ECONOMIC COMMISSION
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ECLAC Office in Washington, D.C.

Capital flows to Latin America and the Caribbean

First four months of 2024

United Nations
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75 years
Working for a productive, inclusive and sustainable future

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The report has been prepared on the basis of market views and developments. All data and information are from market sources, unless otherwise noted. Unless otherwise indicated, the cut-off date for the information used to prepare this report is 30 April 2024.

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Highlights

- In the first four months of 2024, Latin America and Caribbean (LAC) issuers placed US$ 53 billion of bonds in international markets. Rebounding from the same period last year, this total was 61.5% higher than in January-April 2023 and represented a 60% share of the 2023 annual volume.
- The average coupon in the first four months of 2024 remained high, only 0.3 percentage points lower than in the same period in 2023. Global financial conditions are still tight, as growth and inflationary pressures remain resilient, particularly in the United States, increasing the perception that global interest rates will remain higher for longer and reinforcing pressures on LAC central banks to cut rates more cautiously.
- The market remained open to high-yield issuers from the region, but most of the region's issuances in the first four months of 2024 (69%) came from the investment grade sector.
- Corporate bond issuances (including private bank and non-bank, state-owned enterprises and supranational entities) represented 58% of the total from January to April 2024. Sovereign issuances represented 42%, following two consecutive years in which sovereign issuances surpassed the 50% mark.
- The region's top three issuers in international markets, corporate and sovereign combined, were Mexico, Brazil and Chile, in that order. Together they accounted for 65% of the total regional issuance in the first four months of 2024. Mexico was the top issuer, with a share of 28%, followed by Brazil (23%) and Chile (14%).
- Mexico and Brazil were also the region's top two sovereign issuers. Together they accounted for 63% of all sovereign international debt issuances from the region, with Mexico issuing 43% and Brazil 20% of the total.
- The region's issuance of international green, social, sustainability and sustainability-linked (GSSS) bonds totalled US$ 13 billion in the first four months of 2024, up 90% from the same period in 2023.
- GSSS bond issuances represented a 24% share of the region's total international bond issuance, up from 20% in the same period in 2023, but down from the record 35% annual share in 2023.

- Breaking a four-year trend, the corporate sector accounted for 59% of the region's international GSSS total in the first four months of 2024, while the public sector represented 41%. The region's international sovereign GSSS bond issuances surpassed the 50% mark for four consecutive years, increasing from 37% in 2019 to 74% in 2023.

- Green bonds were the region's most used sustainable debt instrument in the first four months of 2024, representing 48% of the region's GSSS total. Sustainability bonds ranked second with a share of 24.5%, followed by social bonds with a share of 24%.

- Credit quality momentum was a net positive over the first four months of 2024. Overall, 12 credit rating actions took place from January to April 2024, with a balance of 2 more positive credit rating actions than negative.

- LAC bond spreads tightened 41 basis points in the first quarter of 2024. Spreads widened in April, however, after higher-than-expected U.S. inflation in March was followed by a jump in U.S. Treasury yields. As measured by the JPMorgan Emerging Markets Bond Index Global (EMBIG), LAC bond spreads stood at 381 basis points at the end of April 2024, a tightening of only 2 basis points for the first four months of the year.

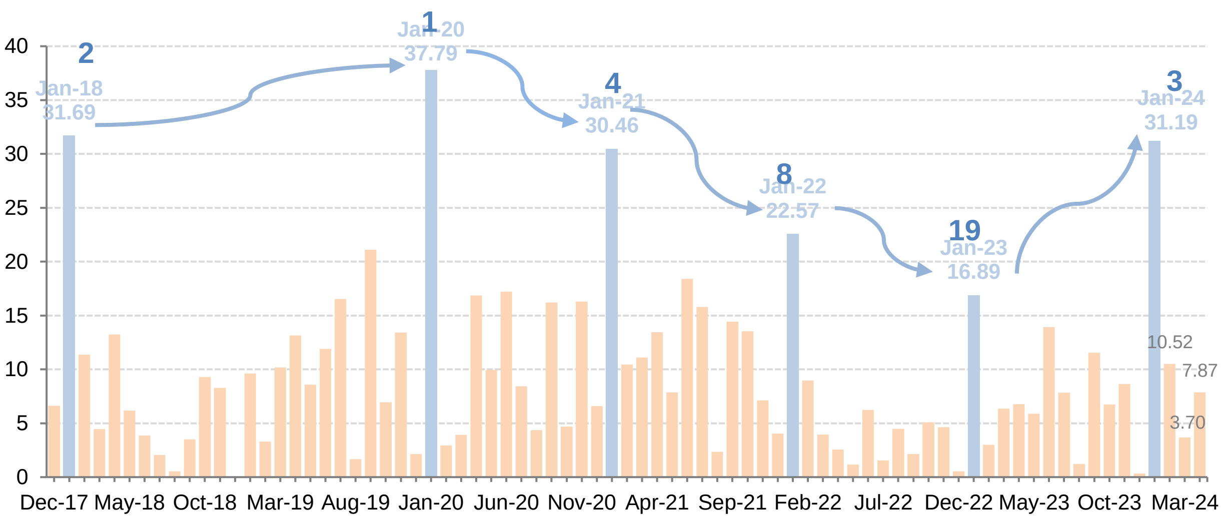
- After a robust performance in 2023, Latin American equities in U.S. dollar terms have weakened since the beginning of 2024, as a delay in expectations about the timing of the U.S interest rate cuts negatively impacted interest rate sensitive markets such as Brazil. The MSCI Latin American index lost 9% in the first four months of 2024, underperforming the emerging market and G7 indices, which gained 2% and 5%, respectively.

- Renewed uncertainty about the U.S. interest rates' near-term outlook and the region's weaker-than-expected economic growth represent challenges for LAC debt issuers. Against this background, new international debt issuances from the region may depend on financing needs and windows of opportunity.

Overview

Latin American and Caribbean (LAC) issuers placed US$ 53.28 billion of bonds in international markets in the first four months of 2024. This total was 61.5% higher than in the same period in 2023. The average coupon rate remained high at 6.77%, only 0.27 percentage points lower than in January-April 2023, indicating that financing costs continue to be high. The market remained open to high-yield issuers, but most of the region's issuances (69%) came from the investment grade sector.

Figure 1
Monthly LAC international bond issuance, December 2017–April 2024
(Billions of dollars)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg. The blue numbers in the chart show the January issuances' ranking relative to all LAC monthly bond issuances from July 1999 to April 2024.

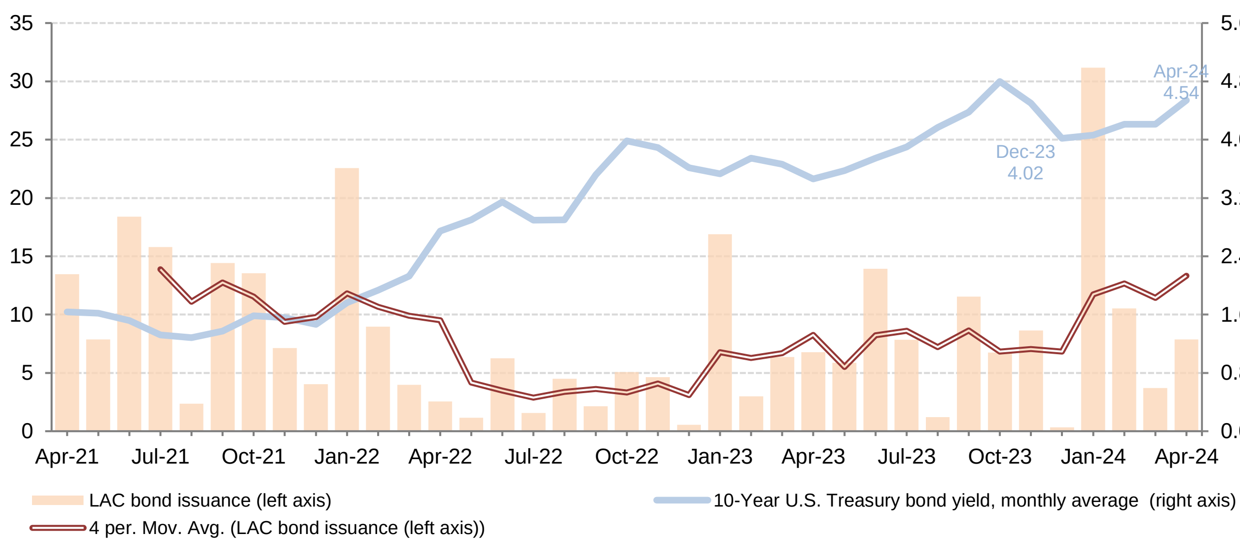
LAC international bond issuances were off to a strong start in 2024. In January, seeking to lock in the decline in U.S. Treasury yields that started towards the end of 2023, LAC governments and companies placed the region's third highest ever monthly amount of debt in international markets (US$ 31.2 billion), behind only the US$ 37.8 billion placed in January 2020 and the US$ 31.7 billion placed in January 2018, when financing costs were remarkably lower (figure 1). Although LAC issuances remained relatively robust in February, they slowed in March, but January strength was enough to guarantee a spot for the first quarter of 2024 in the region's top five quarterly issuance totals.[1]

Global financial conditions remain challenging for the region's bond issuers as growth and inflationary pressures remain resilient, particularly in the United States, increasing the perception that global interest rates will remain higher for longer. The United States Federal Reserve has kept its benchmark interest rate unchanged at a range of 5.25%-5.50% since July 2023, the highest level since 2001. In addition, U.S. 10-year Treasury yields' monthly average climbed from 4.02% in December 2023 to 4.54% in April 2024. The 10-year Treasury yield serves as a vital economic benchmark and when it moves higher, there is an adverse impact on borrowing costs and international bond issuances from the region (figure 2).

Figure 2

Monthly LAC international bond issuance and 10-year U.S. Treasury yield, April 2021–April 2024

(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.

Corporate bond issuances (including private banks and non-banks, state-owned enterprises and supranational entities) represented 58% of the total from January to April 2024. Sovereign issuances represented 42%, following two consecutive years in which sovereign issuances surpassed the 50% mark. The recovery in corporate sector participation suggests a slow but steady trend towards the normalization of financial conditions and the anticipation that global interest rates have peaked, even if they are expected to remain higher for longer.

Private bank and non-bank debt issuances showed the largest increase relative to the same period in 2023 (table 1, figure 3). Bond issuances from the private corporate sector, which had been an important driver of the region's international debt issuances since 2009, had suffered a decline in 2022 and in the first half of 2023, but have since started to recover.

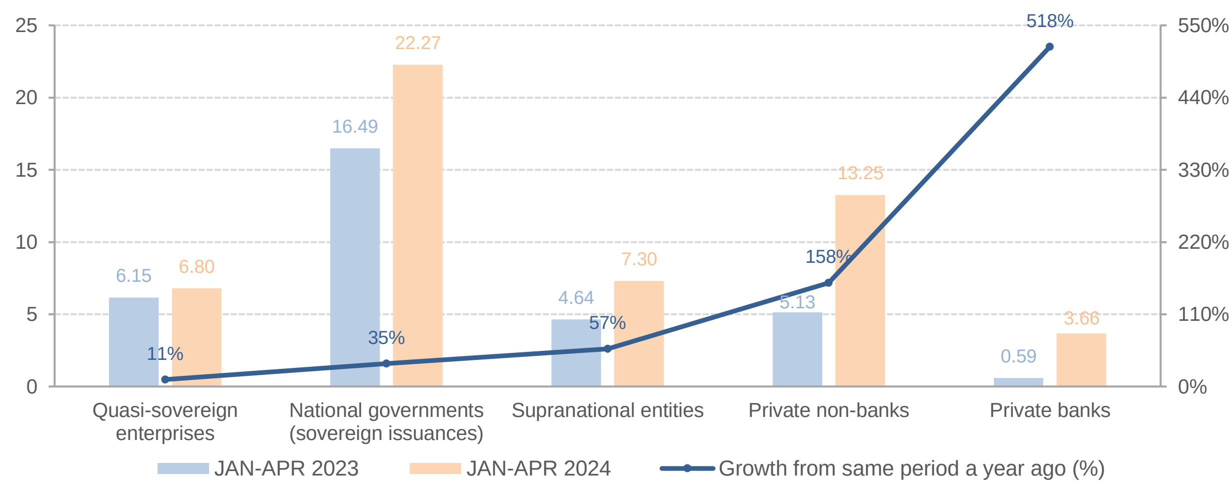
[1] The region's top five quarterly issuances are: Q1 2021 (US$ 52.03 billion), Q1 2018 (US$ 47.51 billion), Q2 2016 (US$ 45.68 billion), Q1 2017 (US$ 45.42billion), and Q1 2024 (US$ 45.41 billion).

Table 1
LAC debt issuances in international markets by sector, January–April 2024
(Billions of dollars, percentages and number of deals)

	Private banks	Private non-banks	Quasi-sovereign enterprises	National governments (sovereign issuances)	Supranational entities	Total
Total JAN-APR 2024 (millions of dollars)	3.66	13.25	6.80	22.27	7.30	53.28
Growth from JAN-APR 2023 (%)	518%	158%	11%	35%	57%	61%
Growth from annual 2023 total (%)	93%	-41%	-38%	-52%	-5%	-40%
Share of Total (%)	7%	25%	13%	42%	14%	100%
Number of deals	12	22	10	15	12	71
Change from JAN-APR 2023 (# of deals)	7	11	5	5	-6	22

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

Figure 3
LAC debt issuances in international markets by type of issuer, January to April 2023–January to April 2024
(Billions of dollars and percentages)



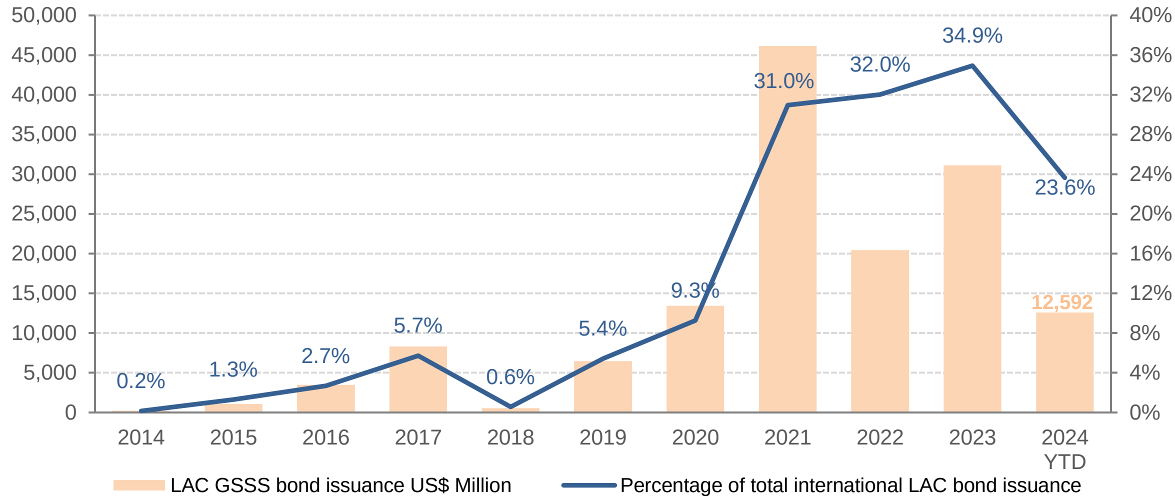
Source: ECLAC Washington Office based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.

The top three issuers in the first four months of 2024, corporate and sovereign combined, were Mexico, Brazil and Chile, in that order, which together accounted for 65% of the total regional issuance in the first four months of 2024. Mexico was the top issuer, with a share of 28%, followed by Brazil (23%) and Chile (14%). Mexico and Brazil were also the region's top two sovereign issuers. Together they accounted for 63% of all sovereign LAC debt issuances, with Mexico issuing 43% and Brazil 20% of the total. In early January, Mexico placed a three-part sovereign bond deal totaling US$ 7.5 billion, its largest ever cross-border issuance. Also in January, Brazil placed a two-part bond deal totaling US$ 4.5 billion, its largest sovereign issuance of the past four years according to market sources.

The region issued US$ 13 billion in international green, social, sustainability and sustainability-linked (GSSS) bonds in the first four months of the year, up 90% from the same period in 2023. This total represented a 24% share of the region's total international bond issuance, up from 20% in the same period in 2023, but down from the record 35% annual share in 2023 (figure 4).

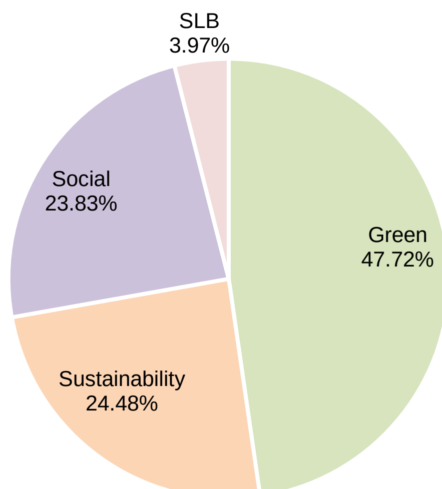
Green bonds were LAC issuers' most used sustainable debt instruments in the first four months of 2024 (figure 5). They accounted for 48% (US$ 6 billion) of the region's total international GSSS bond issuance, with all issuances coming from the private corporate sector, including two issuances of over US$ 1 billion from Mexico's America Movil and Brazil's Raízen.

Figure 4
LAC international GSSS bond issuance, 2014–2024 YTD
(Left axis, Millions of dollars; Right axis, percentage)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg. The region's first international green bond was issued in December 2014. Note: Year-to-date (YTD) = January to April 2024.

Figure 5
LAC international GSSS bond issuance by types of instruments, January–April 2024
(Percentage)



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

Sustainability bonds were the second most used instrument with a 24.5% share (US$ 3.1 billion). The Government of Mexico accounted for 71% of the total with the issuance of a EUR 2 billion sustainability bond in January. Social bonds were the third most used GSSS instrument with a share of 24% (US$ 3 billion). The Government of Chile represented 57% of the total with the issuance of a 2029 social bond of US$ 1.7 billion in January. The Government of Colombia accounted for the other 43% with the April reopening of two social bonds maturing in 2035 and 2053 (previously issued in November 2023), to add US$ 650 million to each.

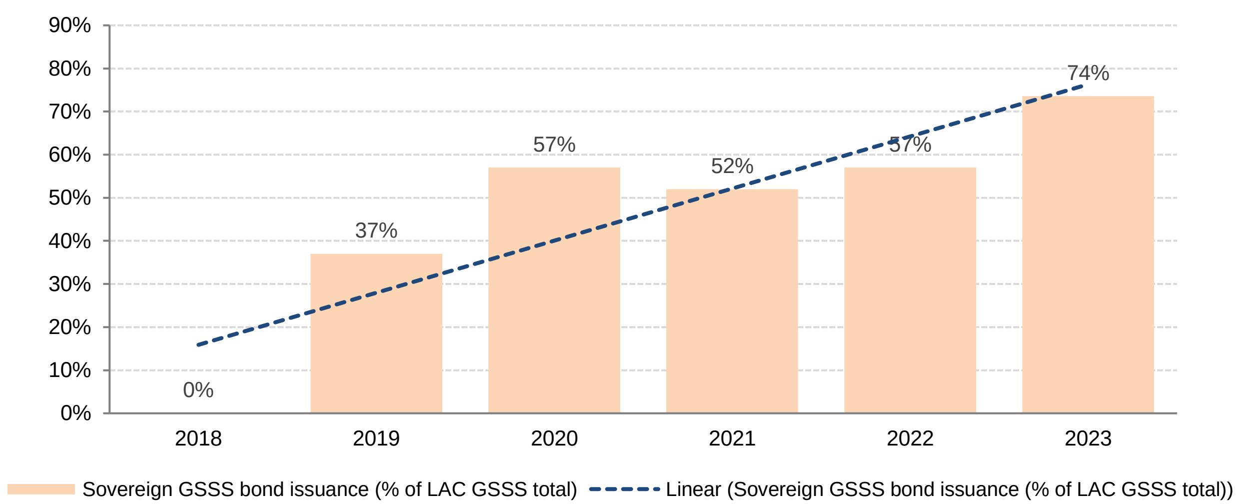
The distribution of the region's international GSSS bond issuances by type of instruments since the Covid-19 pandemic suggests a departure from global trends, which show green bonds with a share of about 60%, while sustainability-linked bonds (SLBs) represent about 6% of the total.[2] In the four-year period from 2020 to 2023, the region's preferred instruments were SLBs with a 32% share, followed by sustainability (26%) and social bonds (25%). Green bonds represented 15% of the four-year total.

The distribution in the first four months of 2024 is more in line with the global data, but the share of sustainability and social instruments is still comparatively higher. According to Moody's, the share of green bonds at the global level was 61% in the first quarter of 2024, followed by sustainability bonds (17%), social bonds (16%) and SLBs (6%).[3]

According to Sustainable Fitch, the region's unique level of SLB issuances and the predominance of sustainability and social bonds over the green label in the past four years may be attributed to two key factors. One is the region's high level of poverty and inequality and the need for a combined social and green focus to address these structural problems. Another is the "critical role played by natural resources and the agribusiness sector, where the link between the environmental and social dimension is intrinsically strong."[4] The data for the first four months of 2024 suggests that the larger role played by national governments in the region's sustainable bond issuances in the past four years may have been another factor at play, as the increase in the green bonds' share was accompanied by an increase in the private corporate sector participation in the region's total GSSS issuance.

LAC sovereign international GSSS bond issuances surpassed the 50% mark for four consecutive years, increasing from 37% in 2019 to 74% in 2023 (figure 6). Breaking a four-year trend, the private sector accounted for 52% of the region's total international GSSS issuance in the first four months of 2024, while the public sector represented 41%. Quasi-sovereign (state-owned companies) and supranational entities accounted for the other 7%.

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



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. The region's first sovereign international GSSS bond, a green bond, was issued by the Government of Chile in June 2019.

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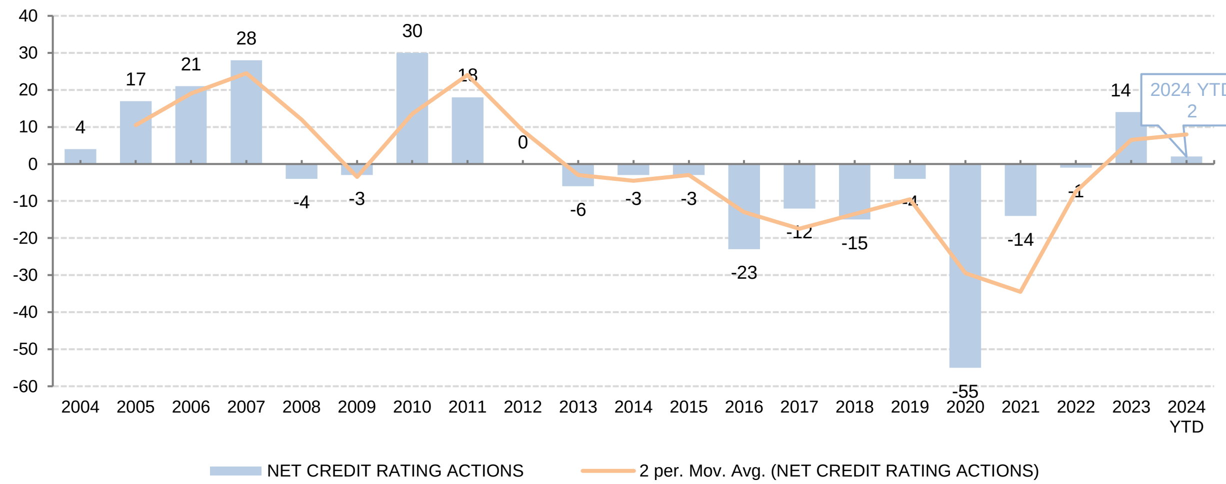
2 See Moody's, "Sustainable bond issuance to hold steady in 2024 amid moderating economic growth," 24 January 2024, Exhibit 1, and Environmental Finance Data, "Sustainable Bond Roundup: Q4 (October-December) 2023," Presentation slides, 7 February 2024.
3 Moody's Ratings, Sustainable Finance Update, May 2024.
4 Sustainable Fitch, "Latin America Sustainable Finance Snapshot" by Tamara Tisminetzky, 30 November 2023, p.3.

Credit rating actions in the region over the first four months of 2024 were a net positive. Overall, 12 actions took place, with a balance of 2 more positive credit rating actions than negative (figure 7). Although the region's prospects are improving with moderate growth and relaxing credit conditions, LAC issuers continue to face the credit implications from higher-for-longer global interest rates that increase borrowing costs and slow growth.

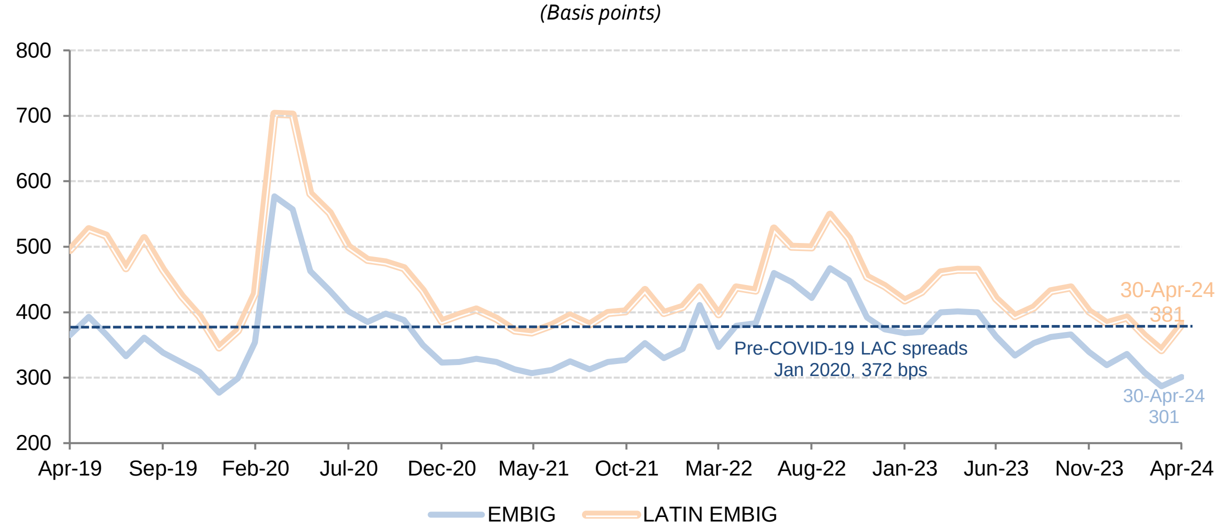
Figure 7
Net credit rating actions in Latin America and the Caribbean, 2004–2024YTD
(Net balance of positive and negative actions)



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. Note: Year-to-date (YTD) = January to April 2024.

Borrowing costs for LAC issuers as measured by the JPMorgan Emerging Markets Bond Index Global (EMBIG) tightened by 41 basis points in the first quarter of 2024. They widened in April, however, after a higher-than-expected U.S. Consumer Prices Index (CPI) report in March was followed by a jump in U.S. Treasury yields. LAC bond spreads stood at 381 basis points at the end of April 2024, a tightening of only 2 basis points for the first four months of the year (figure 8).

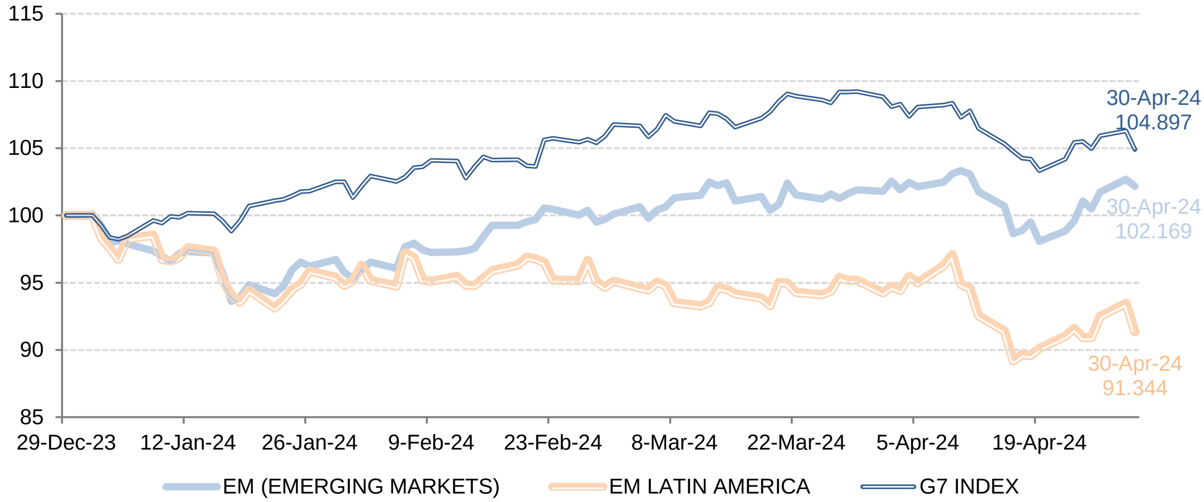
Figure 8
EMBIG and Latin American daily spreads, April 2019–April 2024
(Basis points)



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

Latin American equities in U.S. dollar terms have weakened since the beginning of 2024 after a robust performance in 2023, as a delay in expectations about the timing of the U.S. interest rate cuts negatively impacted interest rate sensitive markets such as Brazil. The MSCI Latin American index lost 9% in the first four months of 2024, underperforming the emerging market and G7 indices, which gained 2% and 5%, respectively (figure 9).

Figure 9
MSCI equity price Index, January–April 2024
(Index levels)



Source: ECLAC Washington Office based on MSCI Equity Indices. Prices at the end of the month.

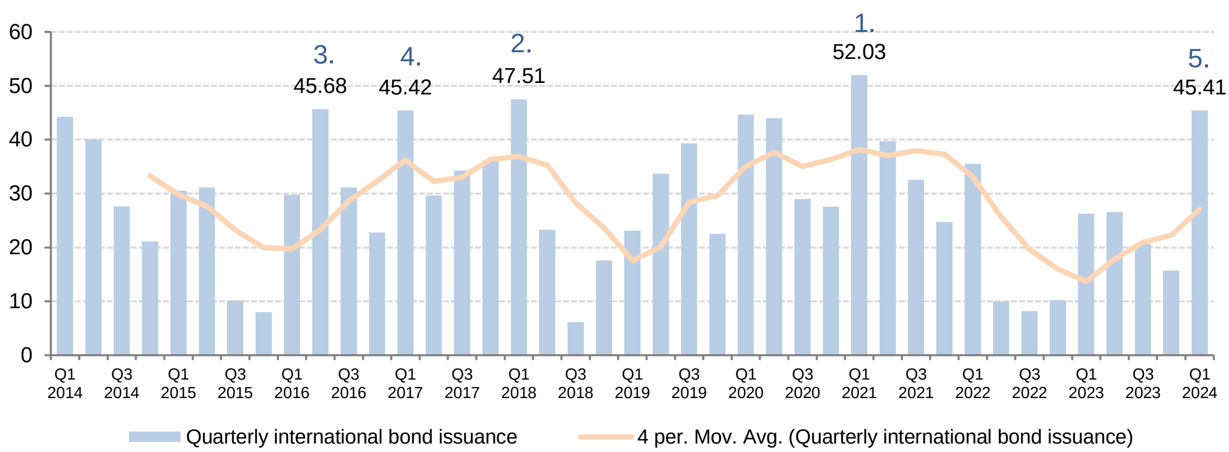
I. International bond markets and debt management

LAC issuance in international bond markets from January to April 2024 improved over the same period in 2023. Sovereign credit quality also improved, though momentum slowed in April. Credit spreads tightened in the first quarter but widened in April, following the United States' higher-than-expected inflation in March and the subsequent increase in U.S. Treasury yields. Renewed uncertainty about the near-term outlook for U.S. monetary policy represents a challenge for the region's debt issuers.

A. New debt issuance

Total LAC bond issuance in international markets was US$ 53.28 billion in the first four months of 2024, 61.5% higher than in January-April 2023, as financial conditions slowly but steadily move towards normalization. The first quarter volume was the fifth highest quarterly issuance in the region (figure 10).

Figure 10
LAC quarterly international bond issuance, Q1 2014–Q1 2024
(Billions of dollars)



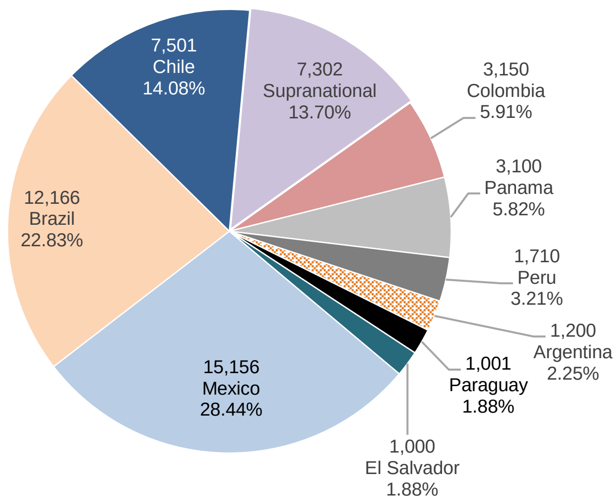
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg. The blue numbers in the chart show the quarters' ranking from 2000 to 2024.

Mexico had the largest share of bond issuances —sovereign and corporate combined— from January to April 2024, followed by Brazil and Chile. They issued US$ 15.2 billion (28.4%), US$ 12.2 billion (22.8%), and US$ 7.5 billion (14.1%), respectively. Issuances from the three countries accounted for 65.3% of the total international LAC bond issuances in the period (figure 11).

Figure 11

LAC international sovereign and corporate bond issuance, country breakdown, January–April 2024

(Country totals in Millions of dollars and country shares in percentage)



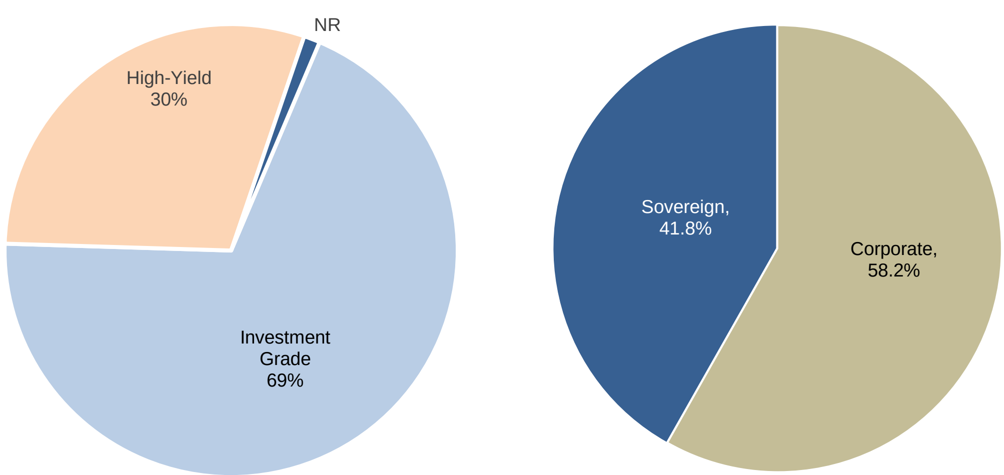
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.

Investment-grade issuers —sovereign and corporate combined— accounted for 69% of total overall LAC bond issuance in international markets in the first four months of 2024, while 30% of the total was issued by high-yield issuers. The sovereign sector accounted for 42% of the total, while the corporate sector (including corporations, banks, quasi-sovereign, and supranational issuers) accounted for 58% (figure 12).

Figure 12

LAC international bond issuance by rating and type of issuer, January–April 2024

(Percentage)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg. NR: Not Rated.

1. Sovereign issuance

In the first four months of 2024, seven sovereigns —Brazil, Chile, Colombia, El Salvador, Mexico, Panama, and Paraguay— tapped the international bond market (annex 1, tables 7 and 8). The top three sovereign issuers were Mexico, Brazil and Panama (table 2). Sovereign issuance of GSSS bonds (US$ 5.2 billion) accounted for 23% of the sovereign total.

Table 2
LAC international sovereign bond issuances, January–April 2024
(Millions of dollars, percentage, number of deals)

Sovereign Issuer	Total Issuance *(Millions of dollars)*	% of the total sovereign issuance	Number of Deals
Mexico	9,674	43%	4
Brazil	4,500	20%	2
Panama	3,100	14%	3
Chile	1,700	8%	1
Colombia	1,300	6%	2
Paraguay	1,001	4%	2
El Salvador	1,000	4%	1
Total	**22,275**	**100.00%**	**15**

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

Mexico got international bond markets off to a strong start when it placed a three-part sovereign bond deal totaling US$ 7.5 billion, its largest ever cross-border issuance on 2 January. The sovereign issued US$ 1 billion in five-year bonds, US$ 4 billion in 12-year bonds and US$ 2.5 billion in 30-year notes. Also in January, Mexico issued a EUR 2 billion sustainability bond maturing in 2032.

Brazil placed a two-part bond deal totaling US$ 4.5 billion on 22 January, its largest sovereign issuance of the past four years according to market sources. The sovereign issued US$ 2.25 billion in 10-year and US$ 2.25 billion in 30-year bonds.

Panama came to international debt markets in February with its largest-ever issuance, a three-part deal. The sovereign sold US$ 1.1 billion worth of seven-year bonds, US$ 1.25 billion of 13.5-year notes and US$ 750 million of 33-year notes. The government plans to use the proceeds to fund spending under the budget this year.

Of note, El Salvador issued a novel macro-linked bond in April, its first sovereign international bond in almost four years. The US$ 1 billion six-year amortizing bond came with an unprecedented feature. Alongside the conventional new issue paying a 9.25% coupon, investors received an extra, warrant-type instrument tied to the nation's credit score or an IMF deal that will pay investors 0.25% for the next 18 months. After that, this rate will jump to 4% for the rest of the bond's life if the country fails to pass the macro test as defined by the bond's prospectus. The structure has received some criticism because in providing the sovereign with funds to deal with its immediate needs, it allows it to postpone reforms to guarantee debt sustainability.[5] The proceeds of the sale will be used to fund a tender offer announced on 08 April for bonds that mature between 2025 and 2029.[6]

2. Corporate issuance

From January to April 2024, thirty-nine corporate issuers from the region sold a total of US$ 31 billion of bonds in international markets —88% higher than in the same period in 2023— through 56 deals (up from 39). Quasi-sovereign (state-owned companies) and supranational issuers represented 44% of the total, about the same as the 2023 annual share.

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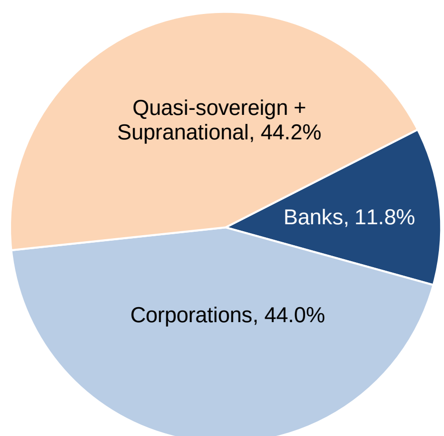
5 See Fitch Ratings, "Fitch Rates El Salvador's USD 2030 Bond 'CCC+'" *Rating Action Commentary*, 16 April 2024 [online] and Global Capital, "El Salvador's bond is innovation for all the wrong reasons" by Oliver West, 17 April 2024 [online]. Passing the macro test means meeting one of two conditions: either agree to a new IMF deal or be upgraded from B-/CCC+ to B/B.

6 According to the World Bank's 2023 International Debt Statistics, El Salvador's long-term external debt stock in the hands of private bondholders totaled US$ 6.44 billion in 2022. The sovereign bond issued by the country in April 2024 alone represents 16% of this total.

Supranational entities, including the Central American Bank for Economic Integration (CABEI), CAF Development Bank of Latin America, FONPLATA Fondo Financiero para el Desarrollo de la Cuenca del Plata and the Banco Latinoamericano de Comercio Exterior (BLADEX), accounted for 23.6% of the region's corporate issuance, while quasi-sovereign issuers, including Argentina's YPF, Brazil's Banco do Brasil, Colombia's Ecopetrol, Chile's Codelco and BancoEstado, and Peru's Cofide, accounted for 20.6%.

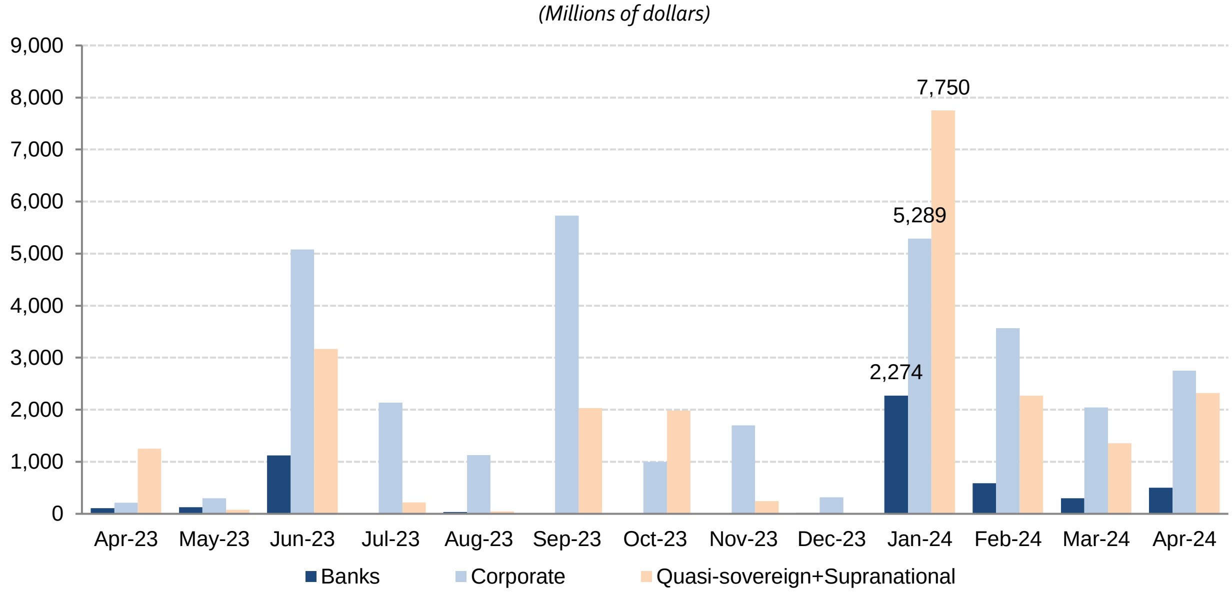
Issuances from the private corporate sector (private bank and non-bank entities) not including quasi-sovereign and supranational issuers, totaled US$ 17 billion (56% of the overall corporate sector's total), through 44 deals, with 44% coming from private non-bank corporates and 12% from banks (figure 13). January had the highest monthly corporate volume of the four-month period (figure 14).

Figure 13
LAC international corporate bond issuance by type, January–April 2024
(Percentage)



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

Figure 14
LAC monthly international corporate bond issuance by type, January–April 2024
(Millions of dollars)

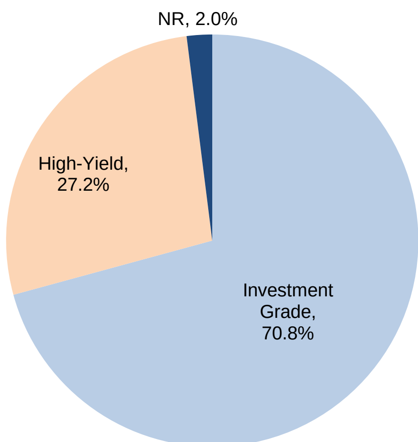


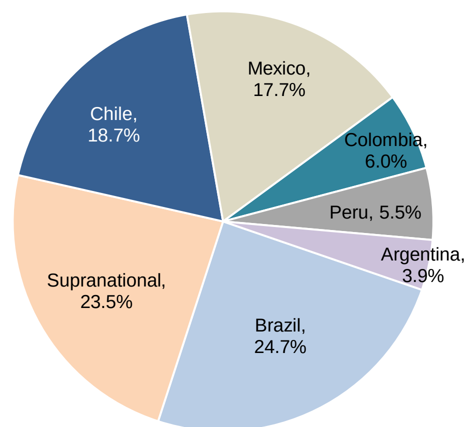
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.

Investment grade companies represented 71% of total LAC international corporate bond issuances in the first four months of 2024, up from an annual share of 55% in 2023. The increase suggests that higher borrowing costs are still weighing on lower rated corporate issuers and limiting issuer diversity, despite the slow but steady trend towards normalization of financial conditions.

Brazilian companies represented 25% of the region's corporate total, and supranational entities 24%. Chilean and Mexican companies accounted for 19% and 18%, respectively. The top four together represented 85% of the region's international corporate issuances in the first four months of 2024 (figure 15).

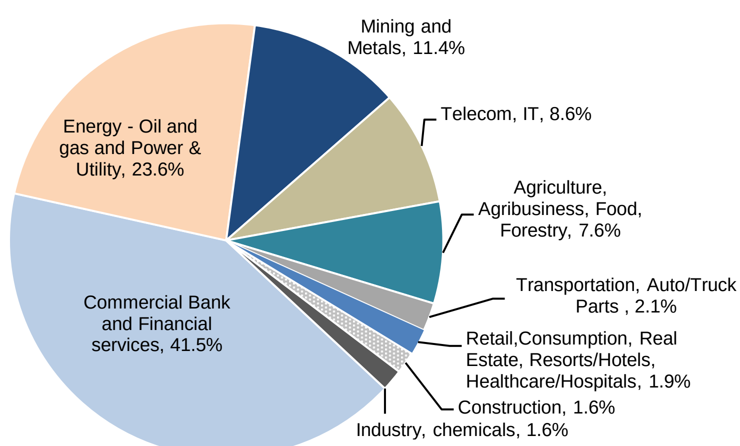
Figure 15
LAC international corporate bond issuance by rating and country, January–April 2024
(Percentage of total)





Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.
Note: corporate issuance includes corporations, banks, quasi-sovereign, and supranational entities. NR: Not Rated.

Figure 16
LAC international corporate bond issuance by sector, January–April 2024
(Percentage of total)



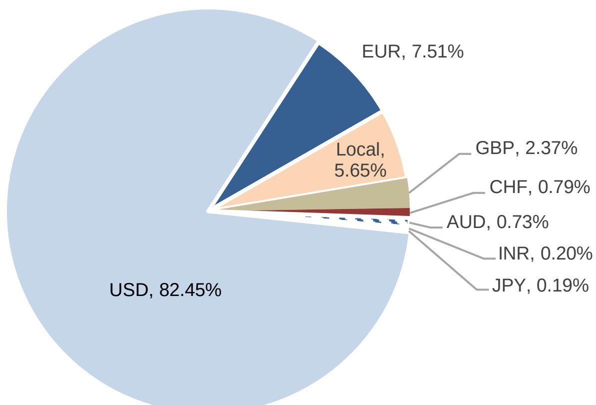
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.
Note: corporate issuance includes corporations, banks, quasi-sovereign, and supranational entities.

From a sectoral perspective, the top four sectors in terms of international corporate debt issuance (including private corporations, banks, quasi-sovereign and supranational issuers) in the first four months of 2024 were: 1. the financial sector, including commercial banks as well as financial services companies, and finance development banks/multilateral agencies (41.5%); 2. energy, including oil and gas, power, and energy utilities (23.6%); 3. Mining and Metals (11.4%), and 4. Telecommunications and IT (8.6%). Together the top four sectors represented 85% of the region's total corporate issuances in international markets in the first four months of 2024 (figure 16). The agricultural sector, including agribusiness, food and beverages, and forestry, which on an annual basis was one of the top three sectors in 2021 and 2023, and the top sector in 2022, came in fifth place.

3. Currency composition

Most of the region's international debt issuance from January to April 2024 was denominated in United States dollars (82%). 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 17).

Figure 17
Currency breakdown of LAC international bond issuances, January–April 2024
(Percentage of total)



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

There were also issuances in euros (7.5%), local currencies (5.7%) —including Mexican pesos, Peruvian soles and Paraguayan guaraní— British pound sterling (2.4%), Swiss francs (0.79%), Australian dollars (0.73%), Indian rupee (0.20%) and Japanese yen (0.19%).

4. GSSS bond issuance

There were 16 green, social, sustainability and sustainability-linked (GSSS) bond issuances from LAC issuers in international markets in the first four months of 2024, totaling US$ 12.59 billion (table 3). This amount is 90% higher than in the first four months of 2023 and accounts for 24% of the total LAC international bond issuance from January to April 2024, up from 20% in the same period in 2023, but down from the record 35% annual share in 2023.

LAC international GSSS issuances in the first four months of 2024 came from four countries —Brazil, Chile, Colombia and Mexico— and one supranational entity (FONPLATA). Sovereign, and quasi-sovereign and supranational issuers represented 41% and 7% of the total GSSS bond issuance, respectively, while corporate issuers led the international GSSS bond volumes in the period with a share of 52% (figure 18).[7]

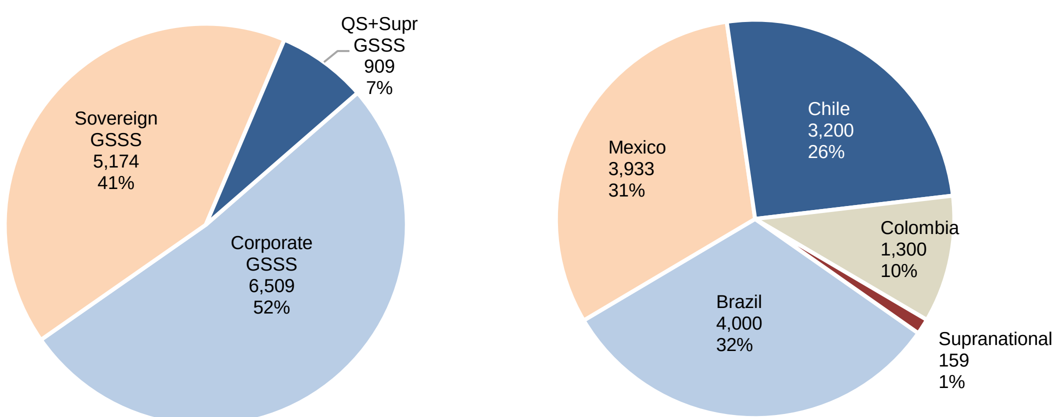
[7] As a share of the total LAC International bond issuance (including all instruments and not only GSSS bonds), sovereign GSSS bond issuances accounted for 10%, corporate for 12%, and quasi-sovereign and supranational entities for 2%, adding up to a 24% share.

Table 3
LAC international GSSS bond issuances, January–April 2024
(Millions, Millions of dollars, Percentage)

Country	Issuer	Amount *(Millions)*	Amount *(Millions of US dollars)*	Coupon (%)	Maturity	Issue Date
Chile	Republic of Chile	USD 1700	1,700	4.850%	2029 (soc)	17-Jan-24
Mexico	United Mexican States	EUR 2000	2,174	4.490%	2032 (sust)	18-Jan-24
Mexico	America Movil SAB de CV	MXP 20000	1,159	10.300%	2034 (g)	24-Jan-24
Brazil	Ambipar Participações e Empreendimentos SA	USD 750	750	9.875%	2031 (g)	30-Jan-24
Brazil	FS Bioenergia	USD 500	500	8.875%	2031 (g)	30-Jan-24
Mexico	Fibra Uno	USD 600	600	7.375%	2034 (g)	7-Feb-24
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2034 (g)	21-Feb-24
Brazil	Raizen Fuels Finance SA	USD 1000	1,000	6.450%	2034 (g)	28-Feb-24
Brazil	Raizen Fuels Finance SA	USD 500	500	6.950%	2054 (g)	28-Feb-24
Chile	AES Andes SA	USD 500	500	6.300%	2029 (g)	6-Mar-24
Brazil	Banco do Brasil SA	USD 750	750	6.000%	2031 (sust)	11-Mar-24
Brazil	St Mary's Cement Inc (Votorantim Cimentos)	USD 500	500	5.750%	2034 (SLB)	27-Mar-24
Colombia	Republic of Colombia	USD 650	650	8.000%	2035 (soc)(r)	3-Apr-24
Colombia	Republic of Colombia	USD 650	650	8.750%	2053 (soc)(r)	3-Apr-24
Chile	Engie Energia Chile SA	USD 500	500	6.375%	2034 (g)	10-Apr-24
Supranational	FONPLATA	CHF 145	159	2.592%	2027 (sust)	24-Apr-24
		TOTAL	12,592	AVG 6.816%		16 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.

Figure 18
LAC international GSSS bond issuances by type of issuer and by country, January–April 2024
(Millions of dollars, percentage)



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

Brazil was the top international GSSS issuer in the region with a share of 32% (figure 17). 81% of Brazil's GSSS issuances came from the private corporate sector, while 19% came from the state-owned Banco do Brasil, which issued a seven-year sustainability bond of US$ 750 million in March.

Green bonds accounted for 70% of Brazil's total. In a two-part deal, Raízen sold a 10-year US$ 1 billion and a 30-year US$ 500 million green bond in February. Raízen is the third largest Brazilian energy company by revenue and the fifth largest in Brazil. The company is a joint-venture formed in 2010 from the merger of the assets of sugar, fuel and ethanol derived from sugar from Cosan and Royal Dutch Shell in Brazil.

Other companies that issued green bonds were Ambipar Participações e Empreendimentos, a company active in the environmental management sector, which in January issued a seven-year US$ 750 million green bond, and FS Bioenergia, a company specialized in the production of ethanol and related products within the biofuel industry, which issued a seven-year US$ 500 million green bond also in January. St. Mary's Cement Inc. (Votorantim Cimentos) issued a ten-year US$ 500 million sustainability-linked bond (SLB) in March.

Mexico had the second largest share of international GSSS bond issuances (31%). More than half (55%) came from the sovereign sector with the issuance of a 8-year EUR 2 billion sustainability bond in January. According to the government's press release, the issuance had the "highest demand recorded to date for sustainable bonds in euros." The deal was the country's third sustainable bond placement in euros. It aims to raise funding for affordable basic infrastructure, access to essential services, facilitation of employment, sustainable water management, energy efficiency and renewable energy. It is a Sustainable Development Goals (SDGs) compliant issue.

Highlights on the corporate side include America Movil's (a telecommunications corporation) MXP 20 billion (US$ 1.2 billion equivalent) 10-year green bond issued in January to finance renewable energy, energy efficiency, sustainable water and wastewater management, pollution prevention and control, clean transportation, green buildings, and biodiversity conservation. Fibra Uno (a real estate investment trust or "REIT") issued a 10-year US$ 600 million green bond in February. The issuer intends to allocate an amount equal to the net proceeds to finance or refinance, in whole or in part, new or existing Eligible Projects pursuant to its Sustainable Framework. Overall, green bonds accounted for 45% and sustainability bonds for 55% of Mexico's total GSSS issuance from January to April 2024.

Chile accounted for the third largest share of the total (26%). The sovereign sector represented 53% of Chile's GSSS total with the issuance of a 5-year US$ 1.7 billion social bond in January. The corporate sector issued only green bonds, which represented 47% of the total. Inversiones CMPC of the forestry, pulp and paper sector issued a 10-year US$ 500 million green bond in February. The issuer intends to allocate an amount equal to the net proceeds of the notes to finance or refinance, in whole or in part, expenditures and investments in one or more Eligible Green Projects of CMPC or any of its subsidiaries and/or affiliates. In March, AES Andes, a producer and distributor of electricity, issued a 5-year US$ 500 million green bond to finance or refinance, in whole or in part, one or more new or existing Eligible Green Projects. In April, returning to the international market after a 4-year hiatus, Engie Energia, a company engaged in the generation, transmission, and supply of electricity, issued a 10-year US$ 500 million green bond. The company plans to use the proceeds to fund a tender offer for notes coming due next year and will use the rest for investments under its green financing framework, including wind and solar power projects, renewable energy storage and transmission lines.

The increase in the private corporate sector participation in the region's GSSS issuance in the first four months of 2024 came in tandem with an increase in the green bonds' share of the total. Since the region's first sovereign green bond issuance in the international market in June 2019 by Chile, the sovereign sector has issued a total of US$ 70 billion in GSSS bonds. Social bonds have been the preferred instrument, with a share of 37%, followed by sustainability bonds (34%) and SLBs (17%). Green bonds are fourth, with a share of 11%.

The region's first SLBs came from the corporate sector. However, according to an April report by Fitch, the structure has faced scrutiny and criticism due to credibility concerns, including lack of aggressive green improvements made after they are issued, leading investors to refocus on green bonds. In April, the Italian energy company Enel, which issued the inaugural SLB in global markets, announced it had failed to meet one of its sustainability performance targets, a 2023 goal to cut emissions by more than a third compared with 2022. This triggered a 25 basis points step-up in the affected bonds, posing a new test for the SLB market, which, according to Fitch, may help it to mature by refocusing attention on credible aims and incentives.[8]

[8] Sustainable Fitch, "Enel's Missed Targets Could Support Maturing SLB Market" 29 April 2024 [online].

B. Credit risk outlook

The region's positive credit quality trend, which started in 2023 after years of deterioration, continued in the first four months of 2024. The four-month net positive balance was 2 more positive credit rating actions than negative. There were 7 positive actions in the period —1 upward outlook revision and 6 upgrades— and 5 negative actions, 4 of them downgrades (table 4).

Six countries were upgraded, including Paraguay, Costa Rica, Jamaica, Argentina, Nicaragua and Uruguay in chronological order, with agencies citing economic resilience and the presence of fiscal and external buffers as explanations. Argentina was upgraded as its debt exchange, which S&P had classified as distressed, was finalized. Guatemala received an upward rating outlook revision in April, with S&P changing the outlook on its BB rating to positive from stable on cautious macroeconomic policies (see annex 2, box 1).

Three countries were downgraded —Bolivia, Panama and Peru— while Colombia saw a downward revision to its BB+ rating outlook from stable to negative. The agencies cited negative risks including depletion of external liquidity buffers, fiscal and governance challenges, and in some cases political uncertainty.

At the end of April 2024, seven sovereigns were on positive outlook by one or more agencies (Barbados, Costa Rica, Dominican Republic, Jamaica, Nicaragua, Paraguay, and Trinidad and Tobago). Three sovereigns —Bolivia, Panama[9], and Peru— had negative outlooks. The balance of risks is tilted to the upside, reinforcing the region's improving trend in credit quality that started last year (annex 2, table 9).

Table 4
Sovereign credit rating actions in Latin America and the Caribbean, January–April 2024
(Number of actions)

Date	Country	Action	
2024 YTD	**7 positive and 5 negative actions**		
Q1 2024	**6 positive and 3 negative actions**		
18-Jan-24	Colombia	S&P revises the outlook on Colombia's BB+ rating to negative from stable	Negative
1-Feb-24	Paraguay	S&P upgrades Paraguay's rating to BB+ from BB with a stable outlook	Positive
6-Feb-24	Bolivia	Fitch downgrades Bolivia's rating to CCC from B- with no outlook	Negative
28-Feb-24	Costa Rica	Fitch upgrades Costa Rica's rating to BB from BB- with a stable outlook	Positive
5-Mar-24	Jamaica	Fitch upgrades Jamaica's rating to BB- from B+ rating with a positive outlook	Positive
15-Mar-24	Argentina	S&P upgrades Argentina's rating to CCC with a stable outlook	Positive
15-Mar-24	Nicaragua	Moody's upgrades Nicaragua's rating to B2 from B3 with a stable outlook	Positive
15-Mar-24	Uruguay	Moody's upgrades Uruguay's rating to Baa1 from Baa2 with a positive outlook	Positive
28-Mar-24	Panama	Fitch downgrades Panama's rating to BB+ from BBB- with a stable outlook	Negative
Q2 2024	**1 positive and 2 negative actions**		
18-Apr-24	Guatemala	S&P revises the outlook on Guatemala's BB rating to positive from stable	Positive
25-Apr-24	Peru	S&P downgrades Peru's rating to BBB- from BBB with a stable outlook	Negative
26-Apr-24	Bolivia	Moody's downgrades Bolivia's ratings to Caa3 from Caa1 with a stable outlook	Negative

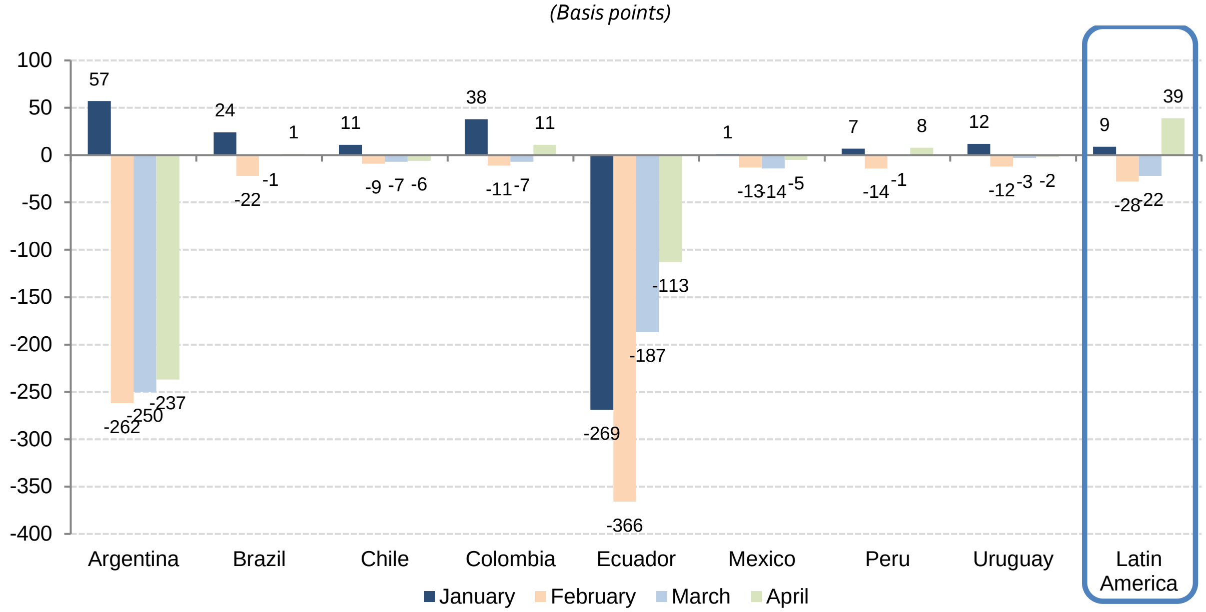
Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Note: Year-to-date (YTD) = January to April 2024.

C. Bond spreads

Emerging markets bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) tightened 18 basis points in the first four months of 2024, while Latin American spreads tightened 2 basis points. On a monthly basis, Latin American spreads tightened in February and March, but widened in April after a higher-than-expected U.S. inflation report in March was followed by a jump in U.S. Treasury yields (figure 19).

[9] Fitch downgraded Panama's rating to BB+ (below investment grade) from BBB- with a stable outlook in March, saying the downgrade reflects fiscal and governance challenges that have been aggravated by the events surrounding the closure of the country's largest mine (Cobre Panama).

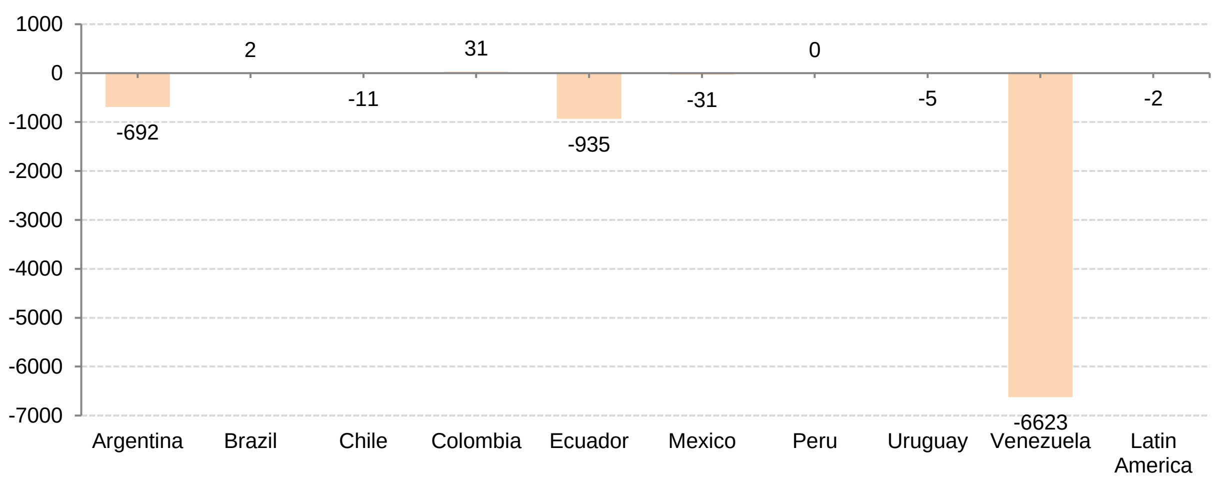
Figure 19
Monthly Latin American EMBIG spread differential, January–April 2024
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan. Venezuelan spreads are not included in the chart because of their magnitude. They increased 776 basis points in January, and tightened 270, 209 and 6921 basis points in February, March and April. tightened

Spreads tightened the most for the countries with the highest spreads. Venezuela's spreads tightened 6,623 basis points, Ecuador's 935 basis points and Argentina's 692 basis points from January to April (figure 20). In February, JPMorgan announced that about US$ 53 billion of Venezuela's sovereign bonds and Petroleos de Venezuela SA's notes —which have lingered in default since 2017— would re-enter the Emerging Market Bond Index series over three months starting on 30 April. The decision came a few months after the U.S. Government lifted a ban on trading the instruments on the secondary market.[10]

Figure 20
Latin American EMBIG spread differential, January–April 2024
(Basis points)



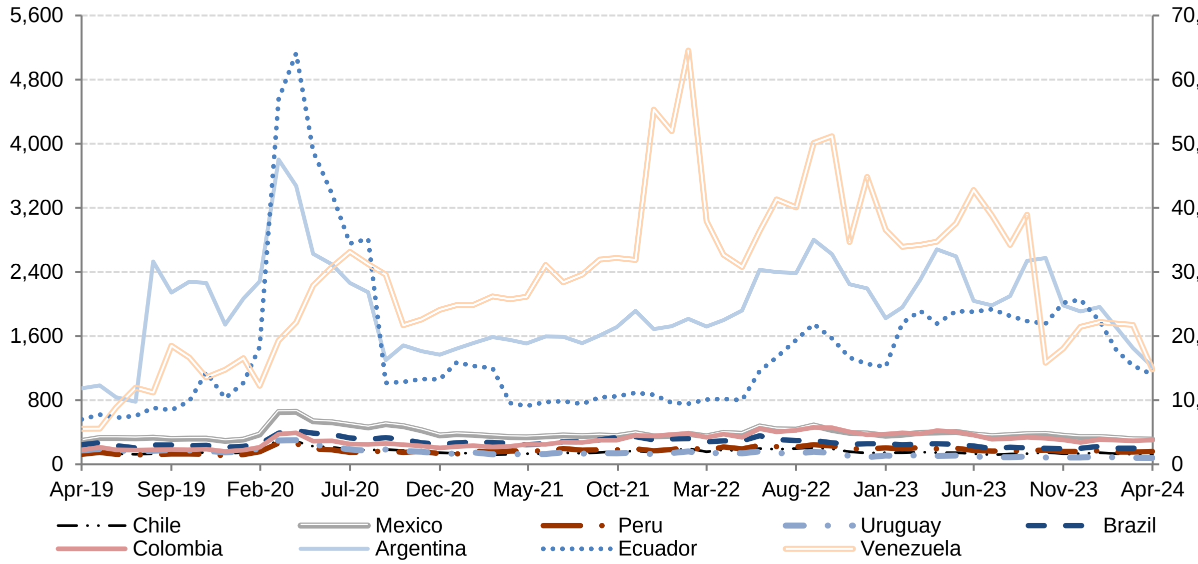
Source: ECLAC Washington Office, based on data from JPMorgan.

[10] Bloomberg, "Venezuela Bonds Jump as JPMorgan Returns Debt to Indexes" by Maria Elena Vizcaino and Nicolle Yapur, 22 February 2024 [online].

1. Sovereign spreads

The EMBIG fell from 319 basis points at the end of December 2023 to 301 basis points at the end of April 2024, while its Latin American component fell from 383 to 381 basis points. Venezuela had the region's highest spreads at the end of April 2024 (14,799 basis points). Spreads for Argentina, Ecuador, Mexico, Colombia, Brazil, Peru, Chile, and Uruguay were at 1,215, 1,120, 309, 303, 202, 160, 121 and 80 basis points, respectively, at the end of April (figure 21).

Figure 21
Latin American EMBIG spreads by country, April 2019–April 2024
(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.

Spreads that are too high can keep issuers away from international debt markets due to steep borrowing costs. Higher than 1,000 basis points bond spreads are seen as a critical level by market participants in this context. In Latin America and the Caribbean, there are four countries whose EMBIG spreads were higher than 1,000 basis points at the end of April 2024 (table 3, annex 3) —Venezuela, Bolivia, Argentina and Ecuador— suggesting higher vulnerability to liquidity stress, as debt affordability is likely to remain challenging for these countries.

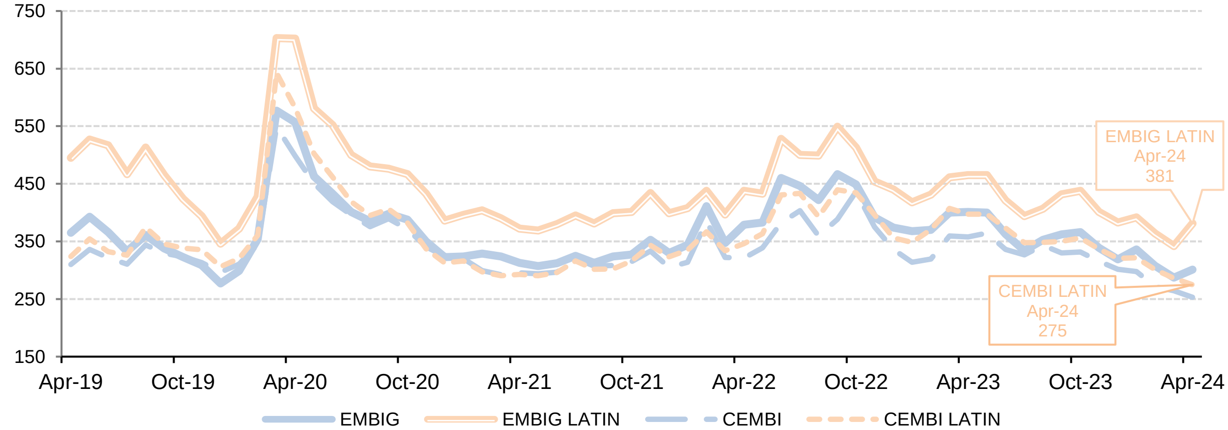
2. Corporate spreads

LAC corporate bond spreads tightened 46 basis points from January to April 2024 according to the JPMorgan Latin American Corporate Emerging Markets Bond Index (CEMBI). The Latin CEMBI, at 275 basis points at the end of April, was 106 basis points lower than its sovereign counterpart, the Latin EMBIG (figure 22). LAC corporate bond spreads rank third in terms of spread levels when compared with other emerging market regions (figures 23). In the first four months of 2024, all emerging market regions showed a decline in corporate spreads, with Latin America in the middle of the pack (figure 24).

According to JPMorgan, resilient credit markets have kept emerging market corporate spreads anchored despite some fluctuation in inflation and rates. Upside surprises to U.S. inflation reduced Fed rate cut expectations in recent months, but "CEMBI spreads held up well due to stable fundamentals, supportive technicals, and the benign backdrop for credit from attractive yield levels."[11]

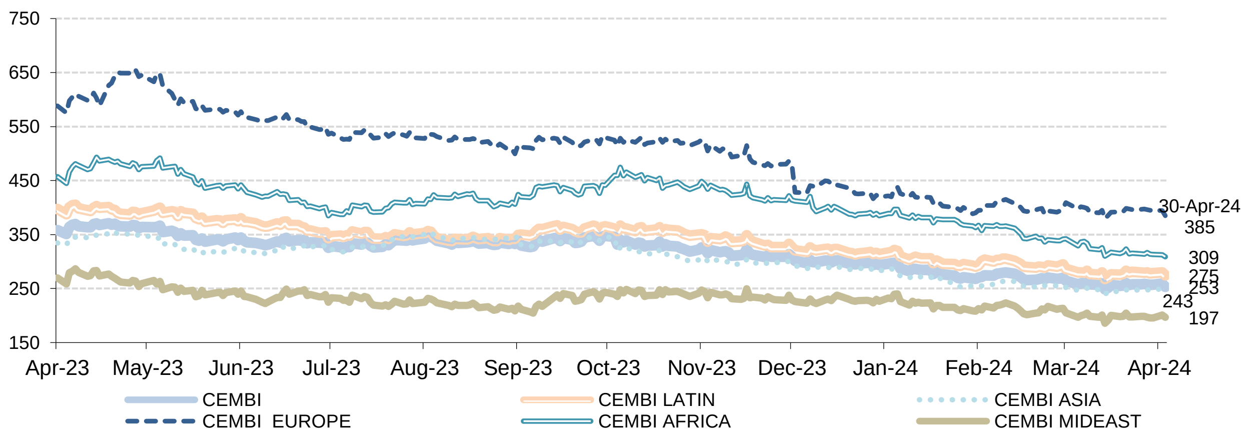
[11] JP Morgan," Smooth sailing into the summer lull", Emerging Markets Corporate Strategy Presentation, May 2024.

Figure 22
EMBIG spreads, corporate and sovereign, April 2019–April 2024
(Basis points)



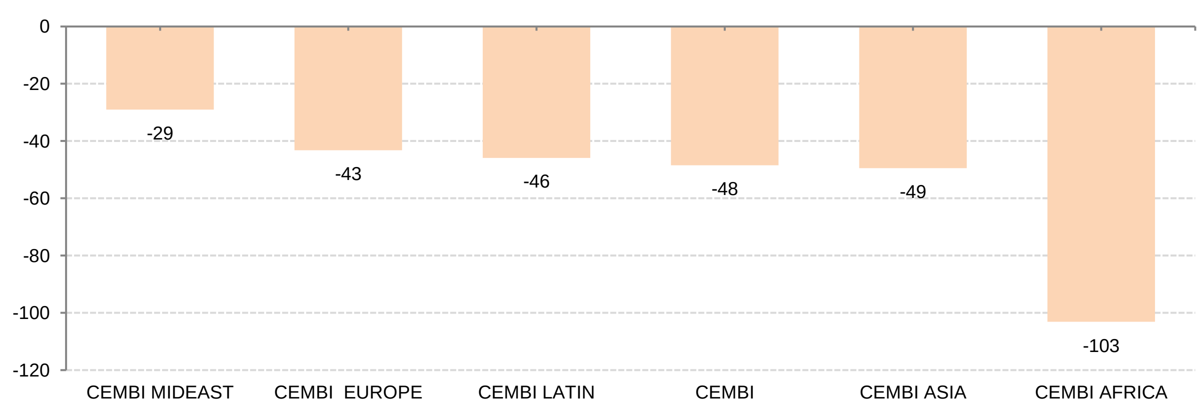
Source: ECLAC Washington Office, based on data from JPMorgan.

Figure 23
CEMBI spreads by region, April 2023–April 2024
(Basis points)



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

Figure 24
CEMBI spread differentials by region, January–April 2024
(Basis points)



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

D. The Caribbean[12]: a closer look

There were no international bond issuances from the Caribbean in the first four months of 2024. Regarding credit rating actions, there was one upgrade in March. Fitch upgraded Jamaica's rating to BB- from B+ rating with a positive outlook on 05 March, citing significant progress with debt reduction backed by a sound fiscal framework and a strong political commitment to deliver large primary surpluses (table 5).

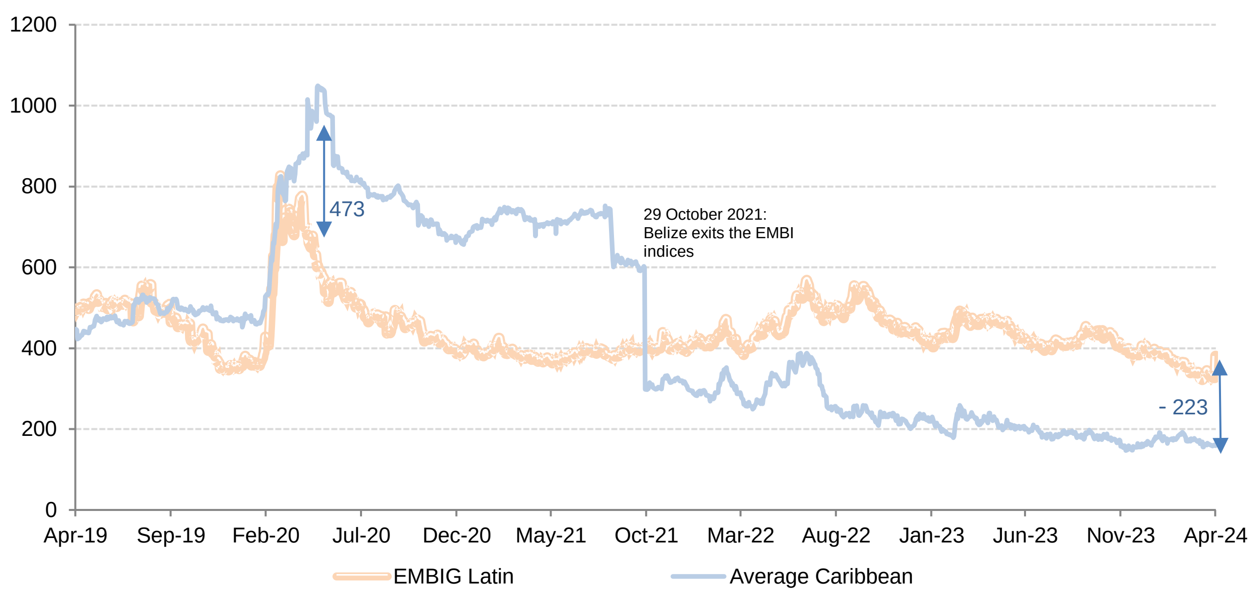
Table 5
Caribbean sovereign credit rating actions, January–April 2024
(Number of actions)

Date	Country	Action	
2024 YTD	**1 positive and 0 negative actions**		
Q1 2024	**2 positive and 0 negative actions**		
5-Mar-24	Jamaica	Fitch upgrades Jamaica's rating to BB- from B+ rating with a positive outlook	Positive

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. YTD: year-to-date, as of 30 April 2024.

Caribbean debt spreads widened 3 basis points in the first four months of 2024.[13] At the end of April 2024, Caribbean average spreads were 223 basis points lower than the EMBIG Latin component, with the gap reverting from a peak of 473 basis points higher on 2 June 2020. Belize exited the EMBI indices on 29 October 2021, as its step-up sovereign bond due 2034 (the "super bond") fell below the US$ 500 million notional requirement following its restructuring. Since then, the gap has reversed (figure 25).

Figure 25
EMBIG Spreads, Caribbean versus LAC, April 2019–April 2024
(Basis points)



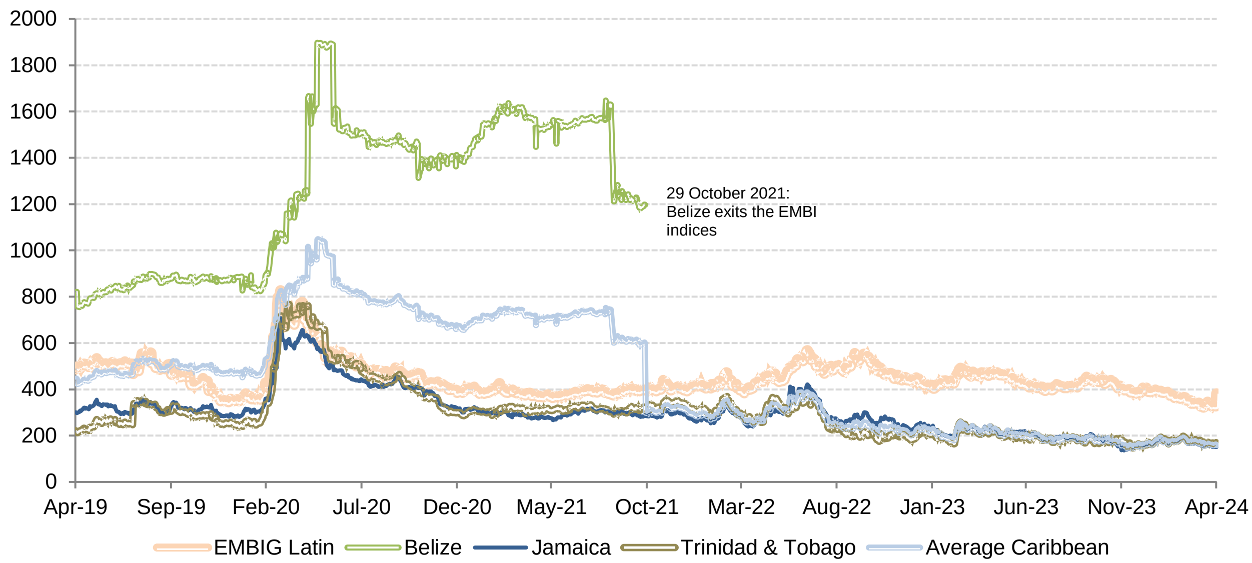
Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

12 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.

13 The Caribbean average was based on daily data available for Belize, Jamaica and Trinidad and Tobago until October 2021. Since then, 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.

From January to April 2024, Jamaican spreads tightened 1 basis point to 150 basis points at the end of April. Trinidad and Tobago's spreads widened 7 basis points to 167 basis points (figure 26). Suriname's spreads, which are not included in the chart since no daily data is available, tightened 185 basis points in the first four months of 2024, from 655 at end of December 2023 to 470 basis points at the end of April 2024. Following a deal with creditors in May 2023 to restructure US$ 675 million worth of the principal outstanding on two series of defaulted bonds, Suriname's spreads tightened 1,002 basis points in 2023 and have continued to decline so far.

Figure 26
Caribbean countries: EMBIG Spreads, April 2019–April 2024
(Basis points)



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

II. Portfolio equity flows

Latin American equities in U.S. dollar terms have weakened since the beginning of 2024 after a robust performance in 2023, as a delay in expectations about the timing of the U.S. interest rate cuts negatively impacted interest rate sensitive markets such as Brazil. Brazil represents roughly half of the total market capitalization of the region, and its currency is traditionally susceptible to carry trading, an investment strategy that involves borrowing money in a currency with a low interest rate and investing it in assets or currencies with higher rates to profit from the interest rate differential. The Brazilian real was negatively impacted by the narrowing policy rate gap with the U.S. Federal Reserve and by markets pricing in a slower decline in the Fed funds rate. The currency depreciated by 3.58% in April against the U.S. dollar.[14] The MSCI Latin American index lost 8.7% in the first four months of 2024 (table 6).

Table 6
MSCI equity indices, January–April 2024
(Dollars, percentage)

	Price Index in USD			Variation	
	29-Dec-23	29-Mar-24	30-Apr-24	Q1 2024	2024 YTD
Emerging markets	1,023.74	1,043.20	1,045.95	1.90%	2.17%
Latin America	2,662.81	2,534.75	2,432.31	-4.81%	-8.66%
Argentina	4,608.17	5,235.53	5,747.59	13.61%	24.73%
Brazil	1,799.86	1,646.40	1,567.10	-8.53%	-12.93%
Chile	1,098.07	1,039.44	1,025.77	-5.34%	-6.58%
Colombia	403.059	453.247	433.177	12.45%	7.47%
Mexico	7,051.78	7,076.72	6,796.78	0.35%	-3.62%
Peru	1,635.71	1,888.51	1,959.57	15.46%	19.80%

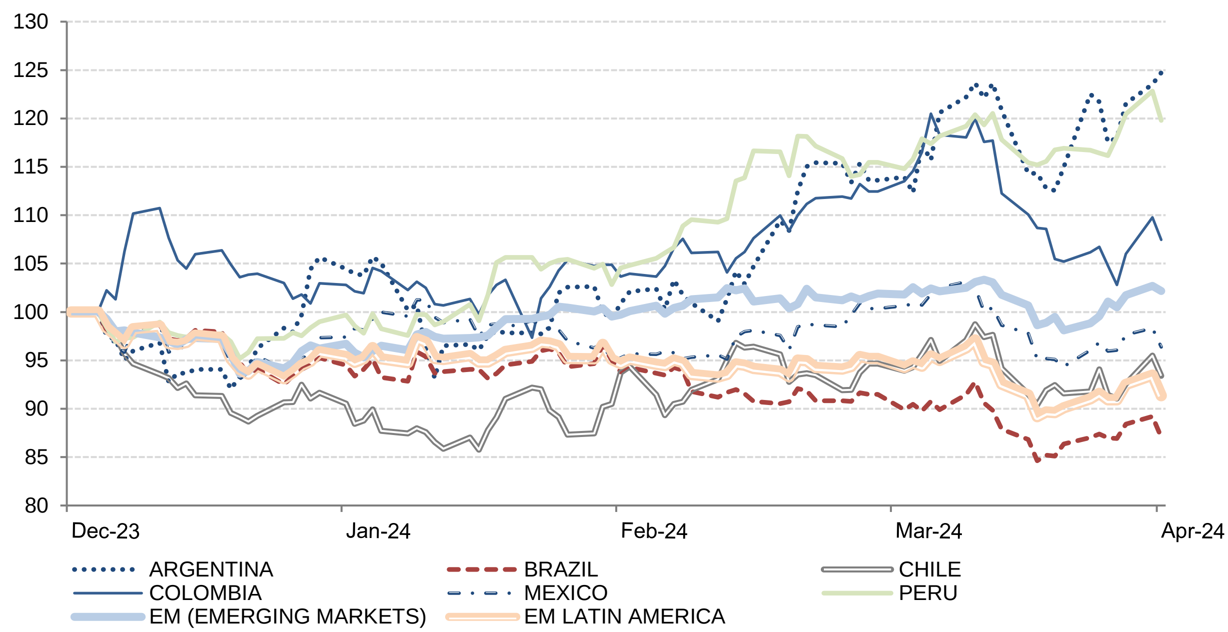
Source: ECLAC Washington Office, based on data from MSCI Equity Indices, http://www.msci.com/equity/index2.html. YTD: year-to-date, as of 30 April 2024.

[14] State Street Global Advisors, "Emerging Market Debt, Market Commentary: April 2024", [online]

Argentina, Peru and Colombia recorded the largest cumulative gains in the first four months of 2024 —24.7%, 19.8% and 7.5%, respectively (figure 27). Part of Argentina's gains reflected its high inflation rate, but Argentina's hard currency assets have gained from January to April as the government makes progress in bringing down inflation and slowly increasing foreign exchange reserves. Peru's performance was aided by currency and monetary policy easing measures. The Colombian index also benefited from monetary policy developments as the central bank lowered interest rates in January and March.

Brazilian equity prices recorded the largest cumulative losses in the period (-12.9%), followed by Chile (-6.6%) and Mexico (-3.6%). The time and pace of the anticipated start of rate cuts by the United States Federal Reserve, due to its outsize impact on global capital flows, will be critical for the region's portfolio equity flows in the following months.

Figure 27
MSCI equity price index, January–April 2024
(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

In the first four months of 2024, Latin American and Caribbean (LAC) bond activity in international markets rebounded from the same period last year. Issuers placed US$ 53 billion of bonds in international markets, a total that was 61.5% higher than in January-April 2023. Breaking with the recent trend of higher sovereign sector's participation in the region's total international debt issuance, the private corporate sector increased its participation to over the 50% mark.

The region issued a total of US$ 13 billion in green, social, sustainability and sustainability-linked (GSSS) bonds in the first four months of 2024, which represented 24% of the total international bond issuance in the period. The private corporate sector accounted for 52% of the region's international GSSS issuances, following four consecutive years in which the sovereign sector maintained a share of over 50%. Since the region's first sovereign green bond issuance in the international market in June 2019 by Chile, the sovereign sector has issued a total of US$ 70 billion in GSSS bonds. Social bonds have been the preferred instrument by the sovereign sector, with a share of 37%, followed by sustainability bonds (34%) and SLBs (17%). Green bonds are fourth, with a share of 11%.

The increase in the private corporate sector participation in the region's GSSS international issuance came in tandem with an increase in the green bonds' share of the total, which was LAC issuers' preferred GSSS instrument in the first four months of 2024. With other structures such as sustainability-linked bonds (SLBs) facing scrutiny and criticism due to credibility concerns, including lack of aggressive green improvements made after they are issued, it seems some corporate issuers may be choosing to refocus on green bonds.

Global financial conditions are still tight, as growth and inflationary pressures remain resilient, particularly in the United States, increasing the perception that global interest rates will remain higher for longer. Renewed uncertainty about the U.S. interest rates' near-term outlook and the region's weaker-than-expected economic growth pose challenges for LAC issuers. Resilient economic growth and inflation in the United States is reinforcing pressures on the region's central banks to cut rates more cautiously, although the European Central Bank's first interest rate cut in five years in June signals significant progress in the global fight to subdue inflation. External uncertainty is further complicated by geopolitical risks, including the U.S. presidential elections, which may increase market volatility. Against this background, the pace of new international debt issuances may depend on the financing needs of the region's issuers and on windows of opportunity.

Annexes

Annex 1 New LAC bond issuances

Table 7 (Annex 1)
LAC international bond issuances in the first quarter of 2024

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity
		Jan-24			
Mexico	United Mexican States	USD 1000	1,000	5.000%	2029
Mexico	United Mexican States	USD 4000	4,000	6.000%	2036
Mexico	United Mexican States	USD 2500	2,500	6.400%	2054
Mexico	BBVA Mexico SA	USD 900	900	8.125%	2039
Mexico	Bimbo Bakeries Inc	USD 450	450	6.050%	2029 (r)
Mexico	Bimbo Bakeries Inc	USD 800	800	5.375%	2036
Peru	Banco de Crédito del Peru	USD 500	500	5.850%	2029
Peru	Banco de Crédito del Peru	PEN 1150	310	7.850%	2029
Colombia	Ecopetrol SA	USD 1850	1,850	8.375%	2036
Peru	Banco Internacional del Peru - INTERBANK	USD 300	300	7.625%	2034
Argentina	YPF SA	USD 800	800	9.500%	2031
Chile	Banco Santander Chile	CHF 225	264	2.445%	2027
Supranational	CAF Development Bank of Latin America	USD 1750	1,750	5.000%	2029
Mexico	Buffalo Energy Mexico Holdings SA de CV	USD 530	530	7.875%	2039
Chile	Republic of Chile	USD 1700	1,700	4.850%	2029 (soc)
Mexico	United Mexican States	EUR 2000	2,174	4.490%	2032 (sust)
Supranational	CABEI Central American Bank for Economic Integration	USD 1350	1,350	5.000%	2027
Brazil	República Federativa do Brasil	USD 2250	2,250	6.125%	2034
Brazil	República Federativa do Brasil	USD 2250	2,250	7.125%	2054
Brazil	Cosan SA	USD 600	600	7.250%	2031
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 1500	1,500	6.440%	2036
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 500	500	6.300%	2053 (r)
Mexico	America Movil SAB de CV	MXP 20000	1,159	10.300%	2034 (g)
Brazil	3R Lux	USD 500	500	9.750%	2031
Brazil	Ambipar Participações e Empreendimentos SA	USD 750	750	9.875%	2031 (g)
Brazil	FS Bioenergia	USD 500	500	8.875%	2031 (g)
			31,187		
		Feb-24			
Chile	Banco de Crédito e Inversiones - BCI	USD 500	500	8.750%	Perp
Chile	Banco de Crédito e Inversiones - BCI	USD 10	10	3-mth Sofr +155	2029
Chile	Banco de Crédito e Inversiones - BCI	USD 10	10	3-mth Sofr +153	2029
Chile	Banco de Chile	HKD 433	55	4.220%	2034
Paraguay	Republic of Paraguay	USD 500	500	6.000%	2036
Paraguay	Republic of Paraguay	PYG 3643.235	501	7.900%	2031
Brazil	Azul Secured Finance LLP	USD 148.7	149	11.930%	2028 (r)
Supranational	CAF Development Bank of Latin America	EUR 1500	1,613	3.625%	2030
Chile	Banco de Crédito e Inversiones - BCI	USD 10	10	3-mth Sofr +130	2028
Supranational	CAF Development Bank of Latin America	AUD 500	325	5.300%	2029
Mexico	Fibra Uno	USD 600	600	7.375%	2034 (g)
Supranational	CAF Development Bank of Latin America	EUR 200	215	2.375%	2027
Chile	Banco del Estado de Chile	JPY 10000	68	0.250%	2026
Brazil	CSN Resources SA	USD 200	200	8.875%	2030 (r)
Brazil	Ethos Ergon Global Holdings Pte Ltd	USD 617	617	na	2034
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2034 (g)
Supranational	CAF Development Bank of Latin America	INR 4200	51	7.675%	2031
Panama	Republic of Panama	USD 1100	1,100	7.500%	2031
Panama	Republic of Panama	USD 1250	1,250	8.000%	2038
Panama	Republic of Panama	USD 750	750	7.875%	2057
Brazil	Raizen Fuels Finance SA	USD 1000	1,000	6.450%	2034 (g)
Brazil	Raizen Fuels Finance SA	USD 500	500	6.950%	2054 (g)
			10,524		

		Mar-24			
Supranational	CAF Development Bank of Latin America	AUD 100	65	na	2040
Peru	Banco BBVA Peru SA	USD 300	300	6.200%	2034
Chile	AES Andes SA	USD 500	500	6.300%	2029 (g)
Chile	Banco del Estado de Chile	JPY 5000	34	na	2027
Brazil	Banco do Brasil SA	USD 750	750	6.000%	2031 (sust)
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	USD 5	5	na	2026
Mexico	America Movil SAB de CV	MXP17500	1,043	10.125%	2029
Supranational	Millicom International Cellular SA	USD 450	450	7.375%	2032
Brazil	St Mary's Cement Inc (Votorantim Cimentos)	USD 500	500	5.750%	2034 (SLB)
Supranational	CAF Development Bank of Latin America	INR 4500	54	7.500%	2030
			3,701		

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. (na): not available.

Q1 2024 **45,412**

Table 8 (Annex 1)
LAC international bond issuances in the second quarter of 2024

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity
		Apr-24			
Colombia	Republic of Colombia	USD 650	650	8.000%	2035 (soc)(r)
Colombia	Republic of Colombia	USD 650	650	8.750%	2053 (soc)(r)
Brazil	Nexa Resources SA	USD 600	600	6.750%	2034
Brazil	BTG Pactual	USD 500	500	6.250%	2029
Brazil	Movida Participações SA	USD 500	500	7.850%	2029
Supranational	CAF Development Bank of Latin America	GBP 1000	1,264	4.750%	2029
Chile	Engie Energia Chile SA	USD 500	500	6.375%	2034 (g)
El Salvador	Republic of El Salvador	USD 1000	1,000	9.250%	2030
Peru	COFIDE	USD 300	300	5.950%	2029
Supranational	FONPLATA	CHF 145	159	2.592%	2027 (sust)
Chile	Banco del Estado de Chile	USD 600	600	7.950%	Perp (NC5)
Argentina	Pan American Energy Group SL	USD 400	400	8.500%	2032
Chile	Antofagasta plc	USD 750	750	6.250%	2034
			7,873		

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.

JAN-APR 2024 **53,285**

Annex 2 LAC credit ratings

Table 9 (Annex 2)
Credit ratings In Latin America and the Caribbean, January–April 2024

	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	Upgrade, O/L stable	15-Mar-24	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	B3		B-		B	(+)	Upgrade, O/L stable	3-Aug-23	Affirmed, O/L stable	21-Nov-22	O/L changed to (+) from stable	29-Oct-23
Belize	Caa2		B-		NR		Upgrade, O/L stable	16-Nov-22	Upgrade, O/L stable	9-Nov-21		
Bolivia	Caa3		CCC+	(-)	CCC		Downgrade, O/L stable	26-Apr-24	Downgrade, O/L (-)	22-Nov-23	Downgrade, No outlook	6-Feb-24
Brazil	Ba2		BB		BB-		Affirmed, O/L stable	9-Nov-22	Upgrade, O/L stable	19-Dec-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	19-Jul-23
Colombia	Baa2		BB+		BB+		Affirmed, O/L stable	8-Jun-23	O/L changed to (-) from stable	18-Jan-24	Affirmed, O/L stable	30-Jun-23
Costa Rica	B1	(+)	BB-		BB		Upgrade, O/L (+)	3-Nov-23	Upgrade, O/L stable	27-Oct-23	Upgrade, O/L stable	28-Feb-24
Cuba	WR		NR		NR		Rating withdrawn	7-Dec-23				
Dom. Rep.	Ba3	(+)	BB		BB-	(+)	O/L changed to (+) from stable	10-Aug-23	Upgrade, O/L stable	19-Dec-22	O/L changed to (+) from stable	29-Nov-23
Ecuador	Caa3		B-		CCC+	No O/L	Affirmed, O/L stable	27-Feb-23	Affirmed, O/L stable	12-May-23	Downgrade, No outlook	16-Aug-23
El Salvador	Caa3		B-		RD	No O/L	O/L changed to stable from (-)	3-Feb-23	Upgrade, O/L stable	7-Nov-23	Downgrade, No outlook	5-May-23
Guatemala	Ba1		BB		BB		O/L changed to stable from (-)	15-Jun-22	O/L changed to (+) from stable	18-Apr-24	Affirmed, O/L stable	13-Feb-24
Honduras	B1		BB-		NR		Affirmed, O/L stable	3-Oct-23	O/L changed to stable from (-)	29-Sep-23		
Jamaica	B1	(+)	BB-		BB-	(+)	Upgrade, O/L (+)	18-Oct-23	Upgrade, O/L stable	13-Sep-23	Upgrade, O/L (+)	5-Mar-24
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	B2		B		B-	(+)	Upgrade, O/L stable	15-Mar-24	Upgrade, O/L stable	25-Oct-22	O/L changed to (+) from stable	5-Jun-23
Panama	Baa3		BBB	(-)	BB+		Downgrade, O/L stable	31-Oct-23	O/L changed to (-) from stable	7-Nov-23	Downgrade, O/L stable	28-Mar-24
Paraguay	Ba1	(+)	BB		BB+		O/L changed to (+) from stable	22-Jul-22	Affirmed, O/L stable	18-May-22	Upgrade, O/L stable	1-Feb-24
Peru	Baa1	(-)	BBB	(-)	BBB-		O/L changed to (-) from stable	31-Jan-23	Downgrade, O/L stable	25-Apr-24	Affirmed, O/L (-)	25-Oct-23
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		O/L changed to (+) from stable	10-Jul-23	O/L changed to stable from (-)	21-Jul-22		
Uruguay*	Baa1		BBB+		BBB		Upgrade, O/L stable	15-Mar-24	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-19

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for January to April 2024 are in pink.
Note: Moody's ratings are qualified by outlooks and reviews while S&P and Fitch ratings are qualified by outlooks and watches. A review/watch [+ or -] is indicative of a likely short-term development. An outlook [(+) or (-)] suggests that a review/watch or long/intermediate-term movement is likely. No O/L: no outlook; Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.

Box 1 (Annex 2)
Credit rating actions in Latin America and the Caribbean – January to April 2024

There were 7 positive and 5 negative actions in Latin America and the Caribbean in the first four months of 2024.

Positive Actions: 7 (Bold)

January

February

- **Paraguay (01 February): S&P upgrades Paraguay's rating to BB+ from BB with a stable outlook**, on greater economic resilience supported by macroeconomic stability and excess supply of renewable energy, which is attracting investments.
- Guatemala (13 February): Fitch affirms Guatemala's BB rating with a stable outlook (no change).
- **Costa Rica (28 February): Fitch upgrades Costa Rica's rating to BB from BB- with a stable outlook**, citing the ongoing commitment to the fiscal rules that is anchoring continued structural improvement in Costa Rica's fiscal position, as well as robust economic growth and an improved external liquidity position.

March

- **Jamaica (05 March): Fitch upgrades Jamaica's rating to BB- from B+ rating with a positive outlook**, citing significant progress with debt reduction backed by a sound fiscal framework and a strong political commitment to deliver large primary surpluses.
- **Argentina (15 March): S&P upgrades Argentina's rating to CCC with a stable outlook** as debt exchange, which S&P had classified as a distressed exchange, is finalized. This was Argentina's sixth peso-debt exchange since August 2022.
- **Nicaragua (15 March): Moody's upgrades Nicaragua's rating to B2 from B3 with a stable outlook**, reflecting the agency's view that the sovereign's credit profile has structurally strengthened due to the accumulation of substantial fiscal and external buffers above Moody's prior expectations, as a result of concerted policy efforts to mitigate challenges from international sanctions.
- **Uruguay (15 March): Moody's upgrades Uruguay's rating to Baa1 from Baa2 with a stable outlook**, citing strong institutions that support the implementation of structural reforms and continued compliance with fiscal and monetary policy frameworks.

April

- **Guatemala (18 April): S&P revises the outlook on Guatemala's BB rating to positive from stable** with expectation of an upgrade in the next 6-12 months if cautious macroeconomic policies prevail.
- El Salvador (30 April): Fitch affirms El Salvador's CCC+ rating with no outlook, as Fitch typically does not assign Outlooks to sovereigns with a rating of CCC+ or below (no change).

Negative Actions: 5 (Bold)

January

- **Colombia (18 January): S&P revises the outlook on Colombia's BB+ long-term foreign currency rating to negative from stable** on subdued economic growth prospects, which may indicate less economic resilience.

February

- **Bolivia (06 February): Fitch downgrades Bolivia's rating to CCC from B- with no outlook** (Fitch typically does not assign Outlooks to sovereigns with a rating of CCC+ or below). The agency says the downgrade reflects a significant decline in usable international reserves to very low levels, heightening risks to macroeconomic stability and debt service capacity.

March

- **Panama (28 March): Fitch downgrades Panama's rating to BB+ from BBB- with a stable outlook**, saying the downgrade reflects fiscal and governance challenges that have been aggravated by the events surrounding closure of the country's largest mine.

April

- **Peru (25 April): S&P downgrades Peru's rating to BBB- from BBB with a stable outlook** on political uncertainty constraining growth.
- Peru (26 April): Fitch affirms Peru's rating at BBB with a negative outlook (no change).
- **Bolivia (26 April): Moody's downgrades Bolivia's rating to Caa3 from Caa1 with a stable outlook** on its assessment that ongoing governance challenges and heightened domestic political risk have exacerbated external liquidity pressures.

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

Annex 3 Latin American bond spreads

Table 10 (Annex 3)
EMBI Global index and Latin American composites, April 2020—April 2024
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
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
30-Nov-23	339	1984	196	134	304	2016	358	160	84	18054	401	299	2044
29-Dec-23	319	1907	200	132	272	2055	340	160	85	21422	383	278	2233
31-Jan-24	336	1964	224	143	310	1786	341	167	97	22198	392	301	1959
29-Feb-24	308	1702	202	134	299	1420	328	153	85	21928	364	271	1796
28-Mar-24	287	1452	201	127	292	1233	314	152	82	21720	342	252	1796
30-Apr-24	301	1215	202	121	303	1120	309	160	80	14799	381	250	1917

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

EMBI Global composition by country (end-April 2024): Mexico, Brazil and Chile account for 17.16% of the total weighting.
EMBI Global composition by region: Latin: 33.86%; Non-Latin: 66.14%.

Latin American and Caribbean issuers placed US$ 53 billion of bonds in international markets in the first four months of 2024. This total was 61.5% higher than in the same period in 2023. The market remained open to high-yield issuers from the region, but most of the region's issuances (69%) came from the investment grade sector. After two consecutive years in which sovereign issuances surpassed the 50% mark, corporate bond issuances in the reporting period represented 58% of the total.

The region issued US$ 13 billion in green, social, sustainability and sustainability-linked bonds in international markets from January to April 2024, up 90% year-on-year. This total accounted for 24% of the region's total international bond issuance, up from 20% in the prior-year period but down from the record 35% annual share in 2023.

Capital flows to Latin America and the Caribbean: first four months of 2024 presents and analyses the main trends and developments in capital flows to Latin America and the Caribbean from January to April 2024. This report, published by ECLAC three times a year, provides an overview of the region's new international bonds issued, bond spreads and credit ratings.

ECLAC

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