



OCTOBER HIGHLIGHTS:

- **Though total international bond issuance dipped to \$31bn in October, from September's \$40 total, overall issuance remained robust.** The month brings the year -to-date (YTD) total of emerging market sovereign plus corporate issuance to over \$280bn, or just under \$260bn once Chinese corporates are excluded (Chart 1). YTD issuance is up 50% compared to the same period in 2023, with both corporate and sovereign issuance at the highest since 2021 (Chart 3).
- **Sovereign issuance totaled \$10.3bn in October, with 7 countries coming to market.** Issuance was driven by sovereigns in Latin America and Europe, with Colombia (\$3.6bn) and Poland (\$3.3 bn) alone accounting for 2/3 of the total. Other notable issuance included China issuing for the second consecutive month, Kazakhstan issuing for the first time this year, and Senegal becoming the first frontier issuer to come to markets in 2 months. Kazakhstan's issuance brings the total number of sovereigns to have issued this year to 34, already matching the full year total of 2023 (Chart 4).
- **Nonfinancial corporate issuance remained strong, with October's \$20.9bn trailing only September's \$24.9bn for the highest month this year.** While issuance was diversified across regions, Latin America represented the bulk with 40% of the total (Chart 5). Corporate issuance (ex. China) continues to be dominated by investment grade firms, with less than 25% coming from companies rated BB or lower. YTD issuance now amounts to over \$120bn (Chart 8).
- **Emerging market high yield sovereign spreads continued their downward trend in October** (Chart 2). Ghana's spreads saw the sharpest reduction by far, declining over 1500bp, but that was a result of the country completing its debt restructuring, with its current spreads measured on their newly issued bonds. Spreads tightened in the majority of sovereigns, led primarily by frontiers and other high yielders. Investment grade spreads remain near historical lows. The recent rise in treasury yields has pushed up overall yields on EM bonds, but, as of end October, the median remained below 7% (Chart 20).
- **Bond fund flows turned negative in October, especially for hard currency funds (Chart 17).** While local currency funds saw net inflows overall (+1.0bn USD) in October, the positive flows were frontloaded, with those funds experiencing outflows in each of the final two weeks of the month. Returns turned negative in October, driven by higher treasury yields. Despite the recent weakness, YTD, the EM hard currency bond index has about 7.5%.
- **Sovereign ratings trends remained mostly positive in October.** While most of the upgrades were lower rated sovereigns moving up a single notch by a given agency, Serbia achieved an investment grade rating, being lifted to BBB- by S&P. Ghana was upgraded to Caa2 by Moody's after its restructuring but has yet to have its rating updated by the other two major agencies. Brazil moved to one notch below investment grade by Moody's to Ba1 despite rising investor concerns about inflation dynamics and the fiscal outlook (see Annex).
- **Issuance is likely to slow as we head into year-end, especially as the sharp rise in treasury yields may prove a deterrent given the rising costs of funding.** December is historically the slowest month of issuance in a year, so several issuers may want to issue in November to get ahead of the holiday doldrums, but the uncertain outlook for US policies ahead of the next administration as well as higher treasury yields may prove a deterrent. However, already in the month, South Africa has issued a \$3.5bn dual tranche offering, China has issued externally for the third straight month., and El Salvador has issued a \$1bn 30-year bond.

Overview

Chart 1. Pace of EM Sovereign and Corporate International Issuance

(USD billions, ex. CHN corporates, range since 2011)

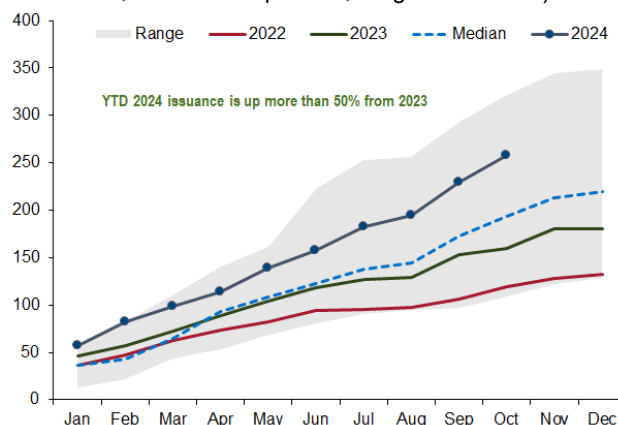
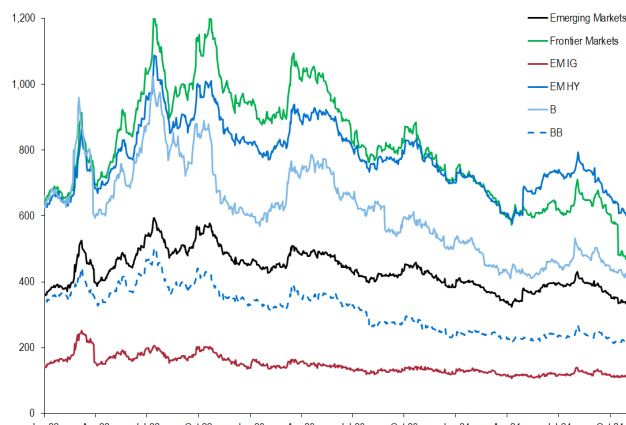


Chart 2. Emerging and Frontier Market Spreads

(Basis points)



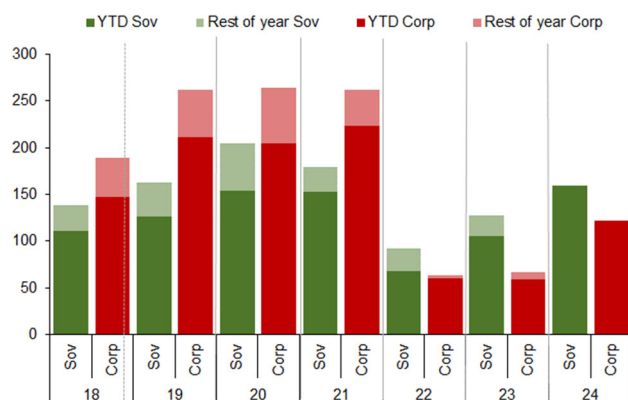
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

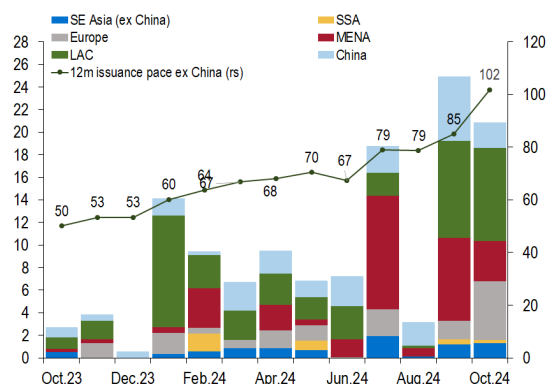
Sovereign and corporate issuances so far this year are already the strongest since 2021, but likely to fall short of that year's total

Chart 3. Total Sovereign and Corporate Issuance
(Historical monthly patterns, USD billions)



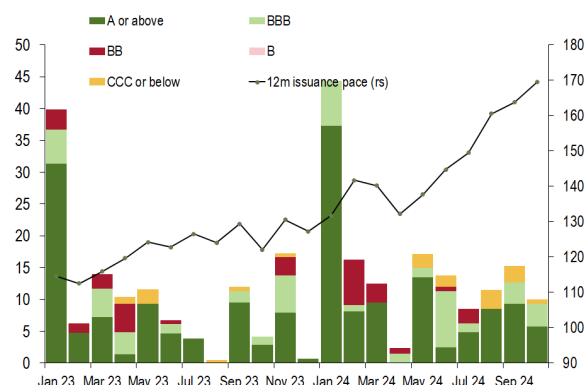
Corporate issuance declined from September levels but remained high.

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



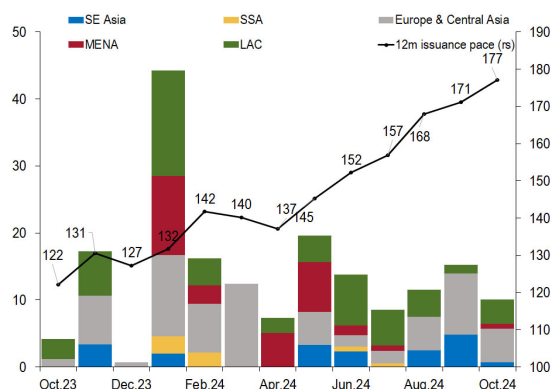
The majority of sovereign hard currency issuance continues to be investment grade.

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



Sovereign issuance in October was driven by LatAm and Europe with notable issuance from Colombia (\$3.6bn), Poland (\$3.3bn) and Kazakhstan (\$1.5bn).

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



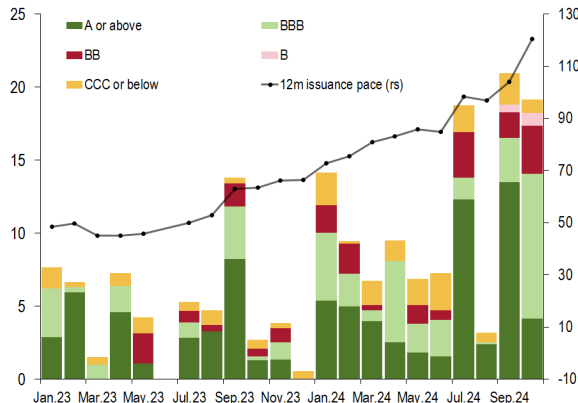
Thirty-four sovereigns have tapped the primary markets since January.

Chart 6. Country Sovereign Issuance Totals
(USD billions)

Issuer	2024	Jul 24	Aug 24	Sep 24	Oct 24
Romania	17.9	0.1	0.3	5.4	0.2
Saudi Arabia	15.8	-	-	-	-
Poland	15.3	-	-	-	3.3
Mexico	10.7	-	1.0	-	-
Turkey	10.3	1.7	-	3.4	-
United Arab Emirates	8.9	0.8	-	-	0.8
Indonesia	8.3	-	-	2.6	-
Chile	7.8	4.0	-	-	-
Brazil	6.4	-	-	-	-
Colombia	5.0	-	-	-	3.6
Peru	4.8	-	3.0	-	-
Bulgaria	4.8	-	-	4.8	-
Philippines	4.5	-	2.5	-	-
Hungary	4.3	-	-	0.3	-
Panama	3.1	-	-	-	-
Uruguay	3.0	-	-	1.2	-
Dominican Republic	3.0	-	-	-	-
China	2.9	-	-	2.2	0.7
Côte d'Ivoire	2.5	-	-	-	-
Qatar	2.5	-	-	-	-
Bahrain	2.0	-	-	-	-
Croatia	1.6	-	-	-	-
Kazakhstan	1.5	-	-	-	-
Uzbekistan	1.5	-	-	-	-
Serbia	1.5	-	-	-	-
Kenya	1.5	-	-	-	-
Guatemala	1.4	1.4	-	-	-
Paraguay	1.0	-	-	-	-
Senegal	0.9	-	-	-	0.3
El Salvador	0.9	-	-	-	-
Trinidad and Tobago	0.8	-	-	-	-
Montenegro	0.8	-	-	-	-
Benin	0.7	-	-	-	-
Cameroon	0.5	-	-	-	-

A higher proportion of corporate debt issued in October was high yield.

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



Issuance Detail: Emerging Market Corporates and Sovereigns

Senegal was the first frontier issuer since July, though only issuing \$300mm.

Frontier issuance so far in 2024 has already surpassed 2022 and 2023, largely from an improvement from sub-Saharan African issuance this year.

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

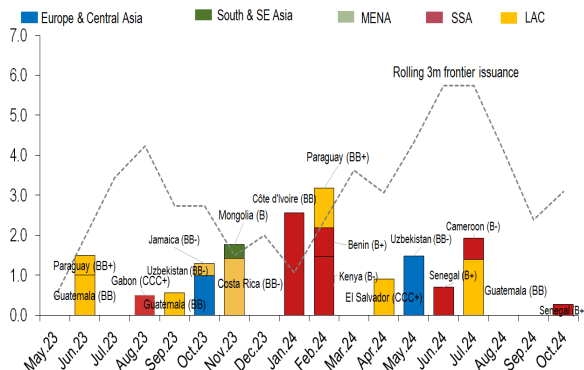
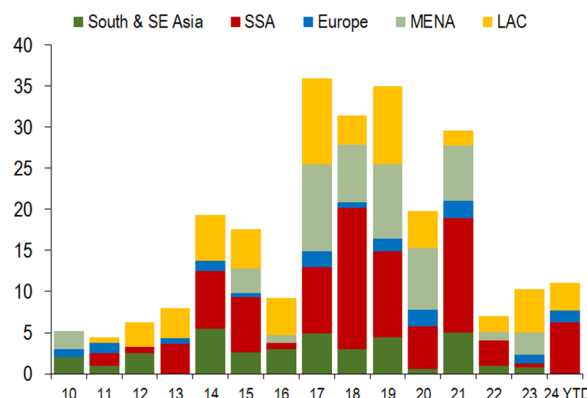


Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



The average maturity has notably increased so far this year, but remains behind that seen in 2017-2021

US Dollar denominated account for roughly somewhat less than 70% of total international bond issuances, down somewhat from 2023

Chart 11. EM Sovereign Issuance by Maturity
(Percent)

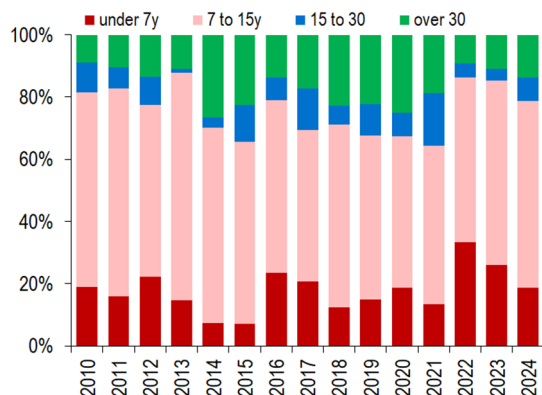
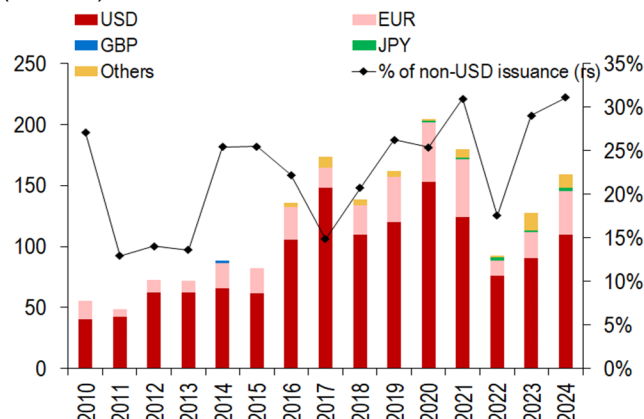


Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

The pace of redemptions is expected to pick-up, especially in early 2025. Near term amortizations include Turkey, Egypt and Bahrain.

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

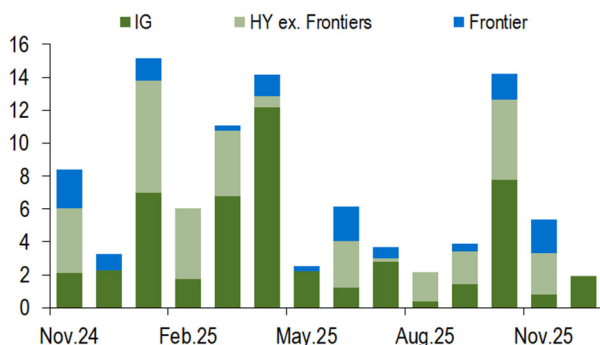
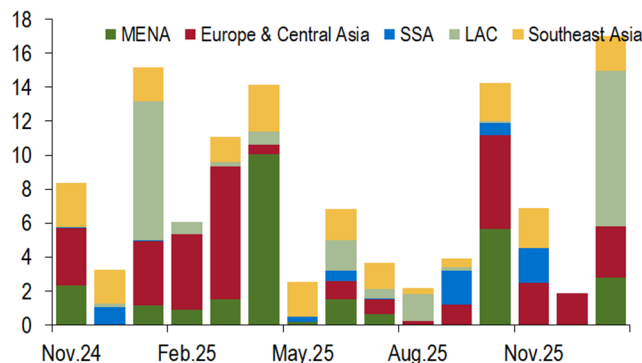


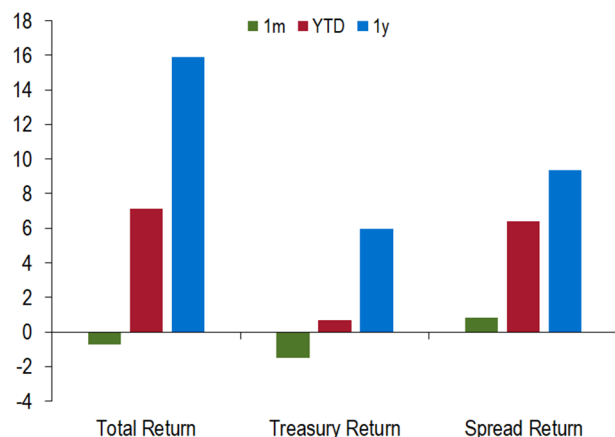
Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

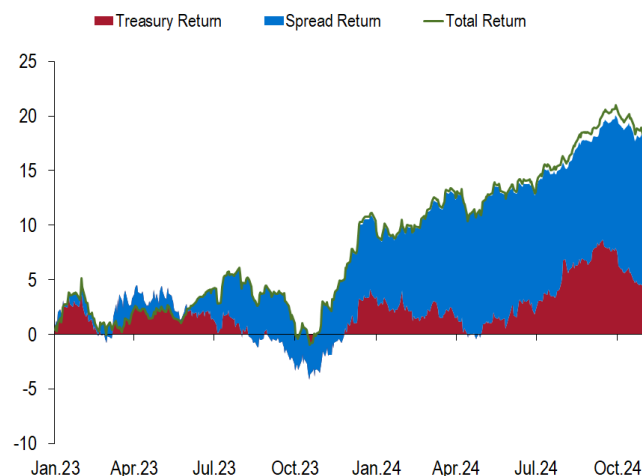
Despite negative returns over the last month, driven by rising treasury yields, hard currency bonds have delivered substantial returns over the past year

Chart 15. Sovereign Hard Currency Bond Returns
(percent)



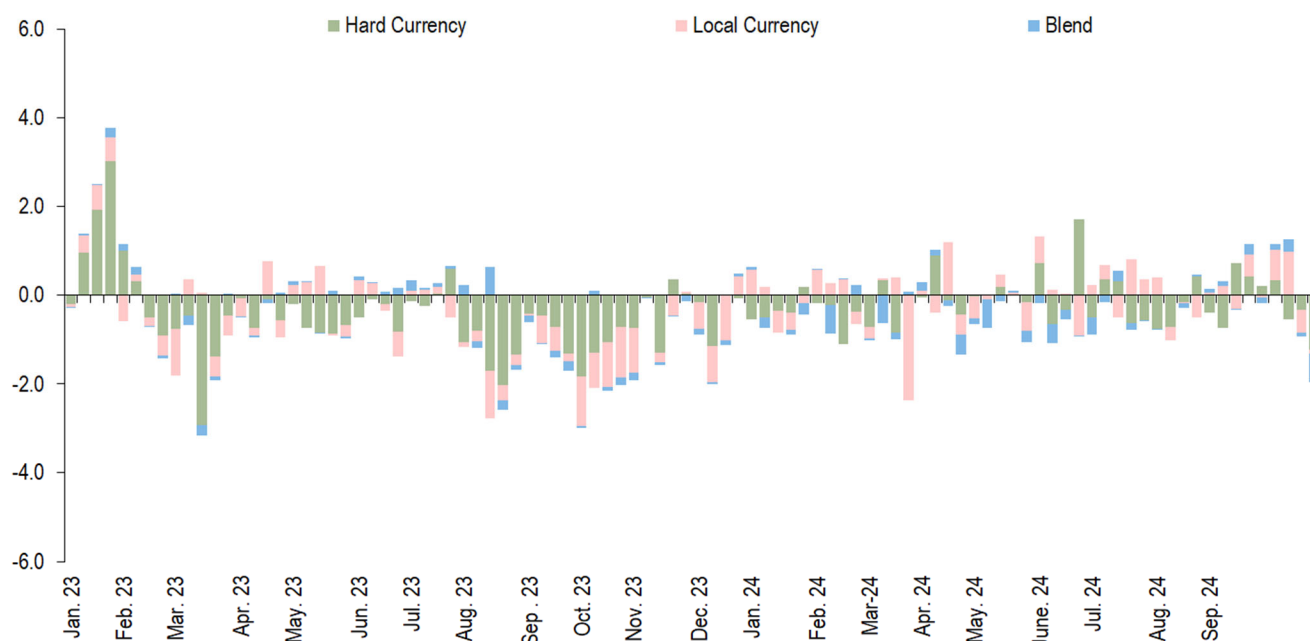
The recent rise in treasury yields has wiped out some of the gains seen over the summer, even as spreads have performed well.

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



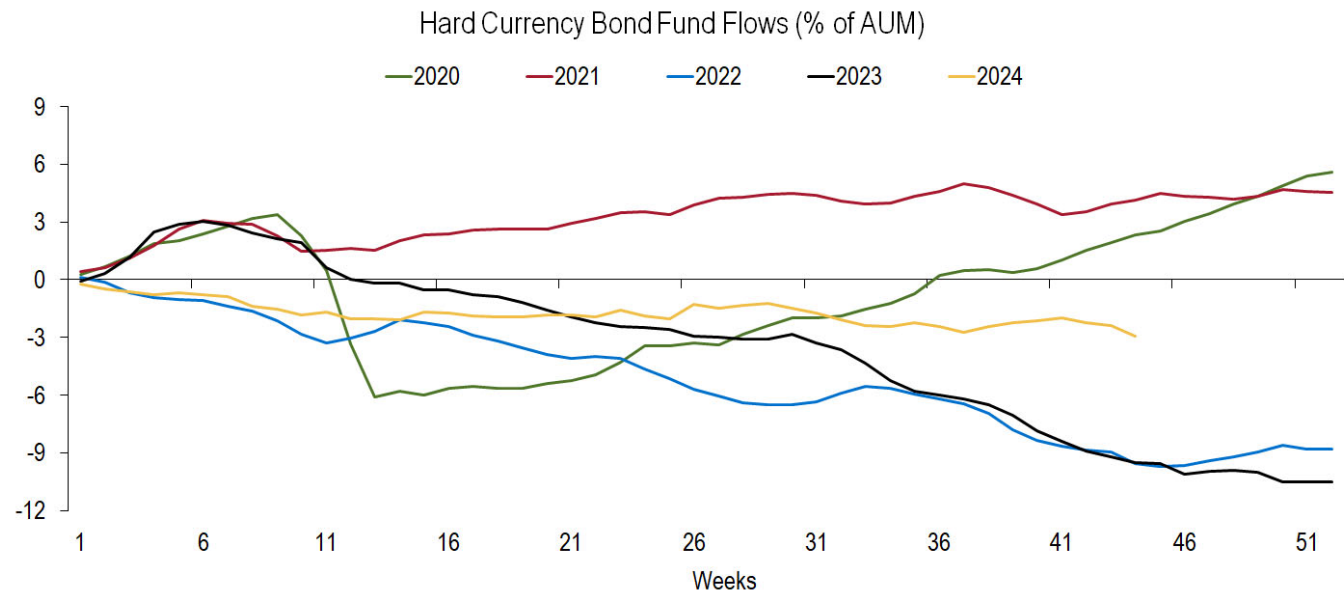
Flows turned negative in October, especially for hard currency funds.

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



Hard currency bond funds' flows remain weak, but not nearly so severe as was seen the prior two years

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



Sovereign Spreads and Yields

EM HC sovereign spreads mostly tightened in October. Ghana was a clear top performer as its index spread dropped following its restructuring.

The median yield has increased some but remains below 7% and more than 30% of issuers have yields above 8 percent.

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
Ghana	(1,572)	658	Colombia	(4)	1,966
Bolivia	(340)	979	United Arab Emirates	(3)	679
Ukraine	(237)	462	Jamaica	(3)	327
Gabon	(215)	679	Philippines	(1)	327
El Salvador	(119)	327	Morocco	0	603
Honduras	(104)	293	Poland	2	521
Zambia	(98)	1,163	Hungary	3	293
Angola	(73)	211	Georgia	3	560
Nigeria	(71)	560	Kazakhstan	3	128
Jordan	(64)	128	Iraq	6	526
Ecuador	(62)	20	South Africa	6	20
Mongolia	(57)	20	Romania	9	20
Egypt	(44)	20	Panama	14	20
Namibia	(31)	20	Suriname	16	20
Kenya	(27)	20	Mozambique	20	20

Chart 20. Distribution of Yields in EM Bond Index (share, 4-week average)

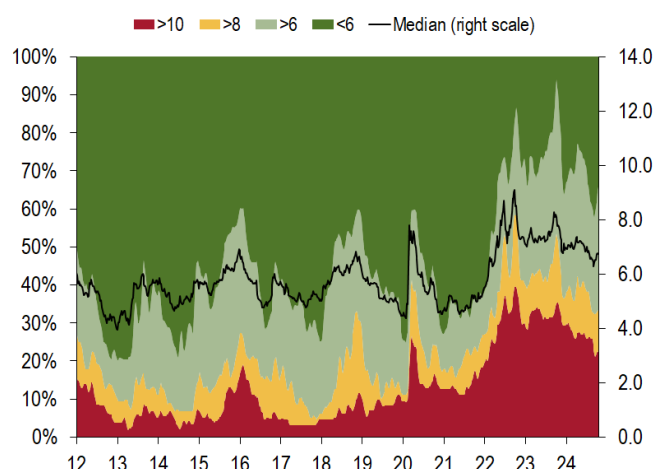
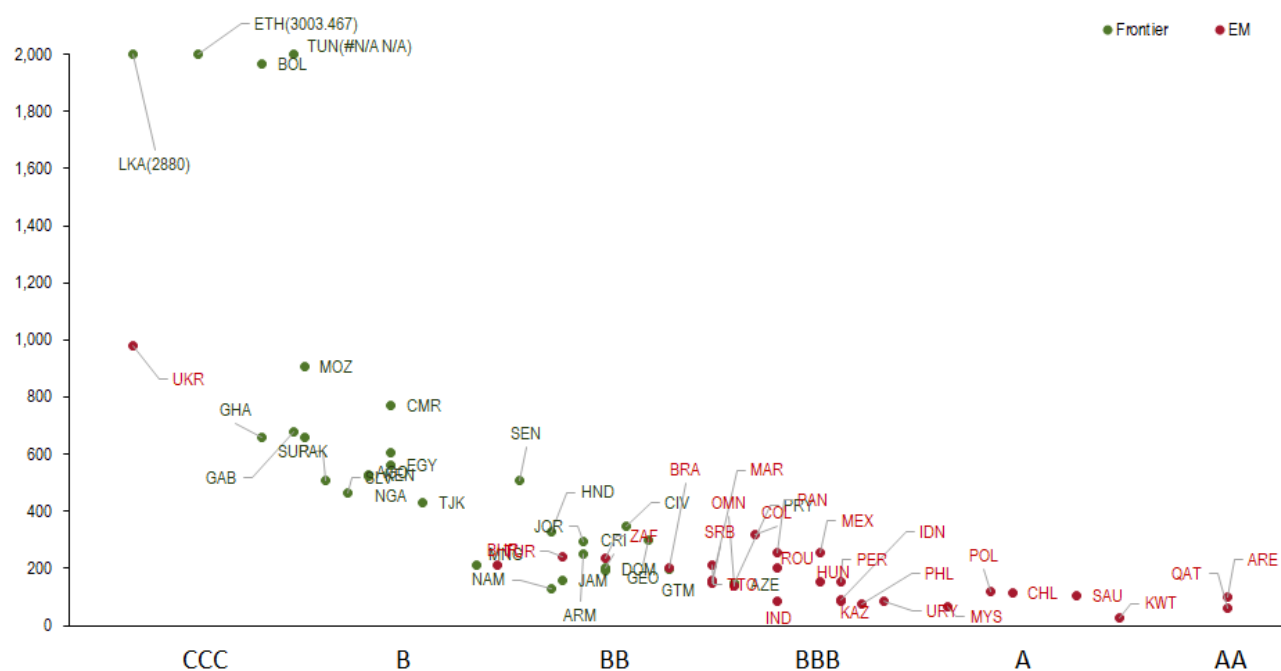


Chart 21. Spreads by Rating and Country (basis points, median rating)

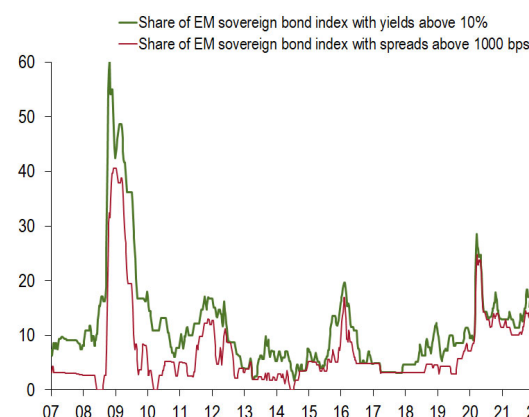


Annex

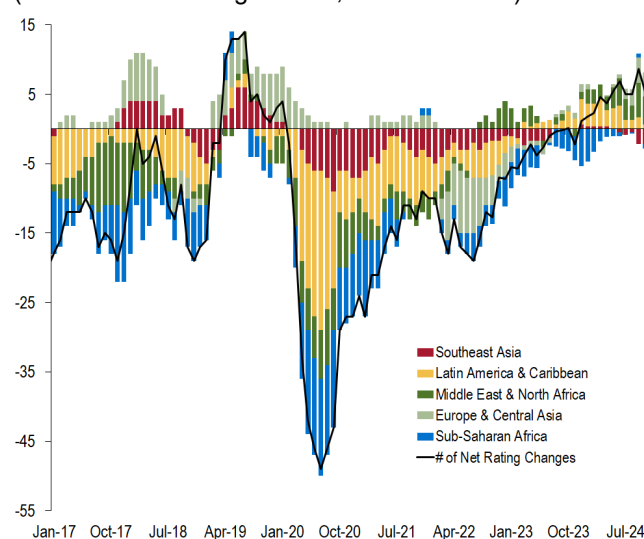
Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

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	2.9	3.2	4.9	6.1	4.7	5.3	4.7				
Feb.21								3.9	6.7			
Mar.21	4.4	3.5	3.3					5.5	8.5			
Apr.21	3.3	3.1	3.7		2.8							
May.21		4.4	2.8									
Jun.21	2.6	3.0	3.1	4.9	4.8	4.4		4.9	4.5			
Jul.21	3.2	2.9	2.9				6.0	7.9	7.4			
Aug.21												
Sep.21		2.9	2.6	6.1	5.0		7.3	7.6	6.8			
Oct.21	2.8	3.0	3.2			5.2						
Nov.21		2.3	3.3					3.9	5.6			
Dec.21												
Jan.22	3.6	3.8	3.5	3.8					8.0			
Feb.22					5.8		7.3	7.5				
Mar.22	4.2	3.9	3.6				8.5					
Apr.22				7.3	5.9				8.8			
May.22	5.0	5.3										
Jun.22	5.0	5.3	4.8									
Jul.22												
Aug.22	4.9	6.0			5.3							
Sep.22		4.7	4.8									
Oct.22	5.5	5.5					9.8					
Nov.22	5.5	6.6		8.0				9.9				
Dec.22								9.9	9.9			
Jan.23	5.1	5.9	4.7	6.8	7.5	6.3	9.4					
Feb.23	6.5						10.9					
Mar.23	5.8	6.6	5.5		6.5	6.3			9.4			
Apr.23		6.3			6.8		6.3	8.4				
May.23	4.4											
Jun.23		5.0	5.3		6.2							
Jul.23	6.4											
Aug.23												
Sep.23	6.1	6.1		7.1								
Oct.23		3.4			7.9							
Nov.23	5.6	6.1		6.3	8.0		7.9	8.5				
Dec.23												
Jan.24	5.5	5.3	4.8	7.0								
Feb.24		7.1	7.8	7.0			7.7	7.9	7.6			
Mar.24	5.5	5.1	4.6				7.3					
Apr.24					8.4		0.3	9.3				
May.24	5.4	5.3	5.3	6.9								
Jun.24	4.9	6.4		6.1	6.0	5.1						
Jul.24					6.6	6.1	7.1	9.5				
Aug.24	5.5	5.0	4.4									
Sep.24	5.2	5.3		6.5								
Oct.24		5.1		8.1								

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



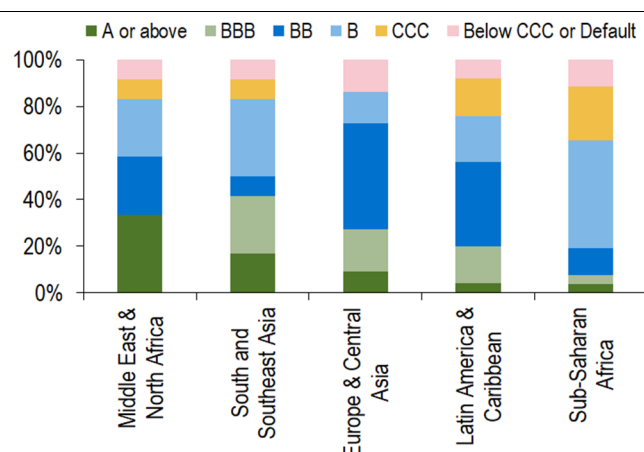
Annex Table 3. Net Ratings Updates (number of net rating actions, six month sum)



Annex Table 4. Latest Ratings Actions

	New Median rating	Latest			End Sep. 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Congo	CCC+	CCC+	CCC+	Caa2	B-	CCC+	Caa2
Nicaragua	B	B+	B	B2	B	B	B2
Suriname	CCC+	CCC+	WD	Caa1	CCC+	WD	Caa3
Ivory Coast	BB	BB	BB-	Ba2	BB-	BB-	Ba2
Albania	BB-	BB-	#N/A N/A	Ba3	BB-	#N/A N/A	B1
Belize	B-	B-	#N/A N/A	Caa1	B-	#N/A N/A	Caa2
Ghana	C	SD	RD	Caa2	SD	RD	Ca
Senegal	B+	B+	#N/A N/A	B1 *	B+	#N/A N/A	Ba3
Mongolia	B+	B+	B+	B3	B	B+	B3
Serbia	BB+	BBB-	BB+	Ba2	BB+	BB+	Ba2
Brazil	BB	BB	BB	Ba1	BB	BB	Ba2

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".