

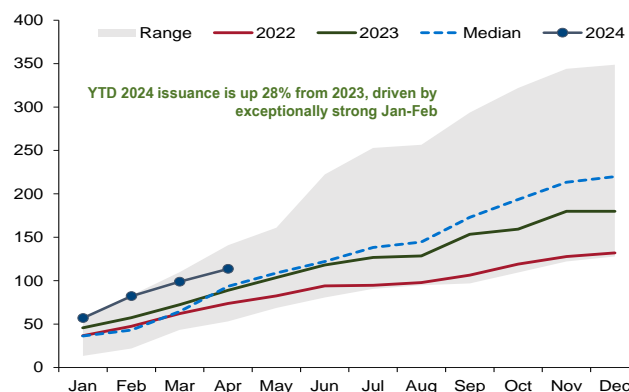


## APRIL HIGHLIGHTS:

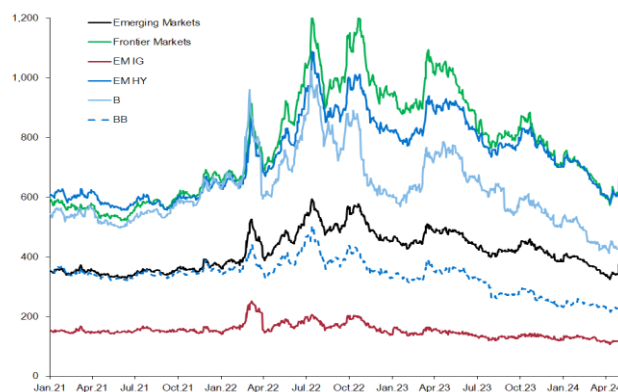
- **The recent selloff in US Treasuries and softer risk sentiment likely weighed on sovereign and corporate issuance volumes in April, which slowed to \$16.8 billion** from \$19.2 and \$25.7 billion in March and February, respectively. Nonetheless, year-to-date (YTD) issuance is the strongest since 2021, up +28% y/y, driven by a strong momentum in the sovereign segment in January, reaching a total of \$120 billion (Chart 3).
- **Sovereign issuance declined to \$7.3 billion (\$12.5 billion in February) with just four issuers in April** (Chart 4), below the historical monthly average. Abu Dhabi (UAE) sold \$5 billion of USD-denominated bonds maturing in 2029, 2034, and 2054 at an average spread of less than 60 bps. Colombia raised \$1.3 billion by tapping existing ESG dollar bonds (2035, 2053) issued in November last year, at yields below their respective initial coupons. Sharjah (UAE) tapped an existing 2036 bond for \$0.1 bn. El Salvador also returned to the primary markets for the first time in almost four years. The government sold \$0.9 billion across two bonds, including a conditional-interest bond that will pay higher rates if the government is unable to secure credit rating upgrades or a deal with the IMF. Following the issuance, the government bought back around \$487 million of its hard currency bonds maturing in 2025, 2027, and 2029, out of the total \$1.75 billion outstanding.
- **Nonfinancial corporate issuance rose to \$9.5 billion (from \$6.7 billion), with EM ex. China accounting for \$7.5 billion of issuances.** Chinese issuances remained subdued at \$2 billion, led by Sinopec. Corporate issuance (ex. China) has increased nearly +80% y/y but remains fairly subdued and close to the 30<sup>th</sup> percentile historically (Chart 8). Regionally, corporate issuance was concentrated in Latin America (\$2.7 billion), MENA (\$2.3 billion), and Europe (\$1.6 billion), with Asia continuing to lag (Chart 5).
- **EM sovereign spreads widened +31 bps in April, driven largely by CCC (and below) rated sovereigns and the re-inclusion of Venezuelan bonds.** Spreads on most sovereign issuers were little changed on net in April, though there were tentative signs that even a brief spell of tighter financial conditions could drive a pullback in risk appetite for the lowest rated sovereigns after a strong rally in recent months. In particular, secondary market spreads widened over +100 bps for Ghana, Gabon, and Bolivia (Chart 19). The inclusion and increased weighting of Venezuelan bonds on April 30 also mechanically drove index level spreads wider.
- **Hard currency bond fund flows remained choppy, with renewed outflows seen in late April** (Chart 17). Based on weekly data, EM hard currency funds received about +\$0.3 billion of net inflows in April, although YTD flows remain negative at -\$4.3 billion or just under 2% of AUM. Going forward, uncertainty around the US monetary policy outlook may continue to pose headwinds for durable inflows. Asset class returns turned negative in April as the sell off in US Treasuries weighed on emerging market bond prices (Chart 15).
- **Credit rating upgrades slowed in April, but overall rating action momentum over the last six months has been net positive.** S&P downgraded Peru to BBB- from BBB; Moody's downgraded Bolivia to Caa3 from Caa1; S&P upgraded Benin to BB- from B+; S&P upgraded Turkey to B+ from B (see Annex).
- **Markets remain open, but a slower pace of issuance volumes is likely after a strong first quarter.** Market participants flagged potential issuers as Qatar, Angola, Nigeria, Rwanda, Oman, and the Dominican Republic. The Philippines entered the primary market this week with 10-year and 25-year sustainable USD-denominated issuances. Nigeria is reportedly considering a domestic foreign currency bond. Bond maturities are relatively modest in May and June (\$8 billion combined), though Egypt, Oman, Kenya, Panama, Colombia, and Morocco have payments due.

## 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)



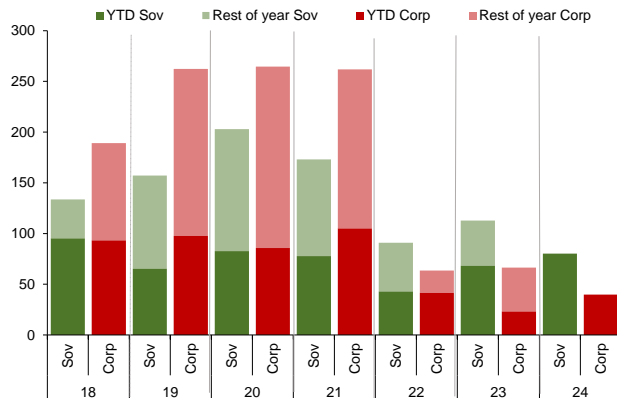
This monitor is produced by MCMGA. It captures international issuance, predominately denominated in hard currencies, and does not include domestically issued bonds in any currency. Issuance totals refer to proceeds.

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

## Issuance Detail: Emerging Market Corporates and Sovereigns

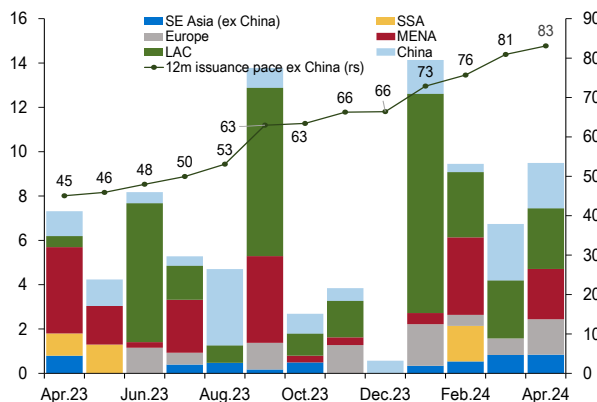
Through April, total issuance is the highest since 2021, thanks to strong sovereign issuance in January-February.

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



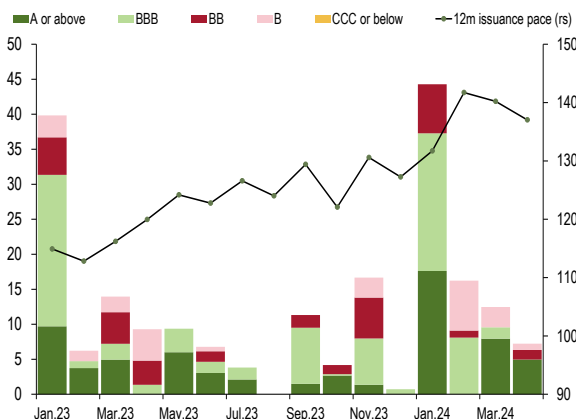
Corporate issuance rose to nearly \$10 bn in April, and is up close to 70% y/y.

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



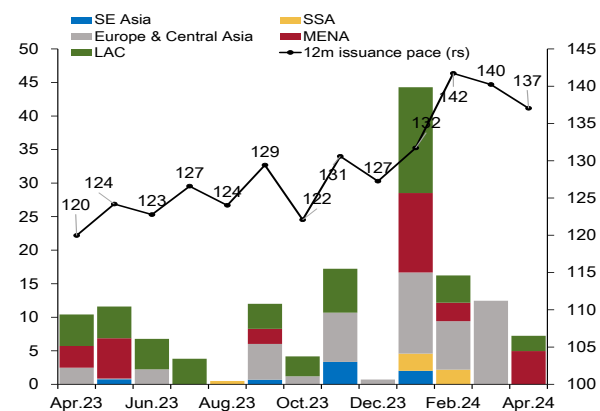
Investment grade Abu Dhabi accounted for a large majority of issuance in April

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



Europe and Central Asia have accounted for 40% of total issuance YTD.

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



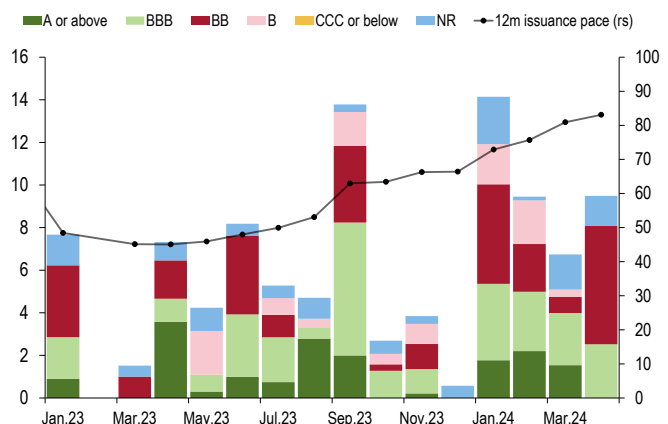
Four sovereigns tapped the primary markets in April, led by Abu Dhabi's multi-tranche issuance (\$5 billion)

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

Issuer	2024	Feb-24	Mar-24	Apr-24
Poland	12.0	-	7.9	-
Saudi Arabia	11.8	-	-	-
Mexico	9.6	-	-	-
Romania	8.3	4.3	-	-
United Arab Emirates	5.7	0.7	-	5.0
Turkey	5.1	2.9	2.1	-
Brazil	4.5	-	-	-
Hungary	4.1	-	-	-
Panama	3.1	3.1	-	-
Côte d'Ivoire	2.6	-	-	-
Indonesia	2.0	-	-	-
Bahrain	2.0	2.0	-	-
Chile	1.7	-	-	-
Croatia	1.6	-	1.6	-
Kenya	1.5	1.5	-	-
Colombia	1.4	-	-	1.4
Paraguay	1.0	1.0	-	-
El Salvador	0.9	-	-	0.9
Montenegro	0.8	-	0.8	-
Benin	0.7	0.7	-	-

High yield issuers accounted for a majority of April supply, led by Morocco's state owned OCP (BB+).

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

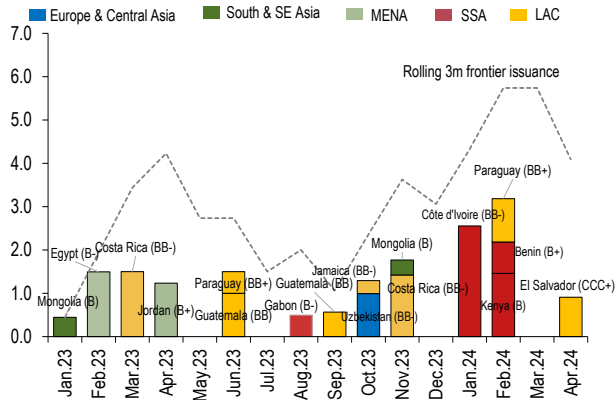


## Issuance Detail: Emerging Market Corporates and Sovereigns

*EL Salvador issued in April, becoming the fifth frontier issuer in 2024, compared to 12 in 2023 and 8 in 2022.*

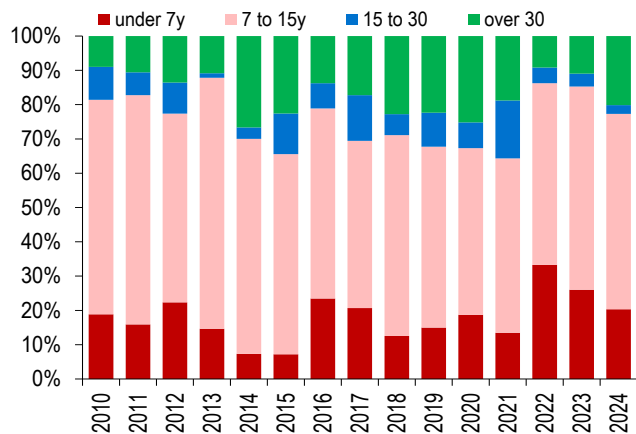
*YTD issuance volume is on pace to surpass 2023*

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

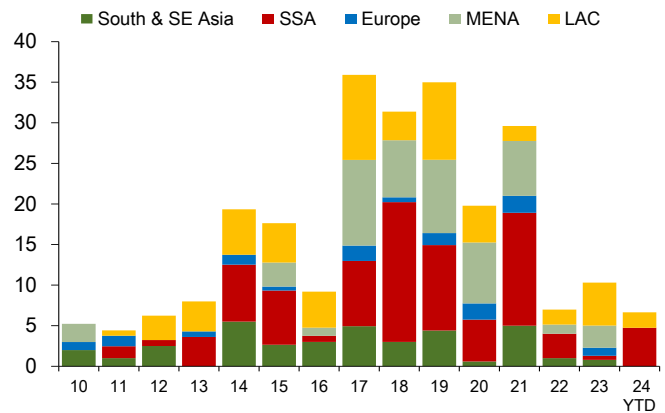


*While still not at 2017-2021 levels, the average maturity of issuances has notably increased this year*

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

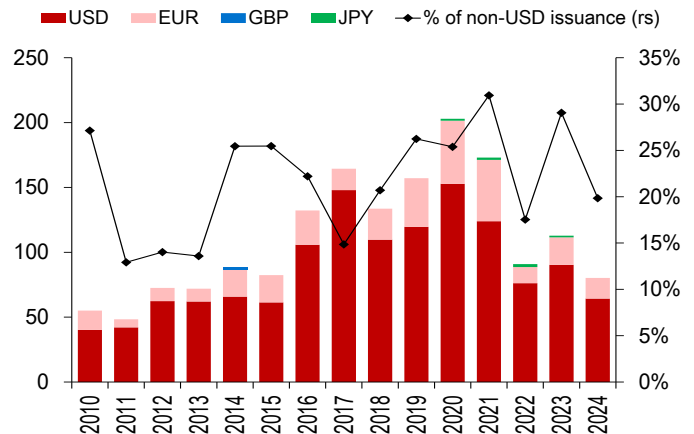


**Chart 10. Frontier Sovereign Issuance by Region**  
(USD billions)



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

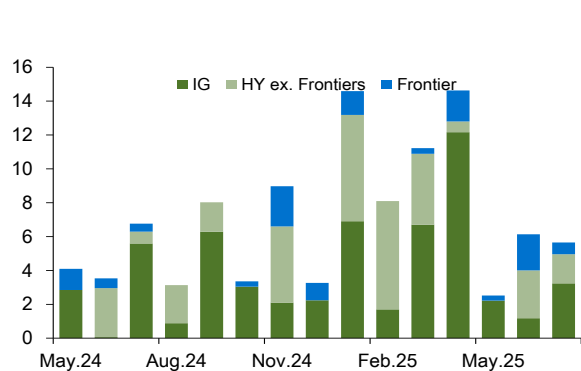
**Chart 12. EM Sovereign Issuance by Currency**  
(Percent)



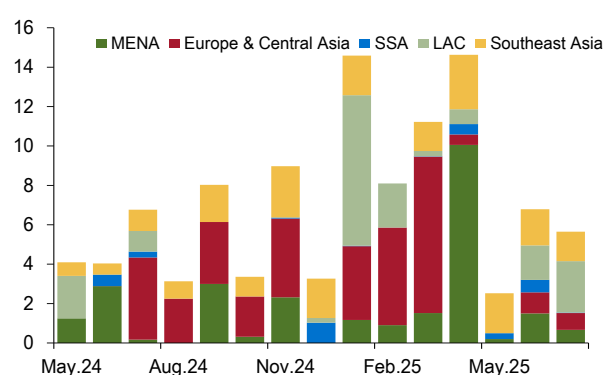
## Upcoming Amortizations

*The pace of redemptions will moderate through June, though Colombia, Indonesia, Oman, Kenya, Egypt, Morocco, and Panama have amortizations over the next two months.*

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



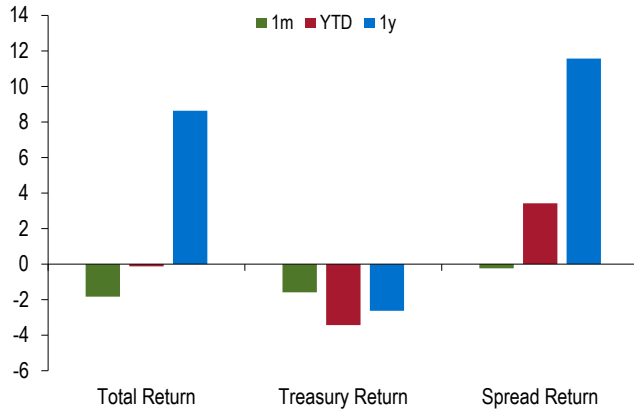
**Chart 14. EM Sovereign Amortizations by Region**  
(USD billions)



## Fund Flows and Bond Returns

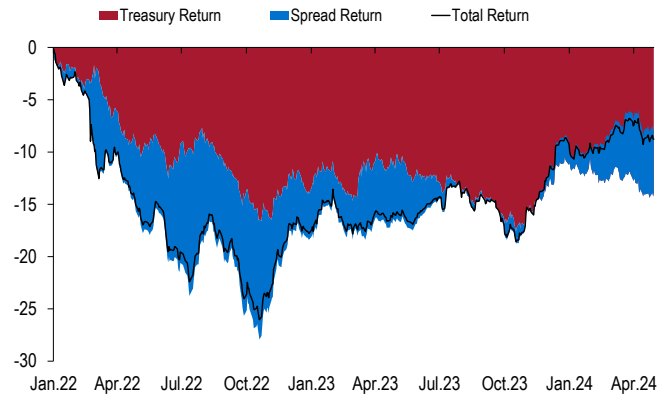
HC bond returns turned negative over the last month on the back of the sell off in Treasuries, while spreads widened incrementally

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



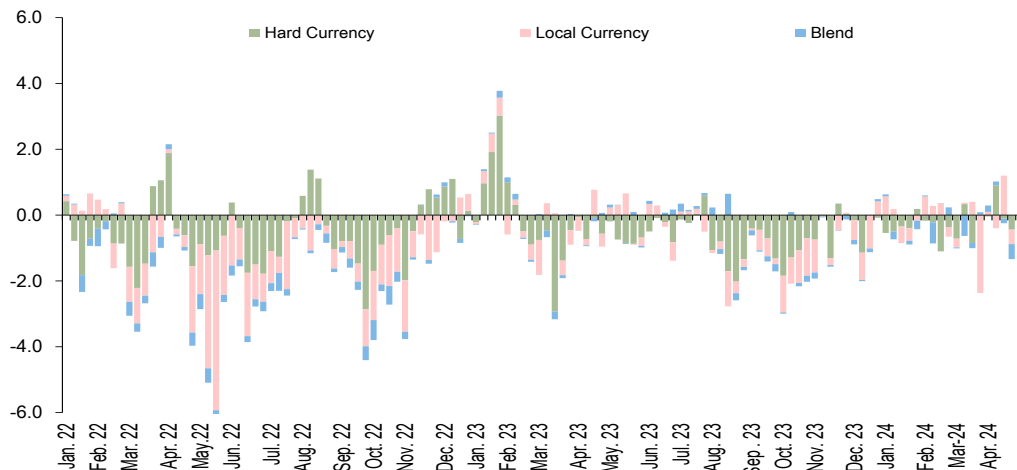
After strong returns in the fourth quarter extended through Q1.24, losses returned in April, bringing cumulative losses since 2022 to around 15%

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



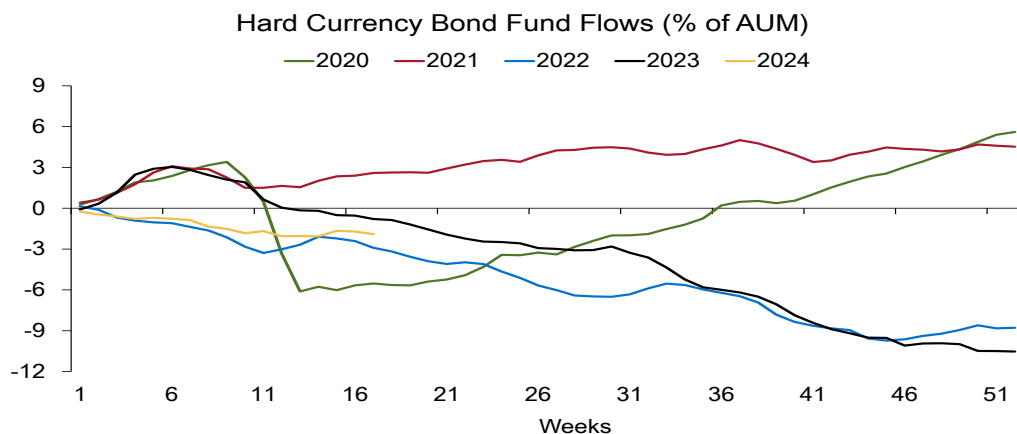
EM dedicated bond fund flows have been volatile in recent weeks, with net inflows over the last four weeks. Hard currency fund saw large inflows early in April before reverting to small outflows.

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



Hard currency funds' outflows moderated somewhat, with outflows just below 2% of GDP

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



## Sovereign Spreads on Hard Currency Bonds

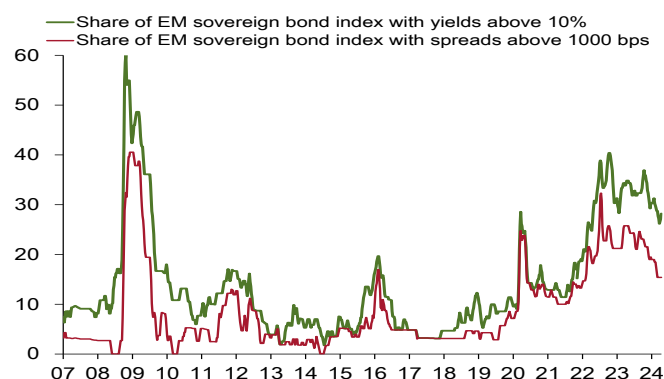
April saw large divergence across countries, with wider spreads among a number of CCC and low rated issuers, while other EM and frontier sovereigns saw spreads narrow.

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

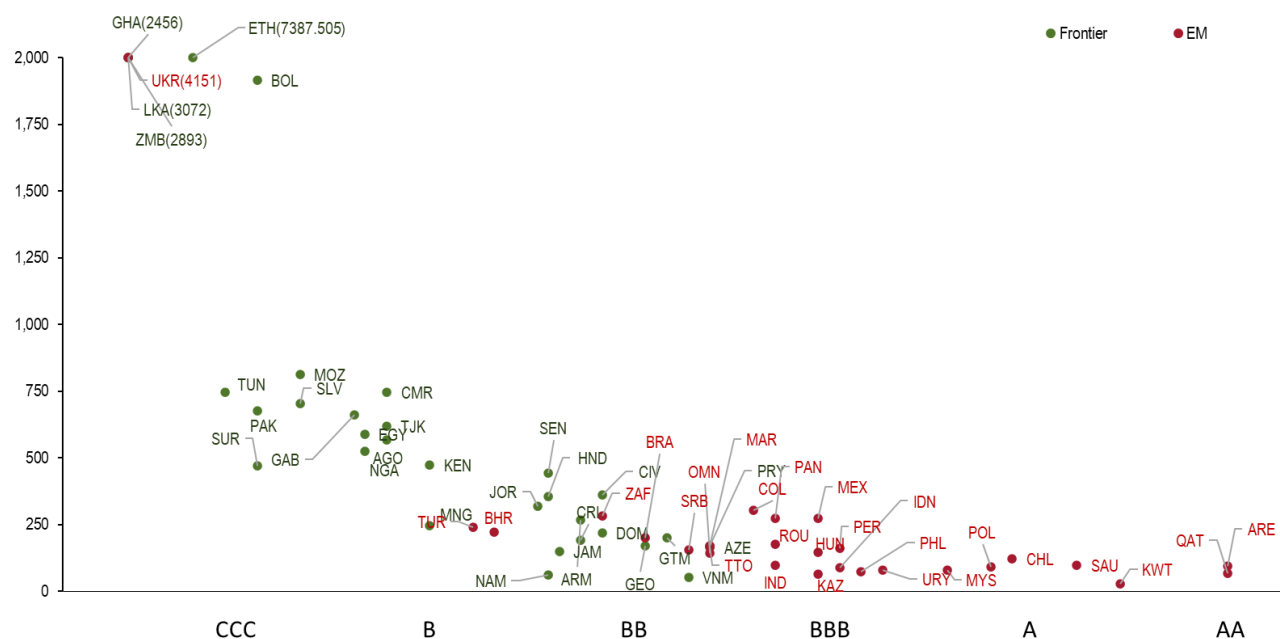
Top-10 Leaders			Top-10 Laggards		
	Change in spreads	Latest spread		Change in spreads	Latest spread
Ecuador	(88)	1,120	Mozambique	12	813
Tajikistan	(58)	619	Colombia	13	303
Suriname	(56)	470	Egypt	13	588
Pakistan	(39)	677	Nigeria	14	526
Senegal	(26)	442	Guatemala	16	202
Turkey	(25)	242	Mongolia	17	246
Costa Rica	(16)	193	Ivory Coast	19	362
Jamaica	(12)	150	Honduras	33	356
Angola	(12)	568	El Salvador	34	703
South Africa	(12)	283	Kuwait	43	28
Kazakhstan	(10)	63	Iraq	44	443
nd Tobago	(9)	167	Tunisia	64	746
Namibia	(9)	61	Bolivia	118	1,917
Panama	(7)	273	Gabon	138	661
India	(5)	97	Ghana	176	2,456

Share of EM sovereigns in the index trading at distressed levels) declined to 15%, with just over 27% having yields above 10%.

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



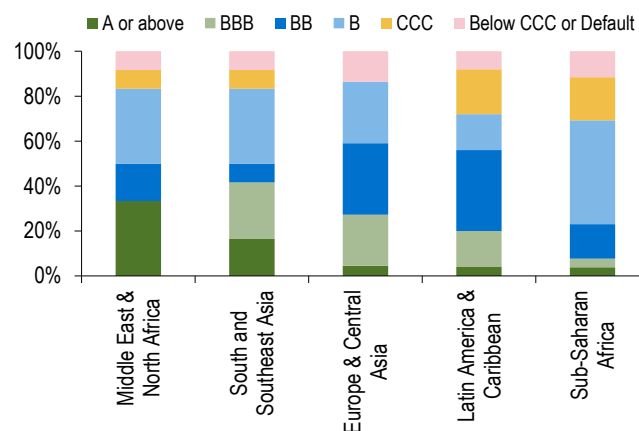
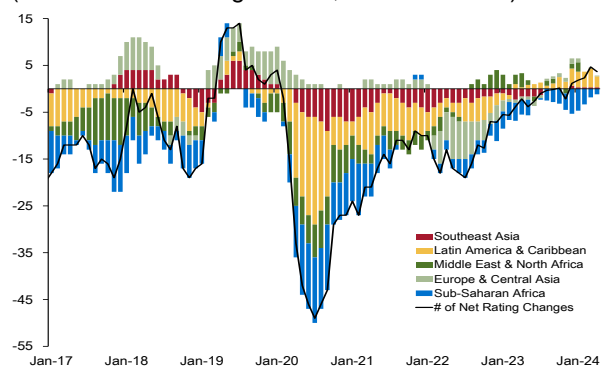
**Chart 21. Spreads by Rating and Country** (basis points, median rating)



## 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			5.8	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	7.0				7.8	
Mar.24	4.6	5.1	5.5								7.3	
Apr.24	4.9	5.0	5.5				8.0	8.8	9.3			

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 Mar. 24		
		S&P	Fitch	Moody's	S&P	Fitch	Moody's
Benin	B+	BB-	B+	B1	B+	B+	B1
Bolivia	CCC	CCC+	CCC	Caa3	CCC+	CCC	Caa1
Peru	BBB	BBB-	BBB	Baa1	BBB	BBB	Baa1
Turkiye	B+	B+u	B+	B3	Bu	B+	B3

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".