



MARCH HIGHLIGHTS:

- **Total sovereign and corporate issuance slowed to \$19.2 billion in March from \$25.7 billion in February.** Year to date, issuance is the strongest since 2021, and up 36% y/y reaching \$103 billion since the beginning of 2024 (Chart 3).
- **Sovereign issuance dipped to \$12.5 billion (\$14 billion in February) with just four issuers after January and February saw nine and eight respectively** (Chart 4). Among investment grade, Poland sold three dollar denominated notes due in 2029, 2034, and 2054 for \$7.9 billion, following the \$4.1 billion it issued in January. Croatia issued a \$1.6 billion euro denominated bond. Among the HY segment, Türkiye sold a \$2.1 billion euro denominated bond with a coupon of 5.875%, while its sovereign spread has fallen 275 bps in the last 3 months. Montenegro sold a \$750 million dollar bond.
- **EM sovereign spreads continued to compress in March (-33 bps).** High yields spread narrowed 50 bps in March, with investment grade spreads down 15 bps (Chart 2). The A, BBB, and BB rated segments of the benchmark bond index are trading with spreads below the 10th percentile historically since 2018. Secondary market spreads on Ghana fell nearly 700 bps amid tentative progress on debt restructuring, while spreads also declined over 150 bps in Pakistan, Tunisia, and Ecuador (Chart 19).
- **Nonfinancial corporate issuance fell to \$6.7 billion (\$9.4 billion in February).** The share of HY issuance slipped to 45% from 55% in the previous two months (Chart 8). Regionally, Latin America accounted for \$2.6 billion, led by America Movil (Mexico), while Adani Green Energy in India returned to the market for the first since 2021. China contributed \$2.5 billion, the highest since August 2023 but still at very subdued levels compared to years past (Chart 5).
- **Hard currency bond fund outflows continued in March, though at a more moderate pace.** The four-week pace of outflows slowed to -\$1.2 billion, from -\$1.8 billion previously (Chart 18). Year to date outflows are close to 2% of assets under management. Some analysts believe weak fund flows are likely to continue absent more clarity on the Federal Reserve's presumptive easing cycle, while relatively large cash allocations helped absorb the heavy volume of issuance in Q1.
- **Ratings momentum has turned positive in recent months, with 10 upgrades in March.** Albania, Argentina, Cameroon, Côte d'Ivoire, Jamaica, Nicaragua, Qatar, Tanzania, Türkiye, and Uruguay all received upgrades from at least on agency. In contrast, Fitch downgraded Panama to junk (BBB- to BB+). (see Annex)
- **Markets remain open but issuance likely to proceed at a slower pace after remarkable pace to the start the year.** Combined with the large number of issuers in January-February, the incremental sell off in Treasuries and dollar rally in recent weeks may discourage some yields sensitive issuers. Nevertheless, risk sentiment remains positive, and potential issuers (as seen by market analysts) include Qatar, Nigeria, Oman, Dominican Republic, and Uzbekistan. Bond maturities are relatively modest in the next two months (\$8 billion combined), though among HY or crossover sovereigns, Pakistan, Egypt, Brazil, Colombia, and Panama have payments due through May. For the first week of April, Colombia raised \$1.3 billion via tapping its 2035 and 2053 social bonds, while Angola, Bolivia, Guatemala and Rwanda are reportedly exploring issuing in the international markets in the near future.

Overview

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

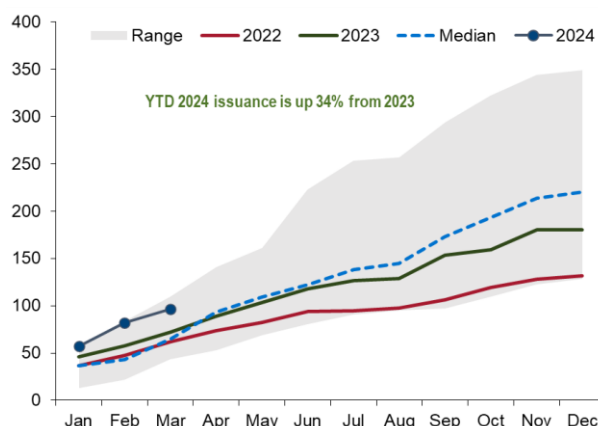
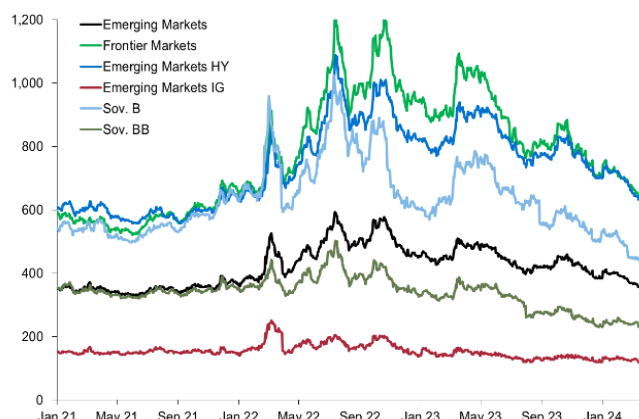


Chart 2. Emerging and Frontier Market Spreads
(Basis points)



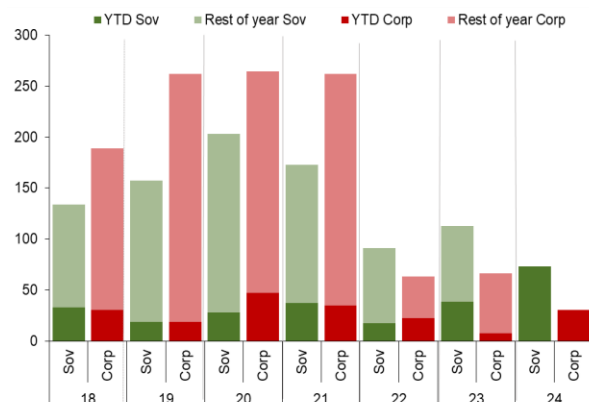
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

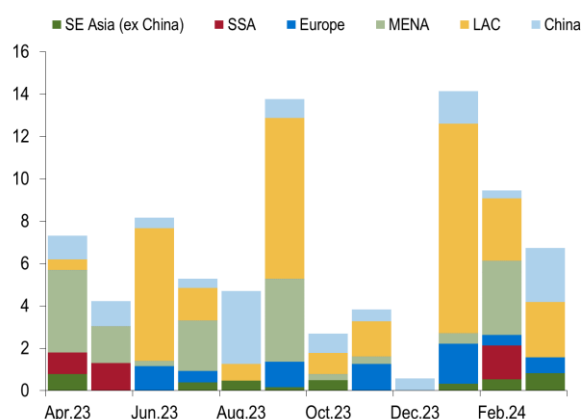
Issuance moderated in March, though Q1 set a record on the back of strong January sovereign issuance.

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



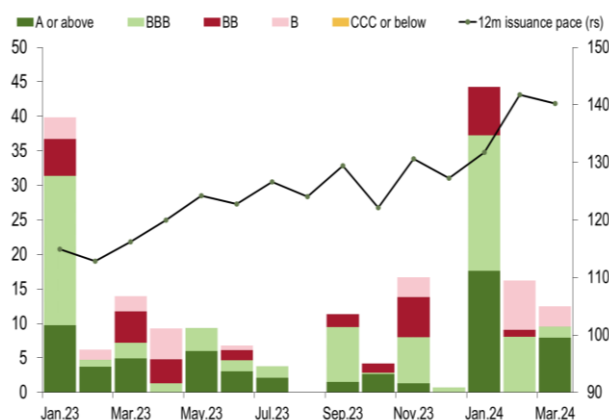
Corporate issuance moderated to \$7 billion in March after a strong start to the year

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



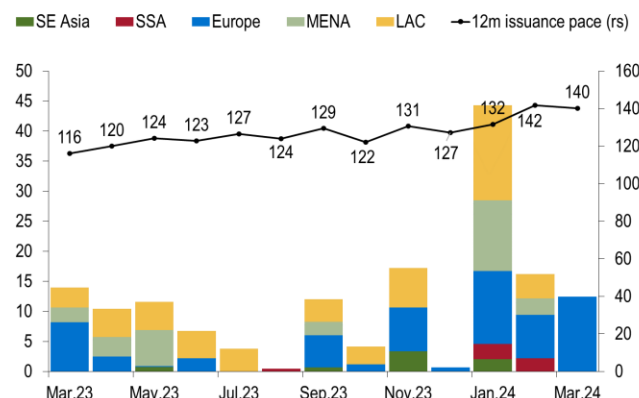
Investment grade Poland and Croatia accounted for 76% of issuance

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



March saw \$12.5 billion in sovereign issuance, with only European sovereigns tapping the primary market

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



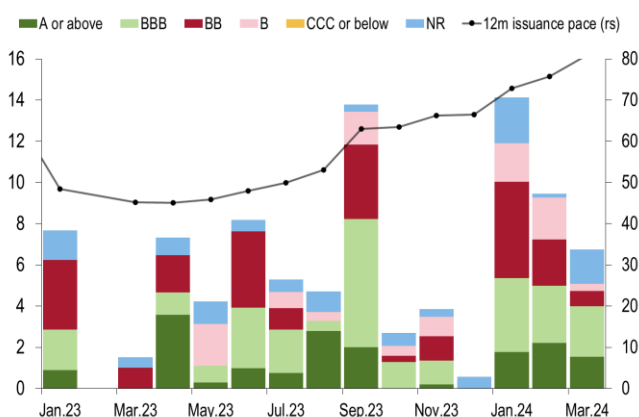
Four sovereigns tapped the primary markets in March, led by Poland's multi-tranche issuances (\$8 billion)

Chart 6. Country Sovereign Issuance Totals (USD billions)

Issuer	2022	2023	2024	Jan-24	Feb-24	Mar-24
Poland	5.1	10.6	12.0	4.1	-	7.9
Saudi Arabia	5.0	15.7	11.8	11.8	-	-
Mexico	7.3	5.3	9.6	9.6	-	-
Romania	8.5	10.5	8.3	4.0	4.3	-
Turkey	13.0	9.9	5.1	-	2.9	2.1
Brazil	-	4.2	4.5	4.5	-	-
Hungary	5.2	7.0	4.1	4.1	-	-
Panama	4.0	3.9	3.1	-	3.1	-
Côte d'Ivoire	-	-	2.6	2.6	-	-
Indonesia	8.2	5.7	2.0	2.0	-	-
Bahrain	-	2.0	2.0	-	2.0	-
Chile	7.0	11.2	1.7	1.7	-	-
Croatia	1.4	1.6	1.6	-	-	1.6
Kenya	-	-	1.5	-	1.5	-
Paraguay	0.5	0.5	1.0	-	1.0	-
Montenegro	-	-	0.8	-	-	0.8
United Arab Emirates	4.2	3.2	0.7	-	0.7	-
Benin	-	-	0.7	-	0.7	-

Corporates also saw a larger proportion of investment grade issuers compared to the previous two months

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

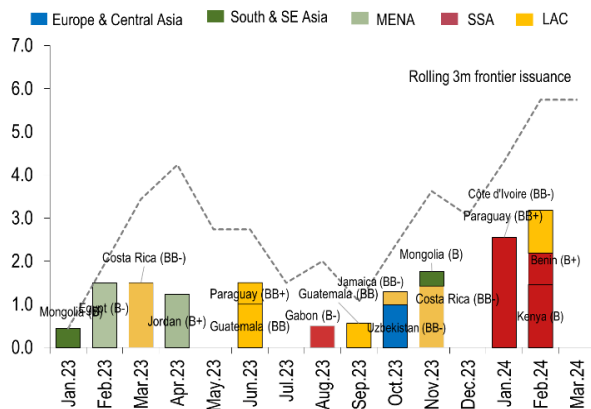


Issuance Detail: Emerging Market Corporates and Sovereigns

After several issuances in January and February, frontier issuances took a pause in March

Despite the hiatus, YTD issuance volume is on pace to surpass 2023

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



While still not at 2017-2021 levels, the avg. maturity of issuance has notably increased this year

Chart 11. EM Sovereign Issuance by Maturity
(Percent)

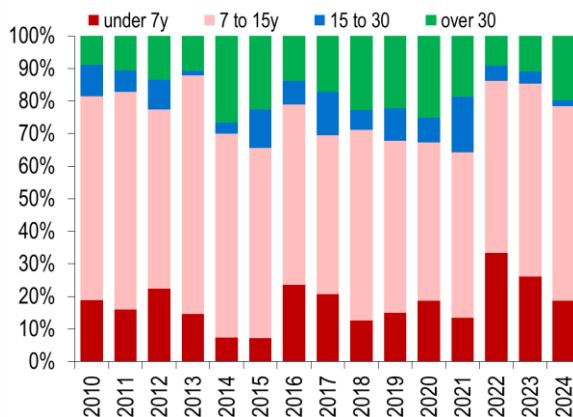
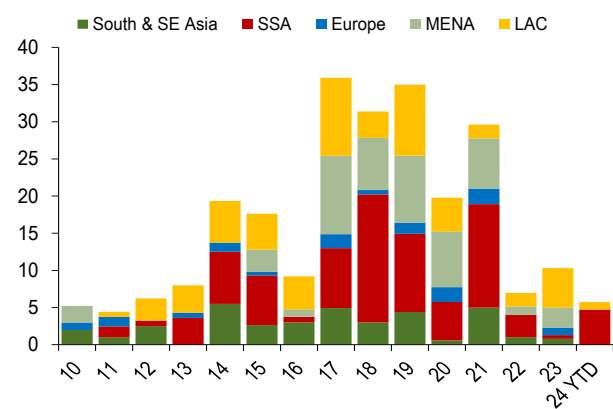
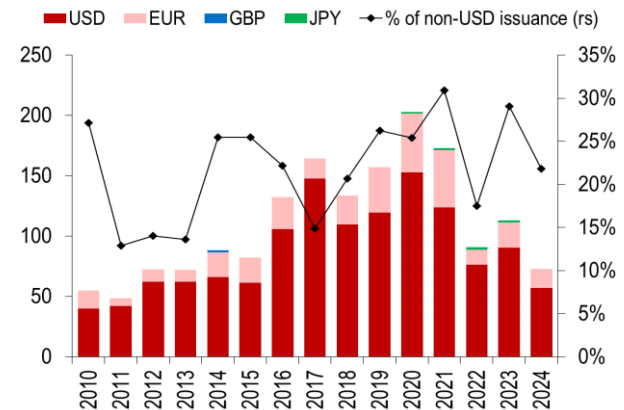


Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



Non dollar denominated issuance has declined somewhat in 2024, but remains in line with historical averages.

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

The pace of redemptions will moderate through June, though Brazil, Colombia, Indonesia, Egypt, Romania, Pakistan, and Panama have bonds maturing over the next two months.

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

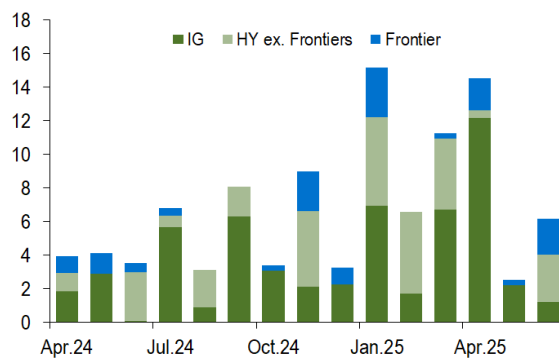
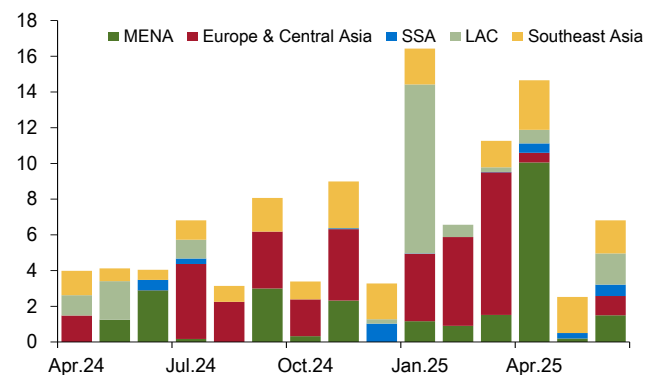


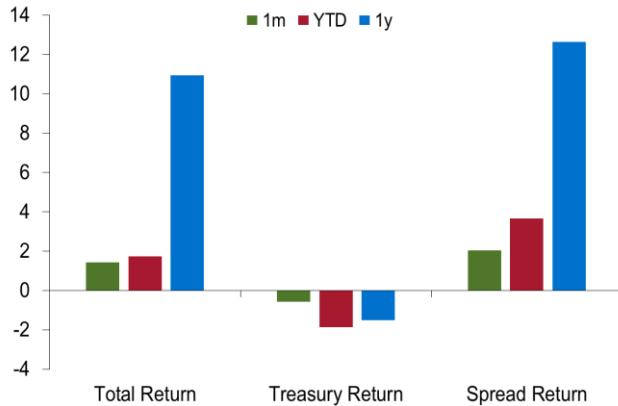
Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

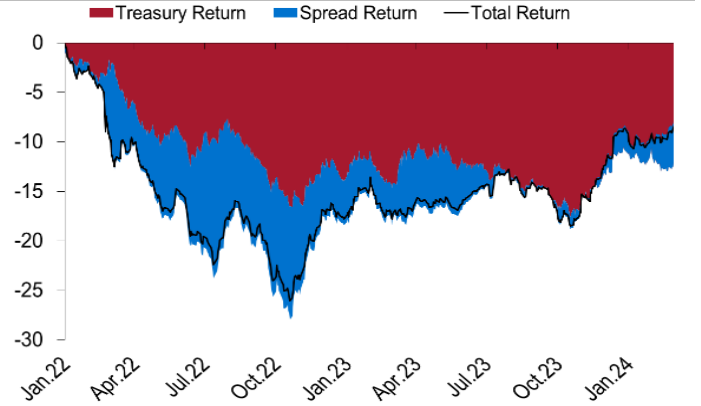
After a positive 2023, HC bond returns are flat on the year as spread compression has offset the rise in Treasury yields

Chart 15. Sovereign Hard Currency Bond Returns (percent)



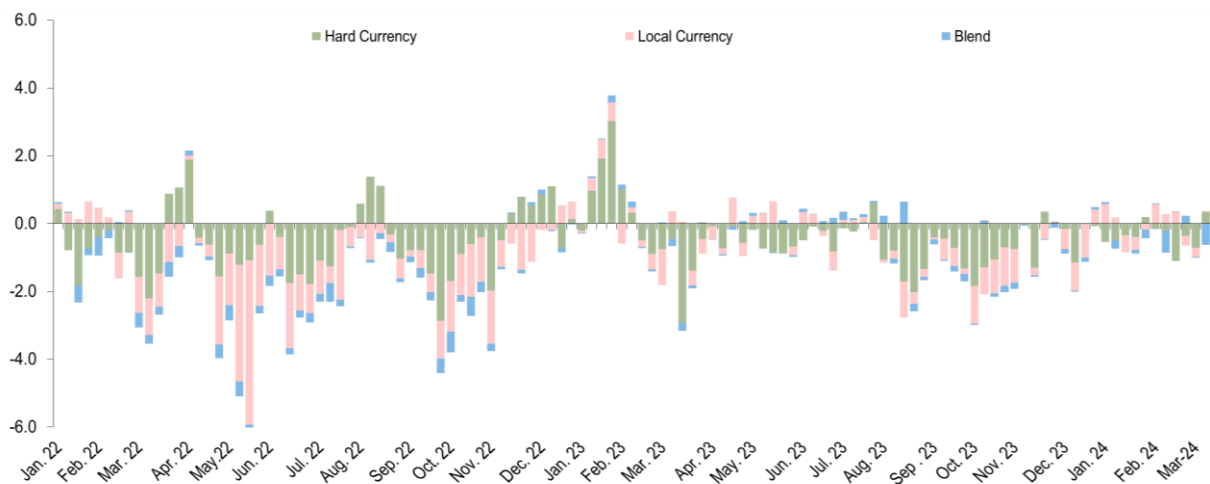
Since 2022, losses on hard currency sovereign bonds have been substantial, but have moderated since 4Q'2023

Chart 16. Sovereign Hard Currency Bond Returns (percent, cumulative since Jan. 22)



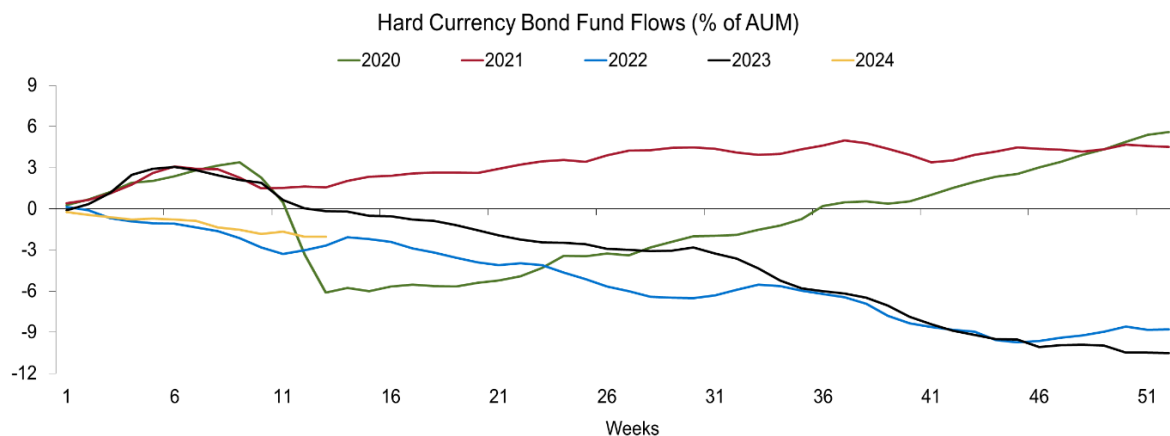
EM-focused funds experienced outflows in March, with local currency focused funds posting largest weekly outflows since Dec. 2023. Hard currency funds have seen a steady trend of outflows despite some moderation since 2023.

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



Hard currency funds' outflows are roughly on par with 2022 YTD at around close to 2% of GDP.

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



Sovereign Spreads on Hard Currency Bonds

Spreads continue to tighten in March, particularly for lower-rated issuers

Share of EM sovereigns in the index trading at distressed levels) declined to below 16%, with just over 27% having yields above 10%, the lowest since April 2022

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

Country	Change in spreads	Latest spread	Country	Change in spreads	Latest spread
Ghana	(685)	2,265	Namibia	(2)	77
Pakistan	(255)	734	China	(1)	3
Ecuador	(187)	1,233	Armenia	(1)	271
Tunisia	(182)	684	Peru	(1)	152
Gabon	(97)	534	Philippines	(1)	75
Angola	(75)	587	Brazil	(1)	201
Cameroon	(73)	791	Kazakhstan	(1)	80
Suriname	(66)	539	Bolivia	0	1,796
Kenya	(58)	482	Trinidad And Tobago	0	180
Mozambique	(51)	807	Malaysia	1	80
Iraq	(40)	407	Serbia	1	168
Ivory Coast	(36)	352	Azerbaijan	1	174
Nigeria	(33)	518	Turkey	3	271
Mongolia	(32)	249	Georgia	6	187
Honduras	(30)	326	India	7	103

Chart 20. Share of Distressed Issuers in EM Bond Index (share, 3 week average)

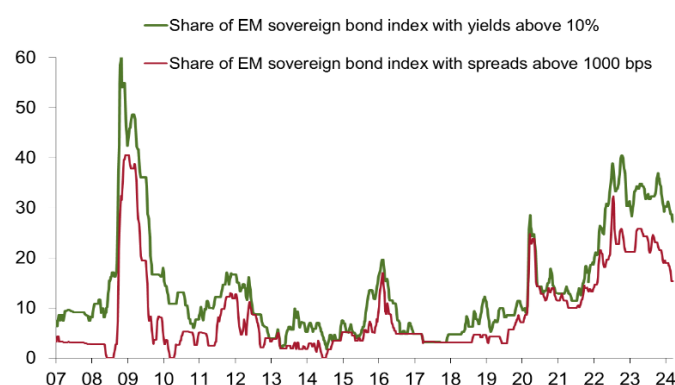
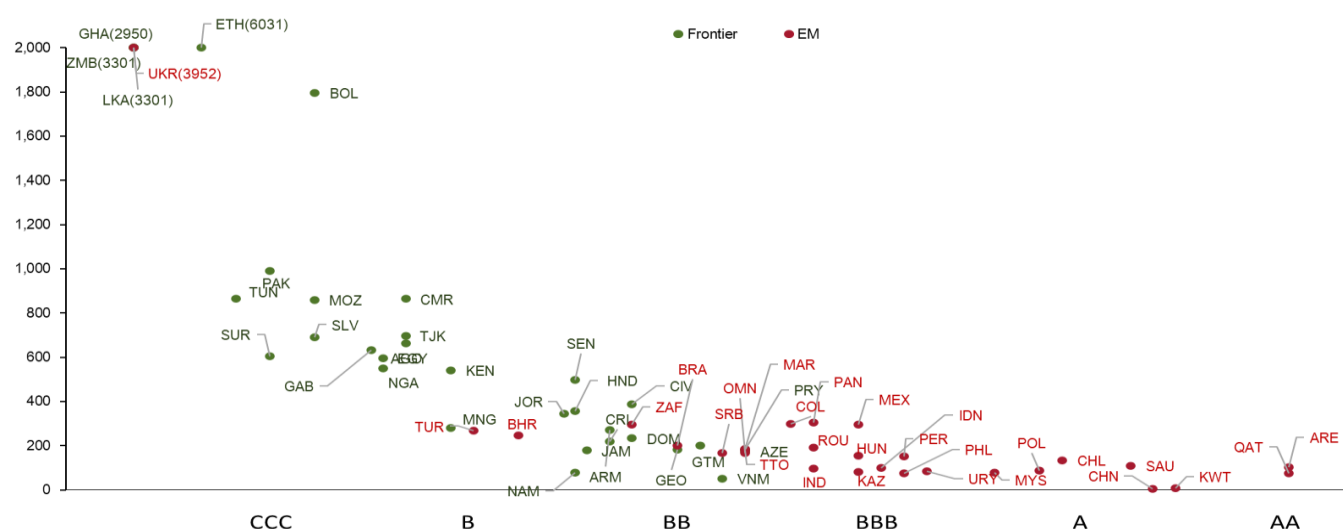


Chart 21. Spreads by Rating and Country (basis points, median rating)

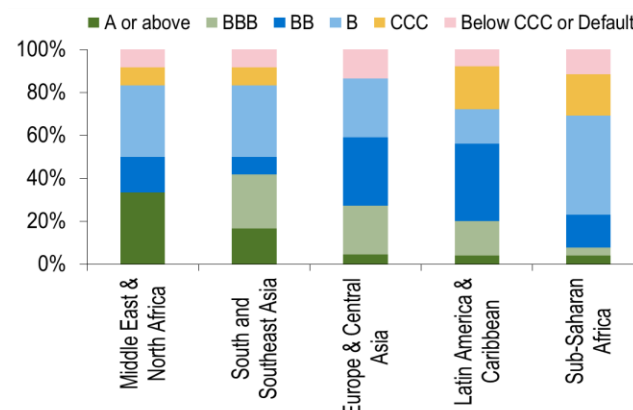


Annex

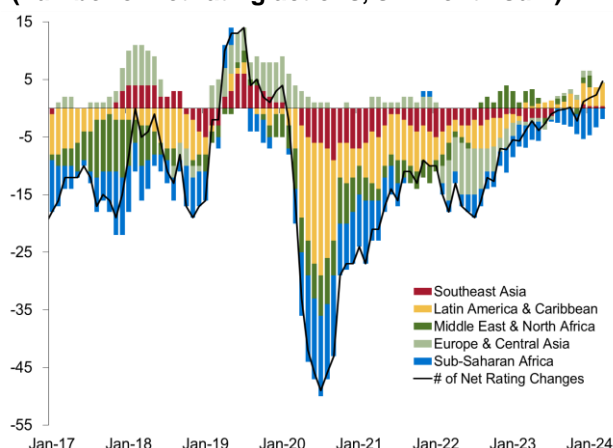
Annex Table 1. Issuance Coupons by Rating, USD bonds (percent)

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		2.4	3.3		2.4	3.6	4.8	4.8	5.9		4.4	6.3
Feb.21										3.9	5.9	7.5
Mar.21			3.5		3.2	3.7				3.0	7.9	8.9
Apr.21		2.1	3.1		3.3	4.2	2.8					
May.21		2.5	3.1		4.4							
Jun.21				15	2.3	3.8	5.1	4.3	4.8	3.5	5.4	
Jul.21		2.6	3.1		2.7	3.2				6.0	7.1	8.9
Aug.21												
Sep.21		1.9	3.1		2.1	3.2	5.4	4.7		5.8	6.9	8.5
Oct.21		2.0	3.1		3.0	3.6		5.2				
Nov.21			3.3								4.8	
Dec.21												
Jan.22	2.8	3.5	4.0	3.0	3.5	4.5	3.8				8.0	
Feb.22							5.8			7.3	7.5	
Mar.22			4.3	3.2	3.6	4.3				8.6	8.4	
Apr.22							5.9	7.3			8.8	
May.22				4.8	5.4							
Jun.22		4.1	5.0		5.4							
Jul.22												
Aug.22					5.4		5.3					
Sep.22				4.2	4.7	5.5						
Oct.22	5.3	5.5		5.2	5.7	6.0				9.8		
Nov.22	5.5	5.8			6.4	7.6	8.0			9.9		
Dec.22										9.9		
Jan.23	4.8	4.9	5.0	5.0	5.9	6.4	6.3	7.0			9.4	
Feb.23					6.5					10.9		
Mar.23		4.9	5.5	6.1	6.3	6.9	6.0	6.5		9.4		
Apr.23						6.3	7.5	6.0			7.7	
May.23	4.2	4.3										
Jun.23		5.0	5.3					6.2				
Jul.23					6.4							
Aug.23												
Sep.23		4.9			6.3	6.9		7.1				
Oct.23			3.4				7.9					
Nov.23		6.5		5.8	5.7		7.1	8.0	8.2			
Dec.23												
Jan.24	4.8	5.0	5.8	5.1	5.6	5.8	6.9	7.1				
Feb.24					7.3	7.9					7.8	
Mar.24	4.6	5.1	5.5								7.3	

Annex Table 2. Ratings by Region (share by rating and region)



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 Feb. 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Albania	BB-	BB-		B1	B+		B1
Argentina	CC	CCC	CCu	Ca	CCC-	CCu	Ca
Cameroon	B-	B-	B	Caa1u	CCC+	B	Caa1u
Côte d'Ivoire	BB-	BB-	BB-	Ba2	BB-	BB-	Ba3
Jamaica	BB-	BB-	BB-u	B1	BB-	B+u	B1
Nicaragua	B	B	B-	B2	B	B-	B3
Panama	BBB-	BBB	BB+	Baa3	BBB	BBB-	Baa3
State of Qatar	AA	AA	AA	Aa2	AA	AA-	Aa2
Tanzania	B+		B+	B1u		B+	B2u
Turkiye	B	Bu	B+	B3	Bu	B	B3
Ukraine	CC	CC	CC	Ca	CCC	CC	Ca
Uruguay	BBB+	BBB+	BBB	Baa1	BBB+	BBB	Baa2

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".