

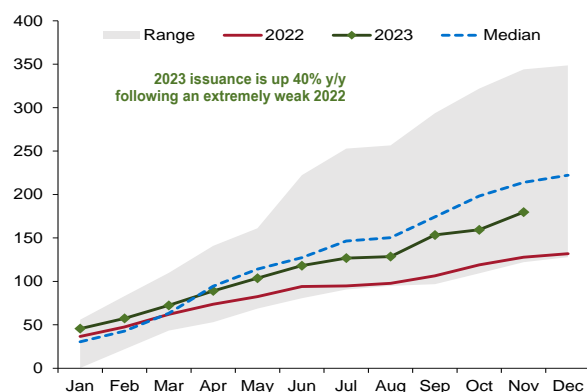


NOVEMBER HIGHLIGHTS:

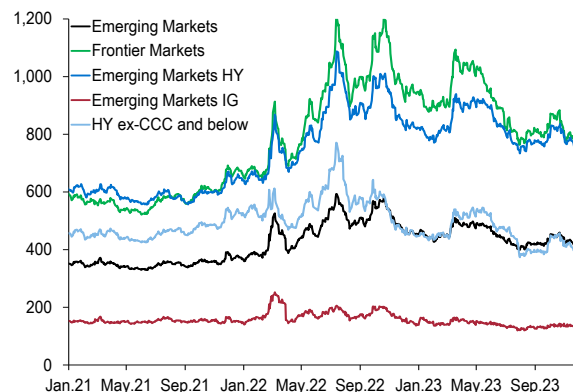
- **Monthly EM bond picked up significantly in November to \$20.9 bn, up from just \$6.4 bn in October, thanks to the much-improved risk sentiment in the month along with lower bond yields.** While total issuance is well above last year's anemic totals, it is still well below the average that predominated before the pandemic.
- **Sovereign issuance picked up to \$17.2 bn in November spread among eleven issuers.** Türkiye led the way with a \$2.5 bn 5-year sukuk. Colombia also sold \$2.5 bn in bonds, split between a 12-year and a 30-year. Bulgaria sold a dual-tranche EUR-denominated issue with both a 8-year and 13-year bond, totaling about \$2.4 bn USD-equivalent. Indonesia sold a dual-tranche sukuk issue that included a 10-year ESG bond. In total, Poland issued \$1.9bn USD equivalent that included both a 3-tranche Samurai issue, as well as a 7-year EUR-denominated bond. Brazil issued its first ESG bond, a \$2bn 7-year bond. Costa Rica took advantage of its recent rating upgrades (including moving from B2 to B1 by Moody's last month) to issue a \$1.5bn 31-year amortizing bond.
- **Nonfinancial corporate issuance increased from October's low levels, but still was well below historical averages.** Total nonfinancial corporate issuance totaled \$3.7bn (\$3.1bn ex-China), compared to \$2.6bn the prior month. Total corporate issuance remains only slightly above that seen in 2022, which was the worst year for issuance since the global financial crisis. Chinese corporate issuance remains especially depressed with the 2023 total at roughly half of 2022 already low levels.
- **EM sovereign spreads tightened 32 bp through November, benefiting from the broad risk rally, returning to only 8 bp off their end-July lows.** Investment grade sovereign spreads tightened 7 bp and high yield spreads tightened 58 bp on net. Frontier spreads tightened 66 bp, but with significant heterogeneity.
- **Ratings roundup: The negative rating trend for sub-Saharan Africa continued with Ethiopia downgraded by Fitch from CCC- to CC.** That follows a downgrade by Moody's in September to Caa3. Egypt saw yet another downgrade last month, this time dropping to B- by Fitch from B. Both Moody's and S&P had downgraded Egypt the prior month to Caa1 and B- respectively. The final downgrade last month was Bolivia, which was dropped to CCC+ from B- by S&P, as it saw its dollar bond due in 2028 fall to 46 cents on the dollar. On the positive side last month, two Central American nations saw upgrades, with Costa Rica rising to B1 by Moody's and El Salvador moving to B1 from S&P.
- **Hard currency bond fund outflows moderated in November.** The extent of outflows remains in line 2022 levels. The improved risk sentiment seems to have stabilized outflows for the rest of year if market conditions remain stable.
- **Despite the lower treasury yields, issuance is likely to be small through December, historically the slowest month of the year as investors are hesitant to take significant positions into year-end and ahead of their holidays.** However, should the rate rally continue into next year, it could bode well for a strong January which historically is the month with the most issuance. So far, there has been no sovereign issuance in December, and none in the pipeline. Corporate issuance has also been muted to start the month. Looking ahead, it has been reported that Hungary plans to issue up to \$2bn in foreign currency bonds in the first quarter next year. Kenya is reportedly contemplating issuing a green bond to finance climate projects.

Overview

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



2. Emerging and Frontier Market Spreads (Basis points)



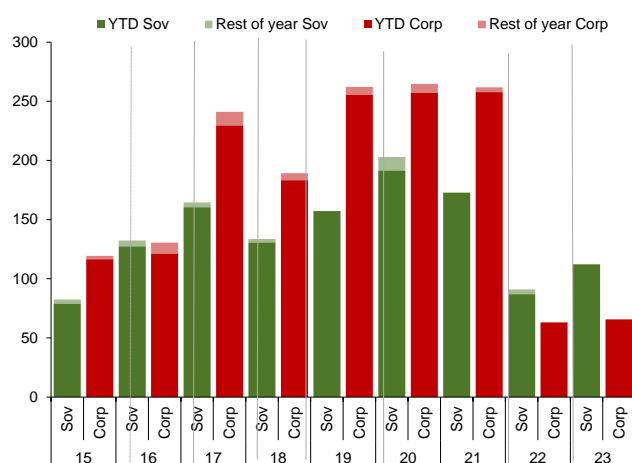
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

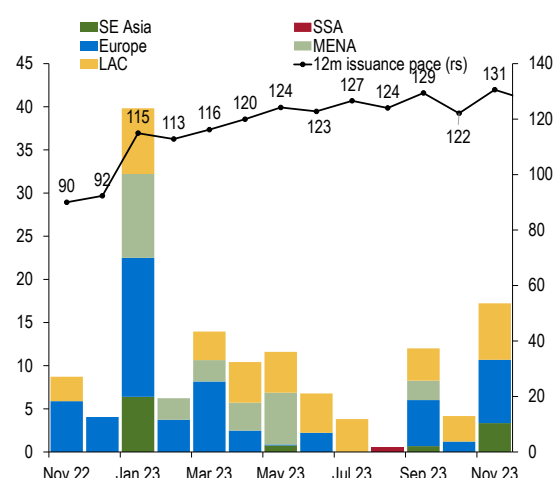
Total corporate issuance is now slightly above 2022 levels, as slightly improved ex. CHN volumes are offset by a further pullback from Chinese corporates.

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



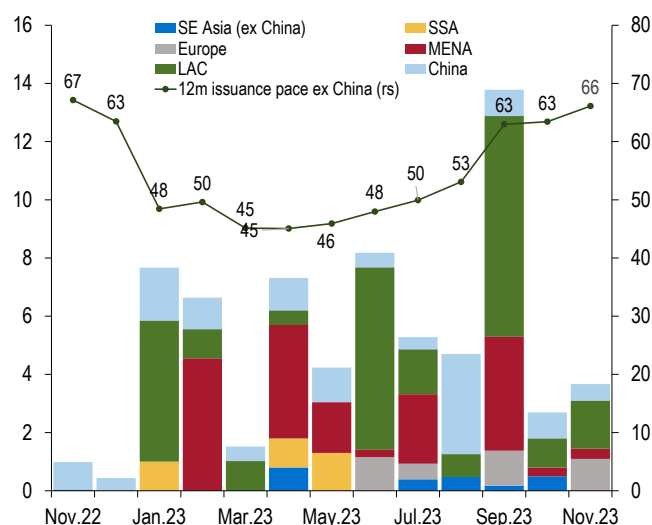
Eleven sovereign issuers came to the market following the rally in financial markets at the start of the month. Turkey (\$2.5bn), Colombia (\$2.4bn) and Bulgaria (\$2.4bn) were the largest issuers.

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



Corporate issuance picked up in November (\$3.7 bn) after a weak September

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



Latin American and CEE region has been the main issuers this month

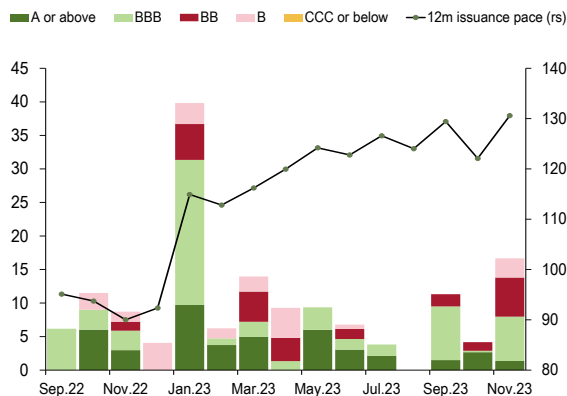
Chart 6. Country Sovereign Issuance Totals (USD billions)

Issuer	2021	2022	2023	Sep-23	Oct-23	Nov-23	Dec-23
Saudi Arabia	10.0	5.0	15.7	-	-	-	-
Chile	18.9	7.0	11.2	-	2.7	-	-
Poland	-	5.1	10.6	-	-	1.9	-
Turkey	10.0	13.0	9.9	-	-	2.5	-
Romania	8.2	8.5	9.7	3.5	0.2	-	-
Hungary	5.3	5.2	7.0	1.9	-	0.5	-
Indonesia	12.2	8.2	5.7	-	-	2.0	-
Mexico	9.1	7.3	5.3	-	-	-	-
Colombia	6.1	1.3	4.3	-	-	2.4	-
Brazil	2.2	-	4.2	-	-	2.0	-
Bulgaria	-	2.2	4.0	-	-	2.4	-
Philippines	6.0	4.8	4.0	-	-	1.0	-
Panama	4.7	4.0	3.9	1.4	-	-	-
United Arab Emirates	10.9	4.2	3.2	2.3	-	-	-
Dominican Republic	4.6	3.6	3.1	1.3	-	-	-
Costa Rica	-	-	2.9	-	-	1.4	-
Peru	10.0	-	2.5	-	-	-	-
Morocco	-	-	2.5	-	-	-	-
Bahrain	4.0	-	2.0	-	-	-	-
Serbia	3.2	-	1.7	-	-	-	-
Uruguay	1.8	1.0	1.7	-	-	0.7	-
Croatia	2.4	1.4	1.6	-	-	-	-

Issuance Detail

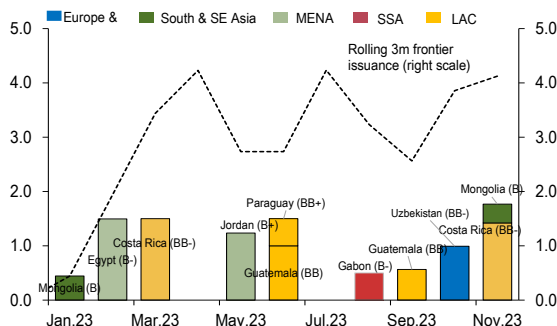
Investment grade sovereigns, particularly those rated BBB continue to make up a large share of issuance YTD

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



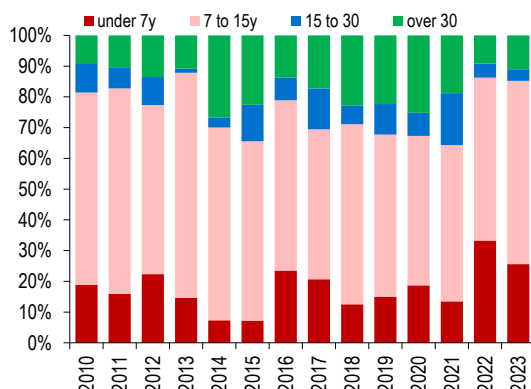
Costa Rica and Mongolia tapped the market for the second time this year.

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



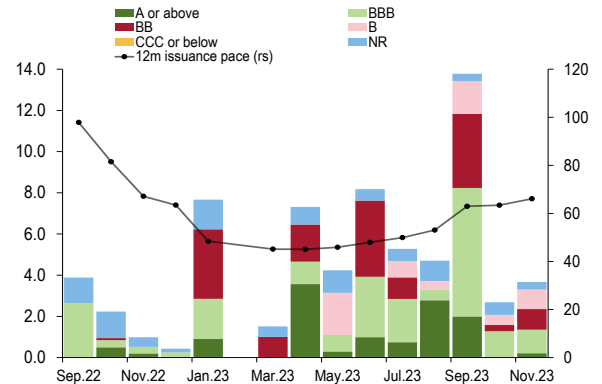
Average maturity has remained low by historical standards, with only 15% of bonds issued at maturities over 15 yrs, and nearly a quarter below 7 years.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)



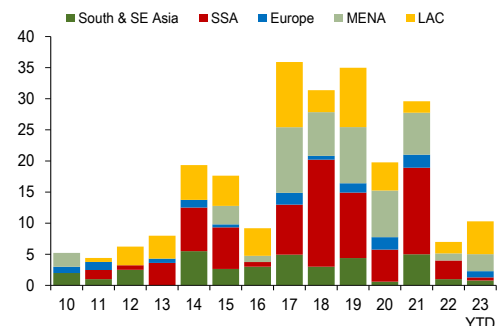
HYs share of issuance has increased relative to October following relatively favorable market conditions.

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



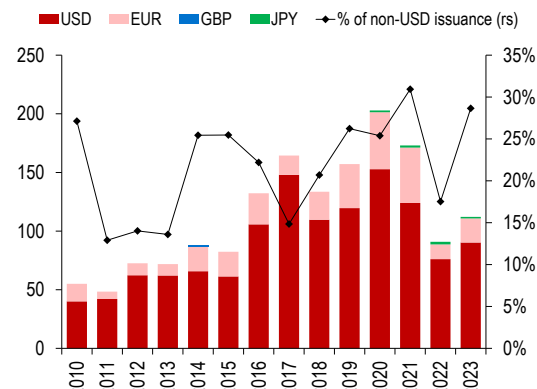
Nine frontiers have issued in 2023 for \$10.3bn YTD - a slight improvement from the weak market dynamics seen in 2022.

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



Non-dollar international issuances have risen to nearly 30%, bolstered by increased local currency issuance, and euro denominated notes from CEE.

Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

The pace of redemptions picks up in Q1.2024, including Egypt, Bahrain, Azerbaijan, Poland, Indonesia, Hungary, Turkey, Tunisia, and Uzbekistan.

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

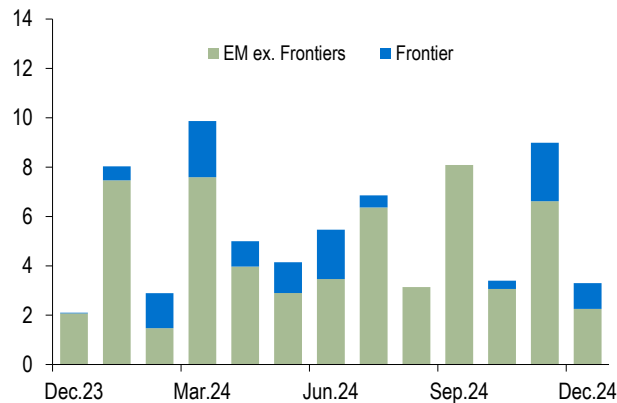
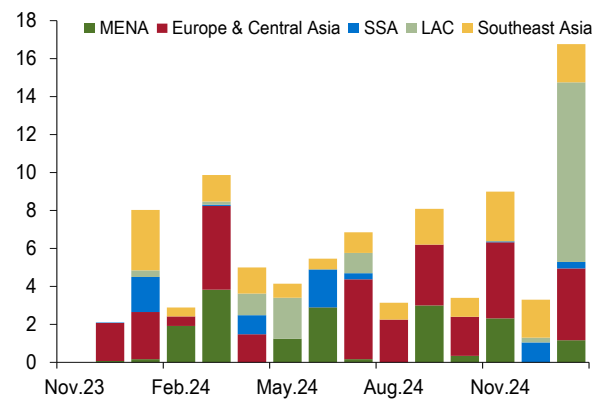


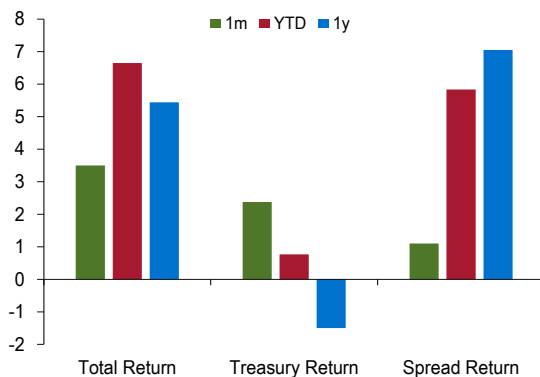
Chart 14. EM Sovereign Amortizations by Region
(US billions)



Fund Flows and Bond Returns

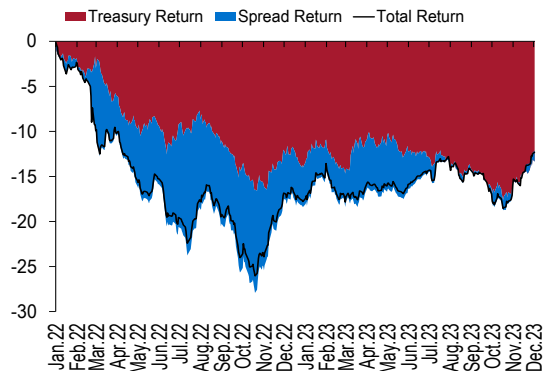
Both spreads and Treasuries have boosted returns over the last month

Chart 15. Sovereign Hard Currency Bond Returns
(percent)



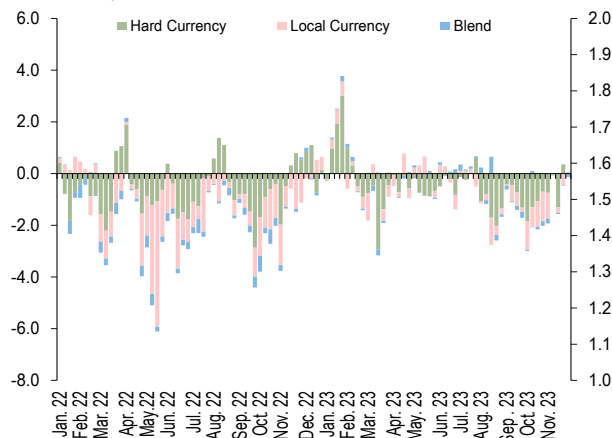
Since 2022, losses on hard currency sovereign bonds have been substantial, largely due to Treasuries on net

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



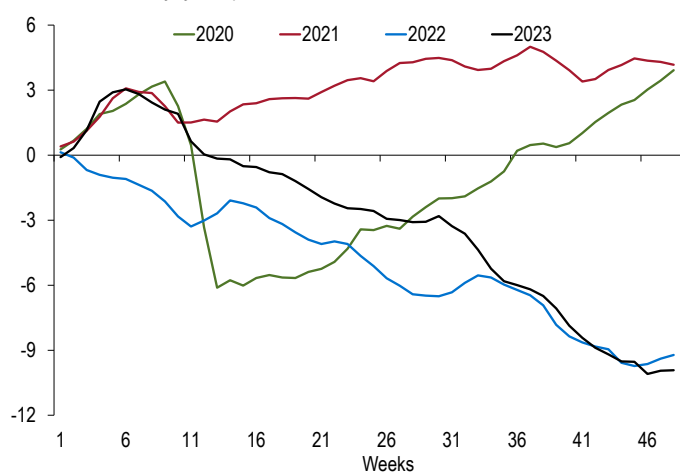
Outflows from hard and local currency funds moderated in November

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



Outflows remains 9% of AUM in November

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



Sovereign Spreads on Hard Currency Bonds

Spreads mostly overperformed with only a handful of countries underperforming.

The share of EM sovereign issuers in the benchmark index trading at distressed levels (spreads >1000 bps) stayed near 23%, with over 32% having yields above 10%.

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	(1,079)	2,115	Saudi Arabia	(4)	108
Pakistan	(514)	1,340	China	(4)	(0)
Gabon	(168)	704	Qatar	(2)	85
Egypt	(154)	1,043	Uruguay	(2)	84
Iraq	(124)	518	United Arab Emirates	(1)	111
Jordan	(108)	319	Kuwait	(1)	22
Cameroon	(89)	948	Guatemala	1	249
Tajikistan	(78)	1,022	Romania	1	209
Kenya	(64)	648	Kazakhstan	5	105
Ivory Coast	(61)	342	Trinidad And Tobago	6	178
Namibia	(58)	152	Honduras	20	393
Mongolia	(56)	301	Panama	26	285
South Africa	(41)	287	Suriname	57	783
Angola	(41)	740	Ecuador	261	2,016
Vietnam	(39)	47	Bolivia	445	2,044

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

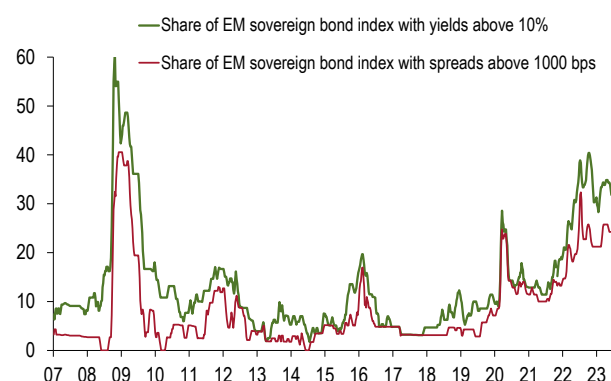
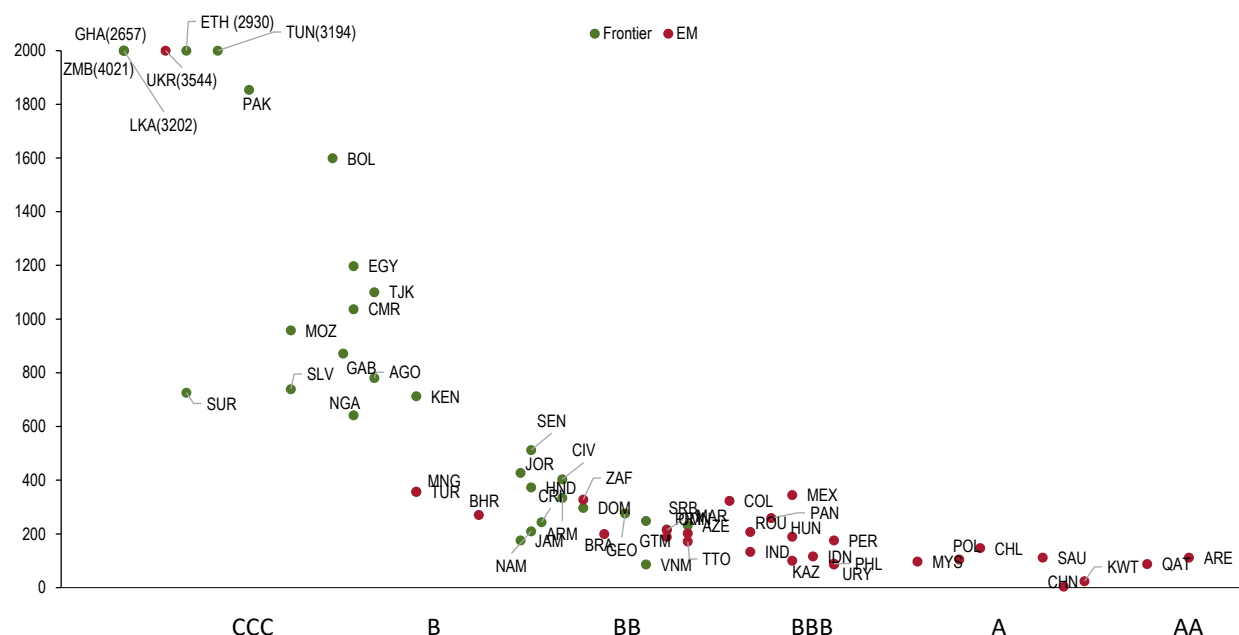


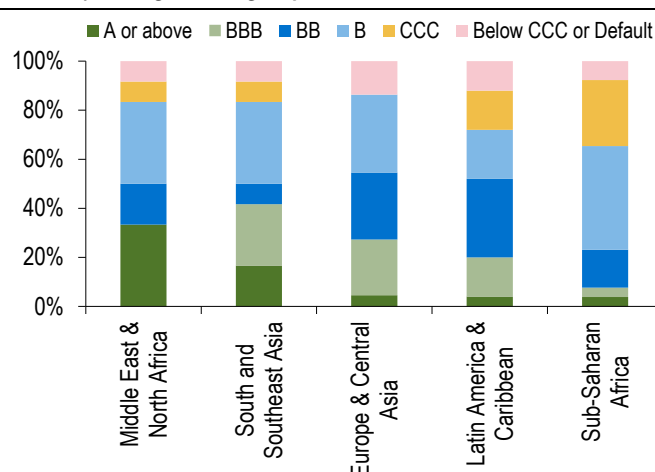
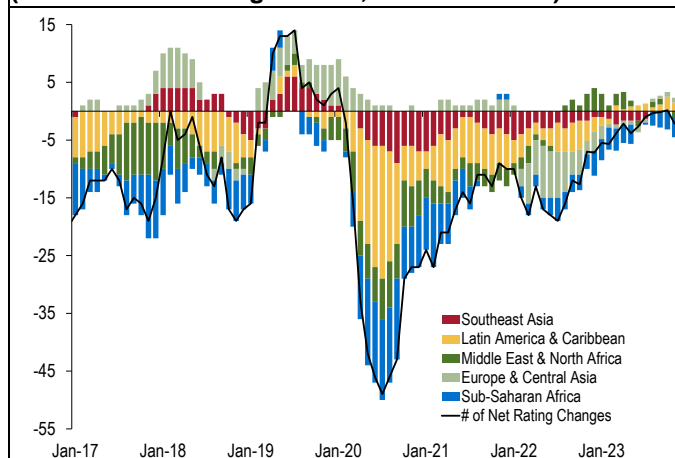
Chart 21. Spreads by Rating and Country (basis points, median rating)



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				1.5	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			5.5	5.7		7.1	8.0	8.2			

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 Oct. 23		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Bolivia	CCC+	CCC+	B-	Caa1	B-	B-	Caa1
Costa Rica	BB-	BB-	BB-	B1	BB-	BB-	B2
El Salvador	CCC+	B-	CCC+	Caa3	CCC+	CCC+	Caa3
Ethiopia	CCC-	CCC	CC	Caa3	CCC	CCC-	Caa3
Egypt	B-	B-	B-	Caa1	B-	B	Caa1

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".