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Capital Flows to Latin America: Year-end 2006

UNITED NATIONS

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ECLAC

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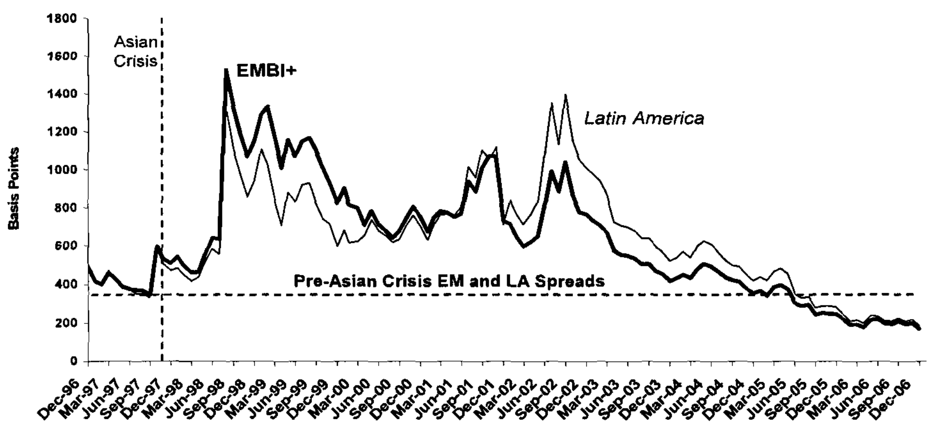
Introduction

Year-end 2006*

Latin American markets had another good year in 2006. The liquidity environment remained supportive, credit quality continued to improve, and concerns that the heavy electoral calendar would increase volatility did not materialize. Latin America continued to reap the benefits from the commodities boom, while rising oil prices during most of the year continued to be a net positive for oil exporting countries; together with a significant increase in remittances from Latin Americans abroad they contributed to increase the region's current account surplus.

Chart 1:
Spreads on JPMorgan EMBI+ and Latin American Composites
December 1996 to December 2006



Source: ECLAC, on the basis of data from "Emerging Markets Bond Index Monitor", JPMorgan.

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* This document has been prepared on the basis of market views and developments. All data and information are from market sources, unless otherwise noted.

Latin American stocks surged to a fourth straight year of double-digit increases, their longest winning streak since the index started in 1988. The Morgan Stanley Capital International (MSCI) Latin American Price Index gained 39.3% in dollar terms in 2006, following a gain of 44.9% in 2005. Bond spreads continued to tighten to record low levels in 2006, as a result of the search for yield in face of ample global liquidity and improving fundamentals. According to JPMorgan, the EMBI+ Latin component tightened 97 basis points in 2006, after tightening 137 basis points in 2005.

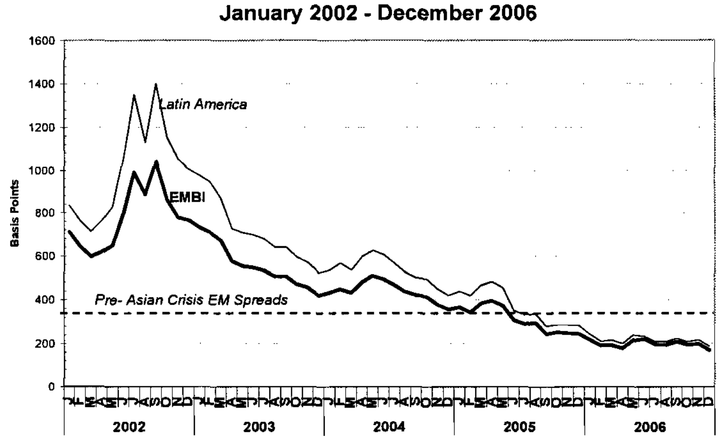
Latin American markets were also supported by active debt management, as countries took advantage of the favorable external environment to improve their debt profiles, increase issuance in local currency and develop local markets. Sovereigns in Latin America are estimated to have already met 40% of their 2007 external debt financing needs according to Credit Suisse.[1] Pre-financing and debt management has led to improved debt structures and increased resilience to external shocks.

[1] Credit Suisse, *Debt Trading Monthly*, 25 January 2007.

I. Bond markets and debt management

Emerging market spreads, as measured by the JPMorgan EMBI+ index, tightened by 76 basis points in 2006, while the Latin American component narrowed by 97 basis points. During May and June, uncertainty towards the global economic outlook amid rising interest rates prompted investors to abandon riskier markets around the world. Stocks in emerging markets plummeted as a result, while bond spreads widened. Emerging and Latin American bond spreads narrowed after that, however, resuming their descent toward record low levels in the second half of the year (see chart 2).

Chart 2:
EMBI+ Spreads and Latin American Component
January 2002 - December 2006



Source: ECLAC, on the basis of data from "Emerging Markets Bond Index Monitor," JPMorgan.

Volatility remained stable in 2006, despite an increase in May and June, leading to low risk premia. The abundance of global liquidity and appetite for greater risk, as well as the continued broadening of the "investor base", has contributed to the lower level of spreads. The focus on liability management operations remained firmly in place in 2006, which saw the implementation of unprecedented liability management operations in Latin American markets, including several major buybacks and exchanges, and the almost total elimination of Brady debt. Sovereigns turned more toward local funding in 2006, which helped eliminate some of the asset/liability mismatches that have caused trouble in the past and contributed to increase Latin American markets' resilience to sharp changes in the external environment.

The favorable economic trends in 2006 contributed to better sovereign ratings across the region. Fourteen countries had their ratings raised or their outlook positively revised in 2006, a year when only one country was downgraded. Most positive credit rating changes among Latin American sovereigns took place in South America. While ratings and/or outlooks were raised on nine South American sovereigns, only five countries in Central America and the Caribbean had their ratings and/or outlook upgraded (see box 1 and appendix, table 1).

There are both external and internal reasons behind the positive trends in credit ratings in the region. A favorable external environment has boosted exports and has helped to provide cheaper funding for both sovereigns and corporates. Thanks to higher commodity prices, the terms of trade for the region as a whole are better than they were in the past decade. From the domestic point of view, GDP growth for the fourth year in a row and a significant improvement in the profile of debt has contributed to an improvement in creditworthiness.

BOX 1: CREDIT RATING ACTIONS IN LATIN AMERICA – 2006

During 2006, there were only two negative credit rating actions in Latin America and the Caribbean. There were 15 positive credit rating actions by Standard & Poor's and 8 by Moody's. Both negative actions were taken by S&P on Belize, which was put into Selective Default in late 2006.

Positive Actions: 23

January

- Uruguay: on January 9, **S&P raised the sovereign's credit outlook to positive**, from stable, citing strong growth and a firmer currency—the latter easing debt repayment obligations.
- Jamaica: on January 18, **S&P affirmed B rating, with a stable outlook.**
- Ecuador: on January 30, **Moody's raised sovereign's credit outlook to positive**, in light of the country's improved liquidity position and declining debt ratios. Its rating on foreign currency debt was reaffirmed at Caa1.

February

- Venezuela: on February 3, **S&P raised the sovereign's credit rating to BB- from B+**, citing the continuing sharp improvements in the nation's external and debt indicators. The upgrade left the rating three notches below investment grade.
- Colombia: on February 22, **S&P revised its outlook on Colombia's long-term foreign and local currency sovereign debt to positive from stable** on the strength of better economic prospects and improvements in the country's external indicators.
- Paraguay: on February 27, **S&P affirmed Paraguay's rating and revised its outlook to positive**, citing the country's improved economic and fiscal profile and the government's push through several economic reforms.
- Brazil: on February 28, **S&P raised its long-term sovereign credit rating of Brazil to BB, from BB-**, based on the continued and marked improvement in Brazil's external debt indicators, and active debt management to reduce currency exposure. The upgrade places the country's sovereign debt two notches below investment grade, and is the highest that S&P has ever assigned to the country.

March

- Colombia: on March 9, **Moody's raised the outlook on Colombia's sovereign external debt rating from negative to stable**, noting the improvement in the country's external finances and the government's liability management operations, which have reduced the vulnerability to external shocks.
- Chile: on March 21, **Moody's placed Chile's external debt rating under review for a possible upgrade,** citing that revenue from copper allows the country to reduce its debt.

(Continued)

Box 1 – (conclusion)

- Argentina: on March 23, **S&P raised the sovereign's debt rating to B from B-**, with a stable outlook. The agency said the upgrade reflects improved fiscal and external flexibility, an improved debt position after restructuring.

April
- Mexico: on April 27, **S&P affirmed Mexico's rating at BBB.**

June
- Costa Rica: on June 27, **Moody's upgraded the debt rating outlook from negative to stable** on the basis of the country's fiscal restraint and lower debt ratios.

July
- Chile: on July 7, **Moody's raised the sovereign's credit rating to A2 from Baa1,** citing a significant improvement in the country's external debt ratios which have come in line with those observed in similarly rated countries.
- Trinidad and Tobago: on July 13, **Moody's raised the sovereign credit rating to Baa2 from Baa1,** in light of the country's improved macroeconomic conditions, characterized by declining unemployment, rapidly declining external debt and solid external position.
- Guatemala: on July 17, **S&P raised the long-term currency ratings to BB from BB-**, citing both political progress that reduced uncertainty over economic policy and the passage of measures strengthening the rule of law.
- Barbados: on July 26, **S&P revised its outlook on Barbados long-term foreign and local currency sovereign debt to stable from negative**, citing a fiscal adjustment that is currently underway.

August
- Dominican Republic: on August 17, **S&P revised the outlook on long-term foreign and local currency sovereign debt to positive from stable**, reflecting improved fiscal and external indicators.
- Brazil: on August 31, **Moody's raised the sovereign credit rating to Ba2 from Ba3**, but warned that government spending threatens to get out of hand. The outlook remains stable on the Ba2 rating.

September
- Uruguay: on September 28, **S&P raised sovereign credit ratings on the Republic of Uruguay to B+ from B,** reflecting the continuing decline in government debt and the strengthening of its maturity profile.

October
- Argentina: on October 2, **S&P raised the long-term currency rating to B+ from B,** citing improvement in the country's external liquidity, combined with a falling debt burden. The outlook remained stable.

November
- Peru: on November 20, **S&P raised the long-term currency ratings to BB+ from BB**, citing comprehensive improvement in the country's economic indicators, and favorable medium-term prospects in the context of a more stabilized political and social situation.
- Brazil: on November 22, **S&P revised its outlook on its long-term ratings to positive from stable**, in light of the continued decline in Brazil's fiscal and external vulnerabilities.
- Uruguay: on December 21 **Moody's upgraded the foreign- and local-currency bond ratings of Uruguay to B1 from B3** in light of a steady improvement in overall fiscal performance, a continuous reduction in external and debt ratios, and a significant reduction in refinancing risks as a result of liability management operations carried out by the government.

Negative Actions: 2

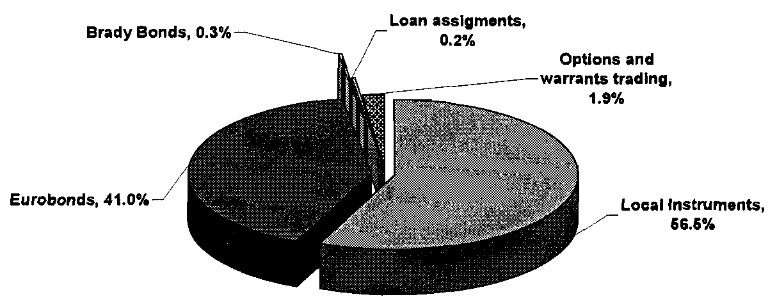
August
- Belize: on August 4, **S&P lowered the sovereign-term currency ratings to CC from CCC-**, citing the government's intention to restructure its foreign-currency-denominated bonds and commercial bank loans. The outlook remained negative.

December
- Belize: on December 7, **S&P revised its log-term foreign currency sovereign credit rating on Belize to 'SD' from CC**, following Belize's announcement of a debt restructuring offer.

Countries with improved economic fundamentals that have built up significant financial cushions against external shocks have been issuing more local-currency debt while decreasing their reliance on foreign-currency bond issues. According to participants in EMTA 2006 Annual Debt Trading Volume Survey, local markets instruments reached their highest annual share of the emerging markets total since EMTA began publishing its Survey in 1992. EMTA noted that 57% of reported trading in 2006 took place in local markets, compared to a share of 47% in 2005 and 45% in 2004 (see chart 3). Nearly all local markets instruments tracked in the Survey are denominated in local currencies. According to EMTA, local markets hit an all-time high share of 64% in the third quarter, perhaps because of rebounding risk appetite in the aftermath of the May-June correction in financial markets, but leveled off at 57% in the fourth quarter.

Chart 3:
2006 Emerging Markets Debt Trading Volume by Type of Instrument

Trade Volume in 2006: US$ 6,523,168 million



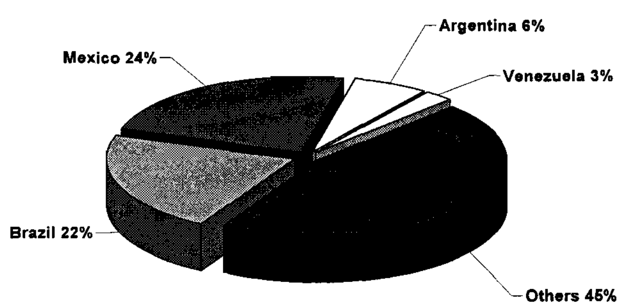
Source: EMTA

Analysts agree that some of the move into local-currency debt is a response to the abundant global liquidity in external markets. In addition, a broader class of investors, including pension funds, central banks and other long-term institutional investors, who are willing to commit to longer-term goals, is now looking to invest in local-currency debt not as a second option but as part of their initial investment.

In the case of Mexico, local markets volume, at US$ 1.253 trillion, accounted for 82% of total Mexican volume in 2006. Domestic demand has been driving much of the Mexican local markets volume. Mexican instruments remained the most frequently traded instruments overall, with a 24% share of total Survey volume (see chart 4), an increase from a 17% share in 2005. However, while Mexico dominated the local markets trading, Brazil remained at the top of the external debt trading.

Chart 4:
2006 Emerging Markets Debt Trading Volume: Country Shares

Trade Volume in 2006: US$ 6,523,168 million



Source: EMTA

Brazilian instruments were the second most frequently traded in 2006, but trading volumes declined by 8% compared to 2005. Survey participants reported a 20% increase in Brazilian local market transactions and a 28% increase in Brazilian corporate trades, but these were offset by a decline in Eurobond trades. Overall Eurobond market share declined to 41% of Survey trading in 2006, compared to a 48% share in 2005.

JPMorgan estimates that 30% of total capital inflows in emerging markets have gone to local markets in 2006. This relative amount is expected to shift further in favor of local markets, as economic fundamentals remain solid and credit quality continues to improve. In 2006, local markets debt, as measured by JPMorgan GBI-EM Global Index[2], outperformed external debt in Latin America.

Emerging markets debt has evolved into a three-way market, based on sovereign, corporate and local-currency debt. Emerging markets local-currency debt has been generating widespread interest from foreign investors since early 2005, while corporate issuance has been on the rise. In addition, emerging markets corporate syndicated loans and the development of new markets such as Latin securitization[3] and Latin inflation-linked bonds have broadened the asset class universe.

Emerging markets new debt issuance continued to be vigorous in 2006, responding to favorable borrowing conditions and historically low yields, as well as to the improving quality of emerging markets credit. New emerging market issuance amounted to US$ 167 billion at the end of December according to ECLAC estimates on the basis of JPMorgan data, with Latin American issuance reaching US$ 45 billion.

A. Spreads[4]

The JPMorgan EMBI Global tightened by 47 basis points in the second half of 2006 and its Latin American component tightened by 51 basis points. For 2006 as a whole, the EMBI Global narrowed by 66 basis points, finishing the year at 171 basis points, while the Latin component tightened by 92 basis points, finishing the year at 180 basis points. Spreads narrowed for all countries in our sample, with the exception of Ecuador (see chart 5). Spreads tightened in all quarters of 2006 with the exception of the second quarter, when the market correction of May-June and associated increase in volatility prompted investors to abandon risky assets.

Argentina's bond spreads narrowed 169 basis points in the second half of 2006 as rapid growth in domestic economic activity and continued favorable external environment contributed to a fourth year of growth and to an improvement in the country's debt profile. Spreads fell from 385 basis points at the end of June, to 216 basis points at the end of December.

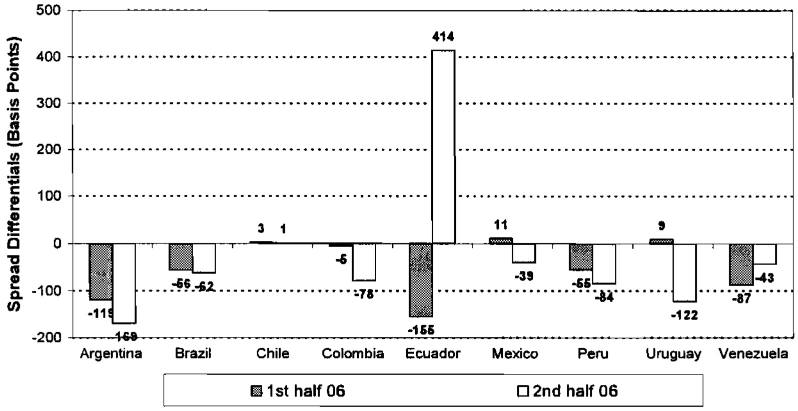
Brazilian spreads tightened 62 basis points in the second half of the year, from 252 basis points at the end of June to 190 basis points at the end of December. The 2006 presidential election did not derail economic policies, and was a non-event in financial markets. Strong balance of payments and receding inflation paved the way for monetary easing, and supported further spread tightening in the second half of 2006. A substantial external debt buyback and the increasing securitization of private credit and real state also supported tighter spreads. Local markets have been increasingly attracting foreign capital. Investors' share of the local public debt market rose from 0.69% in January 2005 to 2.64% in December 2006.

2 In January 2006, JPMorgan introduced the Government Bond Index-Emerging Markets (GBI-EM) to provide investors with a benchmark that tracks local currency government bonds issued by emerging markets.

3 Securitization in Latin America is developing rapidly with Brazil's FIDCs - credit receivable funds, and Mexico's MBS - residential mortgage-backed securities. The introduction of receivable investment funds in Brazil and reforms in Mexico's residential mortgage market have paved the way for fast growth in these markets.

4 The spread levels discussed in this section refer to the EMBI Global Index, which also includes Chile and Uruguay in addition to the countries included in the EMBI+.

Chart 5:
Half-Yearly Spread Differential
2006 (EMBI Global)



Source: ECLAC, on the basis of data from JPMorgan.

Chilean spreads widened by 1 basis point in the second half, finishing the year at 84 basis points. Chile has the lowest spread in the Latin American composite of the EMBI Global, reflecting the country's solid macroeconomic stability and low financial needs. Economic activity towards the end of the year turned sluggish, however, putting an end to the central bank's policy rate tightening cycle. Solid labor income and steady consumption demand on the domestic front and accelerating non-copper exports on the external front have led investors to anticipate an economic rebound in 2007.

Colombian spreads fell from 239 basis points at the end of June, to 161 basis points at the end of December, tightening 78 basis points in the second half of the year. Upbeat GDP growth and positive technicals supported the tightening in bond spreads. Colombia fulfilled its borrowing requirements for 2007 by the end of November. Markets overlooked the slow advance of fiscal reforms in Congress in 2006, but in 2007 they should follow closely for further progress on the reforms.

Ecuadorian spreads widened by 414 basis points in the second half of 2006, with spreads widening by 308 basis points in December alone, following the second round of the presidential election at the end of November. Spreads widened to 920 basis points at the end of December from 506 basis points at the end of June, as concerns that the new administration would seek a restructuring of the country's external debt caused a sharp sell-off of Ecuadorian bonds in the final month of the year.

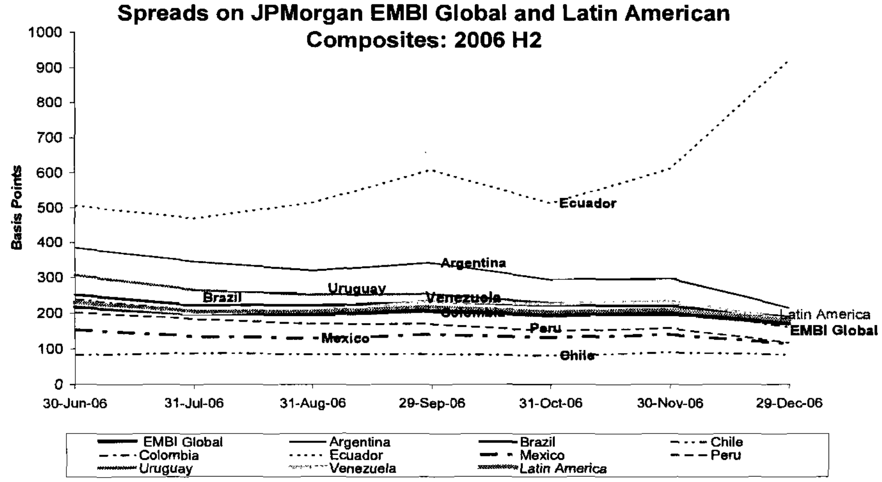
Mexican spreads fell from 154 basis points at the end of June to 115 basis points at the end of December, tightening 49 basis points in the second half of the year. Despite the stalemate after its presidential election, spreads tightened by 28 basis points in 2006, as Mexico's fundamentals remained solid, the outlook for domestic inflation remained benign despite acceleration towards the end of the year, and the government maintained an active debt management policy. Mexico dominated local markets trading in emerging markets in 2006 and extended the yield curve in the local market from 20 to 30 years after issuing a peso bond of that maturity in late October.

Spreads in Peru tightened by 84 basis points in the second half of the year, falling from 202 basis points at the end of June to 118 basis points at the end of December. Economic activity was strong in 2006 and the government continued to maintain sound economic policies. The government's financing needs for next year will be moderate and are expected to be raised in the local market. The government also plans to increase the share of local currency-denominated debt in order to reduce the external debt share.

Uruguayan spreads showed the largest tightening in the region in the second half of the year. Spreads tightened by 122 basis points, from 307 basis points at the end of June to 185 basis points at the end of December. A successful liability management operation and the decision to repay the debt owed to the IMF (totaling US$ 1.1 billion) were well received by investors. Economic outlook seemed upbeat at the turn of the year, and markets expect that the current prudent policy approach will continue in 2007.

Finally, Venezuelan spreads tightened by 43 basis points in the second half, falling from 226 basis points at the end of June to 183 basis points at the end of December. The presidential election in December was a non-event in financial markets. According to JPMorgan, although overheating and economic distortions are a concern, scarcity and relatively high oil prices should continue to support Venezuelan debt in 2007.

Chart 6:
Spreads on JPMorgan EMBI Global and Latin American Composites: 2006 H2



Source: ECLAC, on the basis of data from "Emerging Markets Bond Index Monitor", JPMorgan.

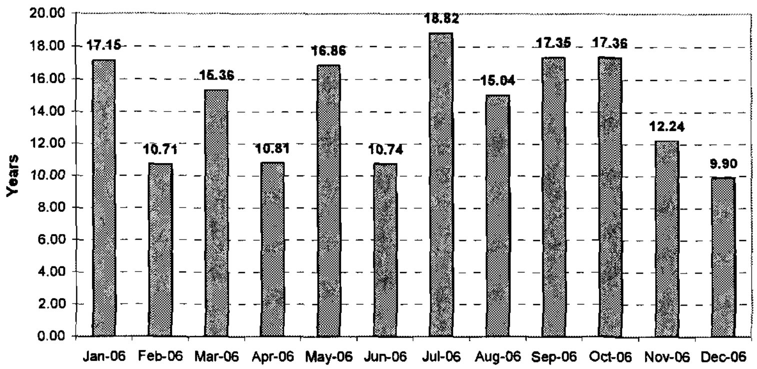
B. Issuance

According to ECLAC estimates based on JPMorgan data, emerging markets issuance in 2006 reached a record high of US$ 166.8 billion, compared to US$ 159.6 billion in 2005. New issuance responded to favorable borrowing conditions and historically low yields, as well as to the improving quality of emerging markets credit.

In Latin American markets, the favorable borrowing conditions and improved debt structures in 2006 were reflected on the higher average maturity of the new debt issued (see chart 7). Brazilian corporates issued four perpetual bonds, and Mexican corporates issued three perpetual bonds in 2006. Perpetual bonds have no maturity date, thus are not redeemable, but pay a steady stream of interest forever. A perpetual bond offers a longer duration for investors seeking long-term investments.

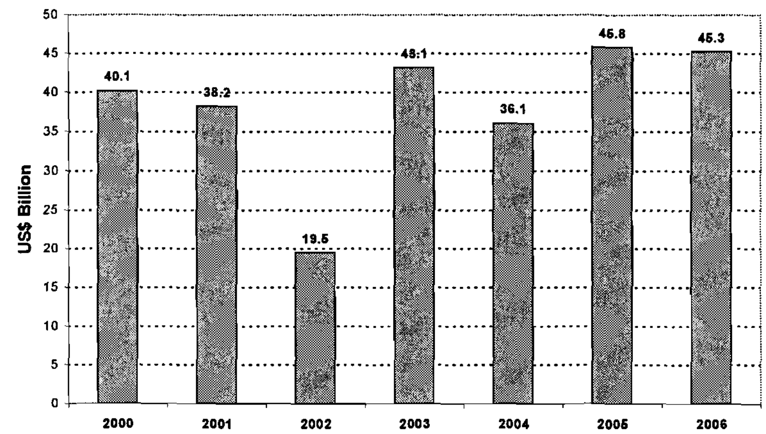
Latin American bond issuers placed a total of US$ 45.3 billion in international capital markets in 2006, slightly less than the US$45.8 billion placed in 2005 (see chart 8). The smaller amount may reflect the lower financial needs of the countries of the region in 2006, having pre-financed more than 90% of its 2006 financial needs by the end of 2005. Latin American issuance was the second largest share of total emerging markets issuance following Emerging Europe (see chart 9), and covered about 40% of the region's external financing needs for 2007.

**Chart 7:
New Latin American Debt Issuance: Average Maturity
2006**



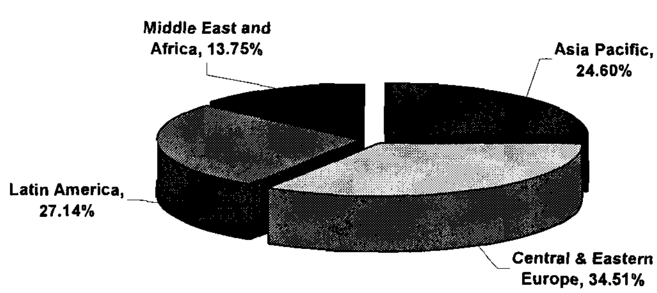
Source: ECLAC, on the basis of data from "Emerging Markets Outlook and Strategy," JPMorgan.
Note: the January, February, May, November and December averages do not include the perpetual bonds issued by Brazilian and Mexican entities.

**Chart 8:
Annual Latin American Issuance**



Source: ECLAC, on basis of data from "Emerging Markets Outlook and Strategy," JPMorgan.

**Chart 9:
Emerging Markets Debt Issuance: Regional Breakdown
2006**



Source: ECLAC, on the basis of data from JPMorgan.

Note: Total emerging markets debt issuance for 2006 is US$166.8 billion.

The favorable global economic and financial environment has facilitated liability management operations on the part of key Latin American countries, including the refinancing of more expensive debt by less expensive money and the pre-financing of a significant share of obligations due in 2007. In addition, higher commodity prices and increased remittances from overseas workers made external financing requirements more manageable for many countries.

Active debt management operations have also helped reduce debt-related vulnerabilities, leading to the broadening of the investor base, which, in turn, has given debt managers more flexibility to issue in different currencies and to increase the share of financing from local sources. The share of local-currency bonds in total Latin American debt in 2006 was 8.6% (compared to 8% in 2005); 3.1% was denominated in Brazilian reais, followed by 2.6% in Mexican pesos and by 1.5% in Uruguayan pesos (see table 1). There were fewer issuances in local currency in 2006 than in 2005 (10 issues in 2006 compared to 15 in 2005), but they were of a higher amount. The total amount of Latin American local-currency issuance in 2006 was US$ 3.89 billion, compared to US$ 3.88 billion in 2005.

Table 1: Global Local-Currency Denominated Bond Issues in 2006

Announcement Date	Issuer	Currency	Maturity	US$ Equivalent (million)
25-Jan-06	Telmex	MXN	31-Jan-16	429
6-Mar-06	Republic of Colombia	COP	22-Oct-15	237
10-Aug-06	Republic of Colombia	COP	22-Oct-15	302
6-Sep-06	Brazil Federal Republic of Brazil	BRL	1-May-22	745
7-Sep-06	Oriental Republic of Uruguay	UYU	14-Sep-18	400
6-Oct-06	Federal Republic of Brazil	BRL	5-Jan-22	300
19-Oct-06	Oriental Republic of Uruguay	UYU	14-Sep-18	300
22-Nov-06	Tarjeta Naranja	ARS	29-Nov-11	100
4-Dec-06	Brazil, Federal Republic of Brazil	BRL	5-Jan-22	347
7-Dec-06	America Movil	MXN	18-Dec-36	736
Total				**3,896**

Source: ECLAC, on the basis of data from JPMorgan.

In 2006, 89.4% of the Latin American bonds issued were denominated in dollars, only 1.6% in euros, 0.2% in yens and 10% in other currencies, which included Brazilian reais, Argentine, Colombian, Mexican and Uruguayan pesos and one issuance in Hong Kong dollars (see table 2).

Table 2

Currency Breakdown

(% of Latin America's Total)

Currency	2006
Dollar	89.4%
Euro	1.6%
JPY	0.2%
Other*	8.8%

Source: ECLAC, with data from JPMorgan.

* Issuance in Argentine, Colombian, Mexican and Uruguayan pesos, Brazilian reais and Hong Kong dollars.

Table 3

Issuer Type Breakdown

(% of Latin America's Total)

Issuer Type	2006
Sovereign	43.7%
Corporate*	56.3%

Source: ECLAC, with data from JPMorgan.

*Also includes bank issuance.

Sovereigns to tap the international capital markets in the second half of 2006 were Brazil, Colombia, El Salvador, Panama, Uruguay, Aruba and Barbados (see appendix C). The Argentine provinces of Neuqen and Buenos Aires also tapped international markets in October. Sovereign issuance amounted to US$ 19.8 billion or 44% of Latin American issuance in 2006 (see table 3), compared with US$ 24.3 billion or 53% of Latin American issuance in 2005. Brazil was the biggest sovereign issuer, with a share of 34.1% of the region's total issuance, followed by Uruguay with 18.1%, and Colombia and

Mexico in third with 15.2%. In the case of Mexico, the sovereign achieved third place with one issuance only, the US$ 3 billion UMS'17, which was brought to the market in early March.

Corporate issuance in Latin America outpaced sovereign issuance in 2006, amounting to US$ 25.5 billion or 56% of total Latin American issuance, an increase of 18.6% over the US$ 21.5 billion issued in 2005 (the corporate share of total Latin American issuance in 2005 was 47%). Analysts expect this trend to continue, with corporates outpacing sovereigns due to buybacks of sovereign issues and the continued growth of local markets. Although the corporate picture was somewhat different, Brazil still represented the largest market within the region (31.8% of all Latin American corporate issuance), followed by Mexico (24.3%).

Brazil and Mexico were among the top five issuers in emerging markets (sovereign and corporate issuance combined), ranking second and fourth, with amounts totaling US$19 and US$9.2 billion, respectively (see table 4). The total amount issued by these two sovereigns in 2006 represented more than 62% of the total Latin American issuance.

Table 4

Top 5 Issuers in Emerging Markets* 2006 YTD

Country	Amount (US$mn)
Russia	20,210
Brazil	18,989
Korea	14,060
Mexico	9,200
UAE	9,159

Source: ECLAC, with data from JPMorgan.

* Sovereign and Corporate Combined

The Latin American debt market continued its maturation process in 2006, characterized by proactive liability management, an extension in the maturity profile of debt, increase in the share of domestic financing and development of domestic capital markets, as well as legislative improvements and structural reforms. In September, Brazil issued its second BRL-denominated bond in a period of 12 months, the BRL 1.6 billion (US$ 745 million) issue maturing in 2022. Colombia issued a US$ 1 billion bond, due in September 2037, with parts of the proceeds to be used to finance the budget for 2007, and part to fund the purchase of three outstanding older issues. Uruguay issued an UYU-denominated bond to mature in September 2018, amounting to US$ 400 million. It was a fixed-rate bond, indexed to the country's inflation rate, and allowed foreign investors to gain some exposure to Uruguay's developing local debt market.

In July of 2006, Argentina and Venezuela issued a new US$ 1 billion Southern Bond (Bono del Sur), the first bi-national debt sale of its kind in the region. The bond is actually three bonds combined, comprised of 50% in a 6.25% fixed Venezuelan bond maturing in 2017, 30% in Argentine Boden'12s, and 20% in Argentine Boden'15s. The Boden'15s had already been purchased by Venezuela, thus only the Boden'12s were counted as new financing for Argentina. The issue was targeted to the local financial system.

Early in 2006 Brazil paid its total debt of US$ 15.5 billion to the IMF, Argentina followed a few days later with US$ 9.5 billion of debt outstanding, and in December Uruguay prepaid its remaining outstanding debt worth US$1.08 billion to the IMF. While these countries have paid back the total debt owed to the IMF, they have been accepting substantial investments and grants from Venezuela. According to Fitch analyst Morgan Harting, Venezuela is emerging as a ready source of financing in Latin America, replacing the International Monetary Fund.

II. Portfolio equity flows into Latin America

Latin American equity markets surged to a fourth straight year of double-digit increases. Following a significant correction in May-June 2006, equity prices resumed their climb, and supported by investor confidence and a relatively benign external backdrop in the second half of the year, the MSCI Price Index for Latin America gained 4.4% and 21.1% in the third and fourth quarters, respectively. For the year as a whole, it rose 39.3% in dollar terms. The rise marked the longest streak of annual gains since the index started in 1988. Argentina showed the biggest gain in 2006 (66.1%), followed by Venezuela (62.2%), Peru (52.1%), Brazil (40.5%) and Mexico (39%) (see table 5, chart 10).

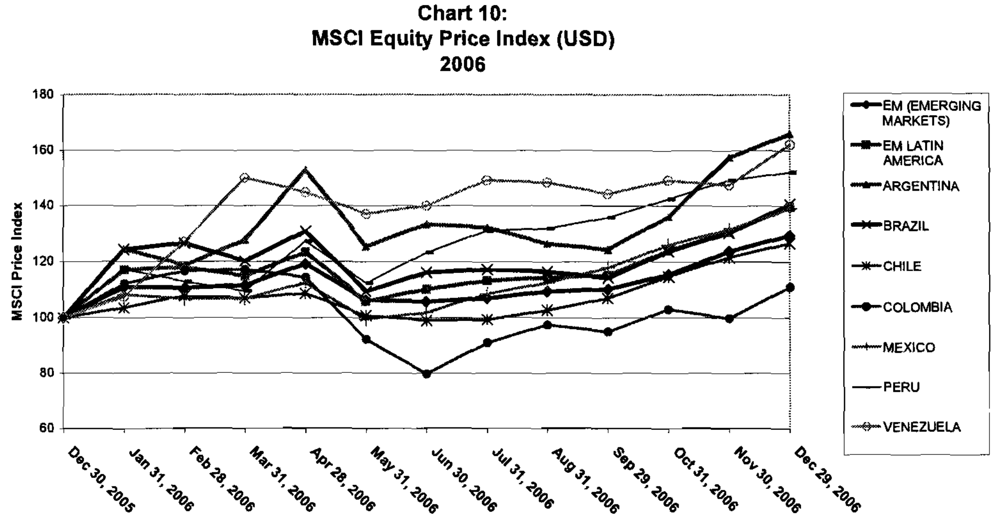
According to the Institute of International Finance, net portfolio equity inflows in Latin America are estimated to have reached US$ 4.5 billion in 2006 and are projected to be higher than that in 2006, reaching US$ 6.5 billion. The good and steady macroeconomic performance of Latin American economies in the past few years has supported higher net portfolio equity inflows into the region. With respect to equity issuance, Brazil and Mexico accounted for nearly all of the issuance in the region, with Brazil issuing more than twice the amount of Mexico.[5] Investors anticipate a robust 2007, especially in Mexico, but Brazil, as it had a very strong 2006, is expected to see issuance level off or even drop somewhat.

Table 5
Stock Price Indexes
2006

	Price Index in US Dollars					Variation				
	30-Dec-05	*31-Mar-06*	*30-Jun-06*	*29-Sep-06*	*29-Dec-06*	*Q1/06*	*Q2/06*	*Q3/06*	*Q4/06*	***2006***
Emerging markets	706.483	787.802	747.545	778.166	912.655	11.51%	-5.11%	4.10%	17.28%	**29.18%**
Latin America	2,149.97	2,469.40	2,368.20	2,473.06	2,995.67	14.86%	-4.10%	4.43%	21.13%	**39.34%**
Argentina	1,857.10	2,370.29	2,473.90	2,307.66	3,084.08	27.63%	4.37%	-6.72%	33.65%	**66.07%**
Brazil	1,569.44	1,886.23	1,821.85	1,790.82	2,205.43	20.18%	-3.41%	-1.70%	23.15%	**40.52%**
Chile	1,180.68	1,263.74	1,169.27	1,262.84	1,492.42	7.03%	-7.48%	8.00%	18.18%	**26.40%**
Colombia	495.667	580.398	395.246	470.735	549.79	17.09%	-31.90%	19.10%	16.79%	**10.92%**
Mexico	3,943.63	4,215.96	4,016.03	4,645.12	5,483.30	6.91%	-4.74%	15.66%	18.04%	**39.04%**
Peru	441.302	483.502	543.691	598.707	671.351	9.56%	12.45%	10.12%	12.13%	**52.13%**
Venezuela	107.377	161.066	151.44	156.172	174.127	50.00%	-5.98%	3.12%	11.50%	**62.16%**

Source:MSCI Equity Indices, http://www.msci.com/equity/index2.html

[5] Institute of International Finance, *Capital Flows to Emerging Market Economies*, 18 January 2007.



Source:MSCI Equity Indices, http://www.msci.com/equity/index2.html
Note: prices at the end of the month.

III. Bank Lending[6]

Latin America experienced a net outflow (net repayments) to commercial banks of US $5.1 billion for the first half of 2006, with claims on the region increasing by US$ 16.8 billion, while liabilities increased by US$ 21.9 billion. In the second quarter, however, Latin America received net lending of US$ 8.2 billion, breaking up with the previous trend (in the first quarter there were net repayments of US$ 13.3 billion) (see table 6).

Table 6

Cross-border bank flows to Latin America

Exchange rate adjusted changes in amounts outstanding, in billions of US$ dollars

	Banks Position*	2005 Year	2005 Q3	2005 Q4	2006 Q1	2006 Q2	Stocks at end-Dec 2005	Stocks at end-Mar 2006	Stocks at end-Jun2006	Growth Q2 2006
Latin America	Claims	8.3	-6.2	14.3	12.8	4.0	261.2	275.4	281.6	2.3%
	Liabilities	22.4	5.9	9.1	26.1	-4.2	304.3	331.6	329.4	-0.7%
Argentina	Claims	-3.4	0.4	-0.2	0.2	0.5	14.8	14.8	15.6	5.4%
	Liabilities	-0.8	-1.9	0.5	0.4	0.7	23.1	23.6	24.4	3.4%
Brazil	Claims	9.5	0.9	4.3	11	0.7	85.1	96.4	97.9	1.6%
	Liabilities	-2.1	-0.5	-5.5	9.4	-5.6	49.2	58.9	53.6	-9.0%
Chile	Claims	1.3	-0.3	1.2	0.8	2.0	21.7	22.9	25.0	9.2%
	Liabilities	2.3	0.6	1.3	5.9	0.9	17.3	23.3	24.3	4.3%
Colombia	Claims	0.5	0.5	0.7	0.1	-0.1	9.5	9.6	9.6	0.0%
	Liabilities	-0.4	0.0	2.0	-0.8	0.8	10.7	9.9	10.8	9.1%
Mexico	Claims	-4.6	-7.6	5.7	1.5	4.2	60.4	62.2	66.9	7.6%
	Liabilities	3.8	4.2	-1.0	5.0	5.0	60.0	65.3	65.5	0.3%
Venezuela	Claims	0.2	0.4	0.3	-0.6	-0.6	13.4	12.9	11.2	-13.2%
	Liabilities	17.2	-0.2	9.4	-4.1	-4.1	50.4	46.7	44.8	-4.1%

Source: BIS Quarterly Review (Table 6A), December 2006.

* External on-balance sheet positions of banks in the BIS reporting area. Liabilities mainly comprise deposits.

An increase in claims represents an inflow into Latin American economies; an increase in liabilities an outflow.

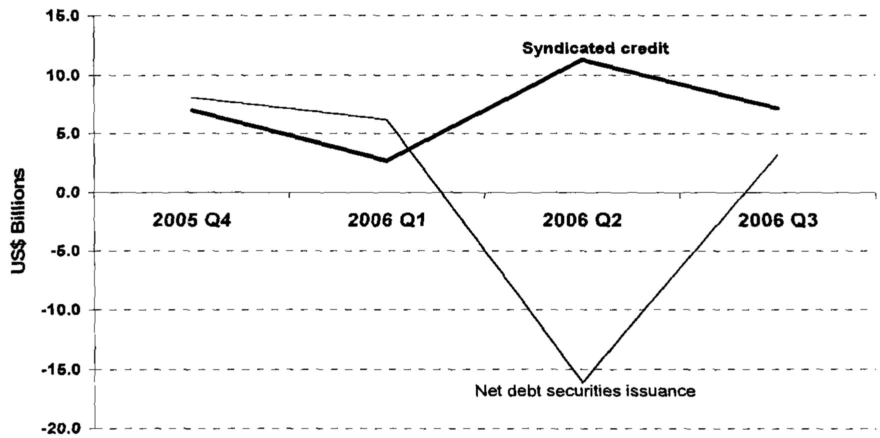
Brazil was the country with the largest inflow of funds in the region during the first half of 2006, US$ 7.9 billion. Total claims on Brazil increased by US$ 11.7 billion, while liabilities increased by US$ 3.8 billion. It was followed by Venezuela, which experienced a net inflow of US$ 7.0 billion. Brazil and Venezuela were the only countries to receive net lending from commercial banks in the first half of 2006. Chile and Mexico experienced a net outflow of funds of US$ 4 and US$ 4.3 billion, respectively.

Activity in the international market for syndicated loans was very strong in the second quarter, but slowed down in the third. Although syndicated credits data are not necessarily a reliable proxy for

[6] The latest data available on bank lending is for the first half of 2006.

future bank lending, the data indicates that bank lending may have slowed somewhat in the third quarter (see chart 11).

Chart 11:
Announced Syndicated Lending and Securities Issuance in Latin America & Caribbean



Source: ECLAC, on the basis of data from the Bank for International Settlements (BIS).

* Net Issuance: Gross Issues - Repayments

IV. Prospects

Over the past four years, few financial markets have offered investors such impressive returns as those of Latin America. In 2006, in spite of the political uncertainty brought by presidential elections, Latin American markets continued to move in an upward direction. Reasons for this rise include well behaved public finances, high commodity prices and rising export volumes, improved credit quality, and abundant liquidity in international markets.

Prudent fiscal stance and current account surpluses led to an improvement in Latin America's debt ratios and to a decline in the region's vulnerability to external shocks. However, the region still remains vulnerable to fluctuations in commodity prices, and its investment rate remains relatively low, limiting long-term growth.

Compared to Asian or European emerging markets, growth and investment in Latin America has been less impressive. According to Richard Lapper from the Financial Times, dependence on commodities is one of the reasons the region still trades at a discount to other emerging markets, and some investors are preparing for what they see as an inevitable downward turn in the commodity cycle. However, others believe that the Chinese demand for raw materials, especially copper, iron ore and oil, will continue to be strong, leading the commodities upward trend to continue for a longer time than would otherwise be the case. Moreover, companies such as Brazil's CVRD and Petrobras and Mexico's Cemex are becoming more international, a fact corroborated by CVRD acquisition of Inco, the nickel miner, and by the offer by Cemex for Rinker, the Australian building materials company, in 2006. [7]

After a strong 2006, emerging and Latin American markets are off to an uneven start in 2007, with both the EMBI Global (EMBIG) and The GBI-EM Global Diversified down -0.30% and -0.80%, respectively, in January.[8] A significant widening in spreads is unlikely, since sovereigns in Latin American have already raised about 40% of their external financing needs for 2007. According to JPMorgan, with a shrinking stock of sovereign external debt, and with EMBIG spreads at an all-time low, the EMBIG no longer reflects the dynamics currently at play in emerging markets. Local markets and corporate debt have been the fastest growing segments of the debt asset class, and to understand its dynamics, investors in 2007 will need to follow developments in both markets as well.

7 Financial Times, *Uncertainty fails to cloud Latin American markets* by Richard Lapper, 12 December 2006.
8 JPMorgan, *Emerging Markets Outlook and Strategy*, 2 February 2007.

Some uncertainty has returned to Latin American markets since the beginning of the year. Ecuador's new administration has confirmed its intentions to restructure its debt, although it still lacks a debt restructuring plan. The country's sovereign credit rating has been downgraded by all credit rating agencies since the start of the year. Venezuela's announcement of upcoming reforms, including the nationalization of the telecommunications and energy sectors, has contributed to increase uncertainty with regards to economic policy in the region. Brazil has also recently announced economic measures intended to accelerate growth (the Growth Acceleration Pack), which have been considered timid by investors.

Despite the bumpy start, investors anticipate another good year for Latin American markets. Governments are expected to continue to switch to local-currency financing to reduce the volatility of their debt service, while flexible exchange rates will continue to contribute to the increase in liquidity and maturity of the debt markets in the region. Despite the current uncertainty regarding the direction of the newly elected government's economic policies, the main risks this year continue to be of an external nature: a downward turn in the commodity cycle, an increase in interest rates and a sharp reduction in global liquidity.

Appendix

A. Credit Ratings

Table 1:
Credit Ratings in Latin America, H2 2006

	Moody's		S&P		Recent Moody's Action		Recent S&P Action	
	Rating	View	Rating	View	Action	Date	Action	Date
Argentina	B3		B+		Upgrade, stable	29-Jun-05	Upgrade, stable	2-Oct-06
Barbados	Baa2		BBB+		Affirmed, stable	9-Jul-02	O/L changed to stable	26-Jul-06
Bolivia	B3		B-	(-)	Affirmed, stable	16-Apr-03	Affirmed, O/L (-)	22-Dec-06
Brazil	Ba2		BB	(+)	Upgrade, stable	31-Aug-06	Affirmed, O/L/ changed to (+)	22-Nov-06
Chile	A2		A	(+)	Upgrade, stable	7-Jul-06	O/L changed to (+), Affirmed	14-Dec-06
Colombia	Ba2		BB	(+)	Affirmed,O/L changed to stable	9-Mar-06	Affirmed, O/L changed to (+)	22-Feb-06
Costa Rica	Ba1		BB		Affirmed O/L changed to stable	27-Jun-06	Affirmed, O/L stableble	1-Dec-06
Cuba	Caa1		nr		Assigned	5-Apr-99		
Dominican Republic	B3		B	(+)	Review for possible upgrade	18-Oct-06	Affirmed,O/L changed to (+)	17-Aug-06
Ecuador	Caa1	(+)	CCC+		O/L changed to positive	30-Jan-06	Affirmed, O/L changed to stable	4-Oct-05
El Salvador	Baa3		BB+		O/L changed to stable	18-Dec-03	Affirmed, stable	9-Aug-06
Guatemala	Ba2	(+)	BB-		O/L changed to (+)	24-Jul-06	Affirmed, stable	26-Oct-06
Honduras	B2		nr		Affirmed, stable	29-Sep-98		
Jamaica	B1		B		Downgrade, stable	27-May-03	Affirmed, stable	16-Jan-06
Mexico	Baa1		BBB		Upgrade, stable	6-Jan-05	Affirmed, stable	6-Sep-06
Nicaragua	B2		nr		Downgrade, stable	30-Jun-03		
Panama	Ba1		BB		Affirmed, stable	7-May-03	O/L changed to stable	18-Feb-05
Paraguay	Caa1		B-	(+)	Downgrade, stable	28-Apr-03	Affirmed, O/L to (+)	27-Feb-06
Peru	Ba3	(+)	BB	(+)	O/L changed to (+)	7-Nov-06	Upgrade, O/L stable	20-Nov-06
Trinidad & Tobago	Baa1		A-		Upgrade, stable	13-Jul-06	Affirmed, stable	17-Aug-06
Uruguay	B1		B+		Upgrade, O/L stable	21-Dec-06	Upgrade, stable	28-Sep-06
Venezuela	B2		BB-	(+)	Upgrade, stable	7-Sep-04	Affirmed, O/L changed to (+)	4-Oct-06

Changes for the second quarter of 2006 are highlighted in yellow, for S&P actions, and in green, for Moody's actions.

Note: Moody's ratings are qualified by outlooks and reviews while S&P ratings are qualified by outlooks and watches.

A review/watch is indicative of a likely short-term development.

An outlook suggests that a review/watch or long/intermediate-term movement is likely.

Source: JPMorgan, Emerging Markets Outlook, July to December 2006.

Rating Scale

	MOODY's	S&P		MOODY's	S&P
Upper Investment Grade	Aaa	AAA	Lower Non-Investment Grade	B1	B+
	Aa1	AA+		B2	B
	Aa2	AA		B3	B-
	Aa3	AA-		Caa1	CCC+
	A1	A+		Caa2	CCC
	A2	A		Caa3	CCC-
	A3	A-		Co	CC
Lower Investment Grade	Baa1	BBB+		C	C
	Baa2	BBB+	Default		SD
	Baa3	BBB-			D
Non-Investment Grade	Ba1	BB+			
	Ba2	BB			
	Ba3	BB-			

B. Latin American Spreads

Table 2:

Sovereign Spreads on JPMorgan EMBI+ and Latin American Composites

	EMBI+	*Argentina*	*Brazil*	*Colombia*	*Ecuador*	*Mexico*	*Peru*	*Venezuela*	*Latin America*
31-Jan-05	366	5129	418	365	644	162	239	461	439
28-Feb-05	343	4980	393	344	632	153	211	437	419
31-Mar-05	384	5393	458	396	660	180	239	459	466
29-Apr-05	395	6298	457	407	810	188	234	492	482
31-May-05	372	6498	420	354	875	164	206	498	455
30-Jun-05	307	462	414	332	808	168	206	466	350
29-Jul-05	290	413	402	317	735	152	173	434	331
31-Aug-05	296	439	413	309	727	152	169	425	337
30-Sep-05	244	349	345	236	634	136	138	309	280
31-Oct-05	253	371	357	258	660	132	176	302	288
30-Nov-05	248	495	340	239	642	117	158	323	288
30-Dec-05	245	504	311	238	669	126	206	318	283
31-Jan-06	217	440	266	195	579	115	160	251	243
28-Feb-06	191	354	221	158	574	103	143	228	210
31-Mar-06	192	344	235	174	524	127	187	190	215
28-Apr-06	178	314	218	157	483	122	181	167	199
31-May-06	215	369	273	207	504	146	178	212	239
30-Jun-06	221	385	254	239	519	138	169	228	235
31-Jul-06	196	346	223	208	488	120	152	200	209
31-Aug-06	194	320	223	204	532	111	135	208	209
29-Sep-06	208	342	233	200	608	121	171	233	224
31-Oct-06	194	294	223	185	513	113	150	225	209
30-Nov-06	199	298	223	192	612	121	158	235	217
29-Dec-06	169	216	192	161	920	98	118	182	186

Source: "Emerging Markets Bond Index Monitors"; JPMorgan.

EMBI+ composition by market sector (end-Dec. 2006): Brady 16.47%; Benchmark Eurobonds 83.53%.
by country: Brazil and Mexico account for 35.14% of the total weighting.
by region: Latin: 57.01%; Non-Latin: 42.99%.

EMBI+ Composition (as of December 2006)

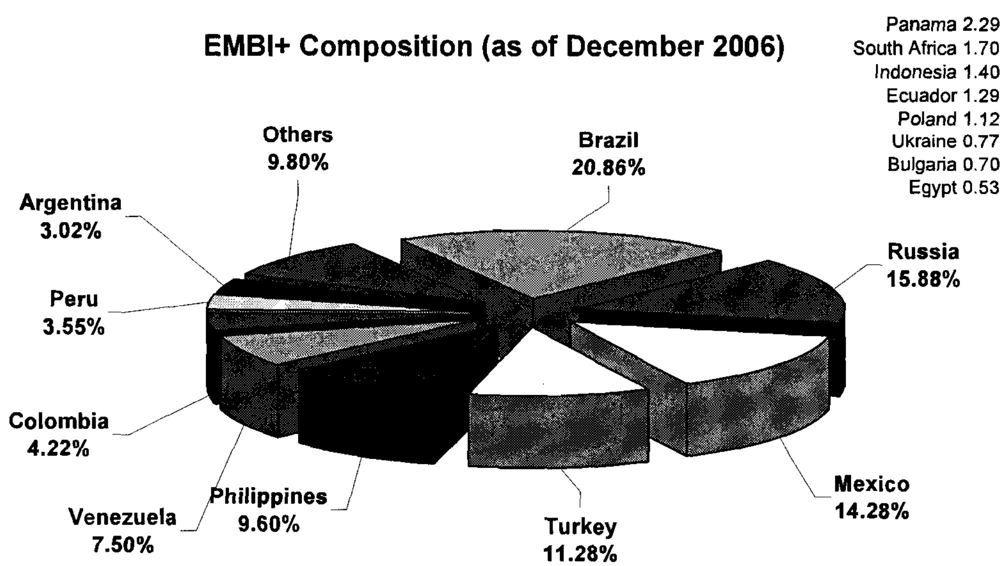


Table 3:

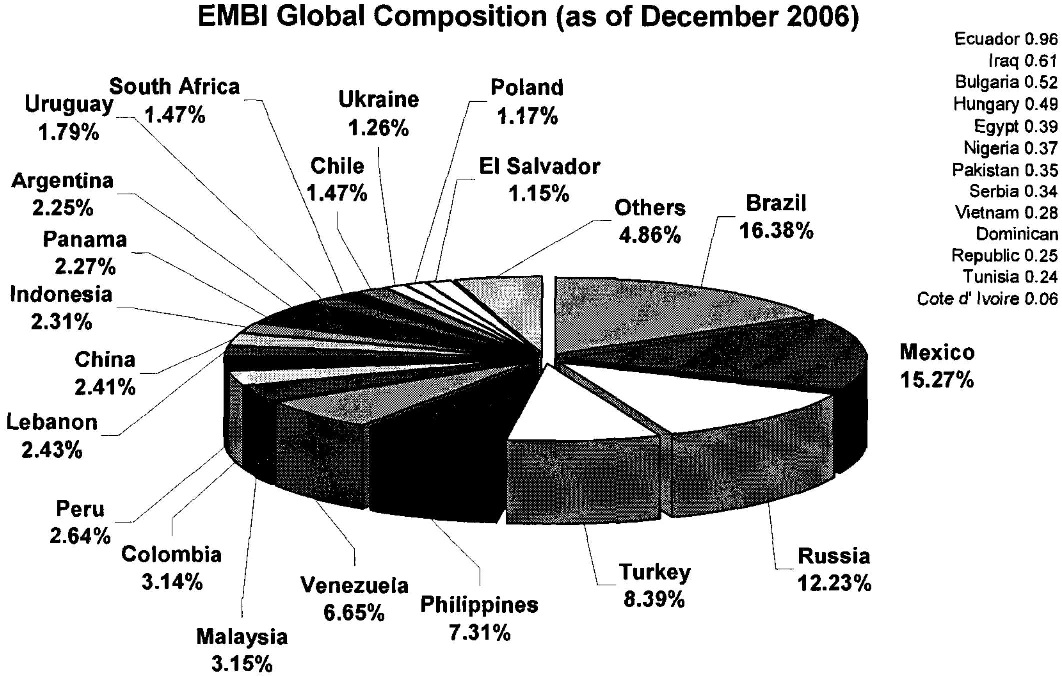
Sovereign Spreads on JPMorgan EMBI Global and Latin American Composites

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America
31-Jan-05	356	5022	412	60	364	644	172	267	402	452	434
28-Feb-05	333	4827	388	59	343	632	161	247	344	427	413
31-Mar-05	373	5105	455	71	393	660	188	277	427	455	459
29-Apr-05	384	5757	452	72	406	810	198	279	470	491	473
31-May-05	364	5956	415	68	353	875	176	251	446	494	448
30-Jun-05	297	462	409	60	331	808	181	252	406	460	337
29-Jul-05	276	413	397	56	316	735	165	218	366	430	316
31-Aug-05	281	439	409	55	307	727	165	223	376	419	320
30-Sep-05	235	349	341	55	240	634	82	183	310	303	267
31-Oct-05	242	371	353	74	261	660	146	213	327	298	274
30-Nov-05	237	495	337	74	243	642	133	199	320	318	274
30-Dec-05	237	504	308	80	244	661	143	257	298	313	272
31-Jan-06	210	440	264	73	200	565	132	203	247	248	233
28-Feb-06	187	354	218	68	156	551	122	185	231	223	204
31-Mar-06	191	344	232	73	263	503	140	226	223	190	208
28-Apr-06	179	314	215	78	157	461	135	205	224	167	194
31-May-06	210	369	270	85	207	487	157	209	271	212	230
30-Jun-06	218	385	252	83	239	506	154	202	307	226	231
31-Jul-06	197	346	222	88	208	470	135	184	265	199	206
31-Aug-06	197	320	222	85	204	515	130	170	252	207	205
29-Sep-06	208	342	232	85	202	608	141	169	254	233	218
31-Oct-06	194	294	222	81	197	513	132	150	229	225	204
30-Nov-06	200	298	221	90	208	612	140	158	231	234	211
29-Dec-06	171	216	190	84	161	920	115	118	185	183	180

Source: "Emerging Markets Bond Index Monitors"; JPMorgan.

EMBI Global composition by market sector (end-Dec 2006): Brady, 13.25%; Benchmark Eurobonds 86.38%; Loans, 0.37%.
by country: Brazil and Mexico account for 31.7% of the total weighting.
by region: Latin: 54.22%; Non-Latin: 45.78%.

EMBI Global Composition (as of December 2006)



C. New Latin American Debt Issuance

C1. July 2006

Table 4:

New Latin American Debt Issuance Third Quarter of 2006 Jul-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Brazil	Banco Panamericano	USD50	50	Step-up	18-Jul-16
Brazil	Republic of Brazil	USD1500	1500	7.125	20-Jan-37
Brazil	Friboi	USD300	300	10.500	8-Apr-16
Colombia	Republic of Colombia	USD1000	1000	7.375	27-Jan-17
El Salvador	Republic of El Salvador	USD225	225	7.650	15-Jun-35
Jamaica	Digicel	USD300	300	9.250	1-Sep-12
Panama	Republic of Panama	USD313	313	7.250	15-Mar-15
Uruguay	Republic of Uruguay	USD500	500	8.000	18-Nov-22
Total			**4,188**		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

July average maturity: **18.82 years.**

Currency Breakdown
(% of Latin America's Total)

Currency	Jul-06
Dollar	100.00%
Euro	0.00%
GBP	0.00%
JPY	0.00%
Other	0.00%

Source: ECLAC, with data from JPMorgan.

Issuer Type Breakdown
(% of Latin America's Total)

Issuer Type	Jul-06
Sovereign	84.48%
Corporate*	15.52%

Source: ECLAC, with data from JPMorgan.
*Also includes bank issuance.

C2. August 2006

Table 5:

New Latin American Debt Issuance Third Quarter of 2006 Aug-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Argentina	Pan American Energy	USD250	250	7.750%	9-Feb-12
Brazil	CESP-Comp Ener Sao Paulo	USD220	220	9.250%	11-Aug-13
Brazil	Federal Republic of Brazil	USD500	500	7.125%	20-Jan-37
Brazil	Banco Panamericano	USD75	75	Step-up	18-Jul-16
Brazil	Banco BMG	USD150	150	8.750%	1-Jul-10
Colombia	Republic of Colombia	COP716,000	302	12.000%	22-Oct-15
Peru	Lirsa Norte	USD213	213	8.750%	30-May-24
Total			**1,710**		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

***August average maturity*: 15.04 years.**

Currency Breakdown

(% of Latin America's Total)

Currency	**Aug-06**
Dollar	82.34%
Euro	0.00%
GBP	0.00%
JPY	0.00%
Other*	17.66%

Source: ECLAC, with data from JPMorgan.

* Issuance in Colombian pesos.

Issuer Type Breakdown

(% of Latin America's Total)

Issuer Type	**Aug-06**
Sovereign	46.90%
Corporate*	53.10%

Source: ECLAC, with data from JPMorgan.

*Also includes bank issuance.

C3. September 2006

Table 6:

New Latin American Debt Issuance Third Quarter of 2006 Sep-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Argentina	Emdersa	USD9	9	10.750%	Sep-12-10
Argentina	Emdersa	USD18	18	10.750%	Sep-12-10
Argentina	Emdersa	USD49	49	10.750%	Sep-12-10
Brazil	Banco Industrial e Commercial	USD150	150	8.250%	Sep-21-09
Brazil	Banco Votorantim	USD200	200	Variable	Sep-22-16
Brazil	Banco Mercant Do Brasil	USD125	125	10.625%	Sep-22-16
Brazil	Banco Cruzeiro	USD125	125	9.375%	Sep-26-11
Brazil	Braskem	USD275	275	8.000%	Jan-26-17
Brazil	Solucoes Automovel Globais do Brasil	USD60	60	8.375%	Oct-6-09
Brazil	Petrobras	USD500	500	6.125%	Oct-6-16
Brazil	Brazil Federal Republic of Brazil	BRL1600	745	12.500%	May-1-22
CAF	CAF	USD250	250	5.750%	Dec-1-17
Chile	Cia Acero del Pacifico	USD200	200	7.375%	Sep-15-36
Colombia	Colombia Republic of Colombia	USD1000	1000	7.375%	Sep-18-37
DomRepublic	Itabo Finance	USD125	125	10.875%	Oct-5-13
Mexico	Hipotecaria Su Casita	USD150	150	8.500%	Oct-4-16
Uruguay	Oriental Republic of Uruguay	UYU9560	400	5.000%	Sep-14-18
Total			**4,381**		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

September average maturity: **17.35 years.**

Currency Breakdown

(% of Latin America's Total)

Currency	Sep-06
Dollar	73.86%
Euro	0.00%
GBP	0.00%
JPY	0.00%
Other*	26.14%

Source: ECLAC, with data from JPMorgan.

* Issuance in Brazilian reais and Uruguayan pesos.

Issuer Type Breakdown

(% of Latin America's Total)

Issuer Type	Sep-06
Sovereign	48.96%
Corporate*	51.04%

Source: ECLAC, with data from JPMorgan.

*Also includes bank issuance.

C4. October 2006

Table 7:

New Latin American Debt Issuance Fourth Quarter of 2006 Oct-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Argentina	Province del Neuquen	USD125	125	8.656%	18-Oct-14
Argentina	Province of Buenos Aires	USD475	475	9.375%	14-Sep-18
Brazil	Banco Pine	USD30	30	8.500%	20-Oct-8
Brazil	Banco Daycoval	USD120	120	7.750%	30-Oct-9
Brazil	Bertin	USD250	250	10.250%	5-Oct-16
Brazil	Saneamento Basico (Sabesp)	USD140	140	7.500%	3-Nov-16
Brazil	Embraer Overseas	USD400	400	6.375%	24-Jan-17
Brazil	Federal Republic of Brazil	BRL650	300	12.500%	5-Jan-22
Chile	Codelco	USD500	500	6.150%	24-Oct-36
Colombia	Republic of Colombia	USD468	468	7.375%	18-Sep-37
Dominican Republic	Cap Cana	USD250	250	9.625%	3-Nov-13
Mexico	Banco Merchantil del Norte	USD200	200	6.862%	13-Oct-21
Mexico	Banco Merchantil del Norte	USD400	400	6.135%	13-Oct-16
Peru	Banco Credito del Peru	USD120	120	Variable	7-Nov-21
Supranational	Central American Bank	HKD750	96	4.800%	3-Nov-11
Uruguay	Oriental Republic of Uruguay	UYU7150	300	5.000%	14-Sep-18
Uruguay	Oriental Republic of Uruguay	USD500	500	7.625%	21-Mar-36
Uruguay	Oriental Republic of Uruguay	USD602	602	8.000%	18-Nov-22
Uruguay	Oriental Republic of Uruguay	USD277	277	7.625%	21-Mar-36
Total			**5,553**		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

***October average maturity*: 17.36 years.**

Currency Breakdown

(% of Latin America's Total)

Currency	Oct-06
Dollar	87.47%
Euro	0.00%
GBP	0.00%
JPY	0.00%
Other*	12.53%

Source: ECLAC, with data from JPMorgan.

* Issuance in Brazilian reais, Uruguayan pesos and Hong Kong dollars.

Issuer Type Breakdown

(% of Latin America's Total)

Issuer Type	Oct-06
Sovereign	54.87%
Corporate*	45.13%

Source: ECLAC, with data from JPMorgan.

*Also includes bank issuance.

C5. November 2006

Table 8:

New Latin American Debt Issuance Fourth Quarter of 2006 Nov-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Argentina	Tarjeta Naranja	ARS308	100	Variable	29-Nov-11
Aruba	Aruba	USD52	52	6.550%	28-Nov-18
Barbados	Barbados	USD65	65	6.625%	5-Dec-35
Brazil	Brazil, Federal Republic of Brazil	USD1500	1500	6.000%	17-Jan-17
Brazil	Bertin	USD100	100	10.250%	5-Oct-16
Brazil	Marfrig Overseas	USD375	375	9.625%	16-Nov-16
Brazil	Banco BBM Investimentos	USD150	150	7.500%	21-Nov-09
Brazil	Banco Schahin	USD50	50	9.750%	21-Nov-16
Brazil	CVRD	USD1250	1250	6.250%	23-Jan-17
Brazil	CVRD	USD2500	2500	6.875%	21-Nov-36
Brazil	Net Servicos de Comunicacao	USD150	150	9.250%	Perpetual
Brazil	Banco Cruzeiro	USD50	50	Variable	24-Nov-16
Jamaica	Clarendon Alumina	USD200	200	8.500%	16-Nov-21
Mexico	Industrias Unidas	USD200	200	11.500%	15-Nov-16
Mexico	Kansas City Southern, Mexico	USD175	175	7.625%	1-Dec-13
Supranational	CAF	EUR300	384	EURIBO+40	16-Nov-11
Uruguay	IMCOPA	USD100	100	10.375%	27-Nov-09
Total			7,401		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

November average maturity: **12.24 years** (does not include the Brazilian perpetual bond).

Currency Breakdown
(% of Latin America's Total)

Currency	Nov-06
Dollar	93.46%
Euro	5.19%
GBP	0.00%
JPY	0.00%
Other*	1.35%

Source: ECLAC, with data from JPMorgan.
* Issuance in Argentine pesos.

Issuer Type Breakdown
(% of Latin America's Total)

Issuer Type	Nov-06
Sovereign	20.27%
Corporate*	79.73%

Source: ECLAC, with data from JPMorgan.
*Also includes bank issuance.

C6. December 2006

Table 9:

New Latin American Debt Issuance Fourth Quarter of 2006 Dec-06					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Argentina	Banco Macro	USD150	150	Variable	18-Dec-36
Argentina	Transener	USD220	220	8.875%	15-Dec-16
Brazil	Brazil, Federal Republic of Brazil	BRL750	347	12.500%	5-Jan-22
Brazil	Banco Fibra	USD75	75	7.500%	18-Dec-09
Mexico	America Movil	MXN8000	736	8.460%	18-Dec-36
Mexico	CEMEX	USD350	350	Variable	Perpetual
Mexico	CEMEX	USD900	900	Variable	Perpetual
Mexico	Maxcom Telecomunicaciones	USD150	150	11.000%	15-Dec-14
Mexico	America Movil	USD500	500	LIBOR+10	27-Jun-08
Panama	AES Panama	USD300	300	6.350%	21-Dec-16
Supranational	Central American Bank	JPY4000	35	1.840%	15-Dec-11
Supranational	Central American Bank	JPY6000	52	1.500%	15-Dec-09
Total			**3,815**		

Source: ECLAC, on the basis of data from JPMorgan, *Emerging Markets Outlook and Strategy*.

***December average maturity*: 9.90 years** (does not include the Mexican perpetual bonds).

Currency Breakdown
(% of Latin America's Total)

Currency	**Dec-06**
Dollar	69.34%
Euro	0.00%
GBP	0.00%
JPY	2.28%
Other*	28.39%

Source: ECLAC, with data from JPMorgan.
* Issuance in Brazilian reais and Mexican pesos.

Issuer Type Breakdown
(% of Latin America's Total)

Issuer Type	**Dec-06**
Sovereign	9.10%
Corporate*	90.91%

Source: ECLAC, with data from JPMorgan.
*Also includes bank issuance.