



MAY HIGHLIGHTS:

- **Total international sovereign and nonfinancial corporate issuance remained steady at \$21.7 bn in May (from \$22.5 bn) and remains the highest YTD since 2021.** YTD issuance of \$177.2 bn is up 34% y/y (Chart 3), largely due to an exceptionally strong January-February. Excluding Chinese corporate issuance, which has been depressed in recent years, total issuance is on a record pace YTD amid a big jump in corporate volumes and sovereign issuance on par with 2024 (Chart 1).
- **Monthly sovereign issuance slowed to \$3.5 bn (from \$12.2 bn), the lowest since December 2023, with four issuers.** New issuance concessions have been fairly large over the last few months, averaging over 20 bps for both IG and HY, compared to a long-term average of 5-10 bps for IG (*Morgan Stanley data*). 37% of issuance in 2025 has been non-dollar denominated, well above the 10y average of 25%, with EUR and JPY denominated notes in May.
 - *Investment grade:* Indonesia sold \$700 mn across five yen denominated notes, maturing between 2028 and 2045. Romania reopened a euro denominated bond issued in 2023 for an additional \$0.1 bn.
 - *High yield:* Kyrgyz Republic (B/B+) issued its debut dollar bond, selling \$700 mn due in 2030 at a 7.75% coupon (8% yield), with a final book of nearly \$2.2 bn. Türkiye issued \$2 bn in a dollar bond maturing in 2032.
- **Nonfinancial corporate issuance rose to \$18.1 bn (from \$10.4 bn), led by MENA, for the weakest monthly volume of the year.** Issuance ex. China of \$16.6 bn was more than triple May 2024, with YTD issuance up 21% y/y. (Chart 3, 5, 8). SOEs accounted for nearly \$8 bn in issuance, led by \$5 bn from Saudi Aramco. Issuance was geographically diverse, led by Latin America, with corporates from Argentina, Brazil, Mexico, and Colombia selling bonds. Chinese offshore USD corporate issuance remained sluggish, but was unchanged from April and broadly in line with the average over the last year.
- **EM sovereign spreads narrowed 33 bps in May, led by high yield (-58 bps)** (Chart 2). Spreads tightened across the ratings spectrum, though lower rated issuers (B/CCC) saw the largest declines. Spreads fell over 100 bps in Ghana, Mozambique, Pakistan, Iraq, Cameroon, and Angola. Some oil exporters benefitted from a modest rebound in oil prices, though lower export revenues will remain a drag on spreads more generally. Despite the decline in spreads, persistently high Treasury yields have left 35% of sovereigns in the benchmark index with yields over 8% on USD bonds. (Chart 20, 21). Ethiopia's defaulted USD bond continued to rally (89 cents on the dollar) alongside the IMF's staff level agreement on the third program review, as well as reported optimism about an MoU with official creditors.
- **Bond fund flows diverged, as still tepid sentiment around hard currency bonds contrast with large inflows to local currency bonds.** Hard currency bond fund flows have stabilized but have yet to show any significant rebound following sharp outflows in March-April. (Chart 17). YTD outflows are close to 4% of AUM. Local currency funds received inflows of over 2% of AUM (\$6.6 bn) in four weeks through May.
- **Positive ratings momentum mostly continued.** Four sovereigns received upgrades. Fitch upgraded Argentina (CCC to CCC+). S&P upgraded Ghana (SD to CCC+) and Guatemala (BB to BB+), while Moody's upgraded Nigeria (Caa1 to B3).
- **Lower market volatility and stabilizing risk sentiment should keep primary markets open, but heavy issuance early in the year, modest near-term maturities, and upward pressure on Treasury yields may limit issuance in the coming months.** According to market analysts, possible upcoming issuers include Poland, Kuwait, Kazakhstan, Brazil, and Oman. Near term maturities are limited until October, with a subsequent increase heading into 2026. Nevertheless, Brazil, Indonesia, Turkey, Argentina, Jordan and Egypt have redemptions due in June-July.

Overview

Chart 1. Pace of EM Sovereign and Corporate International Issuance

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

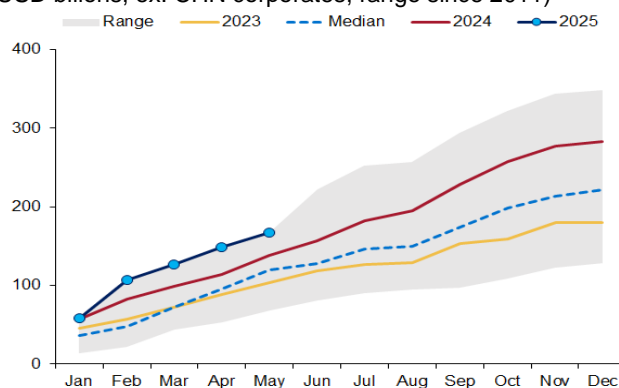
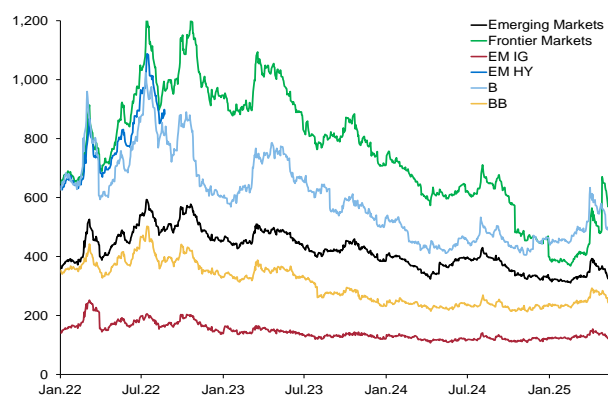


Chart 2. Emerging and Frontier Market Spreads

(Basis points)



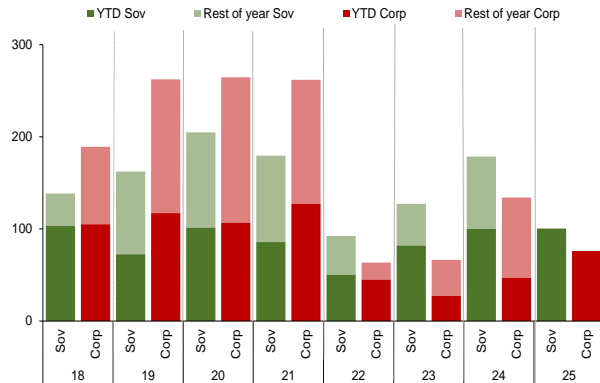
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

Issuance Detail: Emerging Market Corporates and Sovereigns

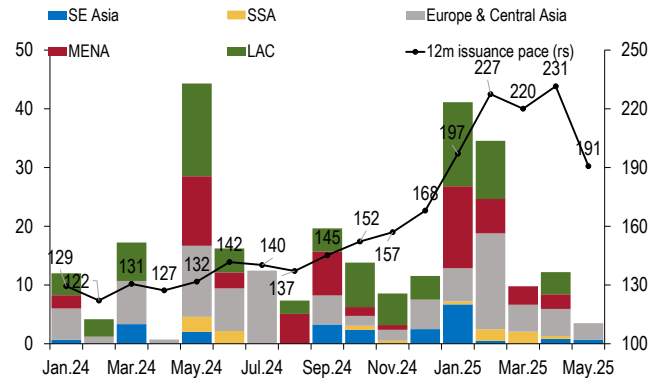
Sovereign issuance is on a similar pace to 2024 through May, while corporate issuance is the highest since 2021.

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



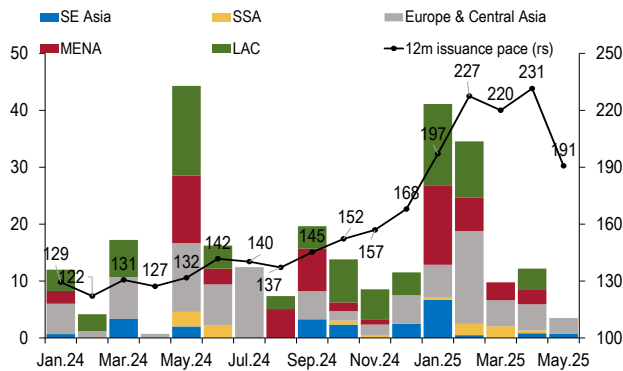
Modest issuance volumes were led by Europe and Asia in May.

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



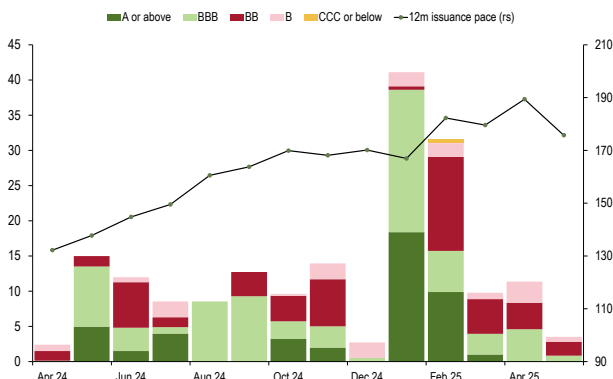
Corporate issuance was geographically diverse in May, as the 12-month pace picked up to \$115 bn.

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



Turkiye (median BB-) and the Kyrgyz Republic (B/B+) were the HY issuers

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



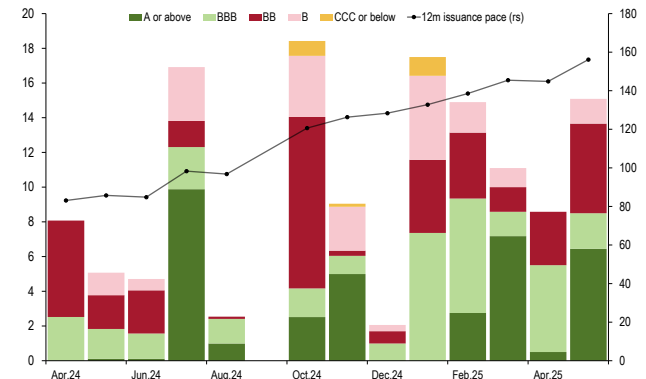
Thirty-one sovereigns have issued new Eurobonds in 2025, including three in May

Chart 6. Country Sovereign Issuance Totals
(USD billions)

| Issuer | 2024 | 2025 | Mar-25 | Apr-25 | May-25 |
|----------------------|------|------|--------|--------|--------|
| Saudi Arabia | 16.8 | 14.3 | - | - | - |
| Mexico | 10.7 | 11.0 | - | - | - |
| Poland | 15.9 | 8.6 | - | - | - |
| Romania | 18.4 | 7.3 | 2.9 | 0.1 | 0.1 |
| Dominican Republic | 3.0 | 5.0 | - | - | - |
| Bulgaria | 4.8 | 4.5 | - | 4.5 | - |
| Turkey | 12.8 | 4.5 | - | - | 2.0 |
| Indonesia | 11.0 | 4.2 | - | - | 0.7 |
| Colombia | 5.0 | 3.8 | - | 3.8 | - |
| Chile | 7.8 | 3.3 | - | - | - |
| Philippines | 4.5 | 3.3 | - | - | - |
| Qatar | 2.5 | 3.0 | - | - | - |
| Hungary | 4.3 | 2.6 | - | - | - |
| Bahrain | 3.3 | 2.6 | - | - | - |
| Brazil | 6.4 | 2.5 | - | 2.5 | - |
| Morocco | - | 2.1 | 2.1 | - | - |
| Croatia | 1.6 | 2.1 | - | - | - |
| Côte d'Ivoire | 2.6 | 2.1 | - | 2.1 | - |
| Egypt | - | 2.0 | - | - | - |
| Kenya | 1.5 | 2.0 | - | 0.5 | - |
| United Arab Emirates | 8.9 | 1.5 | 1.0 | - | - |
| Uzbekistan | 1.5 | 1.5 | - | - | - |
| Paraguay | 1.0 | 1.2 | - | - | - |
| Uruguay | 3.4 | 1.2 | - | - | - |
| Montenegro | 0.8 | 0.9 | 0.9 | - | - |
| China | 4.9 | 0.8 | - | 0.8 | - |
| Armenia | - | 0.7 | 0.7 | - | - |
| Albania | - | 0.7 | - | - | - |
| Gabon | - | 0.5 | - | - | - |
| Mongolia | - | 0.5 | - | - | - |
| Benin | 0.7 | 0.5 | - | - | - |

High yield issuers accounted for over 40% of monthly volume, including one single B corporate.

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



Issuance Detail: Emerging Market Corporates and Sovereigns

No frontiers issued, outside of a debut USD bond from the Kyrgyz Republic.

Frontier issuance is on track to surpass 2024, though remains below the 2017-2021 pace.

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

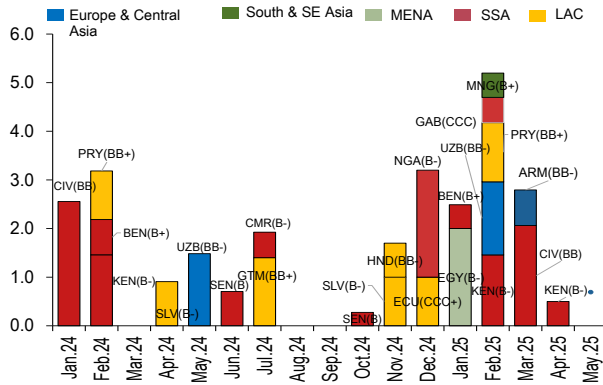
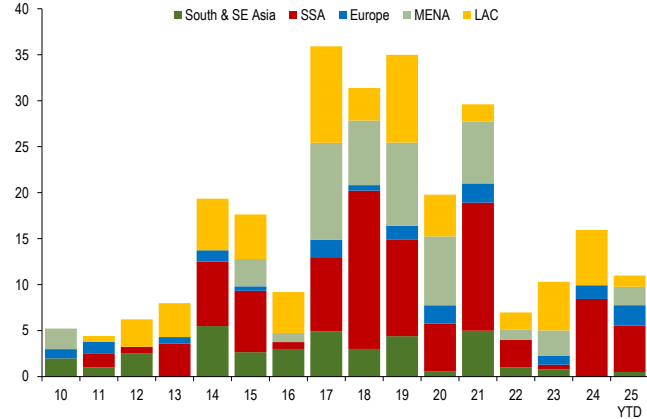


Chart 10. Frontier Sovereign Issuance by Region
(USD billions)



Longer maturities have been limited in 2025, with fewer bonds at tenors over 30y, and an uptick in sub-7y notes.

Non-dollar denominated issuance accounts for nearly 40% of issuance YTD, the highest in at least 15 years, with both JPY and EUR denominated bonds in May.

Chart 11. EM Sovereign Issuance by Maturity
(Percent)

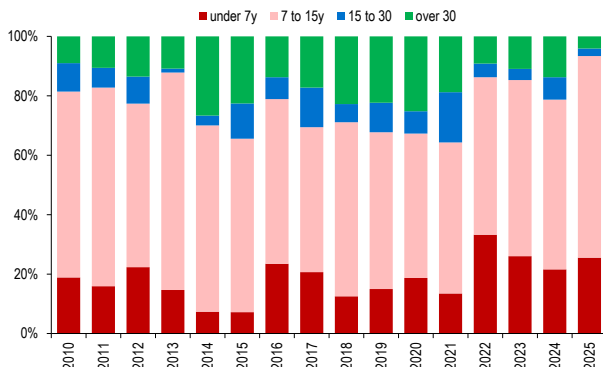
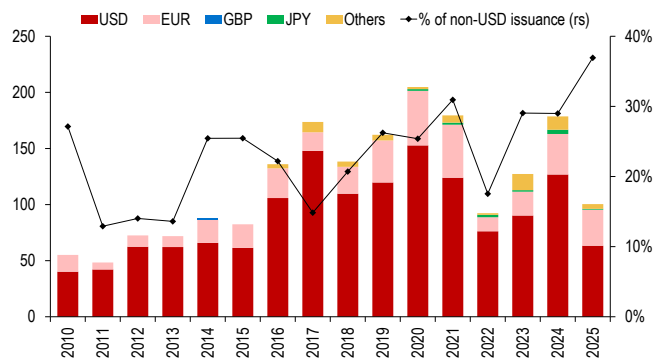


Chart 12. EM Sovereign Issuance by Currency
(Percent)



Upcoming Amortizations

Near term maturities are limited until October, with a marked pickup in 2026.

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

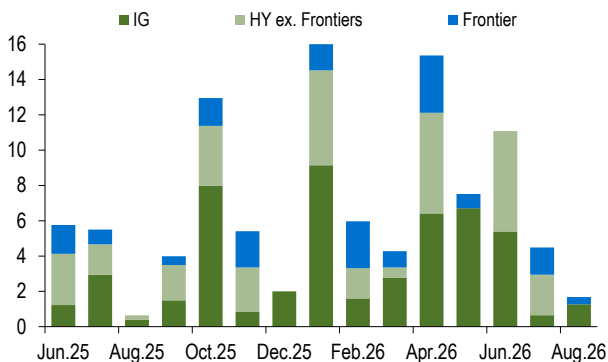
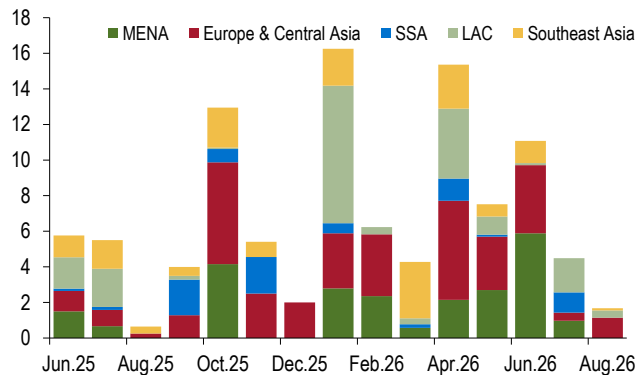


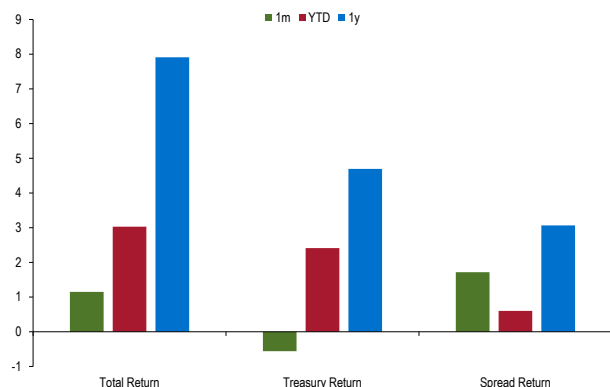
Chart 14. EM Sovereign Amortizations by Region
(USD billions)



Fund Flows and Bond Returns

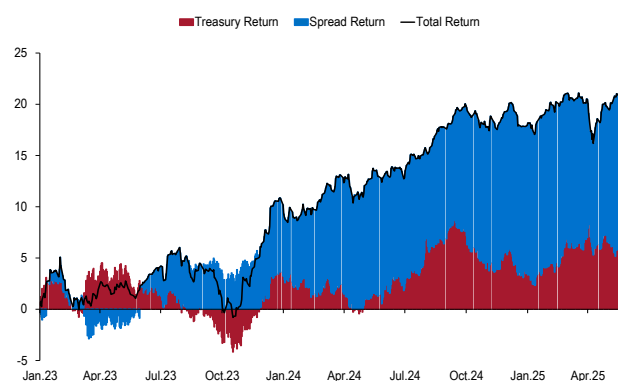
Total returns were positive over the last month, supported by tighter spreads despite an upward move in Treasury yields

Chart 15. Sovereign Hard Currency Bond Returns (percent)



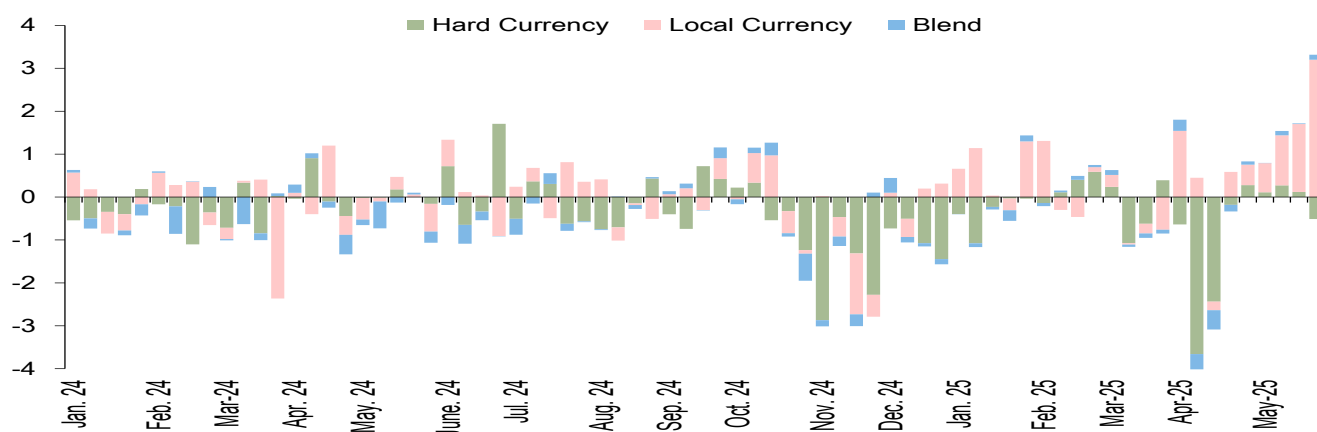
Longer term returns remain positive (since 2023), largely driven by tighter spreads following the post-pandemic sovereign distress.

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



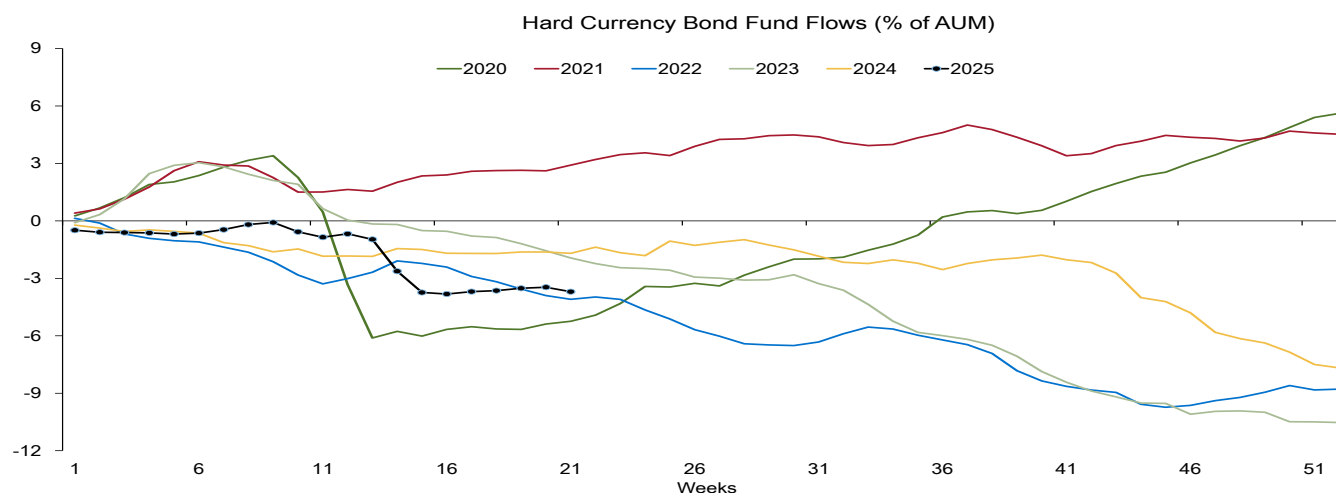
Hard currency bond funds saw sharp outflows in April (\$6.9 bn), though the most recent week of data shows some improvement

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



Hard currency bond fund flows have stabilized but have yet to recover from outflows early in the year.

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



Sovereign Spreads and Yields

Spreads tightened for most EMs in May, notably lower rate issuers in MENA and SSA

The median USD yield has surpassed 7% again, as about 35% of the benchmark index have yields over 8%.

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 | (196) | 591 | Bahrain | (22) | 232 |
| Mozambique | (164) | 1,071 | Kuwait | (21) | 36 |
| Pakistan | (159) | 651 | China | (21) | 77 |
| Iraq | (132) | 262 | Saudi Arabia | (21) | 99 |
| Cameroon | (130) | 929 | Philippines | (20) | 71 |
| Sri Lanka | (121) | 409 | Peru | (19) | 157 |
| Angola | (102) | 817 | Qatar | (17) | 60 |
| Suriname | (101) | 505 | United Arab E | (17) | 91 |
| Nigeria | (90) | 550 | Chile | (15) | 120 |
| Bolivia | (86) | 2,009 | Uruguay | (15) | 89 |
| Gabon | (85) | 992 | Paraguay | (15) | 168 |
| Kenya | (84) | 586 | Malaysia | (10) | 83 |
| Egypt | (81) | 576 | Poland | (7) | 112 |
| Mongolia | (64) | 287 | Brazil | (4) | 219 |
| Ecuador | (62) | 1,082 | Ukraine | 77 | 1,128 |

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

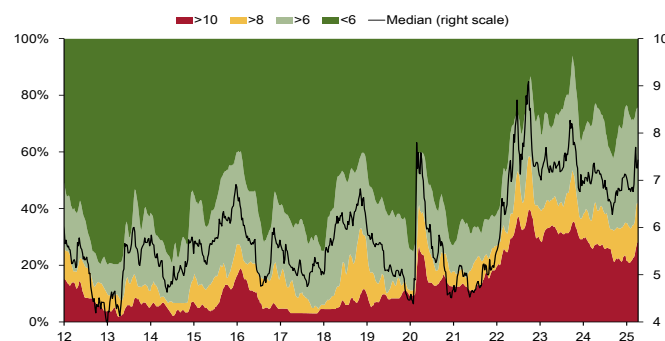


Chart 21. Share of Distressed Issuers in EM Bond Index (share, 3-week average)

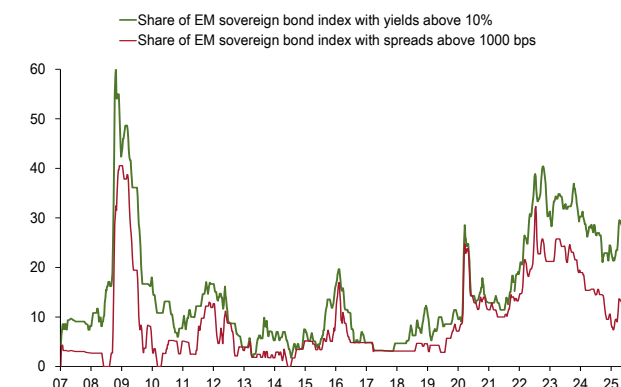


Chart 22. EM Yields and Spreads Decomposition

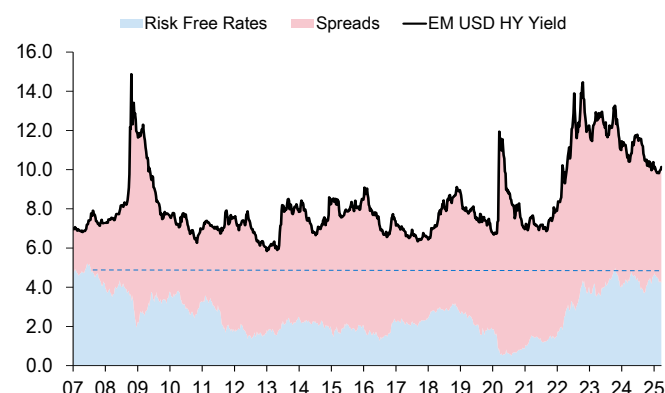
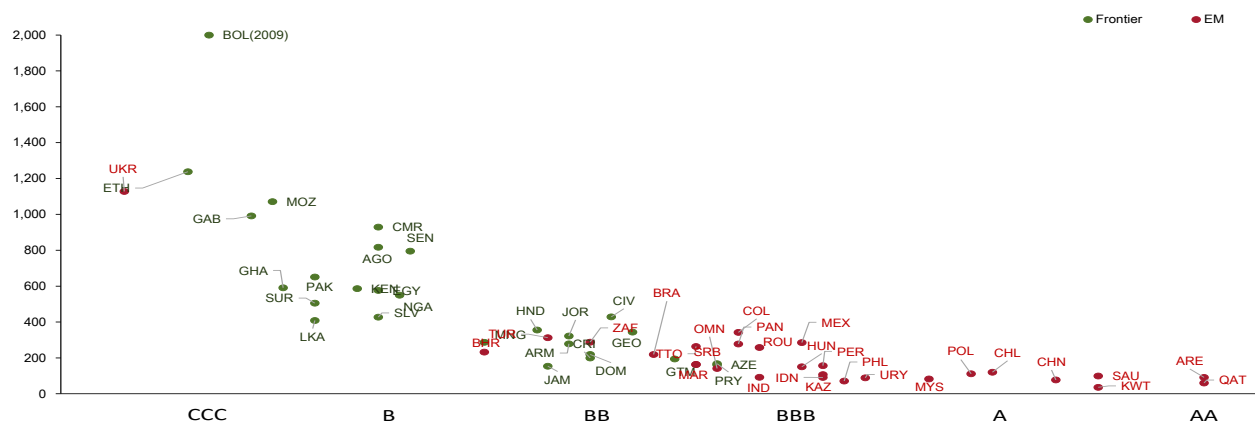


Chart 23. Spreads by Rating and Country (basis points, median rating)

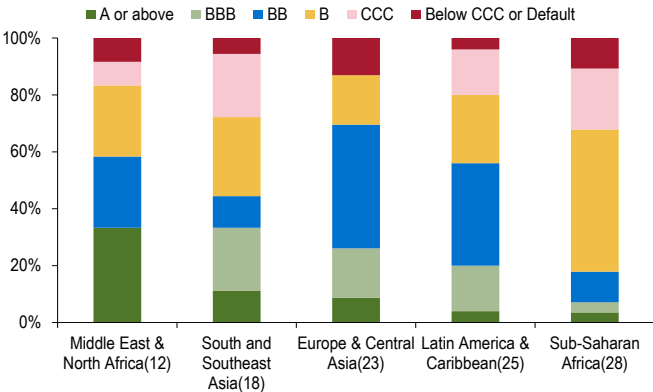


Annex

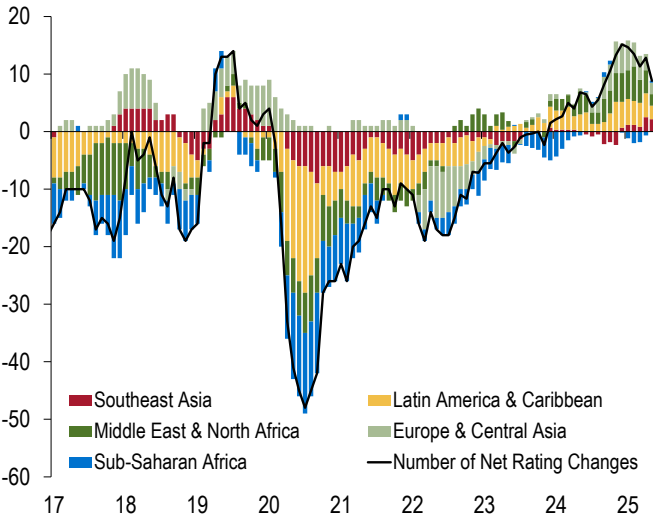
Annex Table 1. Issuance Coupons by Rating, Sovereign USD bonds (percent)

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

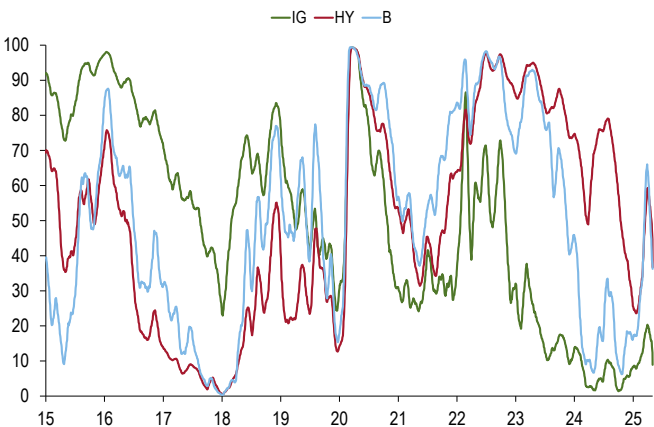
| Maturity (yrs) | A or above | | | BBB | | | BB | | | B | | |
|----------------|------------|---------|-----|-----|---------|-----|-----|---------|-----|------|---------|-----|
| | <7 | 7 to 15 | >15 | <7 | 7 to 15 | >15 | <7 | 7 to 15 | >15 | <7 | 7 to 15 | >15 |
| Jan.21 | 3.1 | 2.9 | 3.2 | 4.9 | 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 | 5.4 | 5.5 | | 5.8 | | | 9.8 | | | | | |
| Nov.22 | 5.5 | 6.7 | | 8.0 | 6.4 | | | 9.9 | 9.9 | | | |
| Dec.22 | | | | | | | | | | | | |
| Jan.23 | 4.9 | 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 | 4.9 | | 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 | | | | | | | | | | | |
| Jun.23 | | 5.0 | 5.3 | | | | 6.2 | | | | | |
| Jul.23 | | | | 6.4 | | | | | | | | |
| Aug.23 | | | | | | | | | | | | |
| Sep.23 | | 4.9 | | 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 | 4.9 | 5.8 | 4.9 | 5.8 | 5.2 | 4.7 | 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 | 5.3 | 5.3 | 5.3 | 5.6 | 5.3 | | 6.9 | | | | | |
| Jun.24 | 4.9 | | | 5.4 | 6.4 | 5.1 | 6.6 | 6.0 | | | | |
| 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 | | | | | |
| Nov.24 | | 4.2 | | 5.5 | 5.0 | | 6.8 | 8.3 | | 7.8 | | |
| Dec.24 | | | | | | | | | | 10.0 | | |
| Jan.25 | 5.5 | 5.7 | 5.1 | 6.3 | 5.6 | 6.9 | 8.4 | | | 9.5 | 8.6 | |
| Feb.25 | 5.4 | 5.5 | 4.9 | 7.5 | 5.4 | | 6.8 | 7.0 | 7.2 | 6.6 | 9.5 | |
| Mar.25 | 5.0 | | | | | | 6.8 | 8.1 | | | | |
| Apr.25 | | | | | | | 7.4 | 8.5 | | 7.5 | 7.3 | |
| May.25 | | | | | | | 7.3 | | | 7.8 | | |



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



Annex Table 4. Sovereign Spreads by Percentile and Rating (4 week average).



Annex Table 4. Latest Ratings Actions

| | New Median rating | Latest | | | End Apr. 25 | | |
|-----------|-------------------|--------|-------|---------|-------------|-------|---------|
| | | S&P | Fitch | Moody's | S&P | Fitch | Moody's |
| Argentina | CCC | CCC | CCC+u | Caa3 | CCC | CCCu | Caa3 |
| Ghana | CCC | CCC+ | RD | Caa2 | SD | RD | Caa2 |
| Guatemala | BB+ | BB+ | BB | Ba1 | BB | BB | Ba1 |
| Nigeria | B- | B- | B | B3 | B- | B | Caa1 |

Note: Annex Table 3 incorporates S&P, Fitch, and Moody's ratings agencies. Size of ratings adjustment not reflected; a ratings change by any agency counts as "1".