

# Capital flows to Latin America and the Caribbean

A slowdown in 2022



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## Highlights

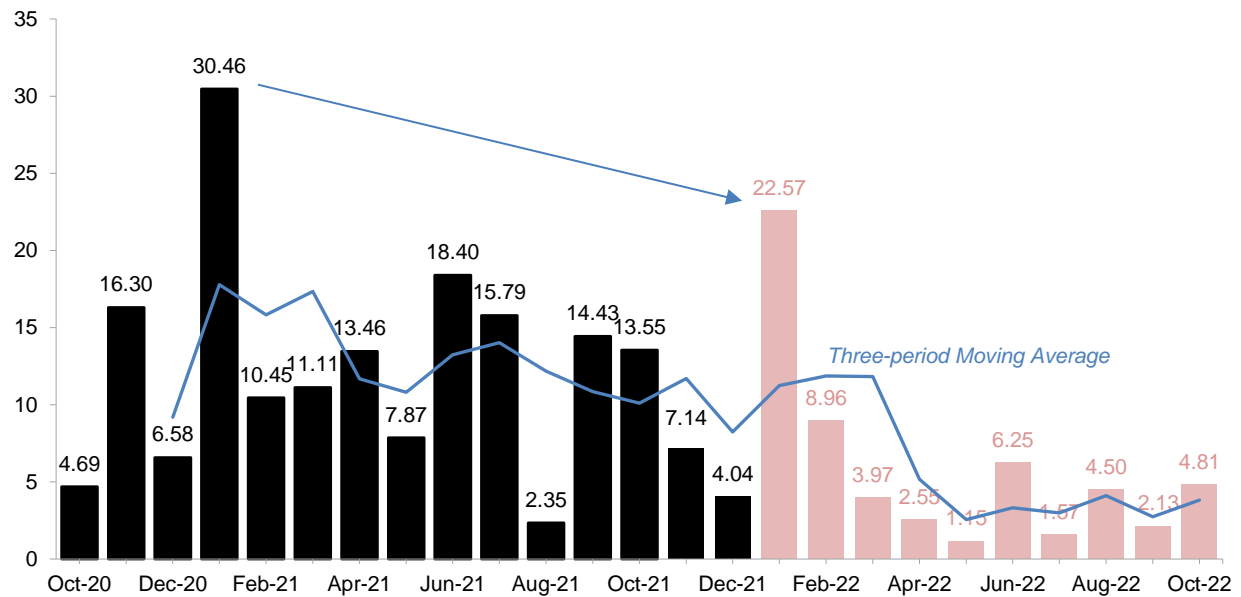
- Against a backdrop of tightening global financing conditions and higher global borrowing costs, Latin American and Caribbean (LAC) issuers placed a total of US\$ 58.5 billion of bonds in international markets from January to October 2022, a decline of almost 60% from the US\$ 138 billion placed in the same period in 2021.
- The largest slowdown in debt issuances was observed in the corporate sector, with overall corporate bond issuance declining 65%. Sovereign issuances declined 46% and accounted for over half of total international debt issuance from the region in the period.
- The region's top three issuers, corporate and sovereign combined, were Mexico, Chile, and Brazil, in that order, which together accounted for 64% of the total regional issuance. Mexico was the top issuer, accounting for 28% of all issuances in the period, followed by Chile (19%) and Brazil (17%).
- Mexico and Chile were also the region's top two sovereign issuers. Together they accounted for more than half of all sovereign debt issuances from the region. Brazil's issuances were all from the corporate sector.
- The region issued US\$ 20 billion in international green, social, sustainability and sustainability-linked (GSSS) bonds, down 52% from the same period in 2021 but less than the fall for total overall issuance. GSSS issuance represented a 34.5% share of the total amount issued as a result, a substantial increase from the 31% share a year ago.
- Sustainability bonds have been the most used ESG debt instruments by LAC issuers in 2022. They account for 54% of the region's total international GSSS issuance in the period (US\$ 11 billion), with the Governments of Chile and Mexico issuing 46% (US\$ 5 billion) and 25% (US\$ 2.8 billion) of the total, respectively.
- Sustainability-linked bonds (SLBs) were the second most used ESG debt instrument, representing 31% (US\$ 6.3 billion) of the total. There have been two sovereign SLBs issued this year so far. The first was issued by the Government of Chile in March, the first sovereign SLB in the world, and the second by the Government of Uruguay in October.

- LAC bond spreads widened 115 basis points in the first ten months of 2022. As measured by the global emerging market bond index (EMBIG), LAC bond spreads stood at 514 basis points at the end of October 2022, 142 basis points higher than pre-pandemic levels.
- Latin American equity prices have remained resilient this year despite markets' ups and downs. The MSCI Latin American index gained 6% from January to October 2022, outperforming the emerging market and the G7 indices, which lost 31% and 21%, respectively. While returns have been mixed across countries and quarters, Chile and Brazil's performances have contributed to Latin America's overall gains.
- Supported by lower funding needs and greater reliance on local markets, sovereign credit quality in the region showed signs of improvement in the first half of 2022. The slight improvement has disappeared in the second half of the year, however, and credit quality in the region is now trending downwards.

## Overview

Against the backdrop of higher global interest rates and borrowing costs, Latin American and Caribbean (LAC) issuers placed US\$ 58.5 billion worth of bonds in international bond markets from January to October of 2022, down 58% from the same period in 2021 and with an average coupon that was almost 1.5% higher. Global inflation concerns, the United States Federal Reserve's tightening monetary policy stance and the strength of the dollar, as well as the war in Ukraine, contributed to push funding costs higher (figure 1).

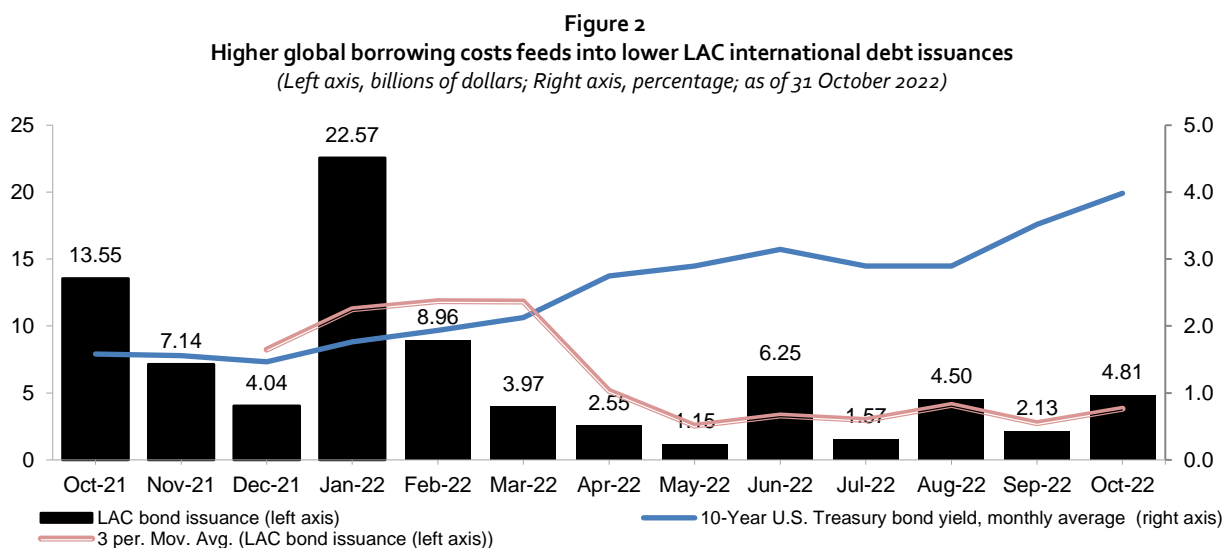
**Figure 1**  
**Monthly LAC international bond issuance, October 2020–October 2022**  
*(Billions of dollars)*



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



On 2 November 2022, the Federal Reserve enacted its fourth consecutive 0.75 percentage point interest rate increase —its most aggressive monetary tightening campaign since the early 1980s— taking the federal funds rate to a range of 3.75%-4.00%. Moreover, increased volatility in government bond markets has carried the yield on the 10-year U.S. Treasury note —a benchmark for global borrowing costs— above 4% for the first time in a decade, feeding into higher borrowing costs and lower international debt issuance for the region's sovereign and corporate debt issuers alike (figure 2).



Source: ECLAC Washington Office based on data from Dealogic, LatinFinance, Cbonds and Bloomberg for debt issuances, and the United States Federal Reserve for the 10-year U.S. Treasury bond yield.

The largest slowdown this year so far has been observed in the corporate sector, which had been the main driver of the region's international debt issuances since 2009. Overall, corporate issuances declined 65% from a year ago. On a year-over-year basis, issuances from private banks and non-bank entities combined declined 70% in the first ten months of 2022 from the same period in 2021, issuances from quasi-sovereign enterprises declined 55%, and issuances from supranational entities fell 31%. Sovereign issuances declined 46%, less than overall corporate issuances, and have accounted for over half of total international debt issuance from the region this year so far (table 1).

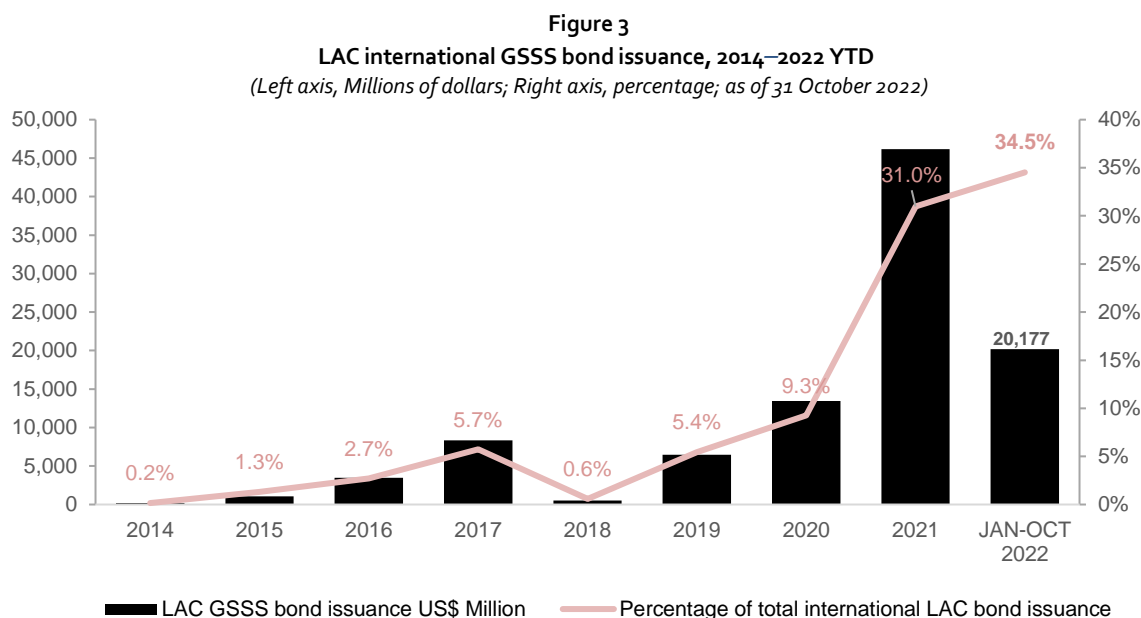
**Table 1**  
**LAC debt issuances in international markets by sector, January–October 2022**  
(Millions of dollars, percentages and number of deals)

	Private banks	Private non-banks	Quasi-sovereign enterprises	Supranational entities	National governments (sovereign issuances)	Total
Total January to October 2022	1,347	18,263	5,208	3,992	29,639	58,450
Year-on-year growth (percentages)	-78%	-69%	-55%	-31%	-46%	-58%
Share of Total (percentages)	2%	31%	9%	7%	51%	100%
Number of deals	8	31	8	19	27	93
Deals year-on-year decline	-24	-72	-7	-7	-20	-130

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

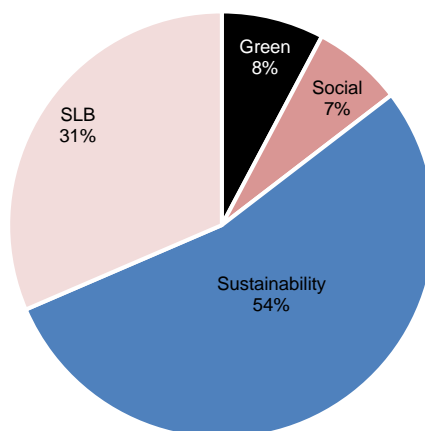
The region's top three issuers, corporate and sovereign combined, were Mexico, Chile, and Brazil, in that order, which together accounted for 64% of the total regional issuance. Mexico was the top issuer, accounting for 28% of all issuances in the period, followed by Chile (19%) and Brazil (17%). Mexico and Chile were also the region's top two sovereign issuers. Together they accounted for more than half of all sovereign debt issuances from the region. Brazil's issuances were all from the corporate sector. Following recent trends, almost 60% of all corporate debt issuances came from Brazilian (35%) and Mexican (24%) companies.

The region's sustainable bond issuance showed signs of resilience with a less severe decline than for the broader bond market. Like the broader debt market, the sustainable debt market has seen a trend of declining bond activity, particularly in the corporate sector, due to worsening macroeconomic conditions. The region issued more than US\$ 20 billion in international green, social, sustainability and sustainability-linked (GSSS) bonds in the first ten months of 2022, down 52% from the same period in 2021. However, this was a less severe decline than the 58% fall for total overall issuance. The region's GSSS bond issuance represented a 34.5% share of the total amount issued in international markets, a substantial increase from the 31% share a year ago (figure 3).



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. YTD: year to date.

**Figure 4**  
**LAC international GSSS bond issuance: types of instruments, 2022 YTD**  
(Percentage; as of 31 October 2022)

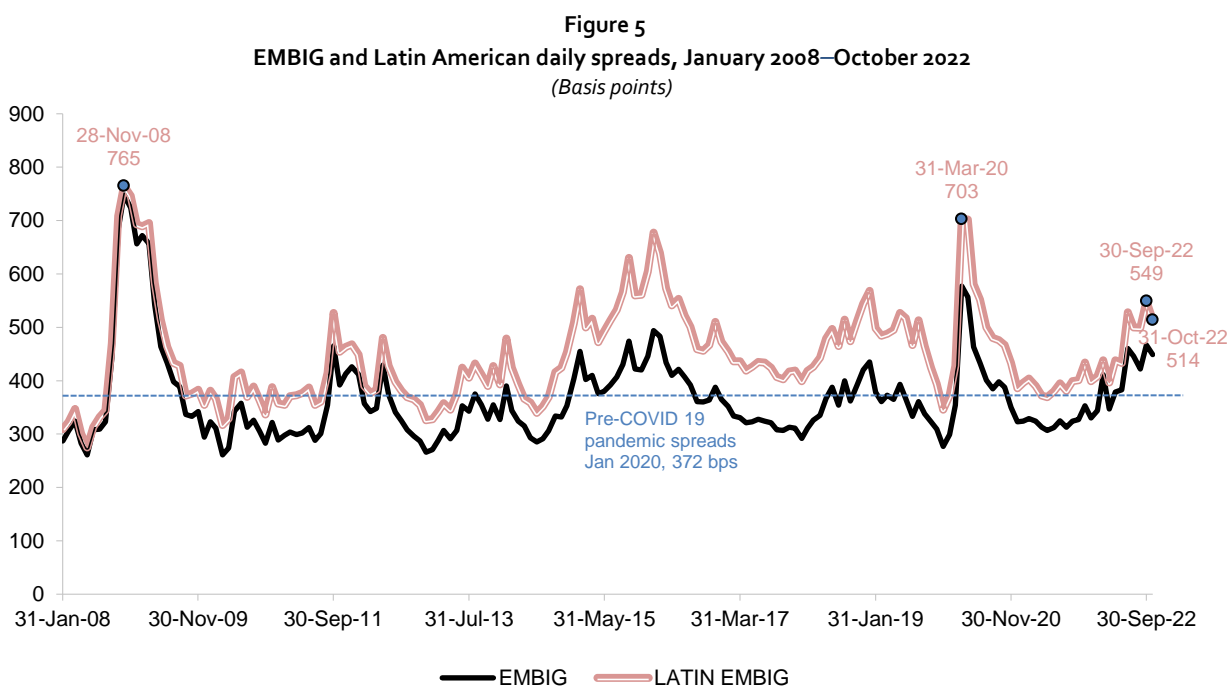


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. SLB: sustainability-linked bonds. The green bonds category also includes blue bonds, such as the ones issued by The Bahamas in June 2022. YTD: year to date.

Sustainability bonds have been the most used ESG debt instruments by LAC issuers in 2022 so far. They account for 54% of the region's total international GSSS issuance in the January-October period (US\$ 11 billion), with the Governments of Chile and Mexico issuing 46% (US\$ 5 billion) and 25% (US\$ 2.8 billion) of the

total, respectively, leading to a bump in this category. Sustainability-linked bonds (SLBs) were the second most used ESG debt instrument, representing 31% (US\$ 6.3 billion) of the total (figure 4). There have been two sovereign SLBs issued this year so far. The first was issued by the Government of Chile in March, the first sovereign SLB in the world, and the second by the Government of Uruguay in October, which came with an innovation –while SLBs offer to pay a step-up rate if sustainability targets are not met, Uruguay added the possibility of paying lower rates if it exceeds these targets.<sup>1</sup>

Borrowing costs for LAC issuers increased by 115 basis points in the first ten months of 2022, amid rising financing costs and weaker risk sentiment, and reached a peak for the year in September 2022 (549 basis points). At 514 basis points at the end of October, LAC bond spreads, as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) Latin component, were 142 basis points higher than pre-pandemic levels (372 basis points at the end of January 2020) (figure 5).



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

Latin American equity prices have remained resilient this year despite markets' ups and downs. On a quarterly basis, Latin American stock prices gained 26% in the first quarter according to the MSCI Latin American Index, aided by rising Latin American currencies and thanks to a combination of cheap valuations and rising commodity prices. Latin American stock prices were down 24% in the second quarter of 2022, however, as global inflation concerns, rising global interest rates, the war in Ukraine and political uncertainty at the local level, brought by elections and new governments in some of the region's countries, contributed to a reversal. They were up 0.7% in the third quarter. The MSCI Latin American index gained 6% from January to October 2022, outperforming the emerging markets and the G7 indices, which lost 31% and 21%, respectively (figure 6).

<sup>1</sup> Green, social and sustainability bonds are 'use of proceeds' bonds, associated to a specific project and specific eligible expenditures. The SLBs are more closely aligned to the issuer's overall sustainability strategy. If the issuer commits to achieving certain sustainable targets, the money from the sale of SLBs may be used for general corporate purposes instead of specific eligible expenditures. SLBs embed an ESG-related key performance indicator (KPI) that issuers commit to achieve, accruing additional payments to bondholders should they fall short, thus if the targets are not met, the bond's interest rate will go up by a pre-defined amount.

**Figure 6**  
**MSCI equity price Index, January–October 2022**  
*(Index levels)*

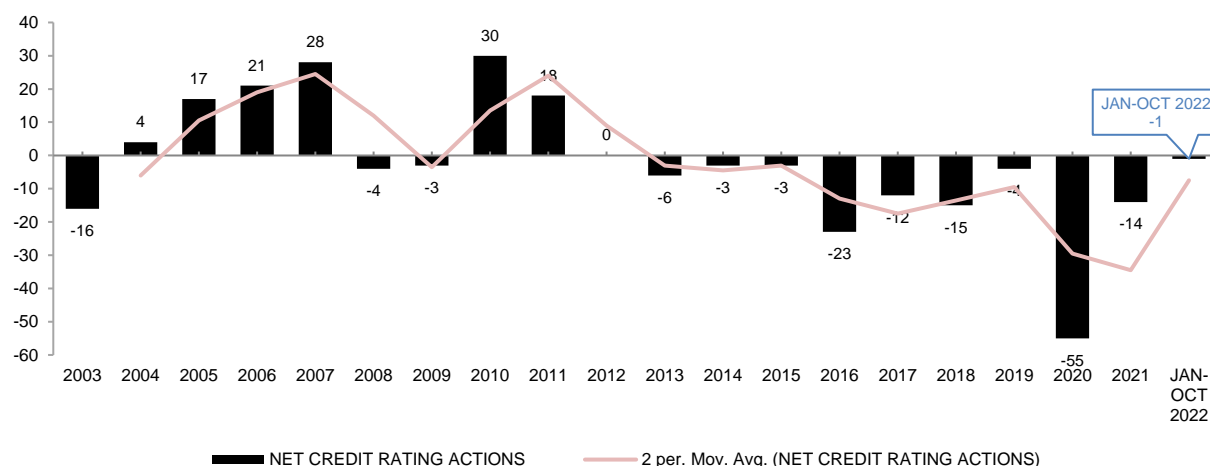


Source: ECLAC Washington Office based on MSCI Equity Indices, <http://www.msci.com/products/indexes/performance.html>, prices at the end of the month.

The region's sovereign credit quality improved in the first half of 2022 as pandemic-related rating pressures began to fade. Lower funding needs and greater reliance on local markets also contributed to the improvement. Following nine consecutive years when negative credit rating actions—including upgrade/downgrades and upward/downward outlook revisions—outnumbered positive actions in the region, there were two more positive actions than negative in the first six months of the year. The positive actions were outlook upward revisions citing improvements in fiscal positions, while the negative actions were downgrades citing economic vulnerabilities and financing risks.

Since then, this slight improvement has disappeared and credit quality in the region is trending downwards. In September and October six negative actions took place, and only one positive. They included four downgrades and two downward outlook revisions, citing fiscal pressures, constrained funding options, and elevated external borrowing costs. As of 31 October 2022, the balance for the year was one more negative credit rating action than positive (figure 7).

**Figure 7**  
**Net credit rating actions in Latin America and the Caribbean: 2003–2022 YTD**  
*(Number of Actions; as of 31 October 2022)*



Source: ECLAC Washington Office, based on data from Moody's, Standard & Poor's, and Fitch. Credit rating actions include upgrade/downgrades and upward/downward outlook revisions. YTD: year to date.



## I. International bond markets and debt management

LAC issuance in international bond markets have slowed down considerably in 2022, with many issuers turning to local markets instead. Supported by fading pandemic-related pressures, lower funding needs and greater reliance on local markets, the region's credit outlook trended upwards in the first half of the year, but amid constrained funding options and higher external borrowing costs it has trended downwards in the second half. Credit spreads widened amid rising financing costs and weaker risk sentiment in international markets.

### A. New debt issuance

Total LAC bond issuance in international markets totaled US\$ 58.5 billion in the first ten months of 2022. The amount issued in the third quarter of the year (US\$ 8.2 billion), was the lowest quarterly amount since the third quarter of 2018 (figure 8). Bond activity then and now was affected by U.S. interest rate hikes, withdrawal of dollar liquidity, dollar strengthening, and instability in stock markets.

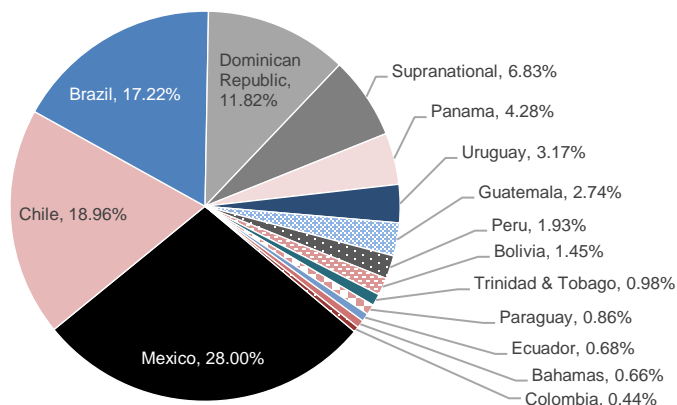
**Figure 8**  
LAC quarterly international bond issuance, Q3 2014–Q3 2022  
(Billions of dollars)



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

Mexico had the largest share of bond issuances –sovereign and corporate combined– in the first ten months of 2022, followed by Chile and Brazil. They issued US\$ 16.4 billion, US\$ 11.1 billion, and US\$ 10.1 billion, respectively. Issuances from the three countries accounted for 64.2% of the total LAC issuance in the period (figure 9).

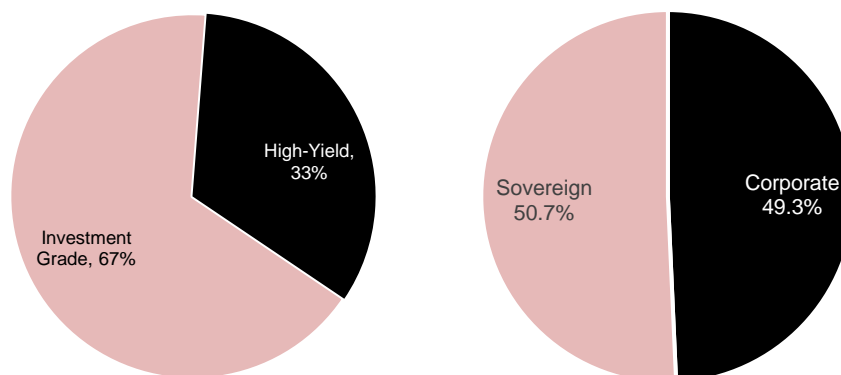
**Figure 9**  
LAC international sovereign and corporate bond issuance, country breakdown,  
January–October 2022  
(Country shares in percentage)



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

Investment-grade issuers –sovereign and corporate combined– accounted for 67% of total overall LAC bond issuance in international markets in the first ten months of 2022, while 33% of the total was issued by high-yield issuers. The sovereign sector accounted for 50.7% of the total, while the corporate sector (including corporations, banks, quasi-sovereign and supranational issuers) accounted for 49.3% (figure 10).

**Figure 10**  
LAC international sovereign and corporate bond issuance by rating and type of issuer,  
January–October 2022  
(Percentage)



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

## 1. Sovereign issuance

From January to October 2022, nine sovereigns –Bahamas, Bolivia, Chile, Dominican Republic, Guatemala, Mexico, Panama, Paraguay and Uruguay– tapped the international bond market (annex 1, tables 9 to 12). The top three sovereign issuers so far are Mexico, Chile, and the Dominican Republic (table 2). Sovereign issuance of ESG instruments (US\$ 11.7 billion) accounted for 39% of the sovereign total.

**Table 2**  
**LAC international sovereign bond issuance, January–October 2022**  
*(Millions of dollars, percentage, number of deals)*

Sovereign Issuer	Total Issuance (Millions of dollars)	% of the total sovereign issuance	Number of Deals
Mexico	9,471	32.0%	9
Chile	7,026	23.7%	5
Dominican Republic	6,907	23.3%	5
Panama	2,500	8.4%	2
Uruguay	1,500	5.1%	1
Bolivia	850	2.9%	1
Paraguay	501	1.7%	1
Guatemala	500	1.7%	1
Bahamas	385	1.3%	2
<b>Total</b>	<b>29,639</b>	<b>100.00%</b>	<b>27</b>

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

Mexico's three deals in the first quarter had the purpose to finance buyback operations. In August, the sovereign issued a US\$ 2.2 billion 2033 sustainability bond, also to be used primarily to finance a buyback operation, and five new reference bonds in yen for a total amount equivalent to US\$ 554 million in the Japanese market. Mexico last issued Samurai bonds in June 2019. The transaction was carried out with sustainable instruments in multiple terms: 3, 5, 10, 15 and 20 years, with interest rates between 1 and 2.5% per year. Proceeds will be used to fund budgetary programs that qualify as eligible expenditures under Mexico's Sustainable Development Goals (SDG) sovereign bond framework.

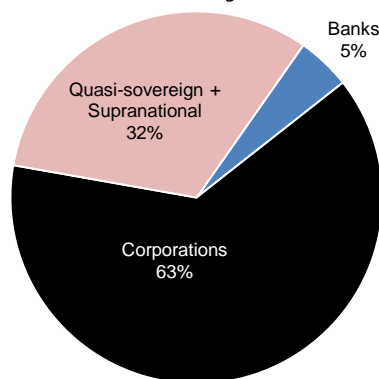
Four out of the five Chile's sovereign issuances were sustainability bonds, three took place in January and one in October, which was Chile's first sustainability bond in pesos. The other deal was the world's first sovereign sustainability-linked bond, which took place in March.

Dominican Republic's placed two bonds in February with the purpose to finance buyback and liability management operations to lower financing costs, and three global notes in local currency in June, August and October.

## 2. Corporate issuance

In the first ten months of 2022, thirty-seven corporate issuers from the region sold US\$ 28.8 billion of international bonds. Quasi-sovereign (state-owned companies) and supranational issuers accounted for 32% of total LAC international corporate issuance (figure 11), an increase from the 19% share in 2021, but below the 38% share in 2020. In October, the only corporate issuance came from LATAM Airlines, which sold US\$ 1.15 billion worth of dollar-denominated bonds in a two part-deal as part of its plans to exit Chapter 11 bankruptcy proceedings (figure 11).

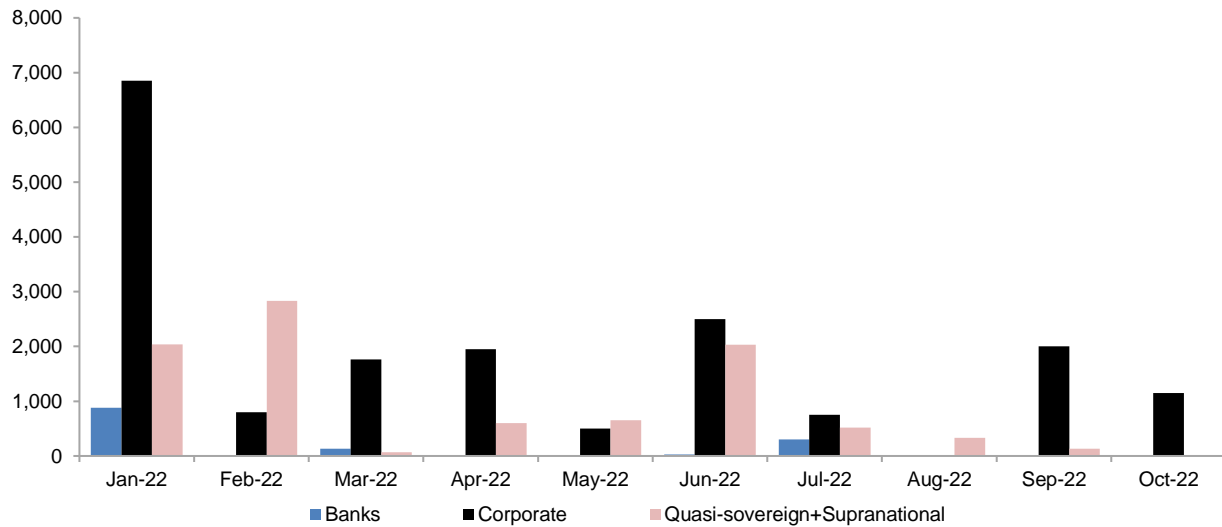
**Figure 11**  
**LAC international corporate bond issuance by type,**  
**January–October 2022**  
*(Percentage)*



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



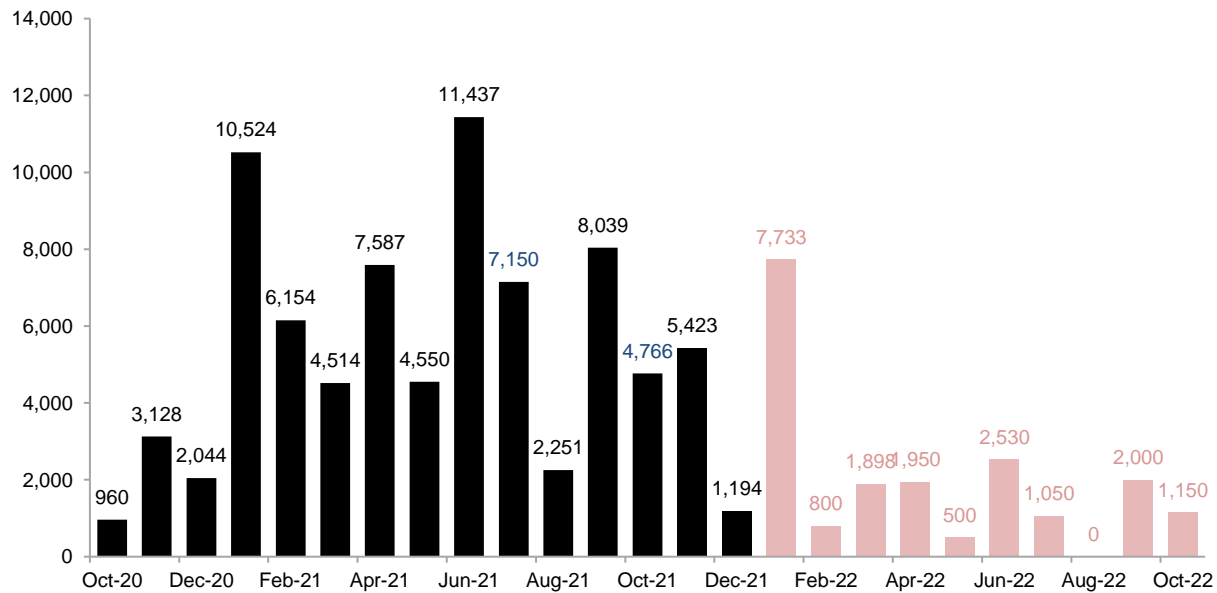
**Figure 12**  
**LAC international corporate bond issuance by type,**  
**January–October 2022**  
*(Millions of dollars)*



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

Issuances from the private corporate sector (private bank and non-bank entities) not including quasi-sovereign and supranational issuers, totaled US\$ 19.6 billion (68% of the overall corporate sector's total) in the first ten months of 2022, through 39 deals (figure 13).

**Figure 13**  
**LAC monthly international private corporate sector bond issuance,**  
**October 2020–October 2022**  
*(Millions of dollars)*



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

Debut issuances represented 7% of the region's total international corporate debt issuance and 4% of the total (sovereign and corporate combined) international issuance in the first ten months of 2022. There were five debut issuances, all in the first quarter, totalling US\$ 2.0 billion (table 3), a 76% decline from the same period in 2021.

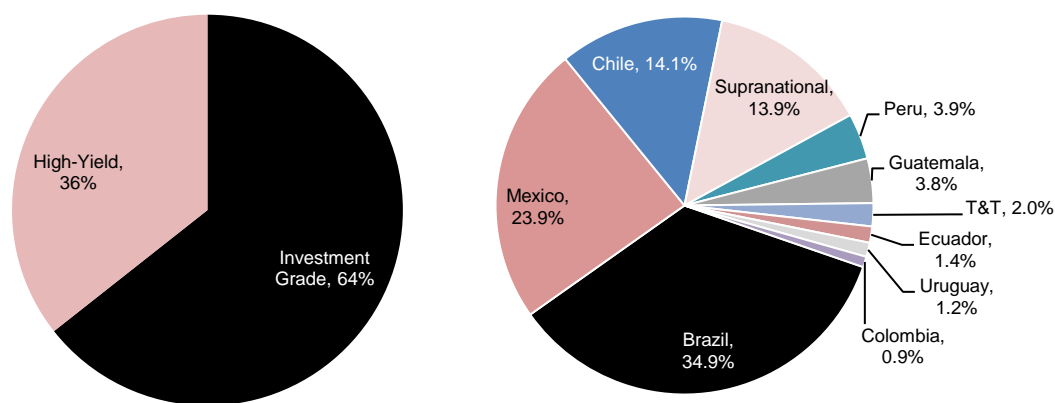
**Table 3**  
**LAC international corporate debut issuances, 2022 YTD**  
(Millions, percentage, as of October 31, 2022)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Agrosuper SA	USD 500	500	4.600%	2032	12-Jan-22
Chile	Compañía Cervecerías Unidas SA - CCU	USD 600	600	3.350%	2032	13-Jan-22
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)	21-Jan-22
Colombia	Patrimonio Autónomo Unión Del Sur	COP 1027500	259	6.660%	2041	26-Jan-22
Brazil	Usina Coruripe Açúcar e Alcool	USD 300	300	10.000%	2027	7-Feb-22
Total			2,049			5

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Note: (g) green. YTD: year to date.

Investment grade companies had a 64% share of total LAC international corporate bond issuance in the first ten months of 2022, up from a share of 45% in 2021. Brazilian companies accounted for 35% of total corporate issuance in the period. Together with Mexican and Chilean companies, they accounted for 73% of all of the region's international corporate issuances from January to October 2022 (figure 14).

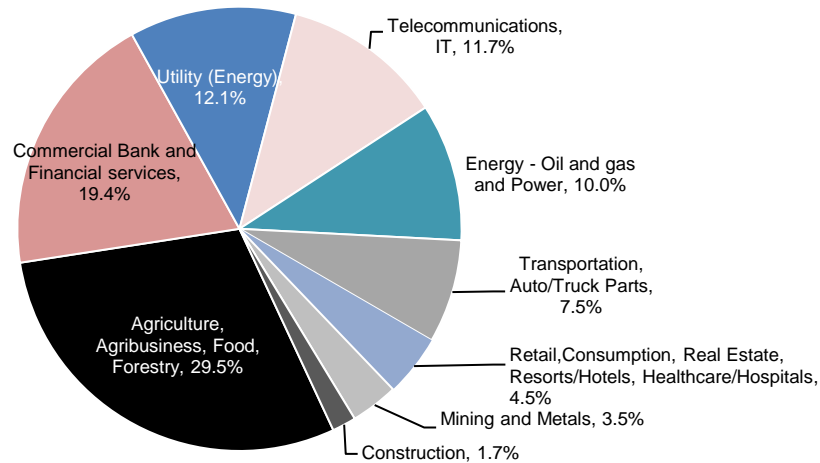
**Figure 14**  
**LAC international corporate bond issuance by rating and country,**  
**January–October 2022**  
(Percentage of total)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.  
Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

From a sectoral perspective, the top three sectors in terms of corporate debt issuance (including private corporations, banks, quasi-sovereign and supranational issuers) in international debt markets in the first ten months of 2022 were: 1. the agricultural sector, including agribusiness, food and beverages, and forestry (29.5%), 2. the financial sector, which includes commercial banks as well as financial services companies and finance development banks/multilateral agencies (19.4%), and 3. energy utilities (12.1%). Together, however, energy utilities and the energy sector including oil, gas and power, accounted for the second largest share, 22.1% (figure 15).

**Figure 15**  
**LAC international corporate bond issuance by sector,**  
**January–October 2022**  
*(Percentage of total)*



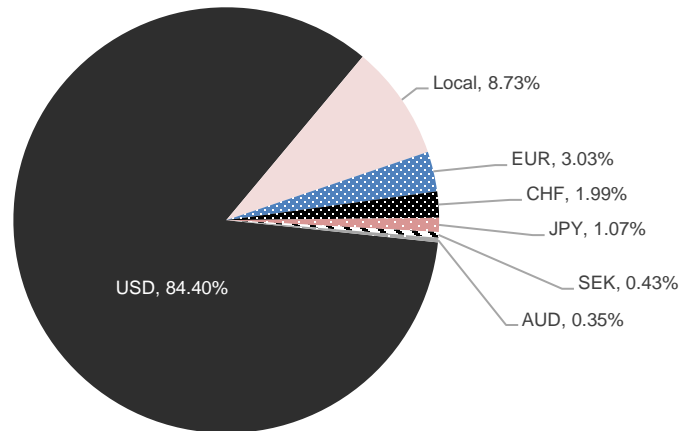
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

### 3. Currency composition

Most of the international debt issuance in the region in the first ten months of 2022 was denominated in United States dollars (84%). The U.S. dollar has always been the predominant currency for the region's debt issuances in international markets, having accounted for over 80% of the total in the past three years (figure 16).

**Figure 16**  
**Currency breakdown of LAC international bond issuances,**  
**January–October 2022**  
*(Percentage of total)*



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

In the first ten months of 2022 there were also issuances in local currencies (8.73%) –including Colombian, Chilean, Dominican, and Mexican pesos, and Trinidad and Tobago dollars– euros (3.03%), Swiss francs (1.99%), Japanese yen (1.07%), Swedish krona (0.43%) and Australian dollars (0.35%).

#### 4. GSSS bond issuance

There were 37 green, social, sustainability and sustainability-linked (GSSS) bond issuances from LAC issuers in international markets, totaling US\$ 20.2 billion and representing 34.5% of the total LAC international bond issuance in the first ten months of 2022. This amount is 52% lower than in the same period in 2021, but the share is substantially higher than the 31% share a year ago.

In September, the Central American Bank for Economic Integration (CABEI) issued its fourth social bond in 2022 and its first ever in the Taiwanese capital market. The US\$ 55 million private placement had a 4% fixed rate coupon and a 5-year tenor. Taking into account this new transaction, CABEI has placed a total of five ESG issuances for an aggregate amount of US\$ 376 million so far this year, which include three social bonds in Australian dollars (AUD), and one green bond in Swiss francs (CHF).<sup>2</sup>

In October, Uruguay became the second sovereign issuer after Chile to sell a sustainability-linked bond (SLB) in the international market. According to the framework published in September, Uruguay could pay a step-up rate of up to 30 basis points if it fails to meet sustainable targets or pay lower rates if it exceeds them. Uruguay is the first country in the world to issue a SLB that have a rate reduction (step-down coupon) tied if it exceeds the goals. The sovereign has pledged to reduce greenhouse gas emissions by 50% and preserve 100% of native forests by 2025. Also in October, Chile issued its first sustainability bonds in pesos, a CLP 1 trillion (US\$ 1.03 billion equivalent) in 12-year-notes (table 4).

**Table 4**  
**LAC international GSSS bond issuances, January–October 2022**  
(Millions, Millions of dollars, Percentage)

Country	Issuer	Amount (Millions)	Amount in U.S. dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Banco de Crédito e Inversiones - BCI	CHF 200	218	0.599%	2027 (g)	5-Jan-22
Brazil	Globo Comunicações e Participações SA - GLOBOPAR	USD 400	400	5.500%	2032 (SLB)	6-Jan-22
Brazil	Banco do Brasil SA	USD 500	500	4.875%	2029 (soc)	6-Jan-22
Mexico	GCC Cemento SA de CV	USD 500	500	3.614%	2032 (SLB)	10-Jan-22
Brazil	Banco Bradesco SA	USD 500	500	4.375%	2027 (sust)	10-Jan-22
Supranational	Millicom International Cellular SA	SEK 2250	252	3m Stibor+300bps	2027 (sust)	13-Jan-22
Supranational	CAF Development Bank of Latin America	CHF 350	383	0.450%	2027 (g)	18-Jan-22
Guatemala	Central America Bottling Corp	USD 1100	1,100	5.250%	2029 (SLB)	20-Jan-22
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)	21-Jan-22
Colombia	Patrimonio Autonomo Union Del Sur	COP 1027500	259	6.660%	2041 (soc)	26-Jan-22
Chile	Republic of Chile	USD 1500	1,500	2.750%	2027 (sust)	27-Jan-22
Chile	Republic of Chile	USD 1500	1,500	3.500%	2034 (sust)	27-Jan-22
Chile	Republic of Chile	USD 1000	1,000	4.000%	2052 (sust)	27-Jan-22
Mexico	Comisión Federal de Electricidad - CFE	USD 1250	1,250	4.688%	2029 (sust)	8-Feb-22
Mexico	Comisión Federal de Electricidad - CFE	USD 500	500	6.264%	2052 (sust)	8-Feb-22
Chile	Republic of Chile	USD 2000	2,000	4.340%	2042 (SLB)	2-Mar-22
Ecuador	Banco Pichincha	USD 1000	100	6-mth L + 4.3%	2027 (soc)	23-Mar-22
Peru	Fondo MIVIVIENDA SA	USD 600	600	4.625%	2027 (sust)	7-Apr-22
Uruguay	Arcos Dorados BV	USD 350	350	6.125%	2029 (SLB)	21-Apr-22
Brazil	Aegea Saneamento e Participações	USD 500	500	6.750%	2029 (SLB)	27-Apr-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 110	77	4.700%	2042 (soc)	12-May-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 72	52	3.940%	2032 (soc)	1-Jun-22
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 155	159	1.546%	2026 (g)	8-Jun-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 50	35	3.940%	2027 (soc)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)	10-Jun-22
Peru	Banco de Crédito del Perú (BCP)	USD 30	30	5.050%	2027 (g)	27-Jun-22
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)	7-Jul-22
Mexico	United Mexican States	USD 2203.58	2,204	4.875%	2033 (sust)	8-Aug-22
Mexico	United Mexican States	JPY 29700	217	1.000%	2025 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 23800	174	1.250%	2027 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 14900	109	1.830%	2032 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 4000	29	2.280%	2037 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 3200	23	2.520%	2042 (sust)	26-Aug-22
Supranational	Central American Bank for Economic Integration (CABEI)	USD 55	55	4.000%	2027 (soc)	1-Sep-22
Uruguay	Oriental Republic of Uruguay	USD 1500	1,500	5.750%	2034 (SLB)	20-Oct-22
Chile	Republic of Chile	CLP 1000000	1,026	7.000%	2034 (sust)	20-Oct-22
TOTAL			20,177			37 Deals

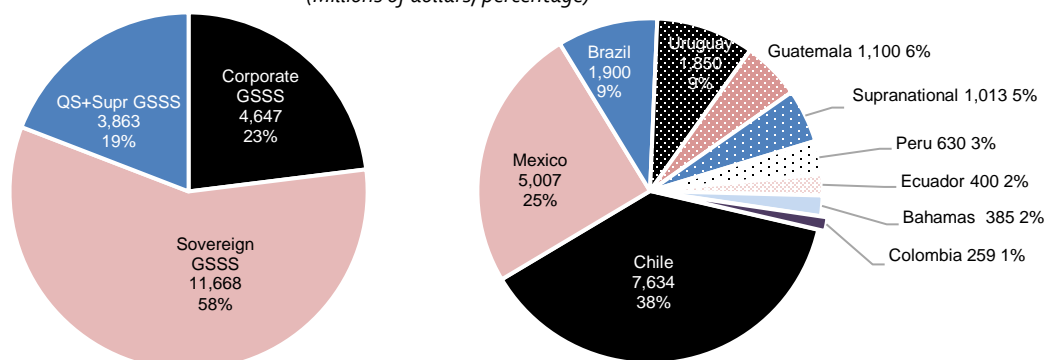
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Note: (r) retap; (g) green bond; (blue) blue bond, (soc) social bond; (sust) sustainability bond; (SLB) sustainability-linked bond.

<sup>2</sup> For issuances that took place earlier in the year, see [Capital Flows to Latin America and the Caribbean: 2021 year-in-review and the first four months of 2022](#) (LC/WAS/TS.2022/1) and [Capital Flows to Latin America and the Caribbean: the first eight months of 2022](#) (LC/WAS/TS.2022/5).

Sovereign issuers led the international GSSS bond volumes in January–October 2022 with a share of 58%. There were several firsts in the region’s sovereign sustainable debt this year, including the world’s first sovereign SLB (by Chile), the addition of a step-down coupon with the second SLB issued in the region (by Uruguay), the first sovereign sustainability bond in local currency (Chilean pesos) and multi-currency sovereign Sustainable Development Goals (SDG) focused bond issuances (mostly by Mexico). Corporate, and quasi-sovereign and supranational issuers represented 23% and 19% of the total GSSS bond issuance, respectively.<sup>3</sup> LAC international GSSS issuances in the period came from nine countries – Bahamas, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Peru and Uruguay – and three supranational entities (figure 17).

**Figure 17**  
LAC international GSSS bond issuances by type of issuer and by country, January–October 2022  
(Millions of dollars, percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. QS+Supr: issuance from quasi-sovereign (state-owned) and supranational entities.

Chile has the highest share of International GSSS bond issuances in 2022 as of 31 October 2022 (38%). Most of its international GSSS bond issuances (92%) came from the sovereign sector. They included four sovereign sustainability bonds, three in U.S. dollars and one in local-currency, one sovereign SLB, and two corporate green bonds.

Mexico has the second highest share (25%) with three deals including two sustainability bond issuances by the state-owned Comisión Federal de Electricidad (CFE) and one corporate SLB in the first quarter. In August, Mexico issued a US\$ 2.2 billion 2033 sovereign sustainability bond, with proceeds to be used primarily to finance a buyback operation, and five new sovereign Samurai sustainability bonds for a total amount equivalent to US\$ 554 million, in multiple terms: 3, 5, 10, 15 and 20 years, with interest rates between 1 and 2.5% per year.

Brazil has the third largest share (9%), with all its GSSS bond issuances taking place in the first four months of the year and originating from the corporate sector, 47% of which consisted of SLBs. Banco do Brasil became the first Latin American bank to issue seven-year social bonds in the international bond market in January.

Uruguay has the fourth largest share (9%), with the sovereign SLB issued in October accounting for 84% of the total. The other issuance was a corporate SLB issued in April.

The share of SLBs in the GSSS total bond issuance fell to 31% in the first ten months of 2022 from 37% in 2021. Sustainability bonds took the first place with a share of 56% (figure 4, p.9), as Chile issued US\$ 4 billion worth of sovereign sustainability bonds (2/3 of its total sovereign ESG bond issuance), and Mexico US\$ 2.8 billion. Chile also issued the first SLB in the world in early March, a US\$ 2 billion 20-year bond, and Uruguay the region’s second SLB, a US\$ 1.5 billion 12-year bond.

<sup>3</sup> As a share of the total LAC International bond issuance (including all instruments and not only GSSS bonds) from January to October 2022, sovereign GSSS bond issuances accounted for 20%, corporate for 7.9%, and quasi-sovereign and supranational entities for 6.6%. The first sovereign GSSS issuance in the international bond market took place in June 2019, a green bond issued by the Government of Chile.

The most common objective or target of the region's SLB issuances in January-October 2022 continued to be reducing greenhouse gases (GHG) emissions (as in 2021), although it also included generating energy from renewable resources, reducing energy consumption, and maintaining native forest area (as in Uruguay's SLB). The objectives included the reduction of Scope 1 and Scope 2 emissions, and the SLB issued by Guatemala's Central America Bottling Corporation had the objective of reducing Scope 3 emissions.

Within the spectrum of GSSS bonds, bonds with a gender focus have also been issued in the region since 2016 (table 5).<sup>4</sup> Ecuadorian Banco Pichincha has issued two gender bonds this year so far, one in March, the first gender bond in Ecuador to fund loans to women-led small businesses, and another in July, a private placement backed by diversified payment rights to fund loans for micro-, small and medium-sized enterprises owned by women.

**Table 5**  
**LAC international GSSS bond issuances: gender focus, 2016-2022 YTD**  
(Millions, percentage; as of 31 October 2022)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Banco del Estado de Chile (BancoEstado)	JPY 10000	94	0.480%	2026 (soc)	10-Jun-16
Chile	Banco del Estado de Chile (BancoEstado)	JPY 15000	147	0.480%	2026 (r)(soc)	10-Aug-16
Chile	Banco del Estado de Chile (BancoEstado)	AUD 110	81	4.180%	2027 (soc)	9-May-17
Supranational	CAF Development Bank of Latin America	JPY 3000	28	1.025%	2040 (soc)	19-May-20
Supranational	CAF Development Bank of Latin America	JPY 3200	30	0.700%	2023 (soc)	4-Jun-20
Supranational	CAF Development Bank of Latin America	JPY 20000	188	0.727%	2025 (soc)	19-Aug-20
Brazil	B3 (Operator of São Paulo Stock Exchange)	USD 700	700	4.125%	2031 (SLB)	15-Sep-21
Ecuador	Banco Pichincha	USD 1000	100	6-mth L + 4.3%	2027 (soc)	23-Mar-22
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)	7-Jul-22
<b>TOTAL</b>			<b>1,677</b>			

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Notes: (soc)=social bond; (SLB)=sustainability-linked bond.

## B. Credit risk outlook

Credit quality improved in the region in the first half of 2022 as pandemic-related rating pressures began to fade. Following nine consecutive years when negative credit rating actions—including upgrade/downgrades and upward/downward outlook revisions—outnumbered positive actions in the region, there were two more positive actions than negative in the first six months of the year. The positive actions were outlook upward revisions citing improvements in fiscal positions, while the negative actions were downgrades citing economic vulnerabilities and financing risks. Since then, this slight improvement has disappeared and credit quality in the region is trending downwards.

From January to October 2022, there were eleven positive actions—ten upward outlook revisions and one upgrade—and twelve negative actions, nine of them downgrades (table 6). Seven countries saw upward revisions to their credit outlook, including Panama, Costa Rica, Guatemala, Mexico, Brazil, Trinidad and Tobago, and Paraguay, in chronological order. Nicaragua was upgraded in October by S&P, with the agency citing an economic recovery supported by rising exports and strong remittances. Six countries were downgraded—El Salvador, Peru, Mexico, Chile, The Bahamas, and Argentina—while Honduras, Peru and Panama saw downward revisions to their outlooks (annex 2, box 1). In September and October six negative actions took place, including four downgrades and two downward outlook revisions, with the credit rating agencies citing fiscal pressures, constrained funding options, and elevated external borrowing costs.

<sup>4</sup> In 2016, Banco del Estado de Chile (BancoEstado) issued the region's first-ever social bond in the international bond market with a women entrepreneur focus, with proceeds directed to BancoEstado's Crece Mujer Emprendedora program. In 2020, CAF Development bank of Latin America issued three social bonds in the international market. The target populations for the eligible expenditures included women among other underserved populations affected by COVID-19. In September 2021, B3, operator of the stock exchange of São Paulo, Brazil, issued a ten-year US\$ 700 million SLB tied to efforts to hire more women. B3 could increase the coupon by up to 0.25% per year if it does not meet the agreed targets, according to its securities filing.

In September, Moody's downgraded Chile's sovereign rating to A2 from A1 with a stable outlook, citing fiscal and economic trends that have gradually but persistently weakened the sovereign's credit profile, and an upward trend in the country's debt burden that has been exacerbated by the COVID-19 pandemic. El Salvador, which has been downgraded by all three credit rating agencies this year, was again downgraded in September to CC from CCC by Fitch, which cited tight fiscal and external liquidity positions and constrained market access amid high fiscal financing needs, as well as a large US\$ 800 million external bond maturity in January 2023.

In October, Moody's downgraded The Bahamas's sovereign rating to B1 from Ba3 with a stable outlook, citing a higher degree of government liquidity risk and constrained funding options given elevated external borrowing costs. Moody's also revised the outlook on Panama's Baa2 rating to negative from stable, citing rising fiscal pressures caused by increased spending on wages, transfers and interest payments. Also in October, Fitch downgraded Argentina's sovereign rating to CCC- from CCC, citing deep macroeconomic imbalances and highly constrained external liquidity position and revised the outlook on Peru's BBB rating to negative from stable, citing declines in political stability and government effectiveness.

As of 31 October 2022, eight sovereigns were on negative outlook by one or more agencies (Bolivia, El Salvador, Honduras, Mexico, Panama, Peru, Suriname, and Trinidad and Tobago). Only Guatemala had positive outlooks (from S&P and Fitch). The balance of risks continues to be tilted to the downside (annex 2, table 13).

**Table 6**  
**Sovereign credit rating actions in Latin America and the Caribbean, 2022 YTD**  
(Number of actions; as of 31 October 2022)

Date	Country	Action	
2022 YTD	11 positive and 12 negative actions		
Q1 2022	3 positive and 2 negative actions		
28-Jan-22	Panama	Fitch revises the outlook on Panama's BBB- rating to stable from negative	Positive
9-Feb-22	El Salvador	Fitch downgrades El Salvador's rating to CCC from B-	Negative
11-Mar-22	Costa Rica	Fitch revises the outlook on Costa Rica's B rating to stable from negative	Positive
17-Mar-22	Costa Rica	S&P revises the outlook on Costa Rica's B rating to stable from negative	Positive
18-Mar-21	Peru	S&P downgrades Peru's ratings to BBB from BBB+ with a stable outlook	Negative
Q2 2022	3 positive and 2 negative actions		
19-Apr-22	Guatemala	S&P's revises the outlook on Guatemala's BB- rating to positive from stable	Positive
26-Apr-22	Guatemala	Fitch revises the outlook on Guatemala's BB- rating to positive from stable	Positive
4-May-22	El Salvador	Moody's downgrades El Salvador's rating to Caa3 from Caa1 with a negative outlook	Negative
1-Jun-22	El Salvador	S&P downgrades El Salvador's rating to CCC+ from B- with a negative outlook	Negative
15-Jun-22	Guatemala	Moody's revises the outlook on Guatemala's Ba1 rating to stable from negative	Positive
Q3 2022	4 positive and 4 negative actions		
6-Jul-22	Mexico	S&P revises the outlook on Mexico's BBB rating to stable from negative	Positive
8-Jul-22	Mexico	Moody's downgrades Mexico's rating to Baa2 from Baa1 with a stable outlook	Negative
14-Jul-22	Brazil	Fitch revises the outlook on Brazil's BB- sovereign rating to stable from negative	Positive
21-Jul-22	Honduras	S&P revises the outlook on Honduras' BB- sovereign rating to negative from stable	Negative
21-Jul-22	Trinidad and Tobago	S&P revises the outlook on T&T's BBB- sovereign rating to stable from negative	Positive
22-Jul-22	Paraguay	Moody's revises the outlook on Paraguay's Ba1 sovereign rating to positive from stable	Positive
6-Jul-22	Mexico	S&P revises the outlook on Mexico's BBB rating to stable from negative	Positive
8-Jul-22	Mexico	Moody's downgrades Mexico's rating to Baa2 from Baa1 with a stable outlook	Negative
15-Sep-22	Chile	Moody's downgrades Chile's sovereign rating to A2 from A1 with a stable outlook	Negative
15-Sep-22	El Salvador	Fitch downgrades El Salvador's sovereign rating to CC from CCC	Negative
Q4 2022	1 positive and 4 negative actions		
6-Oct-22	The Bahamas	Moody's downgrades The Bahamas's sovereign rating to B1 from Ba3 with a stable outlook	Negative
20-Oct-22	Peru	Fitch revises the outlook on Peru's BBB rating to negative from stable	Negative
25-Oct-22	Nicaragua	S&P upgrades Nicaragua's sovereign rating to B from B- with a stable outlook	Positive
25-Oct-22	Panama	Moody's revises the outlook on Panama's Baa2 rating to negative from stable	Negative
26-Oct-22	Argentina	Fitch downgrades Argentina's sovereign rating to CCC- from CCC	Negative

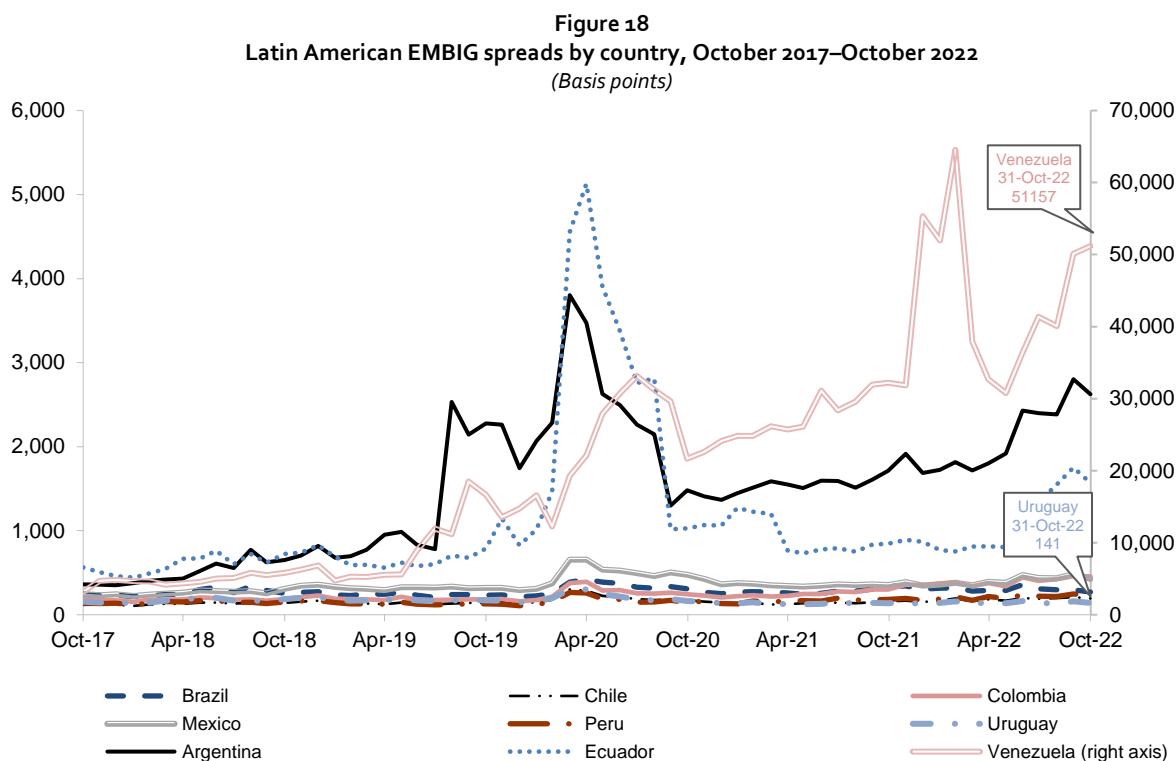
Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. YTD: year to date.

## C. Bond spreads

Emerging markets bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) widened 119 basis point in the first ten months of 2022, while Latin American spreads widened 115 basis points. Emerging market and LAC credit spreads narrowed in October from their September peaks but remain above pre-pandemic levels.

### 1. Sovereign spreads

The EMBIG widened from 330 at the end of December 2021 to 449 basis points at the end of October 2022, while its Latin American component widened from 399 to 514 basis points. Venezuela had the highest spreads at the end of October 2022, while Uruguay had the lowest (figure 18).



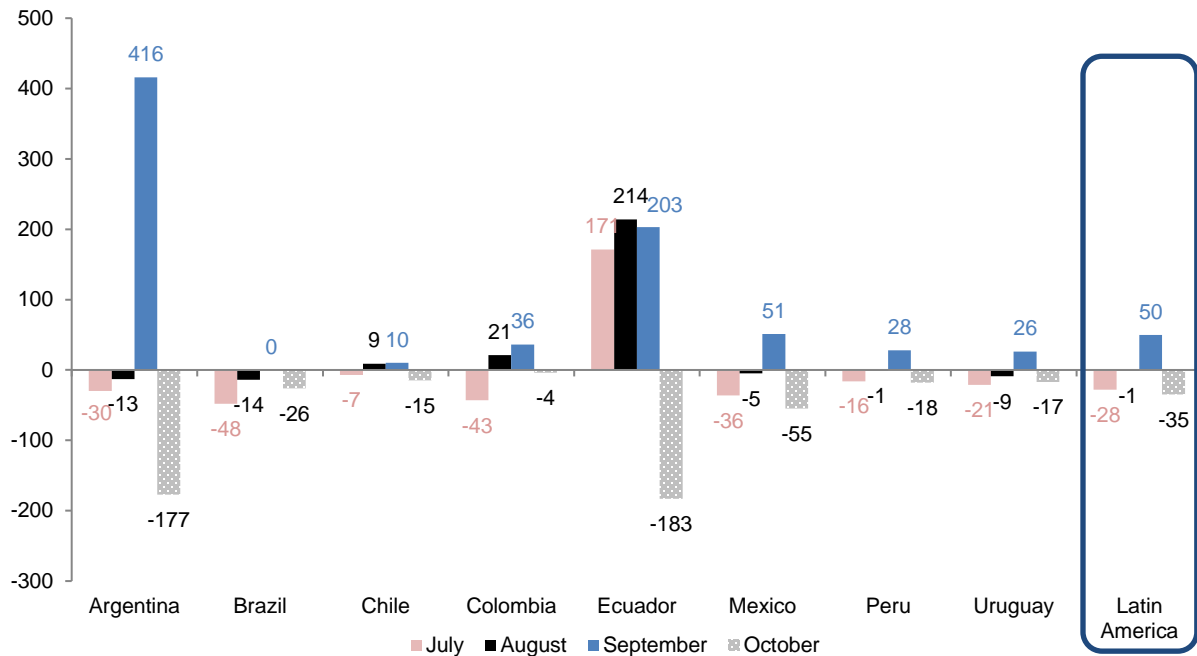
Source: ECLAC Washington Office, based on data from JPMorgan. Note: due to the difference in magnitude, the series with Venezuelan spreads is shown on the secondary axis.

At 51,157 basis points at the end of October, Venezuela has the highest debt spreads of any country in the EMBIG. Spreads for Argentina, Ecuador, Colombia, Mexico, Brazil, Peru, Chile, and Uruguay were at 2,624, 1,570, 456, 428, 269, 228, 193 and 141 basis points, respectively, at the end of October. LAC debt spreads widened in September for all countries with the exception of Brazil. In October, with many of the forces that were pushing U.S. Treasury yields higher subsiding, spreads tightened for all countries in our sample (figure 19).

In 2022, so far, LAC spreads have tracked U.S. high-yield corporate credit spreads, as measured by the Bank of America/Merrill Lynch (BAML) U.S. High Yield index (figure 20). Historically, LAC credit spreads have tracked U.S. high-yield corporate credit spreads, but LAC sovereign spreads decoupled negatively from 2017 to 2019, when the region underperformed economic growth in other parts of the world. In 2020, U.S. corporate credit spreads increased more than LAC spreads, as the United States high-yield corporate sector was sharply affected by the pandemic. In 2021, however, LAC sovereign spreads once again decoupled negatively, as prospects for the U.S. economy improved with vaccinations and strong fiscal support, while the LAC region faced limited vaccine supplies and constrained fiscal space for most of the year.

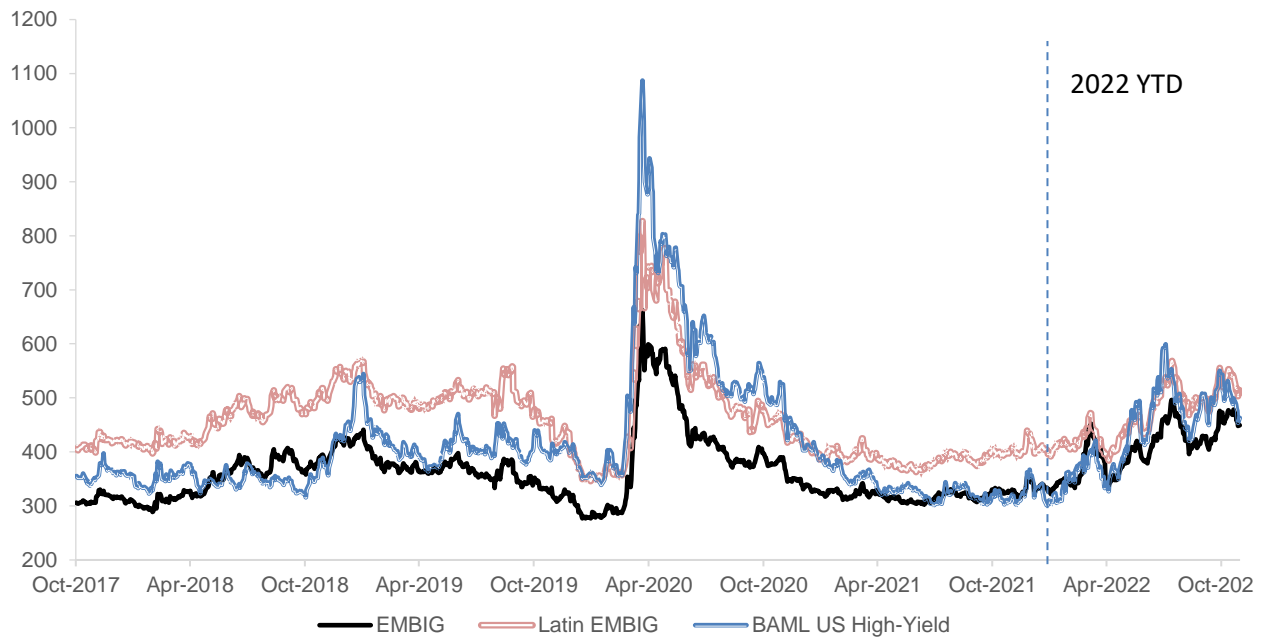


**Figure 19**  
**Latin American EMBIG spreads by country: monthly differential, July–October 2022**  
*(Basis points)*



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

**Figure 20**  
**EMBIG and Latin EMBIG vs U.S. high-yield spreads, October 2017–October 2022**  
*(Basis points)*

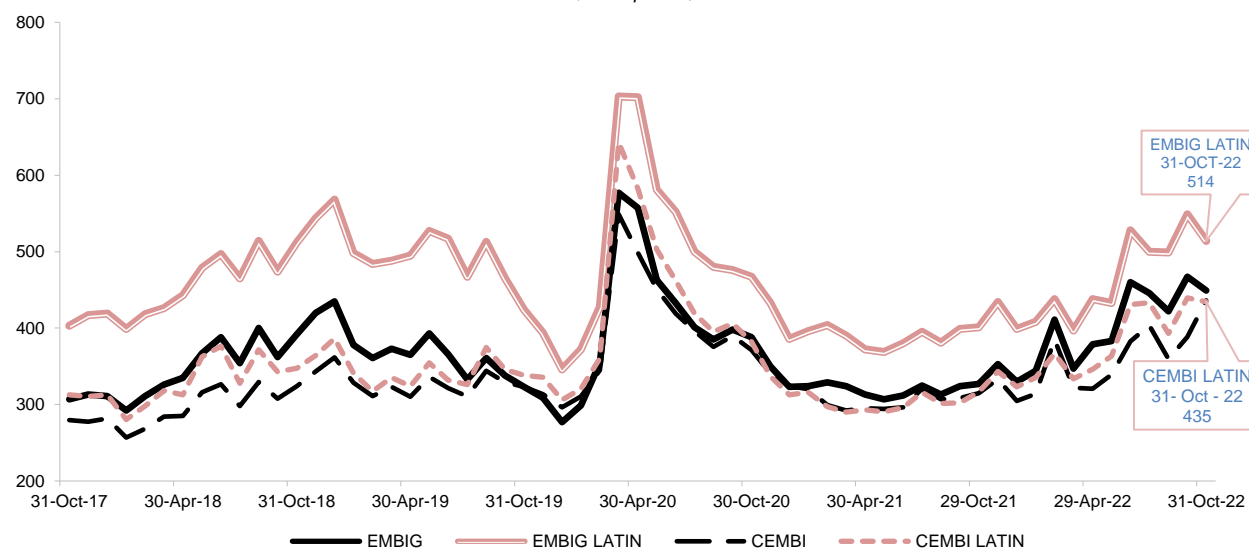


Source: ECLAC Washington Office, based on data from JPMorgan and from the Federal Reserve Bank of St. Louis (ICE BofAML US High Yield Master II Option-Adjusted Spread, Percent, daily. Not Seasonally Adjusted).

## 2. Corporate spreads

LAC corporate bond spreads widened 111 basis points in the first ten months of 2022 according to the JPMorgan Latin American CEMBI (Corporate Emerging Markets Bond Index). At the end of October 2022, the Latin CEMBI was 79 basis points lower than its sovereign counterpart, the Latin EMBIG (figure 21).

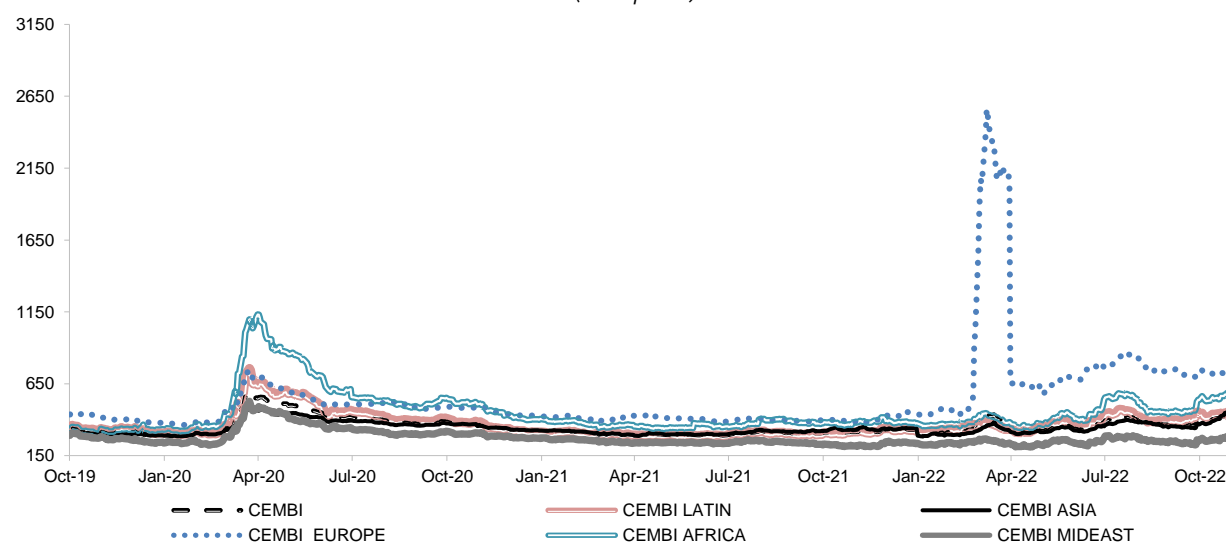
**Figure 21**  
EMBIG spreads, corporate and sovereign, October 2017–October 2022  
(Basis points)



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

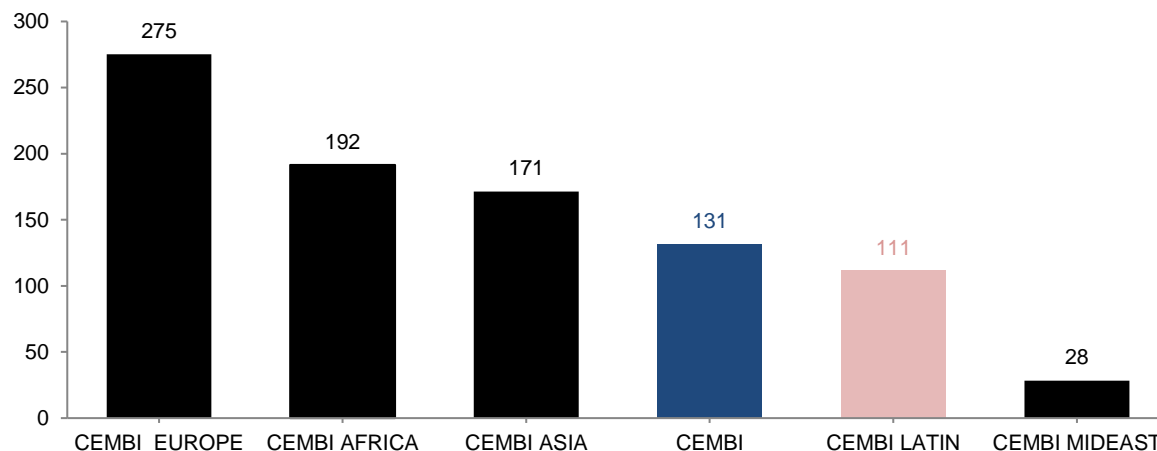
At 435 basis points at the end of October 2022, the increase in LAC corporate bond spreads ranked fourth when compared with other emerging market regions (figures 22 and 23), as Latin American interest rates started to increase comparatively more slowly after early efforts to tighten monetary policy to combat inflation.

**Figure 22**  
CEMBI spreads by region, October 2019–October 2022  
(Basis points)



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

**Figure 23**  
**CEMBI spread differentials by region: January–October 2022**  
*(Basis points)*



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

## D. The Caribbean<sup>5</sup>: a closer look

There were four international bond issuances from the Caribbean region in the first ten months of 2022, all in the first half of the year, totaling US\$ 955 million (table 7).

**Table 7**  
**Caribbean international bond issuances, 2022 YTD**  
*(Millions, percentage; as of 31 October 2022)*

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Trinidad and Tobago	Telecommunications Services of Trinidad and Tobago (TSTT)	TTD 476	70	8.300%	2029 (r)	15-Mar-22
Trinidad and Tobago	Heritage Petroleum Company (Trinidad Petroleum Holdings Ltd)	USD 500	500	9.000%	2029	5-May-22
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)	10-Jun-22
<b>TOTAL</b>			<b>955</b>			

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Notes: (r)=retap; (blue)=blue bond. YTD: Year to date.

In March, government owned Telecommunications Services of Trinidad and Tobago (TSTT) reopened its 8.300% 2029 local-currency bond originally issued in October 2019 to add TTD 476 million (US\$ 70.1 million) to cover severance pay for 573 employees as part of its downsizing plans, according to a securities filing.

In May, Trinidad and Tobago's state-owned Heritage Petroleum Company issued a 9% 2029 bond totaling US\$ 500 million. Proceeds will be used to pay for the buyback of up to US\$ 570 million in 9.75% 2026 bonds issued by former state-owned oil company Petrotrin. In November 2018, the government closed Petrotrin and shut its largest refinery. Petrotrin was divided into four new companies with Trinidad Petroleum as the holding company.

In June, the Commonwealth of The Bahamas placed a two-part deal in international bond markets. The sale of US\$ 385 million in dollar-denominated blue notes (US\$ 235 million in seven-year notes and US\$ 135 million in 14-year notes) was partially guaranteed in the amount of US\$ 200 million by the Inter-American

<sup>5</sup> 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.

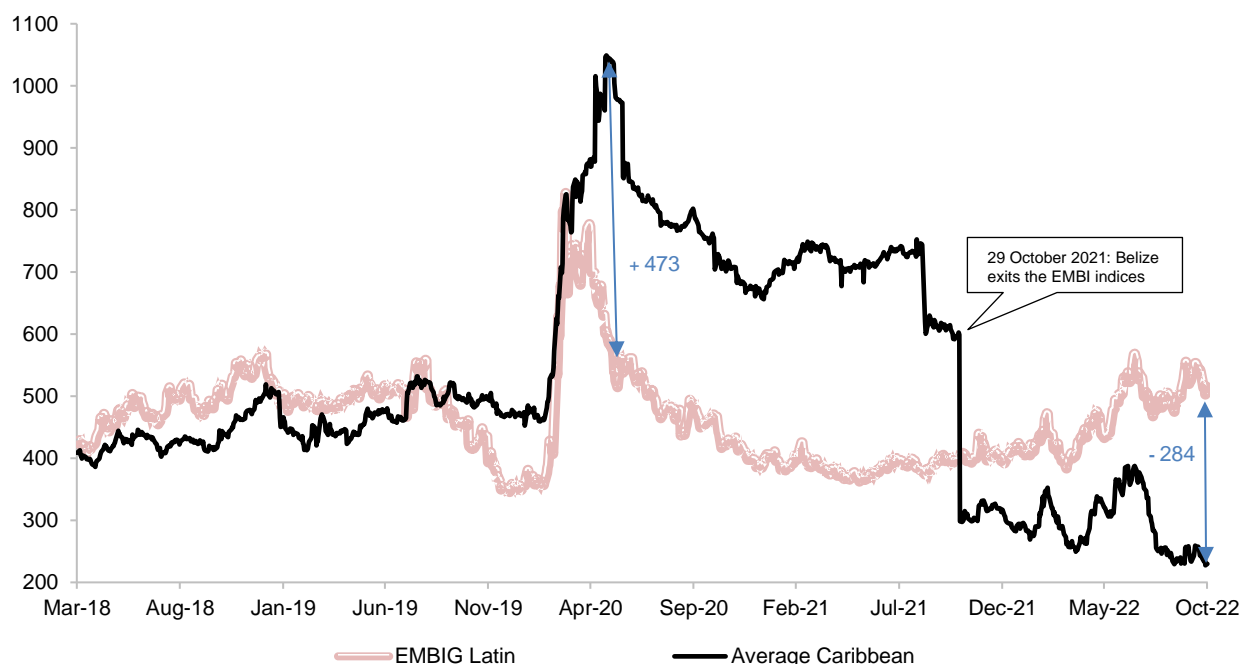
Development Bank (IDB). Moody's assigned the proposed bonds a Aaa rating, while S&P Global Ratings gave them a AAA. Both agencies cited the guarantees from the IDB as a reason for the high ratings. The agencies said the US\$ 200 million in guarantees would be enough to cover the principal and interest payments for the 14-year bonds and part of the seven-year bonds, according to Moody's and S&P. The Bahamas plans to use the proceeds from the bond sale to fund the preservation of its ocean and marine life through a blue economy program.

There were two credit rating actions in the Caribbean from January to October 2022, one positive and one negative. On 21 July 2022, S&P revised the outlook on Trinidad and Tobago's BBB- sovereign rating to stable from negative, citing the return to economic growth after six years of contraction. On 6 October 2022, Moody's downgraded The Bahamas's sovereign rating to B1 from Ba3 with a stable outlook, citing a higher degree of government liquidity risk and constrained funding options given elevated external borrowing costs.

More recently, there has been another positive credit rating action. Moody's upgraded Belize to Caa2 from Caa3 on 16 November 2022 and maintained a stable outlook, citing a lower debt/GDP ratio following the buyback of the "super bond" in November 2021.

At the end of October 2022, Caribbean spreads were 284 basis points lower than the EMBIG Latin component, with the gap reverting from a peak of 473 basis points higher on 2 June 2020. Belize exited the EMBI indices on 29 October 2021, as its step-up sovereign bond due 2034 (the "super bond") fell below the US\$ 500 million notional requirement following its restructuring<sup>6</sup>. Since then, the gap has reversed (figure 24).

**Figure 24**  
EMBIG Spreads, Caribbean versus LAC, October 2018–October 2022  
(Basis points)

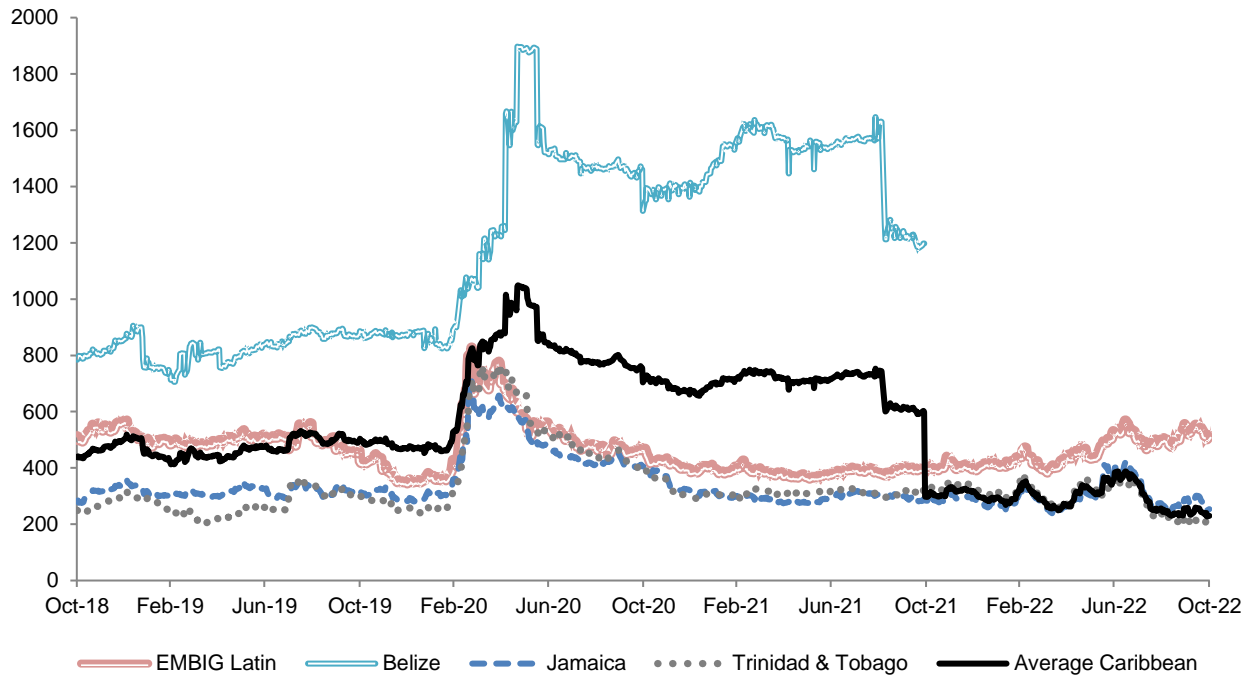


Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

<sup>6</sup> On 5 November 2021, the Government of Belize announced the settlement of the offer to purchase its U.S. dollar bond due 2034, redeeming all notes that had not yet been tendered. This operation was financed with funding provided by a subsidiary of The Nature Conservancy (TNC) as part of TNC's Blue Bonds for Ocean Conservation program, which uses private capital to refinance public debt of participating countries in order to support durable marine conservation efforts and sustainable marine-based economic activity. For a more detailed discussion see Economic Commission for Latin America and the Caribbean (ECLAC), [Capital flows to Latin America and the Caribbean: first nine months of 2021](#) (LC/WAS/TS.2021/9), p. 30-31, Santiago, 2021.

Caribbean average spreads tightened 87 basis points in the first ten months of 2022, to 230 basis points at the end of October 2022 (figure 25).<sup>7</sup> Trinidad and Tobago's spreads tightened 133 basis points from January to October 2022 to 206 basis points at the end of October. Jamaica's spreads tightened 41 basis points to 254 basis points at the end of October 2022. Suriname's spreads, which are not included in the chart below since no daily data is available, tightened 159 basis points in the first ten months of 2022, to 1,536 basis points at the end of October from 1,695 at end of December 2021.

**Figure 25**  
Caribbean countries: EMBIG Spreads, October 2018–October 2022  
(Basis points)



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

<sup>7</sup> The Caribbean average was based on daily data available for Belize, Jamaica and Trinidad and Tobago until October 2021. Now it is based on daily data available for 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.

## II. Portfolio equity flows

Despite the turbulence of the past three quarters, equity prices and flows to the region have shown resilience. In the first ten months of 2022, the MSCI Latin American index gained 6% and outperformed the emerging markets and the G7 indices (table 8 below and figure 6 on p.11).

The index performed particularly well in the first quarter of 2022, gaining 26%. The gains were driven by a sharp increase in Brazilian and Peruvian equities (34.3%), closely followed by Colombia (32.7%) due to rising commodity prices and the combination of cheap valuations relative to fundamentals and a very light portfolio positioning going into year-end 2021. The gains did not endure and in the second quarter the region recorded losses amounting to 24%, while recording a small gain of less than 1% in the third quarter, with inflation, rising interest rates, the Russia-Ukraine conflict, and domestic political uncertainty continuing to loom over the region.

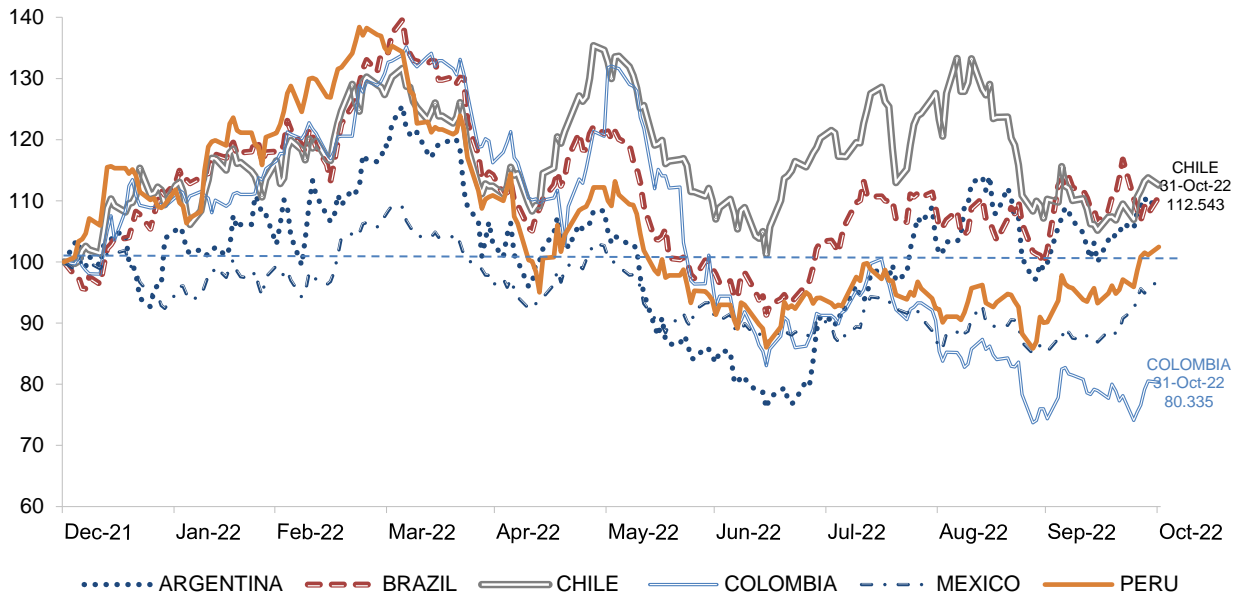
**Table 8**  
**MSCI equity indices, 2022 YTD**  
(Dollars, percentage; as of 31 October 2022)

	Price Index in USD					Variation			
	31-Dec-22	31-Mar-22	30-Jun-22	30-Sep-22	31-Oct-22	Q1 2022	Q2 2022	Q3 2022	2022 YTD
<i>Emerging markets</i>	1,232.01	1,141.79	1,000.67	875.79	848.16	-7.32%	-12.36%	-12.48%	-31.16%
<i>Latin America</i>	2,129.86	2,686.24	2,041.09	2,054.56	2,251.54	26.12%	-24.02%	0.66%	5.71%
<i>Argentina</i>	2,158.81	2,564.03	1,803.10	2,155.69	2,383.19	18.77%	-29.68%	19.56%	10.39%
<i>Brazil</i>	1,434.87	1,926.88	1,405.20	1,462.47	1,588.19	34.29%	-27.07%	4.08%	10.69%
<i>Chile</i>	965.589	1,243.50	1,033.34	1,064.69	1,086.70	28.78%	-16.90%	3.03%	12.54%
<i>Colombia</i>	451.253	598.628	418.403	335.508	362.516	32.66%	-30.11%	-19.81%	-19.66%
<i>Mexico</i>	5,461.79	5,915.67	4,960.41	4,660.22	5,301.74	8.31%	-16.15%	-6.05%	-2.93%
<i>Peru</i>	1,190.59	1,598.51	1,087.93	1,073.59	1,219.70	34.26%	-31.94%	-1.32%	2.44%

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

While returns have been mixed across countries and quarters, Chile and Brazil's performances have contributed to Latin America's overall gains. Chile and Brazil recorded the largest cumulative gains from January to October 2022 —12.5% and 10.7%, respectively— followed by Argentina (10.4%) and Peru (2.4%). Colombian equity prices recorded the steepest cumulative losses (-19.7%), followed by Mexico (-2.9%) (figure 26).

**Figure 26**  
**MSCI equity price index, January–October 2022**  
*(Index levels)*



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.

### III. Prospects

The record-breaking pace of Latin American and Caribbean (LAC) debt issuance in international markets observed in 2021 has slowed significantly in 2022. Issuance in the first ten months of 2022 fell by almost 60% from the same period in 2021 and the average coupon was almost 1.5% higher.

Sharp rises in bond yields in developed markets this year –amid shifts by the Federal Reserve and other central banks towards a tightening stance– have put LAC assets under pressure. The war in Ukraine is compounding external risks. On the domestic side, high inflation has hindered investment, while political uncertainty has increased, brought by elections and new governments in some of the region's larger economies. The market has remained open to investment grade and some stronger high yield issuers from the region. Coupons and issuance concessions are likely to remain high, however, and several prospective issuers may choose to wait. So far, lower funding needs and greater reliance on local markets have helped LAC issuers to offset some of the pressure from international investors' lower risk tolerance.

Like the broader debt market, the sustainable debt market has seen a trend of declining bond activity, particularly in the corporate sector, due to worsening macroeconomic conditions. The issuance of green, social, sustainability and sustainability-linked (GSSS) bonds remained resilient in the first ten months of 2022, however, increasing its share of the region's total amount of international debt to 34.5% from 31% in 2021.

The participation of the region's sovereign issuers in the International sustainable bond market started only in mid-2019 when the Government of Chile issued the region's first sovereign green bond. Until then, the region's sustainable bond issuances were all from the corporate sector. This year, however, sovereign issuers have led the region's international GSSS bond volumes, accounting for almost 60% of total GSSS bond issuances from January to October 2022.

More importantly, the region's sovereign issuers accounted for several innovations in international sustainable debt, including the world's first sovereign SLB issued by Chile in March, the addition of a step-down coupon with the region's second SLB issued by Uruguay in October, the first sovereign sustainability bond in local currency (Chilean pesos) also in October and multi-currency sovereign Sustainable Development Goals (SDG) focused bond issuances by Mexico in August. These instruments and the innovations seen this year may present a unique opportunity to help the region in this more adverse external scenario, contributing to foster a sustainable recovery.





## **Annexes**

## Annex 1 New LAC bond issuances

Table 9 (Annex 1)  
LAC international bond issuances in the first quarter of 2022

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-22					
Mexico	United Mexican States	USD 2868	2,868	3.500%	2034
Mexico	United Mexican States	USD 2931	2,931	4.400%	2052
Chile	Banco de Crédito e Inversiones - BCI	CHF 200	219	0.599%	2027 (g)
Brazil	Globo Comunicacoes e Participacoes SA - GLOBOPAR	USD 400	400	5.500%	2032 (SLB)
Brazil	Banco do Brasil SA	USD 500	500	4.875%	2029 (soc)
Mexico	GCC Cemento SA de CV	USD 500	500	3.614%	2032 (SLB)
Brazil	Açu Petroleo	USD 600	600	7.500%	2032
Brazil	Banco Bradesco SA	USD 500	500	4.375%	2027 (sust)
Chile	Mercury Chile HoldCo LLC	USD 360	360	6.500%	2027
Panama	Republic of Panama	USD 1000	1,000	3.298%	2033
Panama	Republic of Panama	USD 1500	1,500	4.500%	2063
Chile	Agrosuper SA	USD 500	500	4.600%	2032
Supranational	Millicom International Cellular SA	SEK2250	252	3m Stibor+300bps	2027 (sust)
Mexico	Alsea SAB de CV/Food Service Project SA	EUR 300	342	5.500%	2027
Chile	Compañía Cervecerías Unidas SA - CCU	USD 600	600	3.350%	2032
Supranational	CAF Development Bank of Latin America	CHF 350	383	0.450%	2027 (g)
Brazil	JBS USA Lux SA	USD 600	600	3.000%	2029
Brazil	JBS USA Lux SA	USD 900	900	4.375%	2052
Guatemala	Central America Bottling Corp	USD 1100	1,100	5.250%	2029 (SLB)
Paraguay	Republic of Paraguay	USD 501	501	3.849%	2033
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)
Brazil	Itaú BBA International plc	CHF 150	163	0.560%	2025
Colombia	Patrimonio Autónomo Unión Del Sur	COP 1027500	259	6.660%	2041
Chile	Republic of Chile	USD 1500	1,500	2.750%	2027 (sust)
Chile	Republic of Chile	USD 1500	1,500	3.500%	2034 (sust)
Chile	Republic of Chile	USD 1000	1,000	4.000%	2052 (sust)
Supranational	Millicom Int'l Cellular SA / Comunicaciones Celulares SA - COMCEL	USD 900	900	5.125%	2032
Chile	Inversiones La Construcccion SA	USD 300	300	4.750%	2032
			22,568		
Feb-22					
Supranational	CAF Development Bank of Latin America	USD 650	650	2.250%	2027
Supranational	CAF Development Bank of Latin America	JPY 7200	63	0.600%	2032
Brazil	CSN Resources SA	USD 500	500	5.875%	2032
Brazil	Usina Coruripe Açúcar e Álcool	USD 300	300	10.000%	2027
Mexico	United Mexican States	EUR 800	915	2.375%	2030
Mexico	Comisión Federal de Electricidad - CFE	USD 1250	1,250	4.688%	2029 (sust)
Mexico	Comisión Federal de Electricidad - CFE	USD 500	500	6.264%	2052 (sust)
Dom. Republic	Dominican Republic	USD 1782	1,782	5.500%	2029
Dom. Republic	Dominican Republic	USD 1782	1,782	6.000%	2033
Supranational	CAF Development Bank of Latin America	MXP 7500	370	6.820%	2031 (r)
Bolivia	Republic of Bolivia	USD 850	850	7.500%	2030
			8,962		
Mar-22					
Chile	Banco de Crédito e Inversiones - BCI	USD 10	10	Sofr +125	2029
Chile	Republic of Chile	USD 2000	2,000	4.340%	2042 (SLB)
Chile	Banco de Crédito e Inversiones - BCI	USD 25	25		2027
Trinidad and Tobago	Telecommunications Services of Trinidad and Tobago (TSTT)	TTD 476	70	8.300%	2029 (r)
Mexico	Grupo Aeroméxico S.A.B. de C.V.	USD 763	763	8.500%	2027
Ecuador	Banco Pichincha	USD 100	100	6-mth L + 4.3%	2027 (soc)
Mexico	America Móvil SAB de CV	USD 1000	1,000	5.375%	2032
			3,968		

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

Notes:

(r): retap, (g) green, (blue) blue, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

**Q1 2022 35,497**

**Table 10 (Annex 1)**  
**LAC international bond issuances in the second quarter of 2022**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-22					
Peru	Consortio Transmantaro SA	USD 500	500	5.200%	2038
Peru	Fondo MIVIVIENDA SA	USD 600	600	4.625%	2027 (sust)
Brazil	Natura &Co Luxembourg Holdings Sarl	USD 600	600	6.000%	2029
Uruguay	Arcos Dorados BV	USD 350	350	6.125%	2029 (SLB)
Brazil	Aegea Saneamento e Participações	USD 500	500	6.750%	2029 (SLB)
			2,550		
May-22					
Trinidad and Tobago	Heritage Petroleum Company (Trinidad Petroleum Holdings Ltd)	USD 500	500	9.000%	2029
Chile	Antofagasta plc	USD 500	500	5.625%	2032
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 110	77	4.700%	2042 (soc)
Supranational	Central American Bank for Economic Integration (CABEI)	USD 75	75	3.169%	2024
			1,152		
Jun-22					
Mexico	Petroleos Mexicanos – PEMEX	USD 1500	1,500	8.750%	2029
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 72	52	3.940%	2032 (soc)
Brazil	JBS USA Lux SA	USD 500	500	5.125%	2028
Brazil	JBS USA Lux SA	USD 1259	1,250	5.750%	2033
Dom. Republic	Dominican Republic	DOP 70000	1,299	13.000%	2034
Brazil	JBS USA Lux SA	USD 750	750	6.500%	2052
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 155	159	1.546%	2026 (g)
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 50	35	3.940%	2027 (soc)
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)
Peru	Banco de Crédito del Perú (BCP)	USD 30	30	5.050%	2027 (g)
Mexico	Petroleos Mexicanos – PEMEX	USD 288	288	8.750%	2029
			6,248		

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

Notes:

(r): retap, (g) green, (blue) blue, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

**Q2 2022**      **9,950**

**H1 2022**      **45,447**

**Table 11 (Annex 1)**  
**LAC international bond issuances in the third quarter of 2022**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jul-22					
Supranational	CAF Development Bank of Latin America	EUR 500	516	2.375%	2027
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)
Mexico	America Movil SAB de CV	USD 750	750	4.700%	2032
			1,566		
Aug-22					
Guatemala	Republic of Guatemala	USD 500	500	5.250%	2029
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	JPY 1000	7	0.440%	2024
Dom. Republic	Dominican Republic	DOP 50000	914	12.000%	2025
Mexico	United Mexican States	USD 2203.58	2,204	4.875%	2033 (sust)
Supranational	Central American Bank for Economic Integration (CABEI)	USD 500	50	3-mth Other +100	2027
Supranational	CAF Development Bank of Latin America	CHF 225	236	2.080%	2028
Supranational	Central American Bank for Economic Integration (CABEI)	USD 35	35	3-mth Sofr +100	2027
Mexico	United Mexican States	JPY 29700	217	1.000%	2025 (sust)
Mexico	United Mexican States	JPY 23800	174	1.250%	2027 (sust)
Mexico	United Mexican States	JPY 14900	109	1.830%	2032 (sust)
Mexico	United Mexican States	JPY 4000	29	2.280%	2037 (sust)
Mexico	United Mexican States	JPY 3200	23	2.520%	2042 (sust)
			4,499		
Sep-22					
Supranational	Central American Bank for Economic Integration (CABEI)	USD 55	55	4.000%	2027 (soc)
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 60	40	5.000%	2029
Brazil	JBS USA Lux SA	USD 400	400	5.125%	2028 (r)
Brazil	JBS USA Lux SA	USD 800	800	5.750%	2033 (r)
Brazil	JBS USA Lux SA	USD 800	800	6.500%	2052 (r)
Supranational	CAF Development Bank of Latin America	MXP 750	37	4.830%	2037
			2,132		

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

Notes:

(r): retap, (g) green, (blue) blue, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

**Q3 2022 8,197**

**Table 12 (Annex 1)**  
**LAC international bond issuances in the fourth quarter of 2022**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
<b>Oct-22</b>					
Dom. Republic	Dominican Republic CBN	DOP 60000	1,130	12.000%	2025
Chile	LATAM Airlines Group SA	USD 450	450	13.375%	2027
Chile	LATAM Airlines Group SA	USD 700	700	13.375%	2029
Uruguay	Oriental Republic of Uruguay	USD 1500	1,500	5.750%	2034 (SLB)
Chile	Republic of Chile	CLP 1000000	1,026	7.000%	2034 (sust)
			<b>4,806</b>		

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

Notes:

(r): retap, (g) green, (blue) blue, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

**Q4 2022 YTD**                      **4,806**  
**2022 YTD**                              **58,450**

## Annex 2 LAC credit ratings

Table 13 (Annex 2)  
Credit ratings in Latin America and the Caribbean, 2022 YTD (as of 31 October 2022)

	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-	No O/L	Affirmed, O/L stable	27-Sep-22	Upgrade, O/L stable	7-Sep-20	Downgrade, No outlook	26-Oct-22
Bahamas	B1		B+		NR		Downgrade, O/L stable	6-Oct-22	Downgrade, O/L stable	12-Nov-21		
Barbados	Caa1		B-		B		Upgrade, O/L stable	2-Jul-19	Affirmed, O/L stable	23-Sep-22	Assigned	20-Oct-22
Belize	Caa3		B-		NR		Downgrade, O/L stable	24-Nov-20	Upgrade, O/L stable	9-Nov-21		
Bolivia	B2	(-)	B+	(-)	B		O/L changed to (-) from stable	30-Sep-21	Affirmed, O/L (-)	15-Feb-22	Affirmed, O/L stable	20-Sep-22
Brazil	Ba2		BB-		BB-		Affirmed, O/L stable	12-Apr-22	Affirmed, O/L stable	15-Jun-22	Affirmed, O/L stable	14-Jul-22
Chile	A2		A		A-		Downgrade, O/L stable	15-Sep-22	Downgrade, O/L stable	24-Mar-21	Affirmed, O/L stable	19-May-22
Colombia	Baa2		BB+		BB+		O/L changed to stable from (-)	6-Oct-21	Affirmed, O/L stable	5-May-22	Affirmed, O/L stable	10-Jun-22
Costa Rica	B2		B		B		O/L changed to stable from (-)	8-Dec-21	O/L changed to stable from (-)	17-Mar-22	O/L changed to stable from (-)	11-Mar-22
Cuba	Ca		NR		NR		Downgrade, O/L stable	18-Nov-21				
Dom. Rep.	Ba3		BB-		BB-		Affirmed, O/L stable	26-Mar-21	O/L changed to stable from (-)	2-Dec-21	O/L changed to stable from (-)	8-Dec-21
Ecuador	NR		B-		B-		Rating withdrawn	12-Jul-21	Affirmed, O/L stable	17-Aug-22	Upgrade	3-Sep-20
El Salvador	Caa3	(-)	CCC+	(-)	CC	No O/L	Downgrade, O/L (-)	4-May-22	Downgrade, O/L (-)	1-Jun-22	Downgrade, No outlook	15-Sep-22
Guatemala	Ba1		BB-	(+)	BB-	(+)	O/L changed to stable from (-)	15-Jun-22	O/L changed to (+) from stable	19-Apr-22	O/L changed to (+) from stable	4/126/2022
Honduras	B1		BB-	(-)	NR		Affirmed, O/L stable	12-Jun-19	O/L changed to (-) from stable	21-Jul-22		
Jamaica	B2		B+		B+		Upgrade, O/L stable	11-Dec-19	O/L changed to stable from (-)	4-Oct-21	Affirmed, O/L stable	9-Mar-22
Mexico	Baa1	(-)	BBB		BBB-		Affirmed, O/L (-)	29-Apr-21	O/L changed to stable from (-)	6-Jul-22	Affirmed, O/L stable	17-May-22
Nicaragua	B3		B		B-		Affirmed, O/L stable	30-Mar-22	Upgrade, O/L stable	25-Oct-22	Affirmed, O/L stable	7-Jun-22
Panama	Baa2	(-)	BBB	(-)	BBB-		O/L changed to (-) from stable	25-Oct-22	Affirmed, O/L (-)	10-Aug-22	Affirmed, O/L stable	4-Oct-22
Paraguay	Ba1		BB		BB+		Affirmed, O/L stable	21-Jun-18	Affirmed, O/L stable	18-May-22	Affirmed, O/L stable	2-Dec-20
Peru	Baa1		BBB		BBB	(-)	Downgrade, O/L stable	1-Sep-21	Downgrade, O/L stable	18-Mar-22	O/L changed to (-) from stable	20-Oct-22
St Vincent	B3		NR		NR		Affirmed, O/L stable	1-Mar-22				
Suriname	Caa3	(-)	CCC		RD		Downgrade, O/L (-)	7-Jul-20	Upgrade, O/L stable	16-Sep-20	Affirmed, rate withdrawn	15-Jan-22
T&T	Ba2		BBB-	(-)	NR		Downgrade, O/L stable	19-Nov-21	O/L changed to (-)	27-Jul-21		
Uruguay	Baa2		BBB		BBB-		Affirmed, O/L stable	6-Aug-19	Affirmed, O/L stable	21-Apr-22	Affirmed, O/L stable	29-Jun-22
Venezuela	C		NR		RD		Downgrade, O/L stable	9-Mar-18	Rating withdrawn	20-Sep-21	Affirmed and withdrawn	27-Jun-19

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for 2022 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. No O/L: no outlook; Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.

**Box 1 (Annex 2)****Credit rating actions in Latin America and the Caribbean – January to October 2022**

There have been 11 positive and 12 negative actions in Latin America and the Caribbean from January to 31 October 2022.

**Positive Actions: 11 (Bold)***January*

- **Panama (28 January): Fitch revises the outlook on Panama's BBB- rating to stable from negative**, citing the ongoing improvement in the fiscal position and a better-than-expected economic recovery following the initial pandemic shock.

*February**March*

- St. Vincent and the Grenadines (1 March): Moody's affirms St. Vincent and the Grenadines' B<sub>3</sub> rating with a stable outlook (*no change*).
- Jamaica (9 March): Fitch affirms Jamaica's B+ rating with a stable outlook (*no change*).
- **Costa Rica (11 March): Fitch revises the outlook on Costa Rica's B rating to stable from negative**, citing the significantly better-than-expected improvements in the fiscal position and economic activity following the 2020 pandemic-related shock.
- **Costa Rica (17 March): S&P revises the outlook on Costa Rica's B rating to stable from negative**, citing the public employment bill passed by the Legislative Assembly and the staff-level agreement with the IMF on both the first and second reviews of its Extended Fund Facility, which should unlock official budgetary financing.
- Nicaragua (30 March): Moody's affirms Nicaragua's B<sub>3</sub> rating with a stable outlook (*no change*).

*April*

- Argentina (12 April): Fitch affirms Argentina's CCC rating (*no change*).
- Brazil (12 April): Moody's affirms Brazil's Ba<sub>2</sub> rating with a stable outlook (*no change*).
- **Guatemala (19 April): S&P's revises the outlook on Guatemala's BB- rating to positive from stable**, citing macroeconomic stability and good economic prospects.
- Uruguay (21 April): S&P affirms Uruguay's rating at BBB with a stable outlook (*no change*).
- **Guatemala (26 April): Fitch revises the outlook on Guatemala's BB- rating to positive from stable**, citing better than expected fiscal performance, driven by strong economic recovery and structural improvements in tax collection.
- Peru (29 April): Fitch affirms Peru's BBB rating with a stable outlook (*no change*).

*May*

- Colombia (5 May): S&P affirms Colombia's rating at BB+ with a stable outlook (*no change*).
- Mexico (17 May): Fitch affirms Mexico's rating at BBB- with a stable outlook (*no change*).
- Paraguay (18 May): S&P affirms Paraguay's rating at BB with a stable outlook (*no change*).
- Chile (19 May): Fitch affirms Chile's rating at A- with a stable outlook (*no change*).

*June*

- Nicaragua (7 June): Fitch affirms Nicaragua's rating at B- with a stable outlook (*no change*).
- Colombia (10 June): Fitch affirms Colombia's rating at BB+ with a stable outlook (*no change*).
- Brazil (15 June): S&P affirms Brazil's rating at BB- with a stable outlook (*no change*).
- **Guatemala (15 June): Moody's revises the outlook on Guatemala's Ba<sub>1</sub> rating to stable from negative**, citing demonstrated ability to cope with the pandemic shock with a minimal impact to its overall credit profile.
- Uruguay (29 June): Fitch affirms Uruguay's BBB- rating with a stable outlook (*no change*).

*July*

- **Mexico (6 July): S&P revises the outlook on Mexico's BBB sovereign rating to stable from negative** on cautious policy execution.
- **Brazil (14 July): Fitch revises the outlook on Brazil's BB- sovereign rating to stable from negative**, reflecting the better-than-expected evolution of public finances.
- **Trinidad and Tobago (21 July): S&P revises the outlook on T&T's BBB- sovereign rating to stable from negative**, on return to economic growth after six years of contraction.
- **Paraguay (22 July): Moody's revises the outlook on Paraguay's Ba<sub>1</sub> sovereign rating to positive from stable**, citing solid growth, prudent fiscal policy, and structural and fiscal reforms that will support institutional strength and governance.

*August*

- Ecuador (17 August): S&P affirms Ecuador's B- rating with a stable outlook (*no change*).
- Ecuador (19 August): Fitch affirms Ecuador's B- rating with a stable outlook (*no change*).

*September*

- Bolivia (20 September): Fitch affirms Bolivia's B rating with a stable outlook (*no change*).
- Barbados (23 September): S&P affirms Barbados's B- rating with a stable outlook (*no change*).
- Argentina (27 September): Moody's affirms Argentina's Ca rating with a stable outlook (*no change*).



**October**

- Panama (4 October): Fitch affirms Panama's BBB- rating with a stable outlook (*no change*).
- Barbados (20 October): Fitch assigns Barbados a B rating with a stable outlook saying loan agreements with the International Monetary Fund (IMF) will support ongoing reforms.
- **Nicaragua (25 October): S&P upgrades Nicaragua's sovereign rating to B from B- with a stable outlook**, citing an economic recovery driven by external demand thanks to rising exports and strong remittances sustaining domestic consumption.

**Negative Actions: 12 (Bold)****January**

- Suriname (15 January): Fitch affirms Suriname's rating at RD (*no change*) and withdraws rating. Fitch is withdrawing Suriname's ratings as the issuer has chosen to stop participating in the rating process.

**February**

- **El Salvador (9 February): Fitch downgrades El Salvador's sovereign rating to CCC from B-**, citing heightened financing risks stemming from increased reliance on short-term debt, an US\$ 800 million Eurobond repayment due in January 2023, a still-high fiscal deficit, limited scope for additional local market financing, uncertain access to additional multilateral funding and external market financing given high borrowing costs. Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.
- Bolivia (15 February): S&P affirms Bolivia's B+ ratings; outlook remains negative (*no change*).

**March**

- **Peru (18 March): S&P downgrades Peru's ratings to BBB from BBB+ with a stable outlook**, saying persistent political deadlock in Peru is undermining efforts to maintain robust investor confidence and constraining growth prospects.

**April****May**

- **El Salvador (4 May): Moody's downgrades El Salvador's sovereign rating to Caa3 from Caa1 and maintains a negative outlook**, reflecting an increased probability of a credit event – restructuring, distressed exchange, or default – with relatively high severity, as the sovereign faces a challenging debt amortization schedule with bond maturities in 2023 and 2025 in a context of continued funding stress and persistently high financing needs.

**June**

- **El Salvador (01 June): S&P downgrades El Salvador's sovereign rating to CCC+ from B- and maintains a negative outlook**, reflecting its current vulnerabilities and its dependence on favorable economic conditions to meet its financial commitments.

**July**

- **Mexico (08 July): Moody's downgrades Mexico's sovereign rating to Baa2 from Baa1 with a stable outlook**, citing economic and fiscal trends that Moody's expects to continue to gradually – but persistently – undermine Mexico's overall credit profile.
- **Honduras (21 July): S&P revises the outlook on Honduras' BB- sovereign rating to negative from stable**, on expected fiscal deterioration.

**August**

- Panama (10 August): S&P affirms Panama's rating at BBB with a negative outlook (*no change*).

**September**

- **Chile (15 September): Moody's downgrades Chile's sovereign rating to A2 from A1 with a stable outlook**, citing fiscal and economic trends that have gradually but persistently weakened Chile's credit profile, and an upward trend in the country's debt burden that has been exacerbated by the COVID-19 pandemic.
- **El Salvador (15 September): Fitch downgrades El Salvador's sovereign rating to CC from CCC**, citing tight fiscal and external liquidity positions and constrained markets access amid high fiscal financing needs, and a large US\$ 800 million external bond maturity in January 2023. Fitch does not assign Outlooks to sovereigns with a rating of CCC+ or below.

**October**

- **The Bahamas (6 October): Moody's downgrades The Bahamas's sovereign rating to B1 from Ba3 with a stable outlook**, citing a higher degree of government liquidity risk and constrained funding options given elevated external borrowing costs.
- **Peru (20 October): Fitch revises the outlook on Peru's BBB rating to negative from stable**, citing declines in political stability and government effectiveness.
- **Panama (25 October): Moody's revises the outlook on Panama's Baa2 rating to negative from stable**, citing rising fiscal pressures caused by increased spending on wages, transfers and interest payments.
- **Argentina (26 October): Fitch downgrades Argentina's sovereign rating to CCC- from CCC**, citing deep macroeconomic imbalances and highly constrained external liquidity position.

Source: ECLAC Washington Office based on information from credit rating agencies and other market sources.

## Annex 3 Latin American bond spreads

**Table 14 (Annex 3)**  
**EMBI Global index and Latin American composites, October 2018—October 2022**

(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
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
29-Jan-21	324	1445	270	138	219	1273	378	128	135	24830	396	481	205
26-Feb-21	329	1511	275	142	232	1226	368	164	150	24846	404	479	226
31-Mar-21	324	1589	272	122	216	1201	351	152	125	26168	390	501	212
30-Apr-21	313	1551	260	126	226	764	342	165	130	25722	372	454	224
28-May-21	307	1508	245	135	248	730	335	169	127	26138	369	463	218
30-Jun-21	312	1596	256	135	247	776	348	163	129	31091	380	481	216
30-Jul-21	325	1591	280	145	276	790	362	197	148	28364	395	498	236
31-Aug-21	313	1513	282	136	272	751	352	175	132	29568	381	471	223
30-Sep-21	324	1607	304	150	301	835	360	180	140	31941	399	472	230
29-Oct-21	327	1712	338	161	302	847	353	181	138	32198	401	472	245
30-Nov-21	353	1914	344	166	359	891	389	194	150	31857	434	487	267
31-Dec-21	330	1688	306	153	353	869	347	170	127	55310	399	412	229
31-Jan-22	344	1723	316	167	374	768	356	186	140	51959	408	474	242
28-Feb-22	411	1816	321	195	385	755	382	213	161	64523	438	466	300
31-Mar-22	347	1718	280	158	338	810	349	171	127	37945	397	509	239
29-Apr-22	379	1801	291	182	375	816	391	218	151	32691	438	487	278
31-May-22	383	1918	291	166	337	802	382	194	137	30795	433	595	294
30-Jun-22	460	2428	357	196	446	1165	473	235	162	36398	528	666	357
29-Jul-22	446	2398	309	189	403	1336	437	219	141	41342	500	641	282
31-Aug-22	422	2385	295	198	424	1550	432	218	132	40090	499	622	282
30-Sep-22	467	2801	295	208	460	1753	483	246	158	50130	549	576	330
31-Oct-22	449	2624	269	193	456	1570	428	228	141	51157	514	597	268

Source: JPMorgan, EMBI Global, "Emerging Markets Bond Index Monitor".

EMBI Global composition by country (end-October 2022): Mexico, Brazil and Chile account for 17.19% of the total weighting.

EMBI Global composition by region: Latin: 32.19%; Non-Latin: 67.81%.

Against a backdrop of tightening global financing conditions and higher global borrowing costs, Latin American and Caribbean issuers placed US\$ 58.5 billion in bonds on international markets from January to October 2022, around 60% less than in the same period of 2021, with an average coupon almost 1.5% higher.

The region's international issuance of environmental, social and governance (ESG) bonds followed the broader market downturn in bond activity, particularly in the corporate sector, owing to worse macroeconomic conditions; however, it showed some resilience, slowing less markedly than overall issuance. The share of these bonds in the region's total issuance increased to 34.5%, from 31% in the year-earlier period.

*Capital flows to Latin America and the Caribbean: a slowdown in 2022* analyses the main trends and developments in capital flows to Latin America and the Caribbean from January to October 2022. This report is published three times a year and provides an overview of Latin American and Caribbean issuers' new international bonds—including green, social, sustainability and sustainability-linked bonds—bond spreads and credit ratings.



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