

Capital flows to Latin America and the Caribbean

First 10 months of 2023



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This document was prepared by Helvia Velloso, Economic Affairs Officer, under the supervision of Andrés Valenciano, Acting Chief of the office of the Economic Commission for Latin America and the Caribbean (ECLAC) in Washington, D.C.

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United Nations publication
LC/WAS/TS.2023/8
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Printed at United Nations, Santiago
S.23-01213

This publication should be cited as: Economic Commission for Latin America and the Caribbean (ECLAC), *Capital flows to Latin America and the Caribbean: first 10 months of 2023* (LC/WAS/TS.2023/8), Santiago, 2023.

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Highlights

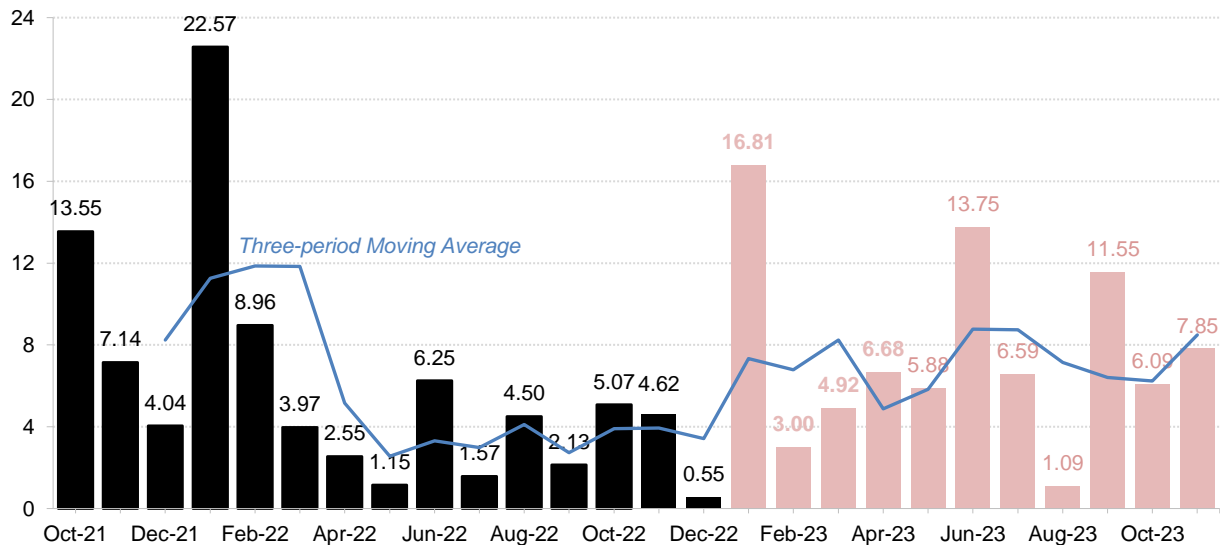
- Total Latin American and Caribbean (LAC) bond issuance in international markets equaled US\$ 76.4 billion in the first 10 months of 2023. Rebounding from last year's low volumes, this total was 30% higher than in the same period of 2022 and 20% higher than the 2022 annual volume.
- The average coupon in the first 10 months of 2023 was 1.5% higher than in the same period of 2022. Despite the rise, the region's cross-border bond market is regaining a sense of normalcy. Issuers that had been waiting for lower borrowing costs are gradually returning to the international market, as they anticipate the end to global interest rate hikes while accepting that rates may remain higher for longer.
- Corporate bond issuances from the region are rebounding after declining in 2022 and in the first half of 2023. In the first 10 months of 2023, issuances from the non-bank private sector increased 31% compared with the same period in 2022. LAC quasi-sovereign and supranational international bond issuances increased 109% and 86%, respectively, while sovereign issuances increased 26%.
- The region's top three issuers in international markets, corporate and sovereign combined, were Chile, Brazil, and Mexico, in that order. Together they accounted for 58.5% of the total regional issuance from January to October 2023. Chile was the top issuer, with a share of 21.1%, followed by Brazil (19.5%) and Mexico (17.9%).
- Chile and Mexico were also the region's top two sovereign issuers. Together they accounted for 46% of all sovereign international debt issuances from the region, with Chile issuing 27% and Mexico 19% of the region's sovereign total.
- The region issued US\$ 23.2 billion of international green, social, sustainability and sustainability-linked (GSSS) bonds in the first 10 months of 2023, up 15% from the same period in 2022, but with an average coupon that was 1.5% higher. GSSS international bond issuances represented a 30% share of the region's total amount issued in the period.

- Including the first half of November, the region's total international GSSS bond issuance was US\$ 29.6 billion, representing a record 35% share of the total. All but one of the international bond issuances in the first two weeks of November were of GSSS bonds, and mostly came from the sovereign sector.
- Colombia issued its first international sovereign GSSS bond on 7 November, raising US\$ 2.5 billion in a two-part sale of social bonds.
- Brazil issued its first international sovereign GSSS bond on 13 November, a sustainability bond with the sovereign's lowest coupon in almost a decade according to Finance Minister Fernando Haddad. He added that the size of the book order reflected strong investor appetite. A quarter of the bonds were picked up by local investors and foreign investors purchased the remainder.
- The public sector has continued to play a larger part in the region's sustainable sector this year. As of mid-November, the sovereign sector accounted for 73% of the total regional GSSS bond issuances in international markets in 2023, a record and a significant increase from its 57% share in 2022.
- Sustainability-linked bonds (SLBs) were the most used sustainable debt instruments by LAC issuers year-to-date, representing 38% of the region's total GSSS international issuance from January to mid-November (US\$ 11 billion). Chile's sovereign SLB issuances represented 72% of the region's total international SLB issuance in the period. Sustainability bonds, which accounted for 29% (US\$ 9 billion) of the total, were the second most used instruments.
- Credit quality has improved in 2023 year-to-date, supported by lower funding needs and greater reliance on local markets. There were 24 positive and 14 negative credit rating actions in the region from 1 January to 15 November 2023. The balance for the period was thus 10 more positive credit rating actions than negative, the best balance since 2011.
- LAC bond spreads tightened 2 basis points in the first 10 months of 2023. As measured by the JPMorgan global emerging market bond index (EMBIG), LAC bond spreads stood at 438 basis points at the end of October 2023, 66 basis points higher than pre-pandemic levels.
- Latin American equities in U.S. dollar terms have performed strongly in 2023 year-to-date, reflecting currency appreciation in the first half of the year that boosted equity returns in dollar terms, and more recently, speculation that the United States Federal Reserve's interest rate hikes have peaked. The MSCI Latin American index gained 15% in 2023 as of 15 November, outperforming the emerging market index, which gained 3%.

Overview

Latin American and Caribbean (LAC) bond issuers placed US\$ 76.4 billion of bonds in international markets in the first ten months of 2023 (figure 1). This total was 30% higher than in the first ten months of 2022 but 45% lower than in the same period in 2021. The average coupon on the region’s international bond issuances in the first ten months of 2023 was 1.5% higher than in the same period of 2022. Adding the first half of November, total LAC international bond issuance is US\$ 84.2 billion, 32% higher than the annual 2022 issuance.

Figure 1
Monthly LAC international bond issuance, October 2021–15 November 2023
(Billions of dollars)



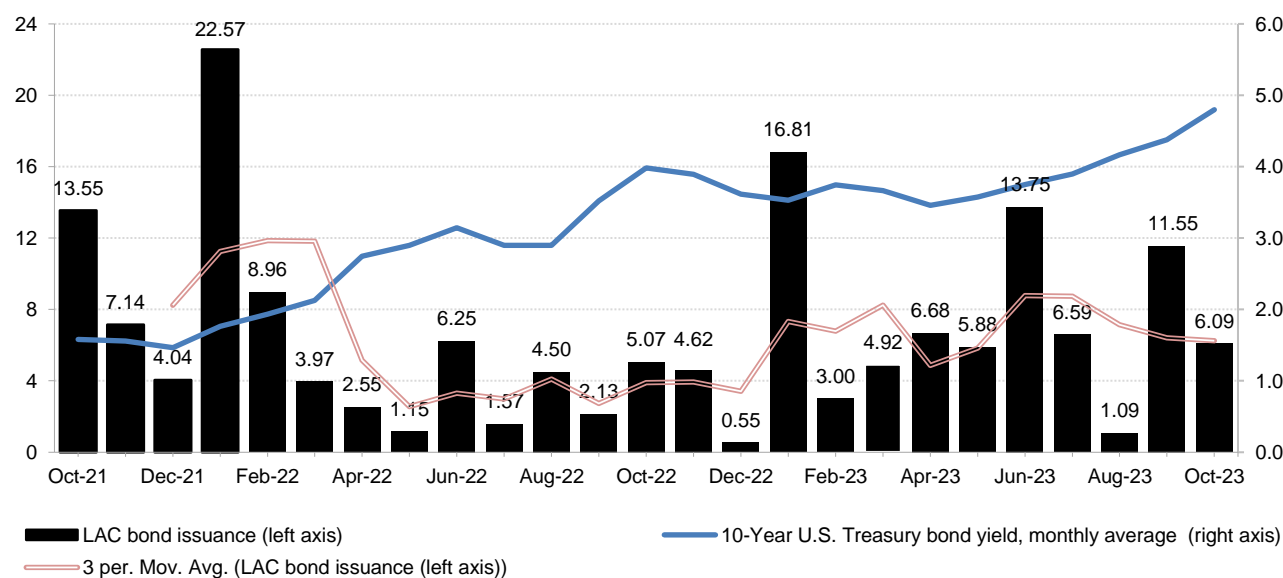
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.
 Note: November issuance as of 15 November 2023.

The top three issuers in the first ten months of 2023, corporate and sovereign combined, were Chile, Brazil, and Mexico, in that order, which together accounted for 58.5% of the total regional issuance. Chile was the top issuer, accounting for 21% of all LAC issuances in the period, followed by Brazil (19.5%) and Mexico (18%). Chile and Mexico were also the region's top two sovereign issuers. Together they accounted for 46% of all sovereign LAC debt issuances.

The local currency share of the region's international bond issuances increased to 20% in the first ten months of 2023 from 8% in 2022. The increase was supported by decelerating inflation and currency appreciation in the first half of the year, with Latin American central banks being rewarded by foreign exchange markets for being early inflation fighters. As Latin American currencies outperformed, demand from international investors for local currency-denominated bonds increased. However, an increase in risk aversion in the second half of the year has caused some currency depreciations in the region.¹ More recently, the region's bond issuances have been supported by speculation that the the United States Federal Reserve's interest rate hikes may have peaked.

Despite a rebound in the region's international bond issuances this year, global financial conditions remain challenging for the region's sovereign and corporate issuers due to higher borrowing costs and tighter lending conditions, adding to their domestic challenges. The Federal Reserve hit pause on its benchmark interest rate increases at its 13-14 June meeting (after hiking it ten times in a row), only to increase it again in July by 25 basis points. Since then, the Fed has kept its benchmark interest rate unchanged at a range of 5.25%-5.50%, the highest level since 2001. In addition, throughout most of September and October, U.S. 10-year Treasury yields climbed towards 5%, perceived by markets as an important threshold² (figure 2).

Figure 2
LAC international bond issuance and 10-year U.S. Treasury yield, October 2021–October 2023
(Left axis, billions of dollars; Right axis, percentage)



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.

¹ See Deloitte, "Latin America economic Outlook, November 2023," <https://www2.deloitte.com/us/en/insights/economy/americas/latin-america-economic-outlook.html>.

² According to Morning Star *MarketWatch*, "5% 10-year rate is regarded by investors as a significant milestone for a number of reasons. One is that it generally makes government debt more appealing when compared to stocks, as investors and traders factor in a higher cost of doing business by companies and discount the value of their future earnings," 19 October 2023, <https://www.morningstar.com/news/marketwatch/20231019567/why-stock-market-investors-are-fixated-on-5-as-10-year-treasury-yield-nears-key-threshold>.

The 10-year Treasury yield serves as a vital economic benchmark. It influences borrowing costs for consumer and businesses and has big implications for the value of emerging market debt securities. When it moves higher, there is an adverse impact on the international bond issuances from Latin America and the Caribbean. In early November, amid growing expectations the Federal Reserve’s hiking cycle is coming to an end, a rally in U.S. Treasuries pushed 10-year yields down to their lowest level in five weeks. In response, four sovereign and two corporate issuers from the region came to the international bond market in the first two weeks of November, issuing close to US\$ 8 billion of international bonds, a total that was almost 30% higher than the volume for the whole month of October.

Issuers that had been waiting for lower borrowing costs have begun to anticipate the end to global interest rate hikes, while accepting that rates may remain higher for longer, and are returning to the international market. The region’s cross-border bond market is thus gradually regaining a sense of normalcy.

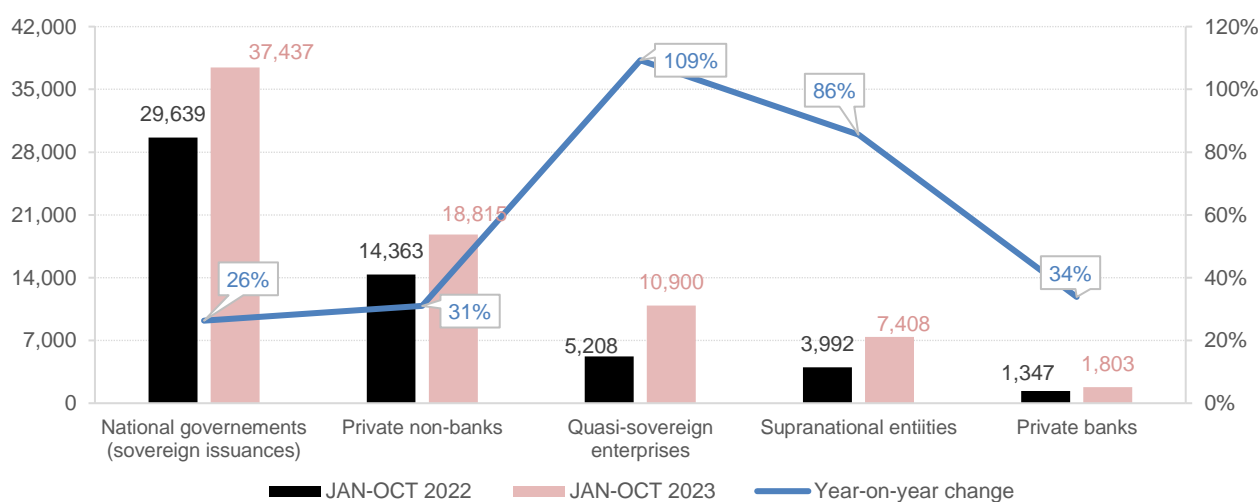
The largest debt issuance rebound in the first ten months of 2023 was observed in the quasi-sovereign sector, which showed a year-on-year growth of 109%. Issuances from supranational entities and national governments grew 86% and 26%, respectively. Bond issuances from the private-non-bank corporate sector, which had been the main driver of the region’s international debt issuances since 2009 but suffered a decline in 2022 and in the first half of the year, have since started to recover. From January to October 2023, private non-bank bond issuances grew 31%, while private bank issuances grew 34% (table 1, figure 3).

Table 1
LAC debt issuances in international markets by sector, January–October 2023
(Millions of dollars, percentages and number of deals)

	Private banks	Private non-banks	Quasi-sovereign enterprises	Supranational entities	National governments (sovereign issuances)	Total
Total Jan-Oct 2023 (millions of dollars)	1,803	18,815	10,900	7,408	37,437	76,363
Year-on-year growth (percentages)	34%	31%	109%	86%	26%	40%
Share of Total (percentages)	2%	25%	14%	10%	49%	100%
Number of deals	12	48	10	35	29	134
Deals year-on-year decline	4	16	2	16	2	40

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

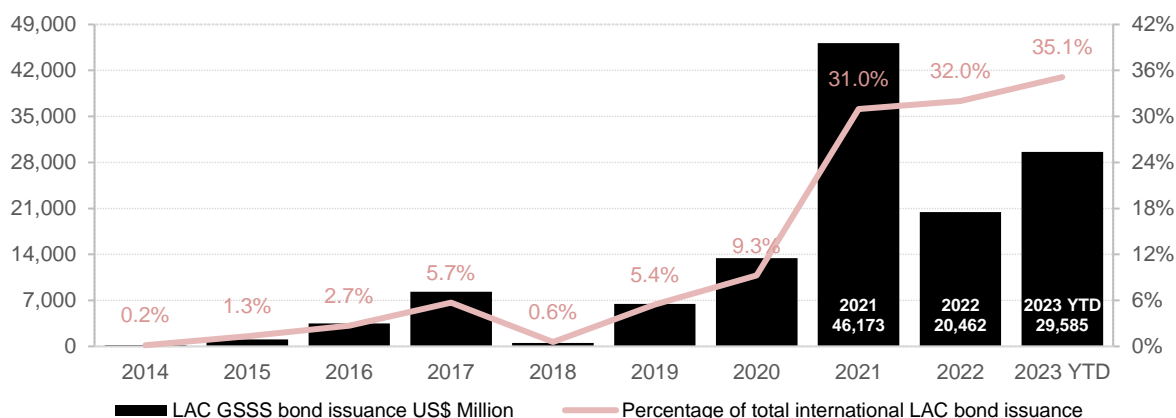
Figure 3
LAC debt issuances in international markets by sector, January to October 2022—January to October 2023
(Millions of dollars, percentages and number of deals)



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

The region issued US\$ 23.2 billion of international green, social, sustainability and sustainability-linked (GSSS) bonds in the first ten months of 2023, up 15% from the same period in 2022, but with an average coupon that was 1.5% higher. Including the first half of November, the region’s total international GSSS bond issuance was US\$ 29.6 billion. This total was 45% higher than the 2022 annual GSSS volume and represented a record 35% share of the region’s total amount issued in international markets in the period, highlighting the enduring resilience of these novel instruments in the current international scenario (figure 4).

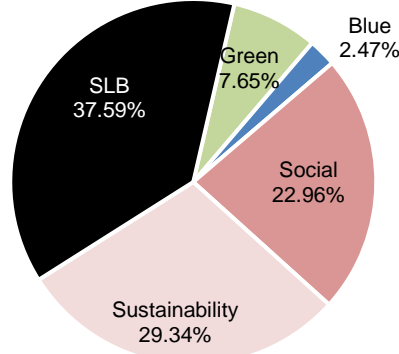
Figure 4
LAC international GSSS bond issuance, 2014–15 November 2023
(Left axis, Millions of dollars; Right axis, percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. The region’s first international green bond was issued in December 2014. YTD: year-to-date, as of 15 November 2023.

Sustainability-linked bonds (SLB) were the sustainable debt instruments most used by LAC issuers year-to-date. They accounted for 38% of the region’s total international GSSS bond issuance (US\$ 11 billion), with the government of Chile issuing 72% of the total. Sustainability bonds were the second most used instrument, with the governments of Mexico, Peru and Brazil issuing 34% (US\$ 2.9 billion), 29% (US\$ 2.5 billion) and 18% (US\$ 2.0 billion) of the total, respectively (figure 5). Brazil’s sovereign sustainability bond, a US\$ 2 billion 8-year bond with a 6.250% coupon, was the sovereign’s inaugural GSSS bond in international markets. It contributed to narrow the spread (the additional borrowing costs) between Brazil and peers such as Mexico, which enjoy an investment-grade credit rating.³

Figure 5
LAC international GSSS bond issuance by types of instruments, 1 January–15 November 2023
(Percentage)

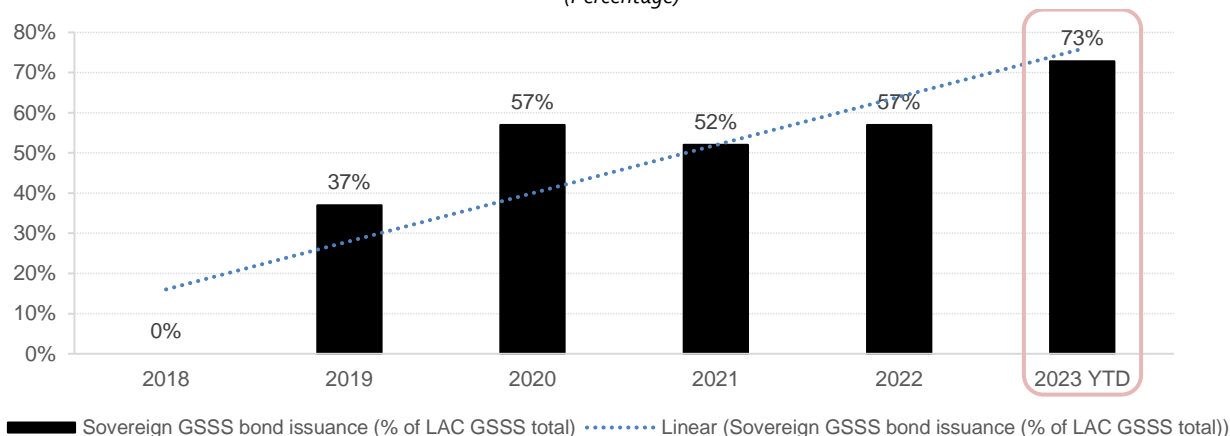


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. SLB: sustainability-linked bonds.

³ Financial Times, “Investors pile into Brazil’s first sustainable bond”, by Simon Mundy, 15 November 2023.

The larger role national governments are playing in the region’s sustainable issuance has been a major trend in the past five years. In June 2019, Chile issued the region’s first sovereign green bond in international markets. From then to the 15 November of 2023, nine countries —Chile, Ecuador, Guatemala, Mexico, Peru, Bahamas, Uruguay, Colombia⁴ and Brazil— in order of appearance in the international markets, issued sovereign green (or blue), social, sustainability, and sustainability-linked bonds. The sovereign sector accounted for 73% of the region’s total international GSSS bond issuance in 2023 year-to-date, as of 15 November (figure 6).

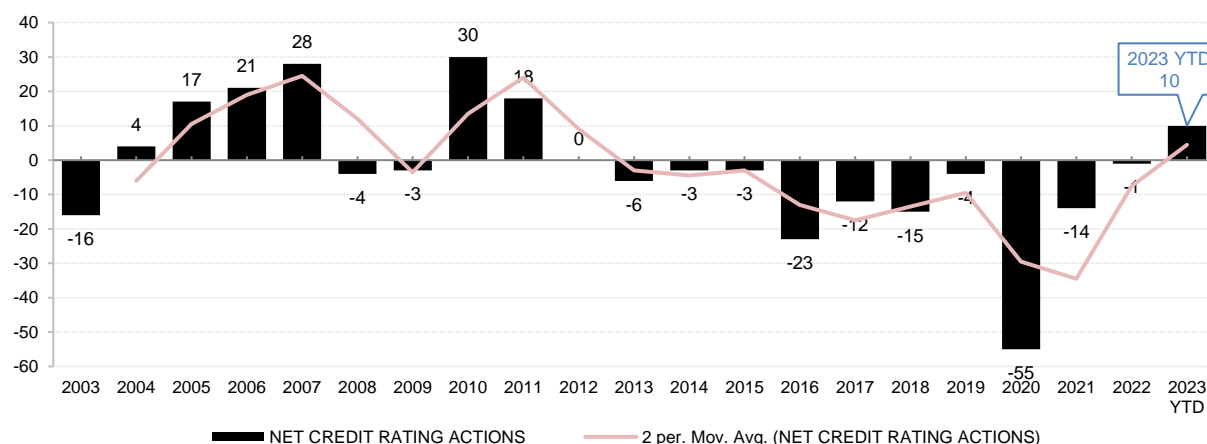
Figure 6
Sovereign bond issuance as a share of LAC GSSS bond issuance, 2018–2023 YTD
(Percentage)



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. YTD: year-to-date, as of 15 November 2023.

The region’s sovereign credit quality has improved in 2023 year-to date, supported by lower funding needs and greater reliance on local markets. There were twenty-four positive and fourteen negative credit rating actions from 1 January to 15 November 2023.

Figure 7
Net credit rating actions in Latin America and the Caribbean, 2003–2023 YTD
(Number of Actions)



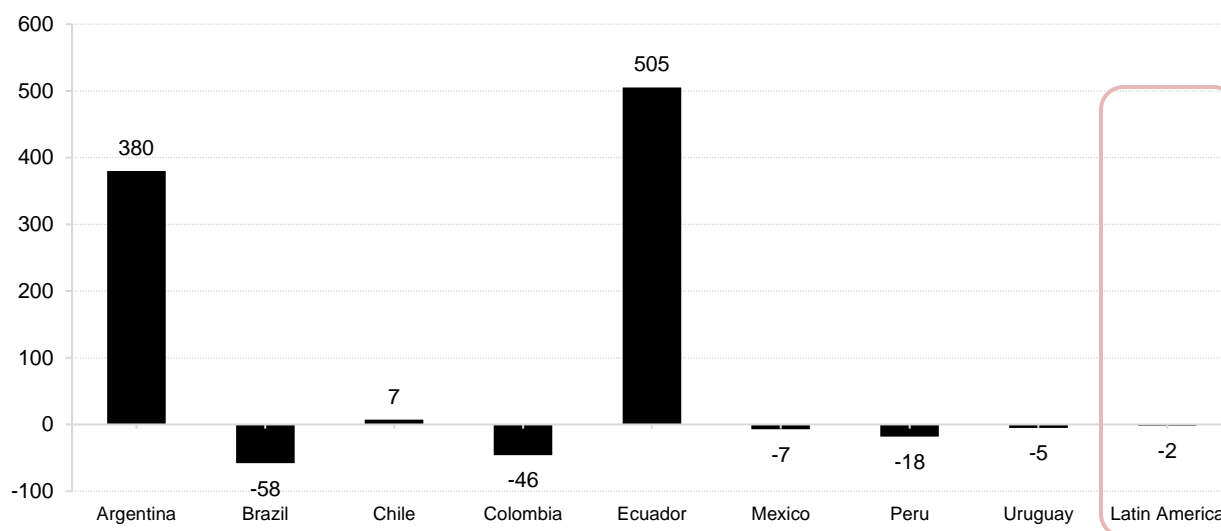
Source: ECLAC Washington Office, based on data from Moody’s, Standard & Poor’s, and Fitch. Credit rating actions include upgrade/downgrades and upward/downward outlook revisions. YTD: year-to-date, as of 15 November 2023.

⁴ In early November 2023, Colombia issued its first international GSSS sovereign bond, raising US\$ 2.5 billion in a two-part sale of social bonds.

Following ten consecutive years when negative credit rating actions outnumbered positive actions in the region, the net balance year-to-date (as of 15 November) of ten more positive actions than negative is the best since 2011, when there were 18 more positive actions than negative (Figure 7). The positive actions included upgrades and outlook upward revisions citing improvements in fiscal positions and external metrics, while the negative actions included downgrades and outlook downward revisions citing financing risks, distressed exchanges, and depletion of liquidity buffers. Better credit quality has contributed to keep bond spreads moderate.

Borrowing costs for LAC issuers as measured by as measured by the JPMorgan global emerging market bond index (EMBIG), tightened by 2 basis points in the first ten months of 2023 (figure 8). Spreads widened for Ecuador, Argentina, and Chile, but tightened for the other countries in our sample.

Figure 8
Latin American EMBIG spread differential, January–October 2023
(Basis points)



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

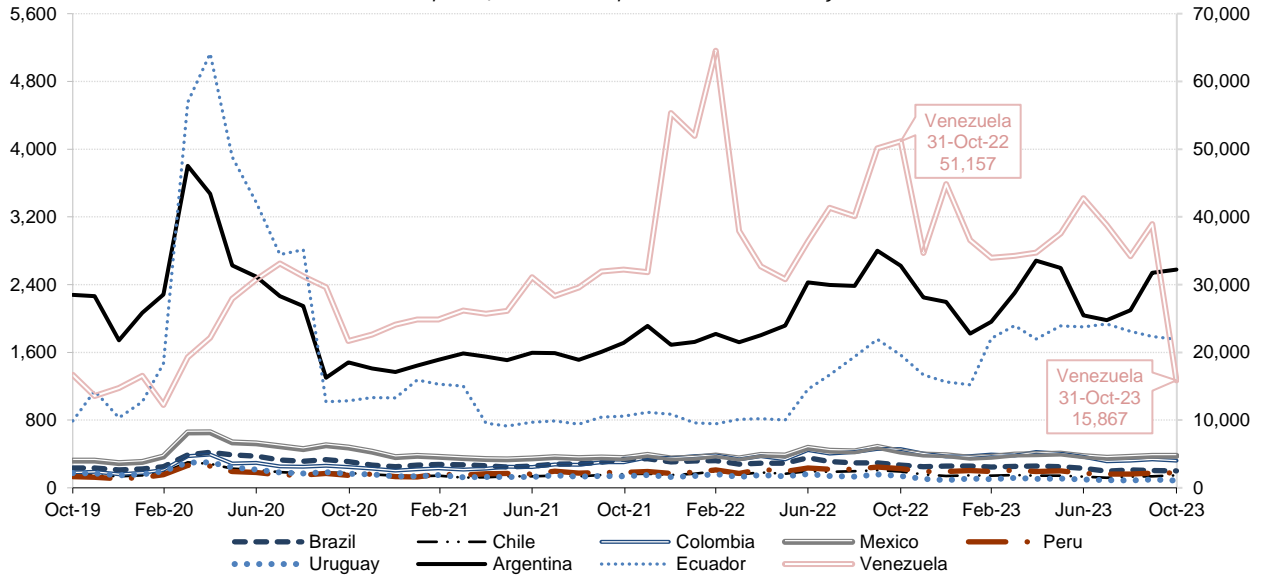
Note: Venezuelan spreads not included due to the difference in magnitude.

Ecuadorian spreads widened the most, by 505 basis points (to 1,755 basis points at end-October), as a disputed mining contract between Canadian miner First Quantum Minerals and the government of Ecuador went through a long international arbitration process that increased economic uncertainty.⁵ Argentina's spreads showed the second largest increase in the period, widening 380 basis points (to 2,576 basis points at end-October). Most of the widening took place in the third quarter, as presidential elections increased volatility. Chilean spreads widened slightly (7 basis points, to 147 basis points), but are the second lowest spreads in our Latin American sample after Uruguay (see annex 3, table 12).

Of note, Venezuelan spreads narrowed 28,973 basis points in the first ten months of 2023 (to 15,867 basis points), with most of the narrowing taking place in October, after the United States government eased sanctions that had barred U.S. investors from trading Venezuelan bonds (figure 9).

⁵ A contract giving Canadian miner First Quantum Minerals a 20-year mining right with an option to extend for another 20 years in return for US\$ 375 million in annual revenue to Panama was disputed through an international arbitration process that took place throughout the year. On 15 December 2022 Panama ordered First Quantum to pause operations at Cobre Panama after missing a deadline to finalize a deal that would have increased payments to the government. On 24 December 2022, First Quantum started an arbitration process against Panama. On 28 November 2023, First Quantum suspended commercial production at Cobre Panama mine after the Panama Supreme Court ruled its contract to operate the mine as unconstitutional.

Figure 9
Latin American EMBIG spreads by country, October 2019–October 2023
(Basis points, Venezuelan spreads on the secondary axis)

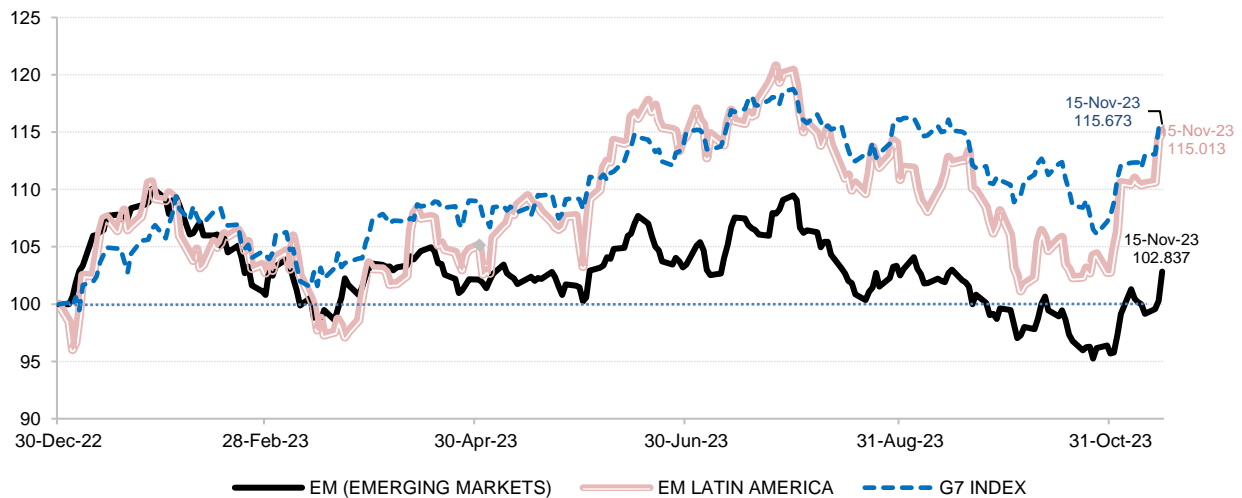


Source: ECLAC Washington Office, based on data from JPMorgan.

Note: due to the difference in magnitude, the series with Venezuelan spreads is shown on the secondary axis.

Finally, Latin American equities in U.S. dollar terms have performed strongly in 2023 year-to-date, reflecting currency appreciation in the first half of the year that boosted equity returns in dollar terms. The Brazilian real and the Mexican peso, in particular, which account for nearly 90% of the market capitalization of the MSCI Latin American index, built on their 2022 gains, which came after large falls earlier in the COVID-19 pandemic. More recently, the region's strong equity performance has been supported by speculation that the United States Federal Reserve will end its rate hikes this year and may start cutting them next year. The MSCI Latin American index has gained 15% year-to-date (as of 15 November 2023), outperforming the emerging market index, which gained 3%. The G7 index has gained 16% (figure 10).

Figure 10
MSCI equity price Index, 2023 YTD
(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. YTD: year-to-date, as of 15 November 2023.

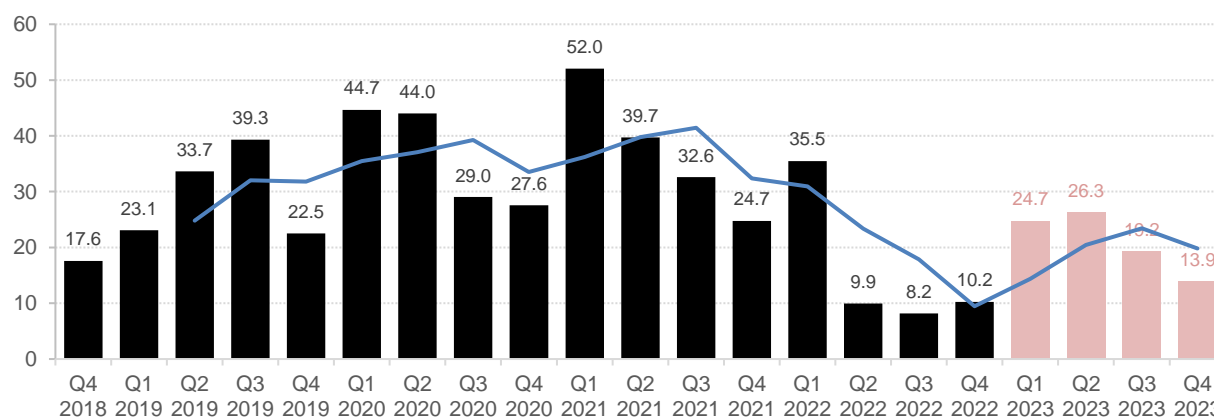
I. International bond markets and debt management

LAC issuance in international bond markets in 2023 year-to-date has significantly improved over 2022. Sovereign credit quality has also increased. Credit spreads tightened slightly, reflecting progress in slowing inflation at the domestic level, and better market sentiment due to slower monetary tightening pace in the United States and China's opening economy.

A. New debt issuance

Total LAC bond issuance in international markets was US\$ 70.3 billion in the first three quarters of 2023. Including the fourth quarter-to-date (October and the first half of November), the total is US\$ 84.2 billion (figure 11). There was a recovery in issuances from the region this year, supported by decelerating inflation, currency appreciation, and the Federal Reserve approaching the end of its interest rates hikes. Although the first quarter volume was lower than in the first quarter of 2022, all the other quarters' totals have been higher than a year-ago.

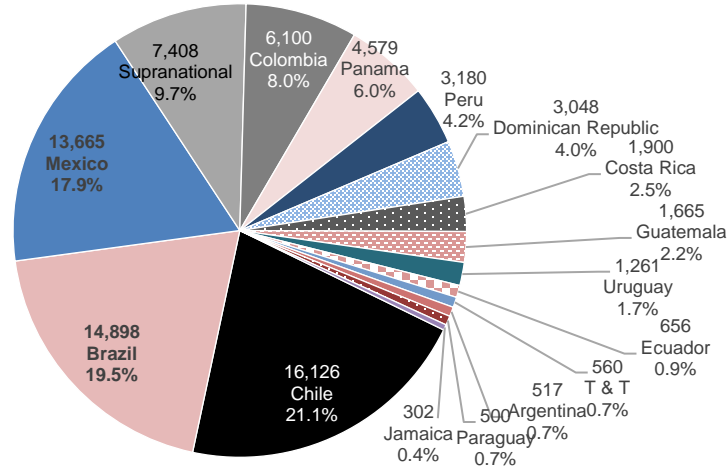
Figure 11
LAC quarterly international bond issuance, Q4 2018–Q4-to-date 2023
(Billions of dollars)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg. Q4-to-date: as of 15 November 2023.

Chile had the largest share of bond issuances —sovereign and corporate combined— in the first ten months of 2023, followed by Brazil and Mexico. They issued US\$ 16.1 billion (21%), US\$ 14.9 billion (19.5%), and US\$ 13.7 billion (17.9%), respectively. Issuances from the three countries accounted for 58.5% of the total LAC issuance in the period (figure 12).

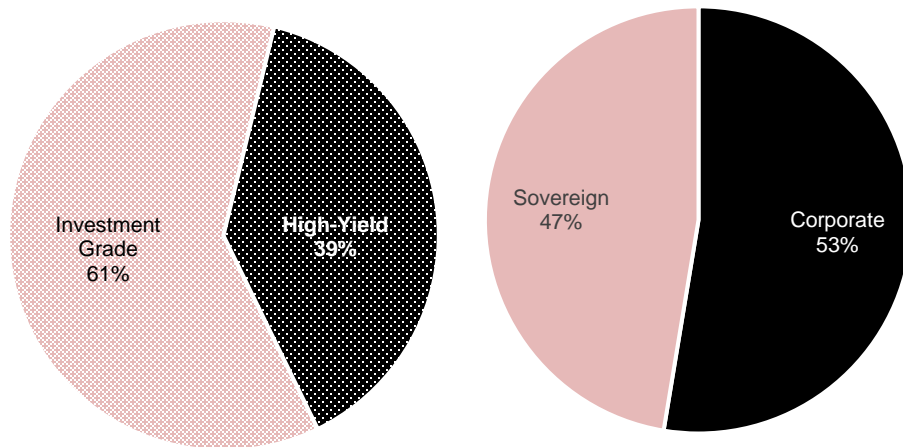
Figure 12
LAC international sovereign and corporate bond issuance, country breakdown, January–October 2023
(Country totals in Millions of dollars and country shares in percentage)



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

Investment-grade issuers —sovereign and corporate combined— accounted for 61% of total overall LAC bond issuance in international markets in the first ten months of 2023, while 39% of the total was issued by high-yield issuers, an increase from the 34% share of high-yield issuers in 2022. The sovereign sector accounted for 47% of the total, while the corporate sector (including corporations, banks, quasi-sovereign, and supranational issuers) accounted for 53% (figure 13).

Figure 13
LAC international sovereign and corporate bond issuance by rating and type of issuer, January–October 2023
(Percentage)



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

1. Sovereign issuance

In the first ten months of 2023, fourteen sovereigns —Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay— tapped the international bond market (annex 1, tables 7 to 10). The top three sovereign issuers were Chile, Mexico, and Panama (table 2). Sovereign issuance of GSSS bonds (US\$ 11.4 billion) accounted for 44% of the sovereign total.

Table 2
LAC international sovereign bond issuance, January–October 2023
(Millions of dollars, percentage, number of deals)

Sovereign Issuer	Total Issuance (Millions of dollars)	% of the total sovereign issuance	Number of Deals
Chile	10,260	27%	7
Mexico	6,941	19%	3
Panama	3,900	10%	5
Dominican Republic	3,048	8%	3
Peru	2,494	7%	1
Brazil	2,250	6%	1
Colombia	2,200	6%	1
Guatemala	1,565	4%	2
Costa Rica	1,500	4%	1
Uruguay	1,261	3%	1
Ecuador	656	2%	1
Trinidad and Tobago	560	1%	1
Paraguay	500	1%	1
Jamaica	302	1%	1
Total	37,437	100.00%	29

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

Chile's sovereign issuances were all of sustainable bonds. They included a peso-denominated US\$ 2.23 billion ten-year social bond with a 6% coupon issued in May, and six sustainability-linked (SLB) bonds. Two of the SLBs were issued in local currency (Chilean pesos). Chile issued its first SLB in pesos in July, and another in October. Its targets include reducing greenhouse gas emissions (GHG) to 95 metric tons of carbon dioxide (mtCO_{2e}) by 2030 or achieving a GHG budget of 1,100 metric tons of carbon dioxide between 2020 and 2030, as well as increasing women's participation in company board positions to at least 40% by 2031. In October, Chile raised UF 24 million (US\$ 927 million) in its first international sale of a SLB tied to inflation, as the country continues to blaze a trail for other issuers in the region.⁶

Mexico came three times to the international bond markets, all in the first half of the year. In January, it issued a US\$ 1.25 billion five-year bond, maturing in 2028 and with a 5.4% coupon. It also issued a US\$ 2.75 billion twelve-year bond, maturing in 2035 and with a 6.35% coupon. The proceeds of these two issuances were to be used for general financing purposes. In April, Mexico issued a 2053 US\$ 2.94 billion sustainability bond with a 6.338% coupon. Proceeds will be used for clean transportation and access to essential services.

Panama came to the international bond markets in March, July, and September (see annex 1, tables 7 to 9). Of note, the sovereign issued a US\$ 1 billion 2054 bond in March, which it reopened in September to add US\$ 400 million.

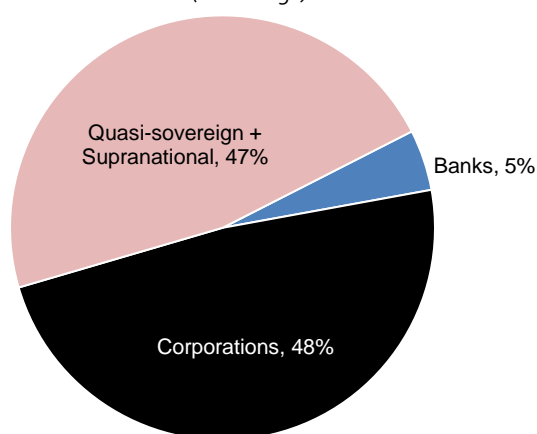
⁶ The Unidad de Fomento (UF) is a unit of account used in Chile. It is a non-circulating currency; the exchange rate between the UF and the Chilean peso is constantly adjusted for inflation so that the purchasing power of the UF remains almost constant on a daily basis during low inflation. Symbol: CLF.

2. Corporate issuance

In the first ten months of 2023, forty-eight corporate issuers from the region sold a total of US\$ 39 billion of international bonds, an increase of 25% over the 2022 total annual corporate issuance, through 105 deals (up from 78 in 2022). Quasi-sovereign (state-owned companies) and supranational issuers accounted for 47% of total LAC international corporate issuance, an increase from the 34% share in 2022. Supranational entities, including the Central American Bank for Economic Integration (CABEL), CAF Development Bank of Latin America, and FONPLATA Fondo Financiero para el Desarrollo de la Cuenca del Plata, accounted for 19% of the region’s corporate issuance, while quasi-sovereign issuers, including Colombia’s Ecopetrol, Chile’s Codelco and Enap, Mexico’s Pemex, and Brazil’s Banco do Brasil and Petrobras, accounted for 28% (figures 14 and 15).

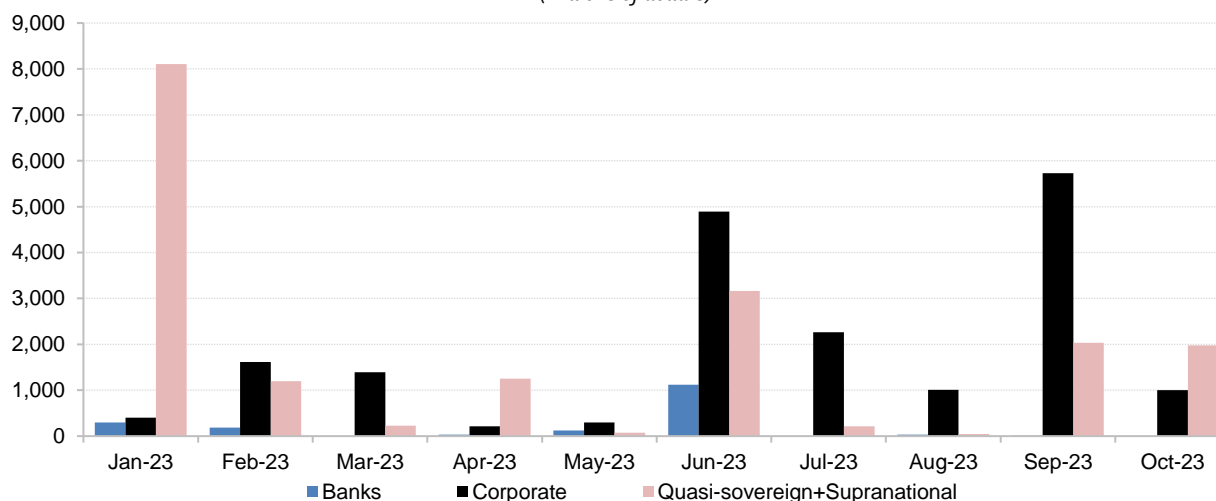
Issuances from the private corporate sector (private bank and non-bank entities) not including quasi-sovereign and supranational issuers, totaled US\$ 21 billion (53% of the overall corporate sector’s total) in the first ten months of 2023, through 60 deals, with 48% coming from private non-bank corporates. They surged in June and September (figure 16).

Figure 14
LAC international corporate bond issuance by type, January–October 2023
(Percentage)



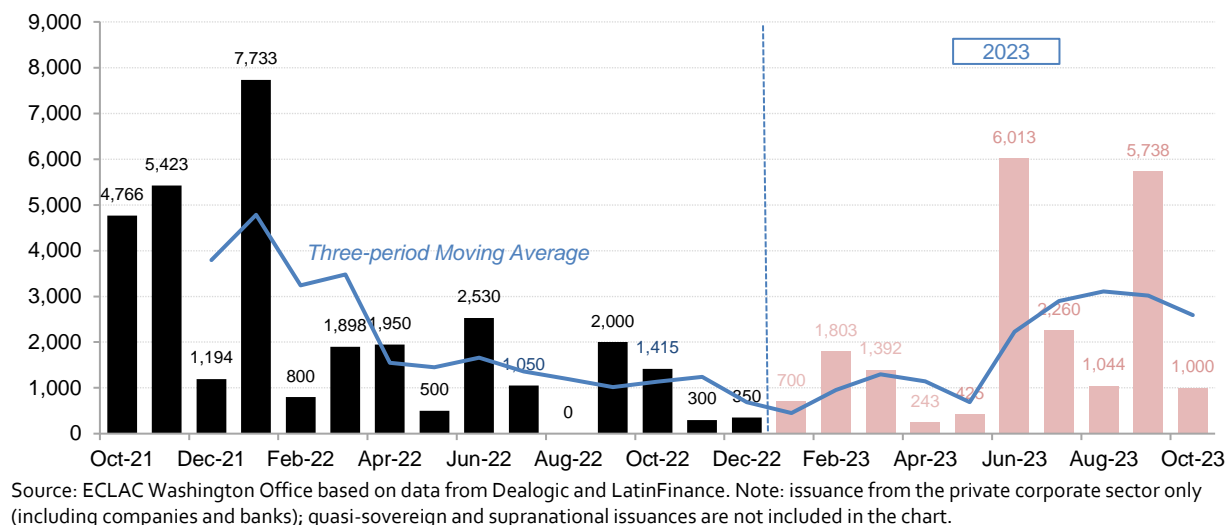
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Figure 15
LAC monthly international corporate bond issuance by type, January–October 2023
(Millions of dollars)



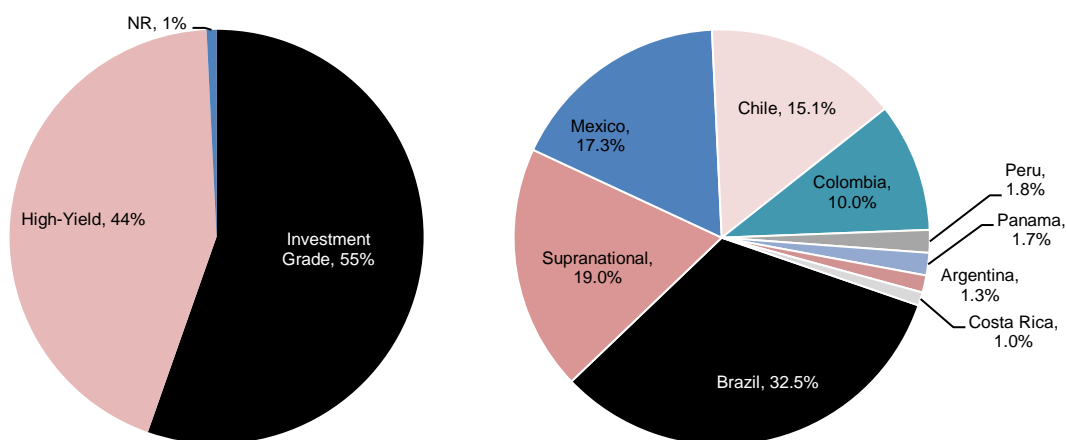
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Figure 16
LAC monthly international private corporate sector bond issuance, January–October 2023
(Millions of dollars)



Investment grade companies accounted for a 55% share of total LAC international corporate bond issuances in the first ten months of 2023, down from a share of 64% in 2022. Brazilian companies accounted for 32.5% of the corporate total. Together with supranational entities and Mexican companies, they accounted for 70% of all the region’s international corporate issuances from January to October (figure 17).

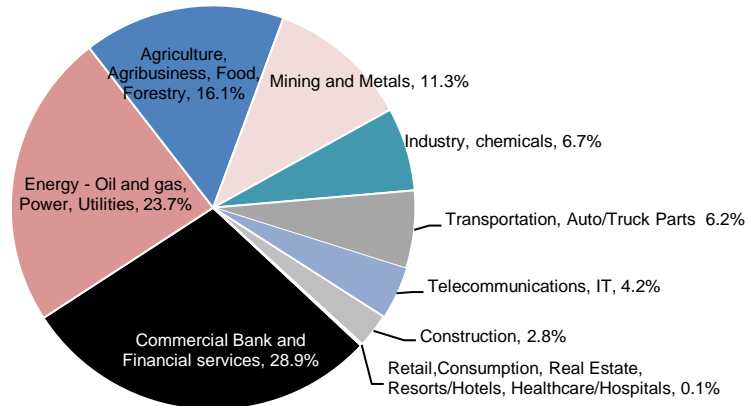
Figure 17
LAC international corporate bond issuance by rating and country, January–October 2023
(Percentage of total)



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 from January to October of 2023 were: 1. the financial sector, including commercial banks as well as financial services companies, and finance development banks/multilateral agencies (28.9%); 2. energy, including oil and gas, power, and energy utilities (23.7%); and 3. the agricultural sector, including agribusiness, food and beverages, and forestry (16.1%) (figure 18).

Figure 18
LAC international corporate bond issuance by sector, January–October 2023
(Percentage of total)

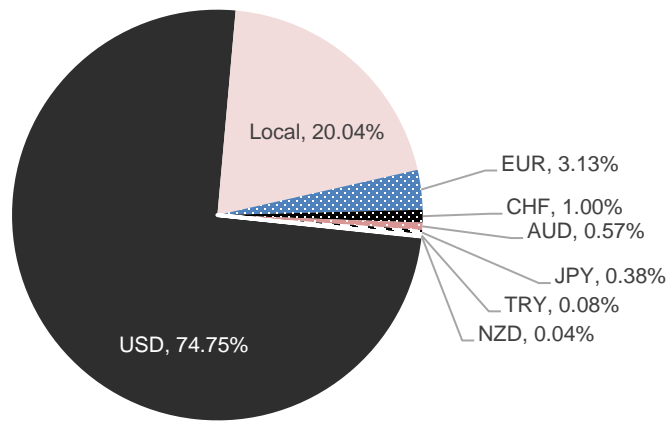


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.
 Note: corporate issuance includes corporations, banks, quasi-sovereign, and supranational entities.

3. Currency composition

Most of the international debt issuance in the region in the first ten months of 2023 was denominated in United States dollars (74.75%). 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 five years (figure 19).

Figure 19
Currency breakdown of LAC international bond issuances, January–October 2023
(Percentage of total)



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

In the first ten months of 2023 there were also issuances in local currencies (20.04%) —including Chilean, Colombian, Dominican Republic, Mexican and Uruguayan pesos, Peruvian soles, Jamaican dollars, and Chile’s Unit of Account (CLF)— euros (3.13%), Swiss francs (1%), Australian dollars (0.57%), Japanese yen (0.38%), Turkish lira (0.08%), and New Zealand dollars (0.04%).

With Latin American currencies outperforming in the first half of the year, demand from international investors for local currency-denominated bonds increased. The local currency share in the first ten months of 2023 increased to 20% from 8% in 2022. As Latin American issuers are also looking for innovative ways to raise capital at a time of tight and expensive financing, by selling bonds in local currency they are able to remove currency risk, and in the case of local-currency sustainable bonds, link the interest rate to sustainability goals.

4. GSSS bond issuance

There were 41 green, social, sustainability and sustainability-linked (GSSS) bond issuances from LAC issuers in international markets from 1 January to 15 November, totaling US\$ 29.6 billion (table 3). This amount is 45% higher than the 2022 GSSS annual volume and accounts for 35% of the total LAC international bond issuance in the period, the highest share since the region started issuing these instruments.

Table 3
LAC international GSSS bond issuances, 1 January–15 November 2023
(Millions, Millions of dollars, Percentage)

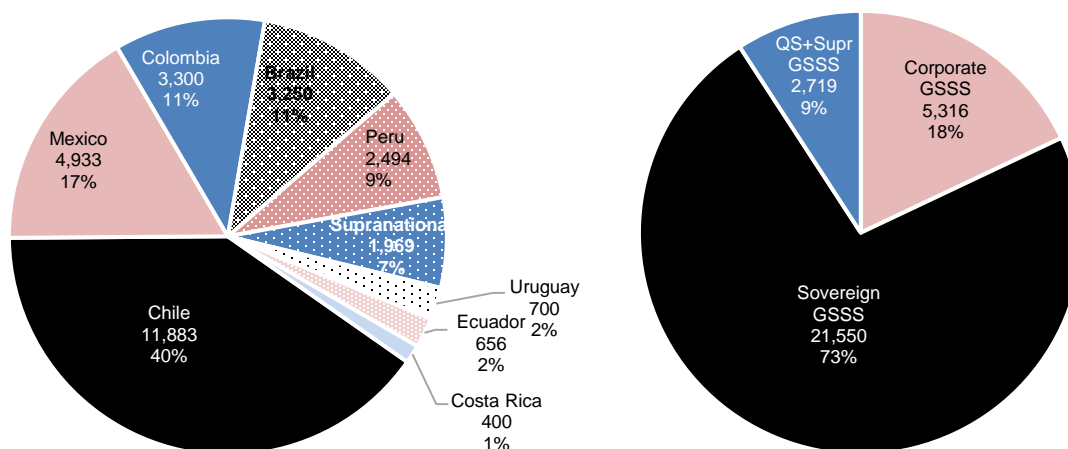
Country	Issuer	Amount (Millions)	Amount (Millions of US dollars)	Coupon (%)	Maturity	Issue Date
Costa Rica	Liberty Costa Rica Senior Secured Finance	USD 400	400	10.875%	2031 (SLB)	11-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	USD 130	130	4.900%	2033 (soc)	11-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	JPY 7000	53	1.265%	2033 (blue)	13-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	USD 1250	1,250	5.000%	2026 (soc)	31-Jan-23
Mexico	Cemex	USD 1000	1,000	9.125%	Perp (g)	9-Mar-23
Supranational	FONPLATA	JPY 3000	23	1.210%	2028 (sust)	17-Mar-23
Supranational	FONPLATA	JPY 4200	32	1.300%	2029 (sust)	17-Mar-23
Supranational	CAF Development Bank of Latin America	USD 50	59	3-mth Sofr +115	2028 (g)	24-Mar-23
Brazil	Banco do Brasil SA	USD 750	750	6.250%	2030 (sust)	11-Apr-23
Mexico	United Mexican States	USD 2941	2,941	6.338%	2053 (sust)	20-Apr-23
Ecuador	Republic of Ecuador	USD 656	656	5.645%	2041 (blue)	4-May-23
Chile	Solek Chile Holding II SpA	USD 178	178	6.640%	2043 (g)	5-May-23
Chile	Solek Chile Holding II SpA	USD 20	20	6.790%	2043 (g)	5-May-23
Chile	Solek Chile Holding II SpA	USD 55	55	6.840%	2043 (g)	5-May-23
Chile	Solek Chile Holding II SpA	USD 47	47	6.840%	2043 (g)	5-May-23
Chile	Republic of Chile	CLP 1751200	2,230	6.000%	2033 (soc)	16-May-23
Peru	Republic of Peru	PEN 9185	2,494	7.300%	2033 (sust)	31-May-23
Chile	Banco de Chile	MXP 700	40	1-mth Other +85	2027 (sust)	1-Jun-23
Supranational	CABEI Central American Bank for Economic Integration	MXP 3500	198	1-mth Other +25	2027 (soc)	1-Jun-23
Supranational	CABEI Central American Bank for Economic Integration	MXP 1500	85	9.410%	2033 (soc)	1-Jun-23
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2033 (SLB)	20-Jun-23
Colombia	Union Vial Rio Pamplonita SAS	USD 112	112	8.210%	2041 (soc)	22-Jun-23
Colombia	Union Vial Rio Pamplonita SAS	COP 519182	125	7.600%	2041 (soc)	22-Jun-23
Colombia	Union Vial Rio Pamplonita SAS	COP 675000	163	7.600%	2041 (soc)	22-Jun-23
Mexico	America Movil SAB de CV	MXP 17000	992	9.500%	2031 (SLB)	27-Jun-23
Chile	Republic of Chile	USD 1100	1,100	5.330%	2054 (SLB)	27-Jun-23
Chile	Republic of Chile	USD 1150	1,150	4.950%	2036 (SLB)	27-Jun-23
Chile	Republic of Chile	EUR 750	819	4.125%	2034 (SLB)	28-Jun-23
Chile	Scotiabank Chile SA	JPY 5000	35	0.750%	2025 (g)	28-Jun-23
Supranational	CABEI Central American Bank for Economic Integration	AUD 30	20	5.470%	2033 (blue)	18-Jul-23
Chile	Republic of Chile	CLP 1750000	2,153	5.300%	2037 (SLB)	20-Jul-23
Brazil	Aegea Saneamento e Participações	USD 500	500	9.000%	2031 (SLB)	27-Sep-23
Supranational	CAF Development Bank of Latin America	CHF 110	120	2.553%	2029 (g)	5-Oct-23
Chile	Republic of Chile	UF 24	927	3.400%	2039 (SLB)	18-Oct-23
Chile	Republic of Chile	CLP 1750000	1,878	5.800%	2034 (SLB)	25-Oct-23
Chile	Sociedad Química y Minera de Chile SA	USD 750	750	6.500%	2033 (g)	2-Nov-23
Uruguay	Oriental Republic of Uruguay	USD 700	700	5.750%	2034 (SLB)(r)	6-Nov-23
Colombia	Grupo Energia Bogota SA ESP	USD 400	400	7.850%	2033 (sust)	6-Nov-23
Colombia	Republic of Colombia	USD 1250	1,250	8.000%	2035 (soc)	7-Nov-23
Brazil	Republic of Brazil	USD 2000	2,000	6.250%	2031 (sust)	13-Nov-23
		TOTAL	29,585	AVG 6.067%		41 Deals

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

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

LAC international GSSS issuances in the 1 January to 15 November 2023 period came from eight countries—Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Peru and Uruguay—and three supranational entities. Corporate, and quasi-sovereign and supranational issuers represented 18% and 9% of the total GSSS bond issuance, respectively, while sovereign issuers led the international GSSS bond volumes in the period with a share of 73% (figure 20).⁷ Local currency issuances accounted for 38% of the total.

Figure 20
LAC international GSSS bond issuances by type of issuer and by country, 1 January–15 November 2023
(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 was the top international GSSS issuer in the region with a share of 40% (figure 20). 72% of Chile's GSSS issuances were SLBs, with the sovereign accounting for 68% of these issuances. Chile's sovereign SLB issuances included two bonds in Chilean pesos totaling US\$ 4 billion. The sovereign also raised the equivalent of US\$ 927 million in a CLF-denominated bond, its first international sale of a SLB tied to inflation, as it continues to pave the way for other issuers in the region. In its SLBs, the sovereign offered to pay step-up rates if it does not reduce greenhouse gas emissions (GHG) to 95 metric tons of carbon dioxide (mtCO_{2e}) and achieve a GHG budget of 1,100 metric tons of carbon dioxide by December 2030. It will also pay step-up rates on the notes if women do not occupy at least 40% of company board positions by December 2031.

Mexico had the second highest share of International GSSS bond issuances (17%), with all of its issuances taking place in the first half of the year. They included a US\$ 2.9 billion sovereign sustainability bond in April, assigning the proceeds to clean transportation and access to essential services, and on the corporate side, US\$ 1 billion in perpetual green bonds issued by Cemex and a 2031 peso-denominated US\$ 992 million SLB issued by America Movil.

Colombia accounted for the third highest share of the total (11%). The sovereign made its inaugural GSSS bond issuance in international markets in November, with a two-part sale of social bonds totaling US\$ 2.5 billion. It included a 12- and a 30-year bond totaling US\$ 1.25 billion each, with coupons of 8% and 8.75%, respectively. Proceeds will be used to improve access to essential services, socioeconomic advancement and empowerment, and to facilitate employment.

Brazil also issued its inaugural sovereign GSSS bond in international markets in November, a US\$ 2 billion 8-year sovereign sustainability bond with a 6.250% coupon that was well received by investors.

⁷ As a share of the total LAC International bond issuance (including all instruments and not only GSSS bonds), sovereign GSSS bond issuances accounted for 26%, corporate for 6%, and quasi-sovereign and supranational entities for 3%, adding up to a 35% share.

B. Credit risk outlook

Credit quality improved in the region in the first ten months of 2023, following years of deterioration. The balance for the period from 1 January to 15 November 2023 was ten more positive credit rating actions than negative, the best balance since 2011. There were 24 positive actions in the period —11 upward outlook revisions and 13 upgrades— and 14 negative actions, 9 of them downgrades (table 4).

Table 4
Sovereign credit rating actions in Latin America and the Caribbean, 2023 YTD
(Number of actions; as of 15 November 2023)

Date	Country	Action	
2023 YTD	24 positive and 14 negative actions		
Q1 2023	6 positive and 5 negative actions		
31-Jan-23	Peru	Moody's revises the outlook on Peru's Baa1 rating to negative from stable	Negative
3-Feb-23	El Salvador	Moody's revises the outlook on El Salvador's Caa3 rating to stable from negative	Positive
16-Feb-23	Guatemala	Fitch upgrades Guatemala's rating to BB from BB- with a stable outlook	Positive
17-Feb-23	Suriname	Moody's revises Suriname's Caa3 rating's outlook to stable from negative	Positive
23-Feb-23	Costa Rica	S&P upgrades Costa Rica's rating to B+ from B with a stable outlook	Positive
2-Mar-23	Costa Rica	Fitch upgrades Costa Rica's rating to BB- from B with a stable outlook	Positive
7-Mar-23	Jamaica	Fitch revises the outlook on Jamaica's B+ rating to positive from stable	Positive
14-Mar-23	Bolivia	Fitch downgrades Bolivia's rating to B- from B with a negative outlook	Negative
24-Mar-23	Bolivia	Moody's downgrades Bolivia's ratings to Caa1 from B2; places them on review for downgrade	Negative
24-Mar-23	Argentina	Fitch downgrades Argentina's rating to C from CCC	Negative
29-Mar-23	Argentina	S&P downgrades Argentina's rating to CCC- from CCC+ with a negative outlook	Negative
Q2 2023	9 positive and 5 negative actions		
11-Apr-23	Guatemala	S&P upgrades Guatemala's rating to BB from BB- with a stable outlook	Positive
19-Apr-23	Bolivia	S&P downgrades Bolivia's rating to B- from B with a negative outlook	Negative
26-Apr-23	Uruguay	Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable	Positive
5-May-23	El Salvador	Fitch downgrades El Salvador's rating to RD from CC	Negative
5-May-23	El Salvador	Fitch upgrades El Salvador's rating to CCC+ from RD	Positive
9-May-23	El Salvador	S&P downgrades El Salvador's rating to SD from CCC+	Negative
10-May-23	El Salvador	S&P upgrades El Salvador's rating to CCC+ from SD with a stable outlook	Positive
17-May-23	Uruguay	Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable	Positive
23-May-23	Ecuador	Fitch revises the outlook on Ecuador's B- rating to negative from stable	Negative
5-Jun-23	Nicaragua	Fitch revises the outlook on Nicaragua's B- rating to positive from stable	Positive
7-Jun-23	Uruguay	Fitch upgrades Uruguay's rating to BBB from BBB- with a stable outlook	Positive
13-Jun-23	Argentina	Fitch upgrades Argentina's rating to CC from C	Positive
14-Jun-23	Brazil	S&P revises the outlook on Brazil's BB- rating to positive from stable	Positive
30-Jun-23	Bolivia	Moody's revises the outlook on Bolivia's Caa1 rating to negative from ratings under review	Negative
Q3 2023	6 positive and 2 negative actions		
26-Jul-23	Brazil	Fitch upgrades Brazil's rating to BB from BB- with a stable outlook	Positive
3-Aug-23	Barbados	Moody's upgrades Barbados' ratings to B3 from Caa1 with a stable outlook	Positive
10-Aug-23	Dominican Republic	Moody's revises outlook on Dominican Republic's Ba3 rating to positive from stable	Positive
11-Aug-23	Panama	S&P revises the outlook on Panama's BBB rating to stable from negative	Positive
16-Aug-23	Ecuador	Fitch downgrades Ecuador's rating to CCC+ from B-, no outlook	Negative
13-Sep-23	Jamaica	S&P upgrades Jamaica's rating to BB- from B+ with a stable outlook	Positive
29-Sep-23	Honduras	S&P revises the outlook on Honduras' BB- rating to stable from negative	Positive
29-Sep-23	Panama	Fitch revises the outlook on Panama's BBB- rating to negative from stable	Negative
Q4 2023	3 positive and 2 negative actions		
17-Oct-23	Barbados	Fitch revises the outlook on Barbados' B rating to positive from stable	Positive
18-Oct-23	Jamaica	Moody's upgrades Jamaica to B1 from B2 and revises the outlook to positive from stable	Positive
31-Oct-23	Panama	Moody's downgrades Panama to Baa3 from Baa2 with a stable outlook	Negative
3-Nov-23	Costa Rica	Moody's upgrades Costa Rica to B1 from B2 and revises the outlook to positive from stable	Positive
7-Nov-23	Panama	S&P revises the outlook on Panama's BBB rating to negative from stable	Negative

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. YTD: year-to-date, as of 15 November 2023.

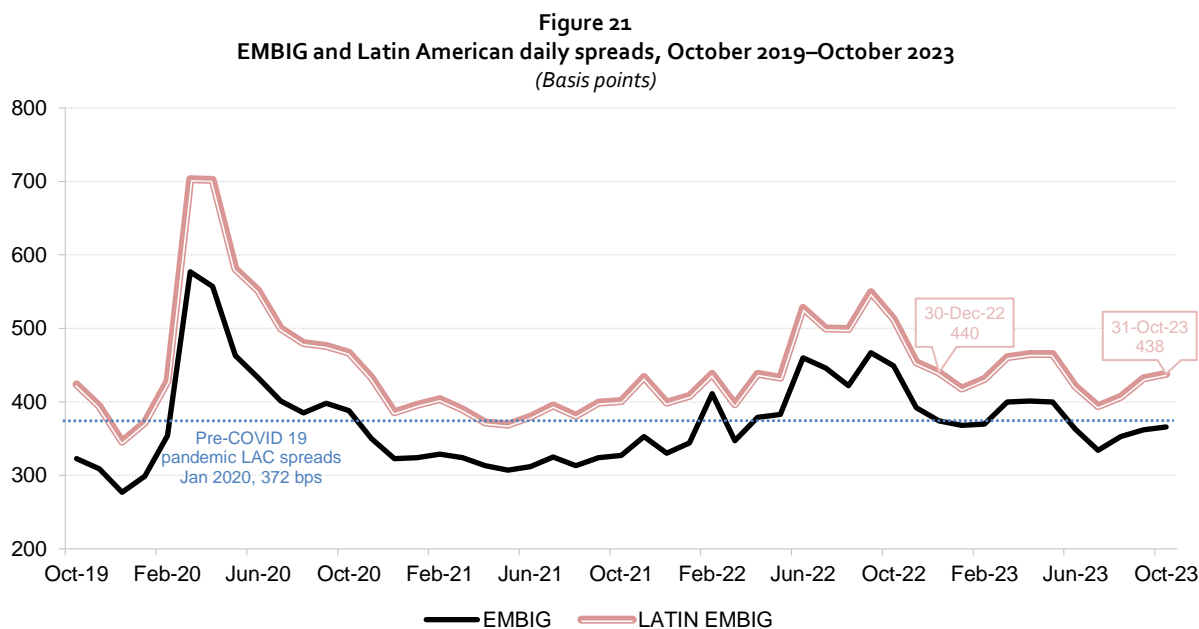
Ten countries saw upward revisions to their credit outlook, including El Salvador, Suriname, Jamaica, Uruguay, Nicaragua, Brazil, Dominican Republic, Panama, Honduras, and Barbados, in chronological order. Nine countries —Guatemala, Costa Rica, El Salvador, Uruguay, Argentina, Brazil, Barbados, Jamaica, and Costa Rica— were upgraded. Some of the positive actions involved countries that had completed distressed exchanges or debt restructurings, such as El Salvador and Suriname. The other positive actions cited better economic conditions and resilient fiscal performances (see annex 2, box 1).

Five countries were downgraded in 2023 year-to-date—Bolivia, Argentina, El Salvador, Ecuador, and Panama— while Peru, Ecuador, Bolivia and Panama saw downward revisions to their outlooks (annex 2, box 1). Negative risks often cited heightened risks and vulnerability, depletion of external liquidity buffers, and in some cases political uncertainty.

As of 15 November 2023, eight sovereigns were on positive outlook by one or more agencies (Barbados, Brazil, Costa Rica, Dominican Republic, Jamaica, Nicaragua, Paraguay, and Uruguay). Four sovereigns—Argentina, Bolivia, Panama, and Peru— had negative outlooks. The balance of risks for the first time in eleven years is tilted to the upside, reinforcing the improving trend in credit quality (annex 2, table 11).

C. Bond spreads

Emerging markets bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) tightened 8 basis points in the first ten months of 2023, while Latin American spreads tightened 2 basis points. LAC bond spreads stood at 438 basis points at the end of October 2023, 66 basis points higher than pre-pandemic levels (figure 21).



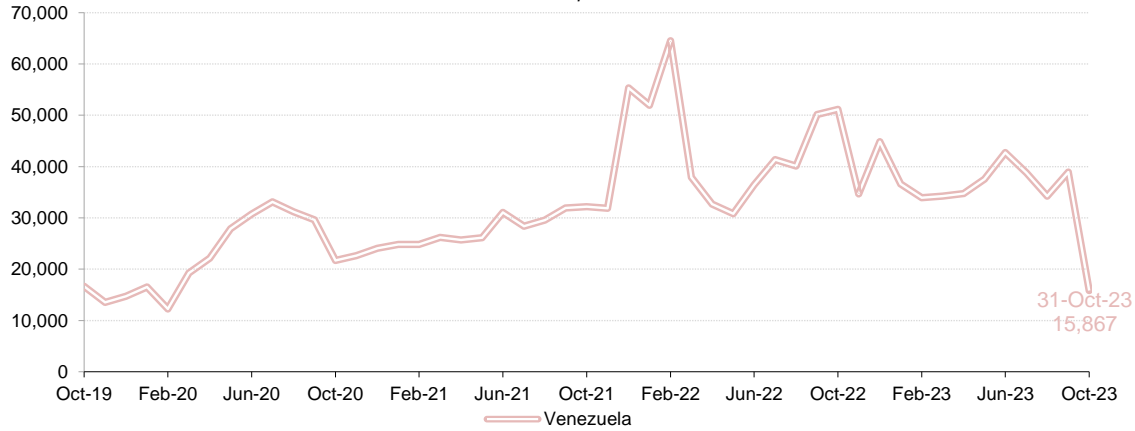
Source: ECLAC Washington Office, based on data from JPMorgan. Note: due to the difference in magnitude, the series with Venezuelan spreads is shown on the secondary axis.

1. Sovereign spreads

The EMBIG fell from 374 basis points at the end of December 2022 to 366 basis points at the end of October 2023, while its Latin American component fell from 440 to 438 basis points. Venezuela had the region's highest spreads at the end of October 2023 (15,867 basis points), but its spreads narrowed 3,841 basis points in the third quarter and 23,045 basis points in October alone, after the U.S. Treasury removed a ban on secondary trading of certain sovereign bonds. On 18 October, the United States government moved to

temporarily ease sanctions on the oil, gas and gold industries that barred U.S. investors from trading Venezuelan government bonds (figure 22).⁸

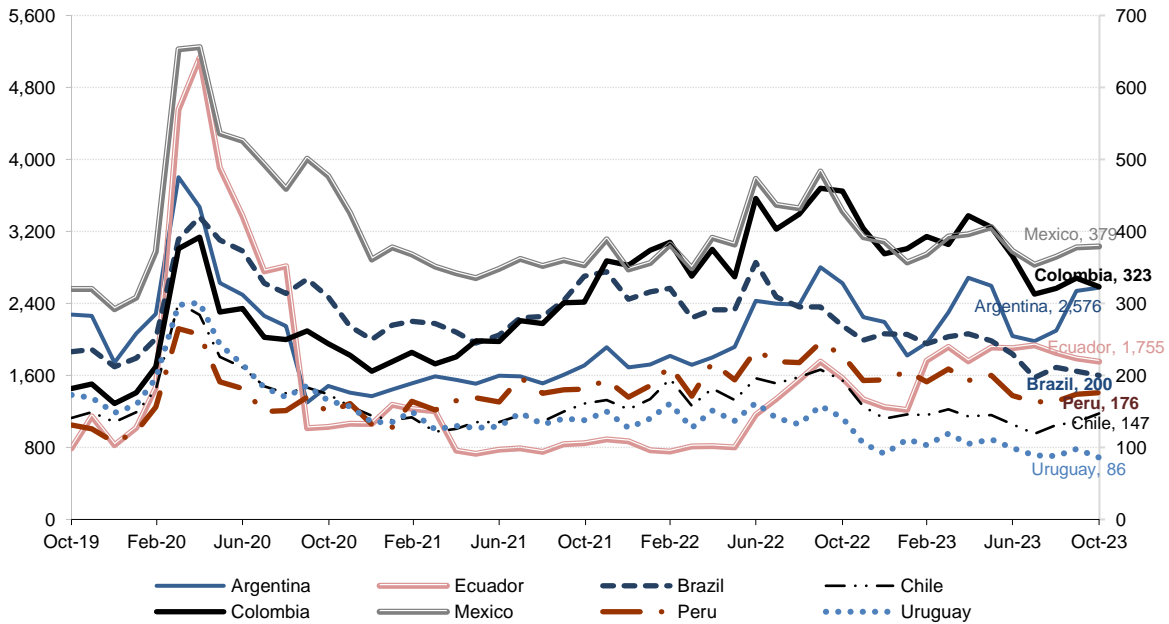
Figure 22
Venezuelan spreads according to the EMBIG, October 2019–October 2023
(Basis points)



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

At 15,867 basis points at the end of October, Venezuela has the highest debt spreads in the region. Spreads for Argentina, Ecuador, Mexico, Colombia, Brazil, Peru, Chile, and Uruguay were at 2,576, 1,755, 379, 323, 200, 176, 147 and 86 basis points, respectively, at the end of October 2023 (figure 23).

Figure 23
Latin American EMBIG spreads by country, October 2019–October 2023
(Basis points, Argentina and Ecuador on primary axis, other countries on secondary axis)



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

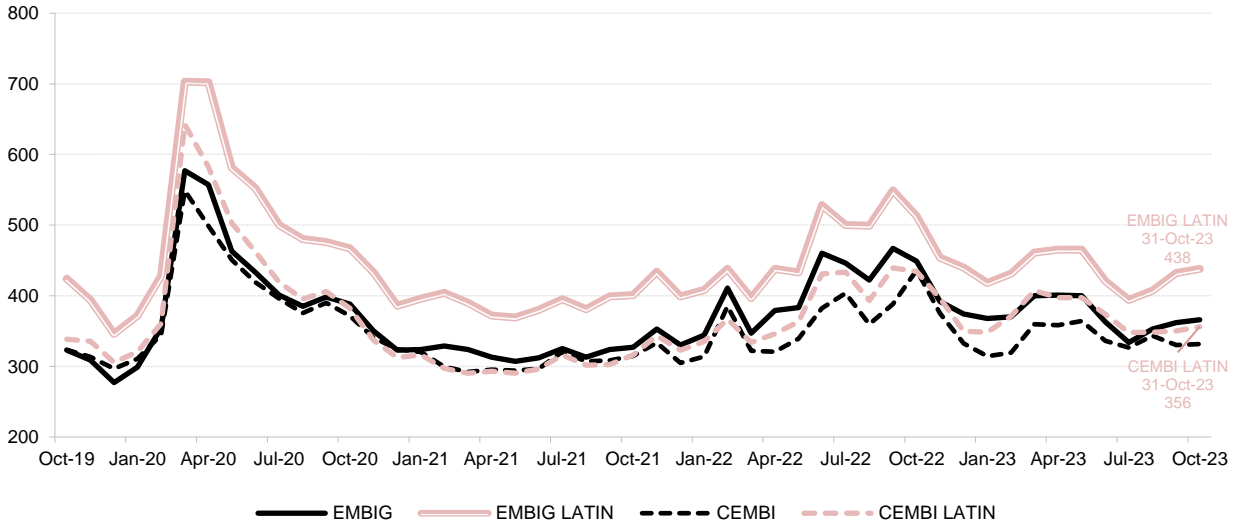
Note: due to the difference in magnitudes between Argentinian and Ecuadorian spreads and the spreads of the other countries in the region, the series are shown on a separate axis.

⁸ The sanctions were temporarily lifted in exchange for the promise of the release of political prisoners and free 2024 elections.

2. Corporate spreads

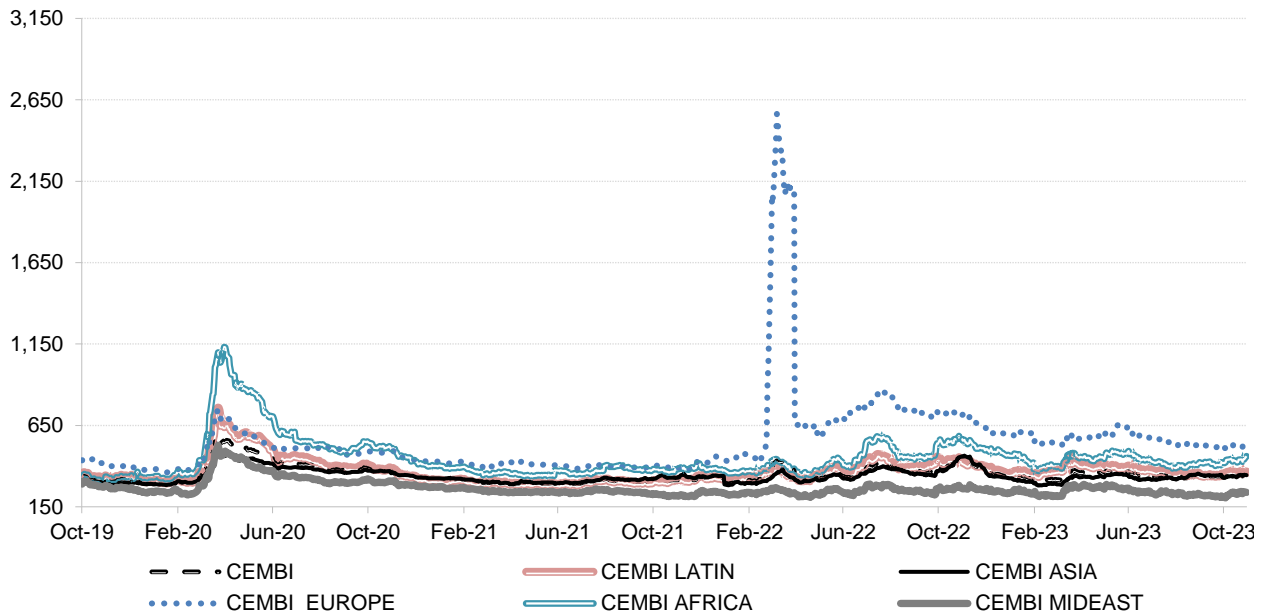
LAC corporate bond spreads widened 7 basis points in the first ten months of 2023 according to the JPMorgan Latin American Corporate Emerging Markets Bond Index (CEMBI). Despite this widening, the Latin CEMBI at the end of October 2023, (at 356 basis points) was 82 basis points lower than its sovereign counterpart, the Latin EMBIG (figure 24). LAC corporate bond spreads ranks third in terms of spread levels when compared with other emerging market regions (figures 25).

Figure 24
EMBIG spreads, corporate and sovereign, October 2019–October 2023
(Basis points)



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

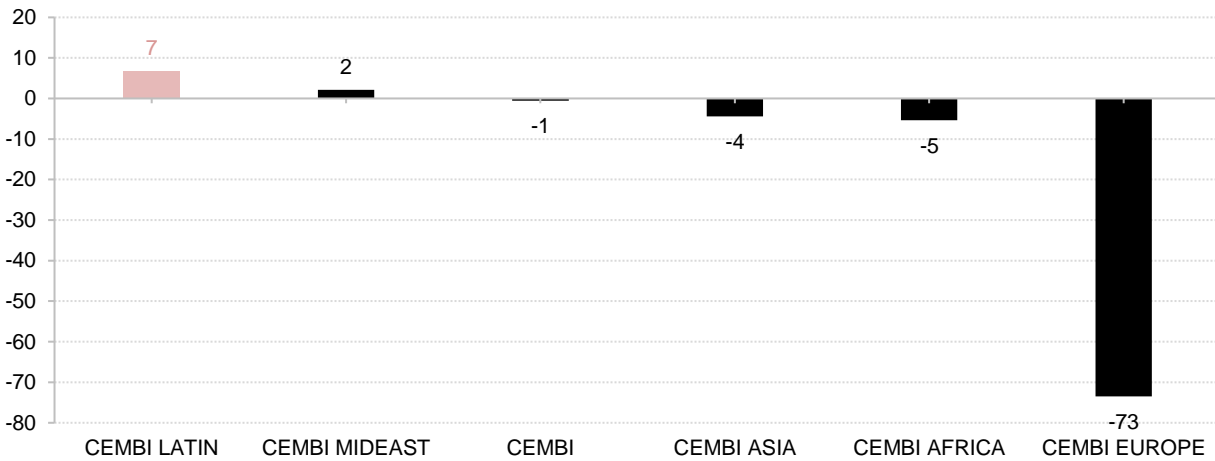
Figure 25
CEMBI spreads by region, October 2019–October 2023
(Basis points)



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

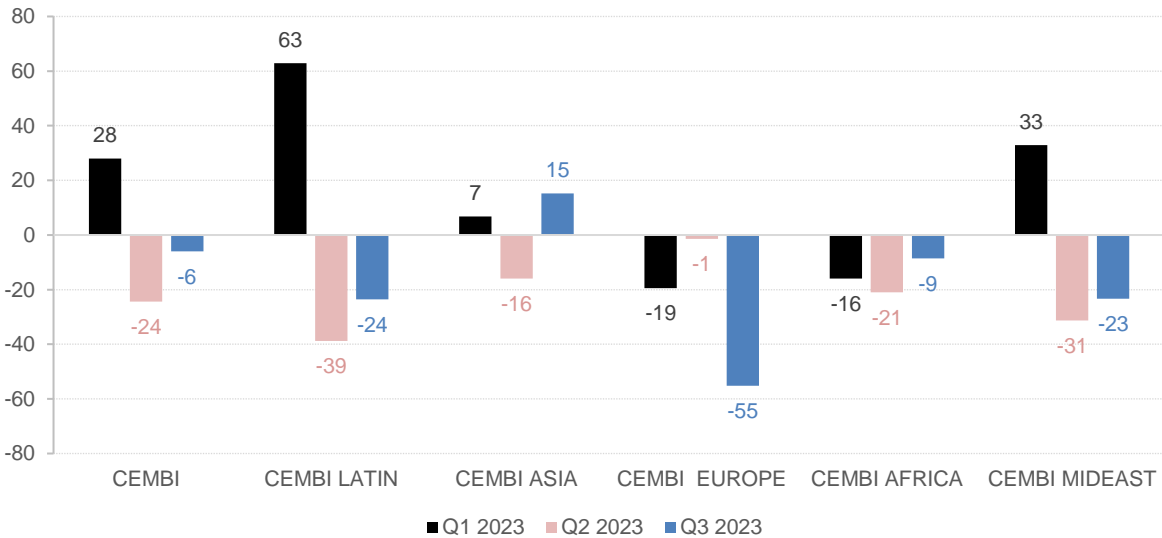
In the first ten months of 2023, Latin America was one of two emerging market regions to show an increase in corporate spreads (figure 26). The region lagged other regions in the period due to the significant underperformance in the first quarter (figure 27), when Brazilian Lojas Americanas’ surprise default in January started a cycle of rising corporate defaults in the region. The region’s corporate defaults rose to 5.4% in 2023 year-to-date from 3.7% in 2022, according to JPMorgan.⁹

Figure 26
CEMBI spread differentials by region, January–October 2023
(Basis points)



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

Figure 27
CEMBI quarterly spread differentials by region, Q1–Q3 2023
(Basis points)



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

⁹ See JPMorgan, “Latin America 2024 Corporate Outlook” Latin America Credit Research, 27 November 2023, p.12.

D. The Caribbean¹⁰: a closer look

There were six credit rating actions in the Caribbean in the first ten months of 2023. They were all positive, three of them upward revisions to the credit outlook and the other three upgrades, pointing to a trend of improving credit quality in the region, as it recovers from the COVID-19 pandemic shock.

Two of the outlook positive reviews took place in the first quarter. On 17 February 2023, Moody's revised Suriname's Caa3 rating's outlook to stable from negative, citing expectations that the losses as a result of the ongoing debt restructuring will be consistent with a Caa3 rating. On 7 March 2023, Fitch revised the outlook on Jamaica's B+ rating to positive from stable, citing significant progress with debt reduction despite the COVID-19 pandemic shock, its stability-oriented institutional framework and favorable financing conditions, reinforced by the new IMF facilities.

There was another outlook positive review on 17 October 2023, when Fitch revised the outlook on Barbados' B rating to positive from stable, citing the return to large primary surpluses after the pandemic-induced relaxation of fiscal targets, a declining public debt trajectory albeit at high levels, a strengthening economic recovery, and structural reform efforts.

The three upgrades took place in the second half of the year. The two countries to receive the upgrade were Barbados and Jamaica. On 3 August 2023, Moody's upgraded Barbados' ratings to B3 from Caa1 with a stable outlook, citing a declining debt burden, implementation of durable structural reforms and reduced government liquidity risk coupled with adequate foreign exchange buffer support.

On 13 September 2023, S&P upgraded Jamaica's rating to BB- from B+ with a stable outlook, saying the country has weathered the pandemic and related downturn, maintained its commitment to prudent public sector finances and debt reduction, while continuing to implement key reforms like the recent central bank modernization. The economy is expanding, supporting government finances and propelling the country's debt burden lower, the agency added. Jamaica was also upgraded by Moody's on 18 October 2023, to B1 from B2, while the outlook was revised to positive from stable, with Moody's citing the government's sustained commitment to fiscal consolidation and debt reduction, and its assessment that a continuation of the favorable fiscal trajectory will further increase Jamaica's credit resilience (table 5).

Table 5
Caribbean sovereign credit rating actions, 2023 YTD
(Number of actions; as of 15 November 2023)

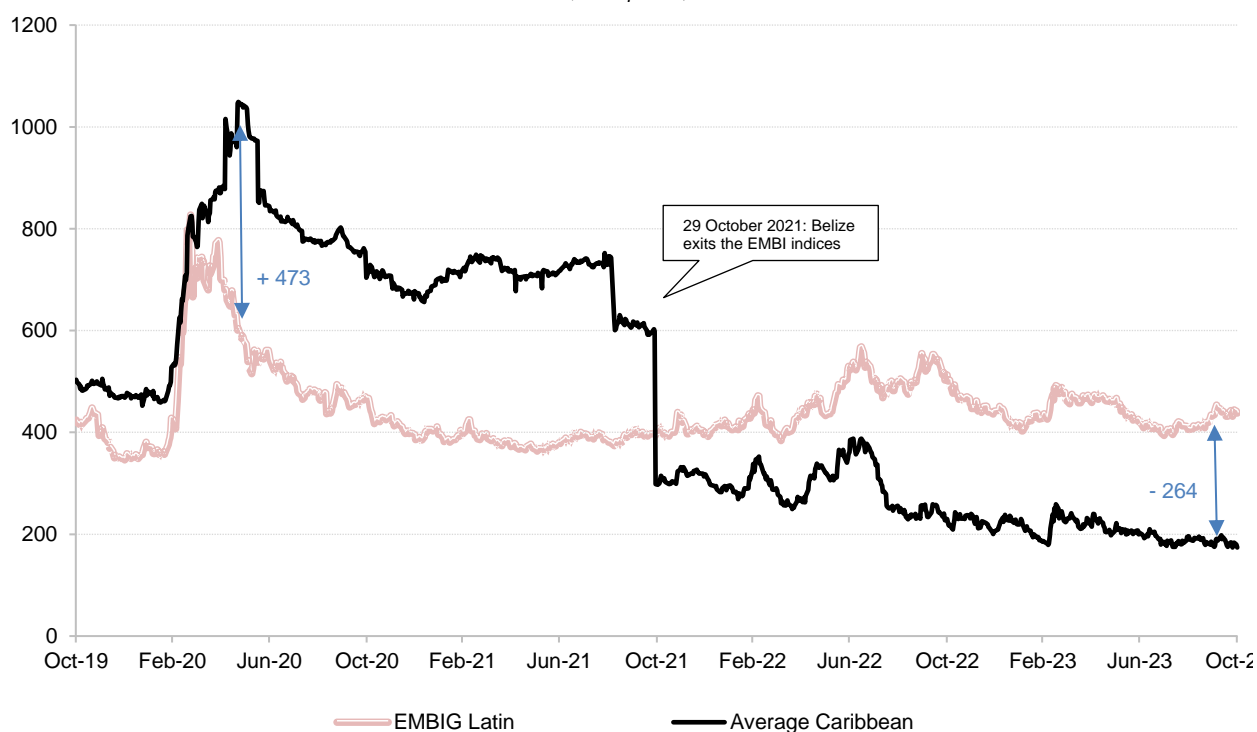
Date	Country	Action	
2023 YTD	6 positive and 0 negative actions		
Q1 2023	2 positive and 0 negative actions		
17-Feb-23	Suriname	Moody's revises Suriname's Caa3 rating's outlook to stable from negative	Positive
7-Mar-23	Jamaica	Fitch revises the outlook on Jamaica's B+ rating to positive from stable	Positive
Q2 2023	0 positive and 0 negative actions		
Q3 2023	2 positive and 0 negative actions		
3-Aug-23	Barbados	Moody's upgrades Barbados' ratings to B3 from Caa1 with a stable outlook	Positive
13-Sep-23	Jamaica	S&P upgrades Jamaica's rating to BB- from B+ with a stable outlook	Positive
Q4 2023	2 positive and 0 negative actions		
17-Oct-23	Barbados	Fitch revises the outlook on Barbados' B rating to positive from stable	Positive
18-Oct-23	Jamaica	Moody's upgrades Jamaica to B1 from B2 and revises the outlook to positive from stable	Positive

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. YTD: year-to-date, as of 15 November 2023.

¹⁰ 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.

Reflecting the improvement in credit quality, Caribbean debt spreads narrowed 31 basis points in the first ten months of the year.¹¹ At the end of October 2023, Caribbean spreads were 264 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 restructuring¹². Since then, the gap has reversed (figure 28).

Figure 28
EMBIG Spreads, Caribbean versus LAC, December 2018–December 2022
(Basis points)



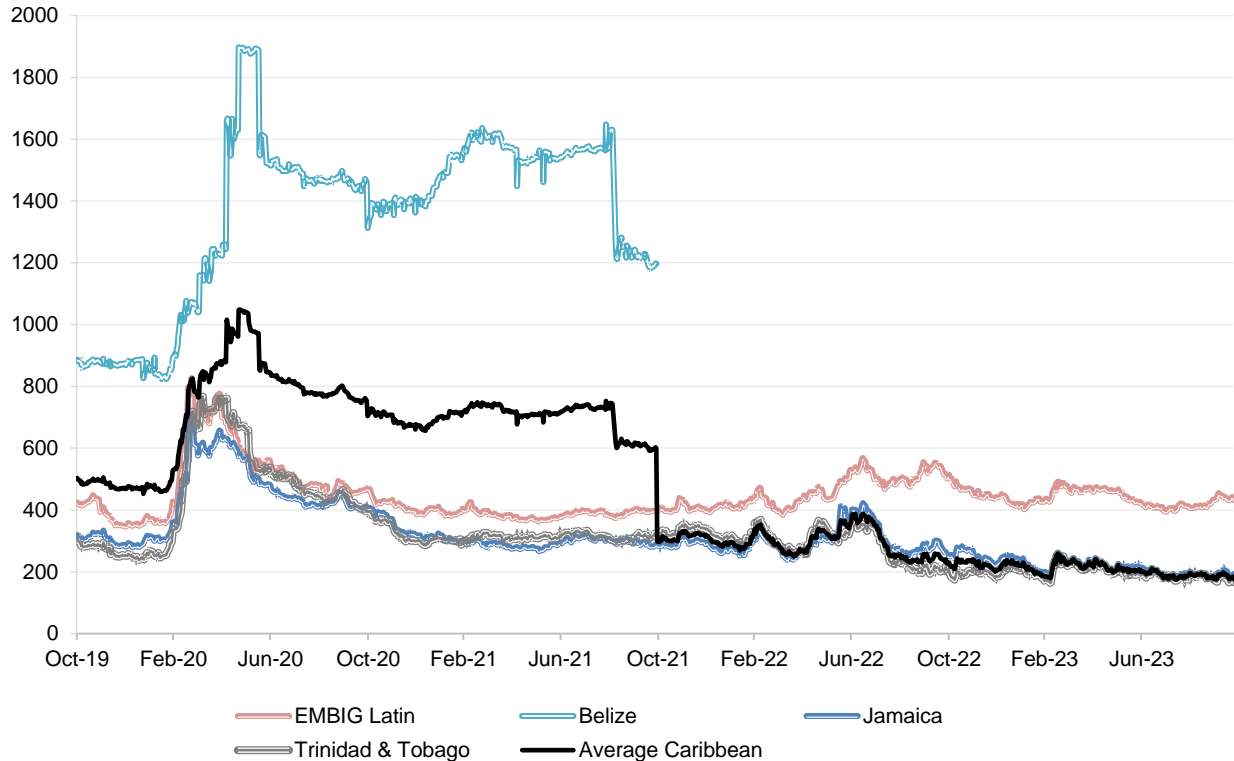
Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

Trinidad and Tobago’s spreads tightened 11 basis points to 172 basis points and Jamaica’s spreads tightened 50 basis points to 176 basis points (figure 29). Suriname’s spreads, which are not included in the chart since no daily data is available, tightened 931 basis points in the first ten months of the year, from 1,657 basis points at the end of December 2022 to 726 at end of October 2023, following a deal with creditors in May to restructure US\$ 675 million worth of the principal outstanding on two series of defaulted bonds. On 6 November, Suriname announced it would proceed with an exchange of the two series for new 10-year notes after holders accepted the terms of an offer announced in October.

¹¹ 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.

¹² 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.

Figure 29
Caribbean countries: EMBIG Spreads, October 2019–October 2023
(Basis points)



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

Finally, there were two international bond issuances from the Caribbean in 2023 year-to-date, totaling US\$ 862 million. The first was from Trinidad and Tobago, which ended a three-year absence from the international bond markets on 11 September 2023 with a sovereign US\$ 560 million 2031 bond with a 5.95% coupon, to fund the buyback of US\$ 550 million in 4.375% bonds maturing in January 2024. Trinidad and Tobago last issued bonds in the international bond market in June 2020, when it sold US\$ 500 million worth of 10-year notes after a four-year hiatus.

The second issuance was from Jamaica, which issued on 31 October 2023 a US\$ 302 million 2030 bond with a 9.625% coupon, denominated in Jamaican dollars (JMD 46,600 million). Proceeds are to fund a buyback operation, to be used for the payment for any notes accepted in the tender offer made pursuant to Jamaica’s Invitation for Offers to Tender for Cash for its 7.625% Notes due 2025, 9.250% Notes due 2025 and 6.750% Notes due 2028.

II. Portfolio equity flows

Equity prices and flows to the region showed resilience in 2023 year-to-date (as of 15 November), with the MSCI Latin American index outperforming the emerging markets index (figure 10 on p.13). On a quarterly basis, Latin America posted larger gains in the second quarter. Latin American equity gains this year have been led by Mexico and Brazil, the largest markets in the region and accounting for nearly 90% of the market capitalization of the MSCI Latin American index. Mexico and the Mexican peso have benefited from nearshoring, while Brazil has been helped by a stronger currency and policy rate cuts³³ as inflation continues to moderate (table 8).

Table 6
MSCI equity indices, January–October 2023
(Dollars, percentage)

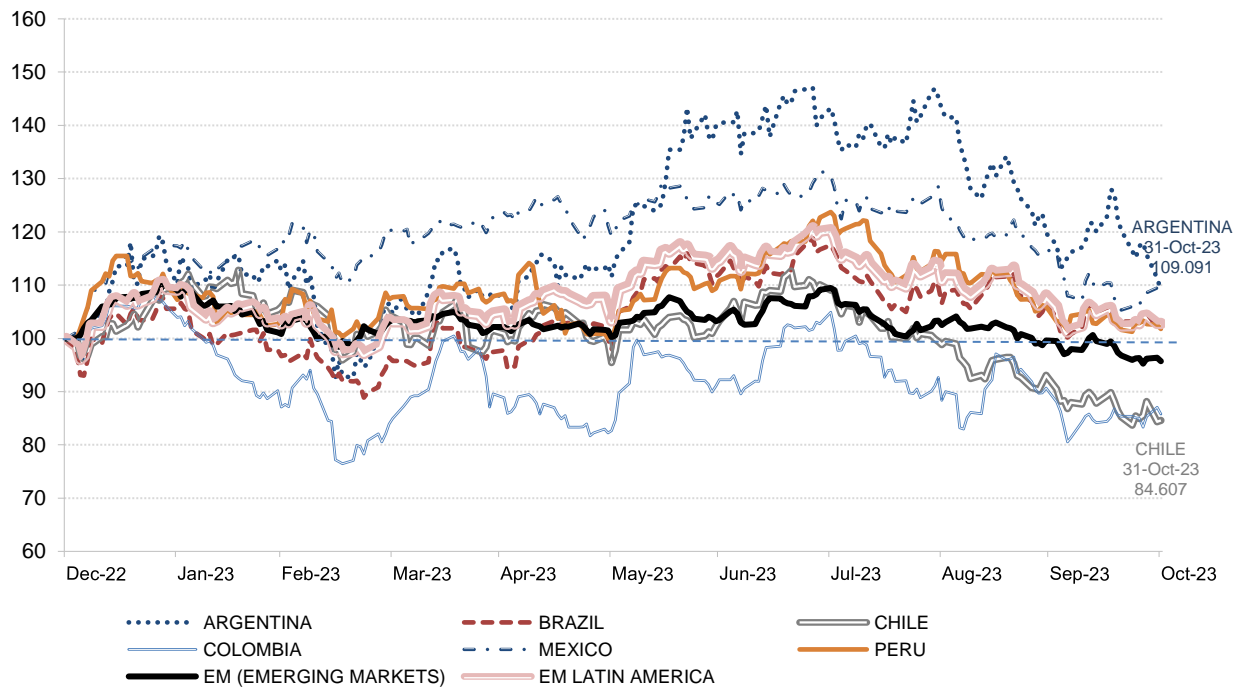
	Price Index in USD					Variation			
	30-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	31-Oct-23	Q1 2023	Q2 2023	Q2 2023	2023 YTD
<i>Emerging markets</i>	956.38	990.28	989.475	952.784	915.196	3.55%	-0.08%	-3.71%	-4.31%
<i>Latin America</i>	2,128.29	2,193.97	2,440.05	2,301.44	2,187.32	3.09%	11.22%	-5.68%	2.77%
<i>Argentina</i>	2,853.07	2,982.71	4,007.28	3,416.35	3,112.45	4.54%	34.35%	-14.75%	9.09%
<i>Brazil</i>	1,458.71	1,397.06	1,635.55	1,554.68	1,495.70	-4.23%	17.07%	-4.94%	2.54%
<i>Chile</i>	1,111.21	1,156.54	1,147.94	1,033.96	940.157	4.08%	-0.74%	-9.93%	-15.39%
<i>Colombia</i>	394.103	334.84	363.45	357.282	338.103	-15.04%	8.54%	-1.70%	-14.21%
<i>Mexico</i>	5,176.69	6,216.39	6,478.29	6,034.58	5,628.00	20.08%	4.21%	-6.85%	8.72%
<i>Peru</i>	1,256.78	1,353.95	1,393.21	1,332.06	1,279.42	7.73%	2.90%	-4.39%	1.80%

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

Argentina, Mexico, and Brazil recorded the largest cumulative gains in the first ten months of 2023—9.09%, 8.72% and 2.54%, respectively— followed by Peru (1.80%). Chilean and Colombian equity prices recorded the steepest cumulative losses, -15.39% and -14.21%, respectively (figure 30). While part of Argentina’s gains reflected its high inflation rate, Mexico’s and Brazil’s, as mentioned above, were driven by currency strength and favorable economic conditions.

³³ Brazil's central bank cut its benchmark interest rate by 50 basis points on 1 November 2023 for the third time in a row and once again signaled more of the same for its upcoming meetings, but also flagged an "adverse" external backdrop for emerging economies.

Figure 30
MSCI equity price index, January–October 2023
(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

Latin American and Caribbean (LAC) bond activity in international markets in the first ten months of 2023 rebounded from the 2022 lows, when both bond demand and supply collapsed due to a combination of higher global interest rates (and borrowing costs) with lower financing needs. Decelerating inflation and currency appreciation supported the recovery in bond activity in the first half of the year, but an increase in risk aversion has led to some currency depreciations in the region since then. More recently, the region's bond issuances have been supported by speculation that the United States Federal Reserve's interest rate increases may have peaked.

Reflecting this improvement in activity, the corporate share of the region's total international bond issuance, which had seen a decline to below 50% in 2022, increased to 53% in the first ten months of the year. With the exception of 2022, corporate issuers have been the main driver of the region's international debt issuances since 2009, with a share of over 50% since then, although the participation of the sovereign sector in the total tends to increase in moments of tight financial conditions and stress. Looking ahead, tight liquidity and funding conditions are expected to persist, while global uncertainty—including the macroeconomic outlook for advanced economies and China, as well as geopolitical events—pose risks to the region's bond activity in 2024.

Finally, like the broad debt market, the sustainable debt market also saw a rebound in bond activity this year. The issuance of green, social, sustainability and sustainability-linked (GSSS) bonds showed resilience, increasing its share of the region's total amount of international debt issuances to 35% year-to-date (as of mid-November 2023)—the highest share on record—from 32% in 2022. Progress in catalyzing climate finance in the 2023 United Nations Climate Change Conference (COP28) in Dubai (from 30 November to 12 December) could support global sustainable debt market activity and presents an upside risk for the region's sustainable debt market.

Annexes

Annex 1 New LAC bond issuances

Table 7 (Annex 1)
LAC international bond issuances in the first quarter of 2023

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-23					
Mexico	United Mexican States	USD 1250	1,250	5.400%	2028
Mexico	United Mexican States	USD 2750	2,750	6.350%	2035
Colombia	Ecopetrol SA	USD 2000	2,000	8.875%	2033
Costa Rica	Liberty Costa Rica Senior Secured Finance (Liberty Servicios Fijos)	USD 400	400	10.875%	2031 (SLB)
Supranational	CABEI Central American Bank for Economic Integration	USD 130	130	4.900%	2033 (soc)
Supranational	CABEI Central American Bank for Economic Integration	JPY 7000	53	1.265%	2033 (blue)
Supranational	CAF Development Bank of Latin America	COP 200000	42	6.770%	2028
Supranational	CAF Development Bank of Latin America	TRY 500	27	32.500%	2026
Supranational	CAF Development Bank of Latin America	USD 1500	1,500	4.750%	2026
Colombia	Republic of Colombia	USD 2200	2,200	7.500%	2034
Supranational	CAF Development Bank of Latin America	CHF 190	206	2.428%	2030
Panama	Multibank	USD 300	300	7.750%	2028
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 900	900	5.125%	2033
Supranational	CABEI Central American Bank for Economic Integration	USD 1250	1,250	5.000%	2026 (soc)
Dominican Republic	Dominican Republic	USD 700	700	7.050%	2031
Dominican Republic	Dominican Republic	DOP 62283	1,098	13.625%	2033
Mexico	Petroleos Mexicanos - PEMEX	USD 2000	2,000	10.000%	2033
			16,7806		
Feb-23					
Supranational	CAF Development Bank of Latin America	USD 50	50	Sofr +97	2026
Brazil	Braskem Netherlands Finance BV	USD 1000	1,000	7.250%	2033
Guatemala	IDC Overseas	USD 75	75	9.000%	2026
Chile	Banco de Crédito e Inversiones - BCI	CHF 135	147	2.893%	2028
Supranational	CAF Development Bank of Latin America	USD 30	30	Floating Rate	2028
Supranational	CAF Development Bank of Latin America	AUD 45	31	5.000%	2033
Mexico	FEMSA	EUR 500	544	2.625%	2026
Chile	Scotiabank Chile SA	JPY 5000	37	0.900%	2027
Supranational	CAF Development Bank of Latin America	NZD 50	31	5.550%	2028
Supranational	CAF Development Bank of Latin America	EUR 1000	1,057	4.500%	2028
			3,003		
Mar-23					
Brazil	Abra Global Finance	USD 335.5	336	6.000%	2028
Supranational	CAF Development Bank of Latin America	TRY 675	36	Fixed Rate	2027
Mexico	Cemex	USD 1000	1,000	9.125%	Perp (g)
Supranational	CAF Development Bank of Latin America	AUD 75	50	Fixed Rate	2033
Supranational	Fondo Financiero para el Desarrollo de la Cuenca del Plata-FONPLATA	JPY 3000	23	1.210%	2028 (sust)
Supranational	Fondo Financiero para el Desarrollo de la Cuenca del Plata-FONPLATA	JPY 4200	32	1.300%	2029 (sust)
Argentina	Raghsa SA	USD 57	57	8.350%	2030
Panama	Republic of Panama	USD 800	800	6.400%	2035 (r)
Panama	Republic of Panama	USD 1000	1,000	6.853%	2054
Supranational	CAF Development Bank of Latin America	USD 59	59	3-mth Sofr +115	2028 (g)
Costa Rica	Republic of Costa Rica	USD 1500	1,500	6.550%	2034
Supranational	CAF Development Bank of Latin America	COP 142120	31	11.500%	2031
			4,921		

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 2023

24,730

Table 8 (Annex 1)
LAC international bond issuances in the second quarter of 2023

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-23					
Brazil	República Federativa do Brasil	USD 2250	2,250	6.000%	2033
Brazil	Banco do Brasil SA	USD 750	750	6.250%	2030 (sust)
Chile	Banco Santander Chile	USD 30	30	5.837%	2024
Mexico	United Mexican States	USD 2941	2,941	6.338%	2053 (sust)
Guatemala	IDC Overseas	USD 25	25	9.000%	2026 (r)
Chile	Empresa Nacional del Petróleo (ENAP)	USD 500	500	6.150%	2033
Mexico	Grupo Idesa SA de CV	USD 188	188	6.500%	2028
			6,684		
May-23					
Chile	Scotiabank Chile SA	CHF 100	112	2.783%	2025
Ecuador	Republic of Ecuador	USD 656	656	5.645%	2041 (blue)
Chile	Solek Chile Holding II SpA	USD 178	178	6.640%	2043 (g)
Chile	Solek Chile Holding II SpA	USD 20	20	6.790%	2043 (g)
Chile	Solek Chile Holding II SpA	USD 55	55	6.840%	2043 (g)
Chile	Solek Chile Holding II SpA	USD 47	47	6.840%	2043 (g)
Supranational	CAF Development Bank of Latin America	AUD 45	31	5.300%	2033
Chile	Scotiabank Chile SA	USD 13	13	5.094%	2025
Chile	Republic of Chile	CLP 1751200	2,230	6.000%	2033 (soc)
Supranational	CAF Development Bank of Latin America	AUD 70	46	4.500%	2033
Peru	Republic of Peru	PEN 9185	2,494	7.300%	2033 (sust)
			5,882		
Jun-23					
Chile	Banco de Chile	MXP 700	40	1-mth Other +85	2027 (sust)
Supranational	CABEI Central American Bank for Economic Integration	MXP 3500	198	1-mth Other +25	2027 (soc)
Supranational	CABEI Central American Bank for Economic Integration	MXP 1500	85	9.410%	2033 (soc)
Guatemala	Republic of Guatemala	USD 1000	1,000	6.600%	2036
Supranational	CAF Development Bank of Latin America	AUD 115	76	5.794%	2038
Brazil	Vale Overseas Ltd	USD 1500	1,500	6.125%	2033
Brazil	Azul Investments LLP	USD 294	294	11.500%	2029
Brazil	Azul Investments LLP	USD 568	568	10.875%	2030
Chile	Banco de Chile	JPY 6300	45	0.750%	2025
Supranational	CAF Development Bank of Latin America	USD 36	36	Floating Rate	2028
Chile	Cooperativa del Personal de la Universidad de Chile Ltda.-Coopeuch	JPY 2500	18	NA	2024
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2033 (SLB)
Argentina	Loma Negra CIASA	USD 72	72	6.500%	2025
Brazil	Cosan SA	USD 550	550	7.500%	2030 (NC3)
Mexico	BBVA Mexico SA	USD 1000	1,000	8.450%	2038
Colombia	Union Vial Rio Pamplonita SAS	USD 112	112	8.210%	2041 (soc)
Colombia	Union Vial Rio Pamplonita SAS	COP 519182	125	7.600%	2041 (soc)
Colombia	Union Vial Rio Pamplonita SAS	COP 675000	163	7.600%	2041 (soc)
Brazil	Petrobras Global Finance BV	USD 1250	1,250	6.500%	2033
Mexico	América Móvil SAB de CV	MXP 17000	992	9.500%	2031 (SLB)
Chile	Republic of Chile	USD 1100	1,100	5.330%	2054 (SLB)
Chile	Republic of Chile	USD 1150	1,150	4.950%	2036 (SLB)
Chile	Republic of Chile	EUR 750	821	4.125%	2034 (SLB)
Paraguay	Republic of Paraguay	USD 500	500	5.850%	2033
Colombia	Ecopetrol SA	USD 1200	1,200	8.725%	2029
Colombia	Ecopetrol SA	USD 300	300	8.875%	2033 (r)
Chile	Scotiabank Chile SA	JPY 5000	35	0.750%	2025
Chile	Scotiabank Chile SA	JPY 5000	35	0.750%	2025 (g)
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	JPY 3000	21	1.100%	2027
			12,032		

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 2023 **26,315**
H1 2023 **51,045**

Table 9 (Annex 1)
LAC international bond issuances in the third quarter of 2023

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jul-23					
Argentina	Aeropuertos Argentina 2000 SA	USD 2.712	3	0.000%	2026
Argentina	Aeropuertos Argentina 2000 SA	USD 25	25	0.000%	2025
Uruguay	Oriental Republic of Uruguay	UYU 48006	1,261	9.750%	2033
Panama	CFG Investments Ltd	USD 107	107	8.560%	2034
Panama	CFG Investments Ltd	USD 24.5	25	10.050%	2034
Panama	CFG Investments Ltd	USD 17.2	17	13.050%	2034
Panama	CFG Investments Ltd	USD 4.85	5	16.800%	2034
Supranational	CAF Development Bank of Latin America	AUD 145	97	5.794%	2038
Brazil	Azul Secured Finance LLP	USD 800	800	11.930%	2028
Supranational	CAF Development Bank of Latin America	USD 100	100	3-mth Sofr +95	2026
Argentina	AES Argentina Generación	USD 122	122	9.500%	2027
Supranational	CABEI Central American Bank for Economic Integration	AUD 30	20	5.470%	2033 (blue)
Panama	Republic of Panama	USD 700	700	6.375%	2033
Chile	Guacolda Energia	USD 168	168	10.000%	2030
Chile	Republic of Chile	CLP 1750000	2,153	5.300%	2037 (SLB)
Argentina	Capex SA	USD 239	239	6.875%	2024
Brazil	Embraer	USD 750	750	7.000%	2030
			6,592		
Aug-23					
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	USD 8	8	3-mth Sofr +200	2028
Supranational	CAF Development Bank of Latin America	USD 40	40	3-mth Sofr +46	2024
Chile	Banco de Credito e Inversiones - BCI	USD 35	35	3-mth Sofr +135	2028
Panama	Promerica Financial Corp	USD 225	225	10.750%	2028
Chile	Chile Electricity Lux MPC SARL	USD 784	784	6.010%	2033
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	USD 8	8	3-mth Sofr +200	2028
			1,092		
Sep-23					
Chile	Embotelladora Andina SA	CHF 170	192	2.717%	2028
Brazil	JBS USA Lux SA	USD 1600	1,600	6.750%	2034
Brazil	JBS USA Lux SA	USD 900	900	7.250%	2053
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 1300	1,300	5.950%	2034
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 700	700	6.300%	2053
Brazil	Minerva Luxembourg SA	USD 900	900	8.875%	2033
Brazil	Braskem Netherlands Finance BV	USD 850	850	8.500%	2031
Trinidad and Tobago	Republic of Trinidad & Tobago	USD 560	560	5.950%	2031
Peru	Hunt Oil Co of Peru LLC Sucursal del Peru	USD 450	450	8.550%	2033
Dominican Republic	Dominican Republic	DOP 71000	1,250	11.250%	2035
Brazil	Minerva Luxembourg SA	USD 100	100	8.875%	2033
Peru	Sitios Del Peru SAC	PEN 872.08	236	9.125%	2033
Brazil	Aegea Saneamento e Participações	USD 500	500	9.000%	2031 (SLB)
Panama	Republic of Panama	USD 1000	1,000	6.875%	2036
Panama	Republic of Panama	USD 400	400	6.853%	2054 (r)
Guatemala	Republic of Guatemala	USD 565	565	7.050%	2032
Chile	Banco de Credito e Inversiones - BCI	USD 10	10	Sofr +135	2028
Supranational	CAF Development Bank of Latin America	JPY 5000	33	0.011%	2033
			11,546		

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 2023	19,231
2023 JAN-SEP	70,276

Table 10 (Annex 1)
LAC international bond issuances in the fourth quarter of 2023

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Oct-23					
Supranational	CAF Development Bank of Latin America	CHF 110	120	2.553%	2029 (g)
Supranational	CAF Development Bank of Latin America	AUD 125	79	5.794%	2038
Supranational	CAF Development Bank of Latin America	AUD 50	32	5.000%	2033
Chile	Republic of Chile	UF 24	927	3.400%	2039 (SLB)
Supranational	CAF Development Bank of Latin America	USD 1750	1,750	6.000%	2027
Chile	Republic of Chile	CLP 1750000	1,878	5.800%	2034 (SLB)
Mexico	Bimbo Bakeries Inc	USD 450	450	6.050%	2029
Mexico	Bimbo Bakeries Inc	USD 550	550	6.400%	2034
Jamaica	Republic of Jamaica	JMD 46600	302	9.625%	2030
			6,087		
Nov-23 (as of 15 November)					
Chile	Sociedad Quimica y Minera de Chile SA	USD 750	750	6.500%	2033 (g)
Uruguay	Oriental Republic of Uruguay	USD 700	700	5.750%	2034 (SLB)(r)
Colombia	Grupo Energia Bogota SA ESP	USD 400	400	7.850%	2033 (sust)
Costa Rica	Republic of Costa Rica	USD 1500	1,500	7.300%	2054
Colombia	Republic of Colombia	USD 1250	1,250	8.000%	2035 (soc)
Colombia	Republic of Colombia	USD 1250	1,250	8.750%	2053 (soc)
Brazil	Republic of Brazil	USD 2000	2,000	6.250%	2031 (sust)
			7,850		

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 2023-to-date	13,937
2023 JAN-OCT	76,363
2023 YTD	84,213

Annex 2 LAC credit ratings

Table 11 (Annex 2)
Credit ratings in Latin America and the Caribbean, 2023 (as of 15 November 2023)

	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-	(-)	CC	No O/L	Affirmed, O/L stable	27-Sep-22	Downgrade, O/L (-)	29-Mar-23	Upgrade, No outlook	13-Jun-23
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	21-Nov-22	Assigned	20-Oct-22
Belize	Caa2		B-		NR		Upgrade, O/L stable	16-Nov-22	Upgrade, O/L stable	9-Nov-21		
Bolivia	Caa1	-	B-	(-)	B-	(-)	Downgrade, on review for downgrade	24-Mar-23	Downgrade, O/L (-)	19-Apr-23	Downgrade, O/L (-)	14-Mar-23
Brazil	Ba2		BB-	(+)	BB-		Affirmed, O/L stable	9-Nov-22	O/L changed to (+) from stable	14-Jun-23	Affirmed, O/L stable	20-Dec-22
Chile	A2		A		A-		Downgrade, O/L stable	15-Sep-22	Downgrade, O/L stable	24-Mar-21	Affirmed, O/L stable	8-Dec-22
Colombia	Baa2		BB+		BB+		Affirmed, O/L stable	8-Jun-23	Affirmed, O/L stable	20-Jan-23	Affirmed, O/L stable	15-Dec-22
Costa Rica	B2		B+		BB-		Upgrade, O/L stable	23-Feb-23	O/L changed to stable from (-)	17-Mar-22	Upgrade, O/L stable	2-Mar-23
Cuba	Ca		NR		NR		Downgrade, O/L stable	18-Nov-21				
Dom. Rep.	Ba3		BB		BB-		Affirmed, O/L stable	26-Mar-21	Upgrade, O/L stable	19-Dec-22	Affirmed, O/L stable	6-Dec-22
Ecuador	Caa3		B-		B-	(-)	Affirmed, O/L stable	27-Feb-23	Affirmed, O/L stable	12-May-23	O/L changed to (-) from stable	23-May-23
El Salvador	Caa3		CCC+		RD	No O/L	O/L changed to stable from (-)	3-Feb-23	Upgrade from SD (a day after downgrade), O/L stable	10-May-23	Downgrade, No outlook	5-May-23
Guatemala	Ba1		BB		BB		O/L changed to stable from (-)	15-Jun-22	Upgrade, O/L stable	11-Apr-23	Upgrade, O/L stable	16-Feb-23
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	O/L changed to (+) from stable	7-Mar-23
Mexico	Baa2		BBB		BBB-		Downgrade, O/L stable	8-Jul-22	O/L changed to stable from (-)	6-Jul-22	Affirmed, O/L stable	16-Jun-23
Nicaragua	B3		B		B-	(+)	Affirmed, O/L stable	30-Mar-22	Upgrade, O/L stable	25-Oct-22	O/L changed to (+) from stable	5-Jun-23
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+		O/L changed to (+) from stable	22-Jul-22	Affirmed, O/L stable	18-May-22	Affirmed, O/L stable	22-Nov-22
Peru	Baa1	(-)	BBB	(-)	BBB	(-)	O/L changed to (-) from stable	31-Jan-23	O/L changed to (-) from stable	12-Dec-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		O/L changed to stable from (-)	17-Feb-23	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 stable from (-)	21-Jul-22		
Uruguay*	Baa2	(+)	BBB+		BBB		O/L changed to (+) from stable	17-May-23	Upgrade, O/L stable	26-Apr-23	Upgrade, O/L stable	7-Jun-23
Venezuela	C		NR		RD		Downgrade, O/L stable	9-Mar-18	Rating withdrawn	20-Sep-21	Affirmed and withdrawn	27-Jun-18

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for 2023 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 – 2023 YTD**

There were 23 positive and 14 negative actions in Latin America and the Caribbean from **1 January to 15 November 2023**.

Positive Actions: 24 (Bold)*January*

- Colombia (20 January): S&P affirms Colombia's BB+ long-term foreign currency rating with a stable outlook (no change).

February

- El Salvador (02 February): Fitch affirms El Salvador at CC (no change). Fitch does not assign Outlooks to sovereigns with a rating of CCC+ or below.
- **El Salvador (03 February): Moody's revises the outlook on El Salvador's Caa3 rating to stable from negative**, citing a decreased risk of a credit event in the near term, following the distressed exchange in 2022 and the recent repayment of the 2023 international bond.
- **Guatemala (16 February): Fitch upgrades Guatemala's rating to BB from BB- with a stable outlook**, citing very strong fiscal and economic recovery and further improved external metrics.
- **Suriname (17 February): Moody's revises Suriname's Caa3 rating's outlook to stable from negative**, as the agency expects that the losses as a result of the ongoing debt restructuring will be consistent with a Caa3 rating.
- **Costa Rica (23 February): S&P upgrades Costa Rica's rating to B+ from B with a stable outlook**, on solid fiscal results.
- Ecuador (27 February): Moody's affirms Ecuador's Caa3 rating with a stable outlook (no change).

March

- **Costa Rica (02 March): Fitch upgrades Costa Rica's rating to BB- from B with a stable outlook**, citing the sharp structural improvement of its fiscal position and easing of government constraints to finance its budget.
- **Jamaica (07 March): Fitch revises the outlook on Jamaica's B+ rating to positive from stable**, citing significant progress with debt reduction despite the pandemic shock, its stability-oriented institutional framework and favorable financing conditions, reinforced by the new IMF facilities.

April

- **Guatemala (11 April): S&P upgrades Guatemala's rating to BB from BB- with a stable outlook** on economic resilience, citing cautious fiscal and monetary policies that have stabilized the economy.
- **Uruguay (26 April): S&P upgrades Uruguay's ratings to BBB+ from BBB with a stable outlook** on stronger fiscal policy.

May

- **El Salvador (05 May): Fitch upgrades El Salvador's rating to CCC+ from RD** on completion of debt exchange, right after downgrade. Fitch does not assign Outlooks to sovereigns with a rating of CCC+ or below.
- **El Salvador (10 May): S&P upgrades El Salvador's rating to CCC+ from SD with a stable outlook** on cured distressed debt exchange, one day after downgrade.
- Ecuador (12 May): S&P affirms Ecuador's rating at B- with a stable outlook on debt-for-nature transaction (no change).
- **Uruguay (17 May): Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable**, saying strong institutions and governance delivered effective policy response to shocks, strengthening policy frameworks and providing track record of successful fiscal policy implementation.

June

- **Nicaragua (05 June): Fitch revises the outlook on Nicaragua's B- rating to positive from stable**, citing prudent policy mix that has strengthened fiscal and external buffers.
- **Uruguay (07 June): Fitch upgrades Uruguay's rating to BBB from BBB- with a stable outlook**, citing resilient fiscal performance in absorbing the COVID-19 pandemic shock coupled with its record of compliance with its modified fiscal framework, which has enhanced fiscal credibility.
- Colombia (08 June): Moody's affirms Colombia's ratings at Baa2 with a stable outlook (no change).
- **Argentina (13 June): Fitch upgrades Argentina's rating to CC from C**, saying the agency no longer deems a default-like process to have begun, as the authorities have not signaled a clear intention to follow through with an intra-public debt swap announced in March. Fitch typically does not assign Outlooks to sovereigns with a rating of CCC+ or below.

- **Brazil (14 June): S&P revises the outlook on Brazil's BB- rating to positive from stable** on expectations for policy pragmatism. The positive outlook is based on the prospect that continued steps to tackle economic and fiscal rigidities could reduce risks to monetary flexibility and net external position.
- Mexico (16 June): Fitch affirms Mexico's rating at BBB- with a stable outlook (no change).
- Colombia (30 June): Fitch affirms Colombia's rating at BB+ with a stable outlook (no change).

July

- Chile (19 July): Fitch affirms Chile's rating at A- with a stable outlook (no change).
- **Brazil (26 July): Fitch upgrades Brazil's rating to BB from BB- with a stable outlook**, citing better-than-expected macroeconomic and fiscal performance amid successive shocks in recent years, proactive policies and reforms that have supported this performance.

August

- **Barbados (3 August): Moody's upgrades Barbados' ratings to B3 from Caa1 with a stable outlook**, citing a declining debt burden, implementation of durable structural reforms and reduced government liquidity risk coupled with adequate foreign exchange buffer support.
- **Dominican Republic (10 August): Moody's revises outlook on Dominican Republic's Ba3 rating to positive from stable**, citing sustained high growth rates and a decline in the government debt burden coupled with improved fiscal policy effectiveness.
- **Panama (11 August): S&P revises the outlook on Panama's BBB rating to stable from negative**, citing its expectation that stable economic management will persist over the next two years, underpinning favorable economic growth that will contain the government's debt burden and support fiscal consolidation efforts.

September

- **Jamaica (13 September): S&P upgrades Jamaica's rating to BB- from B+ with a stable outlook**, saying the country has weathered the pandemic and related downturn, maintained its commitment to prudent public sector finances and debt reduction, while continuing to implement key reforms like the recent central bank modernization. The economy is expanding, supporting government finances and propelling the country's debt burden lower.
- **Honduras (29 September): S&P revises the outlook on Honduras' BB- rating to stable from negative**, citing expectation of moderate GDP growth, continued good access to official funding, and a fiscal policy that contributes to a stable net general government debt burden over the next two years.

October

- Honduras (3 October): Moody's affirms Honduras' B1 rating with a stable outlook (no change).
- **Barbados (17 October): Fitch revises the outlook on Barbados' B rating to positive from stable**, citing the return to large primary surpluses after the pandemic-induces relaxation of fiscal targets, a declining public debt trajectory albeit at high levels, a strengthening economic recovery, and structural reform efforts.
- **Jamaica (18 October): Moody's upgrades Jamaica's ratings to B1 from B2 and revises the outlook to positive from stable**, citing the government's sustained commitment to fiscal consolidation and debt reduction, and its assessment that a continuation of the favorable fiscal trajectory will further increase Jamaica's credit resilience.

November

- Paraguay (1 November): Fitch affirms Paraguay's BB+ rating with a stable outlook (no change).
- **Costa Rica (3 November): Moody's upgrades Costa Rica's rating to B1 from B2 and revises the outlook to positive from stable**, citing a strengthened credit profile as a result to structural fiscal consolidation and the increasing likelihood that favorable credit trends will persist and enhance the country's fiscal strength.

Negative Actions: 14 (Bold)

January

- **Peru (31 January): Moody's revises the outlook on Peru's Baa1 rating to negative from stable**, citing increasing social and political risks that could threaten institutional cohesion and governability.

February

March

- **Bolivia (14 March): Fitch downgrades Bolivia's rating to B- from B with a negative outlook**, citing the depletion of its external liquidity buffers, which, in light of a de facto currency peg, has greatly heightened near-term uncertainty and risks to macroeconomic stability.
- **Bolivia (24 March): Moody's downgrades Bolivia's ratings to Caa1 from B2 and places them on review for downgrade**, saying that a range of factors related to weak governance have contributed to dwindling availability of hard currency and raised external liquidity.
- **Argentina (24 March): Fitch downgrades Argentina's rating to C from CCC**, reflecting the agency's view that a default is imminent following an executive decree that forces public-sector entities into operations involving their holdings of sovereign debt securities, which would involve unilateral exchanges and forced currency conversion that constitute default events under Fitch's criteria.
- **Argentina (29 March): S&P downgrades Argentina's rating to CCC- from CCC+ with a negative outlook**, on heightened risks and vulnerability surrounding repayment of foreign currency commercial debt.

April

- **Bolivia (19 April): S&P downgrades Bolivia's rating to B- from B with a negative outlook** on worsening external liquidity.
- Peru (28 April): Fitch affirms Peru's rating at BBB with a negative outlook (no change).

May

- **El Salvador (05 May): Fitch downgrades El Salvador's rating to RD from CC** following the execution of an exchange of domestic pension-related debt, which the agency considered a default event according to its criteria.
- **El Salvador (09 May): S&P downgrades El Salvador's rating to SD from CCC+** citing its April 28 pension debt exchange, which the agency considered to be a distressed transaction.
- **Ecuador (23 May): Fitch revises the outlook on Ecuador's B- rating to negative from stable**, citing downside elevated credit risks amid prolonged political uncertainty.

June

- Argentina (13 June): S&P affirms Argentina's CCC- rating with a negative outlook (no change).
- **Bolivia (30 June): Moody's revises the outlook on Bolivia's Caa1 rating to negative from ratings under review**, concluding the review for downgrade that was initiated on 24 March 2023.

*July**August*

- **Ecuador (16 August): Fitch downgrades Ecuador's rating to CCC+ from B-**, citing heightened financing risks emanating from a significant fiscal deterioration. Fitch typically does not assign Outlooks to sovereigns with a rating of CCC+ or below.

September

- **Panama (29 September): Fitch revises the outlook on Panama's BBB- rating to negative from stable**, citing persistent fiscal pressures and uncertain prospects for consolidation.

October

- Peru (25 October): Fitch affirms Peru's BBB rating with a negative outlook (no change).
- **Panama (31 October): Moody's downgrades Panama's rating to Baa3 from Baa2 with a stable outlook**, citing lack of an effective policy response to structural fiscal challenges.

November

- **Panama (7 November): S&P revises the outlook on Panama's BBB rating to negative from stable**, saying public protests against a contract with Minera Panama, a large copper mining project, have created uncertainty about the fate of the project and led to the passage of a moratorium on new mining concessions, what could pose risks to the country's still favorable medium-term GDP growth prospects, potentially weakening its economic resilience.

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

Annex 3 Latin American bond spreads

Table 12 (Annex 3)
EMBI Global index and Latin American composites, October 2019—October 2023

(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
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
30-Nov-22	392	2248	249	157	404	1333	392	193	106	34698	454	673	233
30-Dec-22	374	2196	258	140	369	1250	386	194	91	44840	440	563	200
31-Jan-23	368	1822	257	146	376	1216	357	206	111	36587	418	337	684
28-Feb-23	370	1960	244	145	393	1765	368	191	103	33951	431	332	742
31-Mar-23	400	2302	254	153	382	1917	393	209	119	34229	461	362	1561
28-Apr-23	401	2684	258	143	422	1757	396	193	105	34739	465	362	1425
31-May-23	400	2595	248	145	406	1911	406	200	111	37552	465	360	1295
30-Jun-23	363	2037	230	132	366	1902	373	172	99	42753	421	328	1100
31-Jul-23	334	1982	197	119	313	1934	354	163	89	38800	394	908	202
31-Aug-23	353	2097	211	131	321	1850	365	164	88	34220	407	1194	212
29-Sep-23	362	2539	206	135	335	1789	378	174	98	38912	432	1463	212
31-Oct-23	366	2576	200	147	323	1755	379	176	86	15867	438	1599	217

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

EMBI Global composition by country (end-October 2023): Mexico, Brazil and Chile account for 16.84% of the total weighting.

EMBI Global composition by region: Latin: 32.24%; Non-Latin: 67.76%.

Latin American and Caribbean bond issuance in international markets totalled US\$ 76.4 billion in the first 10 months of 2023, rebounding from the low volumes recorded in 2022. This figure represented a 30% increase compared to the same period in 2022 and was 20% higher than the annual volume. Issuers that have been waiting for lower borrowing costs are gradually returning to the international market, as they anticipate the end to global interest rate hikes while accepting that rates may remain higher for longer.

The region issued US\$ 23.2 billion in international green, social, sustainability and sustainability-linked (GSSS) bonds in the first 10 months of 2023, up 15% from the same period in 2022. Including the first half of November, the region's total international GSSS bond issuance was US\$ 29.6 billion. This represented a 45% increase over the 2022 annual GSSS volume and accounted for a record 35% of the region's total bond issuance in international markets in the period, highlighting the enduring resilience of these novel instruments in the current international climate.

Capital flows to Latin America and the Caribbean: first 10 months of 2023 presents and analyses the main trends and developments in capital flows to Latin America and the Caribbean in the first 10 months of the year. This report is published by ECLAC three times a year and provides an overview of the region's new international bond issuances, bond spreads and credit ratings.