

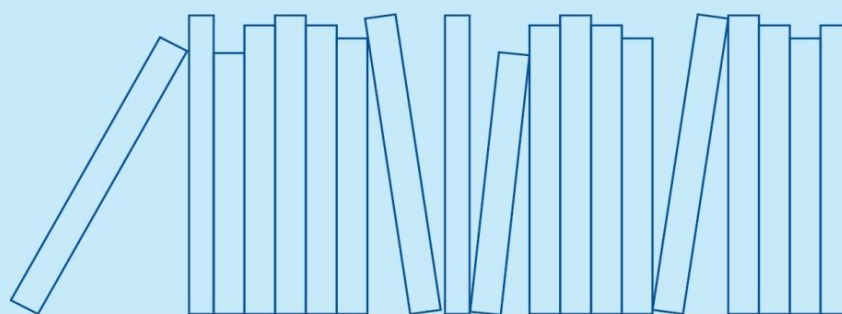
Economic Commission for Latin America and the Caribbean

ECLAC WASHINGTON OFFICE



Capital Flows to Latin America and the Caribbean

2015 Overview



UNITED NATIONS

E C L A C

Washington, D.C, 31 March 2016

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Overview

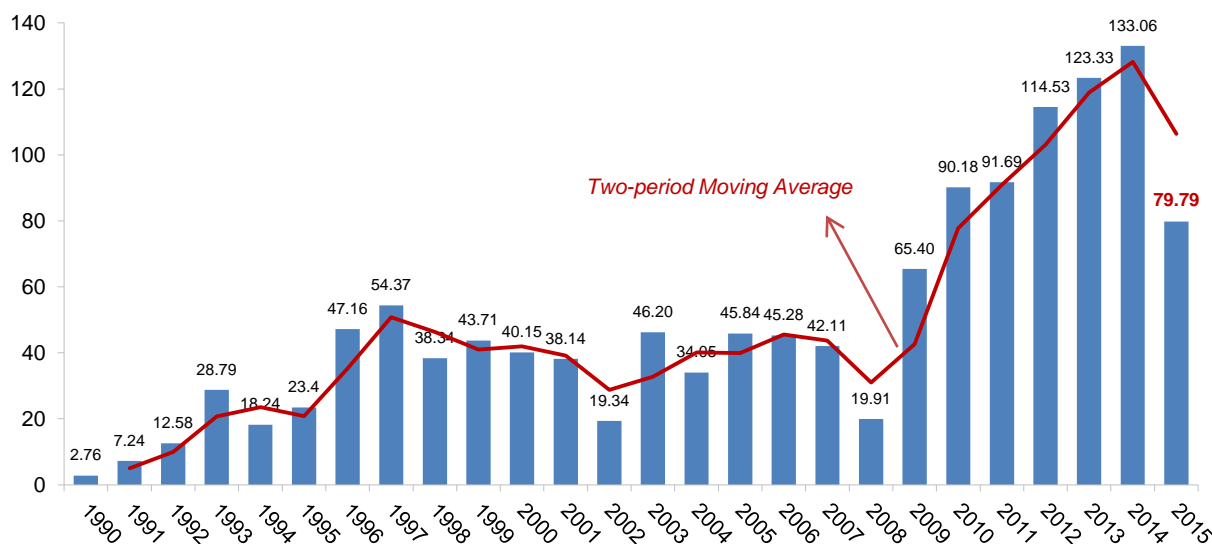
Asset prices declined and portfolio flows to Latin America and the Caribbean (LAC) weakened in 2015. Bond issuance in 2015 amounted to US\$ 80 billion and was 40% lower than in 2014. This was the lowest annual issuance since 2009. The absence of Brazilian borrowers from international capital markets explains about half of this decline. The total amount issued by Brazilian issuers fell by 84%, from US\$ 45.4 billion in 2014 to US\$ 7.2 billion in 2015. While LAC bond issuance declined in 2015, bond spreads widened, as a sharp decline in oil prices, doubts about China's economic health, and anticipation of a U.S. interest rate increase, weighed on risk. The J.P.Morgan EMBI Global Latin Component widened by almost 100 basis points in 2015.

This report provides an overview of Latin America and Caribbean's access to the cross-border debt markets in 2015. The main developments of the year will be described through charts and tables, revealing the lowest annual issuance since 2009, higher spreads than in the previous year and a trend towards lower credit ratings.

I. Bond issuance: reversing a trend

Easy monetary policy in the U.S. contributed to an explosion in emerging market debt issuance between 2009 and 2014. In 2015, expectations of a rise in U.S. interest rates, increasing doubts about China’s economic strength and falling commodity prices led to a reversal in foreign capital flows, pushing up the cost of servicing debts. After six years of record-breaking issuance, Latin America and the Caribbean’s total bond issuance in 2015 declined by 40% relative to 2014. It was the first decline in six years and the lowest annual total since 2009 (chart 1).

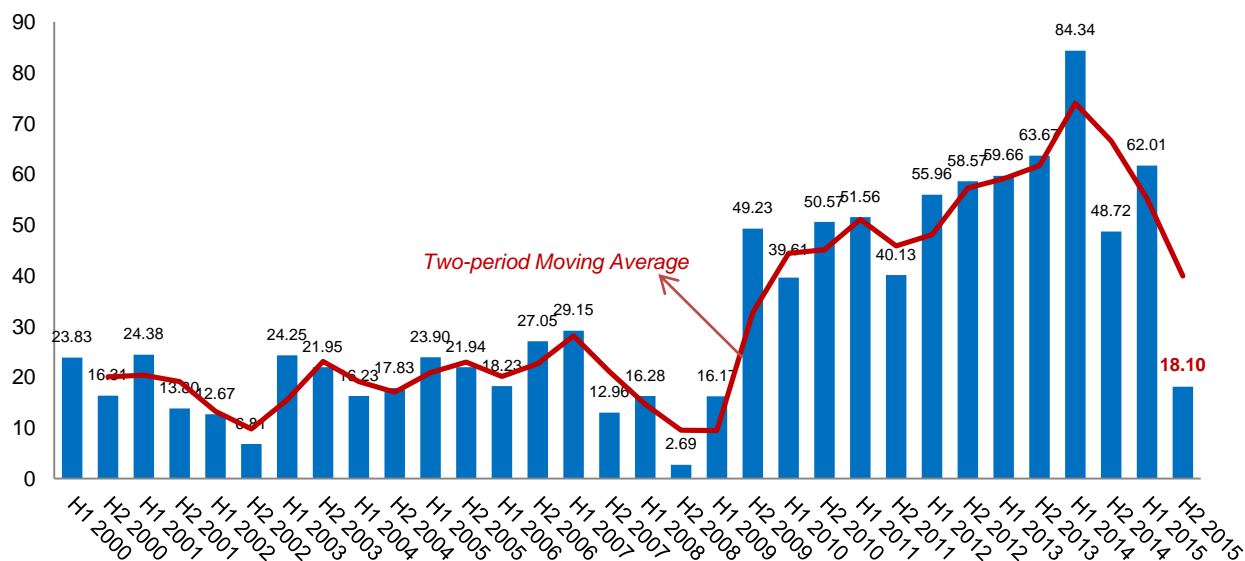
**CHART 1:
ANNUAL LAC ISSUANCE**
(US\$ Billions)



Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

Total LAC bond issuance in the second half of 2015 was down by 71% relative to the first half and by 63% relative to second half of 2014. It was the lowest half-yearly issuance amount since the first half of 2009 (chart 2).

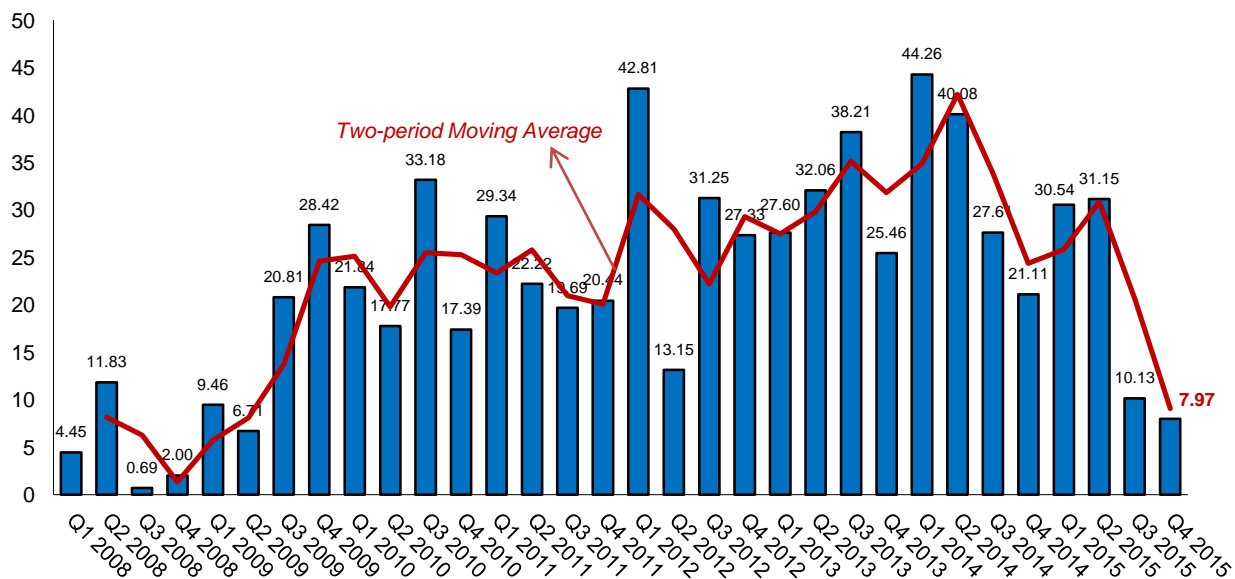
**CHART 2:
HALF-YEARLY LAC ISSUANCE**
(US\$ Billions)



Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

Total LAC bond issuance in the fourth quarter of 2015 was the lowest quarterly issuance since the second quarter of 2012, and the lowest fourth-quarter amount since 2008 (chart 3).

**CHART 3:
QUARTERLY LAC ISSUANCE**
(US\$ Billions)

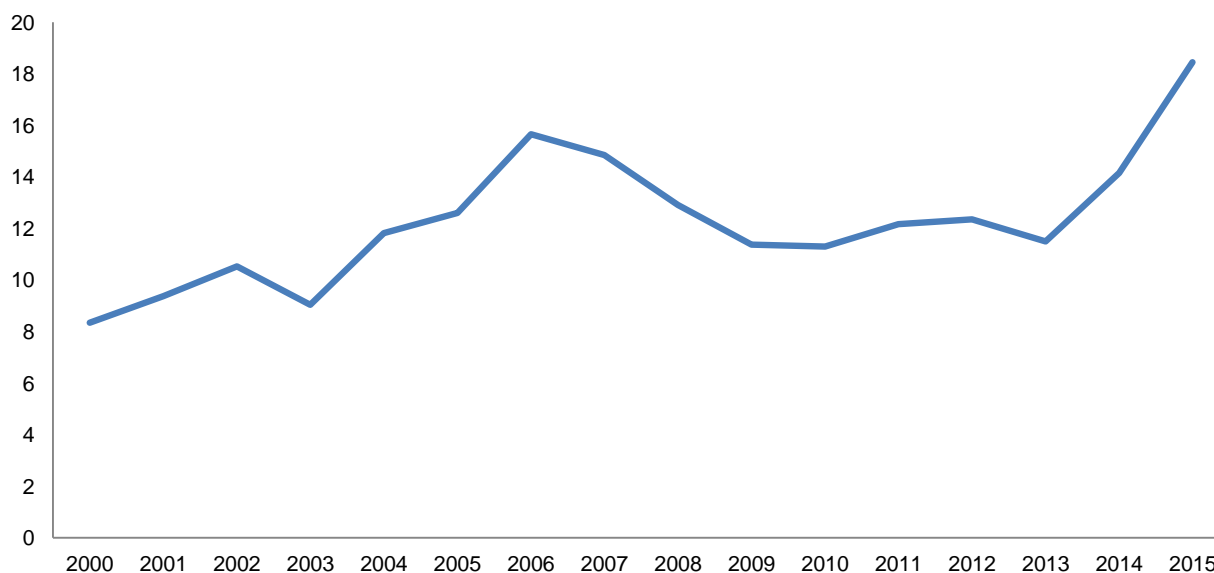


Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

A. Improving maturity

The duration of LAC bonds have improved since 2013, with issuers able to place longer-term bonds in international markets (chart 4). In 2015, 18% of total cross-border bond issuances had a maturity higher than 20 years, while 60% had a maturity higher than 10 years. Two 100-year bonds were issued in international markets in 2015, and sixteen bonds had a maturity of 30 years or more.

CHART 4:
LAC ISSUANCE: ANNUAL WEIGHTED AVERAGE MATURITY
(Number of years weighted by amount issued in U.S. dollars)



Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

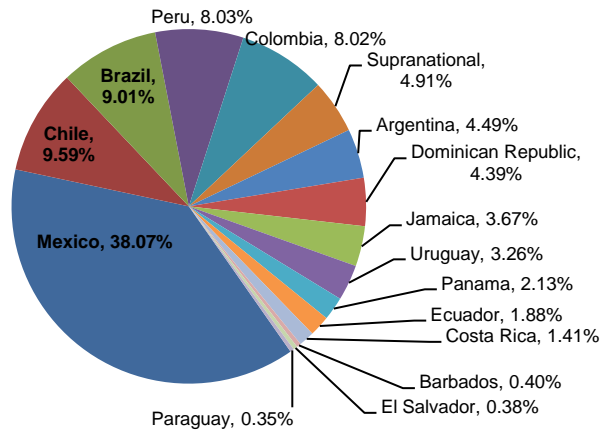
B. Country, issuer and currency breakdown

Mexico had the largest share of bond issuances – sovereign and corporate combined – in 2015, followed by Chile and Brazil. It was the first time ever that Brazil was not included in the top two. Mexico, Chile and Brazil issued (sovereign and corporate combined) US\$ 30.4 billion, US\$ 7.7 billion and US\$ 7.2 billion, respectively. Issuances from the top three countries account for 57% of the total LAC issuance in 2015. This is a smaller share than the 62% that Brazil and Mexico held together in 2014. Brazilian issuers were mostly absent from international bond markets in 2015, as a political impasse hindered fiscal reform. Brazil's share of the total amount issued in 2015 was 9%, compared to 34.1% in 2014 (chart 5).

The corporate sector (including corporations, banks, quasi-sovereigns and supranationals) accounted for 64% of total LAC issuance in 2015, less than the 75% share in 2014 (chart 6). Quasi-sovereign and supranational issuers accounted for 55% of total LAC corporate issuance in international markets in 2015, a significant increase from the 46%, 39% and 31% shares in 2014, 2013 and 2012, respectively. Banks and corporations accounted for the other 45% (chart 7).

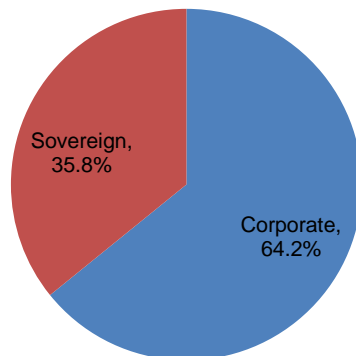
Some of the largest issuances in 2015 came from sovereigns and quasi-sovereigns. Sovereigns, quasi-sovereigns and development banks accounted for 71% of the total amount issued in 2015. According to market participants, in 2015, particularly in the second half of the year, there was little interest in getting too “corporate credit risk intensive.”

CHART 5:
LAC DEBT ISSUANCE IN 2015: COUNTRY BREAKDOWN
(Country shares in percentage)



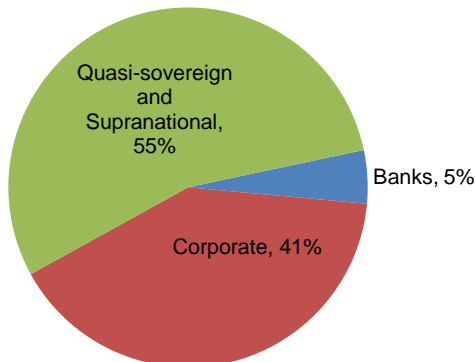
Source: ECLAC, on the basis of data from LatinFinance.

CHART 6:
LAC CORPORATE AND SOVEREIGN ISSUANCE IN 2015
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

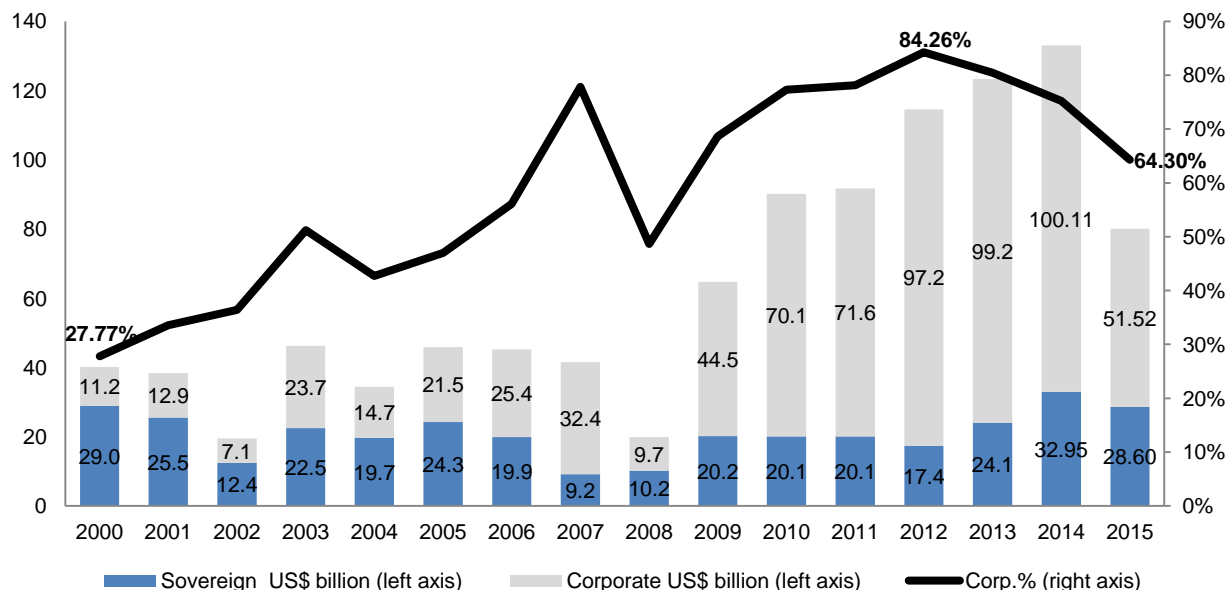
CHART 7:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE IN 2015
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

The share of corporate issuance has been declining since 2012, when it reached a peak of 84% (chart 8).

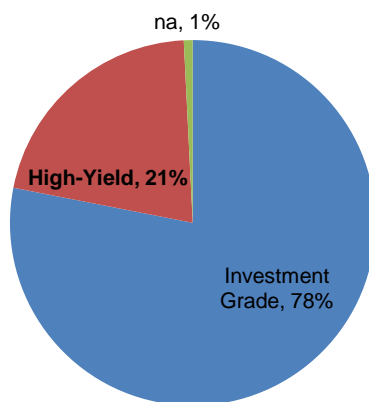
**CHART 8:
ANNUAL LAC EXTERNAL DEBT ISSUANCE BY ISSUER TYPE**
(US\$ Billions)



Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

Corporate high-yield issuances, after reaching a peak of 30% in 2013, continued their decline in 2015, falling from a share of 23% in 2014 to a share of 21% in 2015 (chart 9).

**CHART 9:
BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING, 2015**
(Percentage of total)

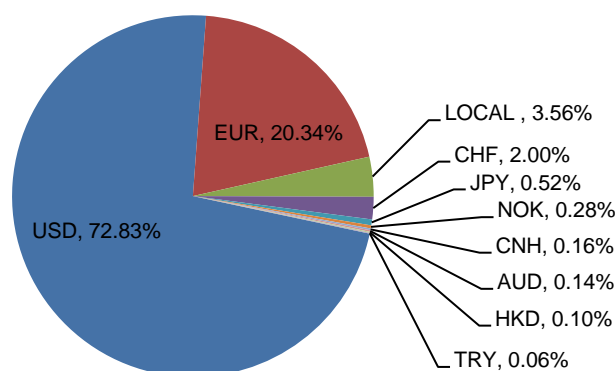


Source: ECLAC, on the basis of data from LatinFinance.

Note: corporate issuance includes corporates, banks, quasi-sovereigns and supranationals.

In 2015, 72.83% of the total amount issued in international bond markets by LAC issuers was in U.S. dollars (chart 10), but there was also issuance in Euro (20.34%), local currencies (3.56%), Swiss franc (2.00%), Japanese yen (0.52%), Norwegian krone (0.28%), offshore renmimbi (0.16%), Australian dollar (0.14%), Hong Kong dollar (0.10%) and Turkish lira (0.06%). Local currencies included Mexican pesos and Peruvian soles. Mexican pesos had the highest share (2.39%), followed by Peruvian soles (1.17%).

**CHART 10:
CURRENCY BREAKDOWN, 2015**



Source: ECLAC with data from LatinFinance (Bonds Database).

The 73% share in U.S. dollars in 2015 was a decline from 79% in 2014 and 82.5% in 2013. Meanwhile, the 20% share in Euros was an increase from 13% in 2014 and 6% in 2013. In the beginning of 2015, the European Central Bank announced a larger-than-expected quantitative easing program, while the U.S. had not only ended its 5-year quantitative easing program at the end of October 2014, but said it would increase interest rates in 2015 if the economy continued to perform well. The U.S. Federal Reserve increased interest rates in December 2015, for the first time in almost a decade.

C. Highlights of the year

In 2015, LAC bond issuances in international markets continued their path towards innovative instruments, larger amounts, longer maturities and currency diversification, despite the decline in the total amount issued. The following are the main highlights in Latin American and Caribbean international debt markets in the 2015:¹

In **January**, Mexico raised US\$ 2 billion through the reopening of a 2025 and the sale of a new 2046 bond, opening the Latin American cross-border bond market for 2015.

Mexico's Pemex issued the first bond from a quasi-sovereign, raising US\$ 6 billion through a triple-tranche deal, the largest bond offering ever issued by a Mexican credit.

The Dominican Republic issued US\$ 2.5 billion through the sale of a 2025 and a long-date 2045 bond. Of the total amount issued, US\$1.93 billion was used to pay Venezuela's PDVSA, while the oil company forgave the rest of Dominican Republic's debt, about US\$ 2 billion.

¹ The list that follows is based on information from LatinFinance and other market sources.

Colombia issued a US\$ 1.5 billion 2045 bond with a 5% coupon, its lowest-ever rate for a long bond. The country took US\$ 5 billion in orders from 224 investors, the largest ever order book for a long bond from Colombia.

In **February**, Argentina's YPF raised US\$ 500 million through a re-tap of its 2018 (first issued in December 2013) and 2024 (first issued in April 2014) notes, the year's first high-yield bond issuance from Latin America.

Mexico's Pemex issued a US\$ 1.1 billion-equivalent 2026 bond in Mexican pesos, the first local-currency bond sale on Euroclear, one of two principal clearing houses for securities traded in the Euromarket.

Chilean retailer Cencosud raised US\$ 1 billion in a deal that included a rare 30-year tranche.

Following the announcement of a larger-than-expected quantitative easing program by the European Central Bank in late January, Mexico raised EUR 2.5 billion with the sale of 2024 and 2045 bonds, becoming the first non-European sovereign to sell a 30-year bond in that market.

In **March**, the Central American Bank for Economic Integration (CABEI) sold a 4.75% CNH 800 million (US\$ 128 million) 2018 Formosa bond. The cost after swapping the transaction into U.S. dollars was one of the lowest historically for CABEI.

Five sovereigns hit the cross-border market in March. *Costa Rica* issued a 7.158% US\$ 1 billion 30-year bond. *Panama* issued a US\$ 1.25 billion 3.75% 2025 bond, with the intention to use the proceeds for general purposes and liability management. *Peru* added US\$ 545 million to its 5.625% US\$ 2 billion 2050 bond and PEN 2.25 billion (US\$ 728 million) to its 6.95% 2031 global-sol instrument. *Ecuador* priced a 10.5% US\$ 750 million 2020 bond in its second visit to the cross-border market since a 2008 default. And *Colombia* reopened its 5% 2045 bond issued in late January to raise US\$ 1 billion, locking in the lowest-ever rate for a 30-year bond and adding liquidity to the long-end of its curve.

Colombian telecommunications company ColTel issued a US\$ 500 million 8.5% hybrid² perpetual instrument, the first hybrid ever issued in the Colombian market and the first hybrid perpetual in Latin America, according to ColTel.

Peru's Red Dorsal Finance issued a fiber-optic project bond, a 5.875% US\$ 273.7 million 2031 Variable Funding Note (VFN) backed by revenue on a fiber optic project and the Peruvian government.

In **April**, Mexico took advantage of low rates, extensive liquidity and strong appetite for duration in the Euro zone to issue its third century bond, but the first in Euros: Mexico has one 100-year bond in dollars and one in sterling outstanding. With this issuance Mexico completed its international funding program for 2015.

Pemex also tapped the Euro bond market, raising EUR 2.25 billion (US\$ 2.4 billion) in a dual tranche.

Argentina's YPF placed US\$ 1.5 billion in bonds with an 8.5% coupon, maturing in 2025.

The Central American Bank for Economic Integration (CABEI) sold a 0.19% six-year CHF 200 million (US\$ 207 million) bond, securing the lowest-ever yield from a Latin American issuer in the Swiss market.

Fresh from two rating upgrades (Moody's lifted Paraguay's rating a notch in January and March, respectively), Paraguay reopened its 4.625% 2023 bond, adding US\$ 280 million.

² Hybrid securities generally combine both debt and equity characteristics.

The Dominican Republic reopened the bonds issued in January, adding US\$ 500 million to both its 2025 and 2045 bonds.

In **May**, Mexico's JB y Compania, the maker of Jose Cuervo tequila, made its debut in cross-border markets with the sale of a 3.75% US\$ 500 million 2025 bond.

Votorantim Cimentos sold a 3.5% EUR 500 million 2022 bond, becoming the first Brazilian issuer to tap the cross-border market since November 2014.³

Chile's Latam Airlines sold Latin America's first issue of enhanced equipment trust certificates (EETCs)⁴, a US\$ 245 million 4.2% 2029 bond.

Ecuador doubled its 10.5% US\$ 750 million 2020 issued in March, adding US\$ 750 million in a reopening.

Itaú Unibanco became the first Brazilian issuer to tap the dollar bond market since November 2014, selling a 2.85% US\$ 1 billion 2018 bond.

Chile took advantage of falling European bond yields to re-tap its Euro-denominated 1.625% EUR 800 million 2025 bond issued in December 2014, adding EUR 440 million, and to issue a new 1.875% EUR 950 million 2030 bond.

Mexico's America Movil issued a EUR 3 billion (US\$ 3.3 billion) 0% 2020 exchangeable bond, in a rare transaction where it can pay cash or KPN stock (the holdings the company has in the Dutch telecom Koninklijke KPN) when the bond matures.

CAF, the Development Bank of Latin America, tapped Norwegian investors selling a 3.05% NOK 1 billion (US\$ 129 million) 20-year bond in response to a reverse inquiry⁵ in a private transaction, and issued a AUD 150 million (US\$ 115 million) 4.5% 2025 bond, its third Kangaroo bond.

BRF Brazil Foods, a meat producer, took advantage of a yield-hungry European market to issue a EUR 500 million (US\$ 549 million) 2.750% 2022 bond, the first green bond from Brazil, and the second from a Latin American borrower, following a transaction from Peruvian wind farm operator Energia Eolica in December.

In **June**, Petrobras surprised markets issuing a US\$ 2.5 billion 6.85% century bond. The century bond took more than five times the size in orders, with Petrobras meeting its debt goal for the year as a result. It was its first dollar sale in more than a year, with Petrobras having been out of international bond markets for seven months. It was the first time an emerging market company has issued such long-dated notes since 1997.

Mexico's Comision Federal de Electricidad (CFE) re-tapped its global-peso 2025 bond. The sale was the second time an issuer used clearing house Euroclear in 2015 (following Pemex's Euroclearable note in February), and the first sale of a Mexican-peso denominated note on Clearstream. CFE also issued a US\$ 700 million 6.125% 2045 bond.

Metro de Lima Linea 2 sold a 5.875% US\$ 1.16 billion 2034 securitized note, in the year's second structured deal backed by the Peruvian government (the first was Red Dorsal's in March).

³ The Brazilian company broke the nearly six-month hiatus of Brazilian borrowers in international markets after Petrobras' audited financial results were released at the end of April.

⁴ An equipment trust certificate (ETC) is a financial security used in aircraft finance that allows a company to take possession of an asset and pay for it over time. In a typical ETC transaction, a "trust certificate" is sold to investors in order to finance the purchase of an aircraft.

⁵ A reverse inquiry is a request by an investor for a security with specific characteristics that is not currently on the market.

El Salvador's Banco Agrícola issued a US\$ 300 million 6.75% 2020 bond, in a transaction that was more than five times subscribed in part because of the credit's diversification value, since deals from Central America are rare.

In **July**, Mexico's Pemex issued a US\$ 525 million 2.46% 2025 bond, the first note from Latin America in two weeks (a hiatus that was due to the increase in volatility from the Greek financial crisis), using a guarantee from the US Export Import Bank.⁶

Jamaica sold a US\$ 2 billion dual-tranche bond: a 6.75% US\$ 1.35 billion 2028 and a 7.875% US\$ 650 million 2045 bond, using US\$ 1.5 billion of the sale to pay back debt with Venezuelan oil company PDVSA.

In **August**, Peru issued a 4.125% US\$ 1.25 billion 2027 bond, seeking to anticipate interest rate uncertainty.

In **September**, the Central American Bank for Economic Integration (CABEI) tapped the Japanese Uridashi market for the first time, issuing a 10.550% US\$ 50 million-equivalent 2019 bond in Turkish Lira.⁷ With this bond sale, CABEI has issued in 18 currencies.

Chile's Codelco (Corporación Nacional del Cobre) issued a 4.5% US\$ 2 billion 2025 bond, the first issue over US\$ 1 billion from a Latin American corporate or quasi-sovereign since late June.

Colombia issued a 4.5% US\$ 1.5 billion 2026 bond, completing half of its planned US\$ 3 billion bond sales for 2016.

In **October**, Uruguay issued a 4.375% US\$ 1.205 billion 2027 bond. This transaction represented Uruguay's first issuance under the 2014 ICMA Collective Action Clauses (CACs) and *Pari Passu* language recommendation.

Peru sold a 2.750% US\$ 1.2 billion-equivalent 2026 bond in Euros, its first euro-denominated issue since 2004, and its lowest-ever coupon according to the finance ministry.

Nacional Financiera (NAFIN), Mexico's development bank, issued Mexico's first green bond – a 3.375% US\$ 500 million 2020 bond – drawing heavy interest from global accounts including those with dedicated environmental mandates. Investors from the U.S. bought 45% of the instrument, European investors 25%, Mexican investors 5%, and Asian investors picked up the rest.

In **November**, Mexico's Fibra Terrafina, a Mexican-style real estate investment trust (REIT), made its debut in international markets with a US\$ 425 million 5.250% 2022 bond.

In **December**, there were only three issuances and no novelties.

⁶ With the guarantee the bond is viewed more as a US high-grade deal than an emerging market issue according to market sources.

⁷ "Uridashi" registration was introduced in 1994 in order to make the domestic public offering of foreign securities possible. Under this registration, bonds denominated in yen or another currency and issued overseas can be sold in Japan through a secondary market registration and selling contract between a domestic Uridashi agent and an overseas underwriter (see "Asian bond issues in Tokyo: history, structure and prospects" by Fumiaki Nishi and Alexander Vergus, BIS Papers No. 30, November 2006). An Uridashi bond is sold to Japanese retail investors and is normally issued in high-yielding currencies in order to give the investor a higher return than the historically low domestic interest rate in Japan.

There are six main takeaways from the bond issuances in 2015, which have been the same of the past two years:

Increased size: the trend towards large bond issuances continued, with several issuances above the US\$ 1 billion mark. Mexico's Pemex issued US\$ 6 billion through a triple-tranche deal in January, the largest deal in 2015, and according to its statement, the largest bond offering ever issued by a Mexican credit.

Lower coupons: the trend towards lower coupons also continued, as the Central American Bank for Economic Integration (CABEI)'s 0.19% – the lowest-ever yield from a Latin American issuer in the Swiss market – six-year CHF 200 million bond attests.

Currency diversification: there were deals in Euros, Swiss francs, Japanese yen, Australian dollar, Chinese offshore renminbi, Norwegian krone, Turkish lira and local currencies.

Increased maturities: Mexico issued another 100-year bond, now in Euros, Petrobras also issued a century bond, and there were two 35-year deals and several 30-year deals. The proportion of new issuance with maturities longer than 10 years was the highest since 2007, according to J.P. Morgan.

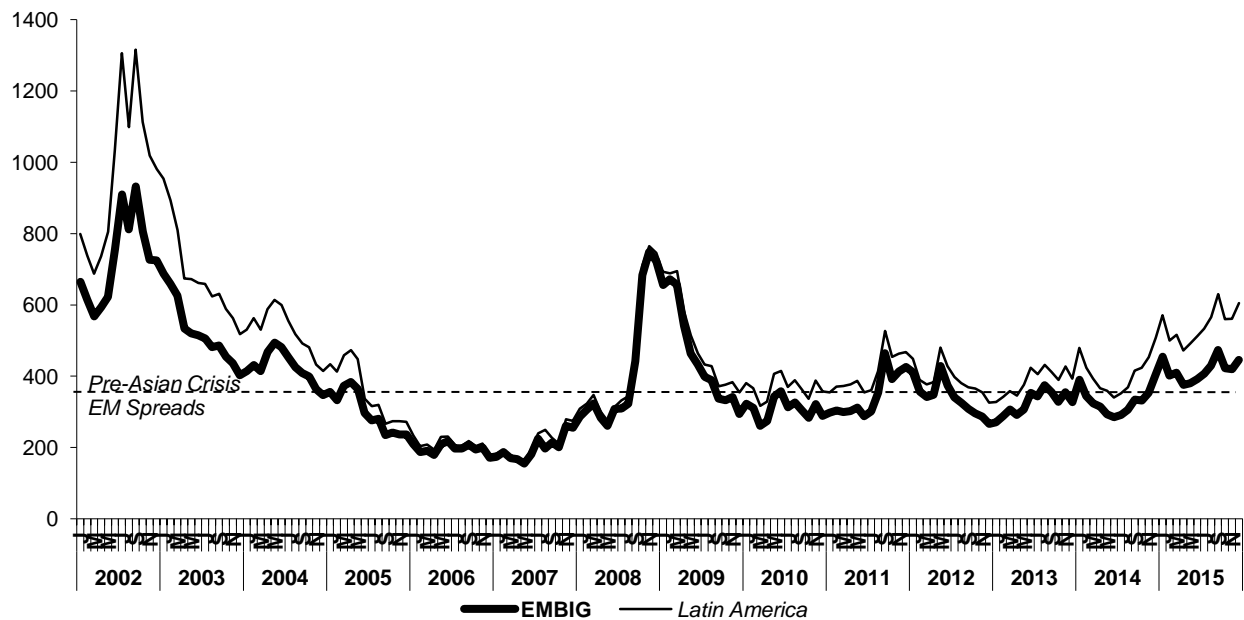
High-yield sovereigns continued to have access to international bond market: Ecuador and Jamaica, among others, came back to international bond markets for more financing. In the corporate side, Argentina's YPF and Banco Hipotecario also placed bonds in international markets. However, as seen in the previous section, the share of high-yield issuances in 2015 was lower than in 2014 and 2013.

Innovations continued: ColTel issued the first hybrid ever issued in the Colombian market and the first hybrid perpetual in Latin America, Chile's Latam Airlines sold Latin America's first issue of enhanced equipment trust certificates (EETCs), Mexico's America Movil issued a 0% 2020 exchangeable bond, in a rare transaction where it can pay cash or stock, BRF Brazil Foods issued the first green bond from Brazil and the second from a Latin American borrower, Nacional Financiera (NAFIN), Mexico's development bank, issued Mexico's first green bond and Uruguay issued a 2027 bond, the first issuance under the 2014 ICMA Collective Action Clauses (CACs) and *Pari Passu* language recommendation.

II. Bond spreads: higher than in recent years

While the total debt issuance amount declined in 2015, debt spreads, the cost of borrowing, increased. Spreads were higher in 2015 than in the previous three years (chart 11).

CHART 11:
EMBIG SPREADS AND LATIN AMERICAN COMPONENT
JANUARY 2002 - DECEMBER 2015
(Basis points)

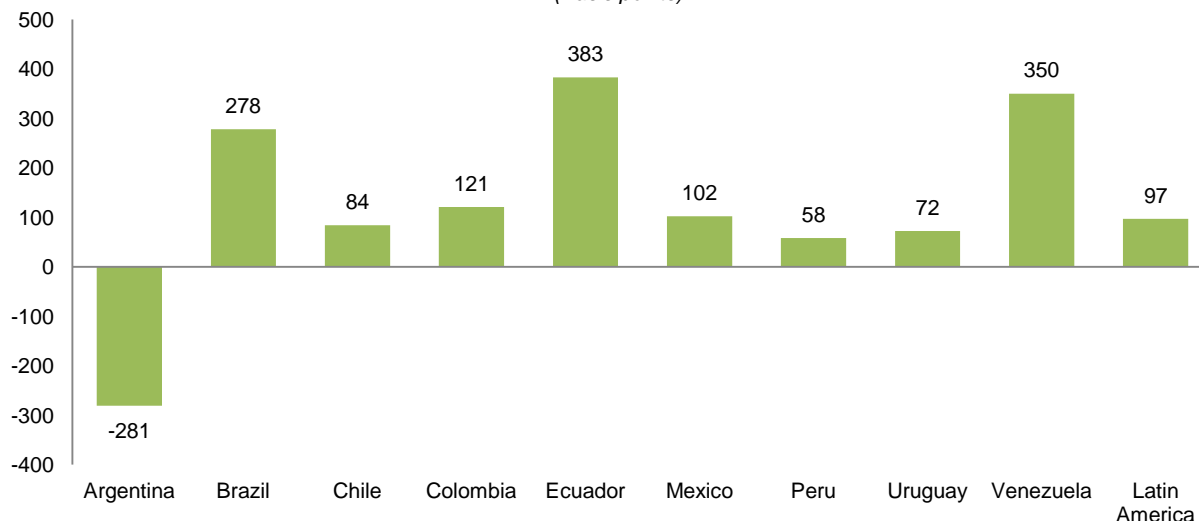


Source: ECLAC, on the basis of data from JPMorgan.

Bond spreads for the countries in the region widened in 2015, as a sharp decline in oil prices, Greece-related uncertainties, doubts about China’s economic health, and anticipation of a U.S. interest rate increase, weighed on risk. Spreads for Ecuador and Venezuela widened the most, as rapidly declining oil prices increased investors’ concerns (chart 11).

**CHART 11:
EMBI GLOBAL SPREAD DIFFERENTIALS: 2015**

(Basis points)

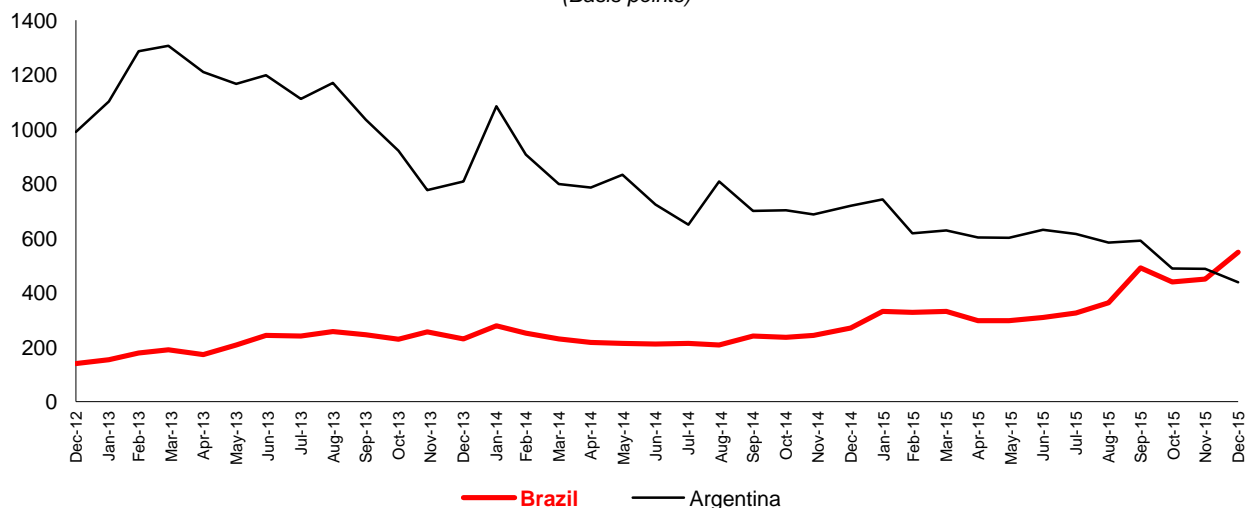


Source: ECLAC, on the basis of data from JPMorgan.

Brazilian spreads also widened significantly in 2015, as political turmoil and a sharp economic recession led to the loss of investment grade from S&P in September and from Fitch in December, and to higher risk. Argentina spreads, on the other hand, declined, as activity indicators in Argentina showed signs of improvement, especially in the second half of the year, and markets reacted positively to the results of the presidential elections. At the end of 2015, Brazilian spreads were wider than Argentina’s (chart 12).

**CHART 12:
EMBIG LATIN: BRAZILIAN AND ARGENTINE SPREADS IN 2015**

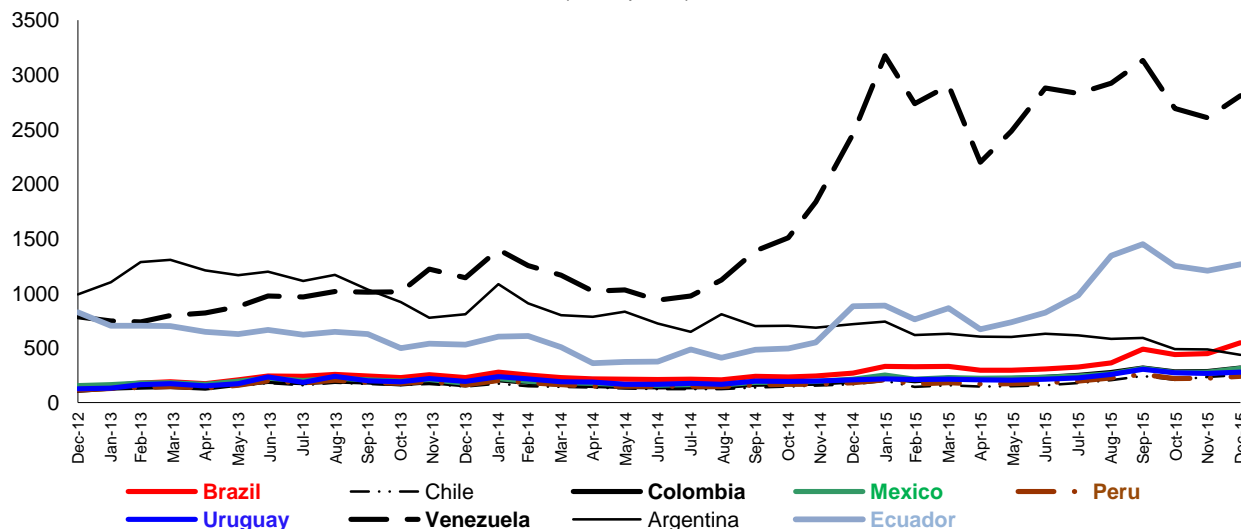
(Basis points)



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

Argentina was the only country to see a tightening in spreads in 2015, thus converging towards the spreads of the group of Latin American countries considered as lower risk by investors (chart 13).

**CHART 13:
EMBIG LATIN: COUNTRY SPREADS**
(Basis points)

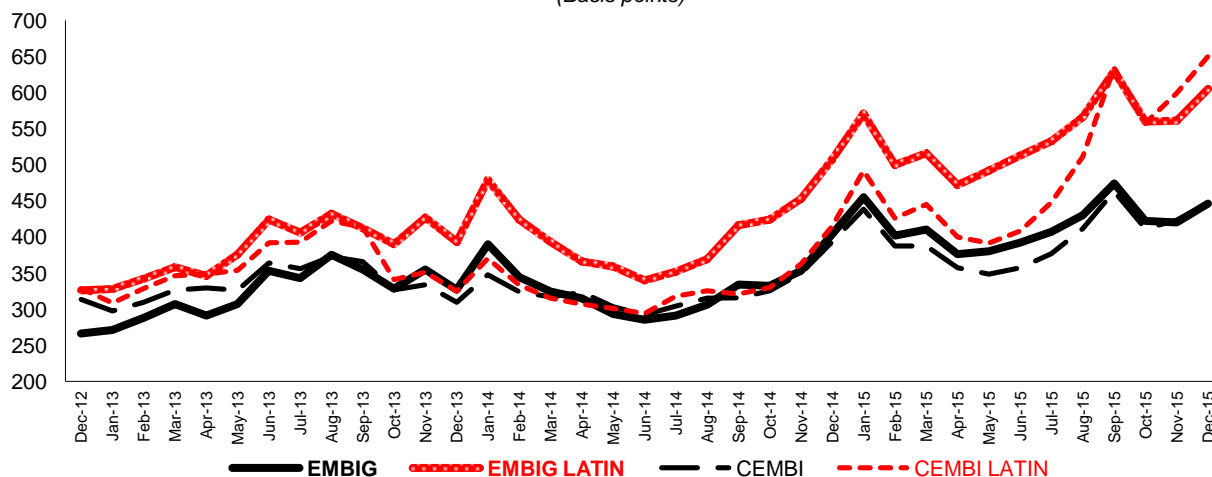


Source: ECLAC, on the basis of data from JPMorgan.

A. Corporate spreads

The region’s corporate spreads increased almost three times more (235 basis points) than sovereign spreads (97 basis points) in 2015, reflecting concerns about the impact that an increase in U.S. interest rates would have on the debt of the corporate sector, which issued 64% of the total LAC issuance. Latin CEMBI spreads were higher than their sovereign counterpart at the end of 2015 (chart 14).

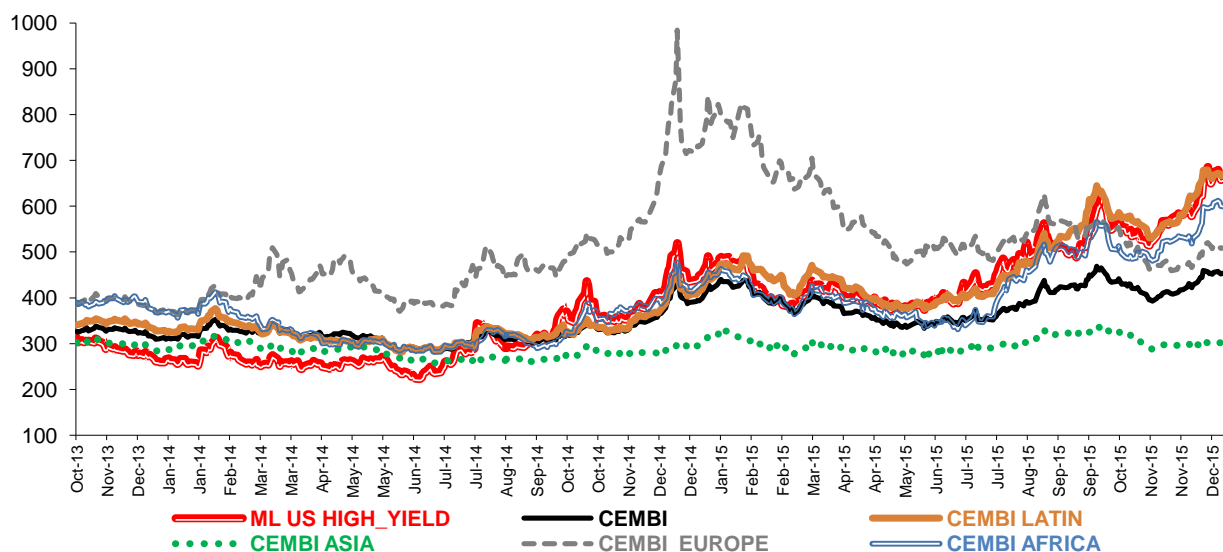
**CHART 14:
EMBIG SPREADS, CORPORATE AND SOVEREIGN**
(Basis points)



Source: ECLAC, on the basis of data from JPMorgan, "Emerging Markets Bond Index Monitor." EMBIG and EMBIG Latin: sovereign spreads, CEMBI and CEMBI Latin: blended spreads.

Latin American corporates’ credit spreads underperformed peers in other regions in 2015. Spreads for the region’s corporate sector were higher than the spreads for the U.S. high-yield sector and for the corporate sector of other regions at the end of 2015 (chart 15). This reflects the region’s relatively high exposure to commodity exports and large corporates with very high levels of foreign currency borrowing. In 2015, 73% of LAC corporate bonds were denominated in U.S. dollars.

CHART 15:
CORPORATE EMBI SPREADS VS U.S. HIGH-YIELD COPORATE SPREADS
(Basis points)

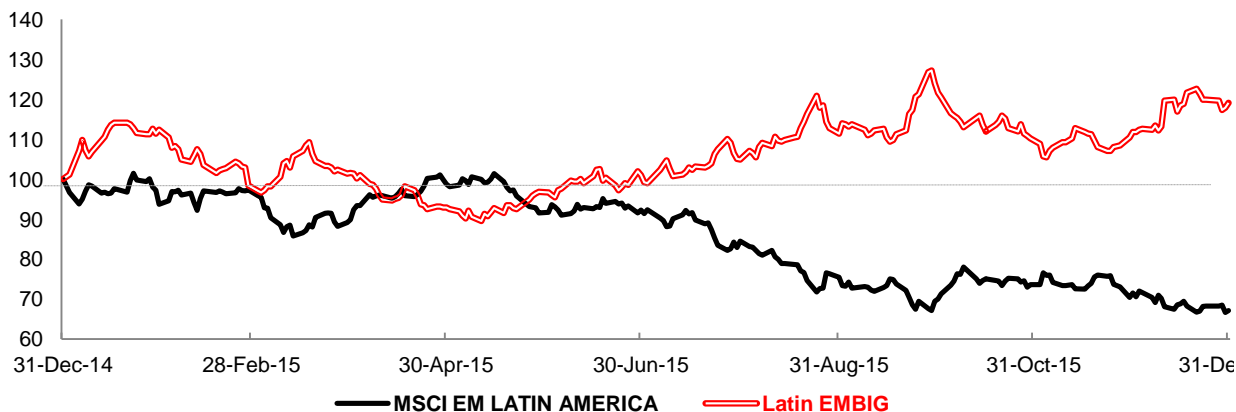


Source: ECLAC, on the basis of data from JPMorgan CEMBI and Merrill Lynch U.S. High-Yield Master II Index (H0A0).

B. Bond spreads and equity prices

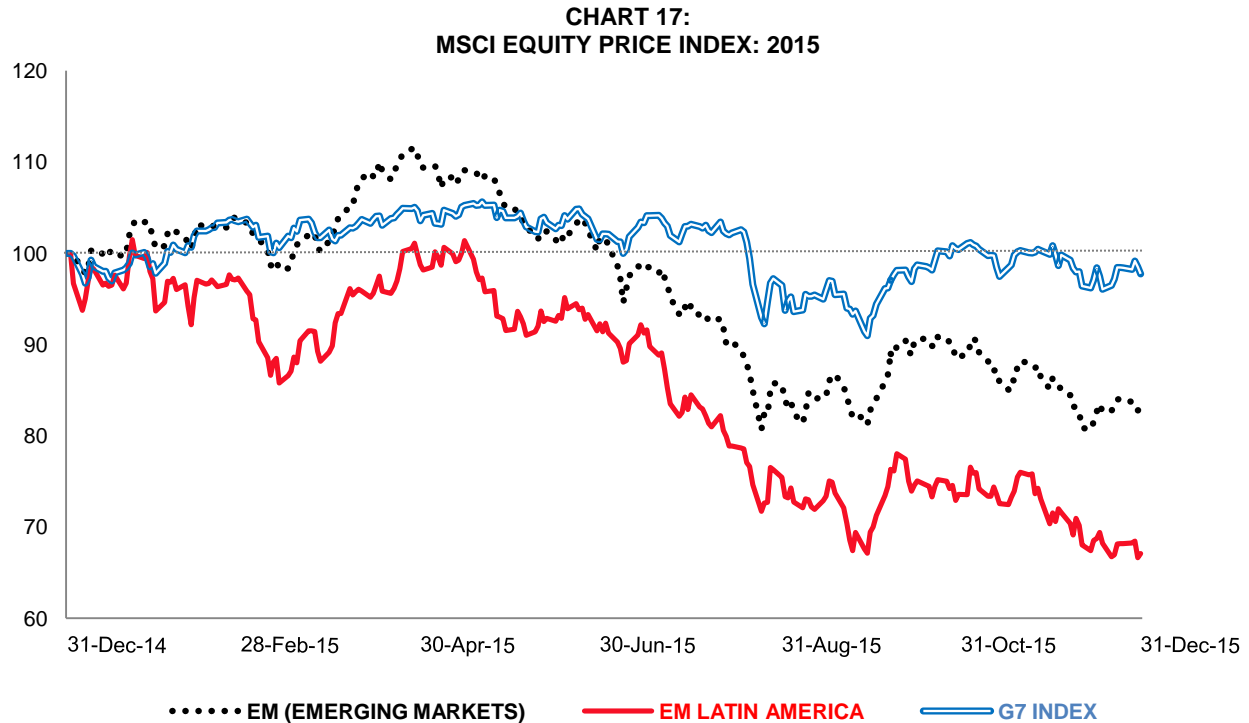
The unfavorable external scenario led to an increase in bond spreads and to a decline in Latin American equity prices from April to December 2015, with the trend intensifying in the second half of the year (see chart 16).

CHART 16:
LATIN AMERICAN EQUITY PRICES VS BOND SPREADS: 2015
(MCSI and EMBIG indices)



Source: ECLAC, on the basis of data from MSCI Equity Indices and J.P. Morgan.

In the case of Latin American equities, their appeal was undermined by a shrinking growth differential between the region and mature markets. In 2015, the Morgan Stanley Capital International (MSCI) Latin American Index lost 33%. This compares to a loss of 17% for emerging markets as a whole and 2% for G7 countries (chart 17). Latin America's weaker growth prospects in 2015 weighed down on its stocks.



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

III. Credit ratings: less action than in previous years

In 2015, there was a total of 32 credit rating actions, less than the 34 and 43 actions taken in 2014 and 2013, respectively. Fifteen were positive actions, the same number as in 2014 and down from 19 in 2013. Seventeen were negative actions, down from 19 in 2014 and 24 in 2013.

The fifteen positive actions in 2015 included nine upgrades, five upward outlook revisions, and one new rating assignment. The seventeen negative actions included ten downgrades, six downward outlook revisions and one negative watch. Seven LAC countries were upgraded in 2015 –Paraguay (upgraded by two agencies), Dominican Republic, Jamaica (also upgraded by two agencies), Uruguay, Nicaragua, Bolivia and Honduras– and six countries were downgraded –Venezuela (downgraded by two agencies), Trinidad & Tobago, El Salvador, Brazil (downgraded by the three agencies), Ecuador and the Bahamas (see table 1).

Brazil’s rating was downgraded to junk status in September by S&P –to BB+ from BBB- with a negative outlook– with the agency citing a revision to the government’s 2016 fiscal targets and increased political strife as reasons for the downgrade. In mid-December Fitch followed suit and downgraded Brazil to BB+ from BBB- with a negative outlook, citing a deeper-than-expected recession and political instability. Outlook was negative on “continued uncertainty and downside risks related to economic, fiscal and political developments.” The downgrade left Brazil with two sub-investment grade ratings.

As in the case of spreads, Argentina’s sovereign rating has embarked on a different trend. In the beginning of November Moody’s changed the outlook on Argentina’s Caal issuer rating to stable from negative, citing a more favorable political climate and reduced risks to investors, and at the end of the month it raised the outlook to positive, citing its expectation that Argentina’s policy stance will become more credit positive in the aftermath of the presidential elections.

At the end of 2015, four of the rated sovereigns in the region –Argentina, Cuba, Honduras and Jamaica– had a positive outlook from one or more of the three main credit rating agencies (Moody’s, S&P and Fitch) and seven –the Bahamas, Barbados, Brazil, Costa Rica, El Salvador, Guatemala and Venezuela– had a negative outlook (appendix A, table 1).

**TABLE 1:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2015**

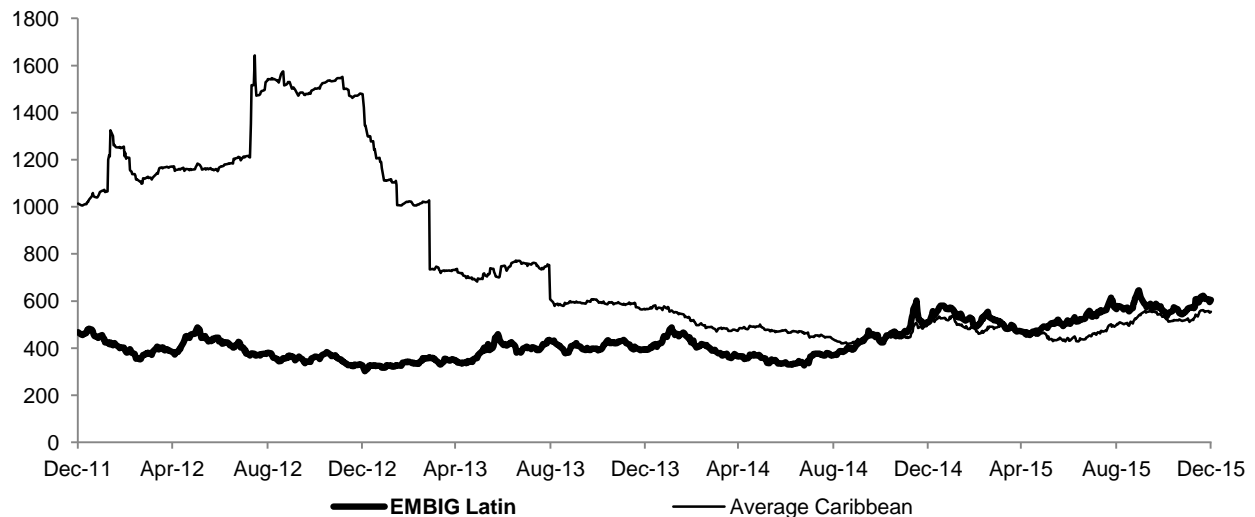
Date	Country	Action	
2015	15 positive and 17 negative actions		
Q1	3 positive and 3 negative		
13-Jan-15	Venezuela	Moody's downgrades Venezuela's rating to Caa3 from Caa1, with a stable outlook	<i>Negative</i>
22-Jan-15	Costa Rica	Fitch revises Costa Rica's BB+ rating outlook to negative	<i>Negative</i>
29-Jan-15	Paraguay	Fitch upgrades Paraguay's rating to BB from BB- with a stable outlook	<i>Positive</i>
9-Feb-15	Venezuela	S&P downgrades Venezuela's rating to CCC from CCC+ with a negative outlook	<i>Negative</i>
19-Feb-15	Jamaica	Fitch changes Jamaica's B- rating outlook to positive	<i>Positive</i>
22-Mar-15	Paraguay	Moody's upgrades Paraguay's rating to Ba1 from Ba2, with a stable outlook	<i>Positive</i>
Q2	5 positive and 3 negative		
9-Apr-15	Brazil	Fitch revises Brazil's BBB rating outlook to negative	<i>Negative</i>
30-Apr-15	Trinidad & Tobago	Moody's downgrades T&T's credit rating to Baa2 from Baa1 with a negative outlook	<i>Negative</i>
11-May-15	Honduras	Moody's changes Honduras' outlook to positive	<i>Positive</i>
20-May-15	Dom. Republic	S&P's upgrades Dominican Republic to BB- from B+, with a stable outlook	<i>Positive</i>
26-May-15	Guatemala	Moody's lowers Guatemala's rating outlook to negative	<i>Negative</i>
28-May-15	Jamaica	Moody's upgrades Jamaica to Caa2 from Caa3 with a positive outlook	<i>Positive</i>
3-Jun-15	Jamaica	S&P upgrades Jamaica's rating to B from B- with a stable outlook	<i>Positive</i>
5-Jun-15	Uruguay	S&P's upgrades Uruguay to BBB from BBB-, with a stable outlook	<i>Positive</i>
Q3	3 positive and 6 negative		
9-Jul-15	El Salvador	Fitch downgrades El Salvador to B+ from BB- with a stable outlook	<i>Negative</i>
10-Jul-15	Nicaragua	Moody's upgrades Nicaragua's credit rating to B2 from B3 with a stable outlook	<i>Positive</i>
15-Jul-15	Bolivia	Fitch upgrades Bolivia to BB from BB- with a stable outlook	<i>Positive</i>
20-Jul-15	Honduras	S&P upgrades Honduras' credit rating to B+ from B with a stable outlook	<i>Positive</i>
28-Jul-15	Brazil	S&P lowers Brazil's BBB- sovereign rating outlook to negative from stable	<i>Negative</i>
11-Aug-15	Brazil	Moody's downgrades Brazil to Baa3 from Baa2 with a stable outlook	<i>Negative</i>
12-Aug-15	Ecuador	S&P downgrades Ecuador's credit rating to B from B+ with a stable outlook	<i>Negative</i>
24-Aug-15	The Bahamas	S&P downgrades the Bahamas a notch to BBB- from BBB with a negative outlook	<i>Negative</i>
9-Sep-15	Brazil	S&P downgrades Brazil to BB+(below investment grade) from BBB-; negative outlook	<i>Negative</i>
Q4	3 positive and 5 negative		
15-Oct-15	Brazil	Fitch downgrades Brazil to BBB- from BBB; outlook remains negative	<i>Negative</i>
2-Nov-15	Argentina	Moody's changes the outlook on Argentina's Caa1 issuer rating to stable from negative	<i>Positive</i>
19-Nov-15	El Salvador	Moody's changes outlook on El Salvador's Ba3 ratings to negative from stable	<i>Negative</i>
24-Nov-15	Argentina	Moody's changes the outlook on Argentina's Caa1 issuer rating to positive from stable	<i>Positive</i>
25-Nov-15	Belize	S&P revises Belize's outlook to stable from positive	<i>Negative</i>
9-Dec-15	Brazil	Moody's places Brazil's Baa3 rating on review for downgrade (negative watch)	<i>Negative</i>
10-Dec-15	Cuba	Moody's changes Cuba's outlook to positive from stable; Caa2 rating affirmed	<i>Positive</i>
16-Dec-15	Brazil	Fitch downgrades Brazil to BB+ from BBB- with a negative outlook	<i>Negative</i>
16-Dec-15	Nicaragua	Fitch assigns B+ first-time rating to Nicaragua; outlook stable	<i>Positive</i>

Source: JPMorgan, Emerging Markets Outlook and Strategy and rating agencies.

IV. Caribbean: spread gap reversed

The spread gap between the Caribbean⁸ and the rest of the region reversed in 2015. From late 2010 to late 2012 the spread gap between the Caribbean countries and the EMBIG Latin component widened by almost 1,000 basis points as a result of the high number of defaults in the Caribbean region. In 2014 the spread gap was finally closed, as successful bond restructurings lowered spreads for the region, and in 2015 the gap was actually reversed, with Caribbean spreads lower than the EMBIG Latin component by 50 basis points at the end of the year (chart 18).

CHART 18:
EMBIG SPREADS, CARIBBEAN VERSUS LAC
(Basis points)



Source: ECLAC, on the basis of data from JPMorgan. The Caribbean average includes Belize and Jamaica, and since 30 August 2013, it also includes Trinidad & Tobago.

⁸ Caribbean region: 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. For some it is difficult to get a foothold in the capital markets borrowing, because bonds' benchmark sizes – US\$ 500 million is the EMBI minimum – are in general too high for the size of their economies.

While Latin American sovereign spreads widened 97 basis points in 2015, according to the J.P. Morgan EMBIG Latin component, spreads for the Caribbean region widened 40 basis points. Caribbean countries benefited from lower oil prices and from an increase in tourism flows in 2015, partially offsetting the adverse impact of softer commodity prices on growth among the region's commodity producer economies.

Appendix

A. Credit Rating

**TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, 2015**

	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	Caa1	(+)	SD		RD		O/L changed to (+) from stable	24-Nov-15	Affirmed, O/L stable	1-Apr-15	Downgrade to RD	30-Jul-14
Bahamas	Baa2		BBB-	(-)			Downgrade, O/L stable	2-Sep-14	Downgrade, O/L (-)	25-Aug-15		
Barbados	B3	(-)	B	(-)	NR		Downgrade, O/L (-)	2-Jun-14	Downgrade, O/L to (-)	19-Dec-14		
Belize	Caa2		B-		NR		Affirmed, O/L stable	17-Jun-15	O/L changed to stable	25-Nov-15		
Bolivia	Ba3		BB		BB		Upgrade, O/L stable	8-Jun-12	Upgrade, O/L stable	15-May-14	Upgrade, O/L stable	15-Jul-15
Brazil	Baa3	-	BB+	(-)	BB+	(-)	On review for downgrade	9-Dec-15	Downgrade, O/L (-)	9-Sep-15	Downgrade, O/L (-)	15-Dec-15
Chile	Aa3		AA-		A+		Affirmed, O/L stable	29-Oct-13	Affirmed, O/L stable	16-Dec-13	Affirmed, O/L stable	25-Oct-13
Colombia	Baa2		BBB		BBB		Upgrade, O/L stable	28-Jul-14	Affirmed, O/L stable	29-Apr-14	Affirmed, O/L stable	15-Dec-15
Costa Rica*	Ba1		BB		BB+	(-)	Downgrade, O/L stable	16-Sep-14	Affirmed, O/L stable	28-Feb-14	O/L changed to (-), Affirmed	22-Jan-15
Cuba	Caa2	(+)	NR		NR		O/L changed to (+), Affirmed	10-Dec-15				
Dominican Republic	B1		BB-		B+		Affirmed, O/L stable	10-Oct-11	Upgrade, O/L stable	20-May-15	Upgrade, O/L stable	21-Nov-14
Ecuador	B3		B		B		Upgrade, O/L stable	19-Dec-14	Downgrade, O/L stable	12-Aug-15	Upgrade, O/L stable	18-Oct-13
El Salvador	Ba3		B+		B+		O/L changed to (-), Affirmed	19-Nov-15	Downgrade, O/L stable	22-Dec-14	Downgrade, O/L stable	9-Jul-15
Grenada			SD						Downgrade	12-Mar-13		
Guatemala	Ba1	(-)	BB		BB		O/L changed to (-), Affirmed	26-May-15	Affirmed, O/L stable	11-Oct-13	Downgrade, O/L stable	20-Jun-14
Honduras	B3	(+)	B+		NR		O/L changed to (-), Affirmed	11-May-15	Upgrade, O/L stable	20-Jul-15		
Jamaica	Caa2	(+)	B		B-	(+)	Upgrade, O/L (+)	28-May-15	Upgrade, O/L stable	3-Jun-15	O/L changed to (-), Affirmed	19-Feb-15
Mexico	A3		BBB+		BBB+		Upgrade, O/L stable	5-Feb-14	Upgrade, O/L stable	19-Dec-13	Affirmed, O/L stable	25-Feb-15
Nicaragua	B2		NR		B+		Upgrade, O/L stable	10-Jul-15			First-time rating, O/L stable	16-Dec-15
Panama	Baa2		BBB		BBB		Upgrade, O/L stable	31-Oct-12	Affirmed, O/L stable	1-Aug-13	Affirmed, O/L stable	19-Feb-15
Paraguay	Ba1		BB		BB		Upgrade, O/L stable	22-Mar-15	Upgrade, O/L stable	11-Jun-14	Upgrade, O/L stable	29-Jan-15
Peru	A3		BBB+		BBB+		Upgrade, O/L stable	2-Jul-14	Affirmed, O/L stable	28-Aug-15	Affirmed, O/L stable	30-Sep-15
Suriname	Ba3		BB-		BB-		O/L changed to stable from (+)	14-Feb-14	O/L changed to stable from (+)	28-Apr-14	Affirmed, O/L stable	12-May-14
Trinidad & Tobago	Baa2		A		NR		Downgrade, O/L (-)	30-Apr-15	Affirmed, O/L stable	24-Dec-13		
Uruguay*	Baa2		BBB		BBB-		Affirmed, O/L stable	21-May-15	Upgrade, O/L stable	5-Jun-15	Affirmed, O/L stable	4-Mar-14
Venezuela	Caa3		CCC	(-)	CCC		Downgrade, O/L stable	13-Jan-15	Downgrade, O/L (-)	9-Feb-15	Affirmed, O/L stable	2-Jul-15

Source: JPMorgan, Emerging Markets Outlook and Strategy and rating agencies.

Changes for 2015 are in red.

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.

*S&P issue rating is one notch above the issuer credit rating.

BOX 1
CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2015

There have been 15 positive and 16 negative actions in Latin America and the Caribbean in 2015.

Positive Actions: 15 (Bold)

January

- Paraguay (January 29): **Fitch upgrades Paraguay's rating a notch to BB with a stable outlook**, noting the country's solid economic performance on the back of higher productivity and export diversification.

February

- Ecuador (February 09): S&P affirms Ecuador's sovereign debt rating at B+ with a stable outlook (*no change*).
- Jamaica (February 19): **Fitch changes Jamaica's B- rating outlook to positive**, citing diminishing external financing risks and built-up reserves.
- Panama (February 29): Fitch affirms Panama's ratings at 'BBB'; outlook stable (*no change*).

March

- Paraguay (March 22): **Moody's upgrades Paraguay's rating to Ba1 from Ba2, with a stable outlook**. The agency cited the country's positive results in diversifying the economy, investing in infrastructure, implementing reforms that have strengthened the fiscal framework, and improving governance and institutional strength.

May

- Honduras (May 11): **Moody's changes Honduras' outlook to positive**, citing continued progress toward fiscal consolidation targets.
- Dominican Republic (May 20): **S&P's upgrades the rating of Dominican Republic to BB- from B+ with a stable outlook**, citing the country's improving monetary policy and inflation-targeting measure.
- Uruguay (May 21): Moody's affirms Uruguay's Baa2 sovereign rating; outlook stable (*no change*).
- Jamaica (May 26): **Moody's upgrades Jamaica's rating to Caa2 from Caa3, maintaining a positive outlook**, citing fiscal consolidation, strong commitment to structural reforms, improving balance of payments position and reduced external vulnerabilities.

June

- Jamaica (June 3): **S&P upgrades Jamaica's rating to B from B- with a stable outlook**, citing its ability to meet its fiscal targets in the past two years, which has led to stronger fiscal credibility and steady debt trajectory.
- Uruguay (June 5): **S&P upgrades Uruguay's rating a notch to BBB from BBB- with a stable outlook**, to reflect the country's sound macroeconomic policies and the improved regional environment.
- Belize (June 17): Moody's affirms Belize's Caa2 sovereign rating; outlook stable (*no change*).

July

- Venezuela (July 02): Fitch affirmed Venezuela's long-term foreign currency rating at CCC with a stable outlook (*no change*).
- Nicaragua (July 10): **Moody's upgrades Nicaragua's rating to B2 from B3 with a stable outlook**, as a result of a stronger economy.
- Bolivia (July 15): **Fitch upgrades Bolivia to BB from BB- with a stable outlook**, saying that the sovereign had made hydrocarbon production more sustainable.
- Honduras (July 21): **S&P upgrades Honduras' credit rating to B+ from B with a stable outlook**, considering improvements over the government's debt burden.

August

- Peru (August 28): S&P affirms Peru's BBB+ sovereign rating with a stable outlook (*no change*).

October

- Peru (September 30): Fitch affirms Peru's BBB+ sovereign rating with a stable outlook (*no change*).

Box 1– (cont.)*November*

- Argentina (November 2): **Moody’s changes the outlook on Argentina’s Caa1 issuer rating to stable from negative**, citing a more favorable political climate and reduced risks to investors.
- Argentina (November 24): **Moody’s changes the outlook on Argentina’s Caa1 issuer rating to positive from stable**, citing its expectation that Argentina’s policy stance will become more credit positive in the aftermath of the elections that took place on November 22.

December

- Cuba (December 10): **Moody’s changes Cuba’s outlook to positive from stable; Caa2 rating affirmed**. The agency expects that recent measures to diversify trade and financial linkages (with less reliance on Venezuela since 2014) will contribute to favorable macroeconomic trends and coincide with continued easing of economic sanctions by the U.S.
- Colombia (December 15): Fitch affirms Colombia’s BBB rating with a stable outlook (*no change*).
- Nicaragua (December 16): **Fitch assigns B+ first-time rating to Nicaragua; outlook stable**. The rating was supported by the country’s positive economic growth, prudent fiscal policies and debt reduction.

Negative Actions: 16 (Bold)*January*

- Venezuela (January 13): **Moody’s downgrades Venezuela’s sovereign rating to Caa3 from Caa1** and changes the outlook to stable from negative, saying that the falling oil price has put the exporter at a greater risk of default.
- Costa Rica (January 22): **Fitch revises Costa Rica’s BB+ rating outlook to negative**, saying financing conditions are deteriorating due to the lower absorption capacity of the domestic public sector investor base and the rising pressure on international interest rates.

February

- Venezuela (February 09): **S&P downgrades Venezuela’s rating to CCC from CCC+ with a negative outlook**, pointing to a growing default risk thanks to plummeting oil prices and a shaky political and social situation.

April

- Argentina (April 1): S&P affirms Argentina’s unsolicited foreign currency rating of ‘SD’ (*no change*).
- Brazil (April 9): **Fitch revises Brazil’s BBB rating outlook to negative**, saying that the country’s economy is underperforming and its fiscal accounts have deteriorated.
- Trinidad & Tobago (April 30): **Moody’s downgrades Trinidad and Tobago’s credit rating to Baa2 from Baa1, and changes the outlook to negative**, citing persistent fiscal deficits, decline in oil prices and weak macroeconomic policy framework.

May

- Guatemala (May 27): **Moody’s lowers its rating outlook on Guatemala to negative**, but maintained its Ba1 credit rating. The rating agency cited the escalating political crisis as the main reason for the move.

July

- El Salvador (July 9): **Fitch downgrades El Salvador to B+ from BB- with a stable outlook**, citing rising public debt.
- Brazil (July 28): **S&P lowers Brazil’s BBB- sovereign rating outlook to negative from stable**, on fears that reforms will not be implemented as planned.

August

- Brazil (August 11): **Moody’s downgrades Brazil to Baa3 from Baa2 with a stable outlook**, due to expected higher government expenditures and a lack of political accord to pass fiscal reforms.
- Ecuador (August 12): **S&P downgrades Ecuador’s credit rating to B from B+ with a stable outlook**, citing deteriorating fiscal and external metrics (higher debt and external risk).

Box 1– (conclusion)

- Bahamas (August 25): **S&P downgrades the Bahamas a notch to BBB- from BBB, with a negative outlook**, citing weakening growth prospects and long-term vulnerabilities, as well as the short-term economic shock of the Baha Mar (a local resort) bankruptcy filing and subsequent legal disputes.

September

- Brazil (September 9): **S&P downgrades Brazil’s rating to junk status, to BB+ from BBB-, with a negative outlook**, citing a revision to the government’s 2016 fiscal targets and increased political strife.

October

- Brazil (October 15): **Fitch downgrades Brazil’s rating to BBB- from BBB, with a negative outlook**, citing the sovereign’s increasing debt, political impasse and a weakening economy.

November

- El Salvador (November 19): **Moody’s changes outlook on El Salvador’s Ba3 ratings to negative from stable; ratings affirmed**, citing the rising debt trend and growth, fiscal and debt metrics that are now weaker relative to peers in the Ba category.
- Belize (November 25): **S&P revises Belize’s outlook to stable from positive on weaker fiscal position. B-rating affirmed.**

December

- Brazil (December 9): **Moody’s places Brazil’s Baa3 issuer and bond ratings on review for downgrade.**
- Brazil (December 15): **Fitch downgrades Brazil to BB+ from BBB- with a negative outlook**, citing a deeper-than-expected recession and political instability, which could hurt the government’s ability to implement fiscal reforms. Outlook was negative on “continued uncertainty and downside risks related to economic, fiscal and political developments.” The downgrade left Brazil with two sub-investment grade ratings.

Source: ECLAC, on the basis of information from various market sources.

B. Latin American Spreads

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

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America
31-Dec-13	327	808	230	148	163	530	177	162	194	1141	393
31-Jan-14	390	1085	278	172	208	605	219	202	239	1400	479
28-Feb-14	344	907	251	151	184	609	195	181	217	1255	424
31-Mar-14	324	799	230	143	168	508	182	165	192	1165	393
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
31-Jul-14	291	649	214	125	145	486	164	151	177	976	352
31-Jul-12	341	1087	183	154	140	852	176	145	172	1099	398
31-Aug-12	325	1051	179	146	137	791	186	145	158	1001	381
28-Sep-12	308	897	162	143	132	743	172	125	139	956	369
31-Oct-12	296	1066	154	126	122	824	166	118	136	959	365
30-Nov-12	287	1140	152	130	124	829	169	122	140	880	355
31-Dec-12	266	991	140	116	112	826	155	114	127	786	326
31-Jan-13	271	1102	154	124	132	704	165	129	132	746	328
28-Feb-13	288	1287	178	140	141	704	180	138	164	737	342
28-Mar-13	307	1307	190	153	147	700	182	147	173	797	358
30-Apr-13	291	1210	173	141	131	647	169	132	153	821	346
31-May-13	307	1167	208	153	167	626	196	159	173	878	376
28-Jun-13	353	1199	243	180	193	665	223	201	235	976	424
31-Jul-13	343	1112	241	160	181	620	202	180	185	966	406
30-Aug-13	375	1170	257	182	198	649	222	207	242	1017	432
30-Sep-13	355	1035	245	171	187	628	210	184	200	1010	412
31-Oct-13	328	921	229	161	170	499	196	176	190	1014	390
27-Nov-13	355	776	256	171	190	539	211	193	220	1221	427
31-Dec-13	327	808	230	148	163	530	177	162	194	1141	393
31-Jan-14	390	1085	278	172	208	605	219	202	239	1400	479
28-Feb-14	344	907	251	151	184	609	195	181	217	1255	424
31-Mar-14	324	799	230	143	168	508	182	165	192	1165	393
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
31-Jul-14	291	649	214	125	145	486	164	151	177	976	352
29-Aug-14	306	808	208	124	146	412	161	148	169	1123	369
30-Sep-14	334	700	241	137	169	484	186	162	193	1387	416
31-Oct-14	332	703	236	146	172	495	188	169	193	1507	424
26-Nov-14	353	687	243	157	175	550	195	167	198	1837	453
31-Dec-14	404	719	270	169	196	883	213	182	208	2457	508
30-Jan-15	455	742	331	200	229	887	252	208	218	3173	571
27-Feb-15	402	618	328	144	199	763	215	170	211	2736	500
31-Mar-15	410	629	331	158	222	865	228	181	214	2902	516
30-Apr-15	376	603	297	147	213	672	224	171	210	2200	472
29-May-15	380	601	297	150	220	735	225	174	207	2483	492
30-Jun-15	392	631	309	158	233	824	232	182	213	2879	513
31-Jul-15	407	615	325	179	250	980	244	196	227	2829	533
29-May-15	380	601	297	150	220	735	225	174	207	2483	492
30-Jun-15	392	631	309	158	233	824	232	182	213	2879	513
31-Jul-15	407	615	325	179	250	980	244	196	227	2829	533
31-Aug-15	430	584	363	205	277	1344	264	225	257	2922	566
30-Sep-15	474	591	491	244	318	1451	313	258	305	3129	630
31-Oct-15	422	489	139	210	283	1252	275	220	274	2692	560
30-Nov-15	420	487	450	235	286	1207	280	224	266	2605	561
31-Dec-15	446	438	548	253	317	1266	315	240	280	2807	605

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

Note: EMBI Global composition (end-December 2015): **by country:** Brazil, Colombia, Mexico and Venezuela account for 27.96% of the total weighting; **by region:** Latin: 38%; Non-Latin: 62%.

C. New LAC Debt Issuance

**TABLE 3:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FIRST QUARTER OF 2015**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-15					
Mexico	United Mexican States	USD 1500	1,500	4.600%	2046
Mexico	United Mexican States	USD 500	500	3.600%	2025 (r)
Mexico	Pemex	USD 1500	1,500	3.500%	2020
Mexico	Pemex	USD 1500	1,500	4.500%	2026
Mexico	Pemex	USD 3000	3,000	5.625%	2046
Chile	Banco del Estado de Chile	JPY 31000	263	0.520%	2020
Dominican Republic	Dominican Republic	USD 1000	1,000	5.500%	2025
Dominican Republic	Dominican Republic	USD 1500	1,500	6.850%	2045
Supranational	CAF Development Bank of Latin America	USD 1000	1,000	3-month L+55	2018
Colombia	Republic of Colombia	USD 1500	1,500	5.000%	2045
Mexico	United Mexican States	USD 1500	1,500	4.600%	2046
			13,263		
Feb-15					
Peru	Intercorp	USD 250	250	5.875%	2025
Argentina	YPF	USD 175	175	8.875%	2018 (r)
Argentina	YPF	USD 325	325	8.750%	2024 (r)
Supranational	CAF Development Bank of Latin America	CHF 200	216	0.500%	2026
Peru	GfM Ferrovias	PEN 629	205	4.750%	2039
Mexico	Pemex	MXN 17000	1,100	7.500%	2026
Chile	Cencosud	USD 650	650	5.150%	2025
Chile	Cencosud	USD 350	350	6.625%	2045
Argentina	Cablevision	USD 286	286	9.375%	2018
Argentina	City of Buenos Aires	USD 500	500	8.950%	2021
Uruguay	Oriental Republic of Uruguay	USD 1200	1,200	5.100%	2050 (r)
Jamaica	Digicel	USD 925	925	6.750%	2023
Mexico	Aeromexico	USD 196	196	2.329%	2027
Mexico	Cemex	EUR 550	616	4.375%	2023 NC4
Mexico	Cemex	USD 750	750	6.125%	2025 NC5
Mexico	United Mexican States	EUR 1250	1,400	1.625%	2024
Mexico	United Mexican States	EUR 1250	1,400	3.000%	2045
			10,544		
Mar-15					
Mexico	America Movil	MXN 3500	232.6	7.125%	2024 (r)
Costa Rica	Republic of Costa Rica	USD 1000	1,000	7.158%	2045
Mexico	Kimberly-Clark de Mexico	USD 250	250	3.250%	2025
Supranational	Central American Bank for Economic Integration (CABEI)	CNH 800	128	4.750%	2018
Panama	Republic of Panama	USD 1250	1,250	3.750%	2025
Supranational	CAF Development Bank of Latin America	JPY 8900	73		2025
Peru	Republic of Peru	USD 545	545	5.625%	2050 (r)
Peru	Republic of Peru	PEN 2250	728	6.950%	2031 (r)
Ecuador	Republic of Ecuador	USD 750	750	10.500%	2020
Colombia	Republic of Colombia	USD 1000	1,000	5.000%	2045 (r)
Colombia	Colombia Telecoms - ColTel	USD 500	500	8.500%	Perp NC5
Peru	Red Dorsal Finance	USD 273.7	274	5.875%	2031
			6,730		

Source: LatinFinance (Bonds Database).

Notes:

Q1 2015 Total **30,537**

(r): retap.

NC4: only callable after 4 years.

NC5: only callable after 5 years.

**TABLE 4:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
SECOND QUARTER OF 2015**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-15					
Mexico	United Mexican States	EUR 1500	1,600	4.000%	2115
Mexico	Pemex	EUR 1000	1,097	1.880%	2022
Mexico	Pemex	EUR 1250	1,400	2.750%	2027
Panama	Global Bank	USD 150	150	5.130%	2019 (r)
Colombia	BBVA Colombia	USD 400	400	5.875%	2025
Mexico	Southern Copper	USD 500	500	3.875%	2025
Mexico	Southern Copper	USD 1500	1,500	5.875%	2045
Argentina	YPF	USD 1500	1,500	8.500%	2025
Chile	Empresa Electrica Guacola	USD 500	500	4.560%	2025
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 200	207	0.190%	2022
Paraguay	Republic of Paraguay	USD 280	280	4.630%	2023 (r)
Uruguay	Puerta del Sur	USD 200	200	6.875%	2032
Chile	Santander Chile	CHF 150	161	0.380%	2022
Dom. Republic	Dominican Republic	USD 500	500	5.500%	2025 (r)
Dom. Republic	Dominican Republic	USD 500	500	6.850%	2045 (r)
			10,495		
May-15					
Mexico	JB y Compania	USD 500	500	3.750%	2025
Brazil	VotoCim (Votorantim Group)	EUR 500	564	3.500%	2022
Ecuador	Republic of Ecuador	USD 750	750	10.500%	2020
Chile	LatAm Airlines	USD 845.213	845	4.200%	2029
Chile	LatAm Airlines	USD 175.61	176	4.500%	2025
Chile	Banco de Credito e Inversiones	CHF 150	164	0.250%	2020
Brazil	Itaú Unibanco	USD 1000	1,000	2.850%	2018
Chile	Republic of Chile	EUR 440	456	1.625%	2025 (r)
Chile	Republic of Chile	EUR 950	1,082	1.875%	2030
Mexico	America Movil	EUR 3000	3,367	0.000%	2020
Brazil	JBS	USD 900	900	5.750%	2025 NC5
Supranational	CAF Development Bank of Latin America	NOK 1000	129	3.050%	2035
Supranational	CAF Development Bank of Latin America	AUD 150	115	4.500%	2025
Brazil	BRF Brazil Foods	EUR 500	549	2.750%	2022
			10,597		
Jun-15					
Brazil	Petrobras	USD 2500	2,500	6.850%	2115
Argentina	Province of Buenos Aires	USD 500	500	9.950%	2021
Chile	LatAm Airlines	USD 500	500	7.250%	2020
Mexico	Comisión Federal de Electricidad (CFE)	MXN 9000	575	7.350%	2025 (r)
Brazil	Embraer	USD 1000	1,000	5.050%	2025
Mexico	Comisión Federal de Electricidad (CFE)	USD 700	700	6.125%	2045
Peru	Metro de Lima Linea 2	USD 1155	1,155	5.875%	2034
Brazil	Oi	EUR 600	678	5.625%	2021
El Salvador	Banco Agricola	USD 300	300	6.750%	2020
Panama	AES Panama	USD 300	300	6.000%	2022
Colombia	Ecopetrol	USD 1500	1,500	5.375%	2026
Mexico	Grupo Posadas	USD 350	350	7.875%	2022 NC4
			10,383		

Source: LatinFinance (Bonds Database).

Notes:

(r): retap.

NC4: only callable after 4 years.

NC5: only callable after 5 years.

Q2 2015 Total **31,150**

H1 2015 **61,687**

**TABLE 5:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
THIRD QUARTER OF 2015**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jul-15					
Peru	Corporacion Financiera de Desarrollo S.A. - Cofide	USD 600	600	4.750%	2025
Peru	Corporacion Financiera de Desarrollo S.A. - Cofide	USD 200	200	3.250%	2019 (r)
Chile	AES Gener	USD 425	425	5.000%	2025
Mexico	Pemex	USD 525	525	2.460%	2025
Mexico	Kansas City Southern de Mexico	USD 300	300	4.950%	2045
Jamaica	Republic of Jamaica	USD 1350	1,350	6.750%	2028
Jamaica	Republic of Jamaica	USD 650	650	7.875%	2045
Caribbean	Sable International Finance	USD 750	750	6.875%	2022 NC3
			4,800		
Aug-15					
Barbados	Sagicor	USD 320	320	8.375%	2022 NC4
Supranational	CAF Development Bank of Latin America	CHF 200	205	0.450%	2023
Peru	Republic of Peru	USD 1250	1250	4.125%	2027
			1,775		
Sep-15					
Supranational	Central American Bank for Economic Integration (CABEI)	TRY 145	50	10.550%	2019
Chile	Codelco	USD 2000	2,000	4.500%	2025
Colombia	Republic of Colombia	USD 1500	1,500	4.500%	2026
			3,550		
Source: LatinFinance (Bonds Database).		Q3 2015 Total	10,125		
Notes:		2015 YTD	72,137		
(r): retap.					
NC3: only callable after 3 years.					
NC4: only callable after 4 years.					

**TABLE 6:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FOURTH QUARTER OF 2015**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Oct-15					
Mexico	Banco Nacional de Comercio Exterior (Bancomext)	USD 1000	1,000	4.375%	2025
Uruguay	Oriental Republic of Uruguay	USD 1205	1,205	4.375%	2027
Chile	Banco de Chile	HKD 608	79	3.045%	2025
Peru	Republic of Peru	EUR 1100	1,200	2.750%	2026
Mexico	Nacional Financiera (NAFIN)	USD 500	500	4.950%	2020
			4,800		
Nov-15					
Mexico	Fibra Terrafina	USD 425	425	5.250%	2022
Supranational	CAF Development Bank of Latin America	EUR 750	819	1.000%	2020
Supranational	CAF Development Bank of Latin America	NOK 800	93	3.050%	2030
Mexico	Grupo Televisa	USD 300	300	4.625%	2026
Mexico	Grupo Televisa	USD 900	900	6.125%	2046
Mexico	Pemex	CHF 600	591	1.500%	2020
Argentina	Banco Hipotecario	USD 200	200	9.750%	2020
			3,328		
Dec-15					
Argentina	YPF	USD 100	100	8.875%	2018 (r)
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 55	55	0.194%	2021 (r)
Costa Rica	Aeris Holding	USD 127	127	7.250%	2025
			282		
Source: LatinFinance (Bonds Database).		Q4 2015 Total	7,974		
Notes:		H2 2015	18,099		
(r): retap.		2015	79,786		