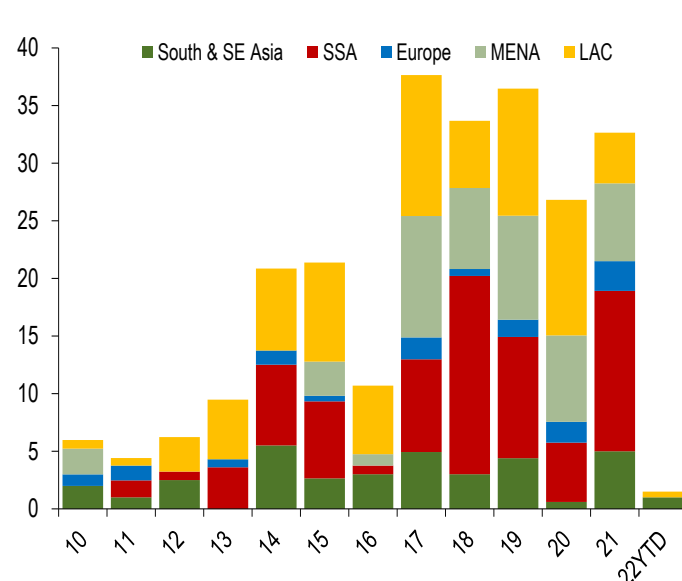
High yield corporates have held up reasonably well, but 'BBB' issuers led the charge in January.

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



Despite recent weakness, frontier issuance in 2021 finished almost \$6bn above the 2020 total (driven by SSA and South East Asia), but below 2017-2019 levels.

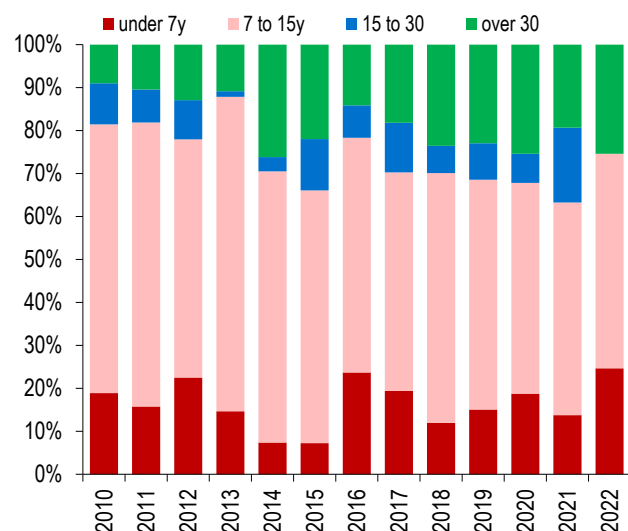
Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



Issuance Detail by Maturity and Currency

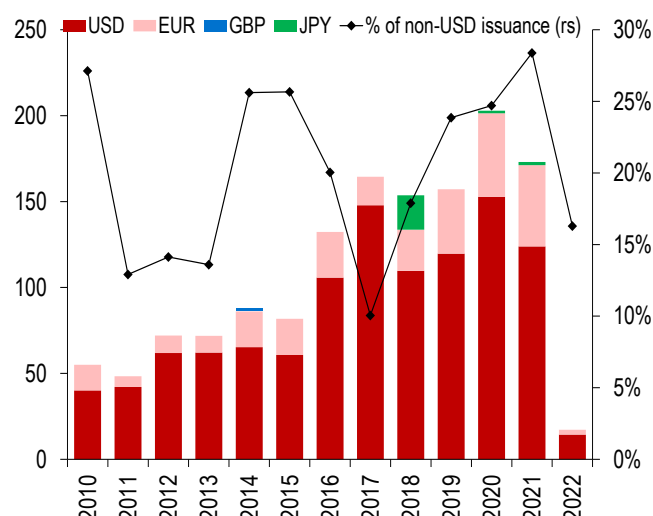
Average maturity for EM sovereigns continued to rise in 2021 with a record 37% of issuances having more than 15 years of maturity

Chart 11. EM Sovereign Issuance by Maturity (Percent)



Romania issued the only nondollar bond (euros) in January, after a record 28% of total issuance in 2021 was in nondollar currencies.

Chart 12. EM Sovereign Issuance by Currency (Percent)



Sovereign Amortizations

Sovereign principal payments will be elevated through April, potentially driving higher gross issuance, before easing from May-August. Upcoming maturities in February include Romania and Turkey. Among high yield issuers, Egypt, Bahrain, and Turkey have substantial principal payments coming due in 2022.

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

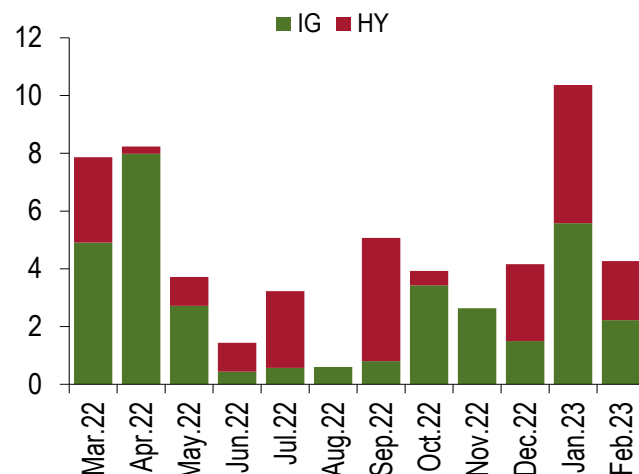
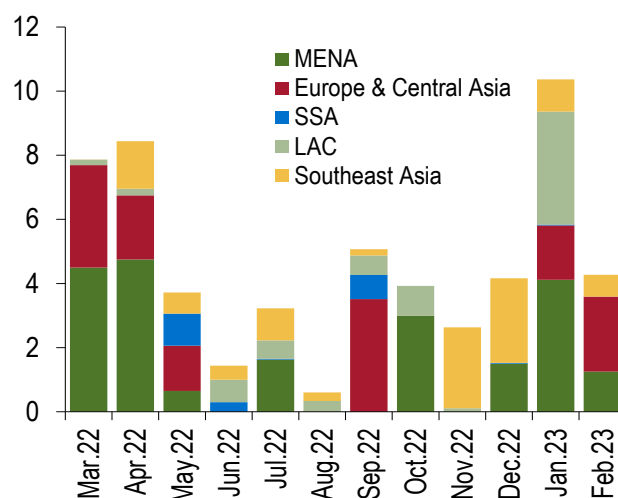


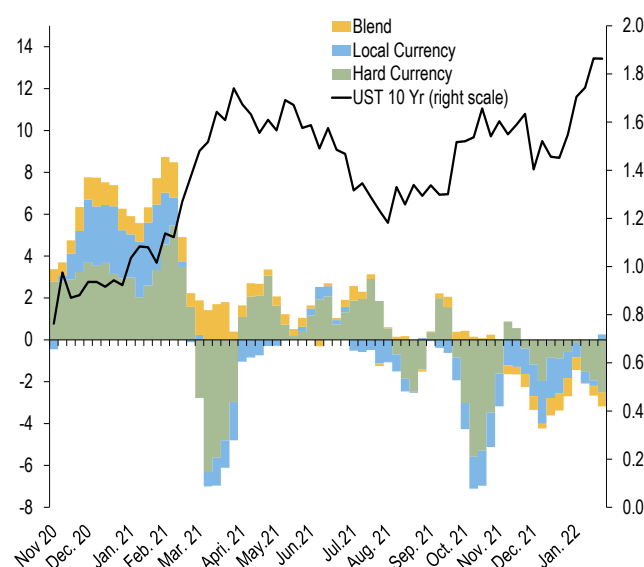
Chart 14. EM Sovereign Amortizations by Rating (US billions)



Flows: EM Debt Dedicated Funds

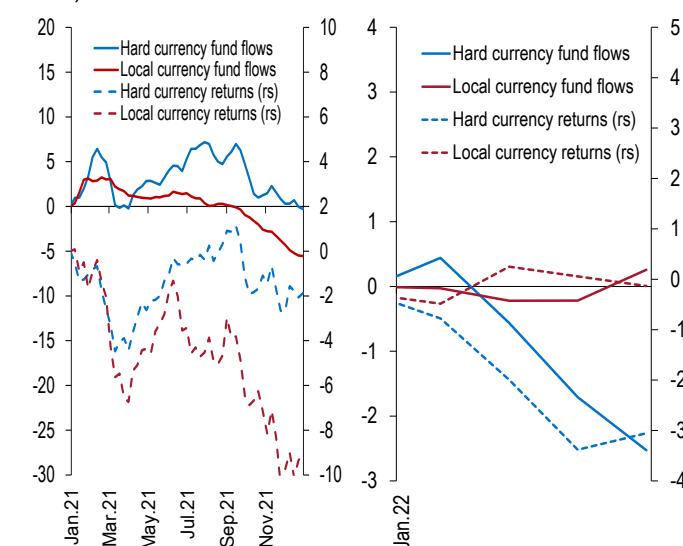
After tentative improvement in December, fund flows have turned negative again amid persistent weakness since October.

Chart 15. Bond Fund Flows and US 10-year yield
(USD billions, 4 week sum; percent)



Local currency flows and returns have outperformed hard currency to start 2022, in contrast with 2021. Hard currency funds have seen outflows over \$2 bn to start the year

Chart 16. Weekly Fund Flows Year to Date and Returns
(Jan 1, 2021 = 0; USD billions, left scale; percent, right scale)



Spreads on Hard Currency Bonds

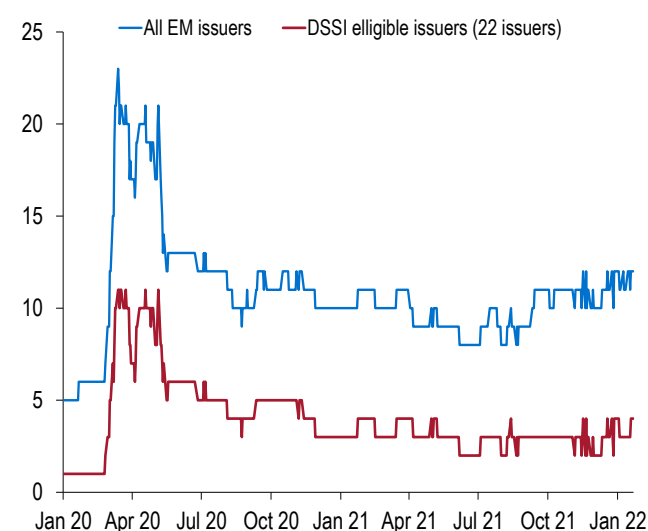
Amid some broad-based widening of spreads, Angola, Tunisia, Turkey, and Ecuador stood out favorably with spreads tightening.

Chart 17. 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	(188)	1,512	Pakistan	43	613
Sri Lanka	(100)	2,546	Bolivia	71	474
Ecuador	(99)	768	Ghana	76	1,032
Turkey	(70)	525	El Salvador	94	1,571
Tunisia	(61)	1,356	Russia	106	267
Angola	(42)	686	Honduras	110	422
Gabon	(37)	514	Zambia	118	2,148
Iraq	(33)	548	Belarus	122	955
Mozambique	(26)	896	Ukraine	142	898
Poland	(21)	7	Lebanon	1,967	23,206
Trinidad And Tobago	(19)	318			
Jamaica	(16)	274			

The number of distressed issuers remains at 12.

Chart 18. 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	2021	2022	Nov-21	Dec-21	Jan-22
Romania	8.2	5.1	-	-	5.1
Mexico	9.1	4.1	-	-	4.1
Chile	16.8	4.0	-	1.3	4.0
Panama	4.7	2.5	-	-	2.5
Pakistan	3.5	1.0	-	-	1.0
Paraguay	0.9	0.5	-	-	0.5
Venezuela	-	-	-	-	-
Lebanon	-	-	-	-	-
Argentina	-	-	-	-	-
Zambia	-	-	-	-	-
Ecuador	-	-	-	-	-
Belize	-	-	-	-	-
Mozambique	-	-	-	-	-
Gabon	0.8	-	0.8	-	-
Congo, Republic of	-	-	-	-	-
Democratic Republic of the Congo	-	-	-	-	-
Barbados	-	-	-	-	-
Suriname	-	-	-	-	-
Angola	-	-	-	-	-
Iraq	-	-	-	-	-
St. Vincent and the Grenadines	-	-	-	-	-
Solomon Islands	-	-	-	-	-
Niger	-	-	-	-	-
Nicaragua	-	-	-	-	-
Moldova	-	-	-	-	-
Mali	-	-	-	-	-
Lao P.D.R.	-	-	-	-	-
Cabo Verde	-	-	-	-	-
Togo	-	-	-	-	-
Bosnia and Herzegovina	0.4	-	-	-	-
Lesotho	-	-	-	-	-
Kyrgyz Republic	-	-	-	-	-
Cambodia	-	-	-	-	-
Burkina Faso	-	-	-	-	-
Swaziland	-	-	-	-	-
Uganda	-	-	-	-	-
Seychelles	-	-	-	-	-
Bangladesh	-	-	-	-	-
India	-	-	-	-	-
Thailand	-	-	-	-	-

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

Issuer	2021	2022	Nov-21	Dec-21	Jan-22
China	93.7	3.7	5.6	1.9	3.7
Brazil	23.3	2.9	2.0	-	2.9
Mexico	17.1	0.8	-	1.5	0.8
India	14.0	5.2	-	1.0	5.2
Qatar	13.4	-	-	-	-
Russia	12.6	-	1.1	-	-
United Arab Emirates	10.6	0.7	-	-	0.7
Chile	10.0	2.1	0.5	-	2.1
Indonesia	8.8	-	0.4	-	-
Saudi Arabia	6.9	2.5	-	-	2.5
Malaysia	6.1	-	-	-	-
South Africa	5.2	-	1.2	-	-
Colombia	5.1	0.9	0.8	-	0.9
Peru	3.7	-	-	-	-
Poland	3.3	-	-	-	-
Philippines	3.2	-	0.3	-	-
Turkey	2.7	0.5	-	-	0.5
Ghana	2.7	-	-	-	-
Panama	1.9	-	-	-	-
Nigeria	1.7	-	1.0	-	-
Thailand	1.5	-	-	-	-
Morocco	1.5	-	-	-	-
Ukraine	1.4	-	0.8	-	-
Argentina	1.4	-	-	-	-
Hungary	1.2	0.6	0.6	-	0.6
Uzbekistan	1.0	-	0.7	-	-
Bahrain	0.9	-	-	-	-
Bulgaria	0.7	-	-	-	-
Guatemala	0.7	1.1	-	-	1.1
Kuwait	0.7	-	-	-	-