

Capital flows to Latin America and the Caribbean

First four months of 2021



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Contents

Highlights	5
Overview.....	7
I. Bond markets and debt management.....	13
A. Sovereign Spreads	15
B. Corporate Spreads.....	17
C. New Debt Issuance	19
1. Sovereign Issuance	19
2. Corporate Issuance.....	20
3. Currency Composition	24
4. Thematic Bonds.....	24
II. Bond markets and credit management in the Caribbean	29
III. Portfolio equity flows	33
IV. Prospects	35
Appendix.....	37

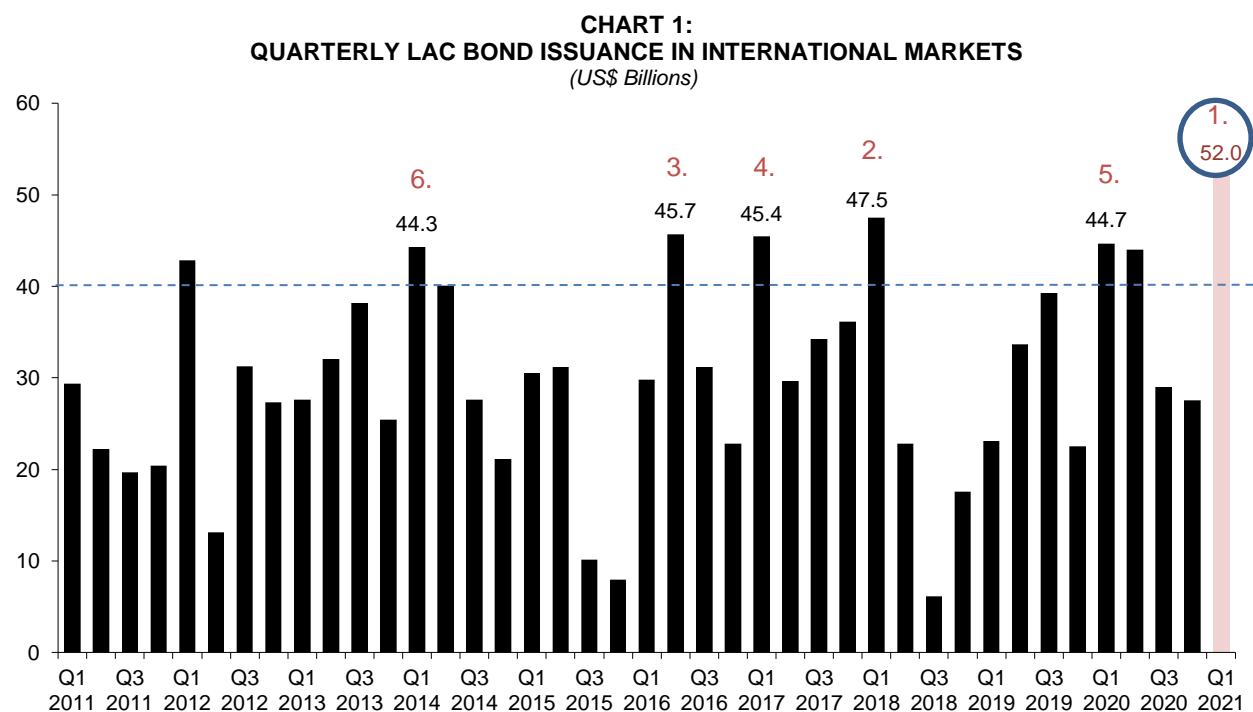
Highlights

- *In the first quarter of 2021, total Latin American and Caribbean (LAC) bond issuance in international markets reached US\$ 52 billion, the region's highest-ever quarterly issuance recorded.* The total in the first quarter of 2021 was 89% higher than in the final quarter of 2020, 16% higher than in the first quarter of 2020, and 10% higher than in the first quarter of 2018, the previous peak.
- *Many issuers covered their refinancing needs early in the quarter, on the expectation of rising interest rates.* Issuance in the month of January represented 59% of the quarterly total and was the region's third highest monthly issuance on record. In February and March, with U.S. Treasury yields increasing steadily, there was a slowdown in bond issuances.
- *In April, as U.S. Treasury yields showed signs of stabilization, infrequent and first-time corporate issuers from the region came to the international bond market to refinance debt.* First-time issuers included Guatemala's CMI Energía - Investment Energy Resources Ltd, ATP (Andean Telecom Partners) Tower, and Brazil's Iochpe-Maxion S.A., an automobile components manufacturer.
- *Adding April, regional bond issuance in international markets reached US\$ 65.5 billion in the first four months of 2021.* Corporate issuers accounted for 54% of the total issuance and sovereign issuers for 46%. The share of investment grade issuers was 65%.
- *The top three issuers, corporate and sovereign combined, were Mexico (28%), Brazil (19%) and Chile (12.5%),* which together accounted for 60% of the total regional issuance from January to April. The three top sovereign issuers were Mexico, Colombia and Chile, followed closely by Peru. Together, the four sovereigns accounted for 81% of total sovereign issuance in the period.
- *Green, social and sustainability bond issuance (GSS) reached a new record high of US\$ 16.6 billion at the end of April,* a 23% share of the total amount issued in the first four months of the year. This share was more than two times the 2020 share of 9.3% and more than five times the 4.3% average of the 2015-2020 period.

- *Sustainability-linked bonds (SLB) – a forward-looking performance-based instrument – were the most used instruments, and accounted for 35% of the total GSS issuance, followed by sustainability (26%), social (21%) and green (17%) bonds.*
- *A seven-year US\$ 1 billion bond issued by Brazil's Natura Cosméticos S.A. in April was the largest ever single sustainability-linked issuance in the region. Under the terms of the new sustainability-linked bond, Natura aims to reduce greenhouse gas emissions by 13% and increase the use of post-consumer recycled plastic in packaging to 25% by 2026. The bond carries a step-up coupon.*
- *LAC spreads remained relatively stable during the first four months of 2021. They widened 4 basis points in the first quarter but tightened in April. For the first four months of the year, LAC spreads tightened 14 basis points.*
- *Latin American equities lost some ground since the beginning of 2021 and at the end of April were below the levels at the start of the year, as the region continued to deal with COVID-19 outbreaks and lack of vaccine supplies. According to the MSCI Latin American Index, Latin American stocks lost 6% in the first quarter but recovered somewhat in April. For the first four months of the year, the MSCI Latin America was down 3%.*
- *Credit quality continued to deteriorate in the first four months of 2021. There were six more negative credit rating actions than positive in the region, including five downgrades and no upgrades.*

Overview

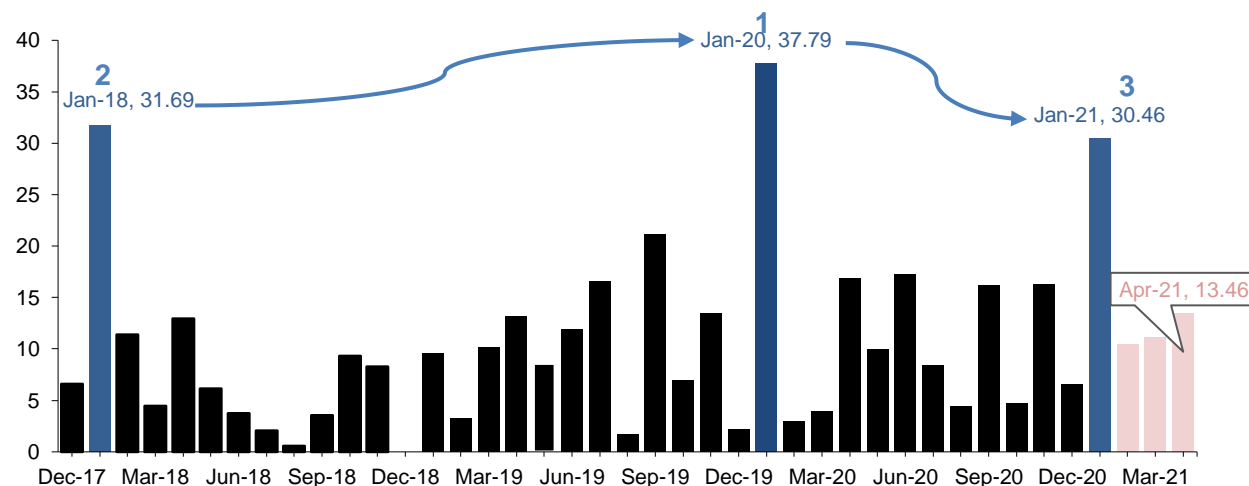
With a backdrop of low global interest rates and borrowing costs, Latin American and Caribbean (LAC) issuers placed US\$ 52 billion worth of bonds in international bond markets in the first quarter of 2021, the region's highest quarterly issuance on record (chart 1).



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

Many issuers covered their refinancing needs early in the quarter, on the expectation of rising interest rates. Issuance in the month of January represented 59% of the quarterly total and was the region's third highest monthly issuance. With U.S. Treasury yields increasing steadily, there was a slowdown in bond issuances in February and March, but in April, as U.S. Treasury yields showed signs of stabilization, issuances showed a slight increase (chart 2). Regional bond issuance in international markets reached US\$ 65.5 billion in the first four months of 2021.

CHART 2:
MONTHLY LAC BOND ISSUANCE IN INTERNATIONAL MARKETS
(US\$ Billions)



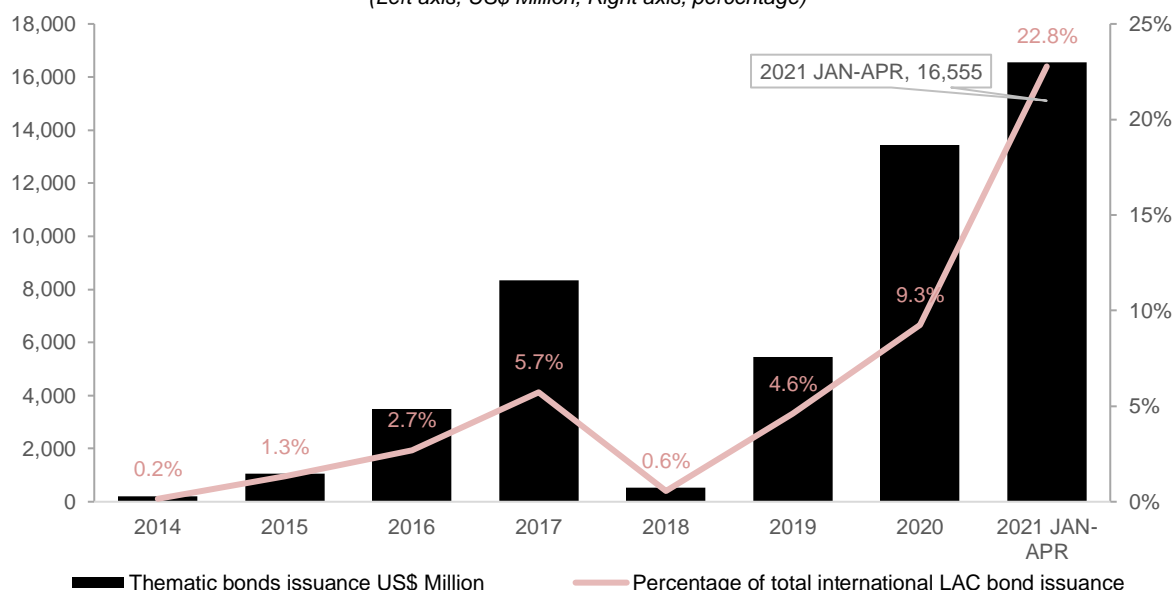
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance and Bloomberg. Note: January 2020 registered the highest LAC monthly issuance on record, surpassing the January 2018 issuance, the previous peak.

After yields on U.S. Treasury bonds retreated from a high of 1.74% on 31 March, LAC issuers started returning to the crossborder bond market. More than half of the Latin American companies that came to the market in April were infrequent or first-time high-yield issuers. Colombian Bank GNB Sudameris ended a 15-day hiatus for non-sovereign issuers on 13 April, when it placed US\$ 400 million worth of 10-year notes to refinance debt due this year. Davivienda, another lender based in Bogotá, followed suit with its first bond sale since 2017, placing US\$ 500 million worth of new perpetual notes on 15 April. Two first-time issuers, CMI Energía - Investment Energy Resources Ltd based in Guatemala, and ATP (Andean Telecom Partners) Tower, also came to the international bond market in mid-April to raise US\$ 1.1 billion combined. At the end of April, another first-time issuer came to the international bond market: Brazil's Iochpe-Maxion, a Brazilian automobile components manufacturer, made its debut with a US\$ 400 million 2028 sustainability-linked bond, targeting to reduce greenhouse gas emissions.

The issuance of thematic bonds – green, social, sustainability and sustainability-linked – reached a new record high of US\$ 16.6 billion at the end of April, a 23% share of the total amount issued in the first four months of the year. This share was more than two times the 2020 share of 9.3% and more than five times the 4.3% average of the 2015-2020 period (chart 3). In April, in particular, these issuances reached US\$ 4.1 billion, a share of 31% of the monthly total.

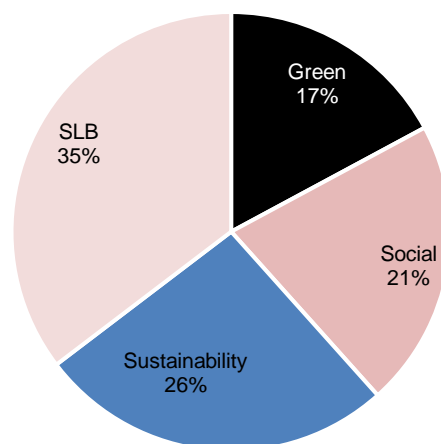
The first sustainability-linked bonds in the region were issued in the second half of last year, after the Sustainability-Linked Bond Principles (SLBP) were released by the International Capital Market Association (ICMA) in June 2020. They are forward-looking performance-based instruments and accounted for 35% of the total green, social and sustainability (GSS) issuance in the LAC region in the first four months of 2021, becoming the most frequently used environmental, social and governance (ESG) instrument (chart 4).

CHART 3:
LAC GREEN, SOCIAL AND SUSTAINABILITY BOND ISSUANCE IN INTERNATIONAL MARKETS, JAN-APR 2021
 (Left axis, US\$ Million; Right axis, percentage)



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

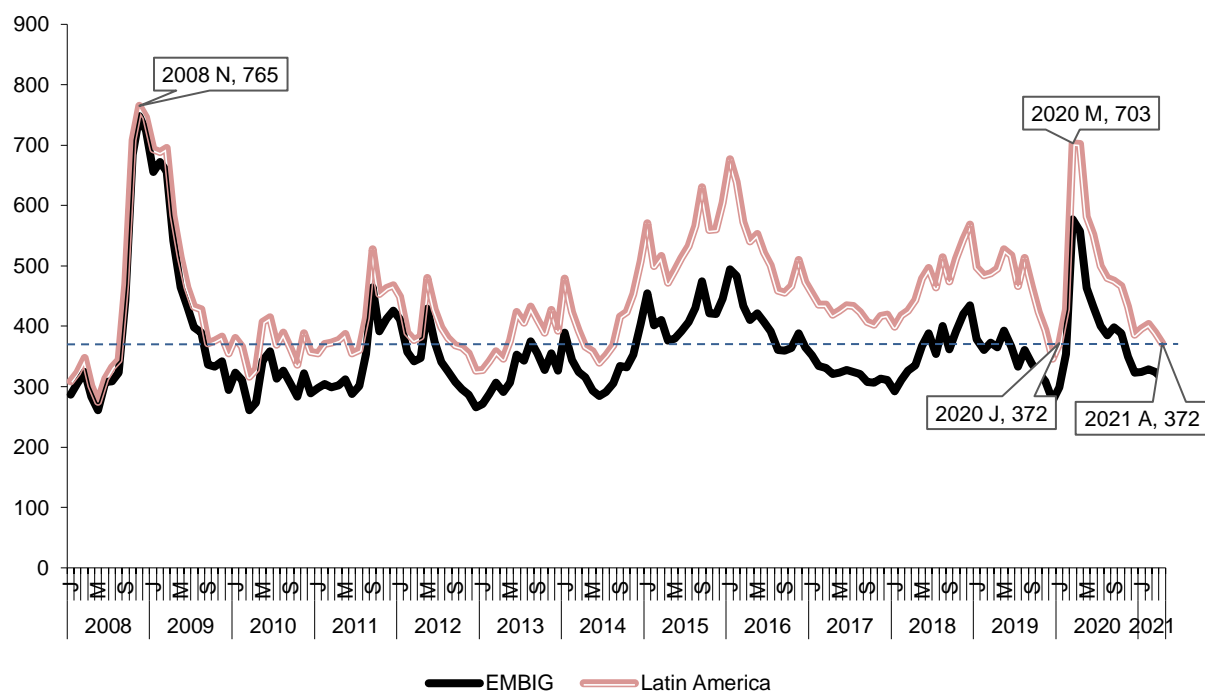
CHART 4:
LAC GREEN, SOCIAL AND SUSTAINABILITY BOND ISSUANCE IN INTERNATIONAL MARKETS, JAN-APR 2021
TYPES OF INSTRUMENTS
 (Percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. SLB: sustainability-linked bonds.

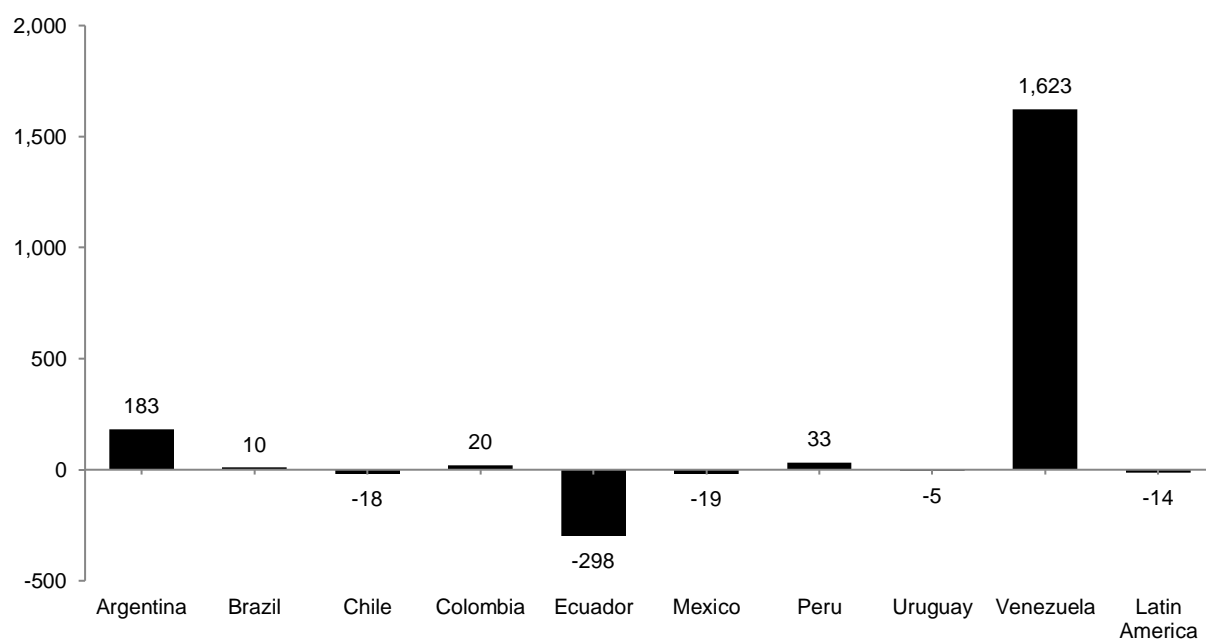
In April, as yields on U.S. Treasury bonds retreated, there was also a tightening in Latin American spreads. Bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) Latin American component ended the month at pre-pandemic levels (same as of January 2020), with 372 basis points (chart 5). They widened 4 basis points in the first quarter but tightened 14 basis points in the first four months of the year. Spreads tightened for Chile, Ecuador, Mexico and Uruguay, and widened for Argentina, Brazil, Colombia, Peru and Venezuela. Ecuador was the main outperformer with spreads declining almost 300 basis points, reaching their lowest levels since the announcement of the debt restructuring in 2020, while Venezuela's spreads, followed by Argentina's, showed the largest widening (chart 6).

CHART 5:
EMBIG AND LATIN AMERICAN DAILY SPREADS
(Basis points)



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

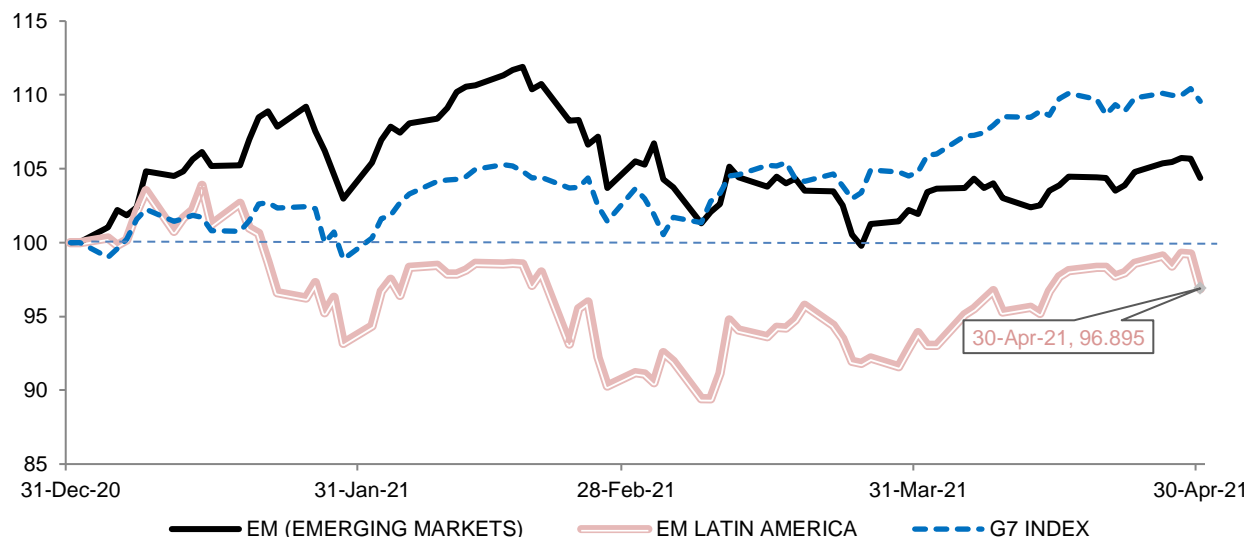
CHART 6:
EMBIG SPREAD DIFFERENTIALS: JAN-APR 2021
(Basis points)



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

Latin American equities lost ground since the beginning of the year (chart 7). The MSCI Latin American index was down 3% by the end of April – and about 15% below pre-pandemic levels – as the region continued to deal with COVID-19 outbreaks, prompting stricter lockdown measures, and lack of vaccine supplies. The emerging market index performed better and was up 4.4%, while the G7 index was up 9.6%.

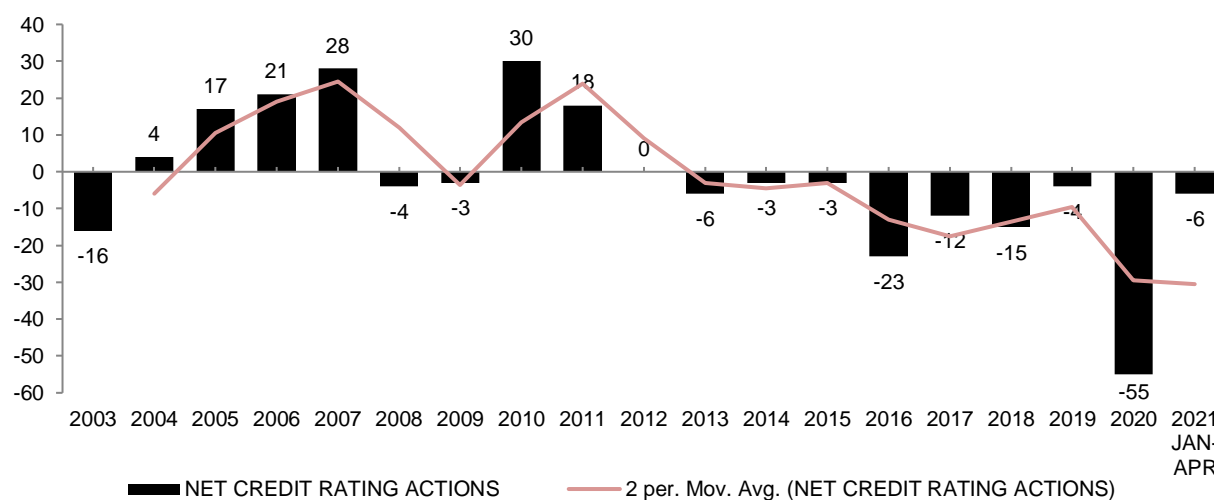
CHART 7:
MSCI EQUITY PRICE INDEX: JAN-APR 2021



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

Credit quality in the Latin American and Caribbean region continued to deteriorate in the first four months of 2021. There were six more negative credit rating actions (including downgrades and downward outlook revisions) than positive in the period, including five downgrades and no upgrades. Negative credit rating actions have outnumbered positive actions in the region for eight years in a row, with the imbalance having worsened significantly in 2020 (chart 8).

CHART 8:
NET CREDIT RATING ACTIONS IN LAC
(Number of Actions)

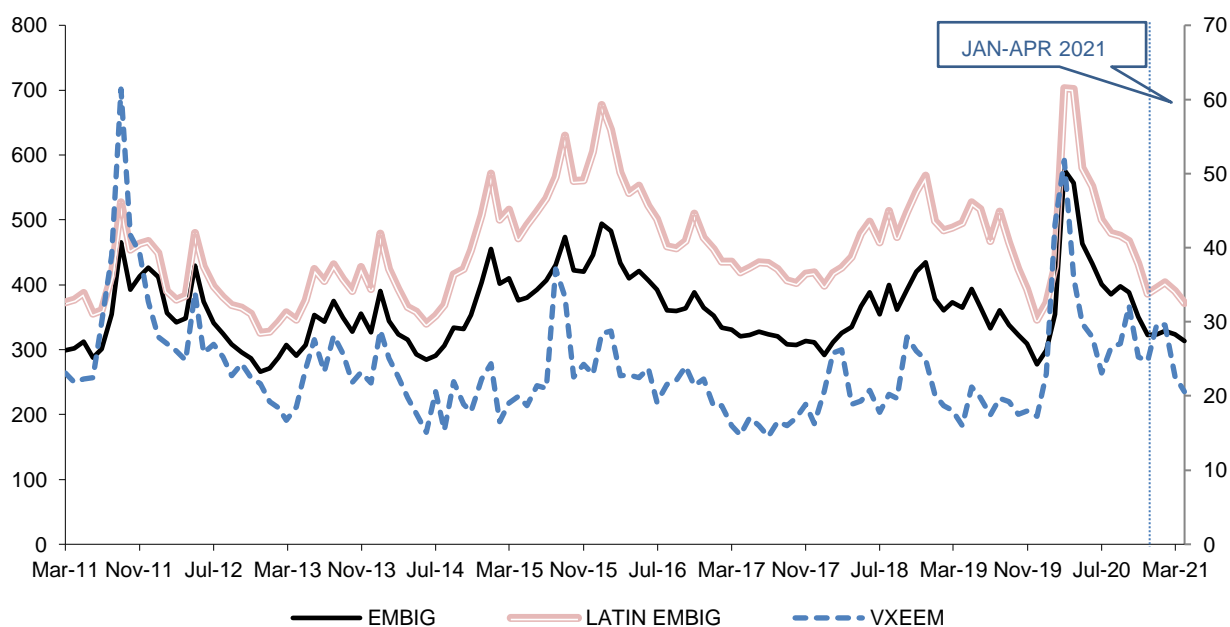


Source: ECLAC Washington Office, based on data from Moody's, Standard & Poor's, and Fitch.

I. Bond markets and debt management

Bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) tightened 10 basis points in the first four months of 2021, while its Latin American component tightened 14 basis points. The tightening in Latin American spreads took place in April, after volatility receded and U.S. Treasury bonds retreated from a high of 1.74% on 31 March (chart 9).

CHART 9:
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).

Credit quality continued to deteriorate in the first four months of 2021, although at a much slower pace than in the first four months of last year. There were seven negative actions from January to April 2021, five of them downgrades (table 1). Four countries were downgraded: Belize, Chile, Panama and Suriname, with agencies citing weakening fiscal flexibility and expected debt restructuring or missed coupon payments.

In February, Fitch downgraded Panama's rating to BBB- from BBB with a negative outlook, citing severe weakening of public finances due to the economic disruption caused by the coronavirus pandemic, which according to the agency has exacerbated underlying weakening fiscal trends predating 2020. Moody's revised the outlook on El Salvador's B3 rating to negative, concluding the review for downgrade. The negative outlook captures the credit risks associated with implementation risks of the authorities' fiscal adjustment efforts. Also in February, Standard and Poor's downgraded Belize to CC from CCC+ with a negative outlook, with the agency saying it was increasingly unlikely that Belize would make the payment on its 2034 bonds on 20 May.

In March, Moody's downgraded Panama's ratings to Baa2 from Baa1 with a stable outlook, citing the economic impact of the coronavirus pandemic, reflected on the deterioration of Panama's fiscal strength. Standard and Poor's revised the outlook on Bolivia's B+ rating to negative from stable, on increasing debt and external vulnerabilities, and downgraded Chile's rating to A from A+ with a stable outlook, citing weaker fiscal flexibility.

In April, Fitch downgraded Suriname's rating to RD (restricted default) from C, saying the downgrade reflects the non-payment of rescheduled external debt service (US\$ 49.8 million) on Suriname's 2023 and 2026 notes due 31 March, which marks an event of default under Fitch's criteria.

The only positive action took place in February, when Moody's changed the outlook on Ecuador's Caa3 rating to stable from negative, citing the country's restructured external market debt position and its latest financing agreement with the International Monetary Fund (IMF).

TABLE 1:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, JAN-APR 2021

Date	Country	Action	
2021	1 positive and 7 negative actions		
Q1 2020	1 positive and 6 negative actions		
3-Feb-21	Panama	Fitch downgrades Panama's rating to BBB- from BBB with a negative outlook	<i>Negative</i>
5-Feb-21	El Salvador	Moody's revises the outlook on El Salvador's B3 rating to negative	<i>Negative</i>
25-Feb-21	Belize	S&P downgrades Belize to CC from CCC+ with a negative outlook	<i>Negative</i>
26-Feb-21	Ecuador	Moody's changes the outlook on Ecuador's Caa3 rating to stable from negative	<i>Positive</i>
17-Mar-21	Panama	Moody's downgrades Panama's ratings to Baa2 from Baa1 with a stable outlook	<i>Negative</i>
23-Mar-21	Bolivia	S&P revises the outlook on Bolivia's B+ rating to negative from stable	<i>Negative</i>
24-Mar-21	Chile	S&P downgrades Chile's rating to A from A+ with a stable outlook	<i>Negative</i>
Q2 2020	0 positive and 1 negative action		
1-Apr-21	Suriname	Fitch downgrades Suriname's rating to RD from C	<i>Negative</i>

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

At the end of April, eighteen sovereigns were on negative outlook by one or more agencies (Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, 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).

This balance towards more negative actions played out in May, when negative credit rating actions in the region picked up pace. Of note was Colombia's downgrade and loss of investment grade status (from BBB- to BB+) by Standard and Poor's on 19 May. S&P stated that the downgrade comes after "the withdrawal of a fiscal reform introduced in Congress in a context of high spending pressures, which has resulted in a significantly lower likelihood of Colombia improving its fiscal position." Colombia's inclusion in widely followed investment grade indices presents forced selling risks if at least one more rating company (Moody's: Baa2, Fitch: BBB-) follows suit and lowers Colombia's rating to below investment grade.¹

On 24 May, S&P announced that Belize was downgraded to SD (selective default) from CC as the country is on course for its second default in less than a year. The country failed to make a US\$ 6.5 million interest payment on its US\$ 527 million bond due in 2034, marking the country's fifth restructuring or default in the past 14 years.

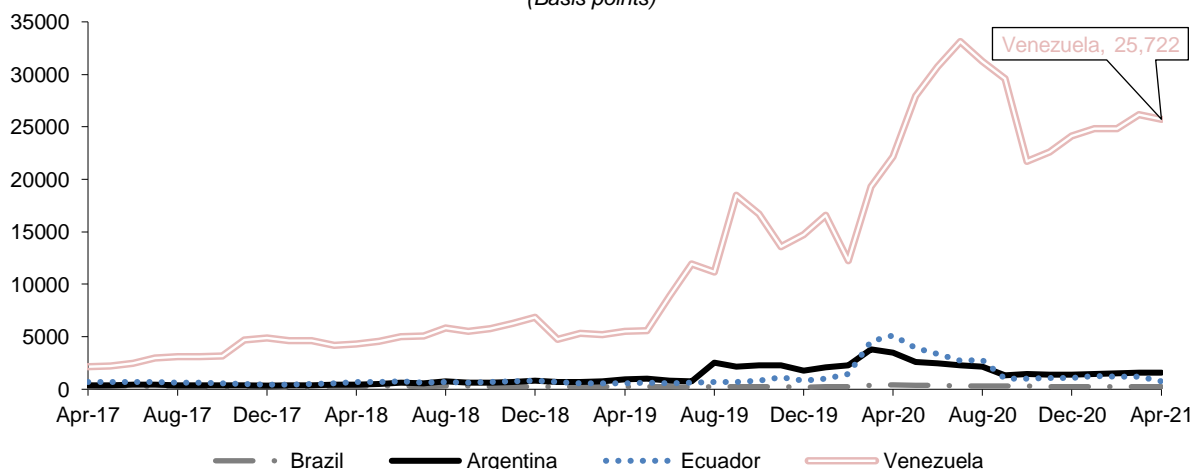
On 25 May, Moody's placed Peru's A3 rating under a negative outlook, saying an "increasingly polarized and fractured political environment has been undermining the effectiveness of the country's policymaking."

A. Sovereign Spreads

The EMBIG tightened 10 basis points from January to April 2021 – from 323 basis points at the end of December 2020 to 313 at the end of April 2021 – while its Latin American component tightened 14 basis points, from 386 to 372 basis points.

Bond spreads widened the most for Venezuela and Argentina. Venezuela's spreads widened 1,623 basis points in the first four months of 2021 and Argentina's 183 basis points. Among the non-investment grade countries, Venezuela had the highest spreads at the end of April 2021, while Brazil had the lowest (chart 10). At 25,722 basis points at the end of April 2021, Venezuela maintained the highest debt spreads of any country in the EMBIG. Ecuador saw its spreads tighten 298 basis points to 764 basis points at the end of April 2021, their lowest level since December 2019. Spreads for Argentina were at 1,551 and Brazilian spreads were at 260 basis points.

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

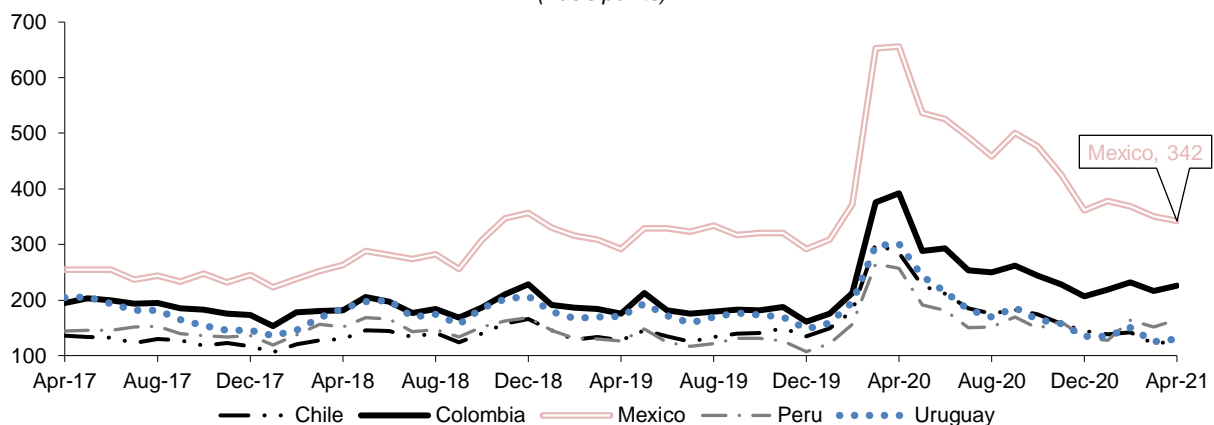


Source: ECLAC Washington Office, based on data from JPMorgan.

¹ Typically, a rating isn't considered sub-investment grade unless at least two of the three major credit-rating agencies rate it as such. In the case of a downgrade from a second agency, mandates that prohibit some institutional bondholders from holding speculative-grade debt would force them to sell Colombian foreign-currency bonds.

Among investment grade countries, Mexico had the highest spreads – 342 basis points – at the end of April. It was followed by Colombia with 226 basis points, Peru with 165 basis points, Uruguay with 130 basis points, and Chile with 126 basis points (chart 11).

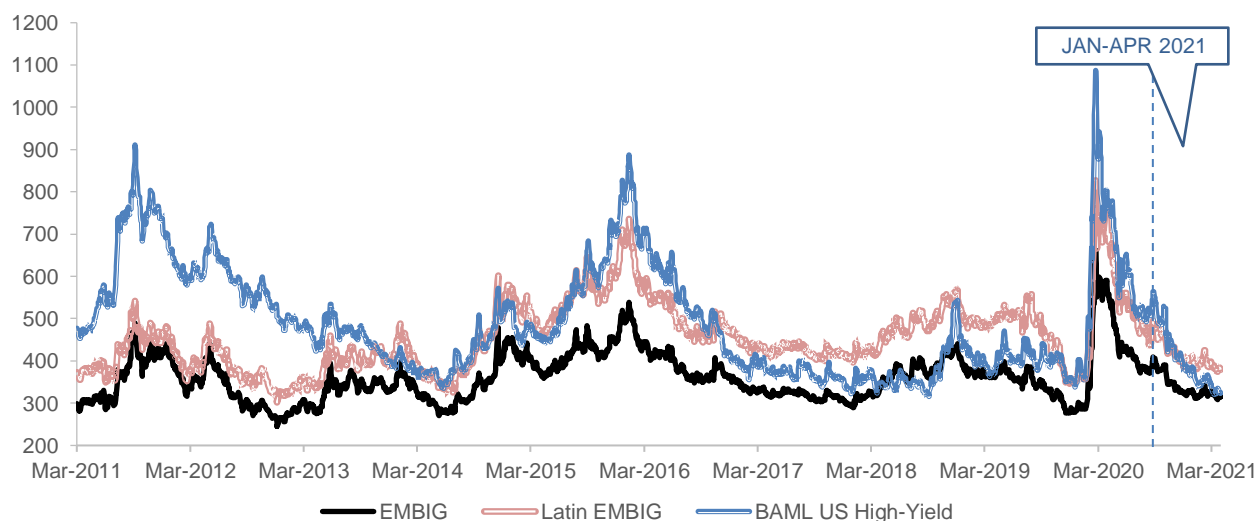
CHART 11:
EMBIG LATIN: INVESTMENT GRADE ISSUERS
(Basis points)



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, when the region underperformed economic growth in other parts of the world. In 2020, 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 United States high-yield corporate sector was sharply affected by the pandemic. Since March 2021, however, LAC sovereign spreads have once again decoupled negatively, as prospects for the U.S. economy have improved dramatically with faster vaccination pace and strong fiscal support, while the LAC region is still dealing with COVID-19 outbreaks and lack of vaccine supplies (chart 12).

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

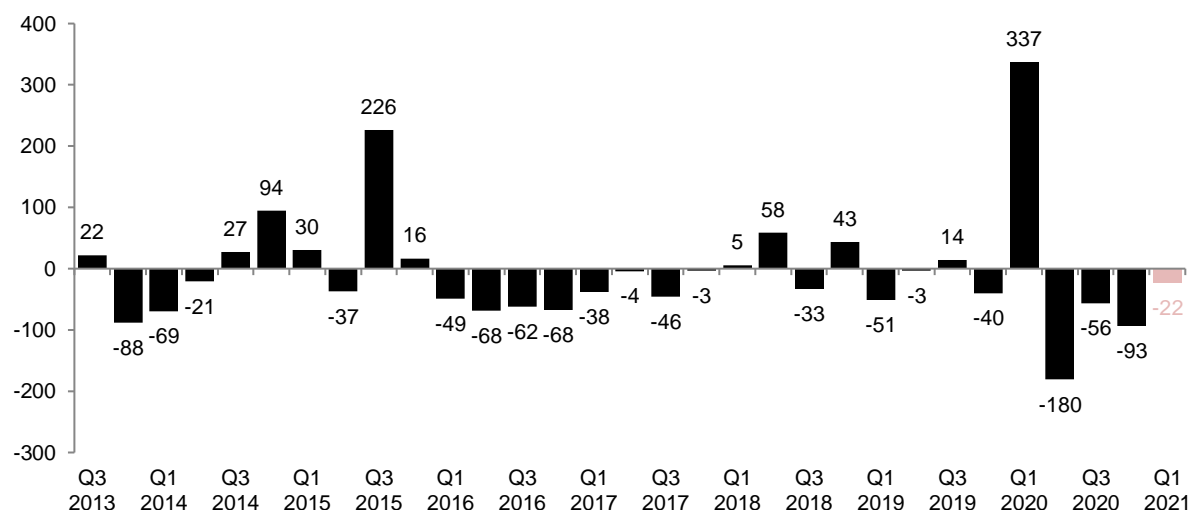


Source: ECLAC Washington Office, based on data from JPMorgan and from the Federal Reserve Bank of St. Louis (ICE BofAML US High Yield Master II Option-Adjusted Spread, Percent, daily. Not Seasonally Adjusted)

B. Corporate Spreads

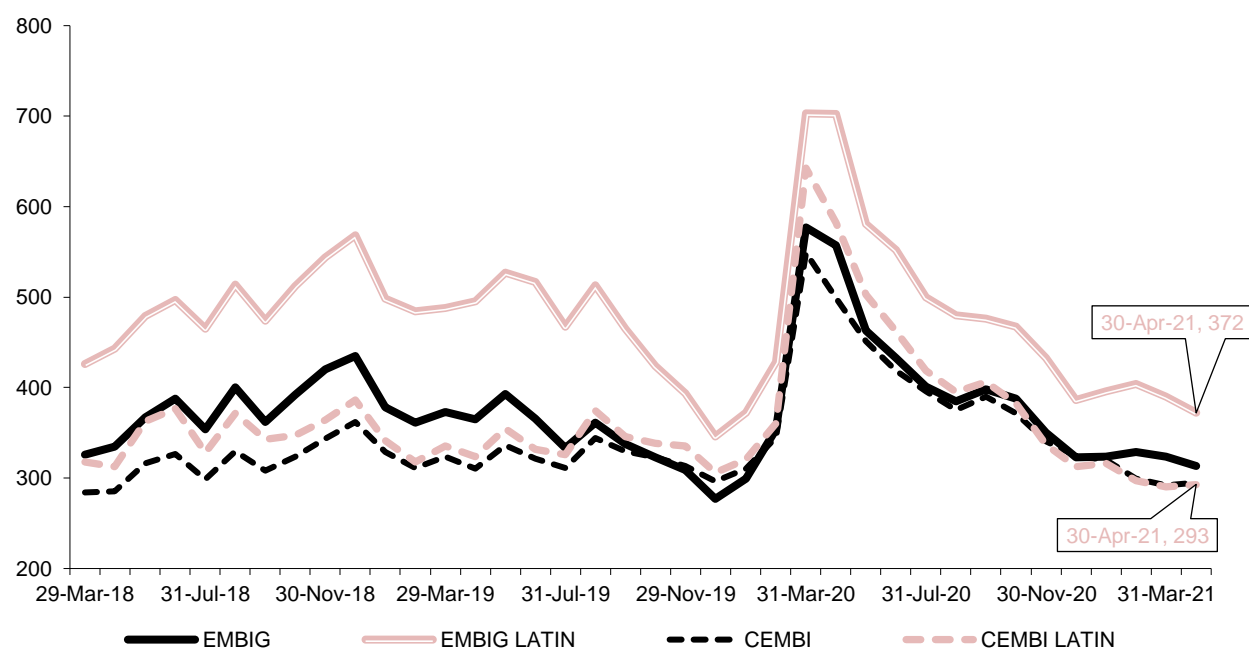
LAC corporate bond spreads tightened 20 basis points from January to April 2021, more than their sovereign counterpart, which tightened 14 basis points. Latin CEMBI (Corporate Emerging Markets Bond Index) spreads have tightened for four successive quarters (chart 13). At the end of April 2021, they were 79 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.

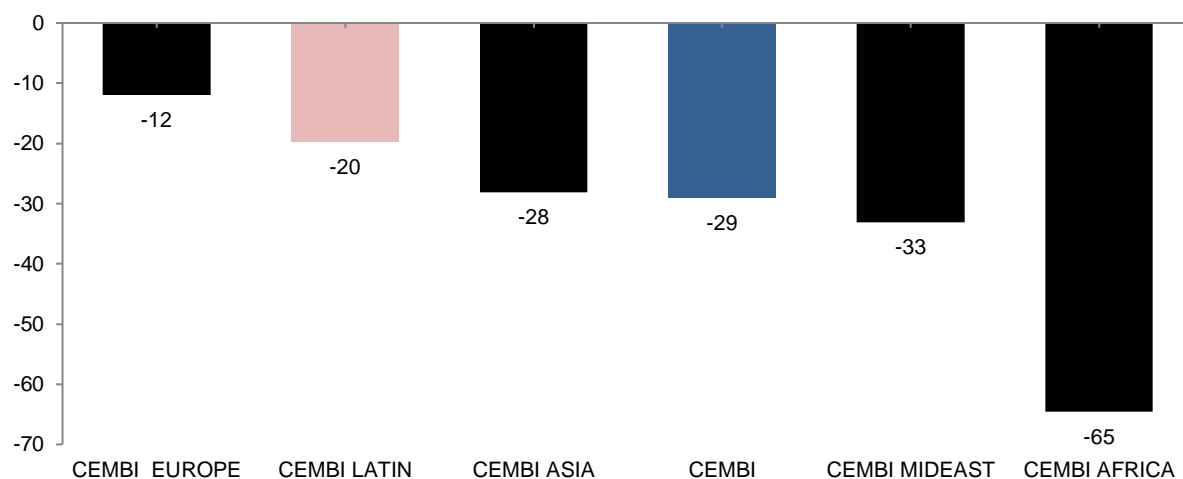
CHART 14:
JPMORGAN EMBIG SPREADS, CORPORATE AND SOVEREIGN
(Basis points)



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

On a regional basis, Latin American corporate spreads tightened less than the spreads for other regions, with the exception of Emerging Europe (chart 15). However, in 2020, the Latin CEMBI component recorded the smallest increase across regions, what may explain why the spread-tightening in other regions was larger in the first four months of 2021.

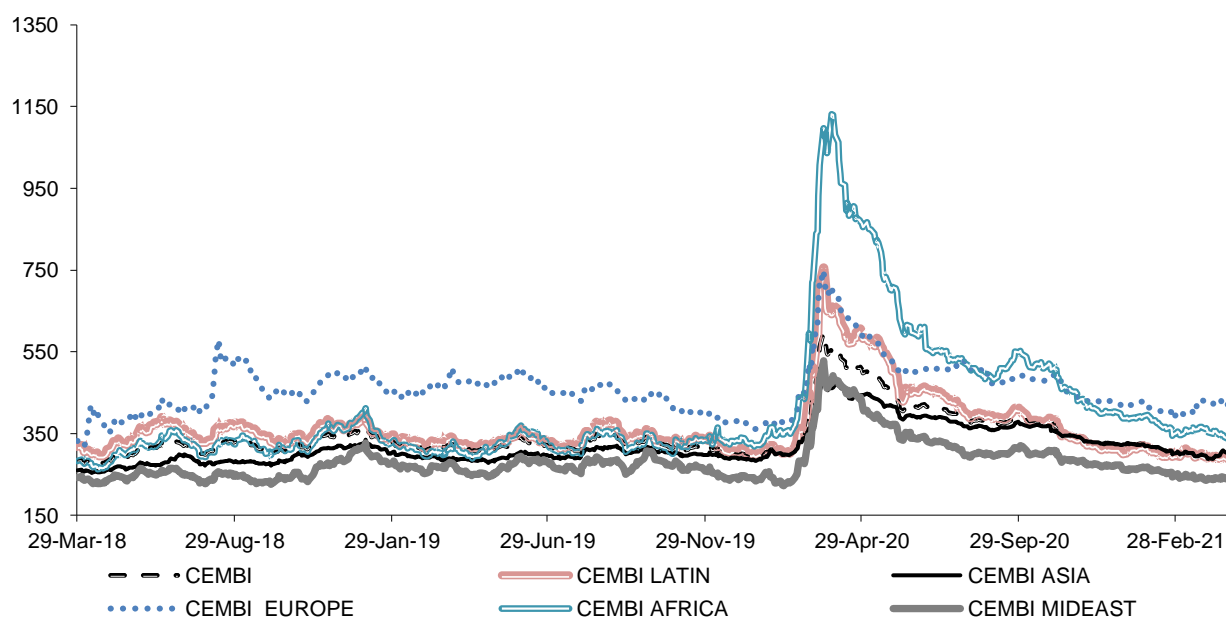
CHART 15:
CEMBI SPREAD DIFFERENTIALS BY REGION: 2020
(Basis points)



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

At the end of April 2021, 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)

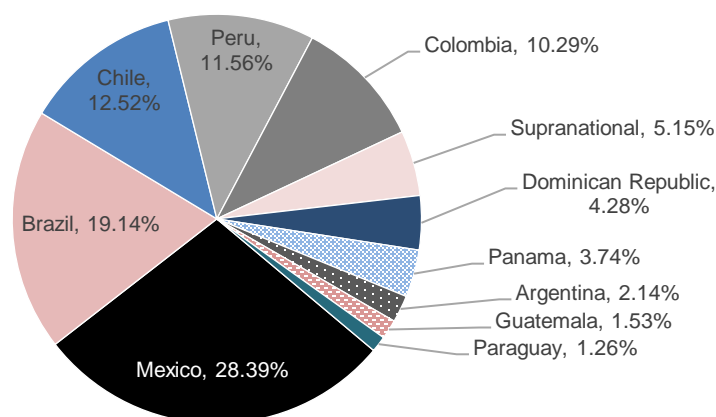


Source: ECLAC Washington Office, based on data from JPMorgan CEMBI.

C. New Debt Issuance

Total LAC bond issuance in international markets reached US\$ 65.5 billion in the first four months of 2021. Mexico had the largest share of bond issuances in the January-April period – sovereign and corporate combined – followed by Brazil and Chile. Mexico, Brazil and Chile issued (sovereign and corporate combined) US\$ 18.6 billion, US\$ 12.5 billion, and US\$ 8.2 billion, respectively. Issuances from the three countries accounted for 60% of the total LAC issuance (chart 17).

CHART 17:
LAC INTERNATIONAL BOND ISSUANCE, JAN-APR 2021: COUNTRY BREAKDOWN
(Country shares in percentage)



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

Sovereigns, quasi-sovereigns and regional development banks accounted for 57% of the total amount issued in the first four months of 2021. Investment-grade issuers – sovereign and corporate combined – dominated with a 65% share, while 35% of the total was issued by high-yield issuers. Issuance in the first four months of the year continued to be driven by the corporate sector (including corporations, banks, quasi-sovereign and supranational issuers), which accounted for 54% of the total.

1. Sovereign Issuance

Seven sovereigns – Chile, Colombia, Dominican Republic, Mexico, Panama, Paraguay, and Peru – tapped international debt markets in the January-April 2021 period (appendix C, tables 3 and 4). The top three sovereign issuers were Mexico, Colombia, and Chile. Together they represented 51% of the total annual sovereign issuance, and adding Peru, the fourth largest sovereign issuer, they represented 81% (table 2).

Mexico had the top share of total sovereign issuance in the region in terms of amount, US\$ 7.7 billion (25.6%) and was the first sovereign to issue debt in international markets in 2021, issuing a new 50-year US\$ 3 billion bond with a 3.75% coupon on 4 January. It was Mexico's first deal in the Formosa market in Taiwan. It tapped crossborder markets with two more deals in euros in January and one more in United States dollars in April, for a total of four deals.

Colombia had the second highest share in terms of amount (US\$ 5.8 billion, 19.4%). In January it raised US\$ 2.8 billion in two deals. In April, Colombia issued US\$ 3 million in two more deals, its largest international bond sale ever. The April transaction will cover the amortization of external bonds in 2021, improves the maturity profile of external debt, and generates annual savings of US\$ 6.5 million on interest payments, according to Cesar Arias, Director of Public Credit. The money was raised to buyback outstanding notes that mature between 2021 and 2027.

Chile had the third highest share in terms of amount (US\$ 5.7 billion, 19.1%) and the highest number of deals (5), which were all issuances of thematic bonds. In mid-January, Chile sold US\$ 4.3 billion worth of green and social bonds in dollars and euros, with historically low interest rates for the 10-year notes issued in euros. In March, Chile placed US\$ 1.5 billion worth of sustainability bonds in the Taiwanese market, pricing the 32-year note at par to yield 3.5% (appendix C, table 1). Chile returned to the international bond market in early May with a two-part deal worth US\$ 2 billion – it placed US\$ 1.7 billion in new 20-year social bonds and added US\$ 300 million to its 2.45% 2031 notes – raising money for social programs and budgetary spending, according to the Finance Ministry.

Peru followed closely with the fourth highest share (US\$ 5 billion, 16.6%). Peru issued US\$ 4 billion worth of bonds in a three-part deal, which included adding US\$ 1.75 billion to its 2.783% 2031 bonds – originally issued in April 2020, with proceeds to be used to fund emergency measures in response to the COVID-19 pandemic – and issuing US\$ 1.25 billion worth of new 3.3% 2041 bonds and US\$ 1 billion worth of 3.55% 2051 bonds. The three-part deal was followed the next day by another deal, € 825 million (US\$ 996 million) worth of new 2033 euro-denominated bonds.

TABLE 2:
LAC INTERNATIONAL SOVEREIGN BOND ISSUANCE, JAN-APR 2021

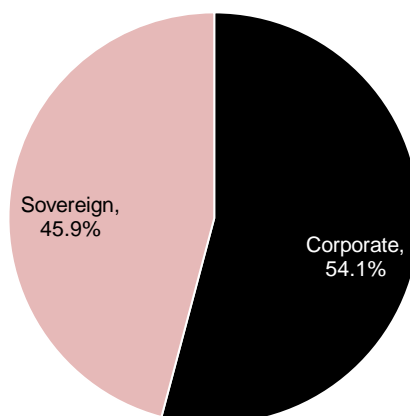
Sovereign Issuer	Total Issuance (US\$ Millions)	% of the total sovereign issuance	Number of Deals
Mexico	7,677	25.6%	5
Colombia	5,840	19.4%	4
Chile	5,749	19.1%	4
Peru	4,996	16.6%	4
Dominican Republic	2,500	8.3%	2
Panama	2,450	8.2%	2
Paraguay	826	2.7%	2
Total	30,038	100.00%	23

Source: ECLAC Washington Office, based on data from 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 54% of total LAC issuance in the first four months of 2021 (chart 18).

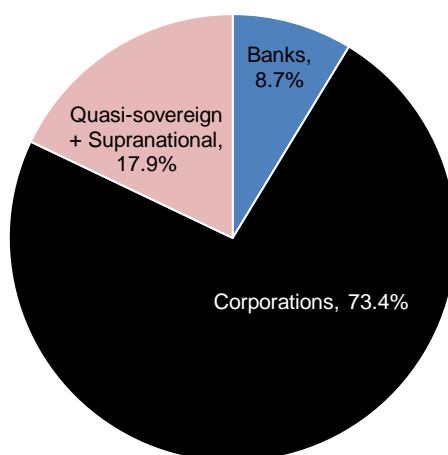
CHART 18:
LAC INTERNATIONAL CORPORATE AND SOVEREIGN BOND ISSUANCE, JAN-APR 2021
(Percentage)



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

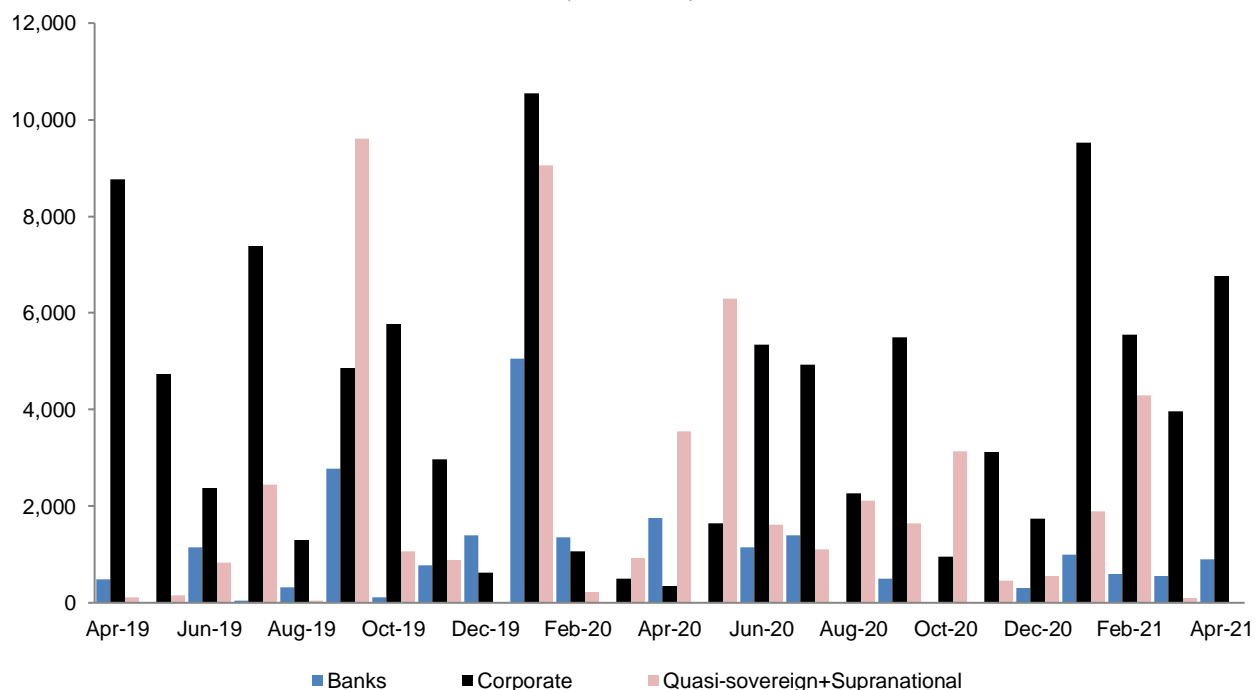
Quasi-sovereign and supranational issuers accounted for 18% of total LAC corporate issuance in international markets from January to April 2021 (charts 19 and 20), a decline from the 38% share in 2020. Fifty six corporate issuers (including banks, and private, quasi-sovereign and supranational companies) from the region sold US\$ 35 billion of cross-border bonds in the period.

CHART 19:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE, 2020
(Percentage)



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

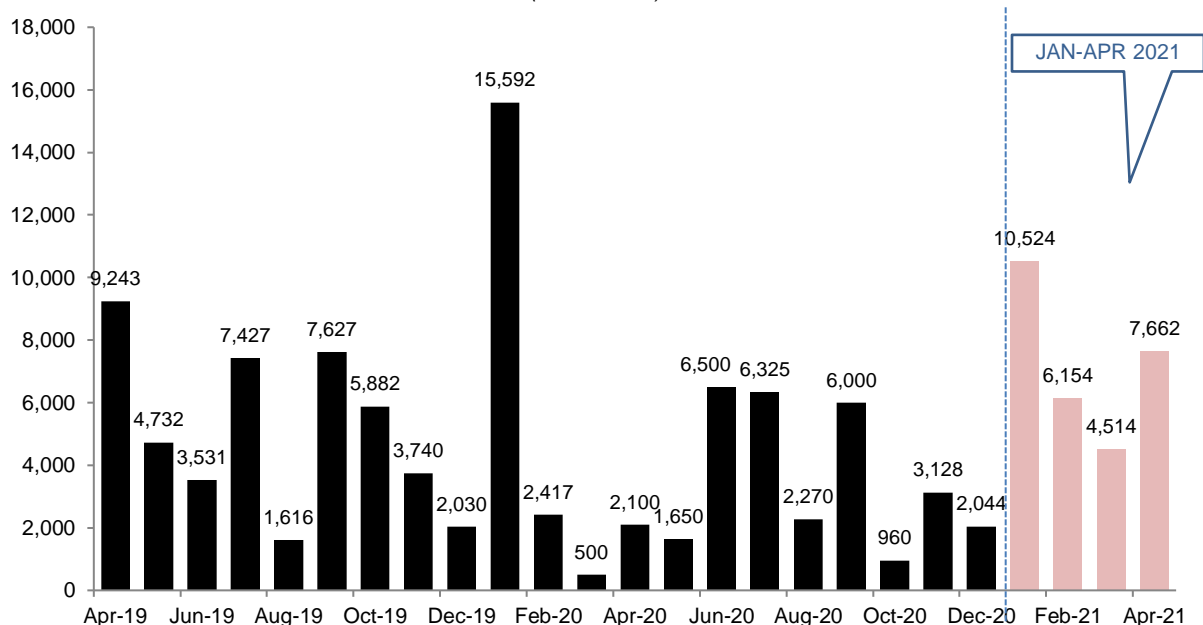
CHART 20:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE
(US\$ Millions)



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

Issuances from the private corporate sector from January to April 2021, not including quasi-sovereigns and supranationals, reached US\$ 28.8 billion. The highest monthly activity of the year was in January (US\$ 10.5 billion), and the lowest in March (chart 21). There were eight debut issuances, five of them in January and three in April (table 3).

CHART 21:
LAC MONTHLY PRIVATE CORPORATE SECTOR BOND ISSUANCE IN INTERNATIONAL MARKETS
(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 3:
LAC CORPORATE CROSSBORDER DEBUT ISSUANCES, JAN-APR 2021

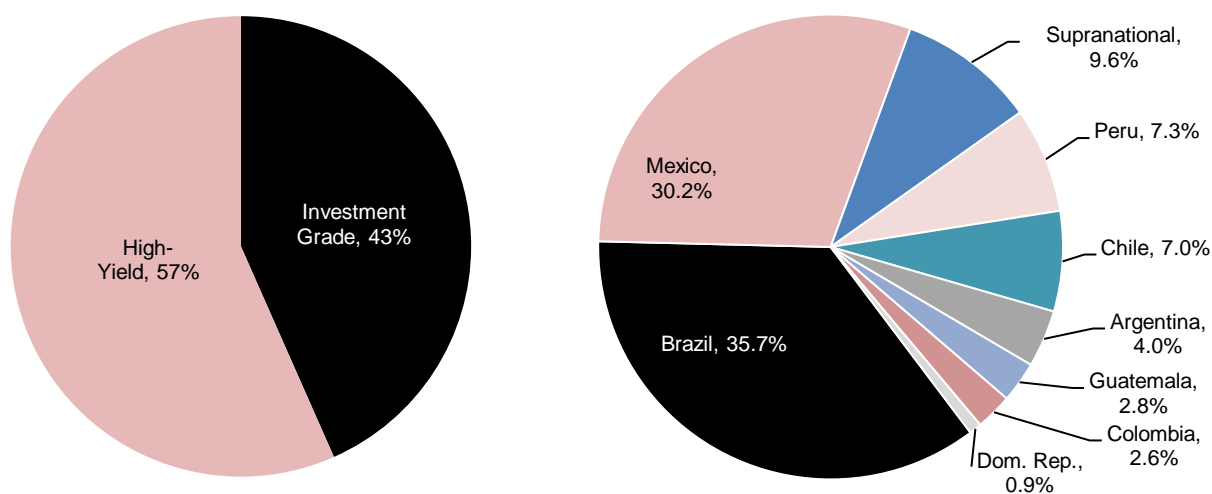
Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity	Issue Date
Argentina	Mercado Libre Inc	USD 400	400	2.375%	2026 (sust)	7-Jan-21
Argentina	Mercado Libre Inc	USD 700	700	3.125%	2031	7-Jan-21
Brazil	FS Bioenergia	USD 50	50	10.000%	2025 (r)(g)	11-Jan-21
Mexico	Nueva Elektra del Milenio (NEM) ²	USD 500	500	4.875%	2028	12-Jan-21
Brazil	Movida Participações SA	USD 500	500	5.250%	2031 (sust)	28-Jan-21
Guatemala	CMI Energía - Investment Energy Resources Ltd	USD 700	700	6.250%	2029 (g)	15-Apr-21
Supranational	ATP (Andean Telecom Partners) Tower	USD 375	375	4.050%	2026	19-Apr-21
Brazil	lochpe-Maxion	USD 400	400	5.000%	2020 (sust)	27-Apr-21
Total			3,625			8

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

Investment grade companies had a 43% share of total corporate issuance, while the share of corporate high-yield issuance was 57%. Mexican and Brazilian companies accounted for 66% of total corporate issuance in the period (chart 22).

² Mexico Remittances Funding Fiduciary Real Estate Management SARL.

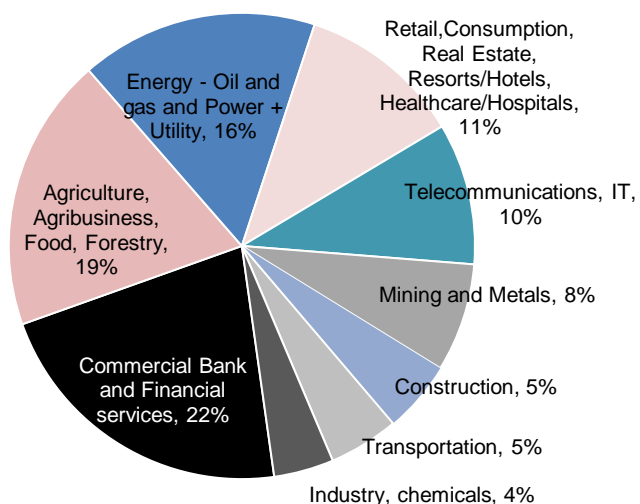
CHART 22:
BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING AND COUNTRY
JAN-APR 2021
(Percentage of total)



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, 22% of corporate debt issuance (including corporations, banks, quasi-sovereigns and supranationals) from January to April 2021 came from the financial sector, which includes commercial banks as well as financial services companies and finance development banks/multilateral agencies. The agricultural sector, including agribusiness, food and beverages, and forestry, followed with a 19% share of the total. The energy sector, including oil and gas, and power, as well as energy utilities, accounted for the third largest share (16%) (chart 23).

CHART 23:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY SECTORS, JAN-APR 2021
(Percentage of total)

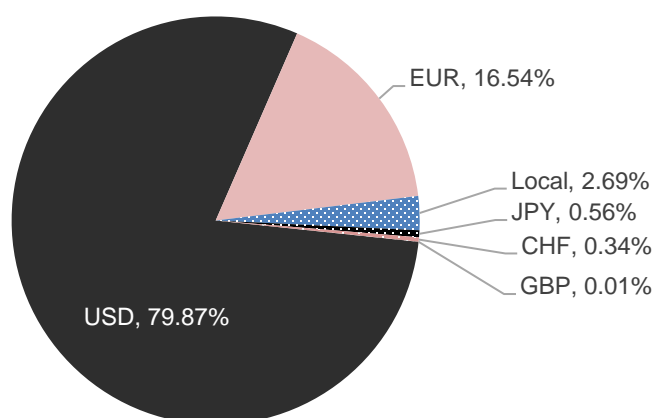


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.
 Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

3. Currency Composition

Most of the international debt issuance in the region in the first four months of 2021 (79.9%) was denominated in U.S. dollars (chart 24). There was also issuance in euros (16.5%); local currencies (2.7%), which included Mexican pesos and Brazilian reais; Japanese yen (0.6%); Swiss francs (0.73%); and British pounds (0.01%).

CHART 24:
CURRENCY BREAKDOWN OF LAC INTERNATIONAL BOND ISSUANCES, JAN-APR 2021

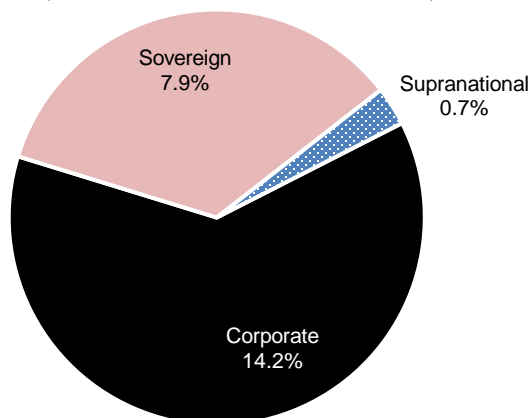


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

4. Thematic Bonds

Green, social, sustainability and sustainability-linked bond issuances (GSS) from the region in international markets reached a record high in the first four months of 2021. There were thirty international GSS bond issuances from January to April 2021, totaling US\$ 16.55 billion and representing 22.8% of the total LAC international bond issuance in the period, a new peak (table 4). Corporate issuers led the thematic bonds volumes in the period with a 62% of the total GSS LAC issuance. Sovereign and supranational issuers represented 35% and 3% of the total GSS bond issuance, respectively. As a share of the total LAC issuance from January to April 2021, corporate thematic bond issuances accounted for 14.2%, sovereign for 7.9%, and supranational for 0.7% (chart 25).

CHART 25:
LAC THEMATIC INTERNATIONAL BOND ISSUANCE BY TYPE OF ISSUER: JAN-APR 2021
(Share of the total bond issuance: 22.8%)



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

TABLE 4:
LAC THEMATIC BOND ISSUANCE IN INTERNATIONAL MARKETS: JAN-APR 2021

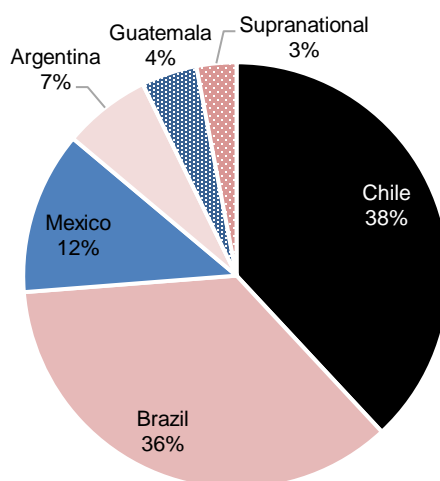
Country	Issuer	Amount (million)	Amount in US\$ (million)	Coupon (%)	Maturity	Issue Date
Brazil	Banco BTG Pactual SA	USD 500	500	2.750%	2026 (g)	6-Jan-21
Brazil	Klabin Austria GmbH	USD 500	500	3.200%	2031 (SLB)	6-Jan-21
Argentina	Mercado Libre Inc	USD 400	400	2.375%	2026 (sust)	7-Jan-21
Argentina	Mercado Libre Inc	USD 700	700	3.125%	2031 (sust)	7-Jan-21
Brazil	FS Bioenergia	USD 50	50	10.000%	2025 (r)(g)	11-Jan-21
Brazil	Itau Unibanco Holding SA	USD 500	500	3.875%	2031 (sust)	12-Jan-21
Brazil	Simpar SA (parent company of logistics firm JSL)	USD 625	625	5.300%	2031 (SLB)	14-Jan-21
Chile	Republic of Chile	USD 750	750	2.550%	2032 (r)(g)	19-Jan-21
Chile	Republic of Chile	USD 1500	1,500	3.100%	2061 (soc)	19-Jan-21
Chile	Republic of Chile	EUR 400	485	0.830%	2031 (r)(g)	20-Jan-21
Chile	Republic of Chile	EUR 1250	1,514	1.250%	2051 (soc)	20-Jan-21
Brazil	Amaggi Luxembourg International Sarl	USD 750	750	5.250%	2028 (sust)	21-Jan-21
Brazil	Movida Participações SA	USD 500	500	5.250%	2031 (sust)	28-Jan-21
Supranational	Central American Bank for Economic Integration (CABEI)	USD 500	500	1.140%	2026 (soc)	3-Feb-21
Brazil	Simpar SA (parent company of logistics firm JSL)	BRL 450	84	10.750%	2028 (SLB)	9-Feb-21
Chile	Banco de Credito e Inversiones - BCI	USD 54	54	2.365%	2029 (g)	10-Mar-21
Brazil	Pilgrim's Pride Corp	USD 1000	1,000	4.250%	2031 (SLB)	25-Mar-21
Chile	Empresas CMPC SA	USD 500	500	3.000%	2031 (SLB)	31-Mar-21
Chile	Republic of Chile	USD 1500	1,500	3.500%	2053 (sust)	31-Mar-21
Guatemala	CMI Energía - Investment Energy Resources Ltd	USD 700	700	6.250%	2029 (g)	15-Apr-21
Mexico	FEMSA	EUR 700	842	0.500%	2028 (SLB)	22-Apr-21
Mexico	FEMSA	EUR 500	601	1.000%	2033 (SLB)	22-Apr-21
Mexico	Metalsa SA de CV	USD 300	300	3.750%	2031 (SLB)	22-Apr-21
Brazil	Natura Cosméticos SA	USD 1000	1,000	4.125%	2028 (SLB)	26-Apr-21
Brazil	lochpe-Maxion	USD 400	400	5.000%	2020 (SLB)	27-Apr-21
Mexico	FIBRA Prologis	USD 100	100	3.190%	2029 (g)	29-Apr-21
Mexico	FIBRA Prologis	USD 80	80	3.490%	2031 (g)	29-Apr-21
Mexico	FIBRA Prologis	USD 80	80	3.640%	2033 (g)	29-Apr-21
Mexico	FIBRA Prologis	USD 25	25	3.790%	2036 (g)	29-Apr-21
Mexico	FIBRA Prologis	USD 15	15	4.000%	2039 (g)	29-Apr-21
TOTAL			16,555			

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

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

The region's thematic bond issuances included eight new green bonds and three re-openings (US\$ 2.8 billion), three social bonds (US\$ 3.5 billion), six sustainability bonds (US\$ 4.4 billion) and ten sustainability-linked bonds (US\$ 5.9 billion). Issuances have come from five countries and one supranational entity, the Central American Bank for Economic Integration (CABEI) (chart 26).

CHART 26:
LAC THEMATIC INTERNATIONAL BOND ISSUANCE BY COUNTRY: JAN-APR 2021
 (Percentage)



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

Chile had the highest share of thematic bond issuance, with most of it (91%) coming from the sovereign sector. Chile issued the first sovereign green bond in the region in 2019. Since then, and until the end of March 2021, Chile had issued roughly US\$ 14.4 billion in thematic bonds, divided among US\$ 7.7 billion in green bonds, US\$ 5.2 billion in social bonds and US\$ 1.5 billion in sustainability bonds, according to Andrés Pérez Morales, International Finance Coordinator at the Office of Public Debt and the Sovereign Funds Unit of the Finance Ministry. As a result, these thematic bonds accounted for 15.5% of the central government's debt stock. Brazil and Mexico had the second and third highest shares in the January-April 2021 period, but all their thematic bond issuances originated from the corporate sector.

There was a surge in sustainability-linked bond (SLB) issuances from the region in the first four months of 2021, which accounted for 35% of the total GSS issuance in the LAC region, becoming the most frequently used ESG instrument. Sustainability-linked bonds are defined by the International Capital Markets Association (ICMA) as any type of bond instruments for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives (box 1).

BOX 1: WHAT IS A SUSTAINABILITY-LINKED BOND?

Sustainability-linked bonds embed an environmental, social and governance (ESG)-related key performance indicator (KPI) that issuers commit to achieve, accruing additional payments to bondholders should they fall short. Unlike green or sustainable bonds, the funds raised with this instrument are not tagged to a specific use of proceeds but are used for general corporate purposes. This type of bond aims to further underpin the key role that debt markets can play in funding and inspiring companies that contribute to sustainability from an ESG perspective.

SLBs have five core components: a credible KPI; ambitious sustainability performance targets; meaningful changes in bond characteristics; verification and reporting.

By complementing green, social, sustainability and transition bonds, SLBs should enable more issuers to tap the sustainable financing market and scale up decarbonization, while serving a broader range of investors.

Source: BNP Paribas, *The ascent of sustainability-linked bonds*, <https://cib.bnpparibas/the-ascent-of-sustainability-linked-bonds/> 16 December 2020.

SLBs open doors to a diverse group of issuers, including non-investment-grade issuers, and sectors. 62% of the SLB issuances from the region was from high-yield issuers, and the sectors involved included Forestry and Paper, Food and Beverage, Auto/Truck-Parts and Equipment, and Consumer Products – Cosmetics and Toiletries. Most of the SLBs have come from Brazil (US\$ 3.6 billion) and Mexico (US\$ 1.7 billion).

A seven-year US\$ 1 billion bond issued by Brazil's Natura Cosméticos S.A. in April was the largest ever single sustainability-linked issuance in the region. Under the terms of the new sustainability-linked bond, Natura aims to reduce greenhouse gas emissions by 13% and increase the use of post-consumer recycled plastic in packaging to 25% by 2026. The bond carries a step-up coupon. Interest is 4.125% per annum until 3 November 2027 and thereafter step-up by 65 basis points to 4.775% per annum unless Sustainability Performance Targets are satisfied. Proceeds will be used to pay down BRL 2.1 billion (US\$ 377 million) in debentures due this year and US\$ 750 million in dollar-denominated bonds due in 2023.

Finally, within the spectrum of thematic bonds, gender bonds seem to be under consideration in the region, especially following the disproportionate economic and social impact of the COVID-19 pandemic on vulnerable women in the region. Latin America has the second-highest rate of women discontinuing their businesses, with women citing difficulty in obtaining financing as the main impediment to business continuity.³ Colombia's Vice President Marta Lucía Ramírez has announced that the government is preparing to issue gender bonds in the international market, looking to raise money for a fund for women-run businesses that was set up last year. In 2020, the government created the *Fondo Mujer Emprende*, or Women's Enterprise Fund, with money included in the national budget. Money for the Fund can also be raised from international creditors, Ramírez said.

There have been earlier international bond issuances with a gender focus in the region. 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 (table 5).

TABLE 5:
LAC THEMATIC BOND ISSUANCE IN INTERNATIONAL MARKETS: GENDER FOCUS

Country	Issuer	Amount (million)	Amount in US\$ (million)	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
TOTAL			567			

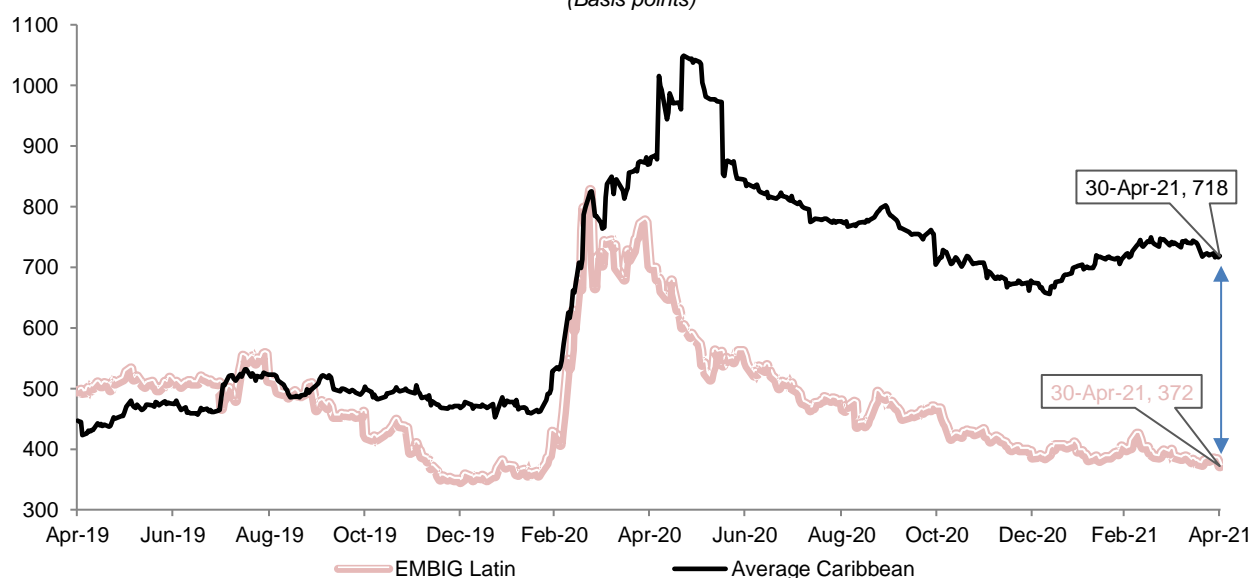
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

³ *Latin America & Caribbean GenderSmart Regional Brief*, January 2021, p.3.
https://static1.squarespace.com/static/5af586a9a9e0287427653654/t/60016f64a39cca5f0ec07668/1610706802802/GenderSmart+Regional+Deep+Dive_LatAm.pdf

II. Bond markets and credit management in the Caribbean⁴

The Caribbean region has been hit hard by the COVID-19 pandemic. As a result, at the end of April 2021, Caribbean spreads on average were almost double the spreads for the LAC region as a whole. Caribbean spreads were 346 basis points higher than the EMBIG Latin component (chart 27). The resumption in vital travel and tourism activity has been slower than anticipated, which has impacted growth forecasts for the subregion.

CHART 27:
EMBIG SPREADS, CARIBBEAN VERSUS LAC
(Basis points)



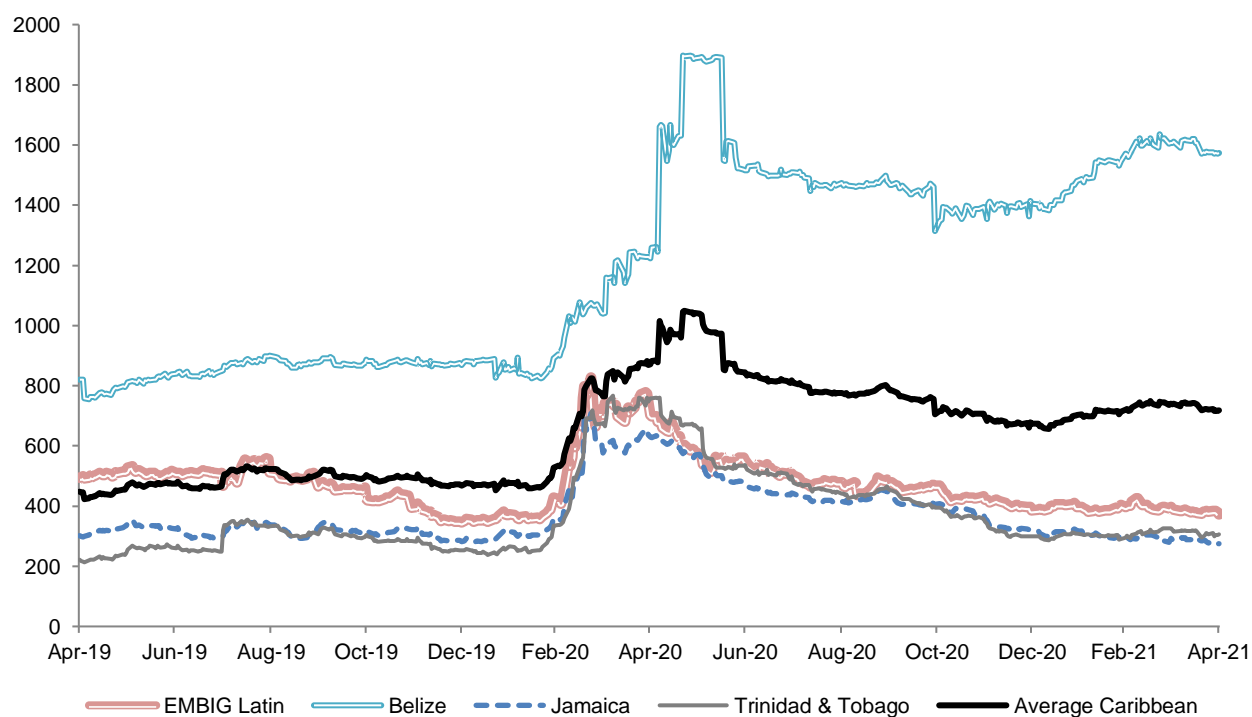
Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

⁴ 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.

Caribbean average spreads widened 44 basis points in the first four months of 2021. The widening was due to an increase in Belize's spreads, which increased 167 basis points in the period to 1,573 basis points (chart 28). The widening in Belize's spreads reflected the strong hit to its tourism sector and overall economy from the COVID-19 pandemic, and the elevated risks of another distressed debt exchange. In fact, Standard and Poor's downgraded Belize to CC from CCC+ with a negative outlook in February, saying it was increasingly unlikely that Belize would make the payment on its 2034 bonds on 20 May. And on 24 May, S&P announced that Belize had been downgraded to SD (selective default) from CC, as the country failed to make a US\$ 6.5 million interest payment on its US\$ 527 million bond due in 2034, marking the country's second default in less than a year and fifth restructuring or default in the past 14 years.

Trinidad and Tobago's spreads widened only 6 basis points to 306 basis points, and Jamaica's spreads tightened 42 basis points, three times more than the Latin EMBIG, to 275 basis points. Suriname's spreads, which are not included in the average Caribbean index,⁵ tightened 141 basis points. However, at 1,719 basis points at the end of April, Suriname's spreads remain high. On 1 April, Fitch downgraded Suriname's rating to RD (restricted default) from C, saying the downgrade reflected the non-payment of rescheduled external debt service (US\$ 49.8 million) on Suriname's 2023 and 2026 notes due 31 March, which marked an event of default under Fitch's criteria. On a positive note, on 29 April 2021, a staff-level agreement was reached with the International Monetary Fund on a US\$ 690 million three-year program requested by the Government of Suriname under the Extended Fund Facility.

CHART 28:
CARIBBEAN COUNTRIES: EMBIG SPREADS, JAN-APR 2021
(Basis points)



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

⁵ 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 crossborder debut in October 2016 with the issuance of a US\$ 550 million 2026 sovereign bond with a 6.25% coupon.

Credit Rating Actions

The behavior of Caribbean spreads reflected developments in sovereign credit quality. There were two downgrades in the Caribbean in the January-April 2021 period (table 6).

TABLE 6:
SOVEREIGN CREDIT RATING ACTIONS IN THE CARIBBEAN, JAN-APR 2021

Date	Country	Action	
JAN-APR 2020	0 positive and 2 negative actions		
Q1 2020	0 positive and 1 negative action		
25-Feb-21	Belize	S&P downgrades Belize to CC from CCC+ with a negative outlook	<i>Negative</i>
Q2 2020	0 positive and 1 negative action as of 30 April 2021		
1-Apr-20	Suriname	Fitch downgrades Suriname's rating to RD from C	<i>Negative</i>

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

Debt issuance

There were no international bond issuances from the Caribbean in the first four months of 2021.

III. Portfolio equity flows

According to the MSCI Latin American Index, Latin American stocks lost 3% in the first four months of 2021 (table 7), while the broader emerging market index was up 4% in dollar terms in the same period. The MSCI G7 index gained 10%. Latin American equities underperformed as worsening COVID-19 outbreaks prompted stricter lockdown measures.

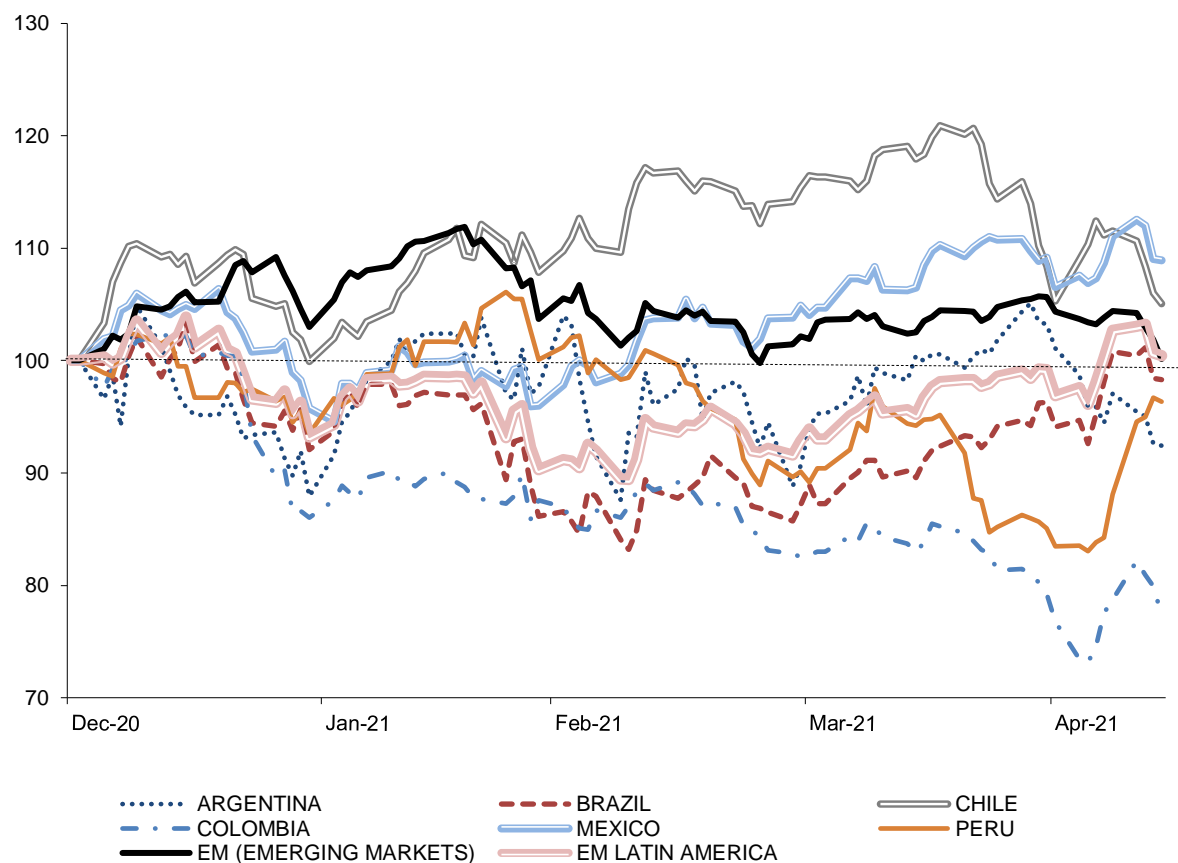
TABLE 7:
MSCI EQUITY INDICES, JAN-APR 2021

	Price Index in USD			Variation	
	Dec 31, 2020	Mar 31, 2021	Apr 30, 2021	Q1 2021	JAN-APR 2021
<i>Emerging markets</i>	1,291.26	1,316.43	1,347.61	1.95%	4.36%
<i>Latin America</i>	2,451.76	2,302.17	2,375.63	-6.10%	-3.11%
<i>Argentina</i>	1,784.94	1,678.50	1,803.99	-5.96%	1.07%
<i>Brazil</i>	1,876.38	1,668.82	1,765.86	-11.06%	-5.89%
<i>Chile</i>	1,192.32	1,388.67	1,255.44	16.47%	5.29%
<i>Colombia</i>	533.254	441.03	409.35	-17.30%	-23.24%
<i>Mexico</i>	4,569.98	4,754.11	4,870.63	4.03%	6.58%
<i>Peru</i>	1,520.01	1,355.29	1,268.79	-10.84%	-16.53%

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

The currency exchange rate also plays an important role in the performance of regional indices, and the strength of the U.S. dollar has had an adverse impact on the region's equity performance. In Colombia, cumulative losses were over 20% (23% at the end of April 2021), the worst performer in our sample. The COVID-19 pandemic has hit Colombia and its economy, including the vital energy sector, particularly hard. After implementing one of the world's longest pandemic lockdowns during 2020, a recent sharp spike in COVID-19 cases has forced the reintroduction of lockdown measures across its major cities. Peru also registered double digits losses (16.5%), while Brazil registered a 6% loss in the period. Mexican stocks had the best performance in the region (gaining 7%), followed by Chile (5%) and Argentina (1%) (chart 29).

CHART 29:
MSCI EQUITY PRICE INDEX, JAN-APR 2021



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

Latin American markets are proving to be resilient despite the many challenges they have faced since the onset of the COVID-19 pandemic. In particular, access to international bond markets has remained strong, with the region's international bond issuance reaching a milestone in the first quarter of 2021, registering the highest quarterly issuance on record.

However, there are many challenges ahead. It has been over a year since the onset of the pandemic. In its path, poverty and inequality have increased in most countries in the region. COVID-19 has battered LAC economies, forcing governments to issue more debt under emergency circumstances. The current debt level may challenge future development in the region. If inflation takes hold and global interest rates start rising rapidly and in a persistent manner, financial conditions for the highly indebted middle- and low-income countries in the region may tighten, potentially hurting their recovery prospects.

Whether the region's international 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, and on how local elections may take shape (nine Latin American countries hold elections in 2021). High unemployment rates and the upcoming presidential elections in countries like Chile and Peru, and mid-term elections in Argentina and Mexico, could create uncertainty and volatility in the coming months.

The green, social and sustainability bond market may present a unique opportunity to help Latin America and the Caribbean with the economic recovery from the pandemic. Environmental, social and governance (ESG) has been one of the fastest-growing segments in the international bond market, as investors show increased interest in green and socially responsible investments.

Green, social, sustainability and sustainability-linked bond issuances (GSS) from the region reached a record high in the first four months of 2021. In particular, there was a surge in sustainability-linked bond (SLB) issuances from the region, which were the region's most frequently used ESG instrument in the period. By complementing green, social, and sustainability bonds, SLBs could open doors to a more diverse group of issuers and sectors, enabling more issuers to tap the sustainable financing market and scale up decarbonization, while serving a broader range of investors. SLBs can contribute to further develop the key role that debt markets can play in funding and encouraging companies that contribute to sustainability.

Appendix

A. Credit Rating

TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, JAN-APR 2021

	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	Affirmed	9-Mar-21
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		CC	(-)	NR		Downgrade, O/L stable	24-Nov-20	Downgrade, O/L (-)	25-Feb-21		
Bolivia	B2		B+	(-)	B		Downgrade, O/L stable	22-Sep-20	O/L changed to (-) from stable	23-Mar-21	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-20	Downgrade, O/L stable	24-Mar-21	Affirmed, O/L stable	24-Mar-21
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	Affirmed, O/L (-)	16-Mar-21
Cuba	Caa2		NR		NR		Affirmed, O/L stable	13-Sep-19				
Dom. Rep.	Ba3		BB-	(-)	BB-	(-)	Affirmed, O/L stable	26-Mar-21	O/L changed to (-)	16-Apr-20	Affirmed, O/L (-)	5-Mar-21
Ecuador	Caa3		B-		B-		O/L changed to stable from (-)	26-Feb-21	Upgrade, O/L stable	1-Sep-20	Upgrade	3-Sep-20
El Salvador	B3	(-)	B-		B-	(-)	O/L changed to (-)	5-Feb-21	Affirmed, O/L stable	21-Apr-20	Affirmed, O/L (-)	27-Apr-21
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	Affirmed, O/L stable	18-Mar-21
Mexico	Baa1	(-)	BBB	(-)	BBB-		Affirmed, O/L (-)	29-Apr-21	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	Baa2		BBB		BBB-	(-)	Downgrade, O/L stable	17-Mar-21	Downgrade, O/L stable	24-Nov-20	Downgrade, O/L (-)	3-Feb-21
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	(-)	SD		RD		Downgrade, O/L (-)	7-Jul-20	Downgrade, O/L stable	6-Nov-20	Downgrade to RD	1-Apr-21
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 2021 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 – JAN-APR 2021

There have been 1 positive and 7 negative actions in Latin America and the Caribbean in January-April 2021.

Positive Actions: 1 (Bold)*February*

- **Ecuador (February 26): Moody's changes the outlook on Ecuador's Caa3 rating to stable from negative**, citing the country's restructured external market debt position and its latest financing agreement with the International Monetary Fund (IMF).

March

- Argentina (March 09): Fitch affirms Argentina's rating at CCC (*no change*).
- Jamaica (March 18): Fitch affirms Jamaica's rating at B+ with a stable outlook (*no change*).
- Chile (March 24): Fitch affirms Chile's rating at A- with a stable outlook (*no change*).
- Dominican Republic (March 26): Moody's affirms the Dominican Republic's Ba3 rating with a stable outlook (*no change*).

Negative Actions: 7 (Bold)*February*

- **Panama (February 3): Fitch downgrades Panama's rating to BBB- from BBB with a negative outlook**, citing severe weakening of public finances due to the economic disruption caused by the coronavirus pandemic, which has exacerbated underlying weakening fiscal trends predating 2020.
- **El Salvador (February 5): Moody's revises the outlook on El Salvador's B3 rating to negative**, concluding the review for downgrade. The negative outlook captures the credit risks associated with implementation risks of the authorities' fiscal adjustment efforts.
- **Belize (February 25): S&P downgrades Belize to CC from CCC+ with a negative outlook**, on expected debt restructuring or missed coupon payment, saying it is increasingly unlikely that Belize will make the payment on its 2034 bonds on May 20.

March

- Dominican Republic (March 5): Fitch affirms Dominican Republic's BB- rating and maintains a negative outlook (*no change*).
- Costa Rica (March 16): Fitch Ratings affirms Costa Rica's rating at B with a negative outlook (*no change*).
- **Panama (March 17): Moody's downgrades Panama's ratings to Baa2 from Baa1 with a stable outlook**, citing the economic impact of the coronavirus pandemic, reflected on the deterioration of Panama's fiscal strength.
- **Bolivia (March 23): S&P revises the outlook on Bolivia's B+ rating to negative from stable**, on increasing debt and external vulnerabilities.
- **Chile (March 24): S&P downgrades Chile's rating to A from A+ with a stable outlook**, citing weaker fiscal flexibility.

April

- **Suriname (April 01): Fitch downgrades Suriname's rating to RD from C**, saying the downgrade reflects the non-payment (of US\$ 49.8 million) of rescheduled external debt service on Suriname's 2023 and 2026 notes due March 31. This marks an event of default under Fitch's criteria.
- El Salvador (April 27): Fitch affirms El Salvador's rating at B- with a negative outlook (*no change*).
- Mexico (April 29): Moody's affirms Mexico's Baa1 rating with a negative outlook (*no change*).

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

B. Latin American Spreads

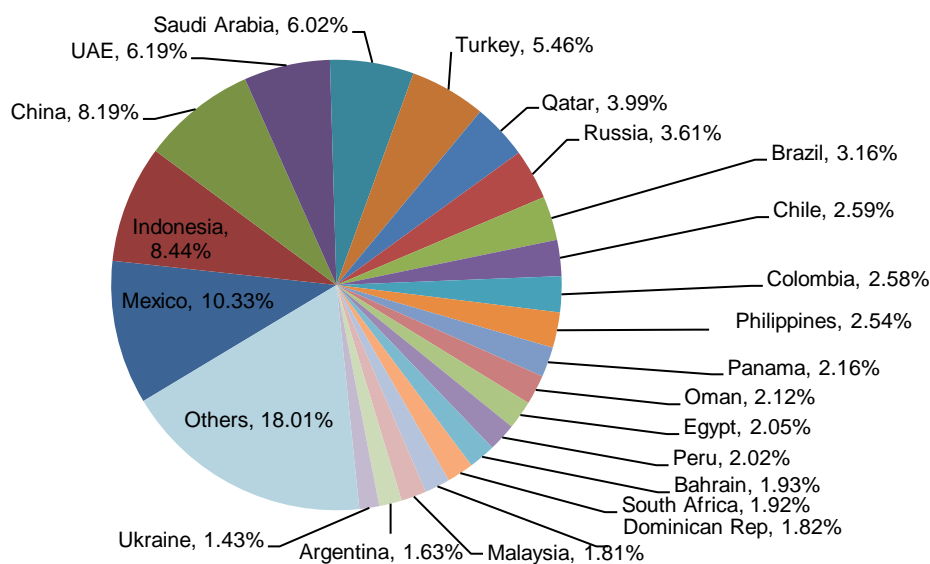
TABLE 2:
SOVEREIGN SPREADS ON JPMORGAN EMBI GLOBAL AND LATIN AMERICAN COMPOSITES
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
30-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
29-Jan-21	324	1445	270	138	219	1273	378	128	135	24830	396	481	324
26-Feb-21	329	1511	275	142	232	1226	368	164	150	24846	404	479	329
31-Mar-21	324	1589	272	122	216	1201	351	152	125	26168	390	501	324
30-Apr-21	313	1551	260	126	226	764	342	165	130	25722	372	454	313

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

EMBI Global composition by country (end-April 2021): Mexico, Brazil and Chile account for 16.1% of the total weighting.

EMBI Global composition by region: Latin: 31.41%; Non-Latin: 68.59%.

EMBI GLOBAL COMPOSITION (AS OF APRIL 2021)

Others	%
Kazakhstan	1.39%
Uruguay	1.27%
Ghana	1.01%
Ecuador	0.85%
Nigeria	0.85%
Romania	0.82%
Poland	0.70%
Sri Lanka	0.65%
Angola	0.64%
Hungary	0.60%
El Salvador	0.58%
Pakistan	0.52%
Azerbaijan	0.51%
Kenya	0.51%
Costa Rica	0.46%
Paraguay	0.45%
Jamaica	0.45%
Guatemala	0.43%
India	0.40%
Morocco	0.40%
Jordan	0.38%
Kuwait	0.37%
Croatia	0.32%
Belarus	0.28%
Mongolia	0.27%
Trinidad & Tobago	0.26%
Iraq	0.25%
Ivory Coast	0.22%
Senegal	0.21%
Gabon	0.19%
Honduras	0.15%
Bolivia	0.15%
Lebanon	0.14%
Zambia	0.14%
Armenia	0.13%
Uzbekistan	0.12%
Lithuania	0.12%
Slovakia	0.12%
Vietnam	0.09%
Serbia	0.08%
Georgia	0.08%
Ethiopia	0.07%
Tunisia	0.07%
Cameroon	0.06%
Namibia	0.06%
Mozambique	0.06%
Barbados	0.04%
Papua New Guinea	0.04%
Tajikistan	0.03%
Suriname	0.03%

C. New LAC Debt Issuance

**TABLE 3:
LATIN AMERICAN AND CARIBBEAN INTERNATIONAL BOND ISSUANCES
FIRST QUARTER OF 2021**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-21					
Mexico	United Mexican States	USD 3000	3,000	3.750%	2071
Brazil	Banco BTG Pactual SA	USD 500	500	2.750%	2026 (g)
Brazil	Klabin Austria GmbH	USD 500	500	3.200%	2031 (SLB)
Argentina	Mercado Libre Inc	USD 400	400	2.375%	2026 (sust)
Argentina	Mercado Libre Inc	USD 700	700	3.125%	2031 (sust)
Mexico	Cemex SAB	USD 1750	1,750	3.875%	2031
Brazil	FS Bioenergia	USD 50	50	10.000%	2025 (r)(g)
Mexico	Credito Real SAB de CV	USD 500	500	8.000%	2028 NC4
Brazil	Itau Unibanco Holding SA	USD 500	500	3.875%	2031 (sust)
Mexico	Nueva Elektra del Milenio (NEM) – Mexico Remittances Funding Fiduciary Real Estate Management SARL	USD 500	500	4.875%	2028
Colombia	Republic of Colombia	USD 1300	1,300	3.875%	2061
Colombia	Republic of Colombia	USD 1540	1,540	3.125%	2031 (r)
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	GBP 3700	5	1.500%	2027
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	JPY 1020000	19	0.950%	2026
Dominican Republic	Dominican Republic	USD 1000	1,000	4.500%	2030 (r)
Dominican Republic	Dominican Republic	USD 1500	1,500	5.300%	2041
Chile	Kenbourne Invest SA	USD 450	450	4.700%	2028
Mexico	United Mexican States	EUR 1000	1,209	1.450%	2033
Mexico	United Mexican States	EUR 800	968	2.125%	2051
Brazil	MARB BondCo PLC (Parent company: Marfrig Global Food)	USD 1500	1,500	3.950%	2031
Brazil	Simpar SA (parent company of Brazilian logistics firm JSL)	USD 625	625	5.300%	2031 NC5 (SLB)
Brazil	Unigel Participações	USD 110	110	8.750%	2026 (r)
Chile	Republic of Chile	USD 750	750	2.550%	2032 (r)(g)
Chile	Republic of Chile	USD 1500	1,500	3.100%	2061 (soc)
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	EUR 25	30	0.230%	2023
Chile	Republic of Chile	EUR 400	485	0.830%	2031 (r)(g)
Chile	Republic of Chile	EUR 1250	1,514	1.250%	2051 (soc)
Panama	Republic of Panama	USD 1250	1,250	2.252%	2032 (r)
Panama	Republic of Panama	USD 1200	1,200	3.870%	2060 (r)
Paraguay	Republic of Paraguay	USD 600	600	2.739%	2033
Paraguay	Republic of Paraguay	USD 226	226	5.400%	2050 (r)
Brazil	Amaggi Luxembourg International Sarl (Amaggi Exportação e Importação)	USD 750	750	5.250%	2028 (sust)
Brazil	Banrisul - Banco do Estado do Rio Grande do Sul SA	USD 300	300	5.375%	2031 NC5
Guatemala	Banco Industrial SA	USD 300	300	4.875%	2031
Supranational	CAF Development Bank of Latin America	USD 30	30	0.800%	2024
Mexico	Unifin Financiera SAB de CV SOFOM ENR	USD 400	400	9.875%	2029 NC4
Brazil	Movida Participações SA	USD 500	500	5.250%	2031 (sust)
Chile	Chile Electricity PEC SpA	USD 489	489	0.000%	2028
Supranational	CAF Development Bank of Latin America	EUR 1250	1,514	0.250%	2026
			30,464		
Feb-21					
Mexico	Comision Federal de Electricidad - CFE	USD 1200	1,200	3.348%	2031
Mexico	Comision Federal de Electricidad - CFE	USD 800	800	4.677%	2051
Supranational	CAF Development Bank of Latin America	USD 100	100	0.850%	2024
Brazil	Atento Luxco 1 SA	USD 500	500	8.000%	2026 NC3
Brazil	Hidroviás do Brasil SA	USD 500	500	4.950%	2031 NC5
Supranational	Fondo Financiero para el Desarrollo de la Cuenca del Plata - FONPLATA	CHF 200	223	0.556%	2026
Supranational	Central American Bank for Economic Integration (CABEI)	USD 500	500	1.140%	2026 (soc)
Brazil	Tupy Overseas SA	USD 375	375	4.500%	2031 NC5
Peru	Petroleos del Peru - Petroperu SA	USD 1000	1,000	5.625%	2047 (r)

Peru	Volcan Compañía Minera	USD 475	475	4.375%	2026 NC2
Brazil	Guara Norte SARL	USD 850	850	5.198%	2034
Brazil	Simpar SA (parent company of Brazilian logistics firm JSL)	BRL 450	84	10.750%	2028 (SLB)
Supranational	CAF Development Bank of Latin America	JPY 13300	127	0.350%	2026
Supranational	CAF Development Bank of Latin America	JPY 1400	13	0.450%	2028
Supranational	CAF Development Bank of Latin America	JPY 16600	158	0.350%	2026
Supranational	CAF Development Bank of Latin America	MXP 3535	177	6.820%	2031
Mexico	Alpek SAB de CV	USD 600	600	3.250%	2031
Chile	Banco Santander Chile	USD 100	100	0.715%	2024
Mexico	América Móvil	EUR 2200	2,670	0.000%	2024
			10,452		
Mar-21					
Brazil	Minerva Luxembourg SA	USD 1000	1,000	4.375%	2031 NC5
Peru	Republic of Peru	USD 1750	1,750	2.783%	2031 (r)
Peru	Republic of Peru	USD 1250	1,250	3.300%	2041
Peru	Republic of Peru	USD 1000	1,000	3.550%	2051
Peru	Republic of Peru	EUR 825	996	1.250%	2033
Supranational	CAF Development Bank of Latin America	USD 50	50	1.580%	2026
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	MXP 105	5	6.500%	2026
Chile	VTR Comunicaciones SpA - Liberty Latin America	USD 410	410	4.375%	2029 NC3
Chile	Banco de Credito e Inversiones - BCI	USD 54	54	2.365%	2029 (g)
Peru	InRetail Consumer	USD 600	600	3.250%	2028
Supranational	CAF Development Bank of Latin America	JPY 5000	46	0.250%	2024
Peru	Banco de Credito del Peru	USD 500	500	3.250%	2031 NC5.5
Brazil	Pilgrim's Pride Corp	USD 1000	1,000	4.250%	2031 (SLB)
Mexico	Operadora de Servicios Mega SA de CV SOFOM ER	USD 150	150	8.250%	2025 (r)
Mexico	Fibra Uno	USD 300	300	5.250%	2026 (r)
Chile	Empresas CMPC SA	USD 500	500	3.000%	2031 (SLB)
Chile	Republic of Chile	USD 1500	1,500	3.500%	2053 (sust)
			11,111		

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

Notes:

(r): retap

(g): green

(soc): social

(sust): sustainability

(SLB): sustainability-linked

NC2: only callable after 2 years

NC3: only callable after 3 years

NC4: only callable after 4 years

NC5: only callable after 5 years

Q1 2021 Total 52,027

TABLE 4:
LATIN AMERICAN AND CARIBBEAN INTERNATIONAL BOND ISSUANCES
SECOND QUARTER OF 2021

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-21					
Mexico	United Mexican States	USD 2500	2,500	4.280%	2041
Brazil	Vale SA	BRL 8490	1,494	3-mth Other flat	Perp
Colombia	Banco GNB Sudameris	USD 400	400	7.500%	2031 NC5
Guatemala	CMI Energía - Investment Energy Resources Ltd	USD 700	700	6.250%	2029 NC4 (g)
Colombia	Banco Davivienda SA	USD 500	500	6.650%	Perp
Colombia	Republic of Colombia	USD 2000	2,000	3.250%	2032
Colombia	Republic of Colombia	USD 1000	1,000	4.125%	2042
Supranational	ATP (Andean Telecom Partners) Tower	USD 375	375	4.050%	2026 NC2
Chile	GeoPark	USD 150	150	5.500%	2027 (r)
Mexico	FEMSA	EUR 700	842	0.500%	2028 (SLB)
Mexico	FEMSA	EUR 500	601	1.000%	2033 (SLB)
Mexico	Metalsa SA de CV	USD 300	300	3.750%	2031 (SLB)
Chile	CAP Acero	USD 300	300	3.900%	2031
Brazil	Natura Cosméticos SA	USD 1000	1,000	4.125%	2028 (SLB)
Brazil	lochpe-Maxion	USD 400	400	5.000%	2028 NC3 (SLB)
Argentina	Pan American Energy (PAE)	USD 300	300	9.125%	2027
Dominican Republic	AES Dominicana	USD 300	300	5.700%	2028
Mexico	FIBRA Prologis	USD 100	100	3.190%	2029 (g)
Mexico	FIBRA Prologis	USD 80	80	3.490%	2031 (g)
Mexico	FIBRA Prologis	USD 80	80	3.640%	2033 (g)
Mexico	FIBRA Prologis	USD 25	25	3.790%	2036 (g)
Mexico	FIBRA Prologis	USD 15	15	4.000%	2039 (g)
			13,462		

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

Notes:

(r): retap.

(g): green.

(soc): social.

(sust): sustainability

(SLB): sustainability-linked

NC2: only callable after 2 years

NC3: only callable after 3 years

NC4: only callable after 4 years

NC5: only callable after 5 years

2021 JAN-APR 65,490

Latin American and Caribbean debt issuers reached a historic milestone in the first quarter of 2021, with the highest quarterly issuance on record (US\$ 52 billion) in international bond markets. Including April, regional bond issuance in international markets totalled US\$ 65.5 billion in the first four months of 2021. In addition, green, social and sustainability bond issuance reached a new high of US\$ 16.6 billion at the end of April, which included a surge in sustainability-linked bonds.

Capital Flows to Latin America and the Caribbean: First four months of 2021 presents and analyses the developments concerning capital flows to Latin America and the Caribbean from January to April 2021. The *Capital Flows* report is published three times a year and provides an overview of new bonds from Latin American and Caribbean issuers, including green, social, sustainability and sustainability-linked bonds, as well as examining bond spreads and credit ratings.