

Capital flows to Latin America and the Caribbean

First eight months of 2022



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First eight months of 2022



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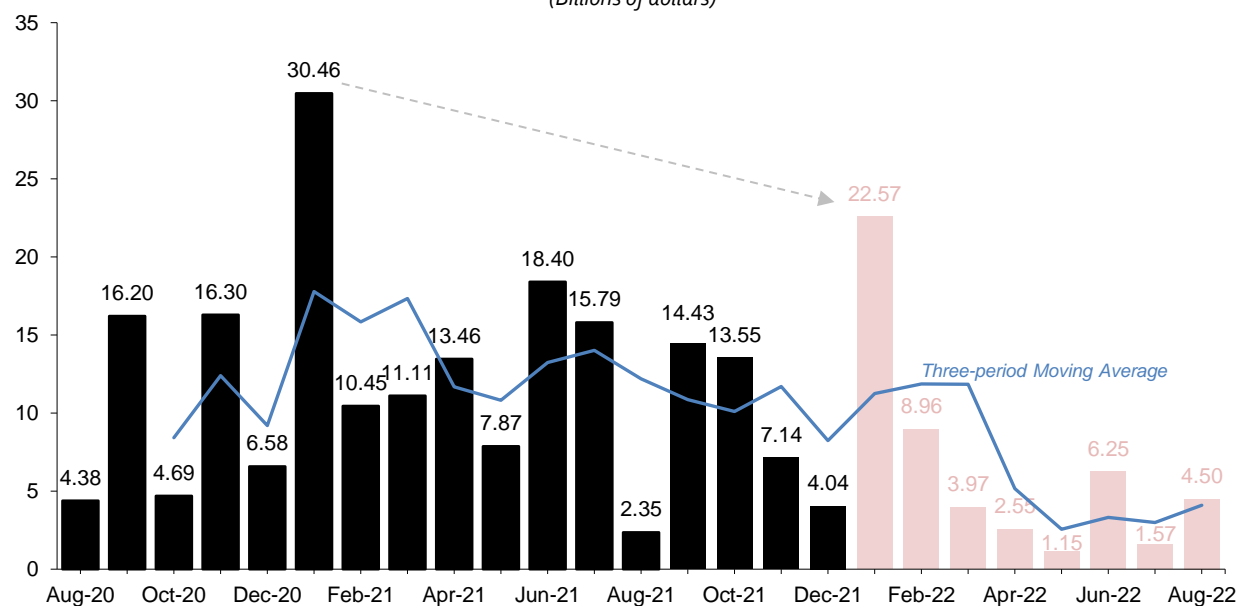
Highlights

- Against a backdrop of tightening global financing conditions, total Latin American and Caribbean (LAC) bond issuance in international markets fell by more than half in the first eight months of 2022 compared to the same period in 2021. LAC issuers placed a total of US\$ 51.5 billion of bonds in international markets from January to August 2022, down 53% from the US\$ 109.9 billion placed from January to August 2021.
- The top three issuers in the first eight months of 2022, corporate and sovereign combined, were Mexico, Chile, and Brazil, in that order, which together accounted for 65% of the total regional issuance. Mexico was the top issuer, accounting for 32% of all issuances in the period. In August alone, Mexico placed US\$ 2.8 billion in sustainability sovereign bonds through six deals in the international market, with five deals (US\$ 553 million) placed in the Japanese market. Mexico is the first country in the region to place sustainability bonds in Japan.
- The region issued US\$ 17.6 billion of international Green, Social, Sustainability and Sustainability-linked (GSSS) bonds in the first eight months of 2022, down 46% from the same period in 2021 but less than the 53% fall for total overall issuance. GSSS issuance represented a 34.3% share of the total amount issued, a substantial increase from the 29.7% share in the January-August 2021 period, and from the 31% annual share in 2021.
- Sustainability bonds were the most used ESG debt instruments by LAC issuers in the first eight months of 2022. They accounted for 56% of the region's total international GSSS issuance in the period (US\$ 10 billion), with the Governments of Chile and Mexico issuing 41% (US\$ 4 billion) and 28% (US\$ 2.8 billion) of the total, respectively. Sustainability-linked bonds (SLBs) were the second most used ESG debt instrument, representing 28% (US\$ 5 billion) of the total.
- Credit quality in the region has shown signs of improvement in 2022 so far, supported by lower funding needs and greater reliance on local markets. As of 31 August 2022, there were four more positive credit rating actions than negative since the beginning of the year.
- LAC bond spreads widened 100 basis points in the first eight months of 2022. They reached a peak in June 2022. Market conditions remain challenging and may remain so as long as inflationary pressures continue.
- Latin American equity prices lost some of the ground they had gained earlier in the year. According to the MSCI Latin American Index, Latin American stock prices were down 24% in the second quarter, after gaining 26% in the first. For the first eight months of 2022, the MSCI Latin American Index was down 0.2%.

Overview

Against the backdrop of higher global interest rates and borrowing costs, Latin American and Caribbean (LAC) issuers placed US\$ 51.5 billion worth of bonds in international bond markets in the first eight months of 2022, down 53% from the same period in 2021. Global inflation concerns, the United States Federal Reserve's tightening monetary policy stance and the strength of the dollar, as well as the war in Ukraine, contributed to push funding costs higher (figure 1).

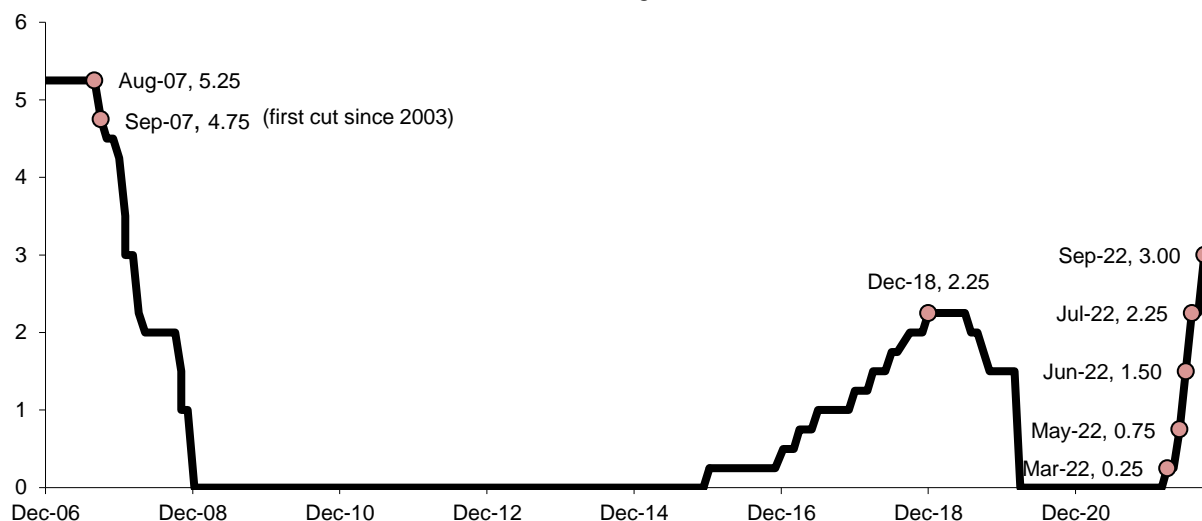
Figure 1
Monthly LAC international bond issuance, August 2020 – August 2022
(Billions of dollars)



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

The Federal Reserve has approved five interest rate increases in six months so far (figure 2), as well as a plan to shrink its US\$ 9 trillion asset portfolio to combat inflation. On 21 September 2022, the Federal Reserve enacted its third consecutive 0.75 percentage point interest rate increase – its most aggressive monetary tightening campaign since the early 1980s – taking its benchmark rate to a range of 3 %-3.25%. Moreover, the yield on the U.S. 10-year Treasury note, a benchmark for global borrowing costs, was above 3.5% for the first time since April 2011 in anticipation of the Federal Reserve’s September meeting, feeding into higher borrowing costs for emerging market sovereign and corporate debt issuers. On 8 September, the European Central Bank also raised interest rates by 75 basis points, its largest-ever increase in interest rates, to tackle soaring inflation.

Figure 2
United States federal funds target rate, December 2006 – July 2022
(Percentage)



Source: ECLAC Washington Office, based on data from the United States Federal Reserve. Rates in the chart are the bottom limit of the target range for the federal funds rate.

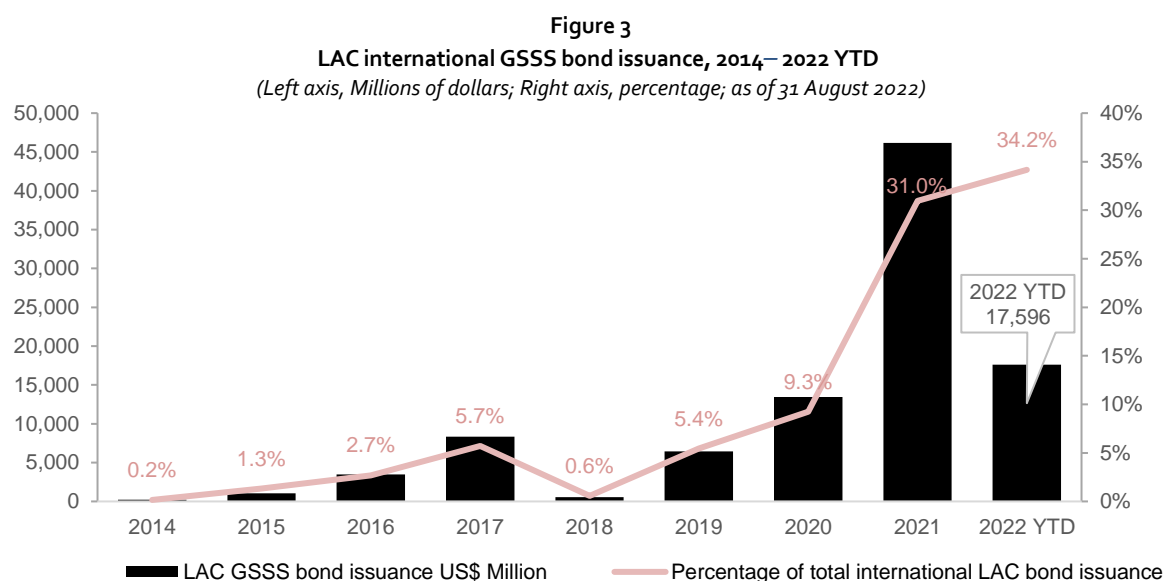
Latin American companies that were first-time issuers in the international bond market (debut issuances) accounted for 4% of the region’s total international bond issuance in the first eight months of 2022, down from 9% in the same period in 2021. Unfavorable international financing conditions adversely impacted first time issuers, high-yield issuers in particular, with only 27% of total debut issuances coming from non-investment grade (high-yield) companies, down from 78% in 2021.

LAC issuance of ESG bonds in international markets, including green, social, sustainability and sustainability-linked (GSSS) bonds, also slowed down in the first eight months of 2022, but less than the total overall issuance. LAC GSSS issuance represented a 34.2% share of the region’s total issuance, up from the 29.7% share in the January-August 2021 period, and from the 31% annual share in 2021. This share is more than three times the 2020 share of 9.3% and more than eight times the 4.2% average of the 2015-2020 period (figure 3).¹

Sustainability bonds have been the most used ESG debt instrument this year so far, accounting for 56% of the region’s total international GSSS issuance in the first eight months of the year (figure 4). The Governments of Chile and Mexico issued 41% (US\$ 4 billion) and 28% (US\$ 2.8 billion) of the total, respectively, leading to a bump in this category. The Government of Chile issued its sustainability bonds in January and plans to invest an amount equal to the proceeds from the sale of these notes, net of the underwriting discount and certain expenses, into projects that may qualify as “eligible green expenditures” and “eligible social expenditures” under the Sustainable Bond Framework.

¹ Green, social, sustainability and sustainability-linked (GSSS) bonds represent a new asset class that has gained traction in recent years to address environmental, social and governance (ESG) concerns. Guidelines for classifying GSSS bonds are provided by The International Capital Market Association (ICMA) to provide consistency and transparency in the market.

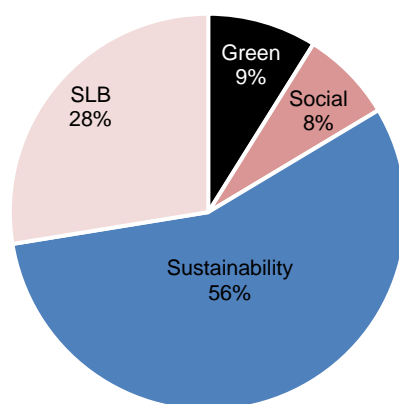
In the case of Mexico, all sustainability bond issuances took place in August. Mexico placed US\$ 2.8 billion in sustainability sovereign bonds through six deals in the international market, with five deals (US\$ 553 million) placed in the Japanese market. Mexico is the first country in the region to place sustainability bonds in Japan. Proceeds will be used to fund budgetary programs that qualify as eligible expenditures under Mexico's Sustainable Development Goals (SDG) sovereign bond framework. The framework aims to integrate achievement of the SDGs into Mexico's national planning and budgetary and fiscal policies.



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. YTD: year to date.

Sustainability-linked bonds (SLB) were the second most used ESG debt instrument, representing 28% (US\$ 5 billion) of the total. In March 2022, Chile issued the world's first sovereign SLB, becoming the first country to use sovereign debt to fund its long-term climate initiatives and accelerate its energy transition.²

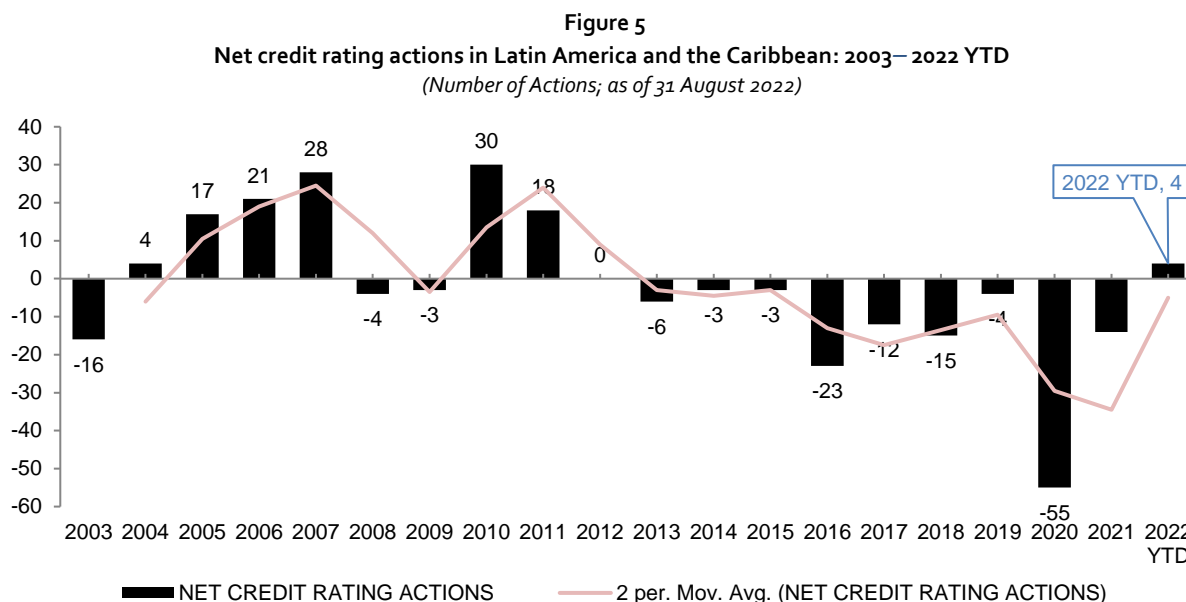
Figure 4
LAC international GSSS bond issuance: types of instruments, 2022 YTD
(Percentage; as of 31 August 2022)



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

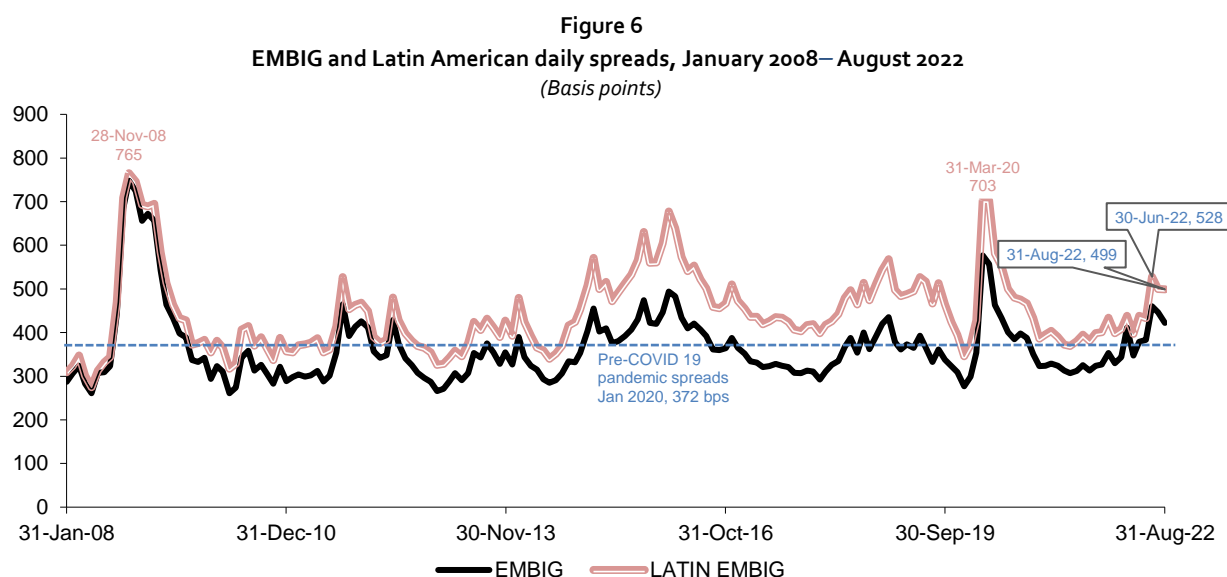
² Green, social and sustainability bonds are 'use of proceeds' bonds, associated to a specific project and specific eligible expenditures. The SLBs are more closely aligned to the issuer's overall sustainability strategy. If the issuer commits to achieving certain sustainable targets, the money from the sale of SLBs may be used for general corporate purposes instead of specific eligible expenditures. SLBs embed an ESG-related key performance indicator (KPI) that issuers commit to achieve, accruing additional payments to bondholders should they fall short, thus if the targets are not met, the bond's interest rate will go up by a pre-defined amount.

Credit quality in the region has shown signs of improvement in 2022 so far, supported by lower funding needs and greater reliance on local markets. As of 31 August 2022, there were four more positive credit rating actions than negative since the beginning of the year. Negative credit rating actions have outnumbered positive actions in the region for nine years in a row (figure 5). While credit outlooks have trended upwards since January, there have been no upgrades, and five downgrades so far.



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

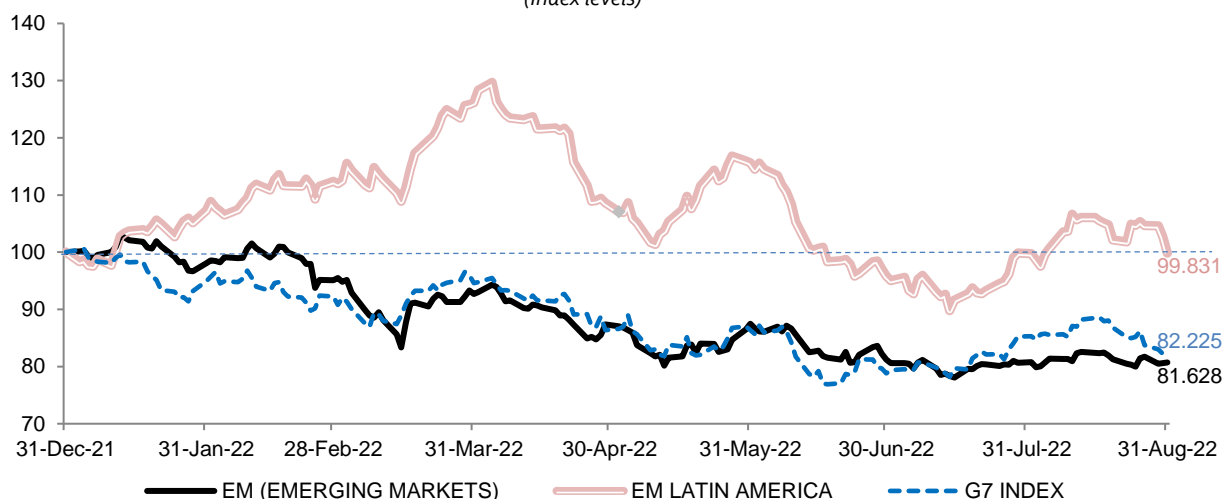
Borrowing costs for LAC issuers increased by 100 basis points in the first eight months of 2022, amid rising financing costs and weaker risk sentiment, and reached a peak in June 2022 (528 basis points). At 499 basis points at the end of August, LAC bond spreads, as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) Latin component, were 127 basis points higher than pre-pandemic levels (372 basis points at the end of January 2020) (figure 6).



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

Latin American equity prices lost some of the ground they had gained earlier in the year (aided by rising Latin American currencies, and thanks to a combination of cheap valuations and rising commodity prices). According to the MSCI Latin American Index, Latin American stock prices were down 24% in the second quarter of 2022, after gaining 26% in the first. Global inflation concerns, rising global interest rates, the war in Ukraine and political uncertainty at the local level, brought by elections and new governments in some of the region's countries, contributed to this reversal. For the first eight months of 2022, the MSCI Latin American Index was down 0.2%. The emerging market index was down 19% and the G7 index was down 18% (figure 7).

Figure 7
MSCI equity price Index, January – August 2022
(Index levels)



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

Investor appetite for emerging markets assets has diminished because of rapid monetary policy tightening to tackle persistent inflation, increased geopolitical risk and lower economic growth. LAC bond issuance in international markets has slowed considerably in the first eight months of the year as a result, with issuers from the region often turning to local markets for funding. According to Moody's, "strong domestic liquidity in Latin America offsets pressure from lower risk tolerance of international investors. Most domestic markets are large and remain open, with strong demand for fixed income issuances."³ However, they point out that tenures are shorter than in international markets, and the cost of capital has increased. Looking ahead, with inflation remaining elevated at the global level, leading to synchronized tightening of monetary and fiscal policies, tight funding conditions are expected to endure.

³ "Financial Institutions – Latin America: Strong domestic markets and low reliance on foreign resources offset tight funding conditions" Sector in-Depth, *Moody's Investors Service*, 8 September 2022.

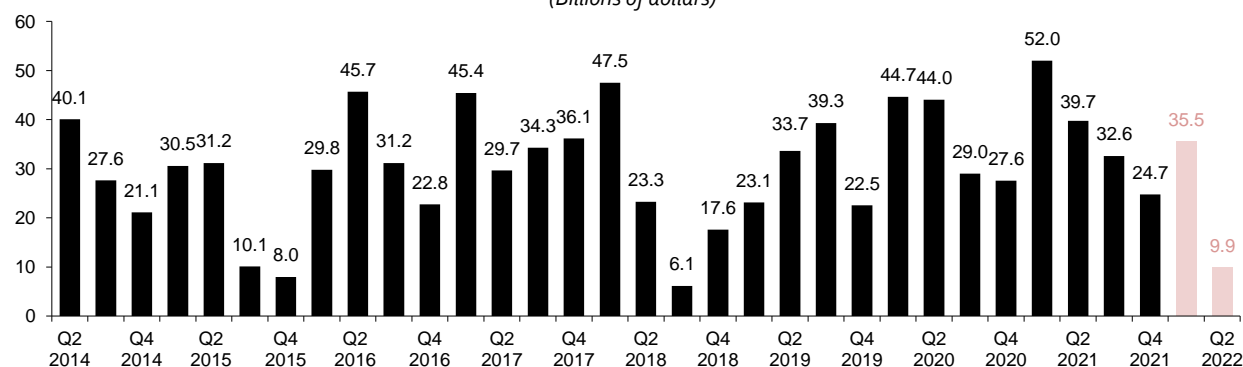
I. International bond markets and debt management

Latin American and Caribbean issuance in international bond markets slowed down considerably in the first eight months of 2022, with many issuers turning to local markets instead. Supported by lower funding needs and greater reliance on local markets, the region's credit outlook trended upwards, but credit spreads widened amid rising financing costs and weaker risk sentiment in international markets.

A. New debt issuance

Total LAC bond issuance in international markets totaled US\$ 51.5 billion in the first eight months of 2022. The amount issued in the second quarter of the year (US\$ 9.9 billion), was the lowest quarterly amount since the third quarter of 2018 (figure 8), when bond activity was affected by U.S. interest rate hikes, withdrawal of dollar liquidity, dollar strengthening, and instability in stock markets. The appreciation of the U.S. dollar, which reduced the appeal of risky assets, increased pressure on LAC assets then and now. Issuance in the third quarter so far has remained constrained, with Mexico's US\$ 2.3 billion issuance of sustainability bonds helping to raise the total in August to US\$ 4.5 billion, from US\$ 1.6 billion in July (figure 1, p.7).

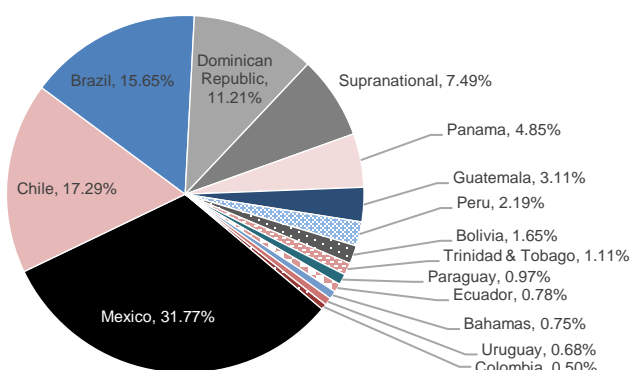
Figure 8
LAC quarterly international bond issuance, Q2 2014– Q2 2022
(Billions of dollars)



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

Mexico had the largest share of bond issuances – sovereign and corporate combined – in the first eight months of 2022, followed by Chile and Brazil. They issued US\$ 16.4 billion, US\$ 8.9 billion, and US\$ 8.1 billion, respectively. Issuances from the three countries accounted for 64.7% of the total LAC issuance in the period (figure 9).

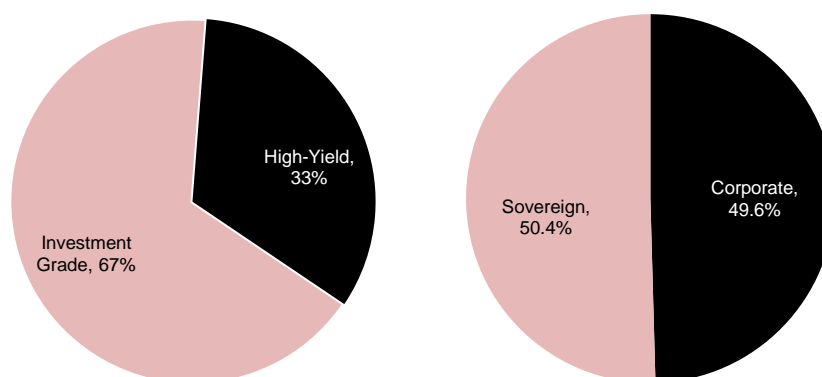
Figure 9
LAC international sovereign and corporate bond issuance, country breakdown,
January – August 2022
(Country shares in percentage)



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

Investment-grade issuers – sovereign and corporate combined – accounted for 67% of total overall LAC bond issuance in international markets in the first eight months of 2022, while 33% of the total was issued by high-yield issuers. The sovereign sector accounted for 50.4% of the total, while the corporate sector (including corporations, banks, quasi-sovereign and supranational issuers) accounted for 49.6% (figure 10).

Figure 10
LAC international sovereign and corporate bond issuance by rating and type of issuer,
January – August 2022
(Percentage)



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

1. Sovereign issuance

From January to August 2022, eight sovereigns – Bahamas, Bolivia, Chile, Dominican Republic, Guatemala, Mexico, Panama, and Paraguay – tapped the international bond market (annex 3, tables A3 to A5). The top three sovereign issuers so far are Mexico, Chile, and the Dominican Republic (table 1). Sovereign issuance of ESG instruments (US\$ 9.1 billion) accounted for 35% of the sovereign total.

Table 1
LAC international sovereign bond issuance, January – August 2022
(Millions of dollars, percentage, number of deals)

Sovereign Issuer	Total Issuance (Millions of dollars)	% of the total sovereign issuance	Number of Deals
Mexico	9,471	36.5%	9
Chile	6,000	23.1%	4
Dominican Republic	5,777	22.2%	4
Panama	2,500	9.6%	2
Bolivia	850	3.3%	1
Paraguay	501	1.9%	1
Guatemala	500	1.9%	1
Bahamas	385	1.5%	2
Total	25,983	100.00%	24

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

Mexico's three deals in the first quarter had the purpose to finance buyback operations. In August, the sovereign issued a US\$ 2.2 billion 2033 sustainability bond, also to be used primarily to finance a buyback operation, and five new reference bonds in yen for a total amount equivalent to US\$ 554 million in the Japanese market. Mexico last issued Samurai bonds in June 2019. The transaction was carried out with sustainable instruments in multiple terms: 3, 5, 10, 15 and 20 years, with interest rates between 1 and 2.5% per year.

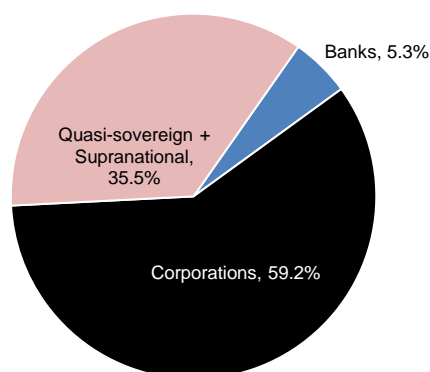
Three of Chile's sovereign issuances were sustainability bonds. The fourth deal was the world's first sovereign sustainability-linked bond. The issuances took place in the first quarter. With the SLB Chile completed external funding plans for the year, the finance ministry said in the press release.

Dominican Republic's placed two bonds in February with the purpose to finance buyback and liability management operations to lower financing costs and reduce the average maturity of its dollar-denominated bonds, and two global notes in local currency in June and August.

2. Corporate issuance

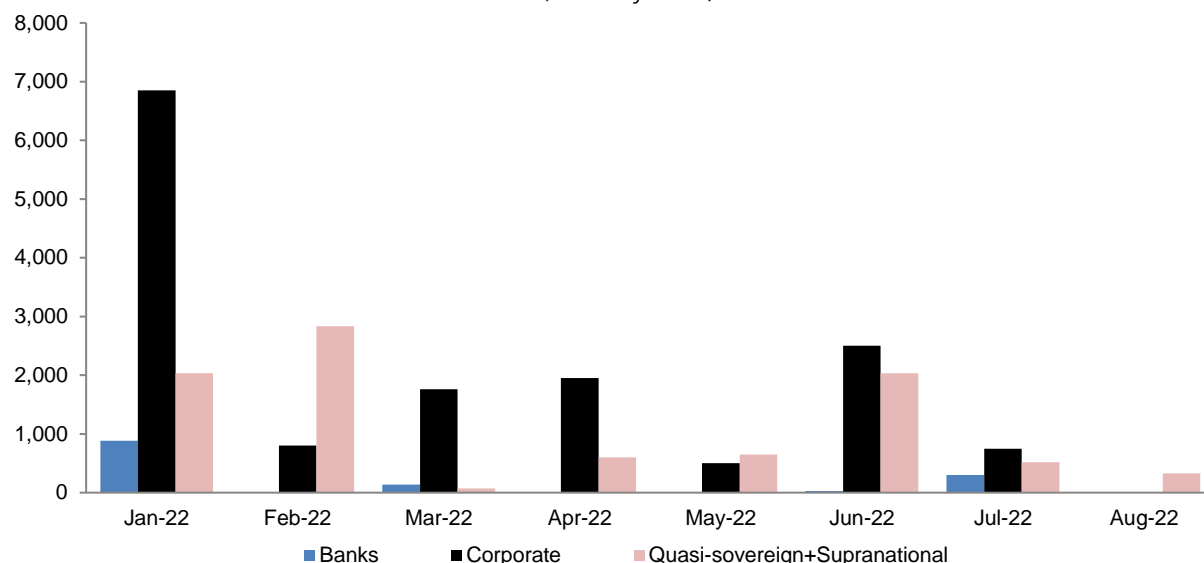
In the first eight months of 2022, thirty-six corporate issuers from the region sold US\$ 25.5 billion of cross-border bonds. Quasi-sovereign (state-owned companies) and supranational issuers accounted for 36% of total LAC international corporate issuance (figure 11), an increase from the 19% share in 2021, but below the 38% share in 2020. In August, only supranational entities tapped international markets (figure 12).

Figure 11
LAC international corporate bond issuance by type,
January – August 2022
(Percentage)



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

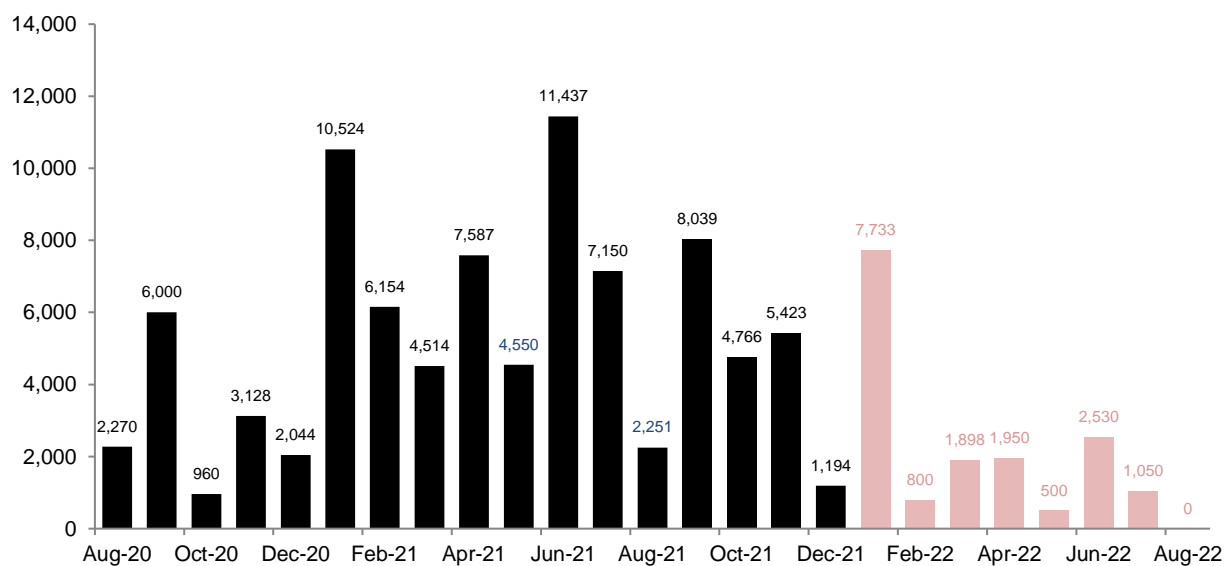
Figure 12
LAC international corporate bond issuance by type,
August 2021 – August 2022
(Millions of dollars)



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

Issuances from the private corporate sector not including quasi-sovereign and supranational issuers, totaled US\$ 16.5 billion (64.5% of the overall corporate sector's total) in the first eight months of 2022, through 34 deals (figure 13).

Figure 13
LAC monthly international private corporate sector bond issuance,
August 2020 – August 2022
(Millions of dollars)



Source: ECLAC Washington Office based on data from Dealogic and LatinFinance. Note: issuance from the private corporate sector only (including companies and banks); quasi-sovereign and supranational issuances are not included in the chart.

Debut issuances represented 8% of the total corporate international issuance and 4% of the total (sovereign and corporate combined) LAC international issuance in the first eight months of 2022. There were five debut issuances, all in the first quarter, totalling US\$ 2.0 billion (table 2), a 76% decline from the same period in 2021.

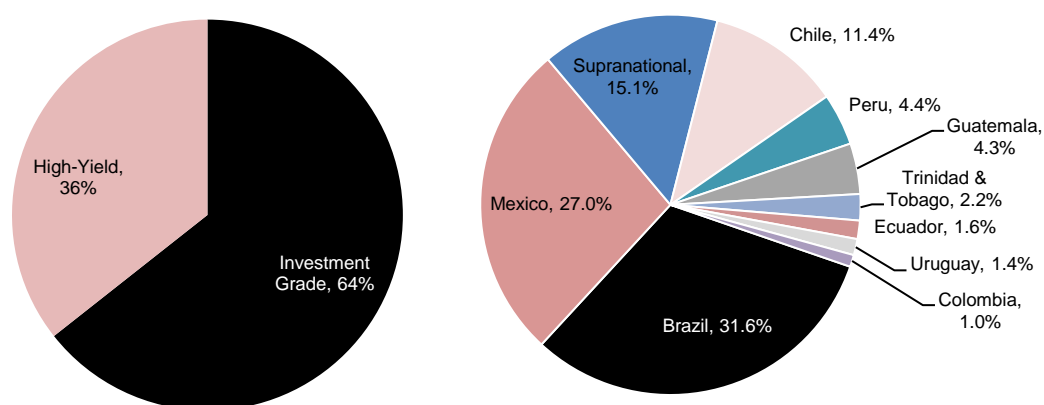
Table 2
LAC international corporate debut issuances, January – August 2022
(Millions, percentage)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Agrosuper SA	USD 500	500	4.600%	2032	12-Jan-22
Chile	Compañía Cervecerías Unidas SA - CCU	USD 600	600	3.350%	2032	13-Jan-22
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)	21-Jan-22
Colombia	Patrimonio Autónomo Unión Del Sur	COP 1027500	259	6.660%	2041	26-Jan-22
Brazil	Usina Coruripe Açúcar e Álcool	USD 300	300	10.000%	2027	7-Feb-22
Total			2,049			5

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

Investment grade companies had a 64% share of total LAC international corporate bond issuance in the first eight months of 2022, up from a share of 45% in 2021. Brazilian companies accounted for 32% of total corporate issuance in the period. Together with Mexican and Chilean companies, they accounted for 73% of all international corporate issuances in the region from January to August 2022 (figure 14).

Figure 14
LAC international corporate bond issuance by rating and country,
January – August 2022
(Percentage of total)

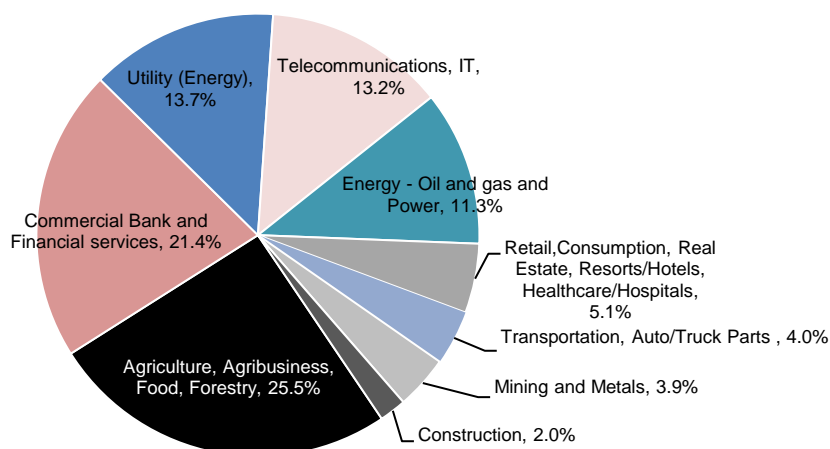


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

From a sectoral perspective, the top three sectors in terms of corporate debt issuance (including private corporations, banks, quasi-sovereign and supranational issuers) in international debt markets in the first eight months of 2022 were: 1. the agricultural sector, including agribusiness, food and beverages, and forestry (25.5%), 2. the financial sector, which includes commercial banks as well as financial services companies and finance development banks/multilateral agencies (21.4%), and 3. energy utilities (13.7%). Together, however, energy utilities and the energy sector including oil, gas and power, accounted for the second largest share, 25.0% (figure 15).

Figure 15
LAC international corporate bond issuance by sector,
January – August 2022
(Percentage of total)



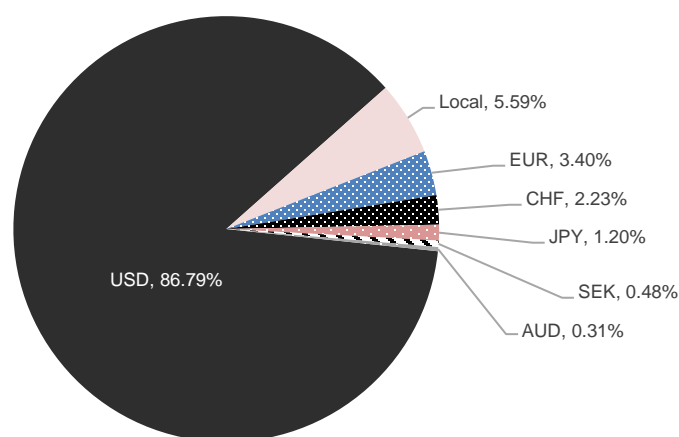
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

3. Currency composition

Most of the international debt issuance in the region in the first eight months of 2022 was denominated in U.S. dollars. The U.S. dollar has always been the predominant currency, and in recent years has accounted for over 80% of the total. The shares were 81.1% in 2021 and 86.8% in January-August 2022 (figure 16).

Figure 16
Currency breakdown of LAC international bond issuances,
January – August 2022
(Percentage of total)



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

In the first eight months of 2022 there were also issuances in local currencies (5.59%) – including Colombian, Dominican, and Mexican pesos, and Trinidad and Tobago dollars – euros (3.40%), Swiss francs (2.23%), Japanese yen (1.20%), Swedish krona (0.48%) and Australian dollars (0.31%).

4. GSSS bond issuance

There were 34 green, social, sustainability and sustainability-linked (GSSS) bond issuances from LAC issuers in international markets, totalling US\$ 17.6 billion and representing 34.2% of the total LAC international bond issuance in the first eight months of 2022 (table 3). This amount is 46% lower than in the same period in 2021, but the share is substantially higher than the January-August 2021 share of 29.7%.

The region placed fourteen new GSSS bond deals in international markets since our last report. Four (three social bonds and one green) were placed by the Central American Bank for Economic Integration (CABEI), two blue bonds by the Bahamas (to fund ocean and marine life preservation), six sustainability bonds by Mexico, one gender bond from Ecuador's Banco Pichincha, and a green bond from Banco de Crédito del Perú (BCP), all issued from May to August 2022. The Bahamas' blue bonds will be partially guaranteed in the amount of US\$ 200 million by the Inter-American Development Bank.⁴

Table 3
LAC international GSSS bond issuances, January–August 2022
(Millions, Millions of dollars, Percentage)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Banco de Crédito e Inversiones - BCI	CHF 200	218	0.599%	2027 (g)	5-Jan-22
Brazil	Globo Comunicações e Participações SA - GLOBOPAR	USD 400	400	5.500%	2032 (SLB)	6-Jan-22
Brazil	Banco do Brasil SA	USD 500	500	4.875%	2029 (soc)	6-Jan-22
Mexico	GCC Cemento SA de CV	USD 500	500	3.614%	2032 (SLB)	10-Jan-22
Brazil	Banco Bradesco SA	USD 500	500	4.375%	2027 (sust)	10-Jan-22
Supranational	Millicom International Cellular SA	SEK 2250	252	3m Stibor+300bps	2027 (sust)	13-Jan-22
Supranational	CAF Development Bank of Latin America	CHF 350	383	0.450%	2027 (g)	18-Jan-22
Guatemala	Central America Bottling Corp	USD 1100	1,100	5.250%	2029 (SLB)	20-Jan-22
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)	21-Jan-22
Chile	Republic of Chile	USD 1500	1,500	2.750%	2027 (sust)	27-Jan-22
Chile	Republic of Chile	USD 1500	1,500	3.500%	2034 (sust)	27-Jan-22
Chile	Republic of Chile	USD 1000	1,000	4.000%	2052 (sust)	27-Jan-22
Mexico	Comisión Federal de Electricidad - CFE	USD 1250	1,250	4.688%	2029 (sust)	8-Feb-22
Mexico	Comisión Federal de Electricidad - CFE	USD 500	500	6.264%	2052 (sust)	8-Feb-22
Chile	Republic of Chile	USD 2000	2,000	4.340%	2042 (SLB)	2-Mar-22
Ecuador	Banco Pichincha	USD 1000	100	6-mth L + 4.3%	2027 (soc)	23-Mar-22
Peru	Fondo MIVIVIENDA SA	USD 600	600	4.625%	2027 (sust)	7-Apr-22
Uruguay	Arcos Dorados BV	USD 350	350	6.125%	2029 (SLB)	21-Apr-22
Brazil	Aegea Saneamento e Participações	USD 500	500	6.750%	2029 (SLB)	27-Apr-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 110	77	4.700%	2042 (soc)	12-May-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 72	52	3.940%	2032 (soc)	1-Jun-22
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 155	159	1.546%	2026 (g)	8-Jun-22
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 50	35	3.940%	2027 (soc)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)	10-Jun-22
Peru	Banco de Crédito del Perú (BCP)	USD 30	30	5.050%	2027 (g)	27-Jun-22
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)	7-Jul-22
Mexico	United Mexican States	USD 2203.58	2,204	4.875%	2033 (sust)	8-Aug-22
Mexico	United Mexican States	JPY 29700	217	1.000%	2025 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 23800	174	1.250%	2027 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 14900	109	1.830%	2032 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 4000	29	2.280%	2037 (sust)	26-Aug-22
Mexico	United Mexican States	JPY 3200	23	2.520%	2042 (sust)	26-Aug-22
TOTAL			17,596			34 Deals

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

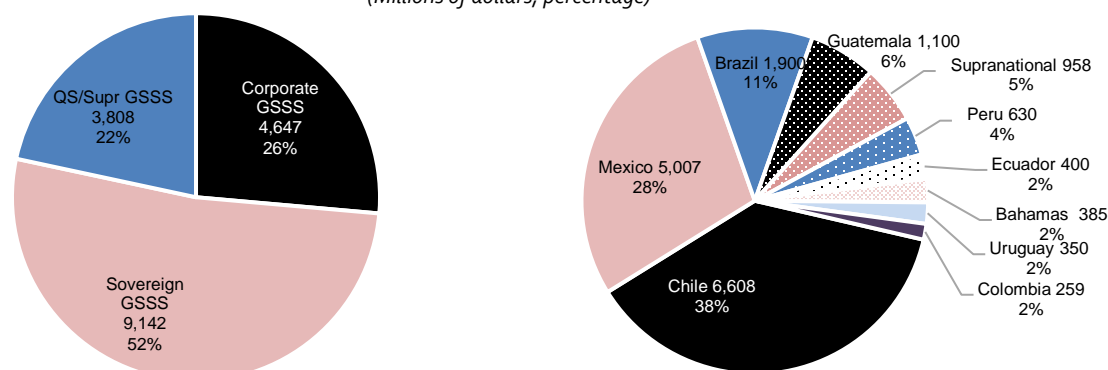
Note: (r) retap; (g) green bond; (soc) social bond; (sust) sustainability bond; (SLB) sustainability-linked bond.

Sovereign issuers led the international GSSS bond volumes in January-August 2022 with a share of 52%. Corporate, and quasi-sovereign and supranational issuers, represented 26.4% and 21.6% of the total GSSS bond issuance, respectively.⁵ LAC international GSSS ssuances in the January-August 2022 period came from nine countries – Bahamas, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Peru and Uruguay – and three supranational entities (figure 17).

⁴ For issuances that took place earlier in the year, see Capital Flows to Latin America and the Caribbean: 2021 year-in-review and the first four months of 2022 (LC/WAS/TS.2022/1) https://repositorio.cepal.org/bitstream/handle/11362/47917/S2200485_en.pdf?sequence=1&isAllowed=y

⁵ As a share of the total LAC International bond issuance (including all instruments and not only GSSS bonds) from January to August 2022, sovereign GSSS bond issuances accounted for 18%, corporate for 9%, and quasi-sovereign and supranational entities for 7%.

Figure 17
LAC international GSSS bond issuances by type of issuer and by country, January – August 2022
(Millions of dollars, percentage)



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

Chile has the highest share of International GSSS bond issuances in the first eight months of 2022 (38%). All of its international GSSS bond issuances took place in the first quarter and most of them (91%) came from the sovereign sector. They included three sovereign sustainability bonds and one sovereign SLB, and two corporate green bonds.

Mexico has the second highest share (28%) with three deals including two sustainability bond issuances by the state-owned Comisión Federal de Electricidad (CFE) and one corporate SLB in the first quarter. In August, Mexico issued a US\$ 2.2 billion 2033 sovereign sustainability bond, with proceeds to be used primarily to finance a buyback operation, and five new sovereign Samurai sustainability bonds for a total amount equivalent to US\$ 554 million, in multiple terms: 3, 5, 10, 15 and 20 years, with interest rates between 1 and 2.5% per year (table 3).

Brazil has the third largest share (11%), with all its GSSS bond issuances taking place in the first four months of the year and originating from the corporate sector, 47% of which consisted of SLBs. Banco do Brasil became the first Latin American bank to issue seven-year social bonds in the international bond market in January.

The share of SLBs in the GSSS total bond issuance fell to 28% in the first eight months of 2022 from 37% in 2021. Sustainability bonds took the first place with a share of 56% (figure 4, p.9), as Chile issued US\$ 4 billion worth of sovereign sustainability bonds (2/3 of its total sovereign ESG bond issuance), and Mexico US\$ 2.8 billion. Chile also issued the first SLB in the world in early March, a US\$ 2 billion 20-year bond.

The most common objective or target of the region's SLB issuances in January-August 2022 continued to be reducing greenhouse gases (GHG) emissions (as in 2021), although it also included generating energy from renewable resources and reducing energy consumption. The objectives included the reduction of Scope 1 and Scope 2 emissions, and the SLB issued by Guatemala's Central America Bottling Corporation had the objective of reducing Scope 3 emissions.

Within the spectrum of GSSS bonds, bonds with a gender focus have also been issued in the region since 2016 (table 4).⁶ Ecuadorian Banco Pichincha has issued two gender bonds this year so far, one in March, the first gender bond in Ecuador to fund loans to women-led small businesses. IDB Invest, the private sector affiliate of the Inter-American Development Bank (IDB), subscribed to half of the bond sale, while the International Finance Corporation (IFC) signed on to buy the other half, according to IDB Invest in a press release on 23 March. The other

⁶ In 2016, Banco del Estado de Chile (BancoEstado) issued the region's first-ever social bond in the international bond market with a women entrepreneur focus, with proceeds directed to BancoEstado's Crece Mujer Emprendedora program. In 2020, CAF Development bank of Latin America issued three social bonds in the international market. The target populations for the eligible expenditures included women among other underserved populations affected by COVID-19. In September 2021, B3, operator of the stock exchange of São Paulo, Brazil, issued a ten-year US\$ 700 million SLB tied to efforts to hire more women. B3 could increase the coupon by up to 0.25% per year if it does not meet the agreed targets, according to its securities filing.

gender bond was issued in July. It was a private placement, backed by diversified payment rights (DPR) to fund loans for micro-, small and medium-sized enterprises (MSMEs) owned by women.

Table 4
LAC international GSSS bond issuances: gender focus, 2016-2022 YTD
(Millions, percentage; as of 31 August 2022)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Chile	Banco del Estado de Chile (BancoEstado)	JPY 10000	94	0.480%	2026 (soc)	10-Jun-16
Chile	Banco del Estado de Chile (BancoEstado)	JPY 15000	147	0.480%	2026 (r)(soc)	10-Aug-16
Chile	Banco del Estado de Chile (BancoEstado)	AUD 110	81	4.180%	2027 (soc)	9-May-17
Supranational	CAF Development Bank of Latin America	JPY 3000	28	1.025%	2040 (soc)	19-May-20
Supranational	CAF Development Bank of Latin America	JPY 3200	30	0.700%	2023 (soc)	4-Jun-20
Supranational	CAF Development Bank of Latin America	JPY 20000	188	0.727%	2025 (soc)	19-Aug-20
Brazil	B3 (Operator of São Paulo Stock Exchange)	USD 700	700	4.125%	2031 (SLB)	15-Sep-21
Ecuador	Banco Pichincha	USD 1000	100	6-mth L + 4.3%	2027 (soc)	23-Mar-22
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)	7-Jul-22
TOTAL			1,677			

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Notes: (soc)=social bond; (SLB)=sustainability-linked bond.

B. Credit risk outlook

The region's credit outlook has trended upwards in 2022 so far. From January to August 2022, there were ten positive actions, all upward outlook revisions, and six negative actions, five of them downgrades (table 5). Seven countries saw upward revisions to their credit outlook, including Panama, Costa Rica, Guatemala, Mexico, Brazil, Trinidad and Tobago, and Paraguay, in chronological order. Three countries were downgraded: El Salvador, Peru, and Mexico (annex 1, box A1).

Table 5
Sovereign credit rating actions in Latin America and the Caribbean, 2022 YTD
(Number of actions; as of 31 August 2022)

Date	Country	Action	
2022 YTD	10 positive and 6 negative actions		
Q1 2022	3 positive and 2 negative actions		
28-Jan-22	Panama	Fitch revises the outlook on Panama's BBB- rating to stable from negative	Positive
9-Feb-22	El Salvador	Fitch downgrades El Salvador's rating to CCC from B-	Negative
11-Mar-22	Costa Rica	Fitch revises the outlook on Costa Rica's B rating to stable from negative	Positive
17-Mar-22	Costa Rica	S&P revises the outlook on Costa Rica's B rating to stable from negative	Positive
18-Mar-21	Peru	S&P downgrades Peru's ratings to BBB from BBB+ with a stable outlook	Negative
Q2 2022	3 positive and 2 negative actions		
19-Apr-22	Guatemala	S&P's revises the outlook on Guatemala's BB- rating to positive from stable	Positive
26-Apr-22	Guatemala	Fitch revises the outlook on Guatemala's BB- rating to positive from stable	Positive
4-May-22	El Salvador	Moody's downgrades El Salvador's rating to Caa3 from Caa1 with a negative outlook	Negative
1-Jun-22	El Salvador	S&P downgrades El Salvador's rating to CCC+ from B- with a negative outlook	Negative
15-Jun-22	Guatemala	Moody's revises the outlook on Guatemala's Ba1 rating to stable from negative	Positive
Q2 2022	4 positive and 2 negative actions		
6-Jul-22	Mexico	S&P revises the outlook on Mexico's BBB rating to stable from negative	Positive
8-Jul-22	Mexico	Moody's downgrades Mexico's rating to Baa2 from Baa1 with a stable outlook	Negative
14-Jul-22	Brazil	Fitch revises the outlook on Brazil's BB- sovereign rating to stable from negative	Positive
21-Jul-22	Honduras	S&P revises the outlook on Honduras' BB- sovereign rating to negative from stable	Negative
21-Jul-22	Trinidad and Tobago	S&P revises the outlook on T&T's BBB- sovereign rating to stable from negative	Positive
22-Jul-22	Paraguay	Moody's revises the outlook on Paraguay's Ba1 sovereign rating to positive from stable	Positive
6-Jul-22	Mexico	S&P revises the outlook on Mexico's BBB rating to stable from negative	Positive
8-Jul-22	Mexico	Moody's downgrades Mexico's rating to Baa2 from Baa1 with a stable outlook	Negative

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

El Salvador has been downgraded by all three credit rating agencies this year. Fitch downgraded El Salvador's sovereign rating to CCC from B- on 9 February citing heightened financing risks, high fiscal deficit, and uncertain access to additional multilateral funding and external market financing. On 4 May, Moody's downgraded El Salvador's rating to Caa3 from Caa1 and maintained a negative outlook, citing an increased probability of a credit event, as the sovereign faces a challenging debt amortization schedule. Finally, on 1 June, S&P downgraded El Salvador's rating to CCC+ from B- and maintained a negative outlook, citing its current vulnerabilities and dependence on favorable economic conditions to meet financial commitments.

Peru was downgraded by S&P on 18 March to BBB from BBB+ with a stable outlook, with the agency saying persistent political deadlock was undermining investor confidence and constraining growth prospects.

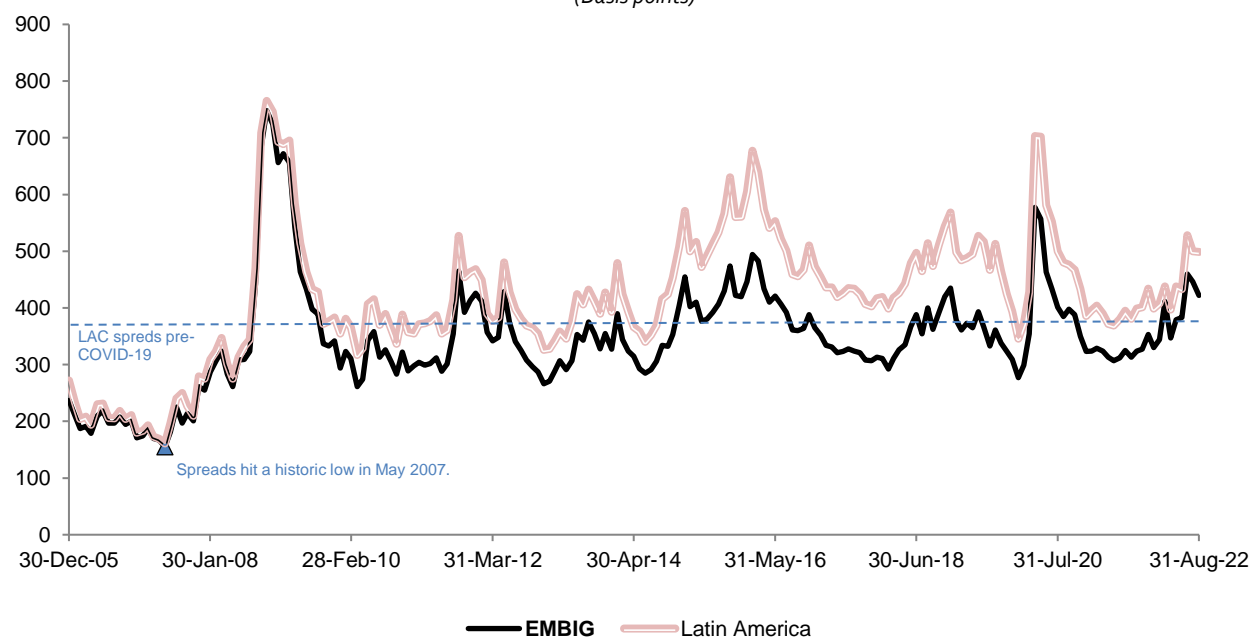
Mexico was downgraded by Moody's on 8 July to Baa2 from Baa1 with a stable outlook, with the agency saying it expects economic and fiscal trends to continue to gradually – but persistently – undermine Mexico's overall credit profile.

As of 31 August 2022, nine sovereigns were on negative outlook by one or more agencies (Bahamas, Bolivia, Chile, El Salvador, Honduras, Mexico, Panama, Suriname, and Trinidad and Tobago). Only Guatemala had positive outlooks (from S&P and Fitch). The balance of risks continues to be tilted to the downside (annex 1, table A1). Indeed, on 15 September, Moody's followed-up on its negative outlook on Chile and downgraded the sovereign rating to A2 from A1, changing the outlook to stable from negative.

C. Bond spreads

Bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) widened 92 basis point in the first eight months of 2022, while its Latin American component widened 100 basis points. Emerging market and LAC credit spreads have narrowed from their late-June peaks, though high yield spreads remain high by historical standards (figure 18).

Figure 18
EMBIG and Latin American daily spreads, March 2011– August 2022
(Basis points)

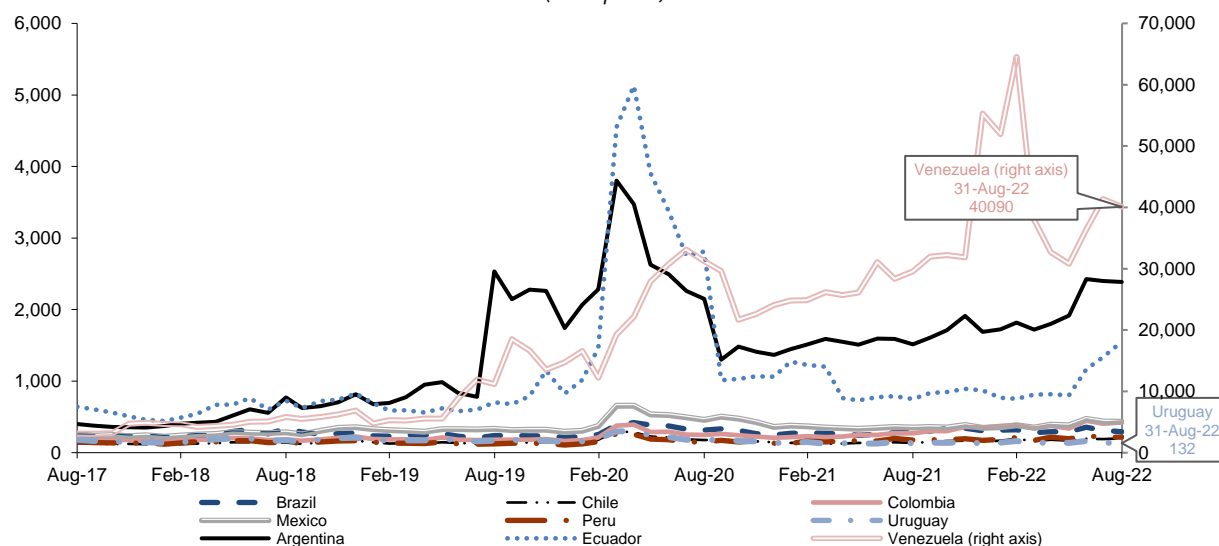


Source: ECLAC Washington Office, based on data from JPMorgan.

1. Sovereign spreads

The EMBIG widened from 330 at the end of December 2021 to 422 basis points at the end of August 2022, while its Latin American component widened from 399 to 499 basis points. Venezuela had the highest spreads at the end of October 2022, while Uruguay had the lowest (figure 19).

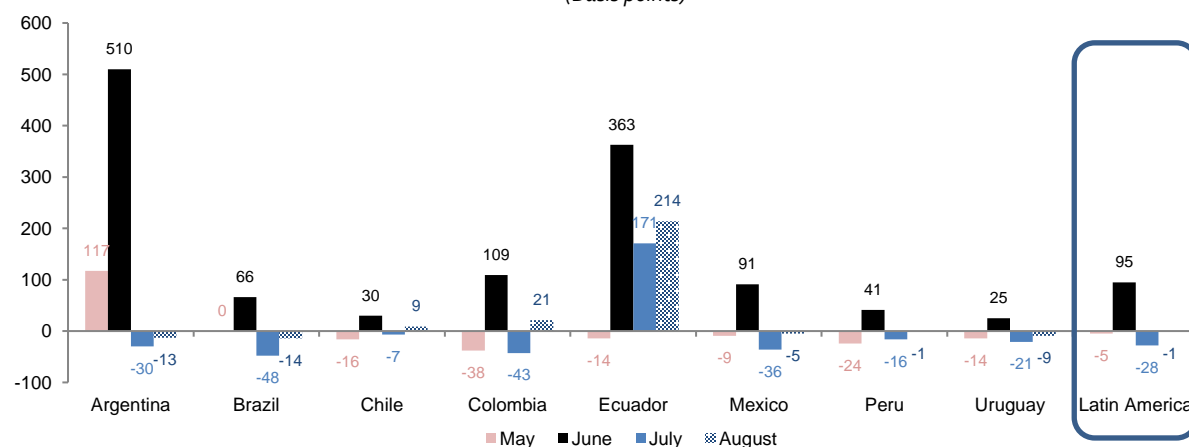
Figure 19
Latin American EMBIG spreads by country, August 2017 – August 2022
(Basis points)



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

At 40,090 basis points at the end of August, Venezuela has the highest debt spreads of any country in the EMBIG. Spreads for Argentina, Ecuador, Mexico, Colombia, Brazil, Peru, Chile, and Uruguay were at 2,385, 1,550, 432, 424, 295, 218, 198 and 132 basis points, respectively, at the end of August. LAC debt spreads widened in June for all countries. In July and August, as U.S. Treasury yields stabilized after reaching a peak in mid-June, spreads tightened for most countries in our sample (figure 20).

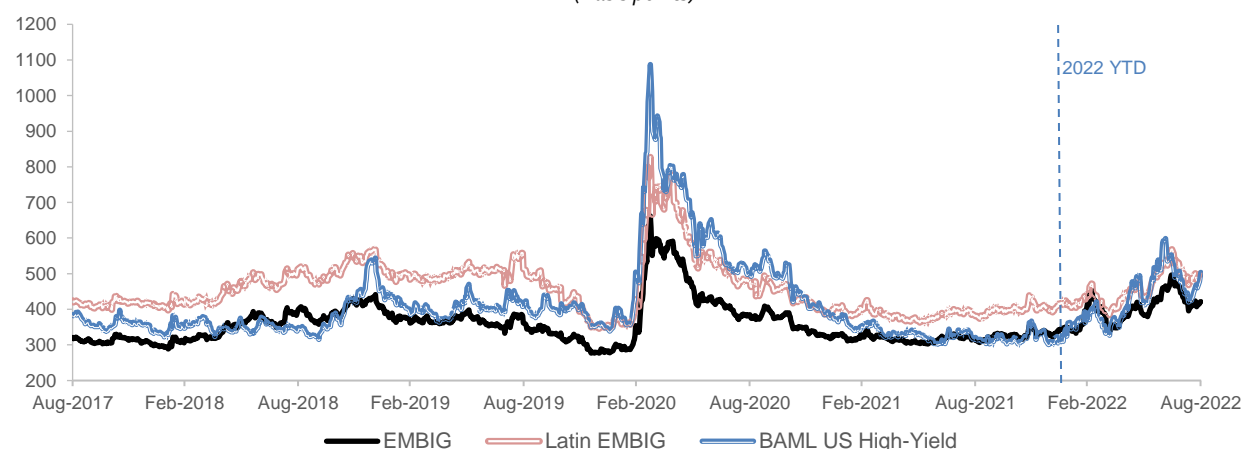
Figure 20
Latin American EMBIG spreads by country: monthly differential, May – August 2022
(Basis points)



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

In 2022, so far, LAC spreads have tracked U.S. high-yield corporate credit spreads, as measured by the Bank of America/Merrill Lynch (BAML) U.S. High Yield index (figure 21). Historically, LAC credit spreads have tracked U.S. high-yield corporate credit spreads, but LAC sovereign spreads decoupled negatively from 2017 to 2019, when the region underperformed economic growth in other parts of the world. In 2020, U.S. corporate credit spreads increased more than LAC spreads, as the United States high-yield corporate sector was sharply affected by the pandemic. In 2021, however, LAC sovereign spreads once again decoupled negatively, as prospects for the U.S. economy improved with vaccinations and strong fiscal support, while the LAC region faced limited vaccine supplies and constrained fiscal space for most of the year.

Figure 21
EMBIG and Latin EMBIG vs U.S. high-yield spreads, August 2017 – August 2022
(Basis points)

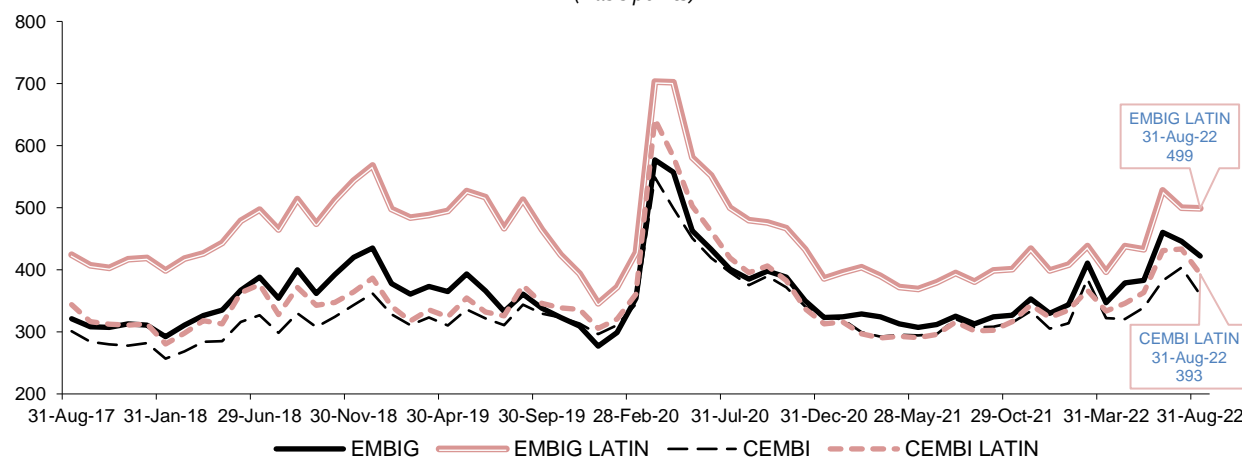


Source: ECLAC Washington Office, based on data from JPMorgan and from the Federal Reserve Bank of St. Louis (ICE BofAML US High Yield Master II Option-Adjusted Spread, Percent, daily. Not Seasonally Adjusted).

2. Corporate spreads

LAC corporate bond spreads widened 70 basis points in the first eight months of 2022 according to the JPMorgan Latin American CEMBI (Corporate Emerging Markets Bond Index). At the end of August 2022, the Latin CEMBI was 106 basis points lower than its sovereign counterpart, the Latin EMBIG (figure 22).

Figure 22
EMBIG spreads, corporate and sovereign, August 2017– August 2022
(Basis points)



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

At 393 basis points at the end of August 2022, LAC corporate bond spreads ranked in the middle of the pack when compared with other emerging market regions (figure 23). Emerging Europe had the highest spreads, which widened 300 basis points in the first eight months of 2022 (figure 24).

Figure 23
CEMBI spreads by region, August 2019– August 2022
(Basis points)

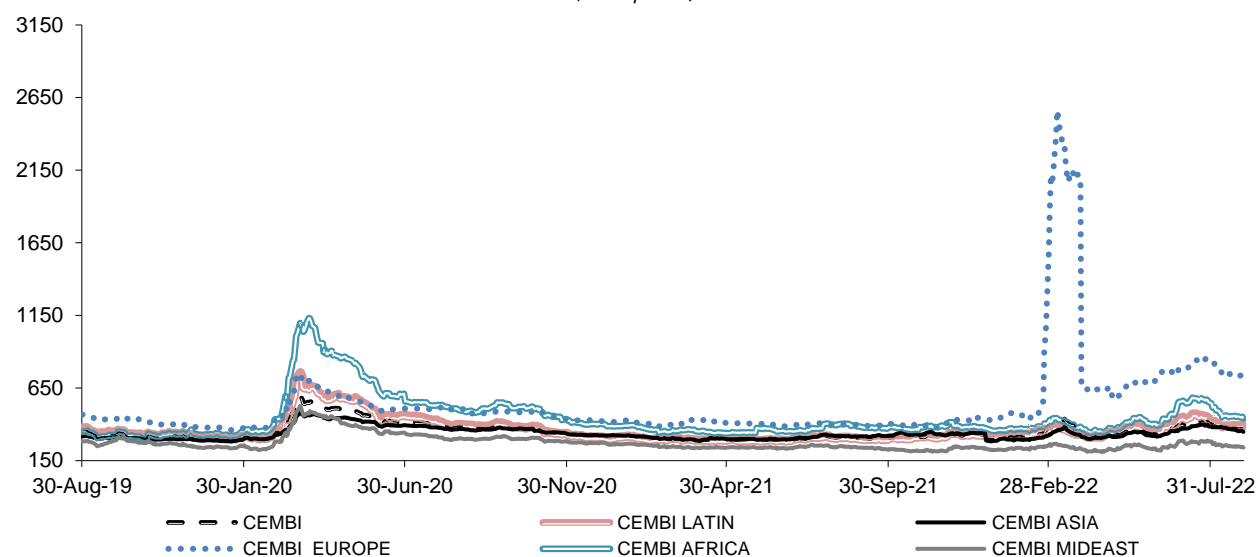
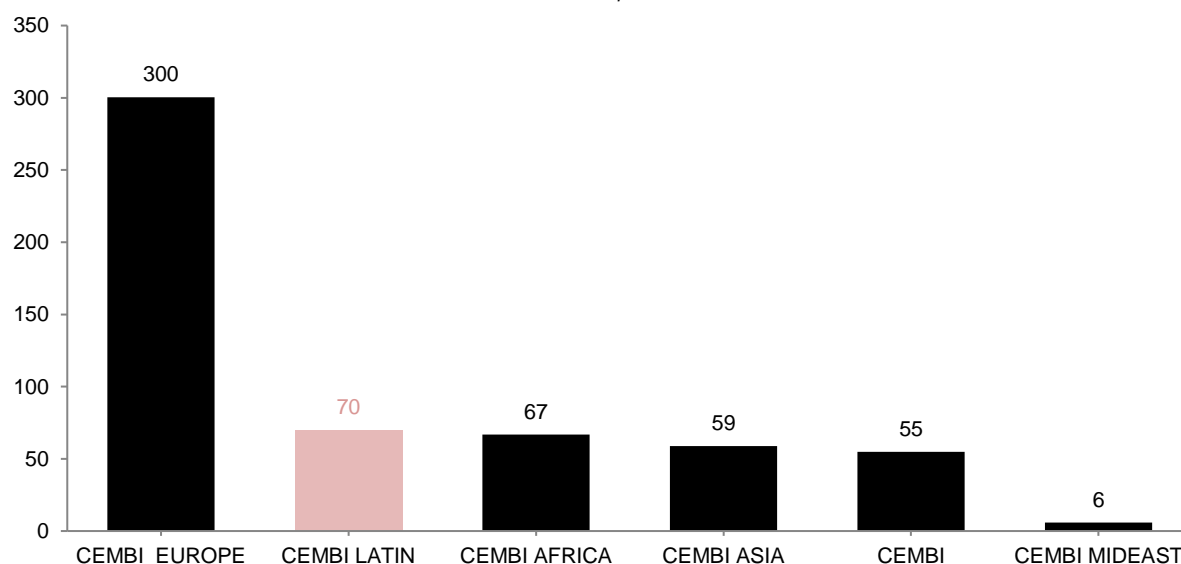


Figure 24
CEMBI spread differentials by region: January– August 2022
(Basis points)



D. The Caribbean⁷: a closer look

There were four international bond issuances from the Caribbean region in the first eight months of 2022, totaling US\$ 955 million (table 6).

Table 6
Caribbean international bond issuances, 2022 YTD
(Millions, percentage; as of 31 August 2022)

Country	Issuer	Amount (Millions)	Amount in dollars (Millions)	Coupon (%)	Maturity	Issue Date
Trinidad and Tobago	Telecommunications Services of Trinidad and Tobago (TSTT)	TTD 476	70	8.300%	2029 (r)	15-Mar-22
Trinidad and Tobago	Heritage Petroleum Company (Trinidad Petroleum Holdings Ltd)	USD 500	500	9.000%	2029	5-May-22
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)	9-Jun-22
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)	10-Jun-22
TOTAL			955			

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Notes: (r)=retap; (blue)=blue bond. YTD: Year to date.

In March, government owned Telecommunications Services of Trinidad and Tobago (TSTT) reopened its 8.300% 2029 local-currency bond originally issued in October 2019 to add TTD 476 million (US\$ 70.1 million) to cover severance pay for 573 employees as part of its downsizing plans, according to a securities filing.

In May, Trinidad and Tobago's government owned Heritage Petroleum Company issued a 9% 2029 bond totaling US\$ 500 million. Proceeds will be used to pay for the buyback of up to US\$ 570 million in 9.75% 2026 bonds issued by former state-owned oil company Petrotrin. In November 2018, the government closed Petrotrin and shut its largest refinery. Petrotrin was divided into four new companies with Trinidad Petroleum as the holding company.

In June, the Commonwealth of The Bahamas placed a two-part deal in international bond markets. The sale of US\$ 385 million in dollar-denominated blue notes (US\$ 235 million in seven-year notes and US\$ 150 million in 14-year notes) was partially guaranteed in the amount of US\$ 200 million by the Inter-American Development Bank (IDB). Moody's assigned the proposed bonds a Aaa rating, while S&P Global Ratings gave them a AAA. Both agencies cited the guarantees from the IDB as a reason for the high ratings. The agencies said the US\$ 200 million in guarantees would be enough to cover the principal and interest payments for the 14-year bonds and part of the seven-year bonds, according to Moody's and S&P. The Bahamas plans to use the proceeds from the bond sale to fund the preservation of its ocean and marine life through a blue economy program.

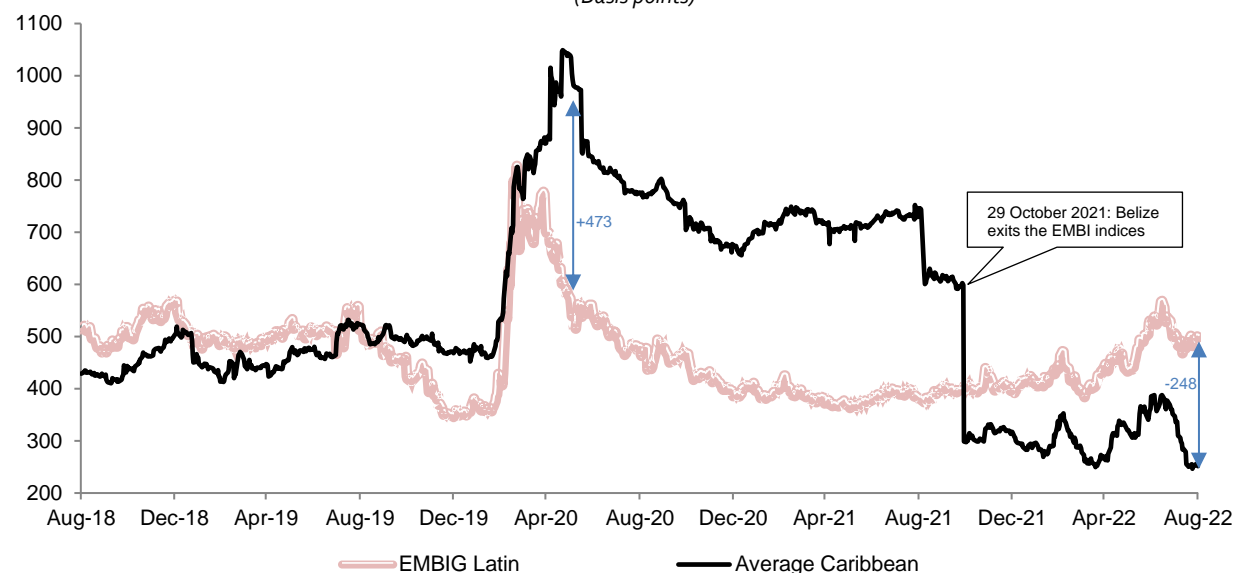
There was only one credit rating action in the Caribbean this year so far. On 21 July 2022, S&P revised the outlook on Trinidad and Tobago's BBB- sovereign rating to stable from negative, citing the return to economic growth after six years of contraction.

At the end of August 2022, Caribbean spreads were 248 basis points lower than the EMBIG Latin component, with the gap reverting from a peak of 465 basis points higher on 1 June 2020. Belize exited the EMBI indices on 29 October 2021, as its step-up sovereign bond due 2034 fell below the US\$ 500 million notional requirement following its restructuring⁸. Since then, the gap has reversed (figure 25).

⁷ 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.

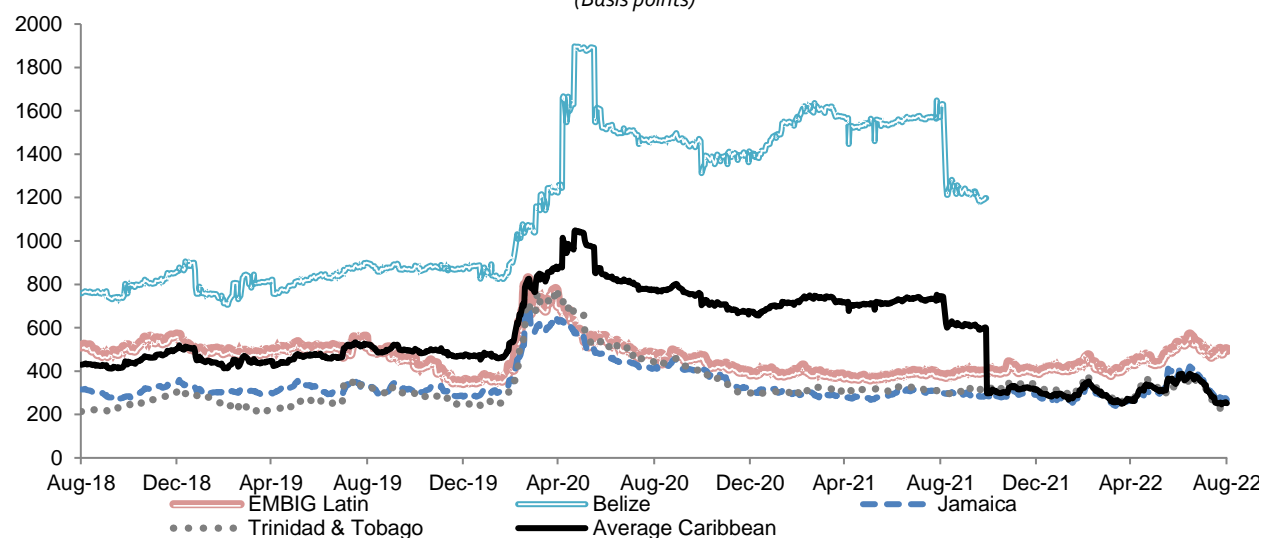
⁸ On 5 November 2021, the Government of Belize announced the settlement of the offer to purchase its U.S. dollar bond due 2034, redeeming all notes that had not yet been tendered. This operation was financed with funding provided by a subsidiary of The Nature Conservancy (TNC) as part of TNC's Blue Bonds for Ocean Conservation program, which uses private capital to refinance public debt of participating countries in order to support durable marine conservation efforts and sustainable marine-based economic activity. For a more detailed discussion see Economic Commission for Latin America and the Caribbean (ECLAC), [Capital flows to Latin America and the Caribbean: first nine months of 2021](#) (LC/WAS/TS.2021/9), p. 30-31, Santiago, 2021.

Figure 25
EMBIG Spreads, Caribbean versus LAC, August 2018 – August 2022
(Basis points)



Caribbean average spreads tightened 66 basis points in the first eight months of 2022, to 252 basis points at the end of August 2022 (figure 26).⁹ Trinidad and Tobago's spreads tightened 104 basis points from January to August 2022 to 235 basis points at the end of August. Jamaica's spreads tightened 27 basis points to 268 basis points at the end of August 2022. Suriname's spreads, which are not included in the chart below since no daily data is available, widened 69 basis points to 1,764 basis points in the first eight months of 2022.

Figure 26
Caribbean countries: EMBIG Spreads, August 2018 – August 2022
(Basis points)



⁹ The Caribbean average was based on daily data available for Belize, Jamaica and Trinidad and Tobago until October 2021. Now it is based on daily data available for Jamaica and Trinidad and Tobago. No daily data is available for Suriname, which was added to the EMBIG index following its cross-border debut in October 2016 with the issuance of a US\$ 550 million 2026 sovereign bond with a 6.25% coupon.

II. Portfolio equity flows

In the first eight months of 2022, the MSCI Latin American index lost 0.2%, but it outperformed the emerging markets and the G7 indices (table 7 below and figure 7 on p.11). The index performed particularly well in the first quarter of 2022, gaining 26%. According to investment strategists, the outperformance was catalyzed by rising commodity prices and the combination of cheap valuations relative to fundamentals and a very light portfolio positioning going into year-end 2021. Latin America is a net exporter of commodities and that was reflected in the performance. The gain in equity prices in the first quarter was driven by a sharp increase in Brazilian and Peruvian equities (34.3%), closely followed by Colombia (32.7%).

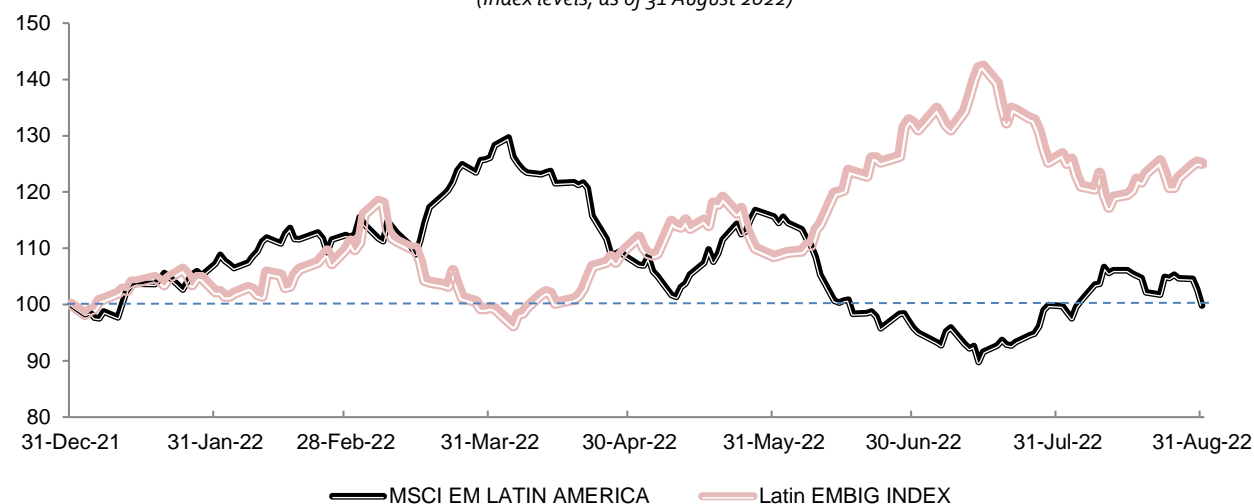
The gains did not endure and in the second quarter the region recorded losses amounting to 24%. Amid rising financing costs and weaker risk sentiment, the region's equity prices followed a similar pattern to bond spreads, which tightened in the first quarter of 2022 (2 basis points), only to widen 131 basis points in the second quarter. While LAC bond spreads widened, Latin American equity prices declined (figure 27).

Table 7
MSCI equity indices, 2022 YTD
(Dollars, percentage; as of 31 August 2022)

	Price Index in USD				Variation		
	31-Dec-21	31-Mar-22	30-Jun-22	31-Aug-22	Q1 2022	Q2 2022	2022 JAN-AUG
<i>Emerging markets</i>	1,232.01	1,141.79	1,000.67	994.11	-7.32%	-12.36%	-19.31%
<i>Latin America</i>	2,129.86	2,686.24	2,041.09	2,126.27	26.12%	-24.02%	-0.17%
<i>Argentina</i>	2,158.81	2,564.03	1,803.10	2,184.25	18.77%	-29.68%	1.18%
<i>Brazil</i>	1,434.87	1,926.88	1,405.20	1,514.89	34.29%	-27.07%	5.58%
<i>Chile</i>	965.589	1,243.50	1,033.34	1,190.54	28.78%	-16.90%	23.30%
<i>Colombia</i>	451.253	598.628	418.403	385.315	32.66%	-30.11%	-14.61%
<i>Mexico</i>	5,461.79	5,915.67	4,960.41	4,681.64	8.31%	-16.15%	-14.28%
<i>Peru</i>	1,190.59	1,598.51	1,087.93	1,098.14	34.26%	-31.94%	-7.77%

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

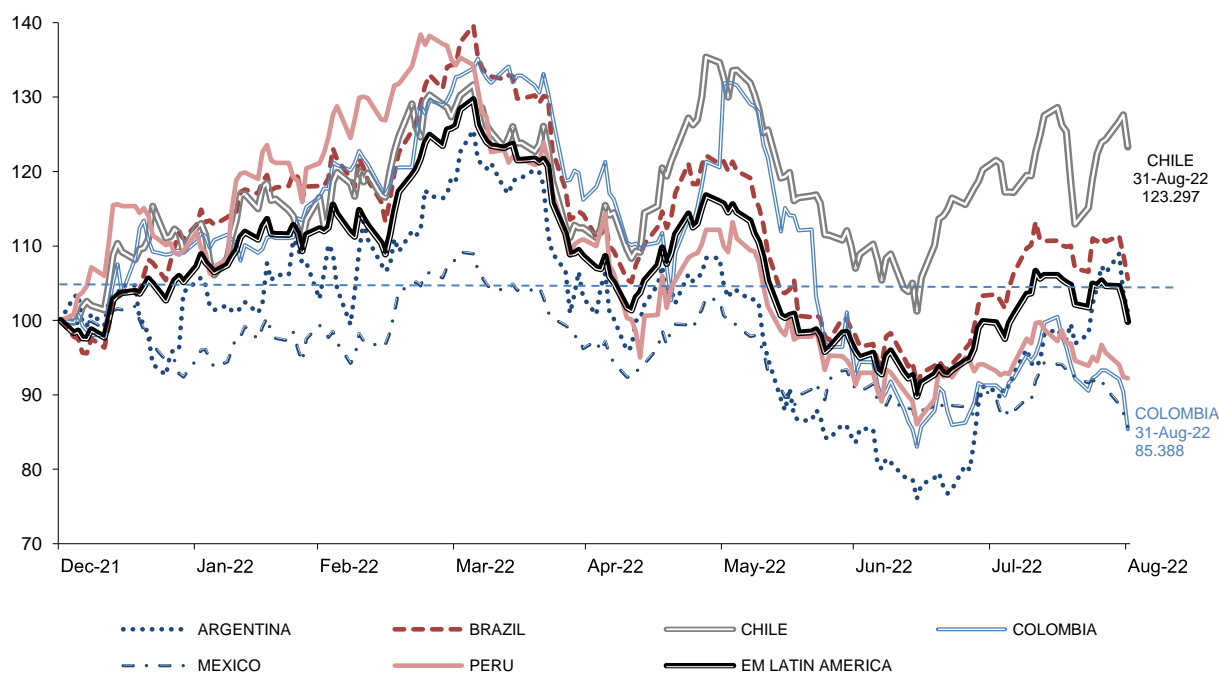
Figure 27
Latin American equity prices vs bond spreads in 2022 YTD
(Index levels; as of 31 August 2022)



Source: ECLAC Washington Office, based on data from MSCI Equity Indices and JPMorgan. YTD: year to date.

Colombian equity prices recorded the steepest cumulative losses (14.6%) in the first eight months of 2022, followed by Mexico (14.3%) and Peru (7.8%). Chile recorded the largest cumulative gains (23.3%), followed by Brazil (5.6%) and Argentina (1.2%) (table 7, figure 28).

Figure 28
MSCI equity price index, January – August 2022
(Index levels)



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

III. Prospects

The record-breaking pace of Latin American and Caribbean (LAC) debt issuance in international markets observed in 2021 has slowed significantly in 2022. Issuance in the first eight months of 2022 fell by more than half from the same period in 2021.

Sharp rises in bond yields in developed markets this year – amid shifts by the Federal Reserve and other central banks towards a tightening stance – have put emerging market assets under pressure. The war in Ukraine is compounding external risks. On the domestic side, high inflation has hindered investment, while political uncertainty has increased, brought by elections and new governments in some of the region's larger economies. The market has remained open to investment grade and some stronger high yield issuers from the region. Looking ahead, coupons and issuance concessions are likely to remain high, however, and several prospective issuers may choose to wait. So far, lower funding needs and greater reliance on local markets have helped LAC issuers to offset some of the pressure from international investors' lower risk tolerance.

The issuance of green, social, sustainability and sustainability-linked bonds remained resilient in the first eight months of 2022, increasing its share of the total amount of international debt issued by region to 34% from 31% in 2021. These instruments may present a unique opportunity to help the region in this more adverse external scenario, contributing to foster a sustainable recovery.

Annexes

Annex 1 LAC Credit Ratings

Table A1
Credit ratings in Latin America and the Caribbean, 2022 YTD (as of 31 August 2022)

	Moody's		S&P		Fitch		Recent Moody's Action		Recent S&P Action		Recent Fitch Action	
	Rating	View	Rating	View	Rating	View	Action	Date	Action	Date	Action	Date
Argentina	Ca		CCC+		CCC	NR	O/L changed to stable from (-)	28-Sep-20	Upgrade, O/L stable	7-Sep-20	Affirmed	12-Apr-22
Bahamas	Ba3	(-)	B+		NR		Downgrade, O/L (-)	17-Sep-21	Downgrade, O/L stable	12-Nov-21		
Barbados	Caa1		B-		NR		Upgrade, O/L stable	2-Jul-19	Upgrade, O/L stable	11-Dec-19		
Belize	Caa3		B-		NR		Downgrade, O/L stable	24-Nov-20	Upgrade, O/L stable	9-Nov-21		
Bolivia	B2	(-)	B+	(-)	B		O/L changed to (-) from stable	30-Sep-21	Affirmed, O/L (-)	15-Feb-22	Downgrade, O/L stable	30-Sep-20
Brazil	Ba2		BB-		BB-	(-)	Affirmed, O/L stable	12-Apr-22	O/L changed to stable from (+)	6-Apr-20	O/L changed to (-)	5-May-20
Chile	A1	(-)	A		A-		O/L changed to (-) from stable	25-Aug-20	Downgrade, O/L stable	24-Mar-21	Affirmed, O/L stable	24-Mar-21
Colombia	Baa2		BB+		BB+		O/L changed to stable from (-)	6-Oct-21	Affirmed, O/L stable	5-May-22	Downgrade, O/L stable	1-Jul-21
Costa Rica	B2		B		B		O/L changed to stable from (-)	8-Dec-21	O/L changed to stable from (-)	17-Mar-22	O/L changed to stable from (-)	11-Mar-22
Cuba	Ca		NR		NR		Downgrade, O/L stable	18-Nov-21				
Dom. Rep.	Ba3		BB-		BB-		Affirmed, O/L stable	26-Mar-21	O/L changed to stable from (-)	2-Dec-21	O/L changed to stable from (-)	8-Dec-21
Ecuador	NR		B-		B-		Rating withdrawn	12-Jul-21	Upgrade, O/L stable	1-Sep-20	Upgrade	3-Sep-20
El Salvador	Caa3	(-)	B-	(-)	CCC	NR	Downgrade, O/L (-)	4-May-22	O/L changed to (-) from stable	21-Oct-21	Downgrade, O/L (-)	9-Feb-22
Guatemala	Ba1	(-)	BB-	(+)	BB-	(+)	O/L changed to (-) from stable	10-Nov-20	O/L changed to (+) from stable	19-Apr-22	O/L changed to (+) from stable	4/126/2022
Honduras	B1		BB-		NR		Affirmed, O/L stable	12-Jun-19	Affirmed, O/L stable	25-Jul-19		
Jamaica	B2		B+		B+		Upgrade, O/L stable	11-Dec-19	O/L changed to stable from (-)	4-Oct-21	Affirmed, O/L stable	9-Mar-22
Mexico	Baa1	(-)	BBB	(-)	BBB-		Affirmed, O/L (-)	29-Apr-21	Downgrade, O/L (-)	26-Mar-20	Downgrade, O/L stable	15-Apr-20
Nicaragua	B3		B-		B-		Affirmed, O/L stable	30-Mar-22	O/L changed to stable from (-)	8-Nov-19	O/L changed to stable from (-)	11-Jun-21
Panama	Baa2		BBB	(-)	BBB-		Downgrade, O/L stable	17-Mar-21	O/L changed to (-)	4-Aug-21	O/L changed to stable from (-)	28-Jan-22
Paraguay	Ba1		BB		BB+		Affirmed, O/L stable	21-Jun-18	Affirmed, O/L stable	12-Jun-19	Affirmed, O/L stable	2-Dec-20
Peru	Baa1		BBB		BBB		Downgrade, O/L stable	1-Sep-21	Downgrade, O/L stable	18-Mar-22	Affirmed, O/L stable	29-Apr-22
St Vincent	B3		NR		NR		Affirmed, O/L stable	1-Mar-22				
Suriname	Caa3	(-)	CCC		RD		Downgrade, O/L (-)	7-Jul-20	Upgrade, O/L stable	16-Sep-20	Affirmed, rate withdrawn	15-Jan-22
T&T	Ba2		BBB-	(-)	NR		Downgrade, O/L stable	19-Nov-21	O/L changed to (-)	27-Jul-21		
Uruguay	Baa2		BBB		BBB-		Affirmed, O/L stable	6-Aug-19	Affirmed, O/L stable	21-Apr-22	O/L changed to stable from (-)	15-Dec-21
Venezuela	C		NR		RD		Downgrade, O/L stable	9-Mar-18	Rating withdrawn	20-Sep-21	Affirmed and withdrawn	27-Jun-19

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for 2022 YTD are in pink.

Note: Moody's ratings are qualified by outlooks and reviews while S&P and Fitch ratings are qualified by outlooks and watches. A review/watch [+ or -] is indicative of a likely short-term development. An outlook [(+) or (-)] suggests that a review/watch or long/intermediate-term movement is likely. NR: not rated; Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.

Box A1**Credit rating actions in Latin America and the Caribbean – January to August 2022**

There have been 10 positive and 6 negative actions in Latin America and the Caribbean from January to 31 August 2022.

Positive Actions: 10 (Bold)*January*

- **Panama (28 January): Fitch revises the outlook on Panama's BBB- rating to stable from negative**, citing the ongoing improvement in the fiscal position and a better-than-expected economic recovery following the initial pandemic shock.

*February**March*

- St. Vincent and the Grenadines (1 March): Moody's affirms St. Vincent and the Grenadines' B3 rating with a stable outlook (*no change*).
- Jamaica (9 March): Fitch affirms Jamaica's B+ rating with a stable outlook (*no change*).
- **Costa Rica (11 March): Fitch revises the outlook on Costa Rica's B rating to stable from negative**, citing the significantly better-than-expected improvements in the fiscal position and economic activity following the 2020 pandemic-related shock.
- **Costa Rica (17 March): S&P revises the outlook on Costa Rica's B rating to stable from negative**, citing the public employment bill passed by the Legislative Assembly and the staff-level agreement with the IMF on both the first and second reviews of its Extended Fund Facility, which should unlock official budgetary financing.
- Nicaragua (30 March): Moody's affirms Nicaragua's B3 rating with a stable outlook (*no change*).

April

- Argentina (12 April): Fitch affirms Argentina's CCC rating (*no change*).
- Brazil (12 April): Moody's affirms Brazil's Ba2 rating with a stable outlook (*no change*).
- **Guatemala (19 April): S&P's revises the outlook on Guatemala's BB- rating to positive from stable**, citing macroeconomic stability and good economic prospects.
- Uruguay (21 April): S&P affirms Uruguay's rating at BBB with a stable outlook (*no change*).
- **Guatemala (26 April): Fitch revises the outlook on Guatemala's BB- rating to positive from stable**, citing better than expected fiscal performance, driven by strong economic recovery and structural improvements in tax collection.
- Peru (29 April): Fitch affirms Peru's BBB rating with a stable outlook (*no change*).

May

- Colombia (5 May): S&P affirms Colombia's rating at BB+ with a stable outlook (*no change*).
- Mexico (17 May): Fitch affirms Mexico's rating at BBB- with a stable outlook (*no change*).
- Paraguay (18 May): S&P affirms Paraguay's rating at BB with a stable outlook (*no change*).
- Chile (19 May): Fitch affirms Chile's rating at A- with a stable outlook (*no change*).

June

- Nicaragua (7 June): Fitch affirms Nicaragua's rating at B- with a stable outlook (*no change*).
- Colombia (10 June): Fitch affirms Colombia's rating at BB+ with a stable outlook (*no change*).
- Brazil (15 June): S&P affirms Brazil's rating at BB- with a stable outlook (*no change*).
- **Guatemala (15 June): Moody's revises the outlook on Guatemala's Ba1 rating to stable from negative**, citing demonstrated ability to cope with the pandemic shock with a minimal impact to its overall credit profile.
- Uruguay (29 June): Fitch affirms Uruguay's BBB- rating with a stable outlook (*no change*).

July

- **Mexico (6 July): S&P revises the outlook on Mexico's BBB sovereign rating to stable from negative** on cautious policy execution.
- **Brazil (14 July): Fitch revises the outlook on Brazil's BB- sovereign rating to stable from negative**, reflecting the better-than-expected evolution of public finances.

- **Trinidad and Tobago (21 July): S&P revises the outlook on T&T's BBB- sovereign rating to stable from negative**, on return to economic growth after six years of contraction.
- **Paraguay (22 July): Moody's revises the outlook on Paraguay's Baa1 sovereign rating to positive from stable**, citing solid growth, prudent fiscal policy, and structural and fiscal reforms that will support institutional strength and governance.

August

- Ecuador (17 August): S&P affirms Ecuador's B- rating with a stable outlook (*no change*).
- Ecuador (19 August): Fitch affirms Ecuador's B- rating with a stable outlook (*no change*).

Negative Actions: 6 (Bold)

January

- Suriname (15 January): Fitch affirms Suriname's rating at RD (*no change*) and withdraws rating. Fitch is withdrawing Suriname's ratings as the issuer has chosen to stop participating in the rating process.

February

- **El Salvador (9 February): Fitch downgrades El Salvador's sovereign rating to CCC from B-**, citing heightened financing risks stemming from increased reliance on short-term debt, an US\$ 800 million Eurobond repayment due in January 2023, a still-high fiscal deficit, limited scope for additional local market financing, uncertain access to additional multilateral funding and external market financing given high borrowing costs. Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.
- Bolivia (15 February): S&P affirms Bolivia's B+ ratings; outlook remains negative (*no change*).

March

- **Peru (18 March): S&P downgrades Peru's ratings to BBB from BBB+ with a stable outlook**, saying persistent political deadlock in Peru is undermining efforts to maintain robust investor confidence and constraining growth prospects.

April

May

- **El Salvador (4 May): Moody's downgrades El Salvador's sovereign rating to Caa3 from Caa1 and maintains a negative outlook**, reflecting an increased probability of a credit event – restructuring, distressed exchange, or default – with relatively high severity, as the sovereign faces a challenging debt amortization schedule with bond maturities in 2023 and 2025 in a context of continued funding stress and persistently high financing needs.

June

- **El Salvador (01 June): S&P downgrades El Salvador's sovereign rating to CCC+ from B- and maintains a negative outlook**, reflecting its current vulnerabilities and its dependence on favorable economic conditions to meet its financial commitments.

July

- **Mexico (08 July): Moody's downgrades Mexico's sovereign rating to Baa2 from Baa1 with a stable outlook**, citing economic and fiscal trends that Moody's expects to continue to gradually – but persistently – undermine Mexico's overall credit profile.
- **Honduras (21 July): S&P revises the outlook on Honduras' BB- sovereign rating to negative from stable**, on expected fiscal deterioration.

August

- Panama (10 August): S&P affirms Panama's rating at BBB with a negative outlook (*no change*).

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

Annex 2 Latin American Spreads

Table A2
Sovereign spreads on JPMorgan EMBI Global and Latin American composites, August 2018 – August 2022
(Basis Points)

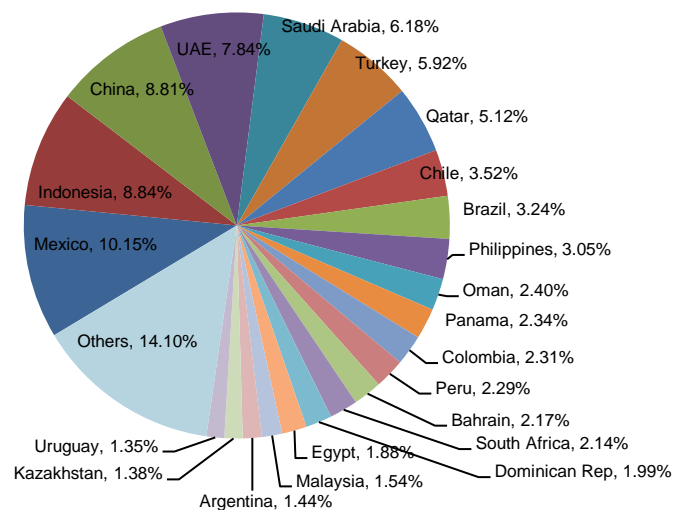
	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
31-Aug-18	400	771	337	141	184	725	282	147	174	5807	514	248	209
28-Sep-18	362	623	289	124	168	622	256	133	156	5499	474	202	214
31-Oct-18	392	652	256	140	186	722	307	152	185	5803	512	275	231
30-Nov-18	420	706	265	157	210	740	347	162	202	6255	544	342	254
31-Dec-18	435	817	273	166	228	826	357	168	207	6845	568	378	260
31-Jan-19	378	676	235	145	191	690	330	145	179	4770	498	309	225
28-Feb-19	361	697	230	129	186	589	316	131	167	5303	484	277	213
29-Mar-19	373	774	248	133	184	592	308	130	170	5224	488	280	222
30-Apr-19	365	950	245	127	176	560	292	126	171	5546	495	268	211
31-May-19	393	985	267	145	212	619	329	148	194	5578	527	282	245
28-Jun-19	366	835	232	135	181	580	329	124	172	8867	517	253	212
31-Jul-19	333	781	206	125	175	603	323	117	159	11945	467	232	202
30-Aug-19	361	2532	241	133	179	705	334	122	169	11179	513	291	233
30-Sep-19	338	2143	239	139	183	677	317	131	177	18473	465	291	237
31-Oct-19	323	2278	233	141	182	789	320	131	173	16671	424	321	229
29-Nov-19	309	2262	236	149	188	1146	320	126	169	13554	394	312	233
31-Dec-19	277	1744	212	135	161	826	292	107	148	14740	346	218	203
31-Jan-20	299	2068	224	149	176	1018	308	122	159	16553	372	296	231
28-Feb-20	354	2283	251	180	212	1466	372	156	196	12246	428	341	253
31-Mar-20	577	3803	389	301	376	4553	653	265	298	19270	703	645	429
30-Apr-20	557	3472	420	284	392	5129	656	257	301	22140	702	698	401
29-May-20	463	2627	388	226	288	3907	536	191	243	27907	581	614	339
30-Jun-20	433	2495	373	211	293	3373	526	182	215	30757	552	630	312
31-Jul-20	401	2263	328	185	253	2755	493	150	183	33118	500	575	275
31-Aug-20	385	2147	314	175	250	2813	459	151	170	31216	480	577	246
30-Sep-20	398	1300	334	183	262	1015	501	170	186	29608	476	622	267
30-Oct-20	388	1482	309	174	244	1029	477	149	165	21698	467	601	247
30-Nov-20	350	1410	268	157	228	1065	426	161	157	22610	433	523	233
31-Dec-20	323	1368	250	144	206	1062	361	132	135	24099	386	461	213
29-Jan-21	324	1445	270	138	219	1273	378	128	135	24830	396	481	205
26-Feb-21	329	1511	275	142	232	1226	368	164	150	24846	404	479	226
31-Mar-21	324	1589	272	122	216	1201	351	152	125	26168	390	501	212
30-Apr-21	313	1551	260	126	226	764	342	165	130	25722	372	454	224
28-May-21	307	1508	245	135	248	730	335	169	127	26138	369	463	218
30-Jun-21	312	1596	256	135	247	776	348	163	129	31091	380	481	216
30-Jul-21	325	1591	280	145	276	790	362	197	148	28364	395	498	236
31-Aug-21	313	1513	282	136	272	751	352	175	132	29568	381	471	223
30-Sep-21	324	1607	304	150	301	835	360	180	140	31941	399	472	230
29-Oct-21	327	1712	338	161	302	847	353	181	138	32198	401	472	245
30-Nov-21	353	1914	344	166	359	891	389	194	150	31857	434	487	267
31-Dec-21	330	1688	306	153	353	869	347	170	127	55310	399	412	229
31-Jan-22	344	1723	316	167	374	768	356	186	140	51959	408	474	242
28-Feb-22	411	1816	321	195	385	755	382	213	161	64523	438	466	300
31-Mar-22	347	1718	280	158	338	810	349	171	127	37945	397	509	239
29-Apr-22	379	1801	291	182	375	816	391	218	151	32691	438	487	278
31-May-22	383	1918	291	166	337	802	382	194	137	30795	433	595	294
30-Jun-22	460	2428	357	196	446	1165	473	235	162	36398	528	666	357
29-Jul-22	446	2398	309	189	403	1336	437	219	141	41342	500	641	282
31-Aug-22	422	2385	295	198	424	1550	432	218	132	40090	499	622	282

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

EMBI Global composition by country (end-August 2022): Mexico, Brazil and Chile account for 16.91% of the total weighting.

EMBI Global composition by region: Latin: 31.97%; Non-Latin: 68.03%.

Figure B1
EMBI global composition (as of 31 August 2022)



Others	%
Nigeria	1.07%
Romania	0.98%
Hungary	0.94%
Angola	0.71%
Ecuador	0.62%
Ghana	0.54%
Kenya	0.51%
Guatemala	0.50%
Paraguay	0.49%
Pakistan	0.48%
Jamaica	0.48%
Azerbaijan	0.48%
Jordan	0.46%
Kuwait	0.42%
Costa Rica	0.41%
India	0.38%
Sri Lanka	0.35%
Poland	0.35%
Ukraine	0.34%
Croatia	0.31%
Trinidad & Tobago	0.29%
Mongolia	0.28%
Morocco	0.26%
El Salvador	0.23%
Uzbekistan	0.22%
Ivory Coast	0.21%
Gabon	0.18%
Zambia	0.16%
Senegal	0.15%
Bolivia	0.14%
Iraq	0.14%
Armenia	0.13%
Lebanon	0.10%
Honduras	0.10%
Vietnam	0.09%
Serbia	0.08%
Georgia	0.08%
Namibia	0.06%
Mozambique	0.06%
Tunisia	0.06%
Ethiopia	0.05%
Barbados	0.05%
Rwanda	0.04%
Papua New Guinea	0.04%
Maldives	0.04%
Suriname	0.04%
Tajikistan	0.03%
Total	14.13%

Annex 3 New LAC Debt Issuances

Table A3
Latin American and Caribbean international bond issuances
First quarter of 2022

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jan-22					
Mexico	United Mexican States	USD 2868	2,868	3.500%	2034
Mexico	United Mexican States	USD 2931	2,931	4.400%	2052
Chile	Banco de Crédito e Inversiones - BCI	CHF 200	219	0.599%	2027 (g)
Brazil	Globo Comunicacoes e Participacoes SA - GLOBOPAR	USD 400	400	5.500%	2032 (SLB)
Brazil	Banco do Brasil SA	USD 500	500	4.875%	2029 (soc)
Mexico	GCC Cemento SA de CV	USD 500	500	3.614%	2032 (SLB)
Brazil	Açu Petroleo	USD 600	600	7.500%	2032
Brazil	Banco Bradesco SA	USD 500	500	4.375%	2027 (sust)
Chile	Mercury Chile HoldCo LLC	USD 360	360	6.500%	2027
Panama	Republic of Panama	USD 1000	1,000	3.298%	2033
Panama	Republic of Panama	USD 1500	1,500	4.500%	2063
Chile	Agrosuper SA	USD 500	500	4.600%	2032
Supranational	Millicom International Cellular SA	SEK2250	252	3m Stibor+300bps	2027 (sust)
Mexico	Alsea SAB de CV/Food Service Project SA	EUR 300	342	5.500%	2027
Chile	Compañía Cervecerías Unidas SA - CCU	USD 600	600	3.350%	2032
Supranational	CAF Development Bank of Latin America	CHF 350	383	0.450%	2027 (g)
Brazil	JBS USA Lux SA	USD 600	600	3.000%	2029
Brazil	JBS USA Lux SA	USD 900	900	4.375%	2052
Guatemala	Central America Bottling Corp	USD 1100	1,100	5.250%	2029 (SLB)
Paraguay	Republic of Paraguay	USD 501	501	3.849%	2033
Chile	Sociedad de Transmisión Austral (STA)	USD 390	390	4.000%	2032 (g)
Brazil	Itaú BBA International plc	CHF 150	163	0.560%	2025
Colombia	Patrimonio Autónomo Unión Del Sur	COP 1027500	259	6.660%	2041
Chile	Republic of Chile	USD 1500	1,500	2.750%	2027 (sust)
Chile	Republic of Chile	USD 1500	1,500	3.500%	2034 (sust)
Chile	Republic of Chile	USD 1000	1,000	4.000%	2052 (sust)
Supranational	Millicom Int'l Cellular SA / Comunicaciones Celulares SA - COMCEL	USD 900	900	5.125%	2032
Chile	Inversiones La Construcción SA	USD 300	300	4.750%	2032
			22,568		
Feb-22					
Supranational	CAF Development Bank of Latin America	USD 650	650	2.250%	2027
Supranational	CAF Development Bank of Latin America	JPY 7200	63	0.600%	2032
Brazil	CSN Resources SA	USD 500	500	5.875%	2032
Brazil	Usina Coruripe Açúcar e Álcool	USD 300	300	10.000%	2027
Mexico	United Mexican States	EUR 800	915	2.375%	2030
Mexico	Comisión Federal de Electricidad - CFE	USD 1250	1,250	4.688%	2029 (sust)
Mexico	Comisión Federal de Electricidad - CFE	USD 500	500	6.264%	2052 (sust)
Dom. Republic	Dominican Republic	USD 1782	1,782	5.500%	2029
Dom. Republic	Dominican Republic	USD 1782	1,782	6.000%	2033
Supranational	CAF Development Bank of Latin America	MXP 7500	370	6.820%	2031 (r)
Bolivia	Republic of Bolivia	USD 850	850	7.500%	2030
			8,962		
Mar-22					
Chile	Banco de Crédito e Inversiones - BCI	USD 10	10	Sofr +125	2029
Chile	Republic of Chile	USD 2000	2,000	4.340%	2042 (SLB)
Chile	Banco de Crédito e Inversiones - BCI	USD 25	25		2027
Trinidad and Tobago	Telecommunications Services of Trinidad and Tobago (TSTT)	TTD 476	70	8.300%	2029 (r)
Mexico	Grupo Aeroméxico S.A.B. de C.V.	USD 763	763	8.500%	2027
Ecuador	Banco Pichincha	USD 100	100	6-mth L + 4.3%	2027 (soc)
Mexico	América Móvil SAB de CV	USD 1000	1,000	5.375%	2032
			3,968		

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

Notes:

(r): retap, (g) green, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

Q1 2022

35,497

Table A4
Latin American and Caribbean international bond issuances
Second quarter of 2022

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Apr-22					
Peru	Consortio Transmantaro SA	USD 500	500	5.200%	2038
Peru	Fondo MIVIVIENDA SA	USD 600	600	4.625%	2027 (sust)
Brazil	Natura &Co Luxembourg Holdings Sarl	USD 600	600	6.000%	2029
Uruguay	Arcos Dorados BV	USD 350	350	6.125%	2029 (SLB)
Brazil	Aegea Saneamento e Participações	USD 500	500	6.750%	2029 (SLB)
			2,550		
May-22					
Trinidad and Tobago	Heritage Petroleum Company (Trinidad Petroleum Holdings Ltd)	USD 500	500	9.000%	2029
Chile	Antofagasta plc	USD 500	500	5.625%	2032
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 110	77	4.700%	2042 (soc)
Supranational	Central American Bank for Economic Integration (CABEI)	USD 75	75	3.169%	2024
			1,152		
Jun-22					
Mexico	Petroleos Mexicanos - PEMEX	USD 1500	1,500	8.750%	2029
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 72	52	3.940%	2032 (soc)
Brazil	JBS USA Lux SA	USD 500	500	5.125%	2028
Brazil	JBS USA Lux SA	USD 1259	1,250	5.750%	2033
Dom. Republic	Dominican Republic	DOP 70000	1,299	13.000%	2034
Brazil	JBS USA Lux SA	USD 750	750	6.500%	2052
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 155	159	1.546%	2026 (g)
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 50	35	3.940%	2027 (soc)
Bahamas	Commonwealth of Bahamas	USD 250	250	9.000%	2029 (blue)
Bahamas	Commonwealth of Bahamas	USD 135	135	3.850%	2036 (blue)
Peru	Banco de Crédito del Perú (BCP)	USD 30	30	5.050%	2027 (g)
Mexico	Petroleos Mexicanos - PEMEX	USD 288	288	8.750%	2029
			6,248		

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

Notes:

(r): retap, (g) green, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

Q2 2022

9,950

Table A5
Latin American and Caribbean international bond issuances
Third quarter of 2022

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
Jul-22					
Supranational	CAF Development Bank of Latin America	EUR 500	516	2.375%	2027
Ecuador	Banco Pichincha - Ecuador DPR Fund	USD 300	300	9.950%	2029 (soc)
Mexico	America Movil SAB de CV	USD 750	750	4.700%	2032
			1,566		
Aug-22					
Guatemala	Republic of Guatemala	USD 500	500	5.250%	2029
Supranational	Bladex - Banco Latinoamericano de Comercio Exterior	JPY 1000	7	0.440%	2024
Dom. Republic	Dominican Republic	DOP 50000	914	12.000%	2025
Mexico	United Mexican States	USD 2203.58	2,204	4.875%	2033 (sust)
Supranational	Central American Bank for Economic Integration (CABEI)	USD 500	50	3-mth Other +100	2027
Supranational	CAF Development Bank of Latin America	CHF 225	236	2.080%	2028
Supranational	Central American Bank for Economic Integration (CABEI)	USD 35	35	3-mth Sofr +100	2027
Mexico	United Mexican States	JPY 29700	217	1.000%	2025 (sust)
Mexico	United Mexican States	JPY 23800	174	1.250%	2027 (sust)
Mexico	United Mexican States	JPY 14900	109	1.830%	2032 (sust)
Mexico	United Mexican States	JPY 4000	29	2.280%	2037 (sust)
Mexico	United Mexican States	JPY 3200	23	2.520%	2042 (sust)
			4,499		

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

Notes:

(r): retap, (g) green, (soc) social, (sust) sustainability, (SLB) sustainability-linked.

**Q3 2022 (as of
end-August)**

6,066

January-August 2022

51,512

Against a backdrop of tightening global financing conditions, total Latin American and Caribbean bond issuance in international markets in the first eight months of 2022 was down more than 50% from the same period in 2021. International bond issuance of environmental, social and governance (ESG) bonds—including green, social, sustainability and sustainability-linked bonds—from the region also slowed in the first eight months of 2022, albeit less markedly than total issuance. The share of these bonds in the region's total issuance increased to 34% from 31% in the year-earlier period.

Capital Flows to Latin America and the Caribbean: the first eight months of 2022 presents and analyses the developments concerning capital flows to Latin America and the Caribbean from January to August 2022. This report is published three times a year and provides an overview of new international bonds from Latin American and Caribbean issuers, including green, social, sustainability and sustainability-linked bonds, as well as of bond spreads and credit ratings.