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Capital Flows to Latin America

Quarterly Developments

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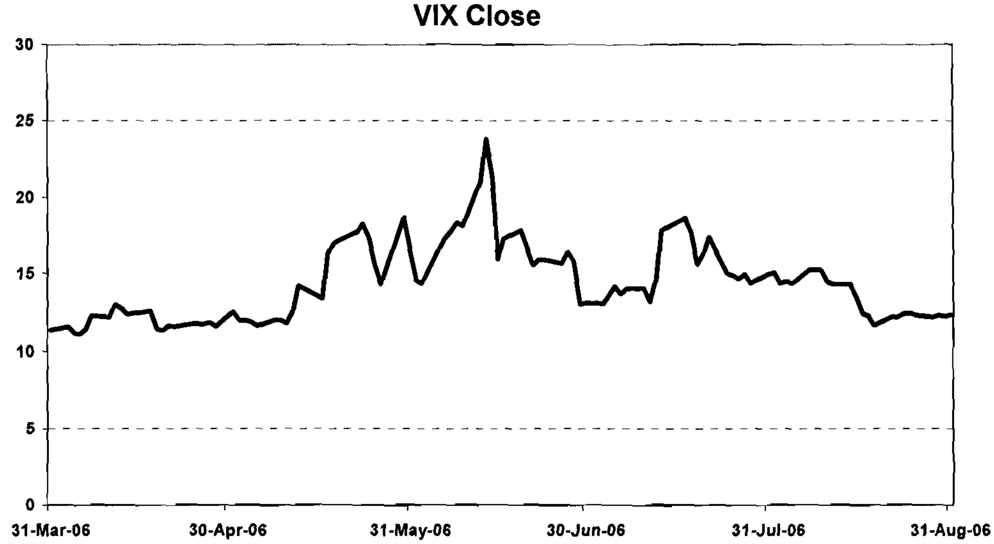
CAPITAL FLOWS TO LATIN AMERICA
Quarterly Developments*

In the second quarter of 2006, a hearty dose of volatility returned to financial markets (Chart 1). During May and June, uncertainty towards the global economic outlook amid rising interest rates prompted investors to abandon riskier markets around the world. Stocks in emerging markets plummeted as a result, while bond spreads widened. The May-June turbulence was the first test of the progress achieved by emerging market countries in strengthening economic fundamentals and reducing the burden of foreign debt. Emerging markets rebounded after volatility subsided, with stocks recovering much of their earlier losses and spreads tightening in July and August.

Chart 1: CBOE Volatility Index
VIX Close



Source: Chicago Board Options Exchange, www.cboe.com/micro/vix/historical.aspx
Note: VIX values greater than 30 are generally associated with a large amount of volatility, while values below 20 generally correspond to less stressful, even complacent, times in the markets.

In Latin American markets, spreads on dollar-denominated bonds widened by 40 basis points in May, according to the Latin component of J.P. Morgan's EMBI+ index, while the Morgan Stanley Capital International (MSCI) for Latin America, an indicator of stocks' performance, decreased by 14.2%. For the quarter as a whole, spreads widened by 20 basis points, and stock prices fell by 4.1%.

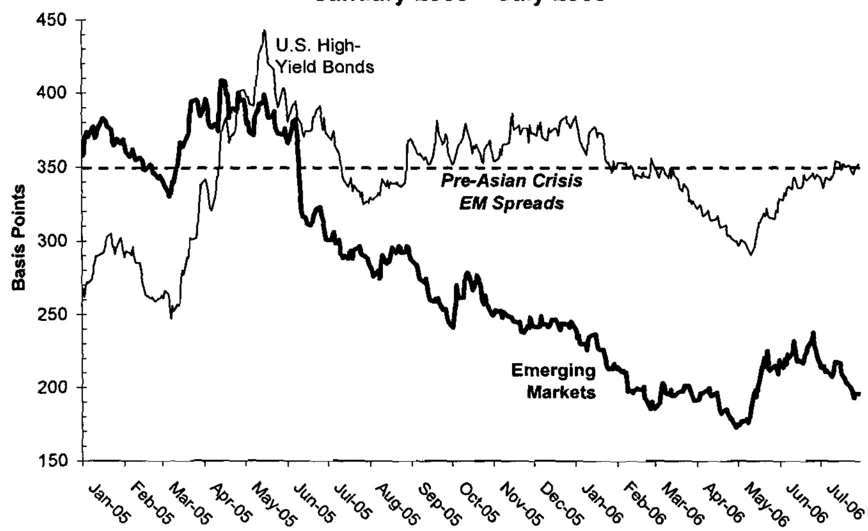
New Latin American debt issuance amounted to only US$3.5 billion in the second quarter of 2006, the lowest level since the last quarter of 2002, and a drastic reduction from the US$14.7 billion issued in the first quarter. Corporate issuance surpassed sovereign issuance, accounting for 89% of the total Latin American issuance in the

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

second quarter. Given the extremely favorable global conditions, Latin American sovereign issuers had actively pre-financed future external obligations in 2005 and in the first quarter, making it possible to forgo new issuance in the second quarter, when market conditions became less favorable.

Risk appetite has been as important factor in explaining investors' behavior in recent months. In the first quarter of 2006, global liquidity contributed not only to lower emerging market spreads, but also to lower high-yield spreads. In the second quarter of 2006, turbulence in financial markets contributed to widen spreads both in emerging and high-yield markets. While in the second half of 2005 the correlation between emerging and high-yield spreads turned negative, it turned positive again in the first half of 2006 (0.7), as global conditions first benefited, and later adversely affected both asset classes (Chart 2).

Chart 2:
High Yield vs EM Spreads
January 2005 - July 2006



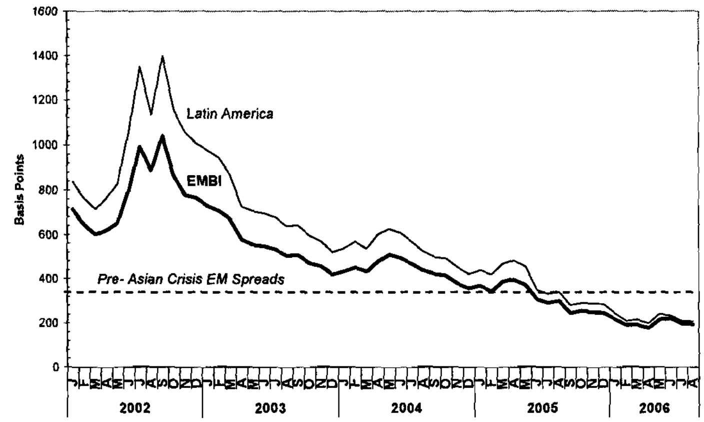
Source: ECLAC, on the basis of data from Merrill Lynch's U.S. High-Yield Master II Index (H0A0), and JP Morgan Chase's EMBI+.

The May-June turbulence showed that financial markets now face a new reality of reduced liquidity and greater risk aversion. The slowdown in the U.S. economy has brought uncertainty to the global economic outlook, despite the good growth performance thus far this year in the Eurozone, in Japan and many emerging markets. The market is now facing a number of uncertainties, including the future direction of the U.S. Fed interest rate policy, as well as the pace and the degree of the U.S. economic slowdown, with geopolitical tensions adding to investors' uncertainty. The risk of a disorderly unwinding of global imbalances remains a concern.

I. Bond Markets and Debt Management

In the second quarter of 2006, emerging market and Latin American spreads widened as a result of an increase in volatility in May and early June. Despite the May-June turbulence, emerging market and Latin American bond spreads continued to drift near record low levels (Chart 3).

Chart 3:
EMBI+ Spreads and Latin American Component
January 2002 - August 2006



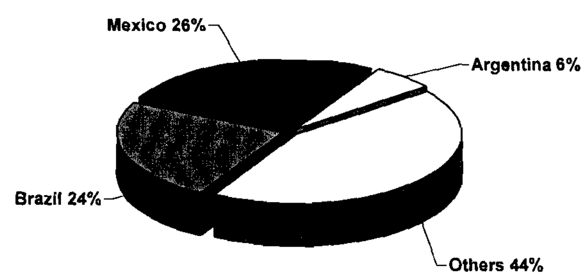
Source: J.P. Morgan.

The market sell-off in May and June boosted trading in emerging markets debt. According to the Emerging Markets Traders Association (EMTA)'s quarterly Survey, trading in emerging markets debt set another record in the second quarter of 2006, reaching US$1.659 trillion, up 2% from the previous quarter and 22% from a year ago. EMTA noted that this represents the highest level of turnover since EMTA started publishing quarterly surveys in 1997. According to market analysts, in previous periods of high volatility in asset prices, trading in emerging markets debt tended to fall. However, volumes increased this time around, attesting to the greater maturity of the asset class and greater breadth of the investor base.

The most commonly traded instruments included bonds from Mexico, Brazil and Argentina, with 26%, 24% and 6% of total trading, which were the first, second and third most frequently traded instruments in the second quarter of 2006 (Chart 4). This is the first time since the fourth quarter of 2004 that Mexico volumes surpassed those of Brazil. Trading in Mexico's debt instruments was boosted by transactions in the country's local treasury instruments. Mexico's local instruments accounted for 85% of overall Mexican volumes. Uncertainty related to the Mexican presidential election contributed to an increase in Mexico's trading volumes.

Chart 4:
Q2 2006 Emerging Markets Debt Trading Volume:
Country Shares

Trade Volume in Q2 2006: US$ 1.659 trillion

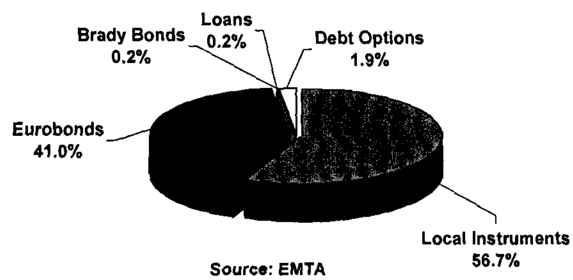


Source: EMTA

Local treasury trades rose 44% in the second quarter. Local market transactions represented 57% of the overall Survey volume, the highest level ever in an EMTA Survey, and an increase from a 48% share in the previous quarter and in the same quarter a year ago. The most frequently traded local instruments were issued by Mexico (US$364 billion in trading), and Brazil (US$136 billion). Eurobonds accounted for 41% of the

Survey volume, down from 48% in the previous quarter and from 47% in the same quarter a year ago (Chart 5).

Chart 5:
Q2 2006 Emerging Markets Debt Trading Volume by Type of Instrument

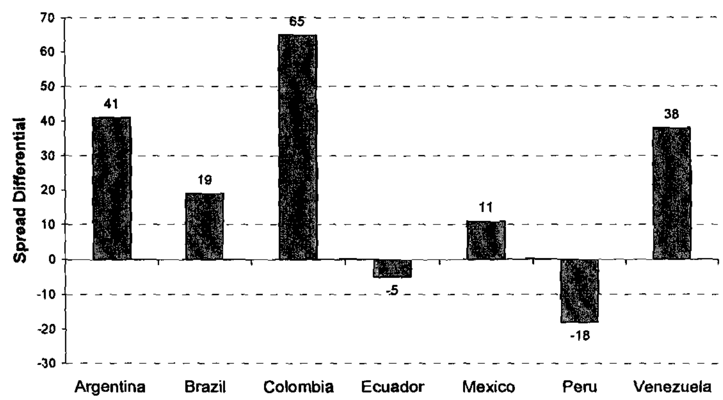


Emerging markets and Latin American new debt issuance fell to US$3.5 billion in the second quarter, from US$14.7 billion in the first quarter (US$11.3 in the second quarter of 2005), according to ECLAC's estimates on the basis of J.P. Morgan data.

A. Spreads

In the second quarter of 2006, the EMBI+ widened by 29 basis points and its Latin American component by 20 basis points. Spreads widened for all Latin American countries in our sample, with the exception of Ecuador and Peru, where spreads tightened by 5 and 18 basis points, respectively (Chart 6).[1]

Chart 6:
Spread Differentials Q2 2006



Source: ECLAC, on the basis of data from JP Morgan.

Argentina's spreads (according to the EMBI+) widened by 41 bps in the second quarter of 2006, from 344 bps at the end of March to 385 bps at the end of June. External risks, not local developments, motivated the increase in spreads, which rebounded after global economic conditions improved. Spreads began to tighten in July, tightening again in August.

Brazilian spreads widened 19 basis points in the second quarter, from 235 bps at the end of March to 254 bps at the end of June. Brazil was not immune to the surge in risk aversion, but the comfortable level of reserves and a fiscal cushion helped the sovereign weather the increase in volatility in May and early June, with spreads already starting to decline at the end of June.

Colombian spreads increased from 174 bps at the end of March, to 239 bps at the end of June, widening 65 basis points in the second quarter. Although the domestic situation continued to be stable, with President Uribe's reelection in the May 28 vote increasing

[1] See Appendix A, Table 2, for the evolution of the spreads of the EMBI Global Index, which also includes Chile and Uruguay in addition to the countries included in the EMBI+.

the chances for the passage of pending structural reforms, spreads continued to widen in June. They began to rebound in July, tightening again in August.

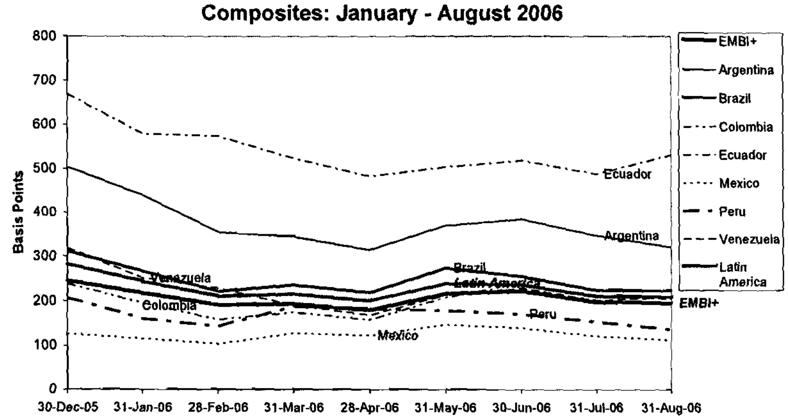
Spreads in Ecuador tightened 5 basis points in the second quarter. All the tightening took place in April, with authorities discussing the new hydrocarbons law, which could increase government fiscal revenues, as well as considering options to refinance the remaining stock of the 2012 global bonds. In May, however, the government decided to oust Occidental Petroleum (Oxy), Ecuador's largest foreign oil producer, which combined with increased volatility in global markets, adversely affected spreads, contributing to their increase in May and June. Spreads widened again in August after tightening in July, as a highly uncertain political campaign for the presidency started to intensify.

Mexican spreads widened 11 basis points in the second quarter of 2006, starting the quarter at 127 bps and ending it at 138 bps. Mexico's local and external debt outlook remained positive during the quarter. Spreads widened in May with the increase in volatility, but tightened in June, July and August. Markets reacted positively to the presidential elections results.

Spreads in Peru tightened 18 bps in the second quarter, from 187 basis points at the end of March to 169 bps at the end of June. With markets awaiting a smooth presidential transition and maintaining a positive view on Peru, bond spreads tightened further in July and August.

Finally, Venezuelan spreads widened by 38 basis points in the second quarter as a result of increased volatility in global markets, from 190 bps at the end of March to 228 basis points at the end of June. Bond spreads continued to be supported by high oil prices and abundant resources to cover Venezuela's financial needs and to reduce external debt (Chart 7).

Chart 7:
Spreads on JP Morgan EMBI+ and Latin American Composites: January - August 2006



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

B. Issuance

Emerging markets bond issuance declined in the second quarter of 2006 amid market turbulence, amounting to US$27.5 billion, compared to US$45.9 billion in the first quarter. There was no sovereign issuance for two consecutive months (May and June), although many sovereign issuers had already, for the most part, pre-financed their external financing needs for the year. According to ECLAC's estimates based on J.P. Morgan data, Latin American bond issuers placed a total of US$ 3.5 billion in international capital markets in the second quarter of 2006, the lowest quarterly level since the last quarter of 2002 (Chart 8).

Latin American issuance fell to third place in the emerging markets total (in the first quarter, Latin American issuance was the largest share of total emerging markets issuance). The Latin American share was 25% in the first half of 2006, following Central and Eastern Europe, and Asia Pacific (Chart 9). On a monthly basis, Latin American issuance declined throughout the second quarter, reaching its lowest level in June, US$0.7 billion (Chart 10).

The only sovereign deal of the period was El Salvador's issue in April. In May and June there was only corporate issuance (Appendix B). Sovereign issuance amounted to US$0.4 billion or 11% of Latin American issuance in the second quarter of 2006, while corporate and bank issuance in Latin America amounted to US$3.1 billion, or 89% of total Latin American issuance in the quarter. For the first half of the year, sovereign issuance amounted to US$8.4 billion or 46% of the total Latin American issuance, while corporate issuance amounted to US$9.8 billion or 54% of the total (Table 1).

Table 1

Issuer Type Breakdown

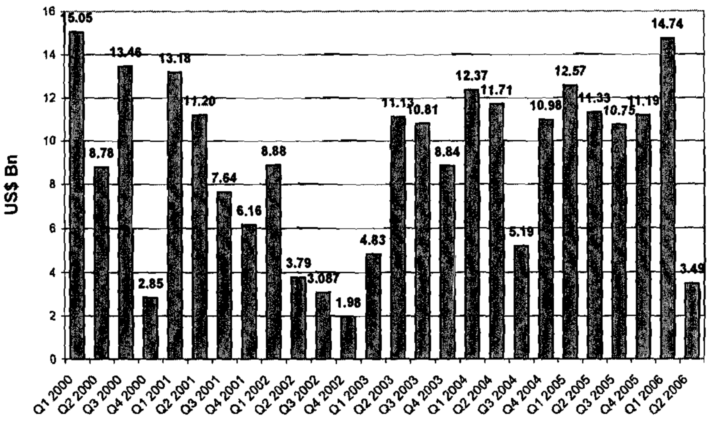
(% of Latin America's Total)

Issuer Type	2006 H1
Sovereign	46.1%
Corporate*	53.9%

*Also includes bank issuance.

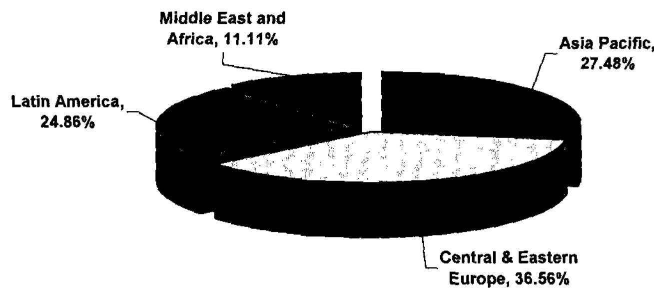
Source: ECLAC, with data from JP Morgan.

Chart 8:
Latin American Issuance by Quarter



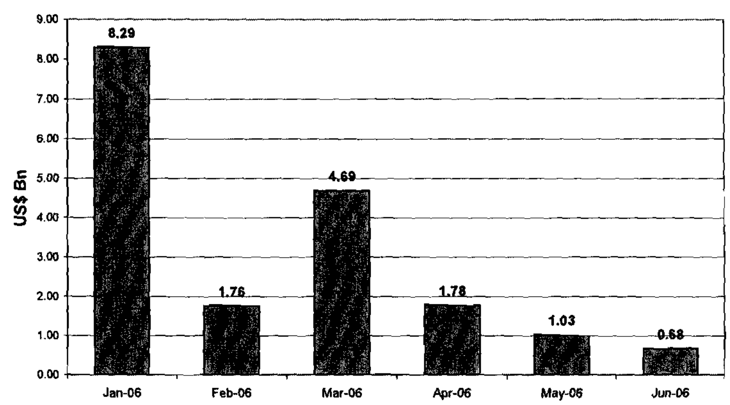
Source: ECLAC, on the basis of data from Merrill Lynch and J.P.Morgan.

Chart 9:
Emerging Markets Debt Issuance: Regional Breakdown
H1 2006



Note: Total emerging markets debt issuance for H1 2006 is US$73.3 billion.
Source: ECLAC, on the basis of data from J.P.Morgan.

Chart 10:
New Latin American Debt Issuance
H1 2006



Source: ECLAC, on the basis of data from J.P.Morgan.

Table 2	
Currency Breakdown	
(% of Latin America's Total)	
Currency	**2006 H1**
Dollar	94.4%
Euro	1.9%
JPY	0.0%
Other*	3.7%

Source: ECLAC, with data from JP Morgan.
* Issuance in Colombian and Mexican pesos.

In the second quarter of 2006, 100% of the Latin American bonds issued were denominated in U.S. dollars. For the first half of the year 95% of total Latin American issuance was in U.S. dollars, 2% in euros, and 4% in Mexican and Colombian pesos (Table 2).

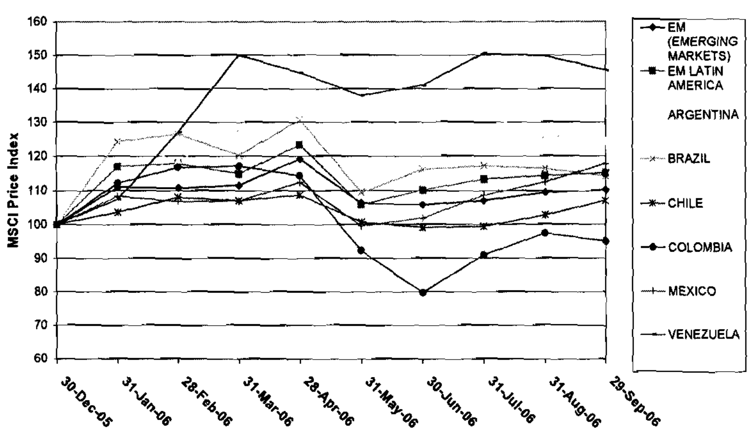
Brazil and Mexico were among the top five issuers in emerging markets, ranking second and fourth, with amounts totaling US$6.2 and US$5.4 billion, respectively. The total amount issued by these two sovereigns represented 64% of the total Latin American issuance in the first half of the year.

Sovereign issuance and debt liability management operations in Latin America resumed in July and August. In July, Colombia issued a 2017 bond, fulfilling close to 50% of its 2007's funding needs. Uruguay completed its 2007 borrowing requirements with the issuance of a bond maturing in 2022, and announced that its proceeds would be used to pre-pay US$900 million to the IMF. Panama completed the prepayment of all US$361.6 million of its outstanding Brady bonds, and Brazil offered to buyback US$1.5 billion of national debt maturing from 2020 to 2030 in exchange for bonds due in 2037. In addition, as part of its strategy to reshape its debt profile from external to local debt, Mexico bought back US$3 billion worth of external market debt and prepaid US$9 billion of IADB and World Bank debt.

II. Portfolio Equity Flows into Latin America

Prices in Latin American equity markets fell in the second quarter of 2006 following the market correction in May and June. According to the Morgan Stanley's MSCI (Morgan Stanley Capital International) Price Index, emerging market equity prices increased 11.5% in the first quarter, but decreased 5.1% in the second quarter. Latin American stocks lost 4.1% in the quarter, compared to a gain of almost 15% in the first quarter and 7% a year ago (Chart 11, Table 3). Argentina and Peru showed gains in the second quarter (4.4% and 12.5%, respectively), while Colombia showed the biggest loss (31.9%). Equity prices have resumed their upward climb since hitting a low in mid-June.

Chart 11:
MSCI Equity Price Index (USD)
2005/2006 Year-to-Date



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

Table 3

Stock Price Indexes 2005/2006 H1										
	Price Index in US Dollars					Variation				
	30-Jun-05	*30-Sep-05*	*30-Dec-05*	*31-Mar-06*	*30-Jun-06*	*Q2/05*	*Q3/05*	*Q4/05*	*Q1/06*	*Q2/06*
Emerging markets	565.168	661.318	706.483	787.802	747.545	3.00%	17.01%	6.83%	11.51%	-5.11%
Latin America	1,617.02	2,093.47	2,149.97	2,469.40	2,368.20	7.05%	29.47%	2.70%	14.86%	-4.10%
Argentina	1,440.50	2,151.60	1,857.10	2,370.29	2,473.90	9.43%	49.36%	-13.69%	27.63%	4.37%
Brazil	1,145.92	1,560.62	1,569.44	1,886.23	1,821.85	5.08%	36.19%	0.56%	20.18%	-3.41%
Chile	1,078.46	1,261.62	1,180.68	1,263.74	1,169.27	4.98%	16.98%	-6.42%	7.03%	-7.48%
Colombia	277.572	349.72	495.667	580.398	395.246	17.35%	25.99%	41.73%	17.09%	-31.90%
Mexico	2,940.26	3,580.98	3,943.63	4,215.96	4,016.03	11.23%	21.79%	10.13%	6.91%	-4.74%
Peru	349.751	451.876	441.302	483.502	543.691	-1.73%	29.20%	-2.34%	9.56%	12.45%
Venezuela	121.717	107.636	107.377	161.066	151.44	-4.63%	-11.57%	-0.24%	50.00%	-5.98%

According to the Institute of International Finance, Latin America issued US$3.3 billion in the first 9 months of the year, the second highest amount of regional equity issuance in the period. Half of the region's offering, amounting to US$ 1.5 billion, was accounted by Brazil. Mexico followed, with US$1.1 billion of equity issuance.

III. Bank Lending

The latest data available on bank lending is for the first quarter of 2006. Latin America experienced a net outflow to commercial banks of US$11.9 billion, with claims on the region increasing by US$13.7 billion, while liabilities increased by US$25.6 billion. In the first quarter of 2006, Brazil, Colombia and Venezuela received a net lending of US$2.4, US$0.9 and US$3.7 billion, respectively. All the other countries in our sample experienced outflows of funds (Table 4).

Table 4

Cross-border bank flows to Latin America

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

	Banks Position*	2004 Year	2005 Year	2005 Q2	2005 Q3	2005 Q4	2006 Q1	Stocks at end-Dec 2004	Stocks at end-Dec 2005	Stocks at end-Mar 2006	Growth Q1 2006
Latin America	Claims	-14.8	8.3	-2.6	-6.2	14.3	13.7	257.3	261.2	276.3	5.8%
	Liabilities	12.9	22.4	-6.9	5.9	9.1	25.6	289.8	304.3	330.8	8.7%
Argentina	Claims	-5.3	-3.4	-2.4	0.4	-0.2	0.2	18.9	14.8	15.0	1.4%
	Liabilities	-0.4	-0.8	0.6	-1.9	0.5	0.4	24.8	23.1	23.5	1.7%
Brazil	Claims	-7.4	9.5	1.4	0.9	4.3	11.6	77.4	85.1	97.1	14.1%
	Liabilities	-4.8	-2.1	-9.4	-0.5	-5.5	9.2	53.7	49.2	58.5	18.9%
Chile	Claims	-1.8	1.3	0.1	-0.3	1.2	0.9	20.9	21.7	23.3	7.4%
	Liabilities	0.8	2.3	-0.6	0.6	1.3	5.8	15.4	17.3	23.2	34.1%
Colombia	Claims	0.1	0.5	-0.2	0.5	0.7	0.1	9.1	9.5	9.7	2.1%
	Liabilities	1.8	-0.4	-2.0	0.0	2.0	-0.8	11.1	10.7	9.9	-7.5%
Mexico	Claims	-0.9	-4.6	-3.2	-7.6	5.7	1.4	65.3	60.4	62.2	3.0%
	Liabilities	-4.7	3.8	2.1	4.2	-1.0	5.0	58.1	60.0	65.3	8.8%
Venezuela	Claims	-0.7	0.2	-0.1	0.4	0.3	-0.5	13.7	13.4	12.9	-3.7%
	Liabilities	4.7	17.2	3.5	-0.2	9.4	-4.2	33.7	50.4	46.4	-7.9%

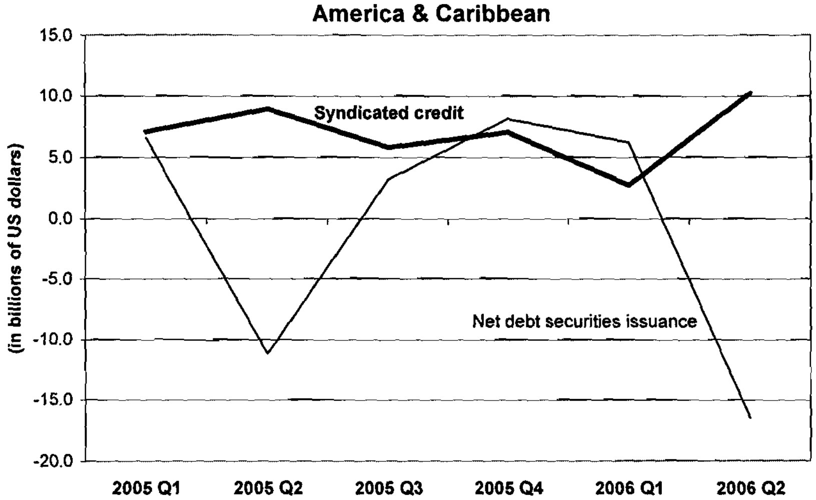
Source: BIS Quarterly Review (Table 6A), September 2006.

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

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

Activity in Latin America and the Caribbean's market for syndicated loans was strong in the second quarter of 2006 (Chart 12). Although syndicated credits data are not necessarily a reliable proxy for future bank lending, the data indicates that bank lending to the region may have increased in the second quarter.

Chart 12:
Announced Syndicated Lending and Securities Issuance in Latin America & Caribbean



* Net Issuance: Gross Issues - Repayments

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

IV. Prospects

The spike in volatility in the second quarter of 2006 was short-lived, with emerging and Latin American markets recovering quickly after the May-June turbulence. Although debt spreads reached a peak in late June, they remained quite low by historical standards, and subsequently resumed their downward trend. Stock prices also recovered later in June, and continued to gain in July and August. This fast rebound underscores Latin American markets' new resilience to external shocks. However, there are many risks to the global economic outlook that could yet derail the region, despite improvements in economic fundamentals.

The major risks to Latin American markets in the near future are the fear of global inflation, the corresponding rise in global interest rates, and the uncertainty over monetary policy in the U.S., which can adversely affect global liquidity. Latin America is expected to be well cushioned for a tightening in global liquidity. However, the increase in volatility in May, with stocks tumbling as a result, showed the region still remains vulnerable to fluctuations in commodity prices and in the G-3 interest rates. Interest rates in the U.S. have been rising and Latin American spreads have been falling in recent years (Chart 13). In the second quarter, however, with the spike in volatility resulting from uncertainty towards the global economic outlook amid rising interest rates and inflation fears, the correlation between the Fed Funds Rate and the EMBI+, as well as its Latin component, turned positive.

Chart 13:
U.S. Interest Rates & LA Spreads
January 2004 to June 2006

Source: ECLAC on the basis of data from the US Federal Reserve and JPMorgan.

Given the current uncertainty regarding the future direction of the U.S. monetary policy, fluctuations in volatility may be a feature in global markets in the near future. Amid the increased uncertainty in the global scenario, the decline in oil prices since the summer has been a piece of good news on the inflation front. The decrease in oil prices has reflected the increased doubts about the global economic outlook as well as easier supply, as the tensions between the U.S. and Iran have abated, and Israel's war in Lebanon ended. However, if volatility, which has remained low from a historical perspective, returns to financial markets in future quarters, the notion that emerging markets are now cushioned for a decline in global liquidity given their strong fundamentals, improved debt profile and current account surpluses, will be tested again.

APPENDIX

A. Latin American Spreads
B. New Latin American Debt Issuance

A. Latin American Spreads

Table 1:

Sovereign Spreads on JP Morgan EMBI+ and Latin American Composites

	EMBI+	*Argentina*	*Brazil*	*Colombia**	*Ecuador*	*Mexico*	*Peru*	*Venezuela*	*Latin America*
30-Jan-04	432	5764	493	430	714	204	343	641	536
30-Jan-04	449	5815	579	426	762	189	356	733	568
31-Mar-04	432	4873	559	379	701	183	343	667	536
30-Apr-04	478	4628	663	443	925	201	393	692	598
28-May-04	508	4964	701	523	909	208	473	666	626
30-Jun-04	493	5188	650	486	952	215	439	647	607
30-Jul-04	466	5036	593	437	852	200	411	581	566
31-Aug-04	436	5258	521	408	813	183	357	550	524
30-Sep-04	421	5440	469	408	778	188	323	490	498
30-Oct-04	413	5440	473	400	745	183	318	462	493
30-Nov-04	377	5194	414	338	696	172	274	407	451
31-Dec-04	356	4703	382	332	690	166	220	411	420
31-Jan-05	366	5129	418	365	644	162	239	461	439
28-Feb-05	343	4980	393	344	632	153	211	437	419
31-Mar-05	384	5393	458	396	660	180	239	459	466
29-Apr-05	395	6298	457	407	810	188	234	492	482
31-May-05	372	6498	420	354	875	164	206	498	455
30-Jun-05	307	462	414	332	808	168	206	466	350
29-Jul-05	290	413	402	317	735	152	173	434	331
31-Aug-05	296	439	413	309	727	152	169	425	337
30-Sep-05	244	349	345	236	634	136	138	309	280
31-Oct-05	253	371	357	258	660	132	176	302	288
30-Nov-05	248	495	340	239	642	117	158	323	288
30-Dec-05	245	504	311	238	669	126	206	318	283
31-Jan-06	217	440	266	195	579	115	160	251	243
28-Feb-06	191	354	221	158	574	103	143	228	210
31-Mar-06	192	344	235	174	524	127	187	190	215
28-Apr-06	178	314	218	157	483	122	181	167	199
31-May-06	215	369	273	207	504	146	178	212	239
30-Jun-06	221	385	254	239	519	138	169	228	235
31-Jul-06	196	346	223	208	488	120	152	200	209
31-Aug-06	194	320	223	204	532	111	135	208	209

Source: "Emerging Markets Bond Index Monitors"; JP Morgan

EMBI+ composition by market sector (end-Aug. 2006): Brady 17.78%; Benchmark Eurobonds 881.94%; Loans, 0.28%.
by country: Brazil and Mexico account for 38.17% of the total weighting.
by region: Latin: 57.61%; Non-Latin: 42.39%.

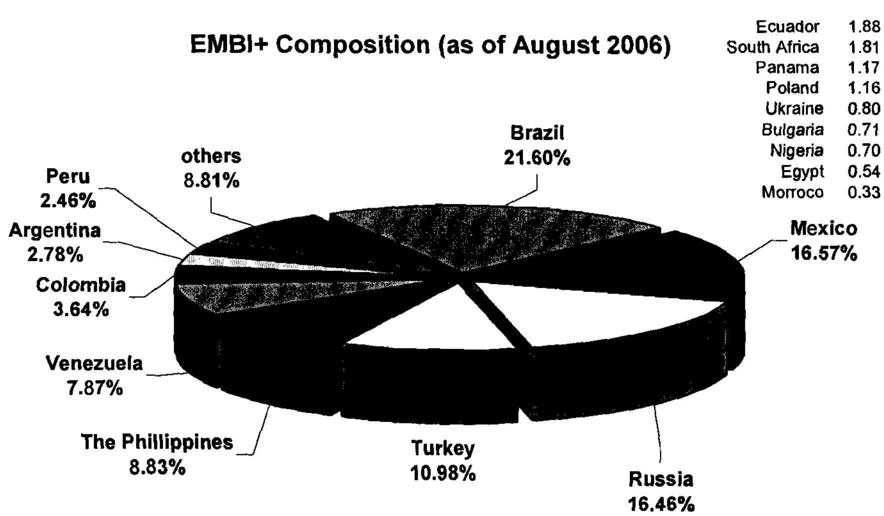


Table 2:

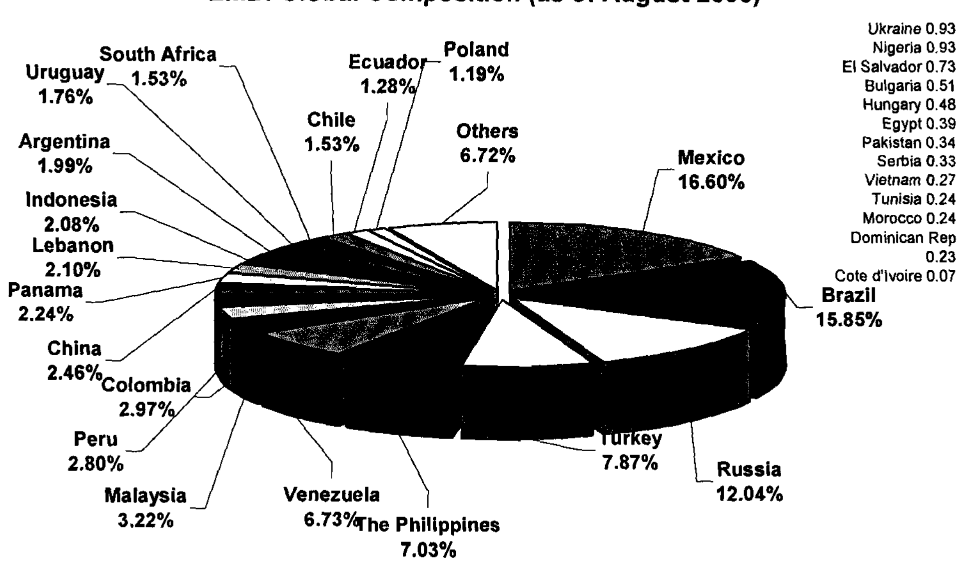
Sovereign Spreads on JP Morgan EMBI Global and Latin American Composites

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America
30-Jan-04	414	5619	489	94	425	714	205	357	585	633	531
27-Feb-04	431	5622	575	88	424	762	191	371	638	720	563
31-Mar-04	414	4840	554	91	379	701	184	355	576	647	531
30-Apr-04	468	4534	660	92	443	925	204	406	658	684	588
28-May-04	494	4838	696	92	521	909	210	483	682	659	614
30-Jun-04	482	5087	646	83	483	952	218	450	710	643	600
30-Jul-04	453	4994	590	80	435	852	201	424	601	584	556
31-Aug-04	425	5237	518	70	406	813	184	372	598	550	518
30-Sep-04	409	5389	466	78	407	778	189	340	497	490	492
30-Oct-04	399	5269	470	81	401	745	185	337	507	459	481
30-Nov-04	363	4987	410	73	340	696	181	293	414	400	433
31-Dec-04	347	4527	376	64	332	690	174	239	388	403	415
31-Jan-05	356	5022	412	60	364	644	172	267	402	452	434
28-Feb-05	333	4827	388	59	343	632	161	247	344	427	413
31-Mar-05	373	5105	455	71	393	660	188	277	427	455	459
29-Apr-05	384	5757	452	72	406	810	198	279	470	491	473
31-May-05	364	5956	415	68	353	875	176	251	446	494	448
30-Jun-05	297	462	409	60	331	808	181	252	406	460	337
29-Jul-05	276	413	397	56	316	735	165	218	366	430	316
31-Aug-05	281	439	409	55	307	727	165	223	376	419	320
30-Sep-05	235	349	341	55	240	634	82	183	310	303	267
31-Oct-05	242	371	353	74	261	660	146	213	327	298	274
30-Nov-05	237	495	337	74	243	642	133	199	320	318	274
30-Dec-05	237	504	308	80	244	661	143	257	298	313	272
31-Jan-06	210	440	264	73	200	565	132	203	247	248	233
28-Feb-06	187	354	218	68	156	551	122	185	231	223	204
31-Mar-06	191	344	232	73	263	503	140	226	223	190	208
28-Apr-06	179	314	215	78	157	461	135	205	224	167	194
31-May-06	210	369	270	85	207	487	157	209	271	212	230
30-Jun-06	218	385	252	83	239	506	154	202	307	226	231
31-Jul-06	197	346	222	88	208	470	135	184	265	199	206
31-Aug-06	197	320	222	85	204	515	130	170	252	207	205

Source: "Emerging Markets Bond Index Monitors"; JP Morgan

EMBI Global composition by market sector (end-Aug 2006): Brady, 13.75%; Benchmark Eurobonds 85.64%; Loans, 0.61%.
by country: Brazil and Mexico account for 32.41% of the total weighting.
by region: Latin: 55.13%; Non-Latin: 44.87%.

EMBI Global Composition (as of August 2006)



B. New Latin American Debt Issuance

B1. April 2006

Table 3:

New Latin American Debt Issuance First Quarter of 2006 Apr-06				
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Maturity**
Mexico	Grupo Gigante	USD260	260	13-Apr-16
Brazil	Globopar	USD325	325	Perpetual
Mexico	Metrofinanciera	USD75	75	Perpetual
Mexico	Urbi Desarrollos Urbanos	USD150	150	19-Apr-16
El Salvador	Republic of El Salvador	USD400	400	15-Jun-35
Argentina	Banco Hipotecario	USD250	250	27-Apr-16
Brazil	Braskem	USD200	200	Perpetual
Brazil	Banco Industrial Do Brasil	USD20	20	24-Apr-08
Venezuela	Sidetur Finance	USD100	100	20-Apr-16
Total			**1,780**	

Source: ECLAC, on the basis of data from J.P.Morgan.

April average maturity: ***10.81 years.***

Currency Breakdown
(% of Latin America's Total)

Currency	Apr-06
Dollar	100.00%
Euro	0.00%
GBP	0.00%
JPY	0.00%
Other*	0.00%

Source: ECLAC, with data from Merrill Lynch and JP Morgan.
* Issuance in Colombian Pesos.

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

Issuer Type	Apr-06
Sovereign	22.47%
Corporate*	77.53%

*Also includes bank issuance.
Source: ECLAC, with data from Merrill Lynch and JP Morgan.

B2. May 2006

Table 4:

New Latin American Debt Issuance First Quarter of 2006 May-05					
Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon(%)	Maturity
Perú	Southern Perú Copper Co.	USD400	400	7.500	27-Jul-35
Brazil	Banco BMC	USD35	35	8.500	12-May-08
Barbados	Sagicor Financial	USD150	150	7.500	12-May-16
México	Metrofinanciera	USD25	25	11.250	Perpetual
Brazil	Camargo Correa	USD250	250	7.875	17-May-16
Colombia	Transtal Intermedia	USD170	170	12.000	1-Jun-16
Total			**1,030**		

Source: ECLAC, on the basis of data from J.P.Morgan.

May average maturity: **16.86 years.**

Currency Breakdown

(% of Latin America's Total)

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

Source: ECLAC, with data from Merrill Lynch and JP Morgan.

Issuer Type Breakdown

(% of Latin America's Total)

Issuer Type	May-06
Sovereign	0.00%
Corporate*	100.00%

*Also includes bank issuance.

Source: ECLAC, with data from Merrill Lynch and JP Morgan.

B3. June 2006

Table 5:

New Latin American Debt Issuance First Quarter of 2006 Jun-05					
Country	**Issuer**	**Amount (million)**	**Amount US$ (mm)**	**Coupon(%)**	**Maturity**
Brazil	Usiminas	USD200	200	8.250	14-Jun-16
Chile	Banco de Chile	USD200	200	8.250	15-Jun-16
Jamaica	Migrant JPSCO Finance	USD180	180	11.000	6-Jul-16
Panama	Elektra Noreste	USD100	100	7.600	12-Jul-21
Total			**680**		

Source: ECLAC, on the basis of data from J.P.Morgan.

June average maturity: **10.74 years.**

Currency Breakdown
(% of Latin America's Total)

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

Source: ECLAC, with data from Merrill Lynch and JP Morgan.

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

Issuer Type	Jun-06
Sovereign	0.00%
Corporate*	100.00%

*Also includes bank issuance.

Source: ECLAC, with data from Merrill Lynch and JP Morgan.