

Capital flows to Latin America and the Caribbean

2020 year-in-review
in times of COVID-19



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This document has been prepared by Helvia Velloso, Economic Affairs Officer, under the supervision of Inés Bustillo, Chief of the Washington Office of the Economic Commission for Latin America and the Caribbean (ECLAC).

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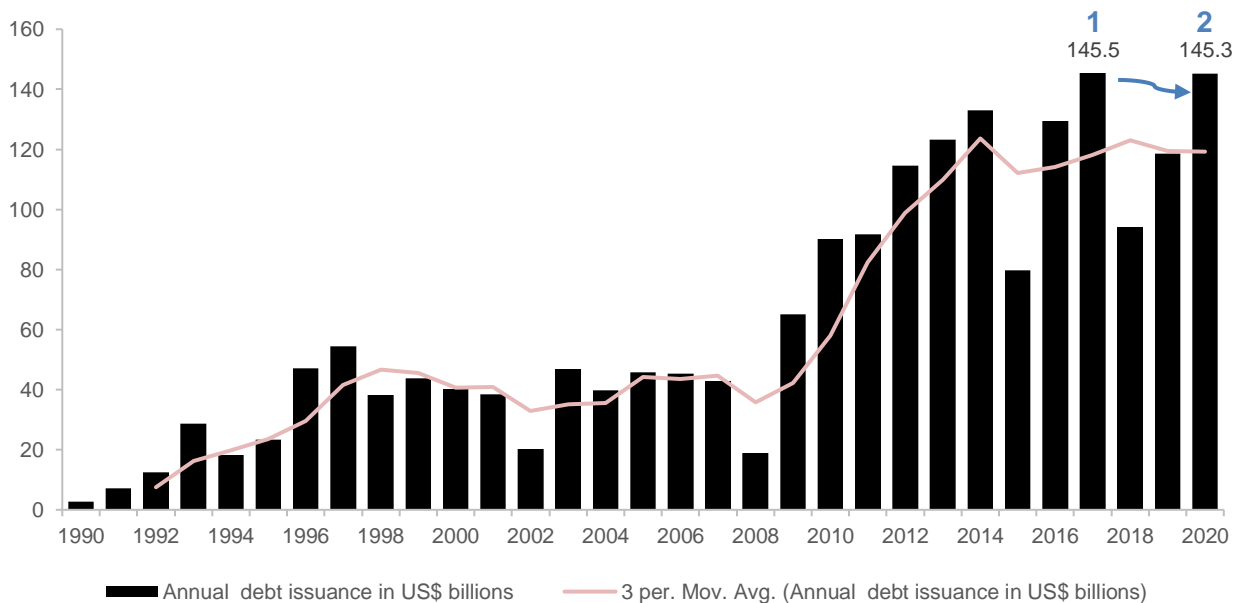
Highlights

- In 2020, total Latin American and Caribbean (LAC) bond issuance in international markets reached US\$ 145.3 billion, the second highest annual issuance on record. The 2020 total was 23% higher than in 2019 and second only to the historic record of US\$ 145.5 billion reached in 2017. Avid investor demand for higher-yielding assets, seeking to offset historic low interest rates in advanced countries, fueled the bond surge.
- The spread of the coronavirus in 2020 had a strong impact on the financial landscape for LAC issuers. Sovereign issuance, in terms of amount, was the highest on record, as governments – with a backdrop of low global interest rates and borrowing costs – sought to meet higher funding needs due to the pandemic. LAC sovereign issuance reached US\$ 65.1 billion in 2020, 54% higher than the total sovereign issuance in 2019. About 30% of this total (US\$ 19.6 billion) explicitly mentioned that the proceeds would be used to fund the response to the COVID-19 pandemic.
- Although the share of corporate issuance (55%) was lower than in the previous three years, some corporate issuers took advantage of market conditions to lower borrowing costs and extend maturities, even in sectors that were deeply hurt by the pandemic, such as retail. In the second half of 2020, Brazilian retailers Lojas Americanas and B2W completed their first bond sales in international markets (debut) to refinance debt.
- Green, social and sustainability bond issuance represented a record 9.3% of the total amount issued in 2020. In January 2020, Ecuador became the first sovereign issuer to sell social bonds in the international market to fund a housing program. Chile followed in November, selling its first sovereign social bonds in the international market to fund healthcare services and relief efforts during the Covid-19 pandemic. In September, Mexico issued the world's first sovereign Sustainable Development Goals (SDGs) bond.
- LAC spreads widened 40 basis points in 2020. After widening 357 basis points in the first quarter, they narrowed in the following three quarters, as volatility and risk aversion came down after reaching a historic peak in mid-March.
- Equity prices in the region weakened amid the coronavirus outbreak. After reaching a low point on 23 March, the MSCI Latin American index recovered somewhat, but it was still down 16% for the year.
- There were 55 more negative credit rating actions than positive in the region in 2020, and 36 more downgrades than upgrades. The majority of the negative actions took place in the second quarter.

Overview

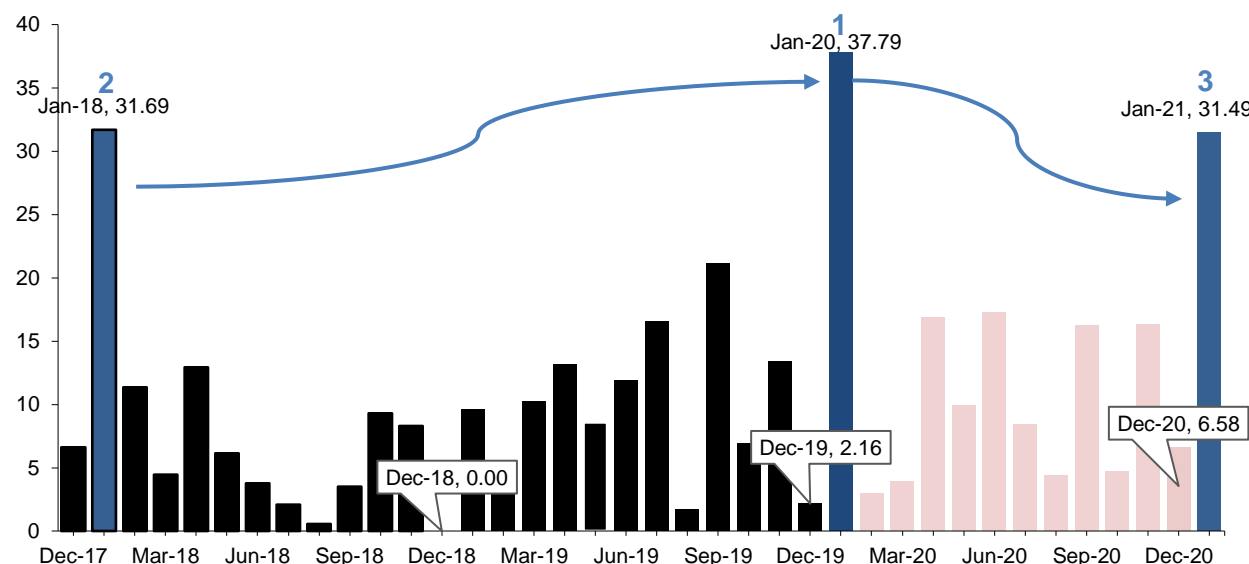
With a backdrop of low global interest rates and borrowing costs, Latin American and Caribbean (LAC) issuers placed US\$ 145.3 billion worth of bonds in 2020, the region's second highest annual issuance on record (chart 1). They ended the year on a high note, with the December tally eclipsing totals from the same month in the previous two years. They continued their strong showing in January 2021, which was the region's third highest January issuance on record (chart 2).

CHART 1:
ANNUAL LAC DEBT ISSUANCE
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance and Bloomberg.

**CHART 2:
MONTHLY LAC DEBT ISSUANCE**
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance and Bloomberg. Note: January 2020 registered the highest LAC monthly issuance on record, surpassing the January 2018 issuance, the previous peak.

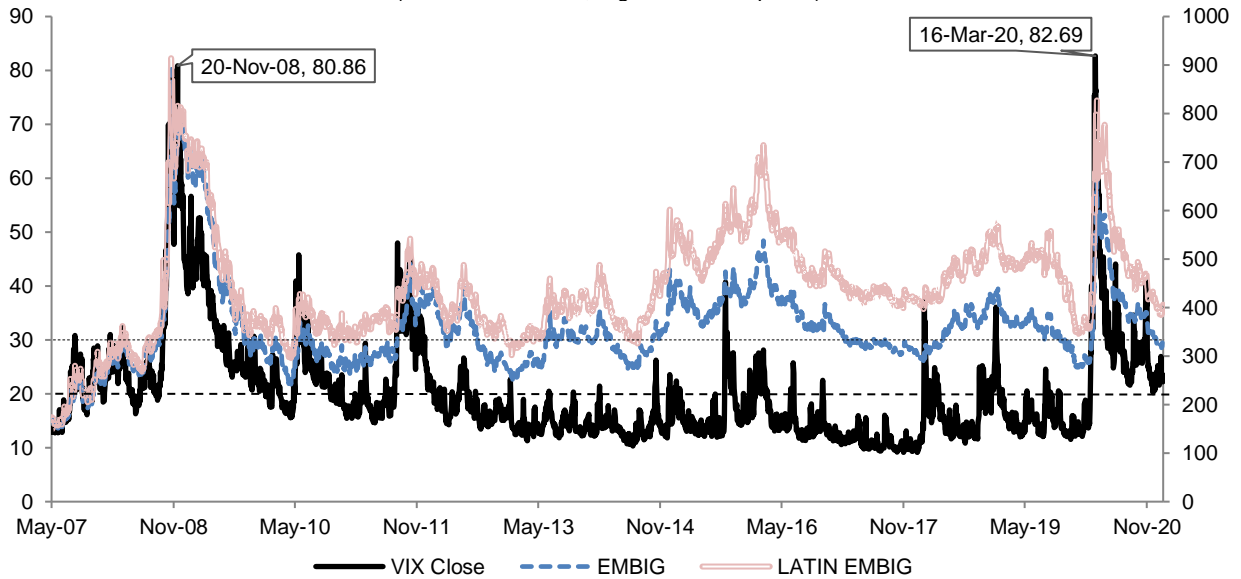
December 2020 was unusually busy, boosted by the issuance of US\$ 4 billion in sovereign bonds, including US\$ 2.5 billion from Brazil, US\$ 1.3 billion from the Dominican Republic and US\$ 225 million from the Bahamas. January has historically experienced a high volume of bond issuances. January 2021 was no exception, although it was not as busy as in 2020, when January issuance broke a historical record. The flurry of bond sales towards the end of 2020 and beginning of 2021 was driven by LAC issuers' need to increase borrowing as the pandemic battered their finances and their intent to lock-in record low interest rates before yields could move up. In this spurt of bond sales, some countries in the region have sought to sell longer-dated bonds. Peru sold a 40-year bond and its first ever century bond in November 2020, and Brazil reopened a 30-year bond in December. In January 2021, Mexico sold a 50-year bond, Colombia a 40-year bond and Chile sold social bonds with 40- and 30-year maturities.

Regarding corporate issuance, although its share in 2020 (55%) was lower than in the previous three years, some corporate issuers took advantage of market conditions to lower borrowing costs and extend maturities, even in sectors that were deeply hurt by the pandemic, such as retail. In the second half of 2020, Brazilian retailers Lojas Americanas and B2W made their debut in international markets, completing their first bond sales in international markets in September and November 2020, respectively, to refinance debt. Market analysts expect the focus on refinancing to continue in 2021, as long as global interest rates remain low in a context of slow economic recovery.

In 2020, volatility reached a historic peak in mid-March. As the global economy was hit by supply and demand shocks due to the pandemic, the CBOE Volatility Index (VIX), a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices, reached 82.69 on 16 March, breaking the previous record reached in November 2008, during the global financial crisis. Volatility has declined since then, and with it, emerging market bond spreads (chart 3).

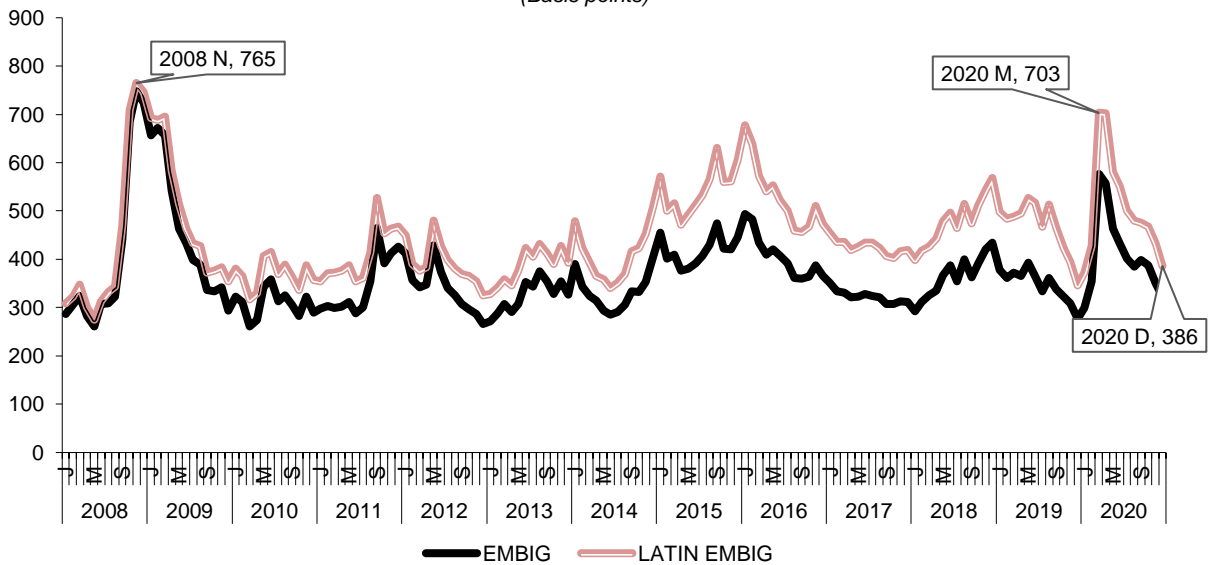
LAC spreads widened 40 basis points in 2020. The biggest widening took place in March (275 basis points), when spreads were close to the peak reached in November 2008 during the global financial crisis. LAC spreads tightened from 703 basis points at the end of March to 386 basis points at the end of December (chart 4). Global risk sentiment and financial conditions have remained supportive in early 2021 and spreads are expected to remain low.

**CHART 3:
CBOE VOLATILITY INDEX AND EMBIG SPREADS**
(Left axis: VIX close, Right axis: basis points)



Source: ECLAC Washington Office, based on data from the Chicago Board Options Exchange and JPMorgan.

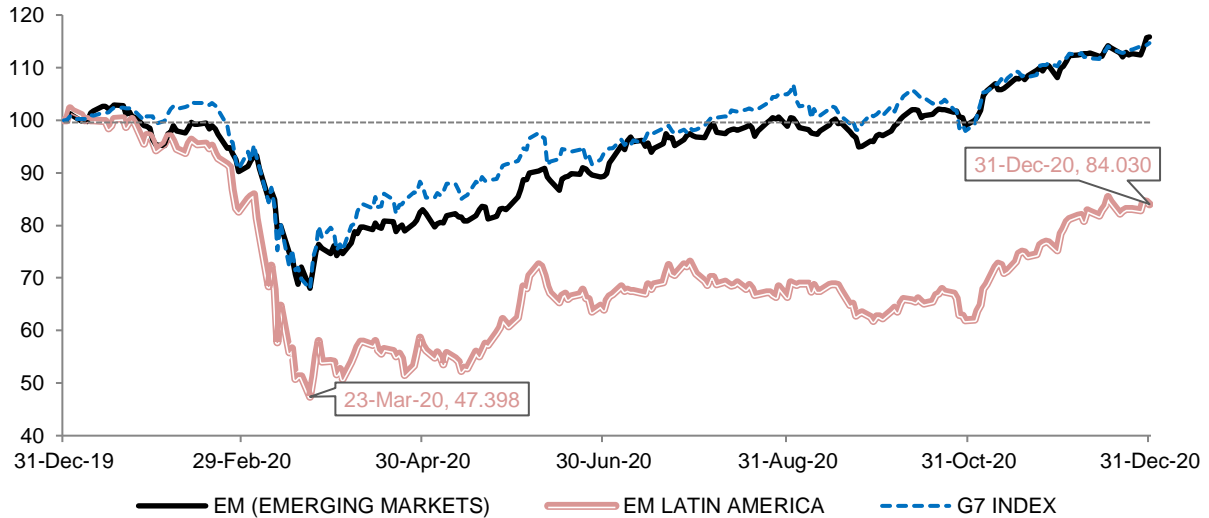
**CHART 4:
EMBIG AND LATIN AMERICAN DAILY SPREADS**
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan, "Emerging Markets Bond Index Monitor".

Latin American equities recovered some ground since a sharp fall in March sparked by the pandemic, but still remain significantly below the levels at the start of the year (chart 5). The MSCI Latin American index was down 16% by the end of December, but up 77% since the bottom reached on 23 March, its weakest point in just over 15 years. The emerging market index performed better and was up 16% in 2020, while the G7 index was up 15%. They were up 70% and 69%, respectively, since 23 March. Latin American equities underperformed in 2020 in part due to currency depreciation, as well as the impact of the pandemic and the oil shock in early 2020 on the region. However, Latin American currencies are seen as primed for more upside in 2021, after severely underperforming their broader emerging market peers last year.

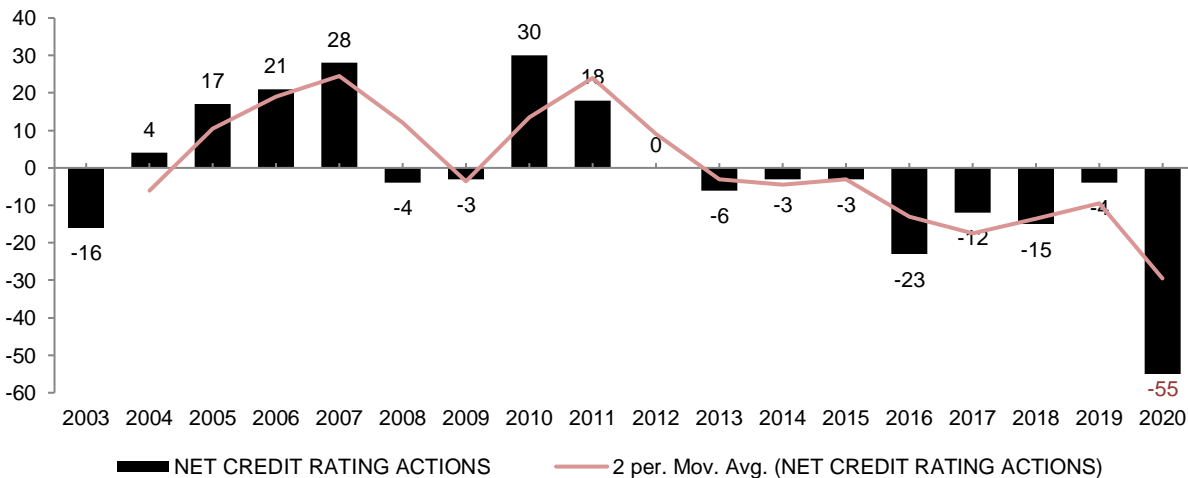
**CHART 5:
MSCI EQUITY PRICE INDEX: 2020**



Source: ECLAC Washington Office based on MSCI Equity Indices, <http://www.msci.com/products/indexes/performance.html>, prices at the end of the month.

Finally, credit quality deteriorated sharply in 2020. Negative credit rating actions (including downgrades and downward outlook revisions) have now outnumbered positive actions in the region for eight years in a row. The imbalance was much worse in 2020, with an unprecedented 55 more negative actions than positive (chart 6), and 36 more downgrades than upgrades.

**CHART 6:
NET CREDIT RATING ACTIONS IN LAC**
(Number of Actions)



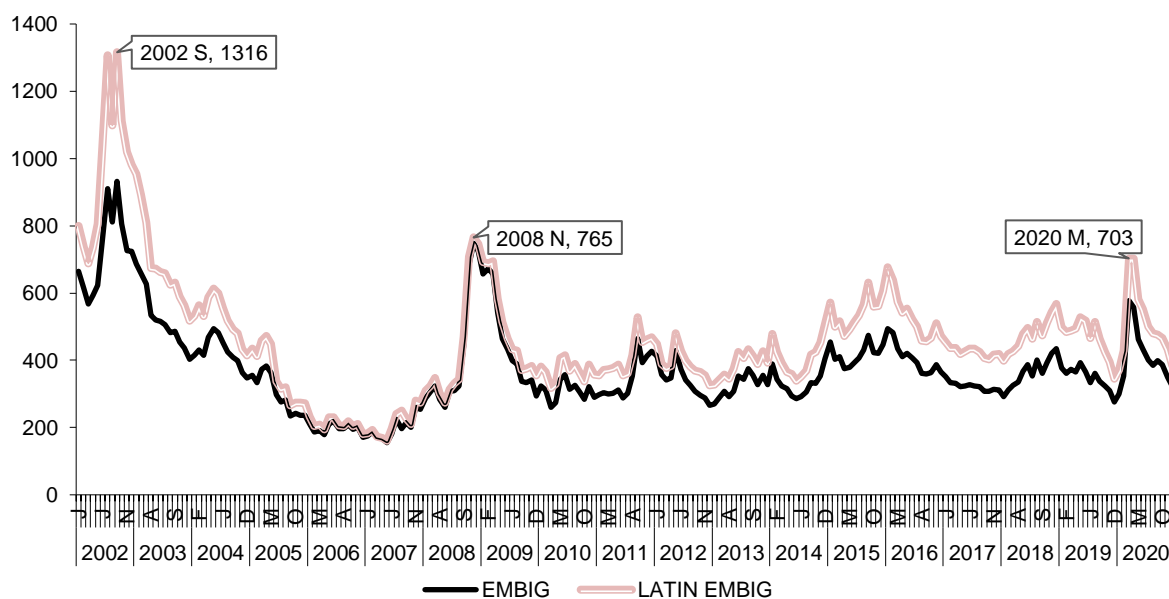
Source: ECLAC Washington Office, based on data from Moody's, Standard & Poor's, and Fitch.

In a forecast of credit trends released in early January, Moody's anticipated that LAC sovereign creditworthiness would remain under pressure in 2021. According to the agency, as sovereigns emerge from the pandemic with higher debt and interest burdens, fiscal strength is expected to weaken. With economic output unlikely to return to the pre-crisis levels in 2021, the agency expects that governments in the region will face difficulties stabilizing and eventually reversing the negative credit trends of 2020.

I. Bond markets and debt management

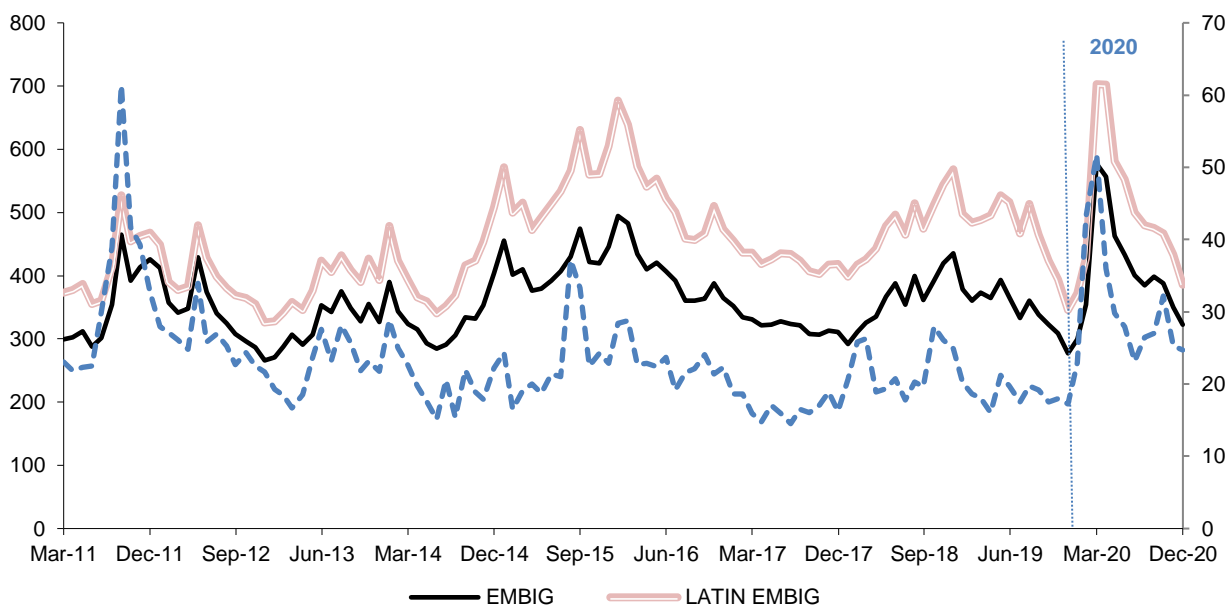
Bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) widened 46 basis points in 2020. Its Latin component widened 40 basis points (chart 7). Most of the widening took place in the first quarter, as the COVID-19 pandemic and the collapse in oil prices weighed on the economies of the LAC region, as well as on risk perception and volatility. Volatility receded in the following quarters, and spreads tightened in tandem (chart 8).

**CHART 7:
EMBIG AND LATIN AMERICAN MONTHLY SPREADS**
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan, "Emerging Markets Bond Index Monitor".

CHART 8:
CBOE VOLATILITY INDEX AND EMBIG
 (Left axis: basis points; right axis: VXEEM close)



Source: ECLAC Washington Office, based on data from JPMorgan and Chicago Board Options Exchange.

Note: The VXEEM is the CBOE volatility index for emerging markets (conveyed by MSCI Emerging Markets Index fund option prices).

Regional sovereign credit outlook for Latin America and the Caribbean was already negative prior to the pandemic due to lower economic growth, higher debt and rising political risk. 2019 was the seventh year in a row where the balance of negative credit rating actions (including downgrades and downward outlook revisions) outnumbered positive actions. At the end of 2019, nine sovereigns were on negative outlook by one or more credit rating agencies (Argentina, Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Nicaragua, and Uruguay), and one was on a positive outlook (Brazil). The outlooks indicated that the balance of risks was towards more negative actions, and with the exception of Uruguay, all the sovereigns with a negative outlook at the end of 2019 were downgraded in the first four months of 2020, with the credit rating agencies indicating their actions reflected underlying pressures that were already affecting sovereign credit profiles but were made more severe by the pandemic.

Credit quality deteriorated sharply in 2020. There were 70 negative actions in 2020, 46 of them downgrades (table 1). Fourteen countries were downgraded: Argentina, the Bahamas, Belize, Bolivia, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Nicaragua, Panama, Suriname and Trinidad and Tobago, and a few were downgraded multiple times during this period.

There were ten upgrades in 2020. The upgrades included sovereigns that had completed a bond restructuring or a debt exchange. Those include Argentina, following the completion of distressed debt exchanges on its foreign currency sovereign debt securities in both local and external markets, which the credit rating agencies deemed to have cured the default event initiated by missed payments in May; Belize, and Ecuador, which also completed a debt exchange; and Suriname, which completed a bond restructuring (of Suriname's 2023).

At the end of December, sixteen sovereigns were on negative outlook by one or more agencies (Bahamas, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Nicaragua, Panama, Suriname, Trinidad and Tobago, and Uruguay), and there were no positive outlooks. The outlooks show that the balance of risks continues to be towards more negative actions (appendix A, table 1).

TABLE 1:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2020

Date	Country	Action	
2020	15 positive and 70 negative actions		
Q1 2020	3 positive and 13 negative actions		
7-Jan-20	Argentina	S&P upgrades Argentina's rating to CCC- from CC, but with a negative outlook	Positive
16-Jan-20	Suriname	Fitch downgrades Suriname's rating to CCC from B	Negative
29-Jan-20	Jamaica	Fitch revises outlook on Jamaica's B+ rating to positive from stable	Positive
6-Feb-20	Ecuador	Moody's downgrades Ecuador's rating to Caa1 from B3	Negative
6-Feb-20	Panama	Fitch revises its outlook on Panama's BBB rating to negative from stable	Negative
10-Feb-20	Costa Rica	Moody's downgrades Costa Rica's rating to B2 from B1 with a stable outlook	Negative
14-Feb-20	Nicaragua	Moody's downgrades Nicaragua's rating to B3 from B2 with a stable outlook	Negative
10-Mar-20	Bolivia	Moody's downgrades Bolivia's rating to B1 from Ba3 with a negative outlook	Negative
12-Mar-20	Chile	Fitch revises the outlook on Chile's A rating to negative from stable	Negative
12-Mar-20	El Salvador	Moody's changes outlook on E Salvador's B3 rating to positive from stable	Positive
19-Mar-20	Ecuador	Fitch downgrades Ecuador's rating to CCC from B-	Negative
24-Mar-20	Ecuador	Fitch downgrades Ecuador's rating to CC from CCC	Negative
25-Mar-20	Ecuador	S&P downgrades Ecuador's rating to CCC- from B- and places it on negative watch	Negative
26-Mar-20	Colombia	S&P revises the outlook on Colombia's BBB rating to negative from stable	Negative
26-Mar-20	Mexico	S&P downgrades Mexico's rating to BBB from BBB+ with a negative outlook	Negative
26-Mar-20	T&T	S&P downgrades T&T's rating to BBB- from BBB with a stable outlook	Negative
Q2 2020	1 positive and 36 negative actions		
1-Apr-20	Colombia	Fitch downgrades Colombia's rating to BBB- from BBB with a negative outlook	Negative
1-Apr-20	Suriname	S&P downgrades Suriname's rating to CCC+ from B with a negative outlook	Negative
3-Apr-20	Argentina	Moody's downgrades Argentina to Ca from Caa2 with a negative outlook	Negative
3-Apr-20	Ecuador	Moody's downgrades Ecuador's rating to Caa3 from Caa1 with a negative outlook	Negative
3-Apr-20	Guatemala	Fitch downgrades Guatemala's rating to BB- from BB with a stable outlook	Negative
6-Apr-20	Argentina	Fitch downgrades Argentina's rating to RD from CC	Negative
6-Apr-20	Brazil	S&P revises the outlook on Brazil's BB- rating to stable from positive	Negative
7-Apr-20	Argentina	S&P downgrades Argentina's rating to SD from CCC-	Negative
7-Apr-20	Argentina	Fitch upgrades Argentina's rating to CC from RD [Cancels out the downgrade to RD on April 6]	Positive
9-Apr-20	Bahamas	Moody's places The Bahamas' Baa3 ratings on review for downgrade	Negative
9-Apr-20	Ecuador	Fitch downgrades Ecuador's rating to C from CC	Negative
10-Apr-20	Jamaica	Fitch revises the outlook on Jamaica's B+ rating to stable from positive	Negative
13-Apr-20	Ecuador	S&P downgrades Ecuador's rating to SD from CCC-	Negative
14-Apr-20	Suriname	Moody's downgrades Suriname's Rating to B3 from B2 with a negative outlook	Negative
15-Apr-20	Mexico	Fitch downgrades Mexico's rating to BBB- from BBB with a stable outlook	Negative
16-Apr-20	Bahamas	S&P downgrades Bahamas' rating to BB from BB+ with a negative outlook	Negative
16-Apr-20	Belize	S&P downgrades Belize's to CCC from B- with a negative outlook	Negative
16-Apr-20	Dominican Rep.	S&P revises the outlook on Dominican Republic's BB- rating to negative from stable	Negative
16-Apr-20	Jamaica	S&P revises the outlook on Jamaica's B+ rating to negative from stable	Negative
17-Apr-20	Argentina	Fitch downgrades Argentina's CC rating to C	Negative
17-Apr-20	Bolivia	S&P downgrades Bolivia's rating to B+ from BB- with a stable outlook	Negative
17-Apr-20	Mexico	Moody's downgrades Mexico's rating to Baa1 from A3 with a negative outlook	Negative
20-Apr-20	Ecuador	Fitch downgrades Ecuador's rating to RD from C	Negative
24-Apr-20	Panama	S&P revises the outlook on Panama's BBB+ rating to negative from stable	Negative
27-Apr-20	Chile	S&P revises the outlook on Chile's A+ rating to negative from stable	Negative
30-Apr-20	El Salvador	Fitch revises the outlook on El Salvador's B- rating to negative from stable	Negative
5-May-20	Brazil	Fitch revises the outlook on Brazil's BB- rating to negative from stable	Negative
8-May-20	Dominican Rep.	Fitch revises the outlook on Dominican Republic's BB- rating to negative from stable	Negative

TABLE 1 – CONT.

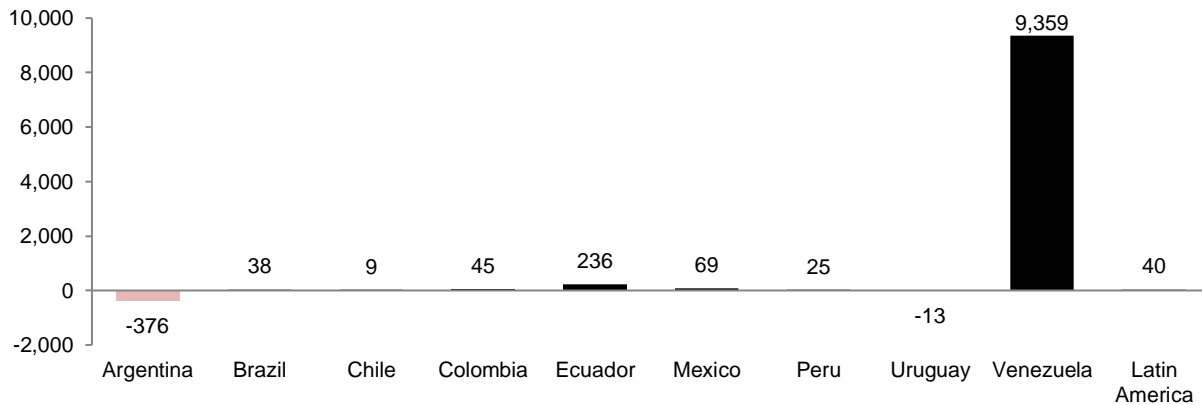
Date	Country	Action	
12-May-20	Belize	Moody's downgrades Belize's rating to Caa1 from B3 with a negative outlook	Negative
12-May-20	Costa Rica	Fitch downgrades Costa Rica's rating to B from B+ with a negative outlook	Negative
22-May-20	T&T	Moody's revises the outlook on T&T's Ba1 ratings to negative from stable	Negative
26-May-20	Argentina	Fitch downgrades Argentina's Rating to Restricted default (RD) from C	Negative
2-Jun-20	Costa Rica	Moody's revises the outlook on Costa Rica's B2 rating to negative from stable	Negative
9-Jun-20	Costa Rica	S&P downgrades Costa Rica's rating to B from B+ with a negative outlook	Negative
17-Jun-20	Nicaragua	Fitch revises the outlook on Nicaragua's B- rating to negative from stable	Negative
25-Jun-20	Bahamas	Moody's downgrades The Bahamas to Ba2 from Baa3 with a negative outlook	Negative
30-Jun-20	Belize	S&P downgrades Belize to CC from CCC, places ratings on CreditWatch negative	Negative
Q3 2020 8 positive and 8 negative actions			
2-Jul-20	Suriname	Fitch downgrades Suriname's rating to C from CCC	Negative
7-Jul-20	Suriname	Moody's downgrades Suriname's rating to Caa3 from B3 with a negative outlook	Negative
13-Jul-20	Suriname	S&P downgrades Suriname's rating to SD from CCC+	Negative
13-Jul-20	Suriname	Fitch downgrades Suriname's rating to RD from C	Negative
16-Jul-20	Suriname	S&P upgrades Suriname's rating to CCC from SD with a stable outlook	Positive
16-Jul-20	Suriname	Fitch upgrades Suriname's rating to CC from RD	Positive
12-Aug-20	Belize	S&P downgrades Belize's rating to SD from CC	Negative
21-Aug-20	Belize	S&P upgrades Belize's rating to CCC+ from SD with a stable outlook	Positive
25-Aug-20	Chile	Moody's revises outlook on Chile's A1 rating to negative from stable	Negative
1-Sep-20	Ecuador	S&P upgrades Ecuador's rating to B- from SD with a stable outlook	Positive
3-Sep-20	Ecuador	Fitch upgrades Ecuador's rating to B- from RD with a stable outlook	Positive
7-Sep-20	Argentina	S&P upgrades Argentina's rating to CCC+ from SD with a stable outlook	Positive
10-Sep-20	Argentina	Fitch upgrades Argentina's rating to CCC from RD	Positive
22-Sep-20	Bolivia	Moody's downgrades Bolivia's ratings to B2 from B1 with a stable outlook	Negative
28-Sep-20	Argentina	Moody's revises its outlook on Argentina's Ca rating to stable from negative	Positive
30-Sep-20	Bolivia	Fitch downgrades Bolivia's rating to B from B+ with a stable outlook	Negative
Q4 2020 3 positive and 13 negative actions			
15-Oct-20	Chile	Fitch downgrades Chile's ratings to A- from A+ with a stable outlook	Negative
20-Oct-20	Panama	Moody's revises outlook on Panama's Baa1 rating to negative from stable	Negative
27-Oct-20	Suriname	Fitch downgrades Suriname to C from CC	Negative
10-Nov-20	Guatemala	Moody's revises outlook on Guatemala's Ba1 rating to negative from stable	Negative
12-Nov-20	Bahamas	S&P downgrades the Bahamas' rating to BB- from BB with a negative outlook	Negative
16-Nov-20	El Salvador	Moody's places El Salvador's B3 ratings on review for downgrade	Negative
17-Nov-20	Guatemala	Fitch places Guatemala's BB- rating on Rating Watch Negative	Negative
20-Nov-20	Guatemala	S&P places Guatemala's BB- rating on credit watch negative	Negative
24-Nov-20	Belize	Moody's downgrades Belize's rating to Caa3 from Caa1 with a stable outlook	Negative
24-Nov-20	Panama	S&P downgrades Panama's rating to BBB from BBB+ with a stable outlook	Negative
26-Nov-20	Guatemala	S&P removes Guatemala's BB- rating from CreditWatch (-)	Positive
1-Dec-20	Guatemala	Fitch removes Guatemala's BB- rating from Rating Watch Negative	Positive
1-Dec-20	Suriname	Fitch downgrades Suriname's rating to RD from C	Negative
3-Dec-20	Colombia	Moody's revises the outlook on Colombia's Baa2 rating to negative from stable	Negative
10-Dec-20	Suriname	Fitch upgrades Suriname's rating to C from RD	Positive
15-Dec-20	Peru	Fitch revises Peru's BBB+ rating to negative from stable	Negative

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch.

A. Sovereign Spreads

The EMBIG widened 46 basis points in 2020 – from 277 basis points at the end of December 2019 to 323 at the end of December 2020 – while its Latin component increased 40 basis points, from 346 to 386 basis points. Spreads widened for all Latin American countries in our sample, with the exception of Argentina (chart 9).

**CHART 9:
EMBIG SPREAD DIFFERENTIALS: 2020**
(Basis points)

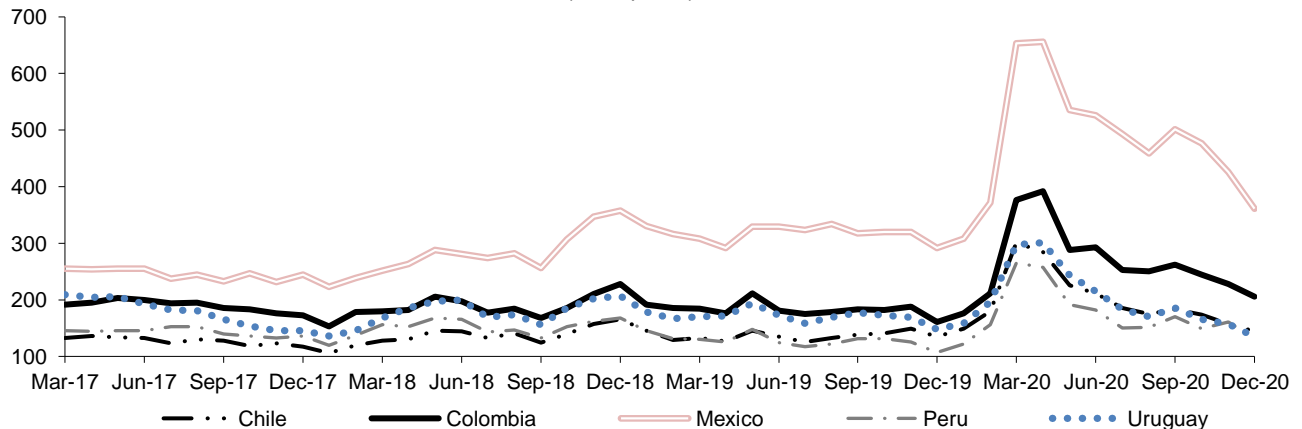


Source: ECLAC Washington Office, based on data from JPMorgan.

Bond spreads widened the most for Venezuela. Venezuela’s spreads widened 9,359 basis points in 2020, as the global health emergency and the decline in oil prices weighed on an economy that has been contracting sharply for six consecutive years. Both Ecuador and Argentina saw their spreads tighten after they concluded their debt restructuring in the third quarter. Ecuador’s spreads tightened 2,358 basis points, while Argentina’s tightened 1,195. However, their spreads began widening again in the fourth quarter (47 and 68 basis points, respectively).

Among investment grade countries, Mexico had the highest spreads – 361 basis points – at the end of December 2020, after seeing a downgrade in its credit rating by S&P in March, and by Moody’s and Fitch in April. It was followed by Colombia with 206 basis points, Chile with 144 basis points, and Uruguay with 135 basis points. Peru had the lowest spreads at 132 basis points (chart 10).

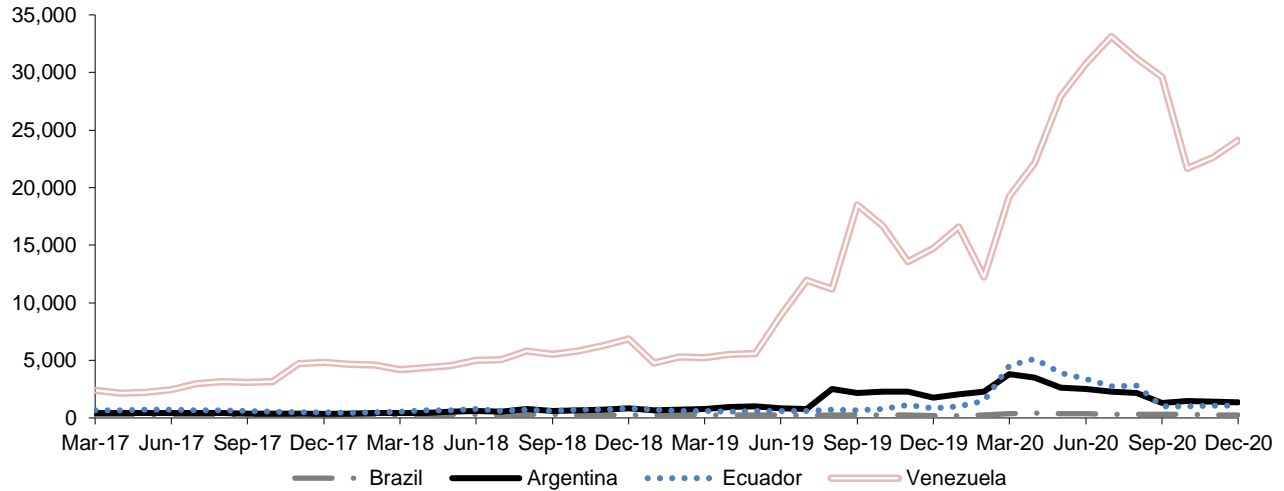
**CHART 10:
EMBIG LATIN: INVESTMENT GRADE ISSUERS**
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan.

Among the non-investment grade countries, Venezuela had the highest spreads, while Brazil had the lowest (chart 11). At 24,099 basis points at the end of December 2020, Venezuela maintained the highest debt spreads of any country in the EMBIG. Spreads for Ecuador and Argentina were at 1,368 and 1,062 basis points, respectively, and Brazilian spreads were at 250 basis points, 31% lower than Mexico's.

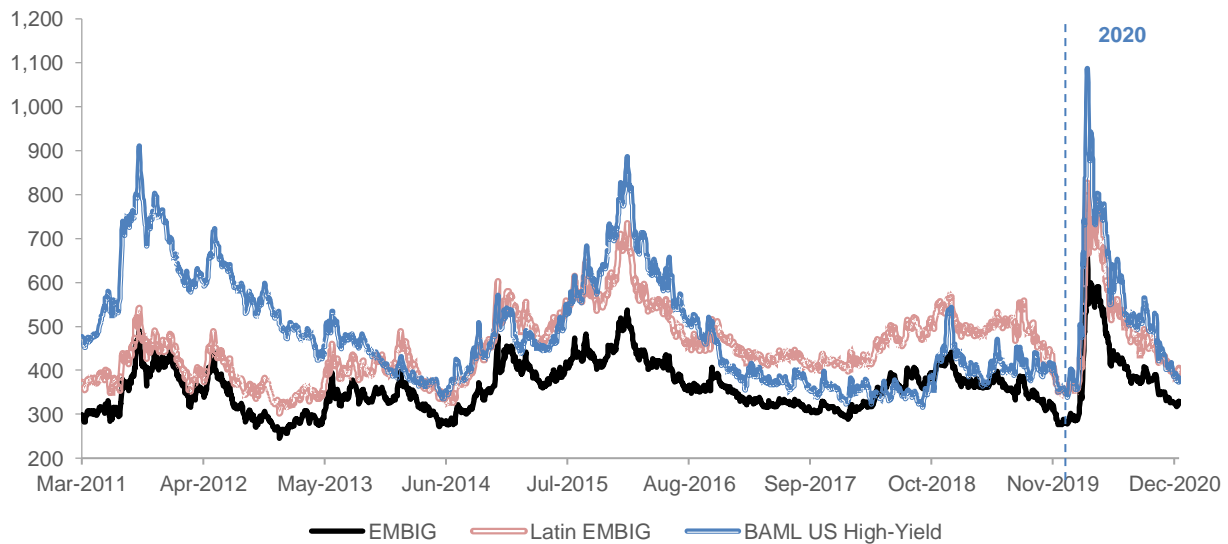
CHART 11:
EMBIG LATIN: NON-INVESTMENT GRADE ISSUERS
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan.

Historically, LAC sovereign and corporate credit spreads have tracked U.S. high-yield corporate credit spreads for the most part, especially from 2014 to 2016, but LAC sovereign spreads decoupled negatively from 2017 to 2019. In 2020, however, the U.S. corporate credit spreads, as measured by the Bank of America/Merrill Lynch U.S. High Yield index, increased more than LAC spreads, as the high-yield corporate sector was sharply affected by the pandemic (chart 12).

CHART 12 :
EMBIG AND EMBIG LATIN VS U.S. HIGH-YIELD SPREADS
(Basis points)

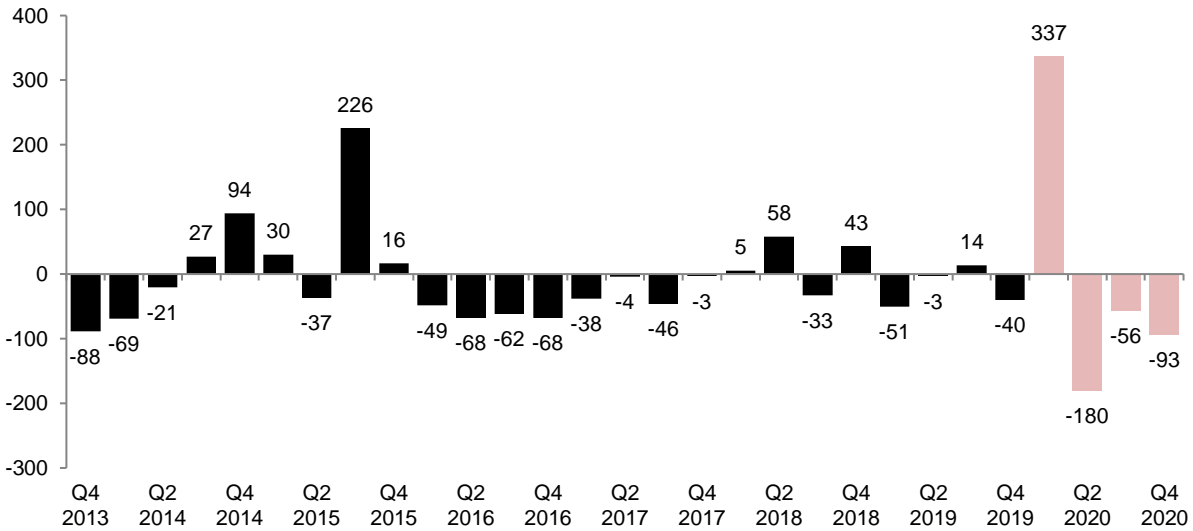


Source: ECLAC Washington Office, based on data from JPMorgan and from the Federal Reserve Bank of St. Louis (ICE BofAML US High Yield Master II Option-Adjusted Spread, Percent, Daily. Not Seasonally Adjusted)

B. Corporate Spreads

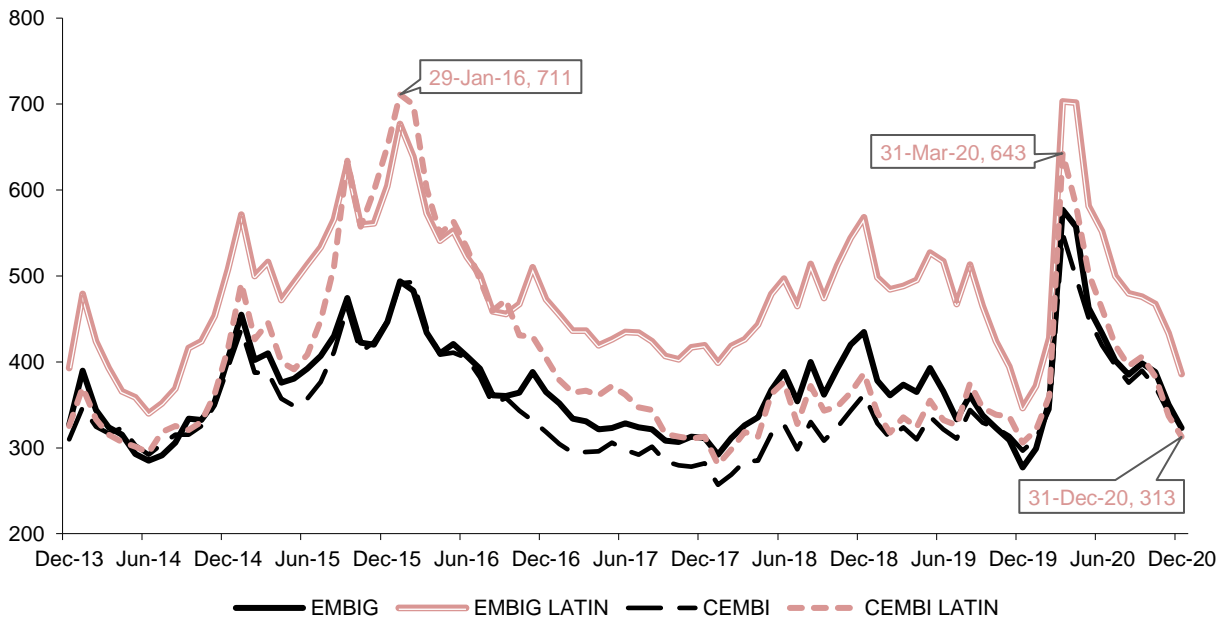
LAC corporate bond spreads widened only 7 basis points in 2020 (chart 13), less than their sovereign counterpart, which widened 40 basis points. After widening 337 basis points in the first quarter, Latin CEMBI (Corporate Emerging Markets Bond Index) spreads tightened in the following quarters. At the end of December 2020 they were 73 basis points lower than their sovereign counterpart (chart 14).

CHART 13:
CORPORATE EMBI SPREADS: LATIN COMPONENT
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan.

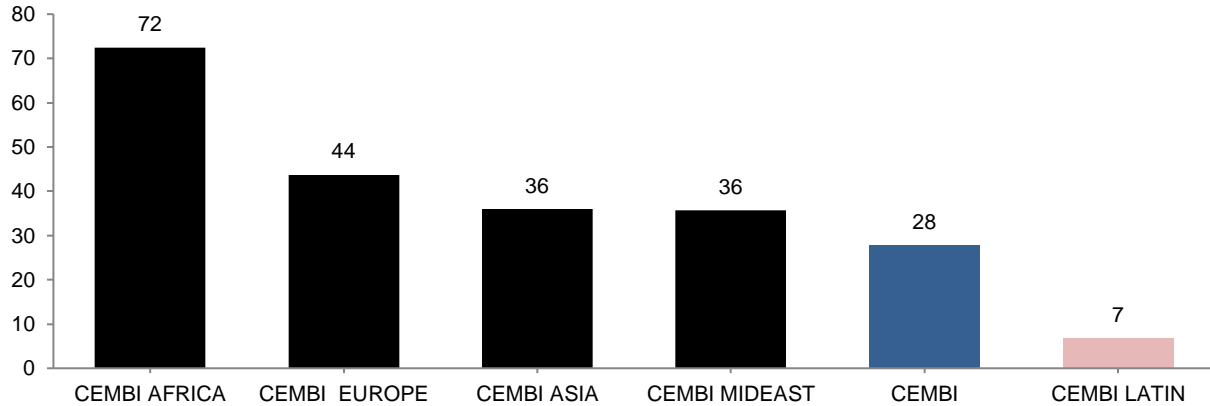
CHART 14:
JPMORGAN EMBIG SPREADS, CORPORATE AND SOVEREIGN
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan.

Latin corporate spreads never surpassed the peak of 711 basis points reached in January 2016, when the Latin corporate sector saw a jump in credit spreads as the depreciation of most local currencies against the U.S. dollar made servicing the dollar-denominated debt more expensive. The peak in this pandemic crisis was reached in March 2020, 643 basis points. In 2020, CEMBI spreads widened 28 basis points, more than the Latin component, which recorded the smallest increase across regions. For the most part, Latin America corporations were well prepared for the crisis, with low debt ratios and solid balance sheets. African corporate credit spreads widened the most (chart 15).

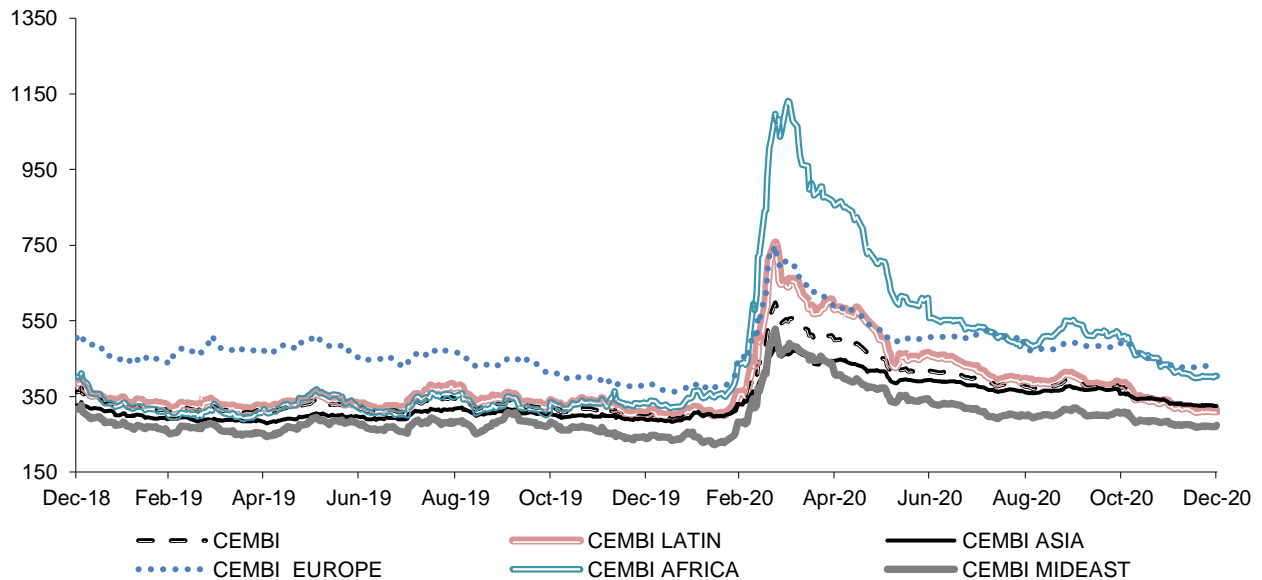
**CHART 15:
CEMBI SPREAD DIFFERENTIALS BY REGION: 2020**
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan CEMBI.

At the end of 2020, Latin American corporate credit spreads were lower than in all other regions, except for Middle East’s corporate spreads (chart 16).

**CHART 16:
CEMBI SPREADS BY REGION**
(Basis points)

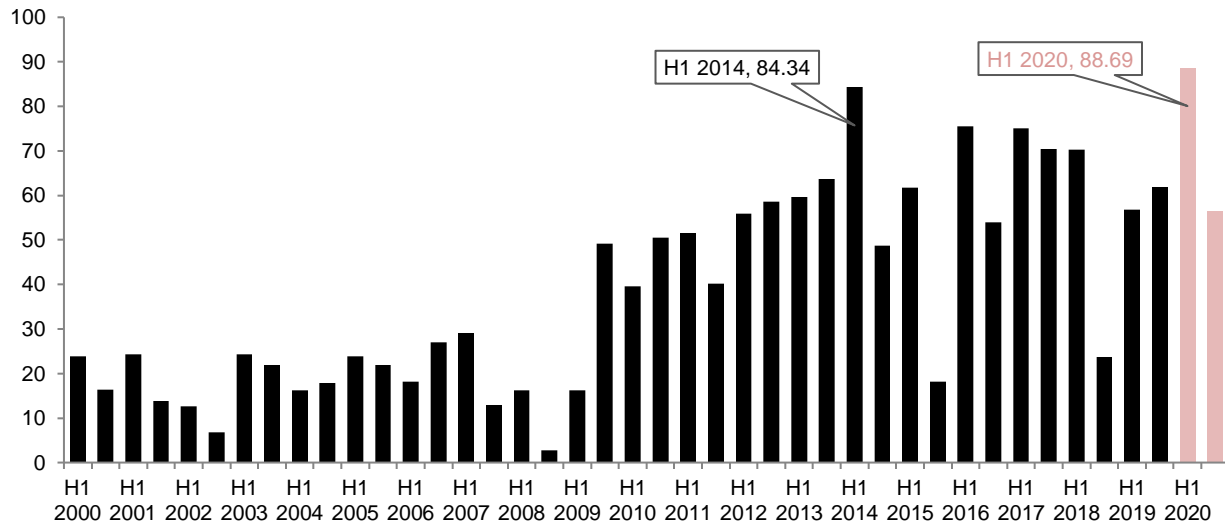


Source: ECLAC Washington Office, based on data from JPMorgan CEMBI.

C. New Debt Issuance

Total LAC debt issuance reached US\$ 145.3 billion in 2020. Issuance in the first half of 2020 was the highest half-yearly issuance on record for the region, but issuance in the second half of 2020 was 36% lower than in the first half and 8% lower than in the second half of 2019 (chart 17).

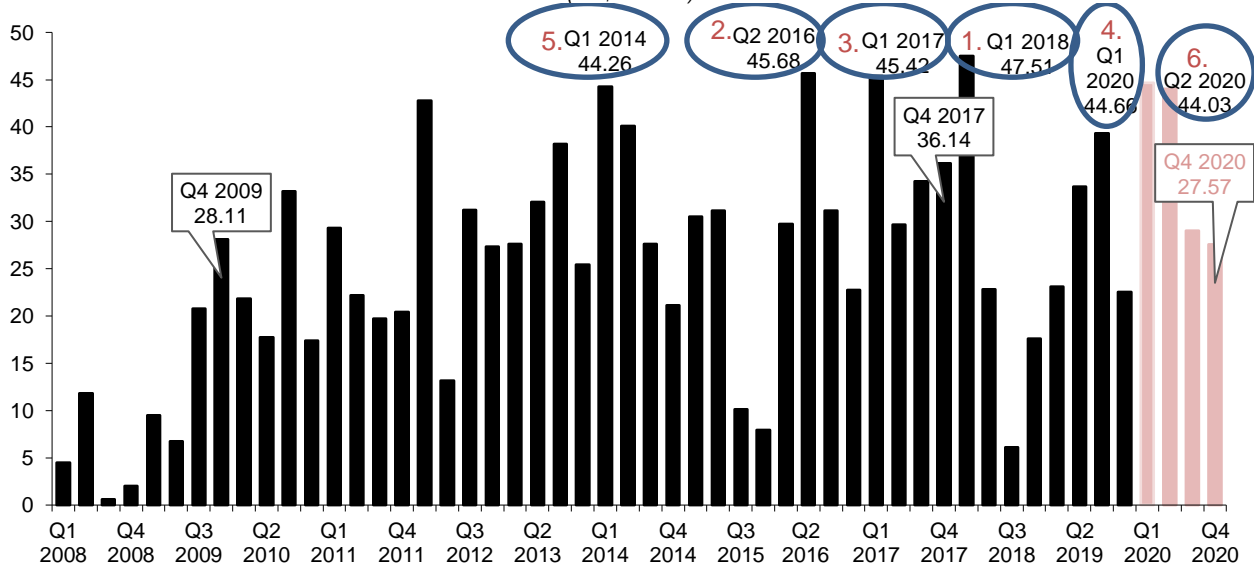
**CHART 17:
HALF-YEARLY LAC DEBT ISSUANCE**
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

While LAC issuance in the first and second quarters were the fourth and sixth higher quarterly issuances on record, in the third and fourth quarters there was a slowdown (chart 18). However, issuance in the fourth quarter of 2020 was the second highest fourth quarter issuance since 2009.

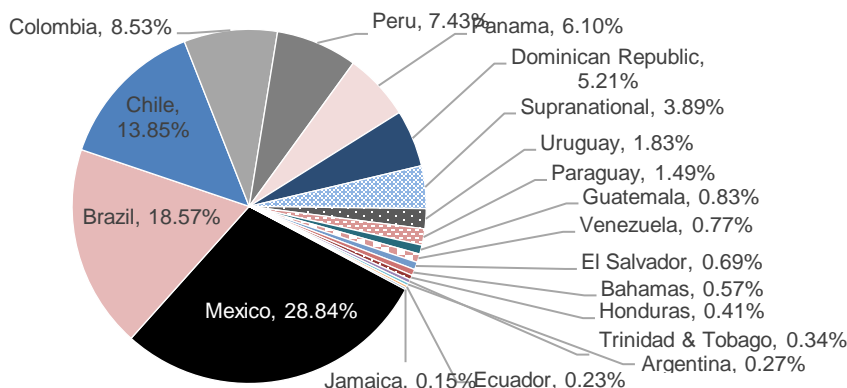
**CHART 18:
QUARTERLY LAC DEBT ISSUANCE**
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Mexico had the largest share of bond issuances in 2020 – sovereign and corporate combined – followed by Brazil and Chile. Mexico, Brazil and Chile issued (sovereign and corporate combined) US\$ 42 billion, US\$ 27 billion, and US\$ 20 billion, respectively. Issuances from the three countries accounted for 61% of the total LAC issuance in 2020 (chart 19).

CHART 19:
LAC DEBT ISSUANCE, 2020: COUNTRY BREAKDOWN
(Country shares in percentage)

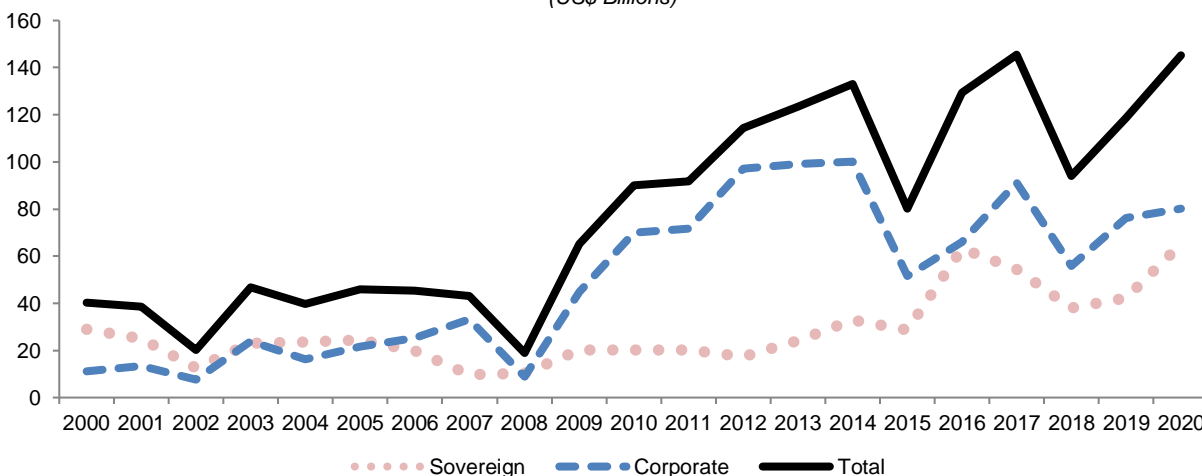


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Some of the largest issuances in 2020 came from sovereigns and quasi-sovereigns. Sovereigns, quasi-sovereigns and regional development banks accounted for 66% of the total amount issued in 2020. Investment-grade issuers – sovereign and corporate combined – dominated LAC 2020 issuance with a 65% share, while 34% of the total was issued by high-yield issuers.

Issuance in 2020 was still driven by the corporate sector, which accounted for 55% of the total, but sovereign issuance was 54% higher than in 2019 and 44% higher than the 2015-2019 annual average. Since 2008, LAC corporate issuers, including corporates, banks and supranationals, have dominated total bond issuance from the region. In the past five years, however, sovereign issuance has increased at a faster pace. In the five-year period from 2016 to 2020, average LAC sovereign issuance was 114% higher than in the previous five-year period (2011-2015), while corporate issuance was 51% higher (chart 20).

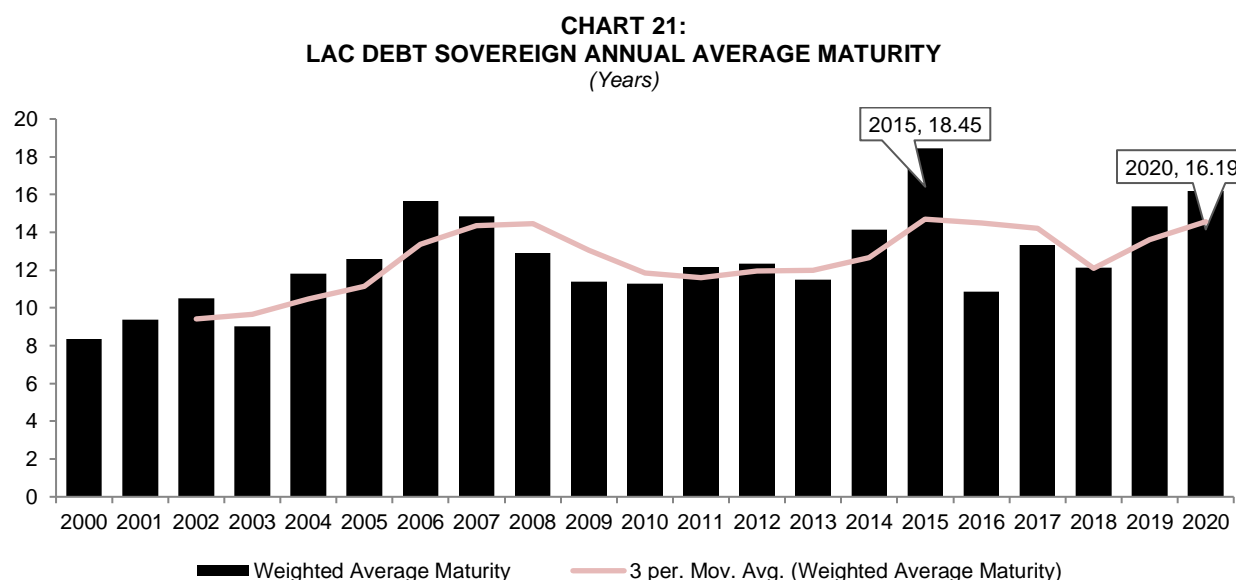
CHART 20:
LAC DEBT SOVEREIGN, CORPORATE AND TOTAL INTERNATIONAL DEBT ISSUANCE
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Bloomberg, JPMorgan and Bank of America/Merrill Lynch.

Finally, the average annual interest rate paid on LAC bonds issued in 2020 – the coupon – came down, while the annual maturity average went up in 2020. The average coupon for all issuances in 2020 was almost 1% lower than in 2019, falling to 4.4% in 2020, from 5.3% in 2019. For high-yield debt, it came down to 6.1% in 2020 from 6.7% in 2019, and for investment grade debt, it declined to 3.3% from 4.2%.

LAC issuers also sought to issue longer-date bonds in 2020, as incentives were to go as long in maturity as possible, to lock in low interest rates. Annual average maturity on LAC debt issued in international markets went from 15 years in 2019 to 16 years in 2020, the second highest on record (chart 21). The peak was reached in 2015 with an annual average maturity of 18 years, when both Mexico and Brazil's Petrobras issued century bonds, € 1.5 billion with a 4% coupon, and US\$ 2.5 billion with a 6.85% coupon, respectively. In 2020, 27% of the total amount issued from LAC issuers had a maturity of over 30-years. Peru issued its first century bond in 2020 (US\$ 1 billion) with a very low 3.15% coupon.



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Bloomberg, JPMorgan and Bank of America/Merrill Lynch.

1. Sovereign Issuance

Fifteen sovereigns – Bahamas, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, and Uruguay – tapped international debt markets in 2020 (appendix C, tables 3, 4, 5 and 6). The top three sovereign issuers were Mexico, Chile, and the Dominican Republic. Together they represented 51% of the total annual sovereign issuance (table 2).

Mexico had the top share of total sovereign issuance in the region in 2020 in terms of amount, US\$ 18 billion (28%), and the bigger number of deals (10). It was the first sovereign to issue debt in international markets in 2020, issuing a new 10-year US\$ 1.75 billion bond with a 3.25% coupon on 6 January, and reopening its 2050 4.5% bond first issued in July 2019 to add US\$ 800 million. It came back on 13 January with another two-part issuance, this time in euros, totaling US\$ 2 billion. It issued a new 10-year € 1.25 billion bond at a record-low coupon in euros (1.115%), and reopened its 2039 2.875% bond originally issued in April 2019 to add € 500 million. It tapped the international bond market once again in September, with a 2027 € 750 million (US\$ 889 million) sustainability bond with a 1.35% coupon, becoming the first country in the world to issue a Sovereign Sustainable Development Goals (SDGs) Bond. In November, Mexico issued a 10-year US\$ 3.4 billion bond with a 2.659% coupon and a 40-year US\$ 3.2 billion bond with a 3.771% coupon for a buyback.

Chile had the second highest share in terms of amount (US\$ 7.9 billion) and number of deals (8). On 21 January, Chile tapped the international bond market with a two-part green deal in euros, including a new 20-year € 1.27 billion 1.25% green bond, and the reopening of its 2031 0.83% bond, to add € 694 million. Chile came back to the cross-border market the next day with another two-part green deal, this time in U.S. dollars, issuing a new US\$ 750 million 2032 2.55% green bond and reopening its 2050 3.5% green bond, originally issued in June 2019, to add US\$ 900 million. In May, Chile tapped the international bond market with a two-part bond sale to fund part of its emergency relief efforts to fight the coronavirus pandemic. It included a retap of its 2025 1.625% bond for € 500 million and a new 2031 US\$ 1.6 billion bond with a coupon of 2.45%. Finally, in November, Chile issued its first ever social bonds in international markets, raising money to cover healthcare services and relief efforts during the COVID-19 pandemic. It was a two-part peso-denominated bond sale, with US\$ 1.37 billion in 2028 notes with a 2.3% coupon and US\$ 736 million in 2033 notes with a 2.8% coupon.

The Dominican Republic had the third highest share in terms of amount (US\$ 7.6 billion) and number of deals (6). It tapped international markets in January with a 2060 US\$ 1.5 billion bond with a 5.875% coupon, and a 2030 US\$ 1 billion bond with a 4.5% coupon. It tapped the markets again in September, with a triple issuance in dual currency, including two re-openings and a new bond, to fund its spending plans through the end of the year, including money for healthcare and the social programs *Quédate en Casa*, *FASE* and *Pa'Ti*", according to the government. It also tapped the international bond market in December with a retap of its 2032 4.875% bond, adding US\$ 1.3 billion to fund the buyback of notes maturing between 2021 and 2025.

**TABLE 2:
LAC SOVEREIGN DEBT ISSUANCE IN THE CROSS-BORDER MARKET, 2020**

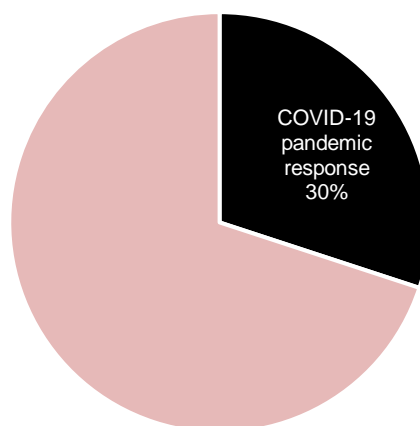
Sovereign Issuer	Total Issuance (US\$ Millions)	% of the total sovereign Issuance	Number of Deals
Mexico	17,989	28%	10
Chile	7,937	12%	8
Dominican Republic	7,565	12%	6
Peru	7,000	11%	5
Brazil	6,000	9%	5
Colombia	5,635	9%	5
Panama	5,075	8%	4
Uruguay	2,005	3%	2
Paraguay	1,450	2%	2
Guatemala	1,200	2%	2
El Salvador	1,000	2%	1
Bahamas	825	1%	2
Honduras	600	1%	1
Trinidad and Tobago	500	1%	1
Ecuador	327	1%	1
Total	65,109	100.00%	55

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

In the fourth quarter of 2020, besides Mexico, Chile and the Dominican Republic, three additional sovereigns – the Bahamas, Peru and Brazil – tapped the international bond market. In October, the Bahamas issued a 2032 US\$ 600 million bond, with the proceeds to be used to fill the budget gap for the 2020-2021 fiscal year and avoid an increase in taxes. The Bahamas printed the new notes at a high cost, with a coupon of 8.95%. In December it reopened the notes to add US\$ 225 million. After tapping the cross-border market in April, Peru returned in November, setting historical low rates in its market return. It sold a 2032 US\$ 1 billion bond with a coupon of 1.862%, a 2060 US\$ 2 billion bond with a 2.78% coupon, and its first ever century bond, a 2121 US\$ 1 billion bond with a 3.23% coupon. Finally, Brazil came to the international bond market with retaps of its 2025 2.875%, 2030 3.875% and 2050 4.75% bonds, to add US\$ 500 million, US\$ 1.25 billion, and US\$ 750 million, respectively, to pay off outstanding debt.

About 30% of the total sovereign issuance (US\$ 19.6 billion) in 2020 explicitly mentioned that the proceeds would be used to fund the response to the COVID-19 pandemic (chart 22). In total, fourteen sovereign and four supranational issuances in 2020 explicitly mentioned that proceeds would be used to fund emergency measures in response to the coronavirus crisis, accounting for 15% of total issuance in 2020 (table 3).

CHART 22:
LAC SOVEREIGN DEBT ISSUANCE, 2020
(Percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

TABLE 3:
LAC SOVEREIGN AND SUPRANATIONAL CROSS-BORDER DEBT ISSUANCE FOR CORONAVIRUS FUNDING, 2020

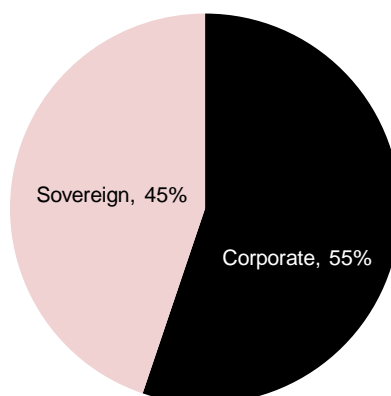
Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon(%)	Maturity	Issue Date
Panama	Republic of Panama	USD 2500	2,500	4.500%	2056	26-Mar-20
Peru	Republic of Peru	USD 1000	1,000	2.392%	2026	16-Apr-20
Peru	Republic of Peru	USD 2000	2,000	2.783%	2031	16-Apr-20
Guatemala	Republic of Guatemala	USD 500	500	5.375%	2032 (soc)	21-Apr-20
Mexico	United Mexican States	USD 1000	1,000	3.900%	2025	22-Apr-20
Mexico	United Mexican States	USD 2500	2,500	4.750%	2032	22-Apr-20
Mexico	United Mexican States	USD 2500	2,500	5.000%	2051	22-Apr-20
Paraguay	Republic of Paraguay	USD 1000	1,000	4.950%	2031	23-Apr-20
Supranational	CABEI	USD 750	750	2.000%	2030	29-Apr-20
Chile	Republic of Chile	USD 1458	1,458	2.450%	2031	5-May-20
Supranational	CAF Development Bank of Latin America	USD 800	800	2.375%	2023	7-May-20
Uruguay	Oriental Republic of Uruguay	UYU 68506	1,605	3.875%	2040	23-Jun-20
Uruguay	Oriental Republic of Uruguay	USD 400	400	4.375%	2031	23-Jun-20
El Salvador	Republic of El Salvador	USD 1000	1,000	9.500%	2052	8-Jul-20
Supranational	CABEI	USD 50	50	na	2025	11-Nov-20
Chile	Republic of Chile	CLP 1040000	1,367	2.300%	2028 (soc)	19-Nov-20
Chile	Republic of Chile	CLP 560000	736	2.800%	2033 (soc)	19-Nov-20
Supranational	CABEI	NZD 72	50	na	2025	7-Dec-20
Total			21,217			18

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

2. Corporate Issuance

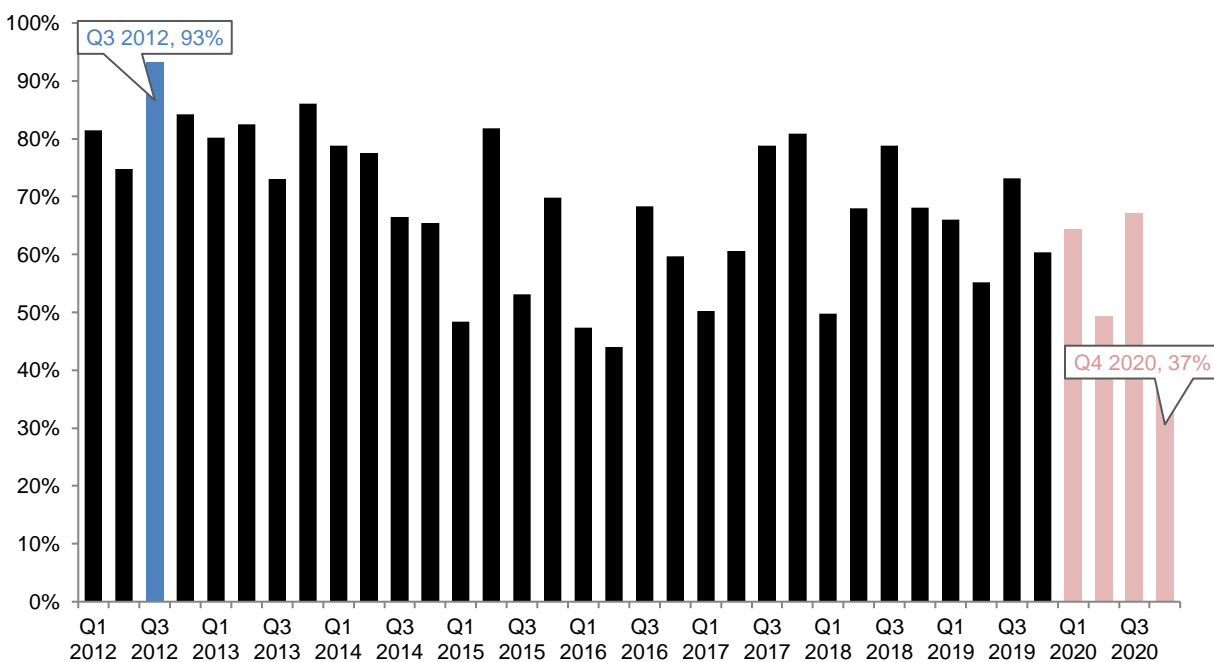
The corporate sector (including corporations, banks, quasi-sovereign and supranational issuers) accounted for 55% of total LAC issuance in 2020 (chart 23). On a quarterly basis, the share of corporate issuance peaked in the third quarter of 2012 (at 93%). In the fourth quarter of 2020, at 37%, it was the lowest quarterly share since 2012 (chart 24).

CHART 23:
LAC CORPORATE AND SOVEREIGN ISSUANCE, 2020
 (Percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

CHART 24:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE AS A SHARE OF THE TOTAL BY QUARTER
 (Percentage)

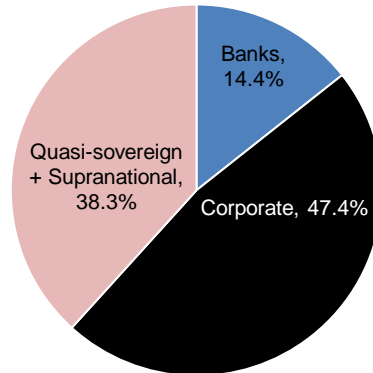


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Quasi-sovereign and supranational issuers accounted for 38% of total LAC corporate issuance in international markets in 2020, an increase from the 31% share in 2019 (charts 25 and 26). Excluding sovereign borrowers, 99 corporate issuers (including banks, and private, quasi-sovereign and supranational companies) from the region sold US\$ 80 billion of cross-border bonds in 2020.

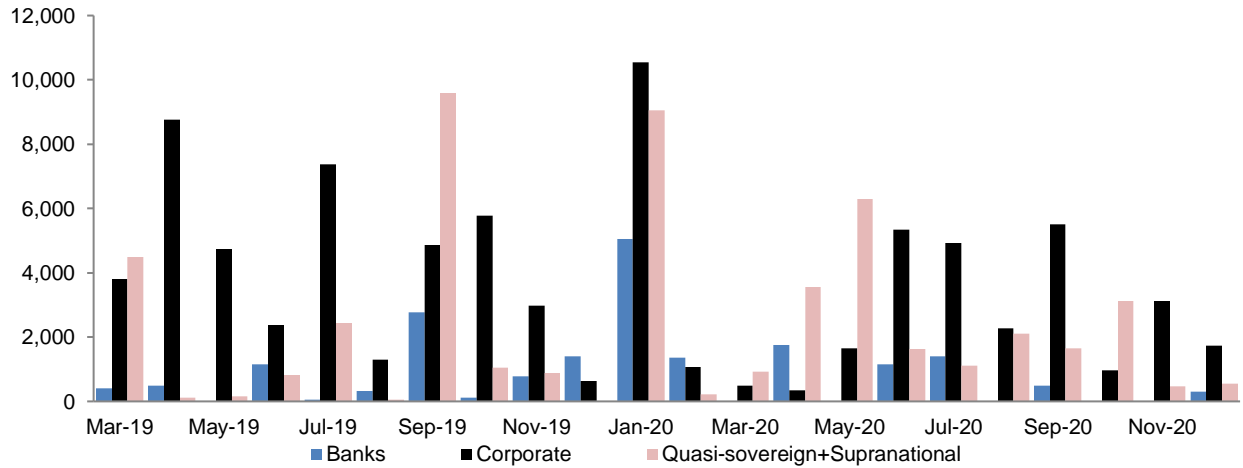
Issuances from the private corporate sector in 2020, not including quasi-sovereigns and supranationals, reached US\$ 43.4 billion. The highest monthly activity of the year was in January (US\$ 15.6 billion), and the lowest in March (chart 27). There were eight debut issuances in 2020, six of them in the fourth quarter (table 4).

CHART 25:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE, 2020
(Percentage)



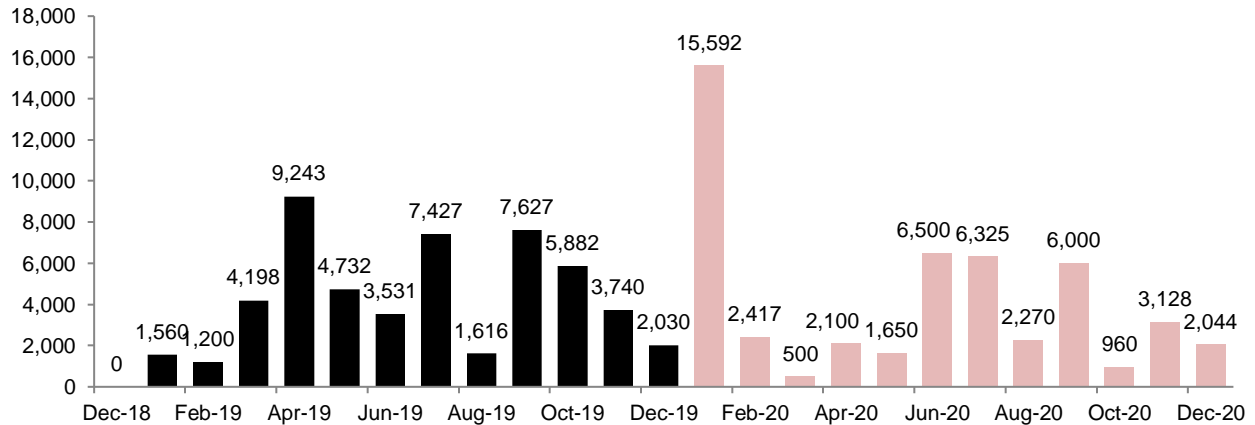
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

CHART 26:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE
(US\$ Millions)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

CHART 27:
LAC MONTHLY PRIVATE CORPORATE SECTOR BOND ISSUANCE
(US\$ Millions)



Source: ECLAC Washington Office based on data from Dealogic and LatinFinance. Note: issuance from the private corporate sector only (including companies and banks); quasi-sovereigns and supranationals are not included in the chart.

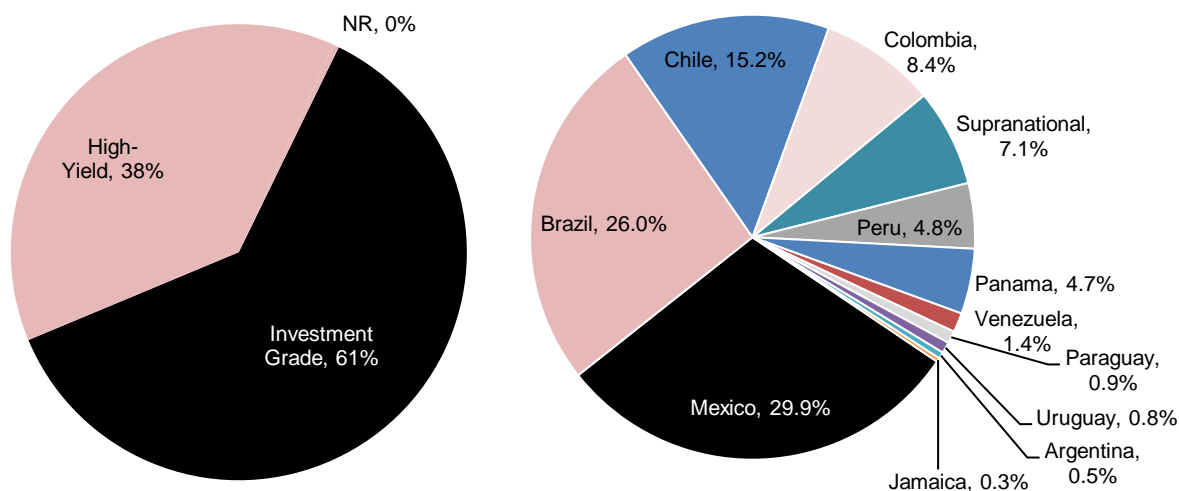
TABLE 4:
LAC CORPORATE CROSS-BORDER DEBUT ISSUANCES, 2020

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon(%)	Maturity	Issue Date
Mexico	Infraestructura Energetica Nova - IEnova	USD 800	800	4.750%	2051	10-Sep-20
Brazil	Lojas Americanas SA	USD 500	500	4.750%	2030	29-Sep-20
Chile	Antofagasta PLC	USD 500	500	2.375%	2030	8-Oct-20
Mexico	Totalplay Telecomunicaciones SA de CV	USD 575	575	7.500%	2025 NC3	9-Nov-20
Peru	Auna SAA	USD 300	300	6.500%	2025 NC3	17-Nov-20
Brazil	B2W Digital	USD 500	500	4.375%	2030	18-Nov-20
Brazil	FS Bioenergia	USD 550	550	10.000%	2025 (g)	3-Dec-20
Chile	EnfraGen SA	USD 710	710	5.375%	2030 NC5	9-Dec-20
Total			4,435			8

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Investment grade companies had a 61% share of total corporate issuance in 2020, while the share of corporate high-yield issuance was 38%. Mexican, Brazilian and Chilean companies accounted for 71% of total corporate issuance in the period (chart 28).

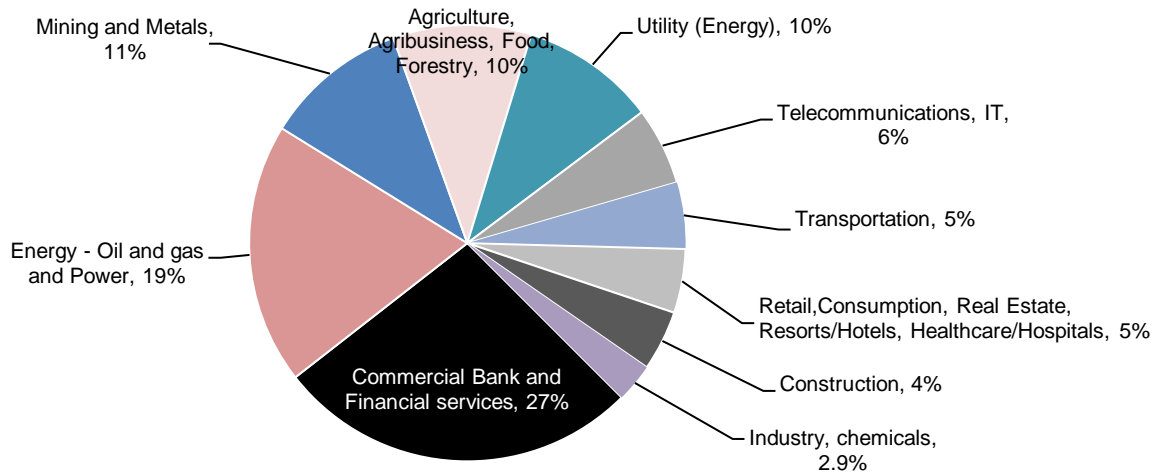
CHART 28:
BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING AND COUNTRY, 2020
(Percentage of total)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.
Note: corporate issuance includes corporates, banks, and quasi-sovereigns.

From a sectoral perspective, 27% of corporate debt issuance (including corporate, banks, quasi-sovereigns and supranationals) in 2020 came from the financial sector, which includes commercial banks as well as financial services companies and finance development banks/multilateral agencies. The energy sector, including oil and gas, and power, followed with a 19% share of the total. The mining and metals sector accounted for the third largest share (11%), and the agricultural sector, including agribusiness, food and beverages, and forestry, accounted for the fourth largest share, 10% (chart 29).

CHART 29:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY SECTORS, 2020
(Percentage of total)

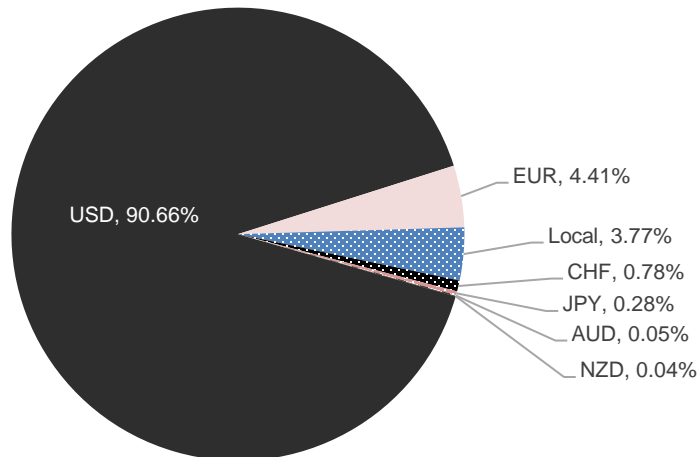


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.
 Note: corporate issuance includes corporates, banks, and quasi-sovereigns.

3. Currency Composition

Most of the international debt issuance in the region in 2020 (90.66%) was denominated in U.S. dollars (chart 30). There was also issuance in euros (4.41%); local currencies (3.77%), which included Colombian, Chilean, Dominican Republic and Uruguayan pesos; Swiss francs (0.78%); Japanese yen (0.28%), Australian dollars (0.05%) and New Zealand dollars (0.04%).

CHART 30:
CURRENCY BREAKDOWN, 2020

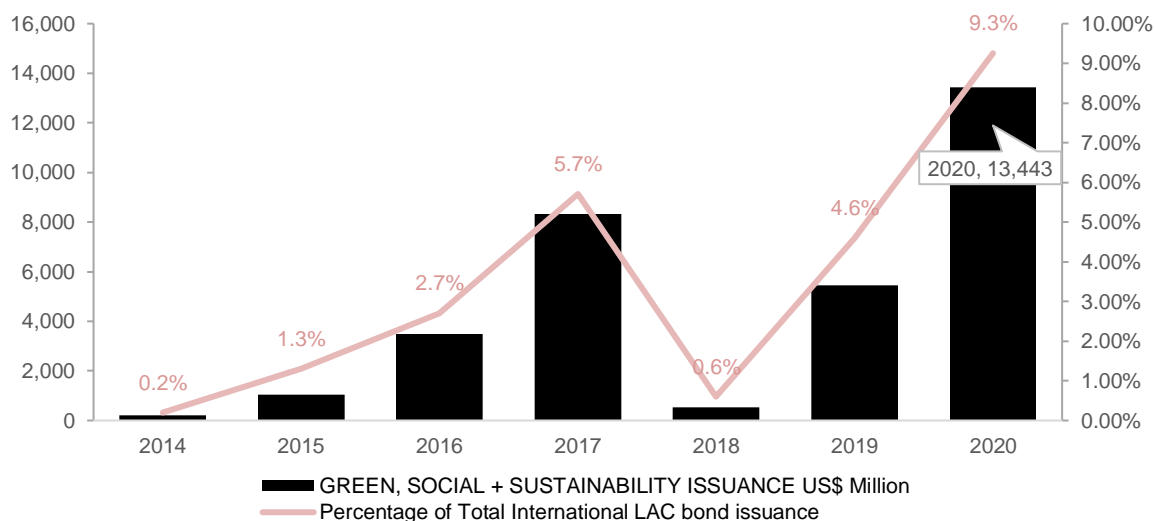


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

4. Green Bonds¹

There were 24 international green, social and sustainability bond issuances in 2020 totaling US\$ 13.44 billion and representing 9.3% of the total LAC cross-border bond issuance in the period, a new peak. The previous peak had been in 2017, when the share of LAC green bond issuance in the total issuance in international markets reached 5.7% (chart 31). The 2020 share represents a significant increase from 2019's 4.6% share and from the 3% annual average share in the 2015-2019 period.

CHART 31:
LAC GREEN, SOCIAL AND SUSTAINABILITY ISSUANCE, 2020
(Left axis, US\$ Million; Right axis, Percentage)



Source: ECLAC Washington Office, based on several sources, including Dealogic Database, Climate Bonds Initiative and LatinFinance.

The issuances included eight new green bonds and four re-openings, eight social bonds, and four sustainability bonds (three new and one re-opening). Sovereign issuance represented 57% of the total green, social and sustainability bond issuance in 2020 (table 5).

In the fourth quarter of 2020, there were six international sustainable bond issuances, including two green, two social and two sustainability bonds (one a retap). In November, Brazil's Suzano reopened its 2031 sustainability-linked bond initially issued in September, to add US\$ 500 million. This is a Sustainable Development Goals (SDG) bond, tied to SDG 13 on Climate Action. The bond's 3.75% coupon steps up by 25 basis points from 16 July 2026 if the issuer doesn't satisfy its Sustainability Performance Target of reducing its Greenhouse Gas Emissions Intensity to 0.190 tCO₂e/ton produced or less by the end of 2025, as confirmed by an external verifier.²

Also in November, Chile issued its first social bonds in the international bond market. They were peso-denominated Euroclearable notes, to provide funding to cover healthcare services and relief efforts during the COVID-19 pandemic. It was a two-part bond sale, with US\$ 1.37 billion in 2028 notes with a 2.3% coupon and US\$ 736 million in 2033 notes with a 2.8% coupon.

¹ It is worth noting that the definition of green bonds has been widening to include a broader range of socially conscious debt labels, such as sustainability and social bonds. Green, social and sustainability bonds are any type of bond instrument where the proceeds will be exclusively applied to eligible environmental and/or social projects.

² Sustainability-linked bonds are also known KPI-linked bonds, for the key performance indicators that are included in the terms of the deal. KPI-linked bonds focus on the impact of ESG capital on SDGs, rather than on the immediate use of proceeds. These assets are tied to achieving specific goals and accrue additional payments for bondholders if the issuer falls short.

In December, Paraguay's Banco Continental issued a five-year sustainability bond with a 2.75% coupon, after developing its sustainability bond framework and getting a second-party opinion from Sustainalytics in March. Brazil's FS Bioenergia issued a five-year US\$ 500 million green bond with a 10% coupon. It was also its debut in the international bond market. The company paid a high price because of its low rating. Proceeds will be used to refinance projects geared to expand the bioenergy mix to 18%, the share of renewable energy sourced to 45% of the total energy mix, and to grow the share of non-conventional renewable energy sources (wind, solar, and biomass) in the power grid to 23%. There was a second party opinion from SITAWI. Finally, Panama's UEP Penonome II issued a 2038 green bond with a 6.5% coupon to finance eligible green projects in the area of wind power.

**TABLE 5:
LAC GREEN AND SUSTAINABILITY BOND ISSUANCE IN INTERNATIONAL MARKETS: 2020**

Country	Issuer	Amount (million)	Amount in US\$ (million)	Coupon (%)	Maturity	Issue Date
Brazil	Klabin Austria GmbH	USD 200	200	7.000%	2049 (r)(g)	15-Jan-20
Ecuador	Ecuador Social Bond SARL	USD 327	327	0.000%	2035 (soc)	16-Jan-20
Chile	Republic of Chile	EUR 694	769	0.830%	2031 (r)(g)	21-Jan-20
Chile	Republic of Chile	EUR 1269	1,407	1.250%	2040 (g)	21-Jan-20
Chile	Republic of Chile	USD 750	750	2.550%	2032 (g)	22-Jan-20
Chile	Republic of Chile	USD 900	900	3.500%	2050 (r)(g)	22-Jan-20
Guatemala	Republic of Guatemala	USD 500	500	5.375%	2032 (soc)	21-Apr-20
Supranational	CAF Development Bank of Latin America	JPY 3000	28	1.025%	2040 (soc)	19-May-20
Supranational	CAF Development Bank of Latin America	EUR 700	700	1.625%	2025 (soc)	27-May-20
Supranational	CAF Development Bank of Latin America	JPY 3200	30	0.700%	2023 (soc)	4-Jun-20
Brazil	Rumo Luxembourg SARL	USD 500	500	5.250%	2028 (g)	29-Jun-20
Brazil	Banco Votorantim SA	USD 500	500	4.375%	2025 (g)	22-Jul-20
Supranational	CAF Development Bank of Latin America	CHF 350	384	0.700%	2025 (g)	10-Aug-20
Supranational	CAF Development Bank of Latin America	JPY 20000	188	0.727%	2025 (soc)	19-Aug-20
Mexico	Coca-Cola FEMSA SAB de CV	USD 705	705	1.850%	2032 (g)	26-Aug-20
Peru	Consorcio Transmataro SA	USD 200	200	4.700%	2034 (r)(g)	9-Sep-20
Brazil	Suzano Austria GmbH	USD 750	750	3.750%	2031 (sust)	10-Sep-20
Mexico	United Mexican States	EUR 750	889	1.350%	2027 (sust)	14-Sep-20
Brazil	Suzano Austria GmbH	USD 500	500	3.750%	2031 (r)(sust)	16-Nov-20
Chile	Republic of Chile	CLP 1040000	1,367	2.300%	2028 (soc)	19-Nov-20
Chile	Republic of Chile	CLP 560000	736	2.800%	2033 (soc)	19-Nov-20
Paraguay	Banco Continental SAECA	USD 300	300	2.750%	2025 (sust)	03-Dec-20
Brazil	FS Bioenergia	USD 550	550	10.000%	2025 (g)	03-Dec-20
Panama	UEP Penonome II SA - InterEnergy	USD 263	263	6.500%	2038 (g)	09-Dec-20
TOTAL			13,443			

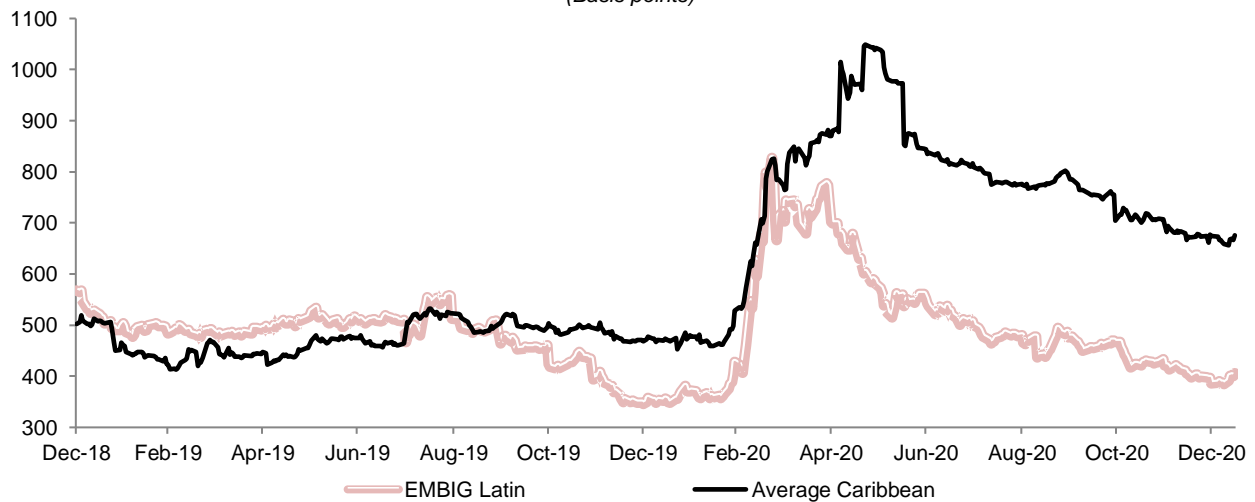
Source: ECLAC Washington Office, based on several sources, including Dealogic Database, Climate Bonds Initiative and LatinFinance.

Note: (r) retap; (g) green bond; (soc) social bond; (sust) sustainability bond.

II. Bond markets and credit management in the Caribbean³

In 2020, as the COVID-19 pandemic spread across the globe, the Caribbean economies were hit hard by the collapse of the tourism sector and by the decline in commodity prices early in the year, which affected commodity exporters such as Guyana, Suriname, and Trinidad and Tobago. As a result, Caribbean spreads on average spiked more than spreads for the LAC region as a whole in 2020. At the end of December, they were 288 basis points higher than the EMBIG Latin component (chart 32). The resumption in vital travel and tourism activity has been slower than anticipated, as the pandemic continues to impair economic activity, which has impacted growth forecasts for the subregion.

CHART 32:
EMBIG SPREADS, CARIBBEAN VERSUS LAC
(Basis points)

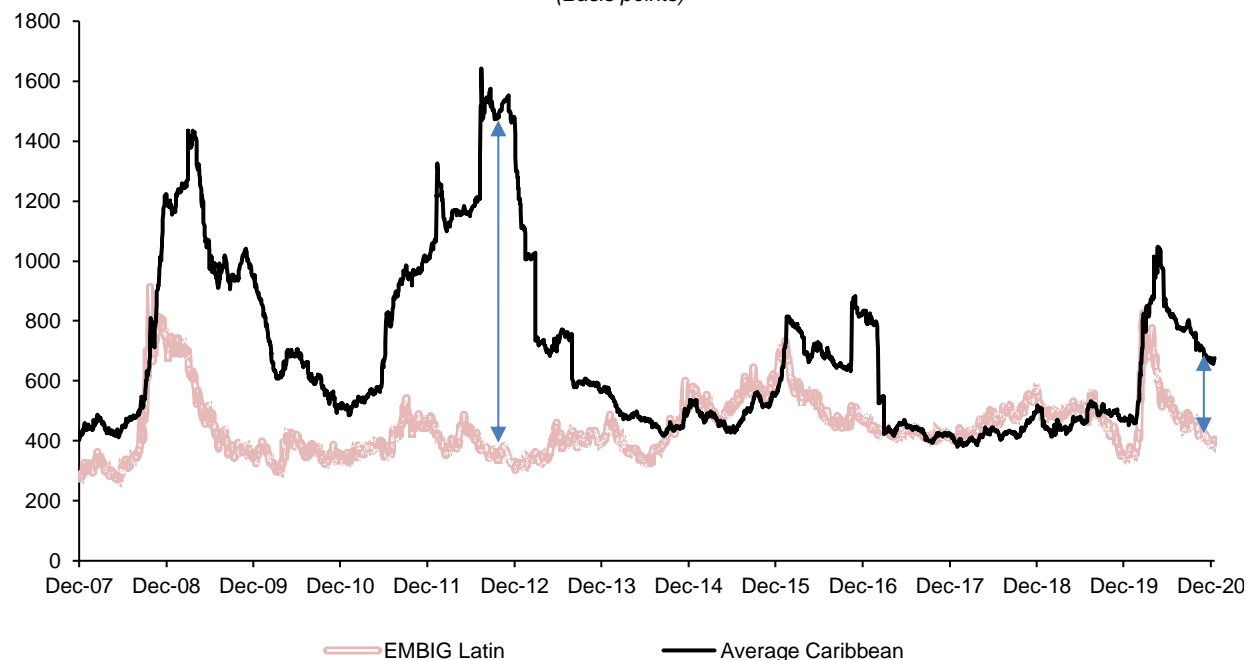


Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

³ Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Of these 13 countries, only a few have tapped international capital markets.

During the global financial crisis, this gap ballooned in the immediate aftermath of the global financial crisis of 2008, and again from late 2010 to 2012, reaching a peak of 1,220 basis points in September 2012. A number of Caribbean countries had to restructure bond payments, leading to one of the periods with the highest number of defaults on loan agreements in the Caribbean region. From May 2017 to the beginning of 2020, however, this gap had been muted (chart 33).

CHART 33:
EMBIG SPREADS, CARIBBEAN VERSUS LAC: 2007-2020
(Basis points)

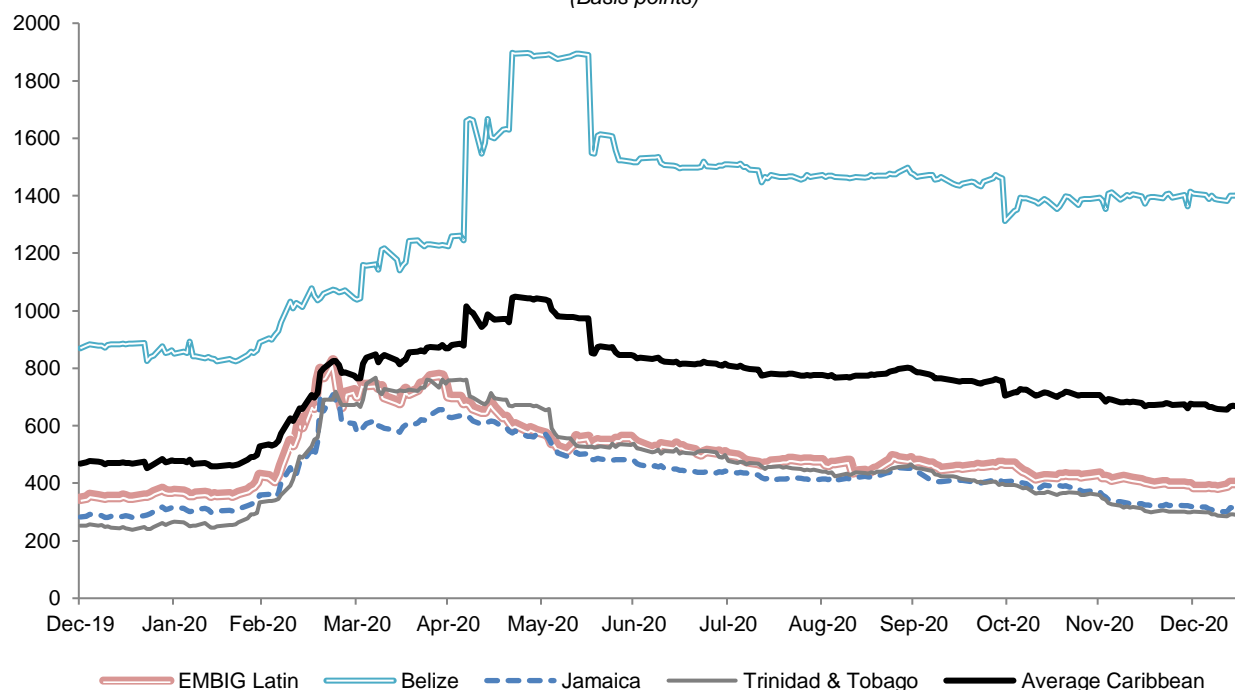


Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

Caribbean average spreads widened 206 basis points in 2020. Spreads for Belize, Jamaica and Trinidad and Tobago widened 537, 35 and 47 basis points, respectively. The widening in Belize's spreads reflected the strong hit to Belize's tourism sector and overall economy from the COVID-19 pandemic and the elevated risks of the country entering into a distressed debt exchange. In fact, on 10 August 2020, the government of Belize announced it had reached an agreement with the bondholders of its U.S. dollar bonds due in 2034 on amendments to the terms of such bonds, what led to a downgrade in its credit rating to selective default by Standard and Poor's (chart 34).

Suriname's spreads, which are not included in the average Caribbean index, widened 638 basis points in 2020. In November, Suriname asked the International Monetary Fund (IMF) for financial support to help it navigate through macroeconomic vulnerabilities while it also started discussion with creditors about a restructuring of its sovereign debt. Suriname launched its efforts to start talks with creditors on 14 November 2020, seeking relief from interest payments on outstanding 2023 and 2026 sovereign bonds beyond a 30-day grace period that ended on 25 November. This led to a downgrade by Fitch to RD (restricted default) in December. Suriname has already gone through downgrades due to a debt exchange in July. It started a distressed debt exchange in the beginning of July and was downgraded accordingly. By the end of the month Suriname had completed the restructuring process, rescheduling the principal payments of Suriname's 2023 notes and amending the terms of the related accounts agreement, which the agencies deemed to constitute the execution and completion of a distressed debt restructuring. Suriname's credit ratings were then upgraded as a result.

CHART 34:
CARIBBEAN COUNTRIES: EMBIG SPREADS, 2020
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average is based on daily data available for Belize, Jamaica and Trinidad and Tobago (no daily data is available for Suriname, which was added to the EMBIG index following its cross-border debut in October 2016 with the issuance of a US\$ 550 million 2026 sovereign bond with a 6.25% coupon; its spread was 1222 basis points as of end-December 2019).

Credit Rating Actions

The behavior of Caribbean spreads reflected developments in sovereign credit quality. Credit quality for Caribbean sovereigns deteriorated sharply in 2020. There were seventeen more negative actions than positive, and fourteen more downgrades than upgrades. In total, there were twenty-two negative credit rating actions in the Caribbean, eighteen of them downgrades, and five positive actions, four of them upgrades (table 6).

Four Caribbean countries were downgraded in 2020 – the Bahamas, Belize, Suriname and Trinidad and Tobago. Belize and Suriname, due to their debt restructuring processes, were downgraded multiple times, by multiple agencies, as they sought to restructure their external debt amid an economic downturn exacerbated by the COVID-19 pandemic.

Of the five positive actions, four were upgrades following the completion of debt exchanges, three related to Suriname and one to Belize. The only other positive action was related to Jamaica at the beginning of the year, before the pandemic. On 29 January, Fitch revised the outlook on Jamaica's B+ rating to positive from stable saying that Jamaica would continue to make progress in reducing government debt, supported by large primary budget surpluses. However, the outlook was revised back to stable in April.

At the end of December, five Caribbean sovereigns were on negative outlook by one or more agencies – the Bahamas, Belize, Jamaica, Suriname, Trinidad and Tobago – and there were no positive outlooks. The outlooks show that the balance of risks continues to be towards more negative actions. Since a prompt resumption of the pre-pandemic levels of travel and tourism activity is not expected, forecasts for the Caribbean point to subdued economic growth in the months ahead, which would keep the pressure on the subregion's creditworthiness.

**TABLE 6:
SOVEREIGN CREDIT RATING ACTIONS IN THE CARIBBEAN, 2020**

Date	Country	Action	
2020	5 positive and 22 negative actions		
Q1 2020	1 positive and 2 negative actions		
16-Jan-20	Suriname	Fitch downgrades Suriname's rating to CCC from B	<i>Negative</i>
29-Jan-20	Jamaica	Fitch revises outlook on Jamaica's B+ rating to positive from stable	<i>Positive</i>
26-Mar-20	Trinidad & Tobago	S&P downgrades T&T's rating to BBB- from BBB with a stable outlook	<i>Negative</i>
Q2 2020	0 positive and 11 negative actions		
1-Apr-20	Suriname	S&P downgrades Suriname's rating to CCC+ from B with a negative outlook	<i>Negative</i>
9-Apr-20	Bahamas	Moody's places The Bahamas' Baa3 ratings on review for downgrade	<i>Negative</i>
10-Apr-20	Jamaica	Fitch revises the outlook on Jamaica's B+ rating to stable from positive	<i>Negative</i>
14-Apr-20	Suriname	Moody's downgrades Suriname's Rating to B3 from B2 with a negative outlook	<i>Negative</i>
16-Apr-20	Belize	S&P downgrades Belize's to CCC from B- with a negative outlook	<i>Negative</i>
16-Apr-20	Jamaica	S&P revises the outlook on Jamaica's B+ rating to negative from stable	<i>Negative</i>
12-May-20	Belize	Moody's downgrades Belize's rating to Caa1 from B3 with a negative outlook	<i>Negative</i>
22-May-20	Trinidad & Tobago	Moody's revises the outlook on Trinidad & Tobago's Ba1 ratings to negative from stable	<i>Negative</i>
25-Jun-20	Bahamas	Moody's downgrades The Bahamas to Ba2 from Baa3 with a negative outlook	<i>Negative</i>
30-Jun-20	Belize	S&P downgrades Belize to CC, places ratings on CreditWatch negative	<i>Negative</i>
Q3	3 positive and 5 negative actions		
2-Jul-20	Suriname	Fitch downgrades Suriname's rating to C from CCC	<i>Negative</i>
7-Jul-20	Suriname	Moody's downgrades Suriname's rating to Caa3 from B3 with a negative outlook	<i>Negative</i>
13-Jul-20	Suriname	S&P downgrades Suriname's rating to SD from CCC+	<i>Negative</i>
13-Jul-20	Suriname	Fitch downgrades Suriname's rating to RD from C	<i>Negative</i>
16-Jul-20	Suriname	S&P upgrades Suriname's rating to CCC from SD with a stable outlook	<i>Positive</i>
16-Jul-20	Suriname	Fitch upgrades Suriname's rating to CC from RD	<i>Positive</i>
12-Aug-20	Belize	S&P downgrades Belize's rating to SD from CC	<i>Negative</i>
21-Aug-20	Belize	S&P upgrades Belize's rating to CCC+ from SD with a stable outlook	<i>Positive</i>
Q4	1 positive and 4 negative actions		
27-Oct-20	Suriname	Fitch downgrades Suriname to C from CC	<i>Negative</i>
12-Nov-20	Bahamas	S&P downgrades the Bahamas' rating to BB- from BB with a negative outlook	<i>Negative</i>
24-Nov-20	Belize	Moody's downgrades Belize's rating to Caa3 from Caa1 with a stable outlook	<i>Negative</i>
1-Dec-20	Suriname	Fitch downgrades Suriname's rating to RD from C	<i>Negative</i>
10-Dec-20	Suriname	Fitch upgrades Suriname's rating to C from RD	<i>Positive</i>

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch.

Debt issuance

There were four Caribbean issuances in 2020, with two Caribbean sovereigns and one corporate tapping the international bond market for a total of US\$ 1.55 billion (table 7). The share of the Caribbean in the total LAC issuance was only 1.1%. The average coupon for the region was 7% and the average maturity twelve years.

On 7 February, Trans-Jamaican Highway Limited (TJH) issued a project bond. This is a toll road concession owned by the Jamaican government and the largest infrastructure project ever undertaken in the English-speaking Caribbean, according to LatinFinance, a source of intelligence on the financial markets and economies of Latin America and the Caribbean. Not only this was the first Jamaican infrastructure asset financed in the international capital markets, but it also represented one of two

infrastructure assets in LAC to have received a credit rating above the sovereign rating at the time of the issuance. TJH's only previous bond sale took place in 2001. On 3 March, Jamaica's National Road Operating and Construction Company (NROCC) sold 80% of the TJH for JMD 14.1 billion (US\$ 100 million) through an initial public offering (IPO) on the local stock exchange, the largest initial public offering in Jamaica to date.

On 22 June, the Republic of Trinidad and Tobago issued a 10-year US\$ 500 million bond with a 4.5% coupon, returning to international bond markets after almost four years of absence (last issuance was in July 2016).

In the fourth quarter, the Bahamas issued US\$ 825 million in a 2032 8.95% bond. The sovereign issued the bond at a high cost. It was initially issued on 8 October and reopened on 2 December, with proceeds to be used to fill the budget gap for the 2020-2021 fiscal year and avoid an increase in taxes.

**TABLE 7:
CARIBBEAN DEBT ISSUANCE, 2020**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon(%)	Maturity	Issue Date
Jamaica	Trans Jamaican Highway Ltd.	USD 225	225	5.750%	2036	7-Feb-20
Trinidad and Tobago	Republic of Trinidad and Tobago	USD 500	500	4.500%	2030	22-Jun-20
Bahamas	Commonwealth of Bahamas	USD 600	600	8.950%	2032	8-Oct-20
Bahamas	Commonwealth of Bahamas	USD 225	225	8.950%	2032 (r)	02-Dec-20
				AVG 7.038%		
TOTAL 1,550						

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Note: (r) retap

III. Portfolio equity flows

According to the MSCI Latin American Index, Latin American stocks lost 16% in 2020 (table 8), while the broader emerging market index was up 16% in dollar terms in the same period. The MSCI G7 index gained 15%. LAC equities underperformed in part due to currency depreciation, as well as the impact of the pandemic and the oil shock on the region.

**TABLE 8:
MSCI EQUITY INDICES, 2020**

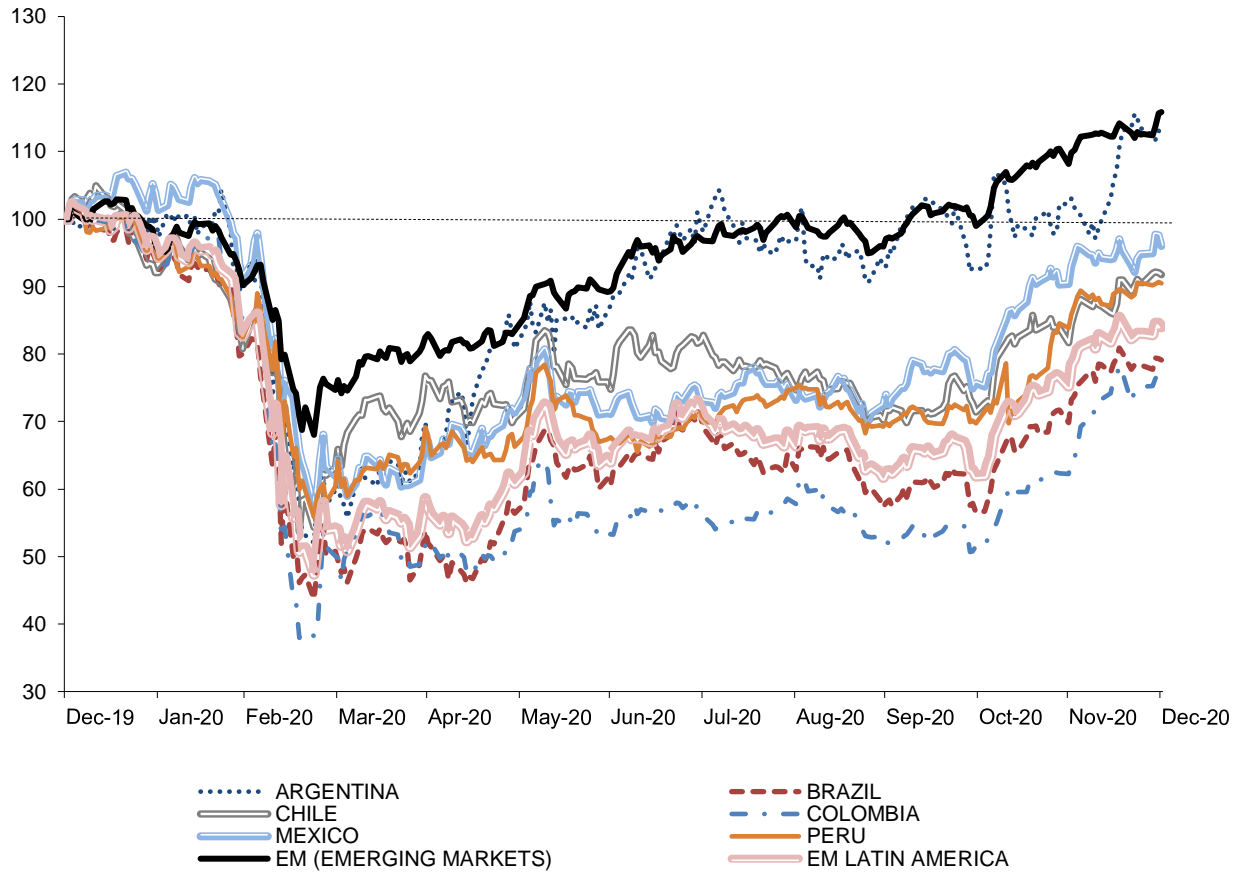
	Price Index in USD					Variation				
	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
<i>Emerging markets</i>	1,114.660	848.577	995.098	1,082.00	1,291.26	-23.87%	17.27%	8.73%	19.34%	15.84%
<i>Latin America</i>	2,917.725	1,576.600	1,866.548	1,828.16	2,451.76	-45.96%	18.39%	-2.06%	34.11%	-15.97%
<i>Argentina</i>	1,589.058	964.245	1,385.62	1,478.02	1,784.94	-39.32%	43.70%	6.67%	20.77%	12.33%
<i>Brazil</i>	2,373.010	1,172.104	1,436.38	1,375.22	1,876.38	-50.61%	22.55%	-4.26%	36.44%	-20.93%
<i>Chile</i>	1,300.101	856.268	972.185	931.234	1,192.32	-34.14%	13.54%	-4.21%	28.04%	-8.29%
<i>Colombia</i>	691.777	344.152	368.97	361.048	533.254	-50.25%	7.21%	-2.15%	47.70%	-22.92%
<i>Mexico</i>	4,758.127	3,062.286	3,385.86	3,520.59	4,569.98	-35.64%	10.57%	3.98%	29.81%	-3.95%
<i>Peru</i>	1,680.083	1,077.046	1,136.07	1,173.56	1,520.01	-35.89%	5.48%	3.30%	29.52%	-9.53%

Source: ECLAC Washington Office, based on data from MSCI Equity Indices, <http://www.msci.com/equity/index2.html>

In Brazil and Colombia, cumulative losses were over 20% (21% and 23%, respectively) at the end of December. In Chile, Mexico and Peru losses were less than 10% (8%, 4% and 9%, respectively). Only Argentinean equities registered a gain, 12% for the year (chart 35).

LAC equities have been slowly recovering the lost ground caused by the pandemic in the first quarter of the year. In Brazil there has been a sharp uptick in the number of companies filing for initial public offerings (IPOs) on São Paulo's B3 Stock Exchange, evidence of the surging appetite for Brazilian equities as investors, hungry for returns and faced with a historically low interest rate and low inflation, seek higher yields.

**CHART 35:
MSCI EQUITY PRICE INDEX, 2020**



Source: ECLAC Washington Office, based on data from MSCI Equity Indices, <http://www.msci.com/equity/index2.html>. Prices at the end of the month.

IV. Prospects

The improved market liquidity created by the U.S. Federal Reserve and the European Central Bank since March 2020 has offered relief to LAC sovereign and corporate issuers and attracted investors in search of higher yields to the region. LAC issuers ended 2020 with momentum, which has carried over into the beginning of 2021. Bond issuances in the region reached their second highest level on record in 2020, while coupons came down and maturity increased from 2019 levels.

However, there are challenges ahead. COVID-19 has battered LAC economies, forcing governments to issue more debt under emergency circumstances. Revenues have sharply declined, government deficits have widened, and financing needs have increased, leading to surging debt levels. Ongoing funding needs among sovereign issuers are expected to continue. Whether bond issuances will remain strong in the months ahead will depend on the behavior of global interest rates, the distribution and roll-out of COVID-19 vaccines, on how local elections may take shape (a new election cycle is coming up in the region), and how negotiations with the International Monetary Fund (IMF) evolve in key countries.⁴

In taking advantage of the global liquidity available, the region's sovereign issuers would benefit from having a clear path forward to deal with the socio-economic damage from the pandemic and the resulting debt surge. The green, social and sustainability bond market may present a unique opportunity to help with the economic recovery. Environmental, social and governance (ESG) was one of the fastest-growing segments in the bond market in 2020, as investors showed increased interest in green and socially responsible investments. In January 2021, the LAC region showed an increased commitment to these bonds. Green, social and sustainability bond sales totaled US\$ 8.8 billion in this month alone – 65% of the US\$ 13.4 billion issued in 2020 as a whole, itself a historic record – accounting for close to 40% of the monthly volume from corporate issuers and 22% from sovereigns.

⁴ Argentina, Costa Rica and Suriname are involved in negotiations with the IMF, which could determine whether they gain access to the international credit markets in 2021.

Appendix

A. Credit Rating

**TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, 2020 YTD**

	Moody's		S&P		Fitch		Recent Moody's Action		Recent S&P Action		Recent Fitch Action	
	Rating	View	Rating	View	Rating	View	Action	Date	Action	Date	Action	Date
Argentina	Ca		CCC+		CCC		O/L changed to stable from (-)	28-Sep-20	Upgrade, O/L stable	7-Sep-20	Upgrade	10-Sep-20
Bahamas	Ba1	(-)	BB	(-)			Downgrade, O/L (-)	25-Jun-20	Downgrade, O/L (-)	12-Nov-20		
Barbados	Caa1		B-		NR		Upgrade, O/L stable	2-Jul-19	Upgrade, O/L stable	11-Dec-19		
Belize	Caa3		CCC+		NR		Downgrade, O/L stable	24-Nov-20	Upgrade, O/L stable	21-Aug-20		
Bolivia	B2		B+		B		Downgrade, O/L stable	22-Sep-20	Downgrade, O/L stable	17-Apr-20	Downgrade, O/L stable	30-Sep-20
Brazil	Ba2		BB-		BB-	(-)	O/L changed to stable from (-)	9-Apr-18	O/L changed to stable from (+)	6-Apr-20	O/L changed to (-)	5-May-20
Chile	A1	(-)	A+	(-)	A-		O/L changed to (-) from stable	25-Aug-18	O/L changed to (-)	27-Apr-20	Downgrade, O/L stable	15-Oct-20
Colombia	Baa2	(-)	BBB-	(-)	BBB-	(-)	O/L changed to (-) from stable	3-Dec-20	O/L changed to (-)	26-Mar-20	Downgrade, O/L (-)	1-Apr-20
Costa Rica	B2	(-)	B		B	(-)	O/L changed to (-)	2-Jun-20	Downgrade, O/L (-)	9-Jun-20	Downgrade, O/L (-)	12-May-20
Cuba	Caa2		NR		NR		Affirmed, O/L stable	13-Sep-19				
Dom. Rep.	Ba3		BB-	(-)	BB-	(-)	Affirmed, O/L stable	27-Feb-19	O/L changed to (-)	16-Apr-20	O/L changed to (-)	8-May-20
Ecuador	Caa3	(-)	B-		B-		Downgrade, O/L (-)	3-Apr-20	Upgrade, O/L stable	1-Sep-20	Upgrade	3-Sep-20
El Salvador	B3	-	B-		B-	(-)	Review (-)	16-Nov-20	Affirmed, O/L stable	21-Apr-20	O/L changed to (-)	30-Apr-20
Guatemala	Ba1	(-)	BB-		BB-		O/L changed to (-) from stable	10-Nov-20	Affirmed, O/L stable (removed from CreditWatch (-))	26-Nov-20	Affirmed, O/L stable (removed from CreditWatch (-))	1-Dec-20
Honduras	B1		BB-		NR		Affirmed, O/L stable	12-Jun-19	Affirmed, O/L stable	25-Jul-19		
Jamaica	B2		B+	(-)	B+		Upgrade, O/L stable	11-Dec-19	O/L changed to (-)	16-Apr-20	O/L changed to stable from (+)	10-Apr-20
Mexico	Baa1	(-)	BBB	(-)	BBB-		Downgrade, O/L (-)	17-Apr-20	Downgrade, O/L (-)	26-Mar-20	Downgrade, O/L stable	15-Apr-20
Nicaragua	B3		B-		B-	(-)	Downgrade, O/L stable	15-Feb-20	O/L changed to stable from (-)	8-Nov-19	O/L changed to (-)	17-Jun-20
Panama	Baa1	(-)	BBB		BBB	(-)	O/L changed to (-) from stable	20-Oct-20	Downgrade, O/L stable	24-Nov-20	O/L changed to (-)	6-Feb-20
Paraguay	Ba1		BB		BB+		Affirmed, O/L stable	21-Jun-18	Affirmed, O/L stable	12-Jun-19	Affirmed, O/L stable	2-Dec-20
Peru	A3		BBB+		BBB+	(-)	Affirmed, O/L stable	25-Jun-19	Affirmed, O/L stable	19-Feb-19	O/L changed to (-)	15-Dec-20
St Vincent	B3						Affirmed, O/L stable	30-Apr-18				
Suriname	Caa3	(-)	CCC		C		Downgrade, O/L (-)	7-Jul-20	Upgrade, O/L stable	16-Sep-20	Upgrade from RD	10-Dec-20
T & T	Ba1	(-)	BBB-		NR		O/L changed to (-)	22-May-20	Downgrade, O/L stable	26-Mar-20		
Uruguay	Baa2		BBB		BBB-	(-)	Affirmed, O/L stable	6-Aug-19	Affirmed, O/L stable	7-May-19	Affirmed, O/L (-)	27-Jun-19
Venezuela	C		SD	NM	RD		Downgrade, O/L stable	9-Mar-18	Affirmed	22-Feb-19	Affirmed and withdrawn	27-Jun-19

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for 2020 YTD are in pink.

Note: Moody's ratings are qualified by outlooks and reviews while S&P and Fitch ratings are qualified by outlooks and watches. A review/watch [+ or -] is indicative of a likely short-term development. An outlook [(+) or (-)] suggests that a review/watch or long/intermediate-term movement is likely.

BOX 1: CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN – 2020

There have been 15 positive and 70 negative actions in Latin America and the Caribbean in 2020.

Positive Actions: 15 (Bold)*January*

- Argentina (January 7): **S&P upgrades Argentina's rating to CCC- from CC with a negative outlook.**
- Jamaica (January 29): **Fitch revises outlook on Jamaica's B+ rating to positive from stable** saying that Jamaica will continue to make progress in reducing government debt, supported by large primary budget surpluses.

February

- St. Vincent and the Grenadines (February 27): Moody's affirms St. Vincent and the Grenadines' B3 rating with a stable outlook (*no change*).

March

- El Salvador (March 12): **Moody's changes outlook on E Salvador's B3 rating to positive from stable**, citing reduced liquidity risks and improved business conditions.

April

- Argentina (April 7): **Fitch upgrades Argentina's rating to CC from RD**, following the unilateral re-profiling via executive decree of locally issued foreign currency debt instruments, which Fitch deems to constitute the execution and completion of a distressed debt exchange (DDE). [Cancels out the downgrade to RD on April 6]
- El Salvador (April 21): S&P affirms El Salvador's B- rating with a stable outlook (*no change*).

May

- Brazil (May 16): Moody's affirms Brazil's Ba2 rating with a stable outlook (*no change*).

June

- Peru (June 3): Fitch affirms Peru's BBB+ rating with a stable outlook (*no change*).
- Guatemala (June 23): Moody's affirms Guatemala's Ba1 rating with a stable outlook (*no change*).

July

- Suriname (July 16): **S&P upgrades Suriname's rating to CCC from SD with a stable outlook**, on completion of bond restructuring.
- Suriname (July 16): **Fitch upgrades Suriname's rating to CC from RD**, following the completion of the "consent solicitation" to reschedule the principal payments of Suriname's 2023 notes and amend the terms of the related accounts agreement, which Fitch deems to constitute the execution and completion of a distressed debt restructuring.

August

- Belize (August 21): **S&P upgrades Belize's rating to CCC+ from SD with a stable outlook**, following completion of debt exchange and reflecting Belize's post-restructuring creditworthiness.

September

- Ecuador (September 1): **S&P upgrades Ecuador's rating to B- from SD with a stable outlook**, on completed debt exchange.
- Ecuador (September 3): **Fitch upgrades Ecuador's rating to B- from RD with a stable outlook**, following the completion of a 'distressed debt exchange' (DDE) that Fitch deems to have cured the default event initiated by the 'consent solicitation' in April.
- Argentina (September 7): **S&P upgrades Argentina's rating to CCC+ from SD with a stable outlook**, on settlement of restructuring of foreign and local debt.
- Argentina (September 10): **Fitch upgrades Argentina's rating to CCC from RD**, following the completion of distressed debt exchanges (DDEs) on its foreign currency sovereign debt securities in both local and external markets that Fitch deems to have cured the default event initiated by missed payments in May and preceded by several local bond reprofiling done via decree.

Box 1– (cont.)

- Argentina (September 28): **Moody’s revises its outlook on Argentina’s Ca rating to stable from negative**, citing a materially lower risk that future losses will exceed those implicitly incorporated in Argentina’s current Ca rating in the aftermath of the recent debt restructuring.

November

- Guatemala (November 26): **S&P removes Guatemala’s BB- rating from CreditWatch (-)**, where it was placed with negative implications on 20 November 2020 and affirms it with a stable outlook, citing the coupon payment on Guatemala’s 2026 Eurobond made on 25 November 2020, before the end of the 30-day grace period.

December

- Guatemala (December 1): **Fitch removes Guatemala’s BB- rating from Rating Watch Negative (RWN)**, where it was placed on 17 November 2020 and affirms it with a stable outlook, citing the government’s settlement of the coupon payment on its Eurobond due 2026.
- Paraguay (December 2): Fitch affirms Paraguay’s BB+ rating with a stable outlook (*no change*).
- Suriname (December 10): **Fitch upgrades Suriname’s rating to C from RD** following the completion on 4 December a “consent solicitation” seeking a standstill of debt service due on Suriname’s 2023 and 2026 notes. Fitch deems this constitutes the execution and completion of a distressed debt exchange event.

Negative Actions: 70 (Bold)*January*

- Suriname (January 16): **Fitch downgrades Suriname’s rating to CCC from B-**, citing a sharp increase in government debt, reduced financing flexibility and declining external liquidity, which increase risks to the government’s capacity to service its foreign-currency (FC) liabilities. It added that the large government deficit coupled with the widening current account deficit, in advance of May 2020 parliamentary elections, are inconsistent with the stabilized exchange rate, increasing risk of macro instability. The rating agency said it does not assign an outlook to ratings in line with CCC.

February

- Ecuador (February 6): **Moody’s downgrades Ecuador’s rating to Caa1 from B3 with stable outlook**, saying market access is likely to remain constrained, and considerable resistance to the adoption of urgent reforms.
- Panama (February 6): **Fitch revises its outlook on Panama’s BBB rating to negative from stable**, citing a marked deterioration in fiscal deficits and a significant increase of the government’s debt burden
- Costa Rica (February 10): **Moody’s downgrades Costa Rica’s rating to B2 from B1 with a stable outlook**, citing high fiscal deficits and recurring funding challenges.
- Nicaragua (February 14): **Moody’s downgrades Nicaragua’s rating to B3 from B2 with a stable outlook**, citing weakening economic strength and risk of reduced access to official external credit creating funding challenges.
- Uruguay (February 20): Fitch affirms Uruguay at BBB- and keeps the negative outlook (*no change*).

March

- Bolivia (March 10): **Moody’s downgrades Bolivia’s rating to B1 from Ba3 with a negative outlook**, citing erosion of fiscal and foreign exchange reserve buffers in recent years, ongoing challenges in the hydrocarbon sector and policy uncertainty.
- Chile (March 12): **Fitch revises the outlook on Chile’s A rating to negative from stable**, citing significant deterioration in Fitch’s baseline scenario for lower growth prospects and higher fiscal deficits and debt levels following the social unrest that began in mid-October 2019.
- Ecuador (March 19): **Fitch downgrades Ecuador’s rating to CCC from B-**, citing heightened risks to debt repayment capacity given the decline in oil prices, loss of market access and developments hindering timely disbursements of fund from the IMF and other multilaterals.
- Ecuador (March 24): **Fitch downgrades Ecuador’s rating to CC from CCC**, signaling its expectation that a default of some kind is probable following announcement by the authorities of their intent to renegotiate the terms of commercial debt liabilities while using the grace period on bond coupons due this week.
- Ecuador (March 25): **S&P downgrades Ecuador’s rating to CCC- from B- and places it on negative watch**, saying that a default, distressed exchange, or redemption appears inevitable within the next six months.

Box 1– (cont.)

- Colombia (March 26): **S&P revises the outlook on Colombia’s BBB rating to negative from stable**, citing downside risks to fiscal end external metrics over the next 18 months and underlining the impact of COVID-19 in the global economy along with the fall in oil prices.
- Mexico (March 26): **S&P downgrades Mexico’s rating to BBB from BBB+ with a negative outlook**, saying the effects from the COVID-19 outbreak and the oil price shock will undermine Mexico’s already modest economic growth.
- Trinidad and Tobago (March 26): **S&P downgrades T&T’s rating to BBB- from BBB with a stable outlook**, saying it expects lower oil and gas prices over the next several years will weaken Trinidad and Tobago’s government revenues and lead to larger increases in net general government debt.

April

- Colombia (April 1): **Fitch downgrades Colombia’s rating to BBB- from BBB with a negative outlook**, citing the likely weakening of key fiscal metrics in the wake of the economic downturn caused by a combination of shocks stemming from the sharp fall in the oil price and efforts to combat the coronavirus pandemic.
- Suriname (April 1): **S&P downgrades Suriname’s rating to CCC+ from B with a negative outlook**, gauging the country’s debt as exposed to substantive risks.
- Argentina (April 3): **Moody’s downgrades Argentina to Ca from Caa2 with a negative outlook**, citing expectation that private creditors will likely incur substantial losses in the government restructuring process as the economic and financial shock stemming from the pandemic compounds the funding stress.
- Ecuador (April 3): **Moody’s downgrades Ecuador’s rating to Caa3 from Caa1 with a negative outlook**, citing very high probability of restructuring, distressed exchange or default on its market debt as a result of the economic and financial shock due to the coronavirus outbreak, which has led to extremely tight financing conditions.
- Guatemala (April 3): **Fitch downgrades Guatemala’s rating to BB- from BB with a stable outlook**, pointing to diminishing fiscal flexibility due to the government’s low tax collection amid continuous political gridlock preventing forceful fiscal measures, as well as a downward revision to growth prospects related to the global pandemic.
- Argentina (April 6): **Fitch downgrades Argentina’s rating to RD from CC** following a decree from Argentina’s government that postponed upcoming payments on locally issued foreign currency debt obligations. In accordance with Fitch Ratings’ criteria, this development constituted a "distressed debt exchange" (DDE) and default on Argentina’s sovereign obligations.
- Brazil (April 6): **S&P revises the outlook on Brazil’s BB- rating to stable from positive** on uncertainty related to COVID-19.
- Argentina (April 7): **S&P downgrades Argentina’s rating to SD from CCC-**, following a government decree (Decreto 346/2020) effective April 6 that postpones payment of U.S.-dollar-denominated principal and interest on local-law debt to at least 2021, or when deemed feasible by the government.
- Bahamas (April 9): **Moody’s places The Bahamas’ Baa3 ratings on review for downgrade**, citing significant risks to its economic and fiscal metrics as a result of the coronavirus outbreak.
- Ecuador (April 9): **Fitch downgrades Ecuador’s rating to C from CC**, saying the C rating reflects Fitch’s view that a sovereign default of some kind is imminent following the "consent solicitation" made by the Ecuadorian government to defer external bond payments while it pursues a comprehensive restructuring. A deferment in payments, if agreed to by bondholders, would constitute a distressed debt exchange (DDE) in Fitch’s view.
- Jamaica (April 10): **Fitch revises the outlook on Jamaica’s B+ rating to stable from positive**, citing the shock to Jamaica from the coronavirus pandemic, which is expected to lead to a sharp contraction in its main sources of foreign currency revenues: tourism, remittances and alumina exports.
- Ecuador (April 13): **S&P downgrades Ecuador’s rating to SD from CCC-** on expectation of missed interest payment and distressed exchange.
- Suriname (April 14): **Moody’s downgrades Suriname’s Rating to B3 from B2 with a negative outlook**, citing the significant deterioration in fiscal metrics as larger-than-expected fiscal deficits in 2018 and 2019 have led to a sustained rise in government debt to 75% of GDP at the end of 2019. The downgrade also reflects heightened liquidity and external risks.
- Mexico (April 15): **Fitch downgrades Mexico’s rating to BBB- from BBB with a stable outlook**, saying the coronavirus pandemic will likely spur a severe recession that an already fraught business environment will be unable to recover from quickly.
- Bahamas (April 16): **S&P downgrades Bahamas’ rating to BB from BB+ with a negative outlook**, citing the material impact of the COVID-19 Pandemic on the country’s important tourism sector.

Box 1– (cont.)

- Belize (April 16): **S&P downgrades Belize’s to CCC from B- with a negative outlook**, citing an expected strong hit to Belize’s tourism sector and overall economy from the COVID-19 Pandemic.
- Dominican Republic (April 16): **S&P revises the outlook on Dominican Republic’s BB- rating to negative from stable**, citing the potential impact of the COVID-19 pandemic, and associated containment measures, on the sovereign’s vulnerable fiscal and external profiles.
- Jamaica (April 16): **S&P revises the outlook on Jamaica’s B+ rating to negative from stable**, saying the global spread of COVID-19 will have unprecedented implications for tourism-dependent sovereigns in the Caribbean.
- Argentina (April 17): **Fitch downgrades Argentina’s CC rating to C**, citing the beginning of a distressed debt exchange (DDE) process.
- Bolivia (April 17): **S&P downgrades Bolivia’s rating to B+ from BB- with a stable outlook**, saying that the impact of the COVID-19 pandemic and lower global energy prices, coupled with constrained room to maneuver on policy ahead of this year’s election, has further eroded Bolivia’s once large external buffers, resulting in a weaker external profile.
- Mexico (April 17): **Moody’s downgrades Mexico’s rating to Baa1 from A3 with a negative outlook**, saying medium-term economic growth prospects have materially weakened, and that the continued deterioration in Pemex’s financial standing is eroding the sovereign’s fiscal strength.
- Ecuador (April 20): **Fitch downgrades Ecuador’s rating to RD from C**, following the agreement by commercial bondholders to the government’s “consent solicitation” to defer upcoming bond repayments by four months, which Fitch deems to be the first step in a distressed debt exchange (DDE).
- Panama (April 24): **S&P revises the outlook on Panama’s BBB+ rating to negative from stable**, saying that the COVID-19 pandemic will temporarily halt economic growth and fiscal consolidation in Panama.
- Chile (April 27): **S&P revises the outlook on Chile’s A+ rating to negative from stable**, citing risks to its economic growth prospects from both the measures it has taken to contain the COVID-19 pandemic as well as the legacy of recent public protests over economic inequality.
- El Salvador (April 30): **Fitch revises the outlook on El Salvador’s B- rating to negative from stable**, reflecting the deterioration in debt sustainability metrics as a result of the widening of the fiscal deficit and economic contraction as well as financing constraints stemming from increased reliance on short-term debt, limited scope for additional local market financing and uncertain access to external market financing given high borrowing costs.

May

- Brazil (May 5): **Fitch revises the outlook on Brazil’s BB- rating to negative from stable**, saying the economic and fiscal deterioration due to the COVID-19 pandemic is being compounded by political tensions.
- Dominican Republic (May 8): **Fitch revises the outlook on Dominican Republic’s BB- rating to negative from stable**, citing the negative impact on tourism and remittances due to the coronavirus pandemic.
- Belize (May 12): **Moody’s downgrades Belize’s rating to Caa1 from B3 with a negative outlook** citing and “increased and now very high probability” that it will either defer on interest payments or enter into a distressed debt exchange because of the economic stresses imposed by the coronavirus pandemic.
- Costa Rica (May 12): **Fitch downgrades Costa Rica’s rating to B from B+ with a negative outlook**, saying widening deficits and mounting debt obligations have led to increased risks in the near term as the economy suffers from the effects of the coronavirus pandemic.
- Trinidad and Tobago (May 22): **Moody’s revises the outlook on Trinidad and Tobago’s Ba1 ratings to negative from stable**, citing increased downside risks to economic and fiscal strength stemming from medium-term challenges that have been exacerbated by the severe shock to global oil and gas demand and prices, triggered by the coronavirus pandemic.
- Argentina (May 26): **Fitch downgrades Argentina’s Rating to Restricted default (RD) from C**, following the failure of the authorities to pay interest due on three sovereign bonds within the stipulated 30-day grace period that expired on May 22.

June

- Costa Rica (June 2): **Moody’s revises the outlook on Costa Rica’s B2 rating to negative from stable**, citing increased funding risks due to higher borrowing requirements resulting from pandemic-related economic and fiscal shocks.
- Costa Rica (June 9): **S&P downgrades Costa Rica’s rating to B from B+ with a negative outlook**, saying that amid the strain associated with the global COVID-19 pandemic, it expects a deeper contraction in Costa Rican GDP and more persistent deterioration of the government’s fiscal profile in 2020 and 2021.

Box 1– (cont.)

- Nicaragua (June 17): **Fitch revises the outlook on Nicaragua’s B- rating to negative from stable**, reflecting increased financing risks amid a revenues shock caused by the coronavirus pandemic.
- Bahamas (June 25): **Moody’s downgrades The Bahamas’ rating to Ba2 from Baa3 with a negative outlook**, concluding review for downgrade, saying that the coronavirus crisis will weigh significantly on the economy over the medium term and funding conditions will become more constrained.
- Belize (June 30): **S&P downgrades Belize’s rating to CC from CCC and placed the ratings on CreditWatch with negative implications**, citing elevated risks of the country entering into a distressed debt exchange.

July

- Suriname (July 2): **Fitch downgrades Suriname's rating to C from CCC**, saying the sovereign had started a distressed debt exchange.
- Suriname (July 7): **Moody’s downgrades Suriname’s rating to Caa3 from B3 with a negative outlook**, citing increasing spending pressures related to the coronavirus that has raised financing needs and led to a severe tightening of financial conditions.
- Suriname (July 13): **S&P downgrades Suriname’s rating to SD from CCC+**, on distressed debt exchange.
- Suriname (July 13): **Fitch downgrades Suriname’s rating to RD from C**, saying that the agreement by commercial bondholders on July 9 to the government's "consent solicitation" constitutes a distressed debt restructuring and a default event according to Fitch's sovereign rating criteria.

August

- Belize (August 12): **S&P downgrades Belize’s rating to SD from CC** following announcement of debt exchange. On Aug. 10, 2020, the government of Belize announced it had reached an agreement with the bondholders of its U.S. dollar bonds due in 2034 on amendments to the terms of such bonds.
- Chile (August 25): **Moody’s revises outlook on Chile’s A1 rating to negative from stable**, citing increasing risks to Chile’s fiscal strength, a trend that is being accelerated by the pandemic shock.

September

- Bolivia (September 22): **Moody's downgrades Bolivia's ratings to B2 from B1 with a stable outlook**, saying that absent meaningful fiscal consolidation and a sustained economic recovery, the sharp deterioration in fiscal and debt metrics will continue to undermine Panama's credit profile in the coming years.
- Bolivia (September 30): **Fitch downgrades Bolivia’s rating to B from B+ with a stable outlook**, citing deterioration in the country's growth prospects and public finances amid acute political tensions.

October

- Uruguay (October 8): Fitch affirms Uruguay’s rating at BBB- with a negative outlook (*no change*).
- Chile (October 15): **Fitch downgrades Chile’s ratings to A- from A with a stable outlook**, citing the weakening of the public finances in the wake of pressures to increase social spending in the aftermath of widescale protests in October-November 2019.
- Panama (October 20): **Moody’s revises outlook on Panama’s Baa1 rating to negative from stable**, citing increasing risks to Chile’s fiscal strength, a trend that is being accelerated by the pandemic shock.
- Suriname (October 27): **Fitch downgrades Suriname’s rating to C from CC** on the view that “a process of default has begun” after the country missed a scheduled interest payment on its US\$ 550 million in 9.26% 2026 bonds.

November

- Colombia (November 6): Fitch affirms Colombia's BBB- rating with a negative outlook (*no change*).
- Guatemala (November 10): **Moody's revises outlook on Guatemala's Ba1 rating to negative from stable**, citing the impact of the pandemic and its limited revenue base.
- Mexico (November 11): Fitch affirms Mexico's BBB- rating with a stable outlook (*no change*).
- Bahamas (November 12): **S&P downgrades the Bahamas’ rating to BB- from BB with a negative outlook**, citing weaker than expected economic and financial conditions as a result of the COVID-19 pandemic. A negative outlook means S&P thinks there is a one in three chance the rating could be lowered in 2021 if the economic recovery is weaker or more prolonged than expected.
- El Salvador (November 16): **Moody's places El Salvador's B3 ratings on review for downgrade**, citing heightened liquidity risk.

Box 1– (conclusion)

- Guatemala (November 17): **Fitch places Guatemala’s BB- rating on Rating Watch Negative** citing the missed coupon payment on its Eurobond due 2026 as a result of an outstanding commercial dispute with the U.S.-based electric distribution company TECO Guatemala Holdings (TECO).
- Brazil (November 18): Fitch affirms Brazil's BB- rating with a negative outlook (*no change*).
- Guatemala (November 20): **S&P places Guatemala’s BB- rating on credit watch negative**, citing a legal dispute with the local subsidiary of Florida-based TECO Energy, which could lead to default on the sovereign’s 2026 bonds.
- Belize (November 24): **Moody's downgrades Belize's rating to Caa3 from Caa1 with a stable outlook**, six months after its last downgrade, citing a deteriorating financial situation.
- Panama (November 24): **S&P downgrades Panama’s rating to BBB from BBB+ with a stable outlook**, citing sharp economic contraction due to the COVID-19 pandemic and an increase in government financing needs.

December

- Suriname (December 1): **Fitch downgrades Suriname’s rating to RD from C**, citing failure to pay US\$ 25.4 millions of interest due on its US\$ 550 million 2026 bond within the 30-day grace period that expired on 25 November.
- Colombia (December 3): **Moody's revises the outlook on Colombia’s Baa2 rating to negative from stable**, citing the unfavorable economic conditions created by the COVID-19 pandemic.
- Peru (December 15): **Fitch revises Peru’s BBB+ rating to negative from stable**, citing a deterioration in public finances and increased political instability.

Source: ECLAC Washington Office based on data from Moody’s, Standard & Poor’s, Fitch and various market sources.

B. Latin American Spreads

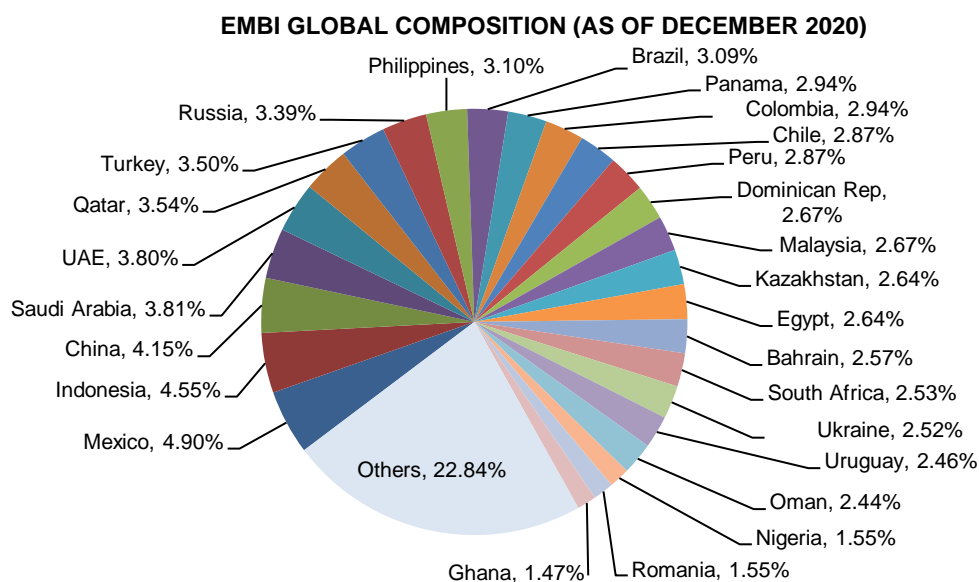
TABLE 2:
SOVEREIGN SPREADS ON JPMORGAN EMBI GLOBAL AND LATIN AMERICAN COMPOSITES
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
30-Dec-16	365	455	330	158	225	647	296	170	244	2168	473	83	281
31-Jan-17	352	469	291	144	209	590	296	159	225	2056	455	75	274
28-Feb-17	334	458	280	130	202	572	275	152	227	2050	436	58	267
31-Mar-17	331	442	264	133	192	666	255	146	209	2377	436	102	241
30-Apr-17	321	405	259	136	195	667	254	144	204	2151	419	212	241
31-May-17	323	407	282	134	203	694	255	145	205	2228	426	221	236
30-Jun-17	328	432	284	132	200	706	255	145	193	2464	435	211	225
31-Jul-17	324	448	263	123	194	673	237	152	182	2977	434	217	213
31-Aug-17	321	402	265	130	195	643	244	153	181	3125	424	225	220
29-Sep-17	308	377	240	128	185	606	233	140	165	3094	407	217	211
31-Oct-17	307	361	237	118	183	563	247	136	154	3171	403	204	196
30-Nov-17	313	357	234	123	176	507	232	133	145	4717	417	202	194
29-Dec-17	311	351	232	117	173	459	245	136	146	4854	419	203	200
31-Jan-18	292	375	217	106	153	442	223	119	136	4660	399	160	177
28-Feb-18	311	405	226	120	178	490	238	137	146	4625	418	205	191
29-Mar-18	326	420	238	128	180	544	252	156	168	4189	426	209	218
30-Apr-18	335	431	242	130	182	667	263	152	185	4344	443	208	225
31-May-18	367	521	299	145	205	671	288	168	197	4565	479	250	241
29-Jun-18	388	608	326	144	197	761	281	166	200	5011	497	295	245
31-Jul-18	354	556	263	133	177	603	274	143	169	5086	465	244	198
31-Aug-18	400	771	337	141	184	725	282	147	174	5807	514	248	209
28-Sep-18	362	623	289	124	168	622	256	133	156	5499	474	202	214
31-Oct-18	392	652	256	140	186	722	307	152	185	5803	512	275	231
30-Nov-18	420	706	265	157	210	740	347	162	202	6255	544	342	254
31-Dec-18	435	817	273	166	228	826	357	168	207	6845	568	378	260
31-Jan-19	378	676	235	145	191	690	330	145	179	4770	498	309	225
28-Feb-19	361	697	230	129	186	589	316	131	167	5303	484	277	213
29-Mar-19	373	774	248	133	184	592	308	130	170	5224	488	280	222
30-Apr-19	365	950	245	127	176	560	292	126	171	5546	495	268	211
31-May-19	393	985	267	145	212	619	329	148	194	5578	527	282	245
28-Jun-19	366	835	232	135	181	580	329	124	172	8867	517	253	212
31-Jul-19	333	781	206	125	175	603	323	117	159	11945	467	232	202
30-Aug-19	361	2532	241	133	179	705	334	122	169	11179	513	291	233
30-Sep-19	338	2143	239	139	183	677	317	131	177	18473	465	291	237
31-Oct-19	323	2278	233	141	182	789	320	131	173	16671	424	321	229
29-Nov-19	309	2262	236	149	188	1146	320	126	169	13554	394	312	233
31-Dec-19	277	1744	212	135	161	826	292	107	148	14740	346	218	203
31-Jan-20	299	2068	224	149	176	1018	308	122	159	16553	372	296	231
28-Feb-20	354	2283	251	180	212	1466	372	156	196	12246	428	341	253
31-Mar-20	577	3803	389	301	376	4553	653	265	298	19270	703	645	429
30-Apr-20	557	3472	420	284	392	5129	656	257	301	22140	702	698	401
29-May-20	463	2627	388	226	288	3907	536	191	243	27907	581	614	339
30-Jun-20	433	2495	373	211	293	3373	526	182	215	30757	552	630	312
31-Jul-20	401	2263	328	185	253	2755	493	150	183	33118	500	575	275
31-Aug-20	385	2147	314	175	250	2813	459	151	170	31216	480	577	246
30-Sep-20	398	1300	334	183	262	1015	501	170	186	29608	476	622	267
30-Oct-20	388	1482	309	174	244	1029	477	149	165	21698	467	601	247
30-Nov-20	350	1410	268	157	228	1065	426	161	157	22610	433	523	233
31-Dec-20	323	1368	250	144	206	1062	361	132	135	24099	386	461	213

Source: ECLAC, Washington Office, based on data from JPMorgan.

EMBI Global composition by country (end-December 2020): Mexico, Brazil and Chile account for 16.4% of the total weighting.

EMBI Global composition by region: Latin: 31.67%; Non-Latin: 68.33%.



Others	%
Poland	1.28%
Argentina	1.23%
Ecuador	1.22%
Hungary	1.12%
Angola	1.03%
Sri Lanka	1.02%
El Salvador	0.95%
Azerbaijan	0.94%
Kenya	0.92%
Paraguay	0.88%
India	0.87%
Jamaica	0.83%
Guatemala	0.79%
Costa Rica	0.74%
Jordan	0.72%
Kuwait	0.69%
Croatia	0.58%
Pakistan	0.57%
Belarus	0.53%
Mongolia	0.48%
Trinidad & Tobago	0.47%
Iraq	0.46%
Ivory Coast	0.41%
Senegal	0.39%
Gabon	0.34%
Morocco	0.34%
Honduras	0.28%
Bolivia	0.26%
Lebanon	0.24%
Uzbekistan	0.23%
Lithuania	0.22%
Slovakia	0.21%
Zambia	0.21%
Serbia	0.16%
Vietnam	0.15%
Armenia	0.15%
Ethiopia	0.14%
Tunisia	0.12%
Cameroon	0.11%
Mozambique	0.11%
Namibia	0.11%
Barbados	0.07%
Georgia	0.07%
Papua New Guinea	0.07%
Tajikistan	0.06%
Suriname	0.05%
Poland	1.28%
Argentina	1.23%
Ecuador	1.22%
Hungary	1.12%

C. New LAC Debt Issuance

**TABLE 3:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FIRST QUARTER OF 2020**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-20					
Mexico	United Mexican States	USD 1750	1,750	3.250%	2030
Mexico	United Mexican States	USD 800	800	4.500%	2050 (r)
Chile	Banco del Estado de Chile	USD 750	750	2.704%	2025
Chile	Banco Santander Chile	USD 750	750	2.700%	2025
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 1000	1,000	3.150%	2030
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 1000	1,000	3.700%	2050 (r)
Mexico	Coca-Cola FEMSA SAB de CV	USD 1250	1,250	2.750%	2030
Chile	Inversiones CMPC SA	USD 500	500	3.850%	2030
Colombia	Termocandelaria Power Ltd	USD 186	186	7.880%	2029 (r)
Mexico	United Mexican States	EUR 1250	1,390	1.115%	2030
Mexico	United Mexican States	EUR 500	556	2.875%	2039 (r)
Mexico	FEMSA	USD 1500	1,500	3.500%	2050
Chile	Banco del Estado de Chile	AUD 80	55	2.580%	2030
Chile	Tanner Servicios Financieros SA	CHF 200	206	0.600%	2022
Chile	GeoPark Ltd	USD 350	350	5.500%	2027
Brazil	Rede D'Or Sao Luiz SA	USD 850	850	4.500%	2030
Paraguay	Republic of Paraguay	USD 450	450	5.400%	2050 (r)
Chile	Embotelladora Andina SA	USD 300	300	3.950%	2050
Brazil	Klabn Austria GmbH	USD 200	200	7.000%	2049 (r)(g)
Brazil	Banco BTG Pactual SA	USD 250	250	4.500%	2025
Ecuador	Ecuador Social Bond SARL	USD 327	327	0.000%	2035 (soc)
Chile	Sociedad Quimica y Minera de Chile SA - SQM	USD 400	400	4.250%	2050
Brazil	Itau Unibanco Holding SA	USD 500	500	3.250%	2025
Brazil	Itau Unibanco Holding SA	USD 1000	1,000	2.900%	2023
Brazil	Globo Comunicacoes e Participacoes SA - GLOBOPAR	USD 500	500	4.875%	2030
Brazil	Centrais Eletricas Brasileiras SA - ELETROBRAS	USD 500	500	3.625%	2025
Brazil	Centrais Eletricas Brasileiras SA - ELETROBRAS	USD 750	750	4.625%	2030
Chile	Republic of Chile	EUR 694	769	0.830%	2031 (r)(g)
Chile	Republic of Chile	EUR 1269	1,407	1.250%	2040 (g)
Colombia	Republic of Colombia	USD 1543	1,543	3.000%	2030
Colombia	Republic of Colombia	USD 300	300	5.200%	2049 (r)
Mexico	Petroleos Mexicanos - PEMEX	USD 2500	2,500	5.950%	2031
Mexico	Petroleos Mexicanos - PEMEX	USD 2500	2,500	6.950%	2060
Paraguay	Telefonica Celular del Paraguay SA - Telecel	USD 250	250	5.875%	2027 (r)
Chile	Republic of Chile	USD 750	750	2.550%	2032 (g)
Chile	Republic of Chile	USD 900	900	3.500%	2050 (r)(g)
Brazil	Banco Bradesco SA	USD 800	800	2.850%	2023
Brazil	Banco Bradesco SA	USD 800	800	3.200%	2025
Colombia	Bancolombia SA	USD 950	950	3.000%	2025
Chile	Engie Energia Chile SA	USD 500	500	3.400%	2030
Brazil	Companhia Siderúrgica Nacional CSN Islands XI Corp	USD 1000	1,000	6.750%	2028
Dominican Republic	Dominican Republic	USD 1500	1,500	5.875%	2060
Dominican Republic	Dominican Republic	USD 1000	1,000	4.500%	2030
Paraguay	Frigorífico Concepción SAE	USD 100	100	10.250%	2025
Colombia	Grupo Aval Ltd	USD 1000	1,000	4.380%	2030
Peru	Camposol SA	USD 350	350	6.000%	2027 (NC4)
Mexico	Alpha Holding SA de CV	USD 400	400	9.000%	2025
Mexico	Aerovias de Mexico SA de CV - Aeromexico	USD 400	400	7.000%	2025
			37,790		

Feb-20					
Colombia	Credivalores - Crediservicios SAS	USD 300	300	8.875%	2025
Chile	Kenbourne Invest SA	USD 60	60	6.880%	2024
Peru	Banco de Crédito del Perú (BCP)	USD 300	300	3-m L+0.55%	2022
Mexico	Operadora de Servicios Mega	USD 350	350	8.250%	2025
Mexico	FEMSA	USD 300	300	3.500%	2050 (r)
Jamaica	Transjamaican Highway Ltd.	USD 225	225	5.750%	2036
Mexico	Banco Mercantil del Norte	CHF 225	230	0.500%	2024
Brazil	Rede D'Or Sao Luiz SA	USD 350	350	4.500%	2030
Brazil	Itau Unibanco Holding SA	USD 700	700	4.630%	Perp
Chile	Banco de Credito e Inversiones - BCI	CHF 125	127	0.100%	2025
			2,942		
Mar-20					
Chile	Colbun SA	USD 500	500	3.150%	2030
Mexico	Comision Federal de Electricidad - CFE	USD 900	900	4.050%	2050
Chile	Banco del Estado de Chile	AUD 50	33	2.800%	2040
Panama	Republic of Panama	USD 2500	2,500	4.500%	2056
			3,933		

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Notes:

Q1 2020 Total 44,665

(r): retap.

(g): green.

(soc): social.

NC4: only callable after 4 years.

TABLE 4:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
SECOND QUARTER OF 2020

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-20					
Mexico	Banco Santander (Mexico) SA	USD 1750	1,750	5.375%	2025
Peru	Republic of Peru	USD 1000	1,000	2.392%	2026
Peru	Republic of Peru	USD 2000	2,000	2.783%	2031
Guatemala	Republic of Guatemala	USD 500	500	5.375%	2032 (soc)
Guatemala	Republic of Guatemala	USD 700	700	6.125%	2050 (r)
Mexico	United Mexican States	USD 1000	1,000	3.900%	2025
Mexico	United Mexican States	USD 2500	2,500	4.750%	2032
Mexico	United Mexican States	USD 2500	2,500	5.000%	2051
Paraguay	Republic of Paraguay	USD 1000	1,000	4.950%	2031
Colombia	Ecopetrol SA	USD 2000	2,000	6.875%	2030
Panama	Copa Holdings	USD 350	350	4.500%	2025
Supranational	Central American Bank for Economic Integration (CABEI)	USD 750	750	2.000%	2030
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 800	800	3.750%	2031
			16,850		
May-20					
Mexico	America Movil SAB de CV	USD 1000	1,000	2.875%	2030
Chile	Empresa de Transporte de Pasajeros Metro S.A.	USD 500	500	3.650%	2030
Chile	Empresa de Transporte de Pasajeros Metro S.A.	USD 1000	1,000	4.700%	2050
Argentina	MSU Energy S.A. (former Rio Energy S.A.)	USD 250.3	250	3-mth Libor +1195	2024
Chile	Republic of Chile	EUR 500	549	1.625%	2025 (r)
Chile	Republic of Chile	USD 1458	1,458	2.450%	2031
Supranational	CAF Development Bank of Latin America	USD 800	800	2.375%	2023
Colombia	Grupo Energia Bogotá (GEB)	USD 400	400	4.875%	2030
Supranational	CAF Development Bank of Latin America	JPY 3000	28	1.025%	2040 (soc)
Brazil	Petrobras Global Finance BV	USD 1750	1,750	6.750%	2050
Brazil	Petrobras Global Finance BV	USD 1500	1,500	5.600%	2031
Supranational	CAF Development Bank of Latin America	EUR 700	700	1.625%	2025 (soc)
Supranational	CAF Development Bank of Latin America	KZT 6210	15	10.400%	2023
			9,950		
Jun-20					
Colombia	Republic of Colombia	USD 1000	1,000	3.125%	2031
Colombia	Republic of Colombia	USD 1500	1,500	4.125%	2051
Mexico	Cemex SAB	USD 1000	1,000	7.375%	2027 NC3
Venezuela	Citgo Petroleum Corp	USD 1125	1,125	7.000%	2025
Brazil	Republica Federativa do Brasil	USD 1250	1,250	2.875%	2025
Brazil	Republica Federativa do Brasil	USD 2250	2,250	3.875%	2030
Supranational	Central American Bank for Economic Integration (CABEI)	USD 375	275	3-mth Libor +145	2025
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 150	156	0.405%	2025
Supranational	CAF Development Bank of Latin America	JPY 3200	30	0.700%	2023 (soc)
Supranational	CAF Development Bank of Latin America	AUD 30.9	22	1.830%	2025
Supranational	CAF Development Bank of Latin America	NZD 21.3	14	1.800%	2025
Peru	Credicorp Ltd	USD 500	500	2.750%	2025
Peru	Nexa Resources SA	USD 500	500	6.500%	2028
Honduras	Republic of Honduras	USD 600	600	5.625%	2030
Mexico	FEMSA	USD 700	700	3.500%	2050
Uruguay	Navios South American Logistics Inc	USD 500	500	10.750%	2025
T&T	Republic of Trinidad & Tobago	USD 500	500	4.500%	2030
Uruguay	Oriental Republic of Uruguay	UYU 68506	1,605	3.875%	2040
Uruguay	Oriental Republic of Uruguay	USD 400	400	4.375%	2031
Mexico	Kimberly-Clark de Mexico SA de CV	USD 500	500	2.431%	2031
Chile	VTR Comunicaciones - Liberty Latin America	USD 600	600	5.125%	2028 NC3
Chile	VTR Finance BV - Liberty Latin America	USD 550	550	6.375%	2028 NC3
Peru	Banco de Credito del Peru	USD 850	850	3.125%	2030
Peru	Banco Internacional del Peru - INTERBANK	USD 300	300	Fixed rate conv. to floating rate note	2030
Brazil	Rumo Luxembourg SARL	USD 500	500	5.250%	2028 (g)
			17,226		

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Notes:

(r): retap.

(g): green.

(soc): social.

NC3: only callable after 3 years.

Q2 2020 **44,027**
H1 2020 **88,691**

**TABLE 5:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
THIRD QUARTER OF 2020**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jul-20					
Brazil	Raizen Fuels Finance SA	USD 225	225	5.300%	2027 (r)
Brazil	Vale Overseas Ltd	USD 1500	1,500	3.750%	2030
Colombia	Empresas Publicas de Medellin ESP - EPM	USD 575	575	4.375%	2031
Colombia	Empresas Publicas de Medellin ESP - EPM	COP 635519.5	174	8.375%	2027 (r)
Colombia	Colombia Telecomunicaciones SA (ColTel)	USD 500	500	4.950%	2030
El Salvador	Republic of El Salvador	USD 1000	1,000	9.500%	2052
Mexico	Banco Mercantil del Norte	USD 500	500	8.375%	Perp NC10
Colombia	Oleoducto Central SA - Ocesa	USD 500	500	4.000%	2027
Supranational	CAF Development Bank of Latin America	JPY 17200	160	0.770%	2025
Brazil	Ultrapar International SA	USD 350	350	5.250%	2029 (r)
Mexico	Fibra Uno	USD 375	375	4.869%	2030 (r)
Mexico	Fibra Uno	USD 275	275	6.390%	2050 (r)
Brazil	Braskem Netherlands Finance BV	USD 600	600	8.500%	2081
Brazil	Banco Votorantim SA	USD 500	500	4.375%	2025 (g)
Panama	Banistmo SA	USD 400	400	4.250%	2027
Supranational	Central America Bottling Corporation (CBC)	USD 200	200	5.750%	2027 NC5 (r)
Mexico	Industrias Penoles SAB de CV	USD 500	500	4.750%	2050
			8,434		
Aug-20					
Argentina	Telecom Argentina SA	USD 135	135	8.500%	2025
Panama	Banco Nacional de Panama	USD 1000	1000	2.500%	2030
Colombia	AI Candelaria (Spain) SLU	USD 50	50	7.500%	2028
Supranational	CAF Development Bank of Latin America	CHF 350	384	0.700%	2025 (g)
Panama	AES Panama SA	USD 1380	1380	4.375%	2030
Chile	Empresa de los Ferrocarriles del Estado - EFE	USD 500	500	3.068%	2050
Supranational	CAF Development Bank of Latin America	USD 40	40	1.600%	2025
Supranational	CAF Development Bank of Latin America	JPY 20000	188	0.727%	2025 (soc)
Mexico	Coca-Cola FEMSA SAB de CV	USD 705	705	1.850%	2032 (g)
			4,382		
Sep-20					
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	USD 400	400	2.375%	2025
Peru	Consortio Transmantaro SA	USD 200	200	4.700%	2034 (g)(r)
Colombia	Republic of Colombia	COP 4800000	1,292	7.250%	2050
Brazil	Suzano Austria GmbH	USD 750	750	3.750%	2031 (g)
Mexico	Infraestructura Energetica Nova SAB de CV - IEnova	USD 800	800	4.750%	2051
Uruguay	Arcos Dorados Holdings Inc	USD 150	150	5.875%	2027 (r)
Brazil	Embraer Netherlands Finance BV	USD 750	750	6.950%	2028
Mexico	United Mexican States	EUR 750	889	1.350%	2027 (sust)
Mexico	Cemex SAB	USD 1000	1,000	5.200%	2030
Supranational	CAF Development Bank of Latin America	USD 750	750	1.625%	2025
Mexico	BBVA Bancomer SA	USD 500	500	1.875%	2025
Brazil	BRF SA	USD 500	500	5.750%	2050
Dominican Rep.	Dominican Republic	DOP 17500	299	9.750%	2026 (r)
Dominican Rep.	Dominican Republic	USD 1700	1,700	5.875%	2060 (r)
Dominican Rep.	Dominican Republic	USD 1800	1,800	4.875%	2032
Peru	COFIDE	USD 500	500	2.400%	2027
Panama	Republic of Panama	USD 1250	1,250	2.252%	2032
Panama	Republic of Panama	USD 1000	1,000	3.870%	2060 (r)
Panama	Republic of Panama	USD 325	325	3.750%	2026 (r)
Mexico	Fresnillo plc	USD 850	850	4.250%	2026
Brazil	Lojas Americanas SA	USD 500	500	4.750%	2030
			16,205		

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Notes:

(r): retap.

(g): green.

(soc): social.

NC3: only callable after 3 years.

Q3 2020 **29,022**
2020 YTD **117,713**

**TABLE 6:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FOURTH QUARTER OF 2020**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity	
Oct-20						
Bahamas	Commonwealth of Bahamas	USD 600	600	8.950%	2032	
Mexico	Petroleos Mexicanos - PEMEX	USD 1500	1,500	6.875%	2025	
Chile	Antofagasta PLC	USD 500	500	2.375%	2030	
Brazil	Petrobras Global Finance BV	USD 1000	1,000	5.600%	2031	(r)
Supranational	CAF Development Bank of Latin America	EUR 90	106	0.980%	2023	
Colombia	Promigas SA ESP	USD 120	120	3.750%	2029	(r)
Brazil	BRF SA	USD 300	300	5.750%	2050	(r)
Supranational	Millicom Intemational Cellular S.A.	USD 500	500	4.500%	2031	
Paraguay	Frigorífico Concepción SAE	USD 40	40	10.250%	2025	(r)
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	EUR 10	12	0.900%	2025	
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	EUR 10	12	0.900%	2026	
			4,690			
Nov-20						
Mexico	Totalplay Telecomunicaciones SA de CV	USD 575	575	7.500%	2025	NC3
Brazil	CSN Inova Ventures	USD 300	300	6.750%	2028	(r)
Supranational	Central American Bank for Economic Integration (CABEI)	USD 50	50	na	2025	
Panama	Empresa Nacional de Autopistas Nacional SA (ENA Trust)	USD 400	400	4.000%	2048	
Mexico	United Mexican States	USD 3396	3,396	2.659%	2031	
Mexico	United Mexican States	USD 3208	3,208	3.771%	2061	
Brazil	Suzano Austria GmbH	USD 500	500	3.750%	2031	(r)(sust)
Peru	Auna SAA	USD 300	300	6.500%	2025	NC3
Mexico	Fisterra Energy - FEL Energy VI (Ciclo Combinado Tierra Mojada)	USD 953	953	5.750%	2040	
Brazil	B2W Digital	USD 500	500	4.375%	2030	
Chile	Republic of Chile	CLP 1040000	1,367	2.300%	2028	(soc)
Chile	Republic of Chile	CLP 560000	736	2.800%	2033	(soc)
Peru	Republic of Peru	USD 1000	1,000	1.862%	2032	
Peru	Republic of Peru	USD 2000	2,000	2.780%	2060	
Peru	Republic of Peru	USD 1000	1,000	3.230%	2121	
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	EUR 10	12	0.900%	2027	
			16,298			
Dec-20						
Bahamas	Commonwealth of Bahamas	USD 225	225	8.950%	2032	(r)
Brazil	Republica Federativa do Brasil	USD 500	500	2.875%	2025	(r)
Brazil	Republica Federativa do Brasil	USD 1250	1,250	3.875%	2030	(r)
Brazil	Republica Federativa do Brasil	USD 750	750	4.750%	2050	(r)
Paraguay	Banco Continental SAECA	USD 300	300	2.750%	2025	(sust)
Brazil	FS Bioenergia	USD 550	550	10.000%	2025	(g)
Supranational	Central American Bank for Economic Integration (CABEI)	NZD 72	50	na	2025	
Chile	Corporacion Nacional del Cobre de Chile SA - CODELCO	USD 500	500	3.150%	2051	
Dominican Rep.	Dominican Republic	USD 1266	1,266	4.875%	2032	(r)
Panama	UEP Penonome II SA - InterEnergy	USD 263	263	6.500%	2038	(g)
Chile	EnfraGen SA	USD 710	710	5.375%	2030	NC5
Paraguay	Frigorífico Concepción SAE	USD 21	21	10.250%	2025	(r)
Brazil	GOL Linhas Aéreas Inteligentes SA (GOL Finance)	USD 200	200	8.000%	2026	NC2
			16,205			

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Notes:

(r): retap.

(g): green.

(soc): social.

(sust): sustainability.

NC2: only callable after 2 years.

NC3: only callable after 3 years.

NC5: only callable after 5 years.

Q4 2020	27,572
H2 2020	56,594
2020	145,286

Latin American and Caribbean bond issuers ended 2020 with momentum, which has carried over into the beginning of 2021. The region's issuances in the international market reached their second highest level on record in 2020, at US\$ 145.3 billion, while coupons came down and maturity increased from 2019 levels.

Capital flows to Latin America and the Caribbean: 2020 year-in-review in times of COVID-19 presents and analyses the developments concerning capital flows to Latin America and the Caribbean in 2020. This report is published three times a year and provides an overview of bond issuances from Latin American and Caribbean issuers, including of green, social and sustainability bonds, as well as bond spreads and credit ratings.



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