

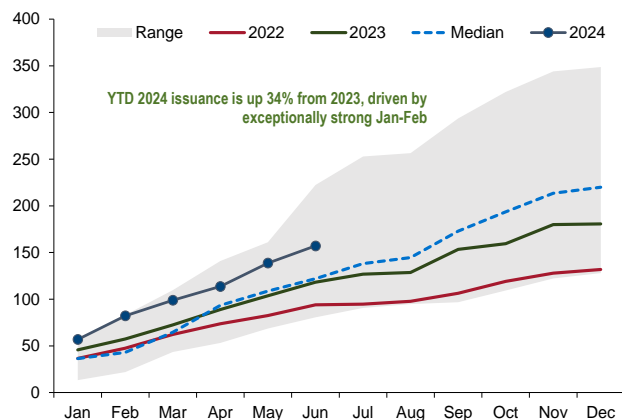


## JUNE HIGHLIGHTS:

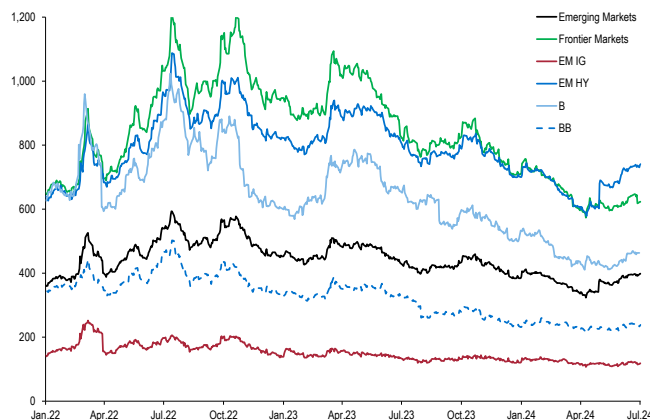
- **Total international bond issuance declined to \$21.1 billion in June, from \$26.5 billion in May.** Year-to-date (YTD) issuance is the strongest since 2021, up +35% y/y, with sovereign issuance the second highest on record (Chart 3).
- **Sovereign issuance slowed to \$13.8 billion from \$19.6 billion but remained above the historical average for June.** (Chart 4). The number of issuers (nine) was the highest since November. New supply included \$3.6 billion in local currency denominated, but internationally listed bonds from Peru and the Dominican Republic. High yield issuers accounted for over half the total, led by Serbia (\$1.5 billion), Brazil (\$2 billion), Senegal (\$0.8 billion), and the Dominican Republic (\$1.2 billion in dollar bonds, \$1.8 billion in local currency). Investment grade issuers included Romania (\$0.2 billion), Indonesia (\$1.8 billion), Trinidad and Tobago (\$0.8 billion), United Arab Emirates (\$1.5 billion), and Peru (\$1.8 billion equivalent in local currency).
- **Nonfinancial corporate issuance rose to \$7.3 billion, with \$2.7 billion from China.** Chinese issuance was the highest in nearly a year but remains depressed by historical standards. Corporate issuance (ex. China) was geographically diverse in June, with more than half from high yield or unrated issuers. YTD issuance is up nearly 50% y/y after very subdued issuance in 2022-2023, though remains just below the historical median (Chart 8).
- **High yield sovereign spreads moved wider in June, partly driven by the reweighting and inclusion of Venezuelan bonds** (Chart 2). Venezuelan bonds added over +50 bps to the benchmark spread since April. Several other frontier markets sold off in June, with spreads widening in Gabon (+160 bps), Ecuador (+117 bps), Iraq (+107 bps), Kenya (+107 bps), and Bolivia (+103 bps). Conversely, reports suggested that Sri Lanka agreed on the core restructuring terms for its defaulted bonds, with the 2030 USD bond trading close to 58 cents per dollar. Investment grade spreads rose marginally, though remain near historical lows. The median yield in the sovereign bond index declined slightly to 7% (Chart 20).
- **Hard currency bond fund flows turned positive in June on net, though weekly flows continue to be volatile** (Chart 17). Based on weekly data, EM hard currency funds received inflows in June (+\$1.4 billion) and May (\$0.1 billion), though 6 of the last ten weeks have seen outflows. Blended (local and hard currency) funds saw nearly \$2 billion in outflows in May and June combined. Going forward, continued uncertainty surrounding the US monetary policy pathway is likely to pose headwinds for durable inflows. Returns were flat in June despite gains from falling Treasury yields. YTD, the sovereign bond index has returned close to 2%.
- **Sovereign ratings momentum has been positive in recent months, but June saw net downgrades.** Fitch downgraded the Maldives to CCC+, while Moody's downgraded Gabon to CCC and Kenya to CCC+. Moody's also upgraded Zambia to CCC following recent debt restructuring efforts (see Annex).
- **Strong issuance dynamics may continue through July before slowing in a seasonally weak August.** The rally in Treasury yields in early June provided some opportunistic support to the market. In early July, Chile and Sharjah (UAE) have already issued. Mexico is reportedly weighing a return to the samurai market, possibly in the second half of the year. Other potential issuers according to market analysts include Hungary, Colombia, Angola, Morocco, Nigeria, Oman, and Rwanda. The amount of bond payments due will increase in the next few months, with about \$8 billion due on average in July, September, and November from issuers including Croatia, Indonesia, Poland, Argentina, UAE, Bulgaria, and Turkey. Thereafter, maturing bonds in the first quarter of 2025 will total over \$30 billion.

## Overview

**Chart 1. Pace of Sovereign and Corporate Issuance**  
(USD billions, ex. CHN corporates, range since 2011)



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



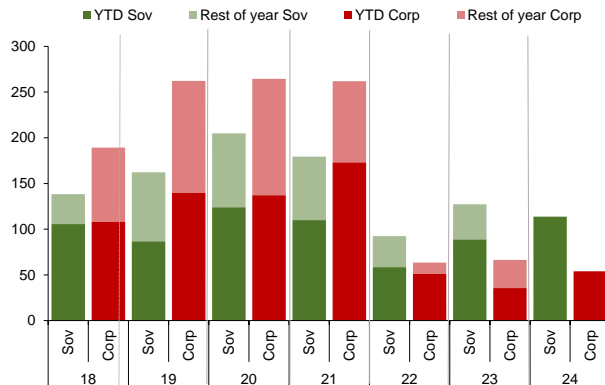
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

## Issuance Detail: Emerging Market Corporates and Sovereigns

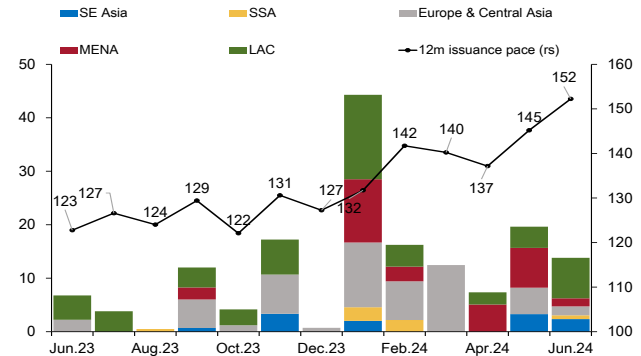
Both sovereign and corporate issuances are the strongest since 2021

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



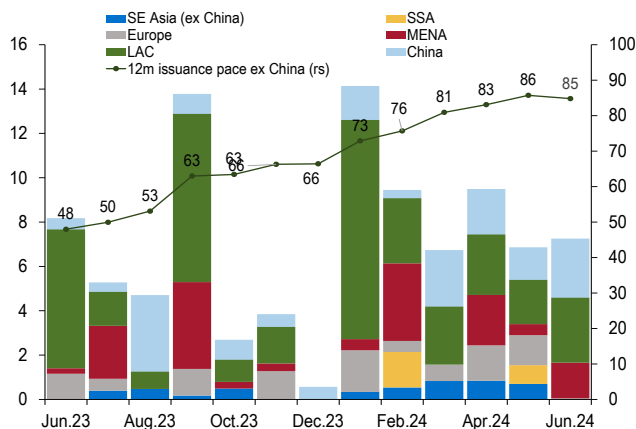
Issuance was broad based, led by Latin American with Peru, Dominican Republic, Brazil, and Trinidad & Tobago

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



Corporate issuances ticked higher, led by increased supply from Chinese issuers

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



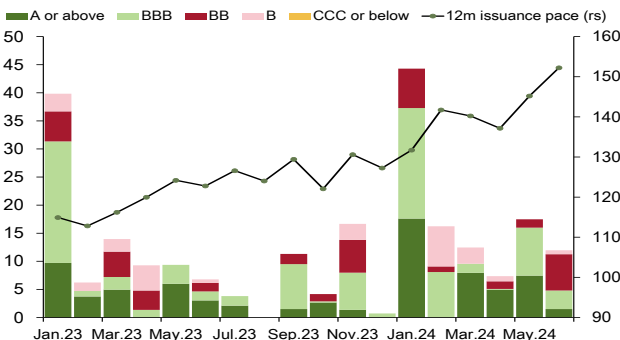
Nine sovereigns tapped the primary markets in May, the highest since November 2023

**Chart 6. Country Sovereign Issuance Totals**  
(USD billions)

Issuer	2024	Mar-24	Apr-24	May-24	Jun-24
Saudi Arabia	16.8	-	-	5.0	-
Poland	12.0	7.9	-	-	-
Romania	11.9	-	-	3.5	0.2
Mexico	9.6	-	-	-	-
United Arab Emirates	7.3	-	5.1	-	1.5
Brazil	6.4	-	-	-	2.0
Indonesia	5.7	-	-	1.3	2.4
Turkey	5.1	2.1	-	-	-
Hungary	4.1	-	-	-	-
Chile	3.9	-	-	2.2	-
Panama	3.1	-	-	-	-
Dominican Republic	3.0	-	-	-	3.0
Côte d'Ivoire	2.6	-	-	-	-
Qatar	2.5	-	-	2.5	-
Bahrain	2.0	-	-	-	-
Philippines	2.0	-	-	2.0	-
Peru	1.8	-	-	-	1.8
Uruguay	1.8	-	-	1.8	-
Croatia	1.6	1.6	-	-	-
Uzbekistan	1.5	-	-	1.5	-
Serbia	1.5	-	-	-	1.5
Kenya	1.5	-	-	-	-
Colombia	1.4	-	1.4	-	-
Paraguay	1.0	-	-	-	-
El Salvador	0.9	-	0.9	-	-
Trinidad and Tobago	0.8	-	-	-	0.8
Montenegro	0.8	0.8	-	-	-
Benin	0.7	-	-	-	-
Senegal	0.7	-	-	-	0.7

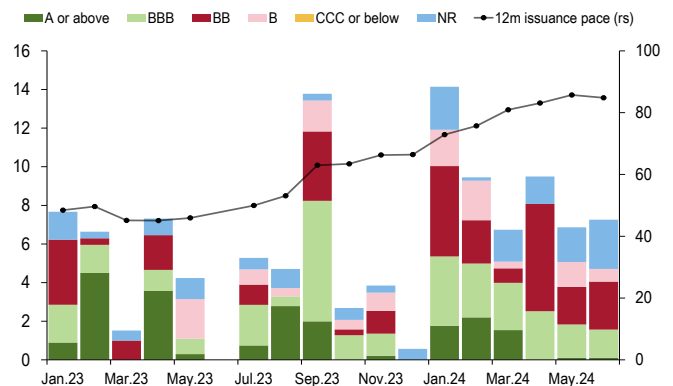
BB rated sovereigns accounted for over half of the total, the best month for high yield since February

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



Appetite for high yield corporates remained strong in June

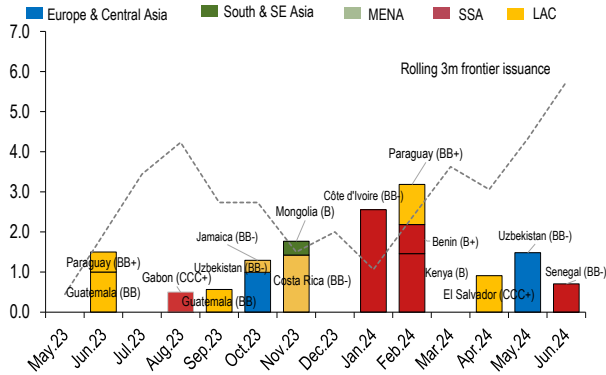
**Chart 8. Corporate Hard Currency Issuance by Rating**  
(USD billions)



## Issuance Detail: Emerging Market Corporates and Sovereigns

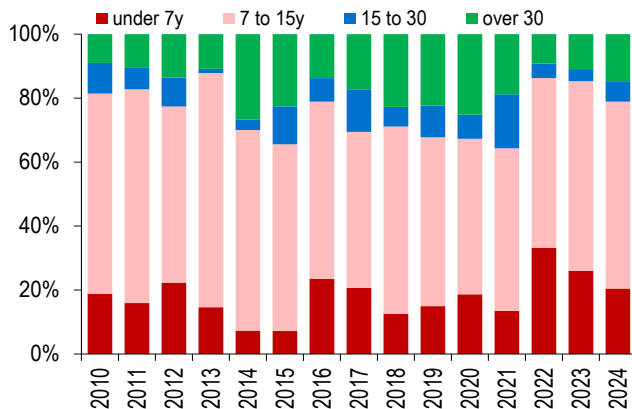
Senegal issued in June, becoming the seventh frontier issuer in 2024, and the fourth sub-Saharan African nation issuing in the international bond market this year.

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



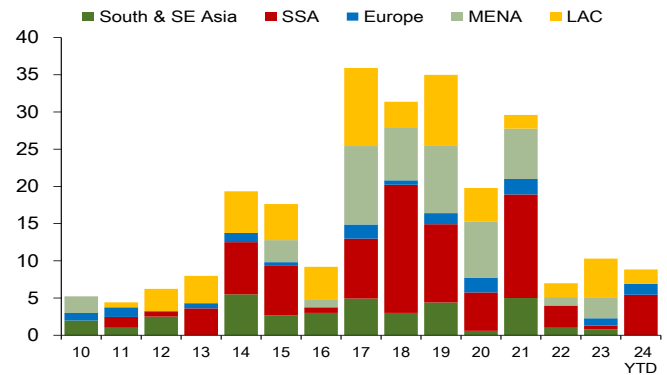
While still not at 2017-2021 levels, the average maturity of issuances has notably increased this year

**Chart 11. EM Sovereign Issuance by Maturity**  
(Percent)



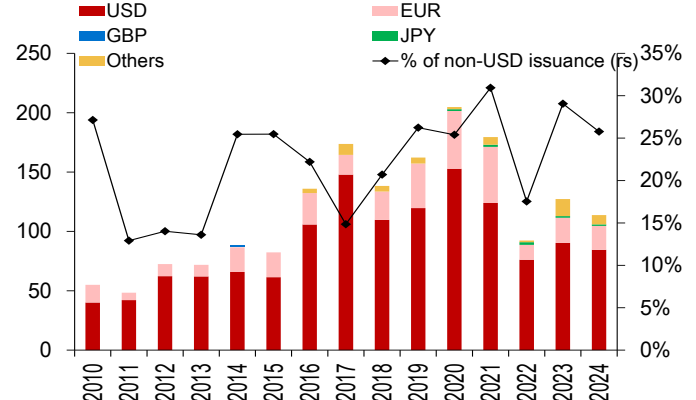
Frontier issuance is on track to surpass 2022 and 2023, reflecting an improvement of market access of sub-Saharan African countries this year.

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



US Dollar denominated bonds account for 75% of total international bond issuances, with euro issues around 20%

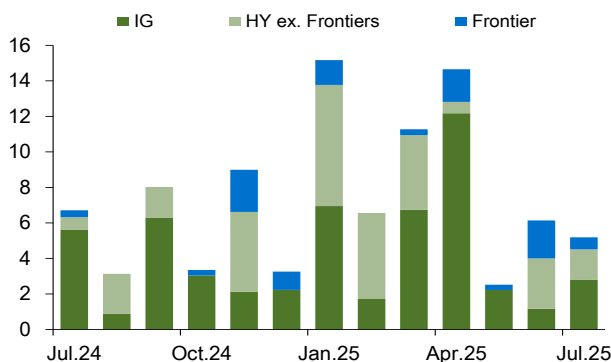
**Chart 12. EM Sovereign Issuance by Currency**  
(Percent)



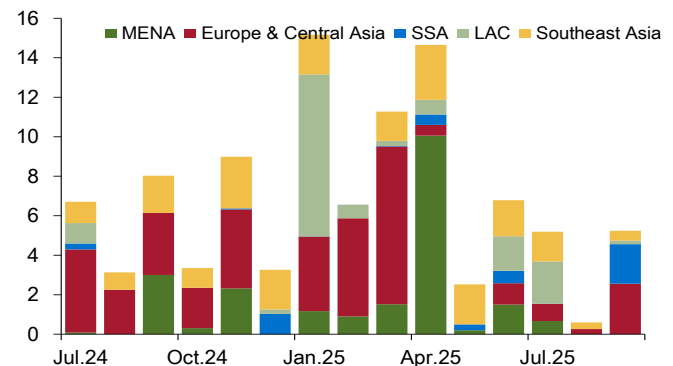
## Upcoming Amortizations

The pace of redemptions is expected to pick-up in July, September, and November, with Croatia, Argentina, Poland, Turkey facing upcoming payments in the next two months

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



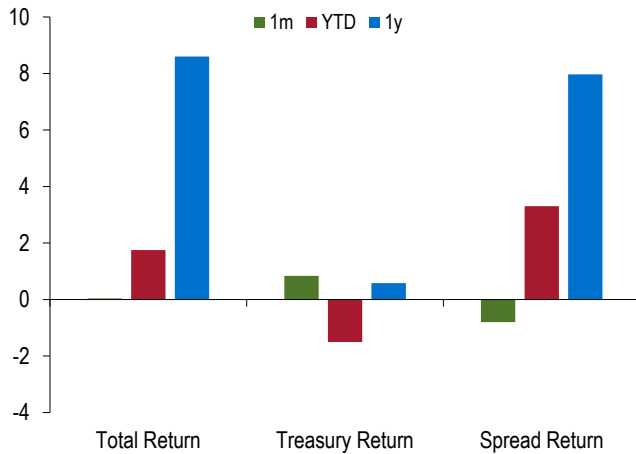
**Chart 14. EM Sovereign Amortizations by Region**  
(USD billions)



## Fund Flows and Bond Returns

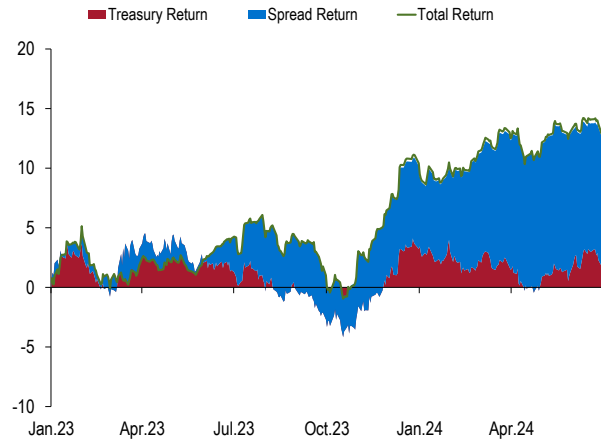
Returns have been largely flat over the last month, weighed down slightly by higher spreads

**Chart 15. Sovereign Hard Currency Bond Returns** (percent)



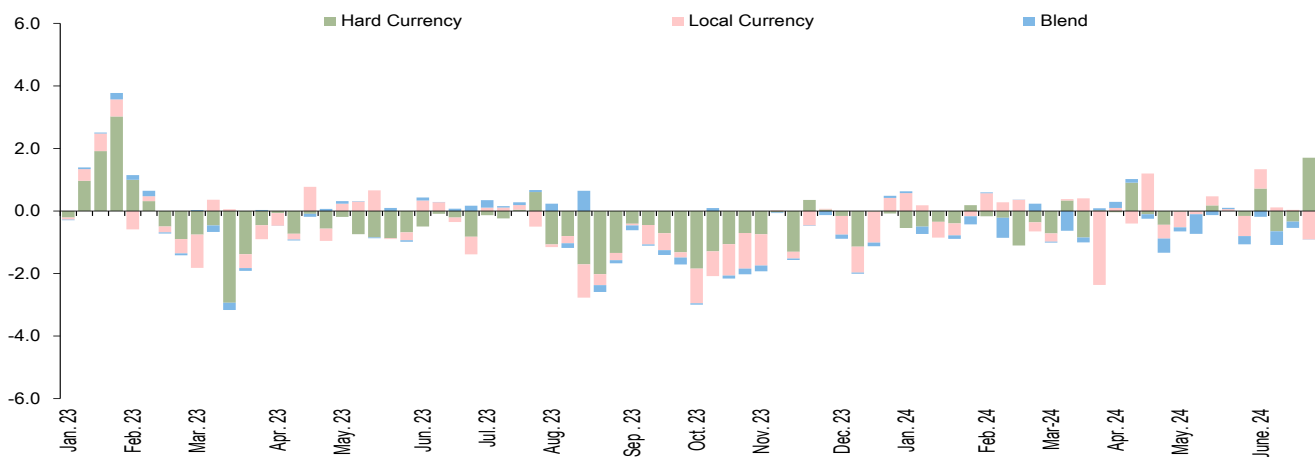
Strong risk appetite and the decline in spreads has been the primary driver of returns in 2024

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



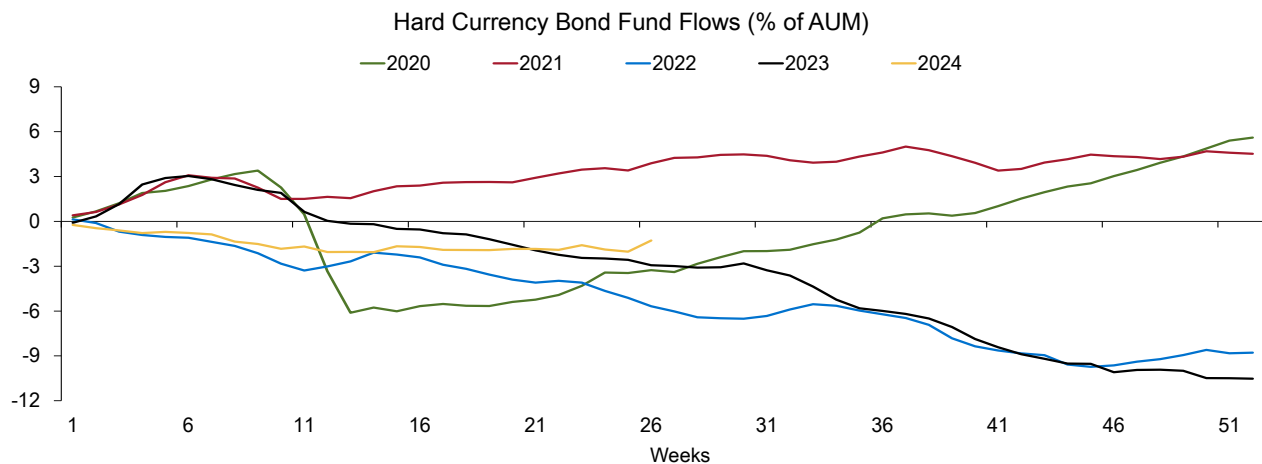
Hard currency bond funds received net inflows in June, though flows have been choppy in recent months, lacking clear momentum

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



Hard currency funds' flows have stabilized, with year-to-date cumulative outflows at around 1.5% of AUM

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



## Sovereign Spreads and Yields

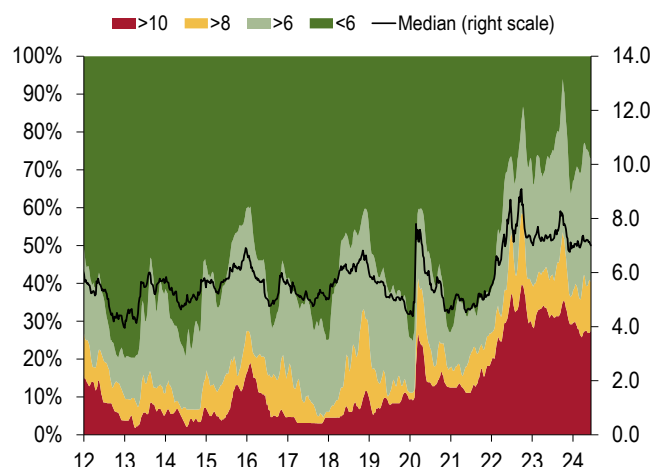
EM HC sovereign spreads largely traded in a relatively tight range in May, albeit with a few exceptions amidst idiosyncratic domestic developments.

**Chart 19. Major Laggards and Gainers Last Month on Credit Spreads** (Basis points; restricted to issuers with spreads below 2500)

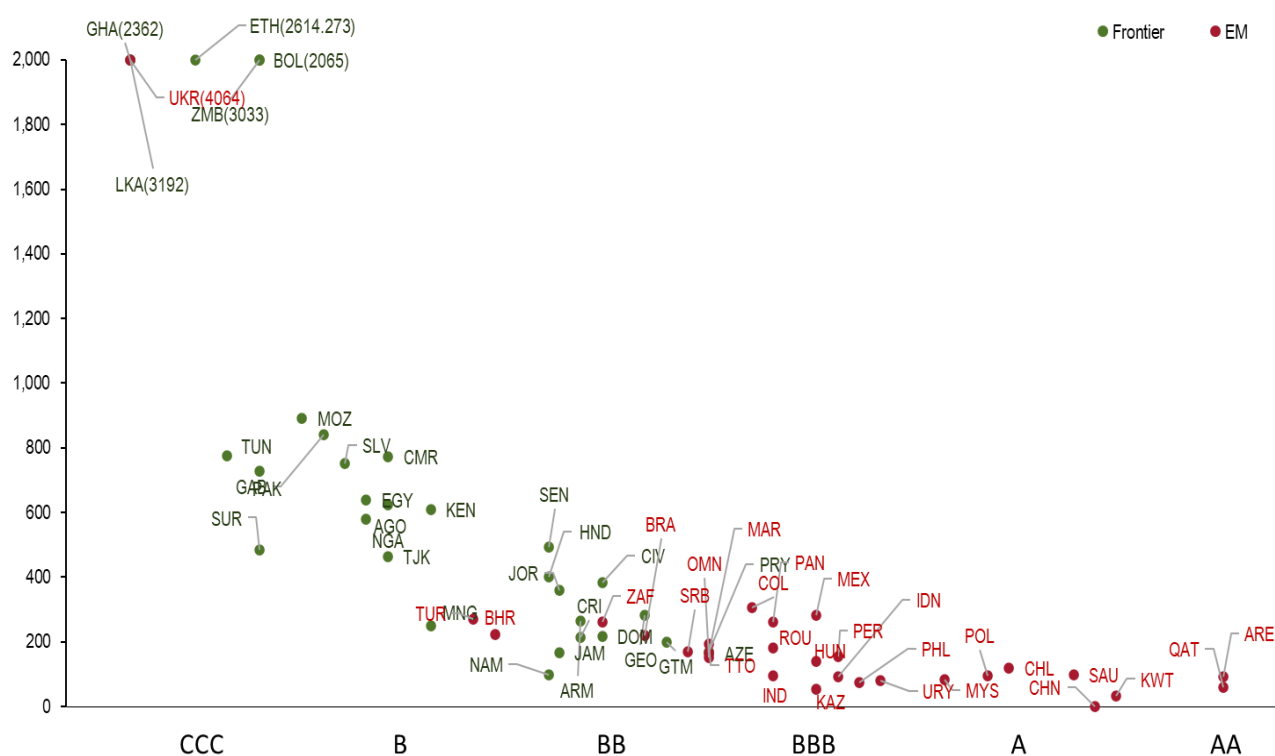
Top-10 Leaders			Top-10 Laggards		
Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Tunisia	(104)	775	Ivory Coast	26	382
Tajikistan	(27)	464	Senegal	26	494
South Africa	(27)	262	Georgia	27	281
Kazakhstan	(8)	54	Angola	29	625
Qatar	(5)	60	Cameroon	43	774
Peru	(5)	154	Nigeria	44	579
Philippines	(4)	73	Honduras	51	401
United Arab Emirates	(2)	92	Jordan	61	361
Panama	(1)	260	Pakistan	70	729
Poland	0	94	Ghana	72	2,362
Suriname	1	485	Egypt	77	640
Morocco	1	165	Bolivia	103	2,065
Azerbaijan	1	164	Kenya	107	610
Chile	2	120	Iraq	107	465
Uruguay	2	80	Ecuador	117	1,391

The median yield has stabilized just near 7%, though over 40% 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)

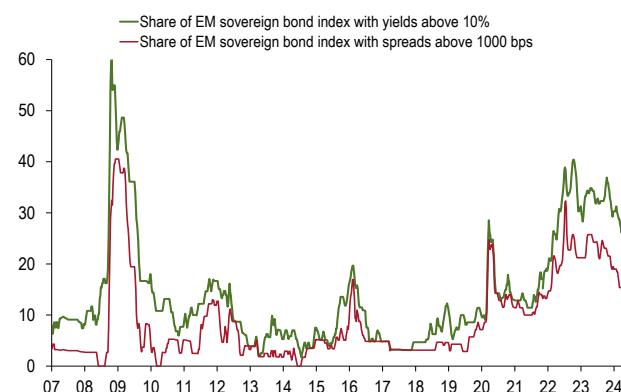


## Annex

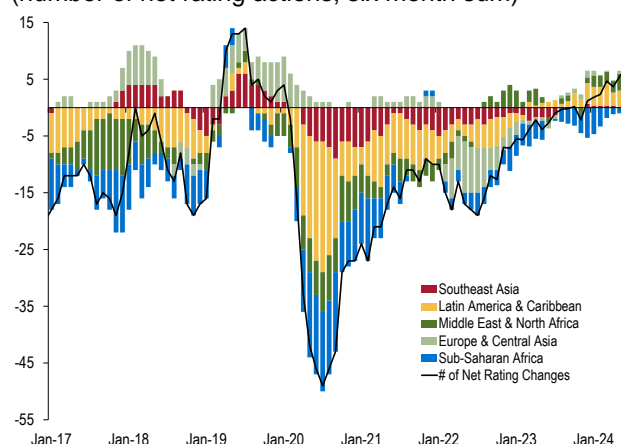
Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

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	2.6	2.9		2.9	3.3	4.9	6.1	4.7	5.3	4.7	
Feb.21											3.9	6.7
Mar.21			3.5	4.4	3.5	3.2				5.5	8.5	
Apr.21		2.1	3.1	3.3	4.1	4.3		2.8				
May.21			2.8		4.4							
Jun.21				2.6	3.0	3.1	4.9	4.8	4.4		4.9	4.5
Jul.21		2.8	3.1	3.2	3.1	2.8				6.0	7.9	7.4
Aug.21												
Sep.21		2.6	3.0		2.7	2.6	6.1	5.0		7.3	7.6	6.8
Oct.21	2.0		3.1	3.6	3.0	3.6			5.2			
Nov.21		2.3	3.3								3.9	5.6
Dec.21												
Jan.22		4.0	3.1	3.6	3.7	3.8	3.8					8.0
Feb.22								5.8		7.3	7.5	
Mar.22		4.3		4.2	3.7	3.6				8.5		
Apr.22							7.3	5.9				8.8
May.22				5.0	5.3							
Jun.22	5.0		4.1		5.3	5.5						
Jul.22												
Aug.22				4.9	6.0		5.3					
Sep.22					4.7	4.8						
Oct.22	5.3	5.5		5.7	5.6					9.8		
Nov.22	5.5	5.8			7.0		8.0				9.9	
Dec.22											9.9	9.9
Jan.23	4.3	5.0	4.8	5.1	6.0	4.6	6.8	7.5	6.3	9.4		
Feb.23				6.5						10.9		
Mar.23	4.3		5.5	6.3	6.6		6.5	6.3				9.4
Apr.23					6.3		6.8			6.3	8.4	
May.23	4.4	4.1	4.0									
Jun.23		5.0	5.3				6.2					
Jul.23				6.4								
Aug.23												
Sep.23		4.3		6.1	6.6		7.1					
Oct.23		3.4						7.9				
Nov.23		6.5		5.6	5.8		6.3	8.0		7.9	8.5	
Dec.23												
Jan.24	4.3	5.8	4.3	5.8	5.2	4.7	7.0			7.7	7.9	7.6
Feb.24					7.1	7.8	7.0			7.3		
Mar.24	5.5	5.1	4.6									
Apr.24	4.3	5.3						8.4		0.3	9.3	
May.24	4.3	5.3	5.3	5.6	5.3		6.9					
Jun.24	4.3				6.4		6.6	6.0			7.8	7.8

Annex Table 2. Share of Distressed Issuers in EM Bond Index (share, 3-week average)



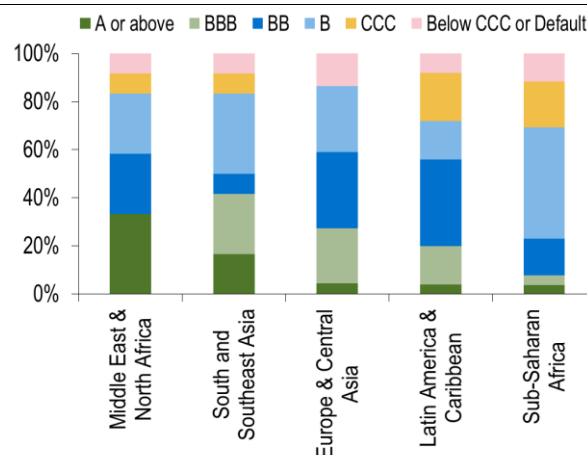
Annex Table 3. Net Ratings Updates (number of net rating actions, six month sum)



Annex Table 4. Latest Ratings Actions

	New Median rating	Latest			End May, 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Gabon	CCC+	NR	B-	Caa2	NR	B-	Caa1
Maldives	CCC+	#N/A N/A	CCC+	Caa1	#N/A N/A	B-	Caa1
Zambia	C	SD	RD	Caa2	SD	RD	Ca
Kenya	B	B	B	Caa1u	B	B	B3u

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".