United Nations Economic Commission for Latin America and the Caribbean

ECLAC WASHINGTON OFFICE

Capital Flows to Latin America and the Caribbean: 2014 Overview

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Washington, D.C., 26 February 2015

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Highlights

- Despite differences in policy making, emerging markets suffered together in 2014 from fears about rising interest rates in the U.S. and falling oil and commodity prices. Emerging markets started and ended the year under pressure. In January 2014, fears of the U.S. Federal Reserve tapering off its quantitative easing program, market concerns over China's economy and banking system, a currency devaluation in Argentina, and unrest in Turkey, Ukraine and Thailand, led to worries about the stability of emerging markets, causing a general sell-off of EM currencies and assets. In the last two months of the year, falling global oil prices and turmoil in Russia (with the ruble's depreciating sharply) triggered another widespread correction.

- However, there was a period of calm in between that opened a big window of opportunity for Latin American borrowers. From March to early-September, there was a surge in capital flows supported by a decline in global volatility and risk aversion, which remained subdued until July. Asset prices increased as a result. Despite a slowdown in bond issuance in the second half of the year, Latin American and Caribbean issuers still raised a record US$ 133 billion in the international capital markets in 2014.

- Following a familiar pattern, there were several firsts in Latin American and Caribbean debt markets in 2014:[1]

  - ✓ In ***January***, Petrobras became the first Latin American borrower to tap the cross-border bond market, turning to European investors for a US$ 5 billion-equivalent deal that was the largest ever by an emerging market borrower in European currencies according to Dealogic.

  - ✓ Santander Chile issued a CHF 300 million (US$ 330 million) 2017 bond, the largest single-tranche operation done by any Latin American issuer in the Swiss franc market.

  - ✓ Mexico issued its lowest-ever bond coupon in dollars, a 2021 3.5% bond totaling US$ 1 billion.

  - ✓ Colombia issued a US$ 2 billion 2044 bond, its largest 30-year bond on record.

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

- ✓ In ***March***, Petrobras issued US$ 8.5 billion in debt in six tranches, the second largest deal for a Latin American company ever, after its own sales in the previous year.

- ✓ Mexico raised £ 1 billion from the sale of a 100-year bond, only the second ever to have been sold in sterling and the first ever for the region.

- ✓ Brazil issued its first euro-denominated bond since 2006 (a 2.875% € 1 billion 2021 bond).

- ✓ In ***April***, Argentina's state-controlled energy company YPF issued a 2024 8.750% bond totaling US$ 1 billion, the largest bond sale ever by an Argentine company. The company managed to decouple from the sovereign, persuading investors to analyze its risk profile separately from that of the country.

- ✓ Santander Chile sold a JPY 27.3 billion (US$ 268 million) bond, becoming the first Latin American borrower to pursue the Tokyo pro-bond format.[2]

- ✓ In ***May***, Peruvian housing lender Fondo Mivivienda issued a 1.25% CHF 250 million (US$ 280 million) 2018 bond, the first deal by a Peruvian issuer in the Swiss market.

- ✓ Panama's Banco General also issued a 1.625% CHF 180 million 2018 bond, the first deal by a Panamanian company in Swiss francs.

- ✓ In ***June***, Panama's Global Bank issued a 3.000% CHF 75 million 2018 bond, the first ever Latin American split-rated issuer to tap the Swiss market (Ba1/BBB-).

- ✓ Uruguay issued a 5.100% US$ 2 billion 2050 bond, its longest date bond.

- ✓ Brazil's Rioprevidência, the state of Rio de Janeiro's pension fund, issued a US$ 2 billion 6.25% 2024 international bond, part of a securitization that it was the first to combine international and local tranches (there was also a local placement of a US$ 1 billion 6.25% 2022 tranche) sharing the same collateral package. It was the largest structured bond ever sold by an emerging market issuer.

- ✓ In ***July***, Jamaica staged a successful return to the market after a three-year hiatus with the issuance of a 7.625% US$ 800 million bond with a final maturity in 2025, the largest in the country's history. Jamaica has gone through two restructurings in the past five years, the last one in February 2013.

- ✓ Chile's Corporación Nacional del Cobre (Codelco) made its debut in European markets, issuing a € 600 million (US$ 816 million) 2024 2.25% bond.

- ✓ Mexico issued a triple-tranche Samurai transaction totaling JPY 60 billion (US$ 590 million), that locked in the country's best-ever financing rates in any currency, in 5,10 and 20-year maturities.

- ✓ Brazil's Caixa Econômica Federal (CEF) issued a 7.250% US$ 500 million 2024 bond, the first Basel III tier 2 bond ever sold publically in Brazil, and only the third of its kind in Latin America.

- ✓ In ***August,*** Paraguay returned to cross-border markets to stretch its maturity profile to 30 years with a US$ 1 billion sale, described by the country's deputy economy minister as a "vote of confidence" from the investment community.

[2] Tokyo pro-bonds target the same market as Samurai bonds, but have lighter documentation requirements.

- ✓ Colombia's Financiera de Desarrollo Territorial – Findeter, issued the first global-peso bond out of Colombia in more than 18 months, a US$ 500 million-equivalent 7.875% 2024 bond. It was sold in Colombian pesos but settled in dollars.

- ✓ In ***September***, Colombia's Empresas Publicas de Medellin (EPM) issued another global-peso bond, a US$ 500 million-equivalent 7.725% 2024 bond.

- ✓ El Salvador returned to the cross-border market after an absence of almost 2 years with a US$ 800 million 6.375% 2027 bond.

- ✓ In ***October***, the Central American Bank for Economic Integration (CABEI) issued a five-year *Formosa bond*: a CNH 500 million (US$ 81 million) 3.850% 2019 bond. Taiwan, an extra-regional member of the Central American Integration System (SICA), serves "as a strategic market for CABEI", said the Bank's head of debt capital markets Ricardo Rico. CNH is the offshore RMB.

- ✓ Peru's Ba2/BB+ rated Union Andina de Cementos (Unacem) made its debut in cross-border markets with a US$ 625 million 5.875% 2021 bond.

- ✓ Peru returned to the cross-border market after an absence of almost three years with a new global-local US$ 1.11 billion-equivalent 5.750% 2024 bond.

- ✓ In ***November***, there was another debut from the region: Mexico's Kia Networks, an IT company and also a HY issuer, made its debut with a US$ 500 million 8.250% 2021 bond.

- ✓ CAF, the Development Bank of Latin America, issued the longest bond duration by a Latin American issuer in the Swiss market, a US$ 231 million-equivalent 1.5% 2028 bond.

- ✓ Mexico's BBVA Bancomer issued a US$ 200 million 5.350% 2029 bond, the second Basel III-compliant tier two note ever sold from a Mexican lender.

- ✓ Mexico issued a landmark US$ 2 billion 3.600% 2025 bond with a new type of collective action clauses (CAC) that would prevent holders with less than 25% of the country's debt from blocking a restructuring.

- ✓ In ***December***, Peruvian wind farm operator Energía Eólica sold a 6% US$ 204 million 2034 project bond, thought to be the first green bond sold by a LAC issuer. While this transaction is not the first to finance renewable energy in Latin America, it is the first from the region to be certified by auditors as complying with a series of green bond conditions.

- There are six main takeaways from the 2014 bond issuances:

  1. ***Increased size:*** Petrobras issued the largest ever deal by an emerging market borrower in European currencies; Colombia issued its largest 30-year bond on record; Argentina's YPF issued the largest bond sale ever by an Argentine company; Jamaica issued the largest bond in the country's history; Brazil's Rioprevidência issued the largest structured bond by an emerging market.

  2. ***Lower coupons:*** Mexico issued its lowest-ever bond coupon in dollars, and with a triple-tranche Samurai transaction locked in the country's best-ever financing rates in any currency, in 5,10 and 20-year maturities.

  3. ***Currency diversification:*** many deals in Swiss francs and Japanese yen.

4. ***Increased tenors:*** Mexico issued a 100-year bond in sterling; Colombia issued its largest 30-year bond on record; Uruguay issued a 2050 bond, its longest duration bond; and Paraguay issued a 30-year bond, with the sovereign saying the long-maturity was a landmark in its efforts to attract investment and consolidate growth.

5. ***High-yield sovereigns returned to international bond market:*** Ecuador, Jamaica and El Salvador issued bonds in 2014.

6. ***Innovations continued:*** two Basel-III compliant bonds; three global-local bonds; landmark bond with more protective CAC clauses; the first securitization to combine international and local tranches sharing the same collateral package; and the region's first green bond.

- Following the bond composition and amount issued in 2014, one immediate challenge comes to attention: the impact that Petrobras' absence from international capital markets may have on LAC bond issuances in 2015. The participation of Brazil's Petrobras – a key driver of capital investment in the country and the region – in the total amount of debt issued in LAC in 2014 was huge. This should not be repeated this year, as Petrobras struggles with an inquiry into alleged wrongdoing and uncertainty regarding its financial position. The impact goes beyond Petrobras and the energy sector. Brazilian construction groups have also been caught up in the Petrobras investigation, and have struggled to access capital markets as a result. Petrobras has served as a benchmark for all Brazilian companies. The Brazilian corporate sector may find it harder to raise capital in international markets this year. While corporates from other countries may still come to the market, it will be hard to make up for the high amount issued in recent years by Petrobras and Brazilian companies in the region's total issuance.

- The balance of risks for the region is on the downside. A strengthening U.S. dollar resulting from the diverging monetary stance of the G-4 central banks, uneven global growth and weakness in commodity prices are skewing the risk toward the downside for 2015 growth forecasts across the region. Rising dollar financing costs will increase pressure on countries with weak external positions and on companies with debts or costs denominated heavily in U.S. dollars.

- Access to a variety of currencies could help contain international funding costs in 2015, however. A handful of issuers from the region broke new ground in yen last year, paving the way for others. Historically low borrowing rates and appetite for risk from Japanese investors could offer LAC issuers a chance to dodge volatility in the dollar market.

- Beyond the impact of the diverging monetary policy stance of G-4 central banks, which will likely lead to higher volatility in the quarters ahead, country-specific factors – such as the debt situation in Argentina and Venezuela, as well as developments in Brazil – will also add to the volatile environment.

Overview

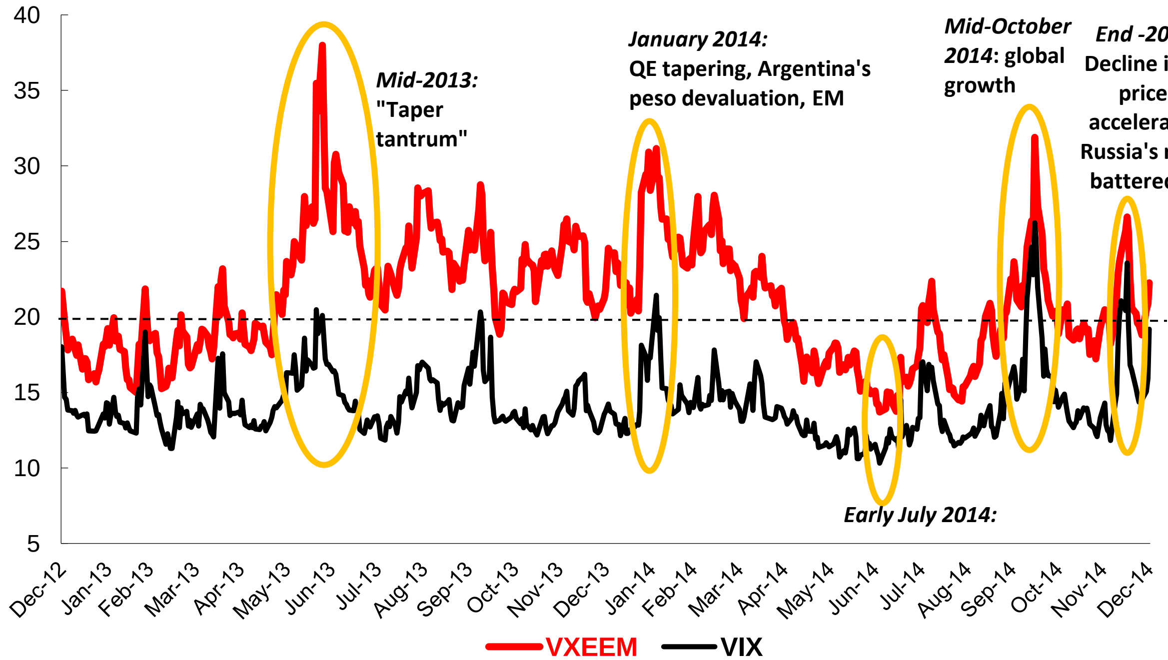
Divergence in macro trends and in monetary policy in advanced economies was a dominant driver of rates and currencies in emerging markets in 2014. Diverging macroeconomic developments were reflected in different monetary policy actions in 2014, with the European Central Bank (ECB) and the Bank of Japan (BOJ) moving in the opposite direction of the U.S. Federal Reserve. While the Fed ended its third round of quantitative easing (QE3) on 29 October 2014, the ECB loosened its monetary policy stance further, lowering interest rates in September 2014, and starting programs to purchase asset-backed securities in October and November. On 31 October 2014, the BOJ surprised markets by stepping up its Quantitative and Qualitative Easing (QQE) program.

The unwinding of the U.S. monetary stimulus, while the ECB and the BOJ step up their monetary stimulus, has underpinned an appreciation by the U.S. dollar, in which most commodities are priced. An appreciated dollar makes dollar-denominated commodities more expensive to buyers, thereby creating pressure for sellers to lower their prices. Latin American markets, which started the year under pressure from fears of the U.S. Federal Reserve tapering off its quantitative easing program and concerns over stability, ended 2014 under pressure from a stronger U.S. dollar.

Worries about the stability of emerging markets increased in January 2104, as fears of QE tapering, market concerns over China's economy and banking system, a currency devaluation in Argentina, and unrest in Turkey, Ukraine and Thailand, led to a general sell-off of emerging market currencies and assets. In the last three months of the year, global growth concerns, rapidly falling global oil prices, and turmoil in Russia (with the ruble's depreciating sharply) triggered another widespread correction. From March to early-September, however, low volatility and risk aversion opened up a big window of opportunity for borrowers in the region (see chart 1). Debt issuance in Latin America and the Caribbean (LAC) reached a record of US$ 133 billion in 2014, according to ECLAC's estimates based on data from LatinFinance.

However, there are many signs that a slowdown in LAC financial markets – particularly debt markets, which have been breaking records in debt issuance for the past six years – is under way. Despite record breaking issuance, 2014 was a year of two halves. While the region's international bond sales reached a half-year record of US$ 84 billion in the first semester of 2014, in the second half of the year there was a noticeable slowdown, as windows with best conditions became smaller. Issuance fell to US$ 49 billion, a little more than half of the first-half issuance and the lowest half-year total since the second half of 2011 (see chart 2).

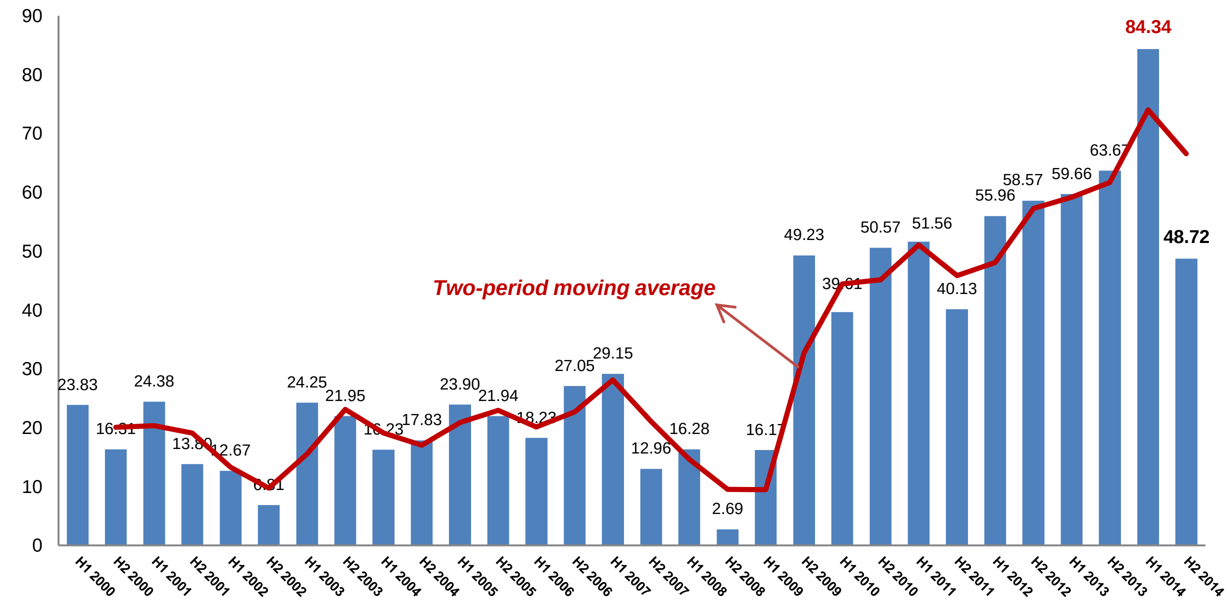
CHART 1:
CBOE VOLATILITY INDEX
(VIX and VXEEM close)



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

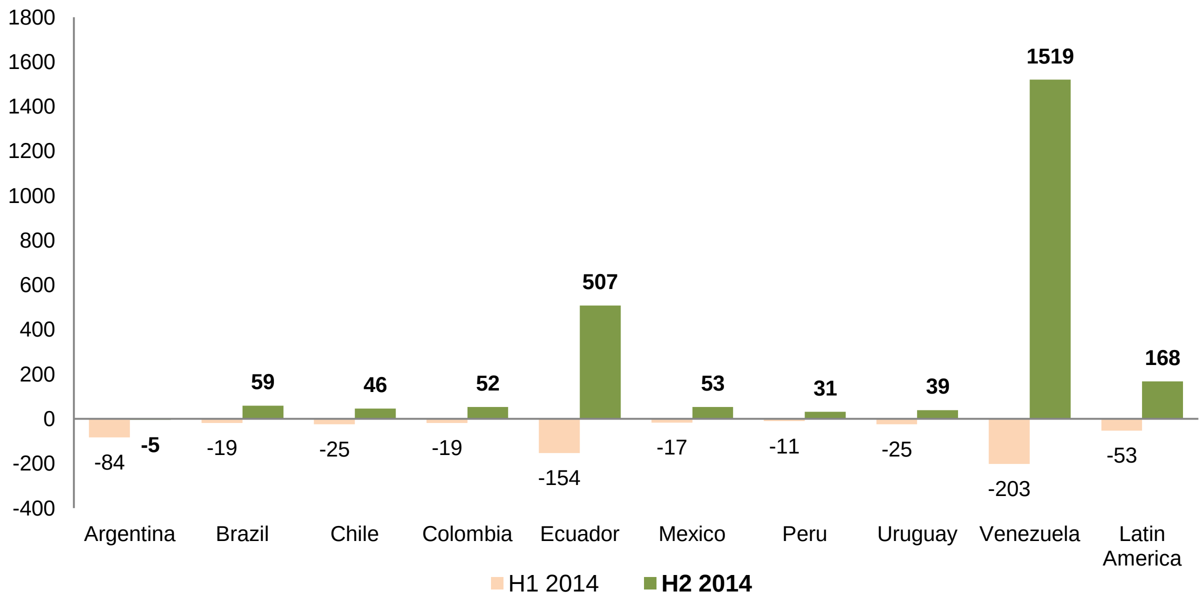
CHART 2:
HALF-YEARLY LAC ISSUANCE
(US$ Billions)



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

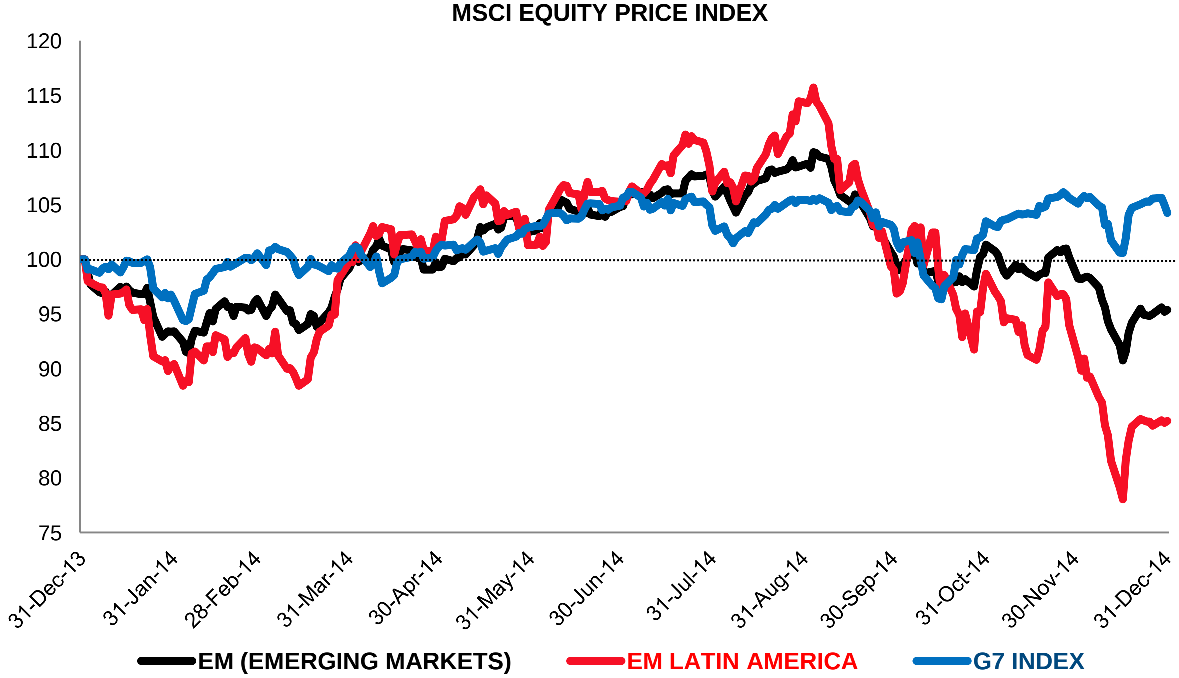
LAC spreads followed the same pattern. While debt spreads for the countries in the region narrowed in the first half of the year, in the second half they increased, as uncertainty about global growth, a sharp decline in oil prices and geopolitical tensions increased investors' concerns. Spreads for Venezuela and Ecuador widened the most, as rapidly declining oil prices increased investors' concerns (see chart 3).

CHART 3:
HALF-YEARLY EMBI GLOBAL SPREAD DIFFERENTIALS
(Basis points)



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

CHART 4:
MSCI EQUITY PRICE INDEX



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

Latin American equities also followed a similar pattern. Following a sour start of the year, Latin America's equity markets showed signs of recovery from March to early-September, but fell sharply after that. A shrinking growth differential between emerging and mature markets has undermined the appeal of emerging market equities. In the first quarter of 2014, the Morgan Stanley Capital International (MSCI) Latin American Index lost 0.21%. The index lost almost 10% in January alone. It recovered in the second quarter (5.5%), but lost 6% in the third quarter and 14% in the fourth quarter, as the global economic outlook and monetary stance became more uncertain and geopolitical tensions increased. For the year as a whole, the MSCI Latin America lost 14.8%. This compares to a loss of 4.6% for emerging markets as a whole and a gain of 4.2% for G7 countries (see chart 4). Latin America's weaker growth prospects have weighed down on its stocks.

The region's growth prospects look somewhat brighter in 2015 relative to 2014, but a strengthening U.S. dollar, uneven global growth and weakness in commodity prices are skewing the risk toward the downside for the 2015 forecasts across the region. The strengthening of the dollar may have a differentiated impact across the region, however, depending on trade and financial linkages. In countries with close trade links to the U.S. economy, a stronger dollar can have a benign impact, as higher U.S. purchasing power supports exports, growth and capital inflows. However, rising dollar financing costs will increase pressure on countries with weak external positions.

The U.S. dollar is expected to continue its upward trajectory in 2015, on the back of improving U.S. economic data and the first Fed interest-rate increase since 2006, which is expected sometime in the second half of the year. Meanwhile, other central banks, including the European Central Bank (ECB) and the Bank of Japan (BOJ), are expecting modest growth in their respective economies and are continuing along paths of easier monetary policy, which likely would weigh on the euro, yen and other currencies. Dollar gains are often accompanied by a flight of investor capital from less-developed economies.

The timing of the first U.S. interest rate increase is still uncertain, as well as the speed of policy normalization after that. If the U.S. economy continues to show signs of strength, interest rates will likely increase in the second half of 2015 (June or later). However, the U.S strong performance contrasts sharply with other major economies, and some fear that the rebound in the U.S. can be curtailed by sluggish demand overseas. That worry was reflected in the Fed's latest statement at the end of January. An international component was added to its reaction function: the Fed will now consider "international developments" when determining how long to keep rates close to zero. Adding international developments as an important factor in its policy considerations gives the Fed a possible reason to delay raising rates.

Latin America and the Caribbean, along with other emerging markets, are thus facing the reversal of what attracted money to the region in recent years. Global growth has weakened, the commodity price boom has been exhausted and the previously weak dollar has recovered strongly. The search for risk that accompanied U.S. quantitative easing and sent a flood of money to the region has ended, and investors fear that the increase in liquidity coming from QE in Japan and the euro zone will not be enough to compensate. Meanwhile, China, as well other major emerging markets, are slowing much faster than expected, as they hit the limits of their capacity to grow without extensive economic restructuring.

Beyond the impact of the diverging monetary policy stance of G-4 central banks, which will likely lead to higher volatility in the quarters ahead, country-specific factors will also add to the volatile environment. In the region, developments in Brazil will be of particular importance to investors. In addition to fiscal adjustments – which should mitigate the risk of the sovereign losing its investment grade rating, but should take a toll in terms of economic growth – Petrobras' ongoing inquiry into alleged wrongdoing may also take a toll. The inquiry is threatening other Brazilian companies as well, and may even tip the country into recession.

Petrobras' problems are also spreading to Brazil's capital markets. Its auditor, PricewaterhouseCoopers, has yet to sign the company's quarterly earnings release, because so far it is uncertain on how much the value of some of the company's assets will need to be written down. Without an audited earnings release, the company, with net debt of US$ 110 billion, cannot tap the global bond market. Petrobras' bonds traditionally served as a benchmark, and without it, other companies in Brazil are staying away from international bond markets. In January 2014, Brazilian companies sold nearly US$ 6.5 billion worth in international bonds. In January 2015 there was no issuance from Brazil in the global bond market.[3]

Overall, five trends will have an impact on LAC financial markets in 2015:

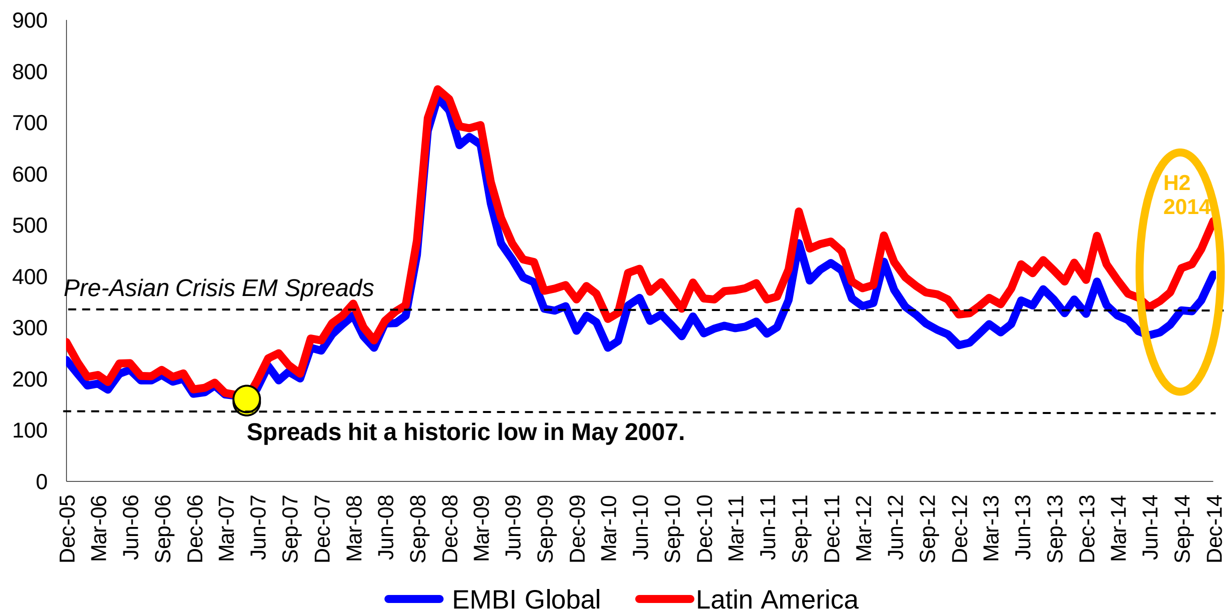
- The ***path of interest rates and growth in advanced economies*** will certainly have an impact on emerging market assets, and are currently driving emerging market rates and currencies.
- The ***sharp fall in oil prices and in commodity prices*** is another factor. Interest rates and risk spreads have risen in many emerging market economies, notably commodity exporters, and risk spreads on high-yield bonds and other products exposed to energy prices have also widened.
- At the same time, there are ***fears over the strength of China's economy***, which act as a key driver of emerging market growth.
- ***Geopolitical risks*:** mounting tensions in the Middle East and in Ukraine have the potential to disrupt global growth, trade, finance and energy, and can also have an impact on emerging market assets.
- Investors will also pay attention to ***country-specific events and dynamics***, such as developments in Brazil, as well as the debt situation in Argentina and in Venezuela.

[3] Brazilian bonds, equities and currency were rocked on Wednesday, February 25, after Moody's downgraded Petrobras to junk status (to Ba2 from Baa3). Spreads on Petrobras' international bonds widened as much as 50 basis points, while the real weakened 1.3% against the dollar, to R$ 2.87, as investors speculated that the other credit rating agencies might also take similar action. If one or both cuts Petrobras to junk as well, many institutional investors in the U.S. would no longer be able to hold the bonds, sparking another wave of selling. Petrobras is the fourth-largest issuer of Yankee bonds excluding sovereigns and financial institutions with about US$ 42 billion outstanding, according to figures from Dealogic.

I. Bond markets and debt management

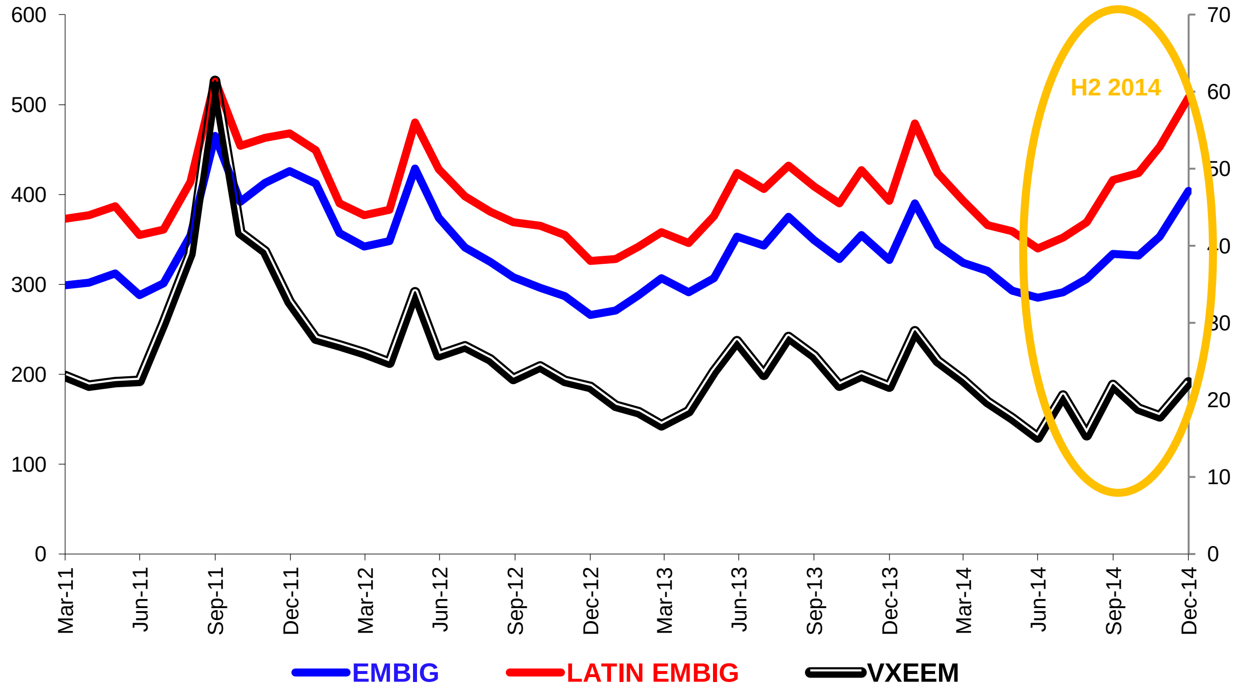
Emerging markets and LAC sovereign bond spreads widened in the second half of 2014, as investors responded to rising concerns about uneven and weak global growth, falling commodity prices, particularly oil prices, and a strengthening U.S. dollar. The EMBIG widened 119 basis points and the Latin component 168 basis points in the second half of 2014, and 77 basis points and 115 basis points, respectively, in 2014 as a whole (see charts 5 and 6).

CHART 5:
EMBIG AND LATIN AMERICAN MONTHLY SPREADS
(Basis points)



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

CHART 6:
CBOE VOLATILITY INDEX AND EMBIG
(Basis points, left and VXEEM close, right)



Source: ECLAC, on the basis of data from JP Morgan, "EMBI Monitor" and Chicago Board Options Exchange, www.cboe.com/micro/vix/historical.aspx

Emerging markets and LAC spreads were on a downward trend from 2002 to May 2007. The trend towards lower spreads was supported by a continued upward momentum in credit ratings in emerging markets, with the biggest average upward ratings taking place in Latin America. A convergence of emerging and developed market ratings took place in the triple-B space. From the LAC region, there are currently five countries in the triple-B space – the Bahamas, Brazil, Colombia, Panama, and Uruguay – together with Italy and Spain. Eight countries, counting Trinidad and Tobago, which has a Baa1 rating from Moody's and an A rating from S&P; Mexico, which has a BBB+ rating by S&P and Fitch, but was upgraded to the A space by Moody's on 5 February 2014 (to A3); and Peru, which has a BBB+ rating by S&P and Fitch, but was also upgraded to the A space by Moody's on 2 July 2014 (to A3). Chile, the ninth LAC investment grade country, has higher credit ratings: Aa3/AA-/A+. The number of investment grade countries declined from ten in 2013 to nine in 2014, as Costa Rica lost its Moody's investment grade rating in September.

The upward trend in LAC credit ratings reversed direction in 2013, when the number of negative credit rating actions outpaced the number of positive actions. In 2014 the reverse trend continued: there were more negative sovereign credit rating actions than positive. There were 15 positive sovereign credit rating actions in 2014 – 11 upgrades and 4 outlook upward revisions – and 19 negative – 15 downgrades and 4 downward outlook revisions. Nine LAC countries were upgraded in 2014 – Paraguay, Mexico, Jamaica, Bolivia, Uruguay, Peru, Colombia, Ecuador and Dominican Republic – and nine – Honduras, Argentina, Brazil, Venezuela, Cuba, Barbados, Guatemala, Costa Rica and El Salvador – were downgraded (see table 1).

At the end of 2014, four of the rated sovereigns in the region – Belize, Bolivia, Jamaica and Paraguay – had a positive outlook from one or more of the three main credit rating agencies (Moody's, S&P and Fitch) and six – Argentina, Bahamas, Barbados, Brazil, El Salvador, and Venezuela – had a negative outlook (appendix A, table 1).

TABLE 1:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2014

Date	Country	Action	
2014	**15 positive and 19 negative actions**		
Q1	**5 positive and 5 negative**		
31-Jan-14	Paraguay	Fitch revises Paraguay's outlook to positive and affirms its BB- rating	Positive
4-Feb-14	Paraguay	Moody's upgrades Paraguay's rating to Ba2 from Ba3 with a positive outlook	Positive
5-Feb-14	Mexico	Moody's upgrades Mexico's rating to A3 from Baa1 with a stable outlook	Positive
12-Feb-14	Jamaica	Moody's changes the outlook on Jamaica's Caa3 rating to positive from stable	Positive
14-Feb-14	Suriname	Moody's changes Suriname's outlook to stable from positive, and affirms Ba3 rating	Negative
25-Feb-14	Jamaica	Fitch upgrades Jamaica to B- from CCC with a stable outlook	Positive
27-Feb-14	Honduras	Moody's downgrades Honduras' rating to B3 from B2 with a stable outlook	Negative
17-Mar-14	Argentina	Moody's downgrades Argentina's rating to Caa1 from B3, with a stable outlook	Negative
24-Mar-14	Brazil	S&P's downgrades Brazil's credit rating from BBB to BBB- with a stable outlook	Negative
25-Mar-14	Venezuela	Fitch downgrades Venezuela to B from B+ with a negative outlook	Negative
Q2	**3 positive and 4 negative**		
23-Apr-14	Cuba	Moody's downgrades Cuba to Caa2 from Caa1 with a stable outlook	Negative
28-Apr-14	Suriname	S&P's changes Suriname's outlook to stable from positive, and affirms BB- rating	Negative
15-May-14	Bolivia	S&P's upgrades Bolivia do BB from BB- with a stable outlook	Positive
29-May-14	Uruguay	Moody's upgrades Uruguay to Baa2 from Baa3 with a stable outlook	Positive
2-Jun-14	Barbados	Moody's downgrades Barbados to B3 from Ba3, keeping a negative outlook	Negative
11-Jun-14	Paraguay	S&P's upgrades Paraguay to BB from BB- with a stable outlook	Positive
20-Jun-14	Guatemala	Fitch downgrades Guatemala to BB from BB+ with a stable outlook	Negative
Q3	**4 positive and 7 negative**		
2-Jul-14	Peru	Moody's upgrades Peru two notches to A3 from Baa2 with a stable outlook	Positive
28-Jul-14	Colombia	Moody's upgrades Colombia to Baa2 from Baa3, with a stable outlook	Positive
30-Jul-14	Argentina	S&P's downgrades Argentina to Selective Default (SD) from CCC-	Negative
30-Jul-14	Argentina	Fitch downgrades Argentina to Restricted Default (RD) from CC	Negative
31-Jul-14	Argentina	Moody's changes Argentina's outlook to negative	Negative
12-Aug-14	Bolivia	Fitch revises Bolivia's outlook to positive and affirms its BB- rating	Positive
20-Aug-14	Ecuador	S&P's upgrades Ecuador to B+ from B with a stable outlook	Positive
2-Sep-14	Bahamas	Moody's downgrades the Bahamas' rating to Baa2 and changes the outlook to stable	Negative
9-Sep-14	Brazil	Moody's changes Brazil's outlook to negative from stable and affirms Baa2 rating	Negative
16-Sep-14	Venezuela	S&P downgrades Venezuela's rating to CCC+ from B- with a negative outlook	Negative
16-Sep-14	Costa Rica	Moody's downgrades Costa Rica to Ba1 from Baa3 with a stable outlook	Negative
Q4	**3 positive and 3 negative**		
7-Nov-14	Belize	S&P revises Belize's outlook to positive on growth prospects and affirms B- rating.	Positive
21-Nov-14	Dom. Republic	Fitch upgrades the Dominican Republic's rating a notch to B+ with a stable outlook	Positive
18-Dec-14	Venezuela	Fitch downgrades Venezuela's rating to CCC from B	Negative
19-Dec-14	Ecuador	Moody's upgrades Ecuador's rating a notch to B3 from Caa1	Positive
19-Dec-14	Barbados	S&P's downgrades Barbados to B from BB- and keeps a negative outlook	Negative
22-Dec-14	El Salvador	S&P's downgrades El Salvador's rating a notch to B+ from BB- with a stable outlook	Negative

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

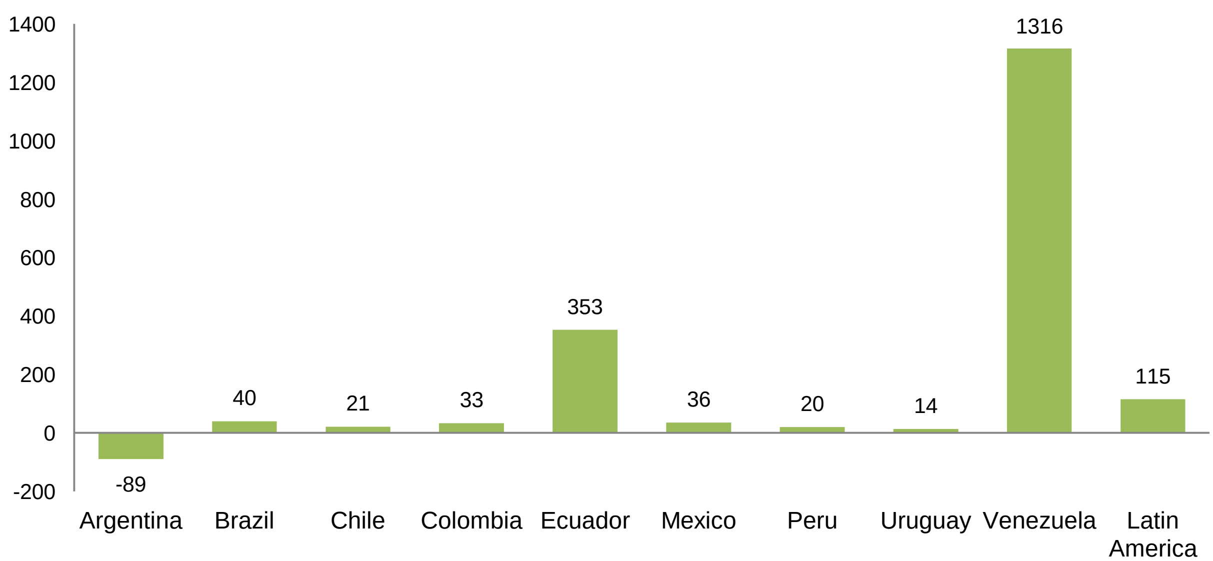
Sovereign rating outlooks give a prospective indication of the agencies' credit views on the countries of the region. Most of the negative views are still concentrated on the Caribbean, reflecting their high levels of debt, and on high-EMBIG countries, reflecting market concerns about their economic fundamentals and policy framework. Brazil, which has been heavily hit by the prospect of lower global liquidity and is struggling with inflationary pressures and low growth, was added to this list when Moody's changed the outlook of Brazil's rating to negative from positive in early September. The agency noted that the move reflects "the rising risk that sustained low growth and worsening debt metrics indicate a reduction in Brazil's creditworthiness, which would trigger a downward migration in its credit rating." On February 25, Moody's downgraded Brazil's Petrobras to Ba2– two steps below investment grade – from Baa3, with a negative outlook. It was its third downgrade by Moody's since October. The size and timing of this downgrade surprised markets and is stoking fears that Brazil's sovereign rating could be next. According to Credit Suisse, the potential for electricity rationing and/or political constraints in implementing the fiscal measures recently announced could increase the probability of a possible downgrade in Brazil's sovereign credit rating.

Investors are now more data-dependent and have become more selective in their choices of investment. In this environment, economic policy decisions have become more relevant to the growth outlook. Credit rating agencies have already anticipated that upgrades will be harder to achieve, but countries that show good economic performances in face of a challenging global environment – a function of a country's relative policy approach and its degree of exposure to developed markets and China – may continue to receive upgrades (as some did in 2014).

A. Sovereign Spreads

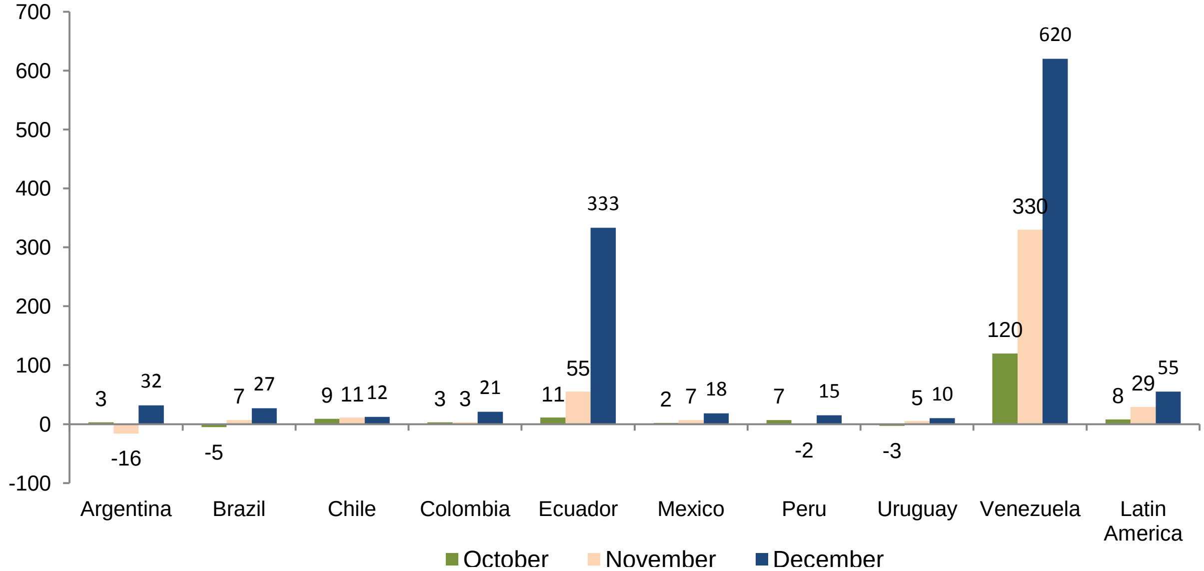
The J.P. Morgan's EMBIG widened 77 basis points in 2014 – from 327 basis points at the end of December 2013 to 404 basis points at the end of December 2014 – while its Latin component widened 115 basis points, from 393 to 508 basis points. Spreads increased for all countries in our Latin American sample except Argentina (chart 7), whose spreads had widened widely in January 2014 because of a currency depreciation, and have been on a tightening trend for the most part since then. Spreads widened significantly in the final months of the year, with Ecuador, and Venezuela in particular, driving the spread widening (see chart 8).

CHART 7:
EMBIG SPREAD DIFFERENTIALS - 2014
(Basis points)



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

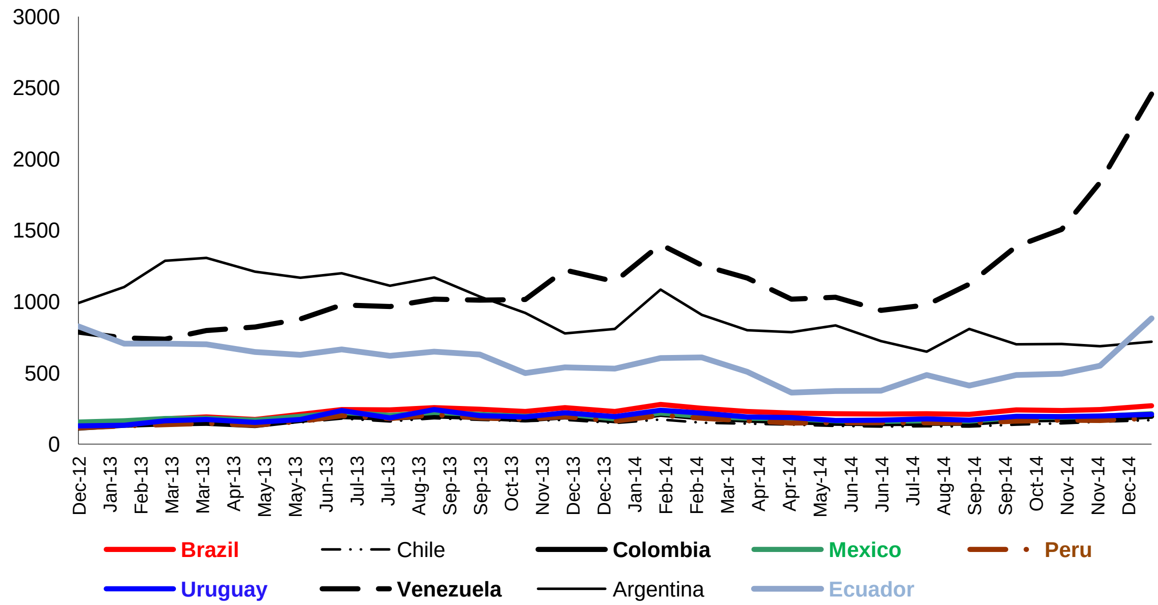
CHART 8:
EMBIG MONTHLY SPREAD DIFFERENTIALS – Q4 2014
(Basis points)



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

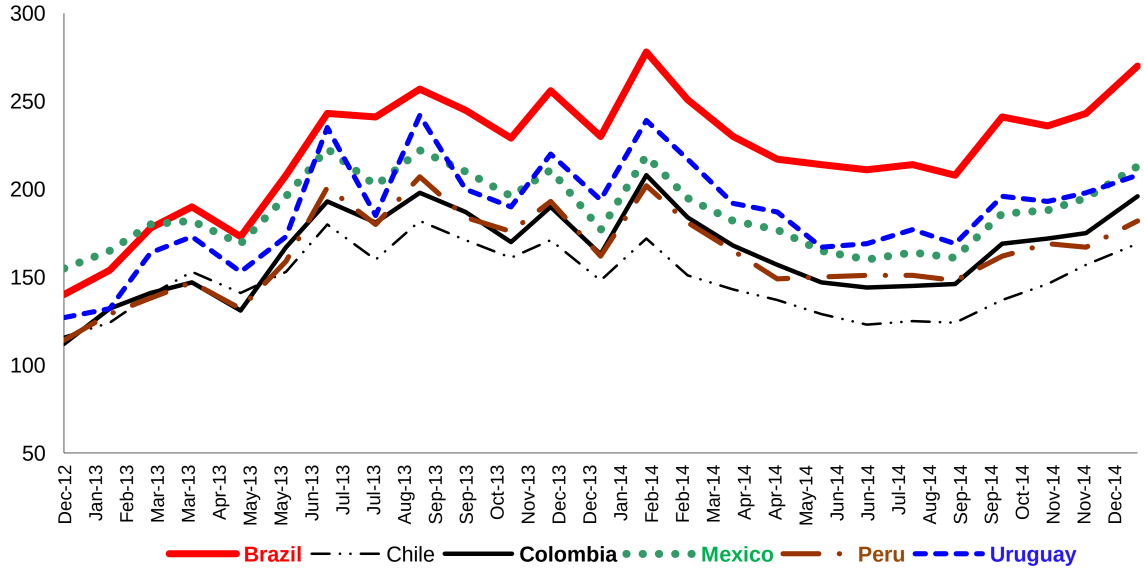
The recent evolution of the EMBIG spreads continues to point to a clustering of Latin American countries into roughly two groups: creditworthy countries, perceived as low risk by investors, with most countries in this group having already received an investment grade; and high EMBIG countries, which are perceived as high risk (see chart 9). Among the investment grade countries, Brazilian spreads widened the most in 2014 (see chart 10).

CHART 9:
EMBIG LATIN: COUNTRY SPREADS
(Basis points)



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

CHART 10:
EMBIG LATIN: INVESTMENT GRADE ISSUERS
(Basis points)



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

Chile – the highest investment grade country in the region – had the lowest spreads in the EMBIG composite at the end of December 2014: 169 basis points (see appendix B, table 2). Chilean spreads widened 21 basis points in 2014. Economic activity has remained subdued and the outlook for the economy remains challenging given renewed downward pressures on copper prices and expectations of lower growth in China.

Peruvian spreads were at 182 basis points at the end of December 2014. They widened 20 basis points in 2014. Just as in Chile, economic growth has softened and inflation is still above the 1-3% target range (at 3.2% y/y in December).

Colombian spreads were at 196 basis points at the end of December 2014. They increased 33 basis points in 2014. The recent decline in oil prices has raised concerns regarding Colombia's growth prospects. While investors remain constructive on the medium-term fundamentals, they recognize potential risks to the economy derived from lower oil prices.

Uruguayan spreads were at 208 basis points at the end of December 2014. They increased 14 basis points in 2014. Growth has slowed somewhat, but inflation has eased a little. In 2014, Uruguay took advantage of strong market conditions and an upgrade by Moody's in May to issue a new bond, with a 35-year average life, its longest date bond. With this deal the country was placed among a group of select EM sovereigns that has accessed the "ultra long" section of the USD curve, with more than 30 years.

Mexican spreads were at 213 basis points at the end of December 2014. They widened 36 basis points in 2014. In December, S&P's re-affirmed Mexico's BBB+ rating with a stable outlook, saying it "expects the government will remain committed to prudent macroeconomic policies." The drop in oil prices, however, has reminded investors of the country's fiscal vulnerabilities and has raised concerns about prospects for private investments in the energy sector.

Brazilian spreads were at 270 basis points at the end of December 2014. They widened 40 basis points in 2014. Political uncertainty and election-related market jitters took a toll on Brazilian asset prices in 2014. On September 9, Moody's changed the outlook of Brazil's rating to negative from positive. Policy adjustment is under way, and investors see it both as welcome and inevitable. However, it will come at the cost of continued weakness in the real economy. The threat of electricity rationing this year (and its potential effect on growth prospects), and implementation risks on the fiscal side could be factors weighing on the credit in the near term.

Finally, Argentina, Ecuador and Venezuela, continue to be among the countries with the highest and most volatile spreads in the composite (719, 883 and 2,457 basis points at the end of December 2014, respectively).

Despite the ongoing litigation regarding its defaulted debt and its holdouts, Argentine bond prices have held up. Spreads narrowed 89 basis points in 2014, the only country to see a tightening. The fall in oil prices in the second half of the year led to a small increase in foreign exchange reserves, eased strains in the balance of payments and lessened the need for the government to return to international capital markets.

In the case of Ecuador, debt spreads widened 353 basis points in 2014. Investors expect Ecuador to increase its debt levels as it seeks to finance its large spending needs, including a substantive capital expenditure budget, amid lower oil prices. The sharp fall in oil prices threatens to open up large twin current account and budget deficits.

Venezuela maintains the highest debt spreads of any country in the EMBIG. Venezuelan spreads widened 1,316 basis points in 2014, as lower oil prices and resulting economic pressure led to increasing market doubts regarding Venezuela's ability to pay its debt. In the second half of the year Venezuela's credit rating was downgraded twice. On September 16, S&P's downgraded Venezuela to CCC+ from B- with a negative outlook. The CCC+ rating indicates that S&P believes that there is a one-in-two chance of default over that time horizon. On December 18, Fitch downgraded Venezuela's rating to CCC from B, reflecting the sharp decline in oil prices that has put pressure on the country's balance of payments and has reduced its external financial flexibility. Fitch also believes that Venezuela's capacity to respond to potential external shocks is constrained by the low level of international reserves.

B. Corporate Spreads

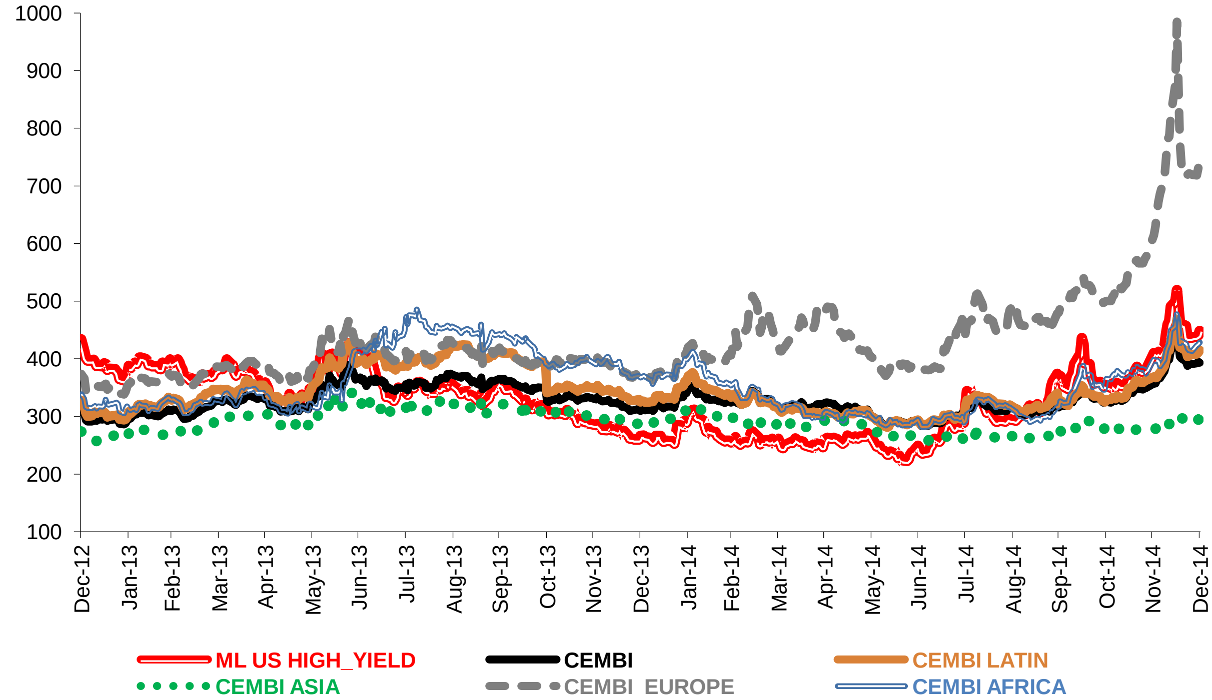
The market for emerging market hard currency corporate bonds has grown tremendously in the past ten years. Today, it is larger than the U.S. high-yield corporate bond market, an asset class familiar to investors for decades, and more than four times the size of Europe's high-yield bond market. Advanced economies' low interest rates supported by easy monetary policy pushed foreign money into emerging market assets. Emerging market companies, many able to tap the international bond market for the first time, increased their borrowing. However, with the prospect of policy normalization in the U.S., and with the dollar gaining strength, the fear is that the emerging market corporate sector may show increasing signs of distress and investors will start to leave the asset class altogether.

CEMBI and Latin CEMBI spreads widened 84 and 90 basis points, respectively, in 2014, as the cost of holding dollar-denominated debt increased. In addition, in the second half of the year, doubts about the strength of global growth (with weak growth in Europe becoming a bigger concern), a plunge in oil prices and increased geopolitical tensions led to a sharp widening in spreads (chart 11).

LAC corporate spreads widened less and remained lower than their sovereign counterparts in 2014 (chart 12), despite the concerns about the impact that an increase in U.S. interest rates would have on the debt of the corporate sector (which issued 74% of the total LAC issuance in 2014). However, the Latin sovereign composite was largely driven by the high-EMBIG countries.

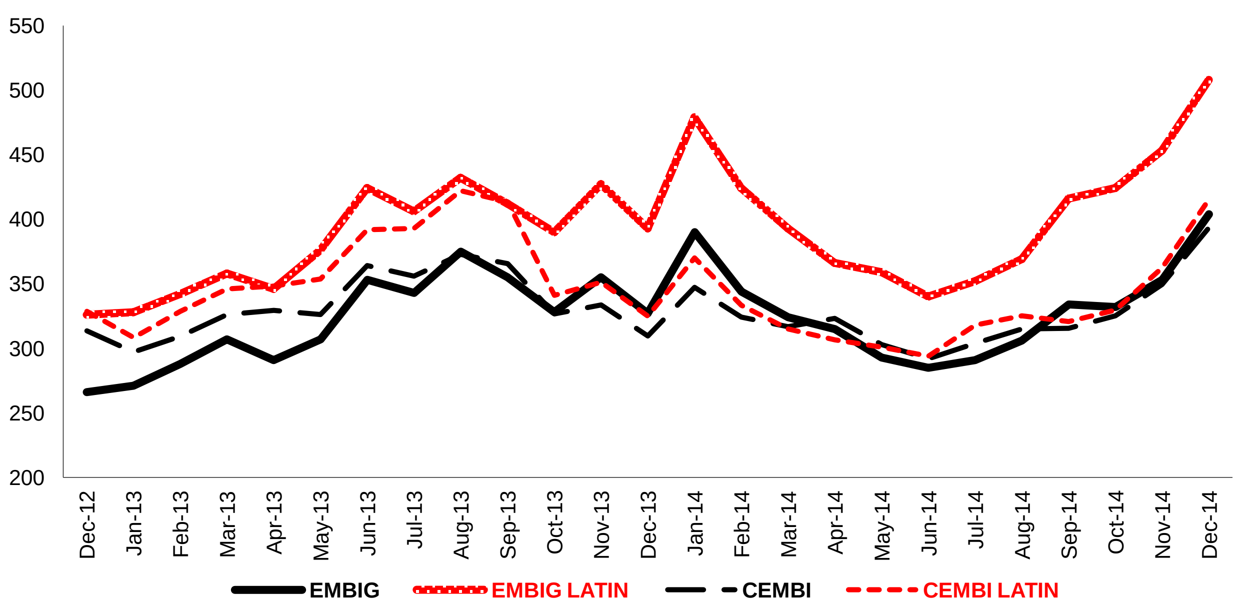
Although Latin American corporates have taken great strides in their market funding strategies, risks remain. Part of the growing volume of Latin American corporate issuances in international bond markets consists of first-time high-yield issuers, bringing with it a higher likelihood of default. The region's corporate sector is susceptible to interest rate risk (longest duration) and to outflows from the high yield market (many LAC credits are widely held by high-yield investors). Weakness in oil and commodity prices weighed on the performance of LAC corporate credits, with added negative impact from the Petrobras' investigation. Developments in Brazil, particularly regarding Petrobras' investigation, may be a key driver of LAC corporate spreads in 2015.

CHART 11:
CORPORATE EMBI SPREADS VS U.S. HIGH-YIELD COPORATE SPREADS
(Basis points)



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

CHART 12:
JPMORGAN EMBIG SPREADS, CORPORATE AND SOVEREIGN
(Basis points)



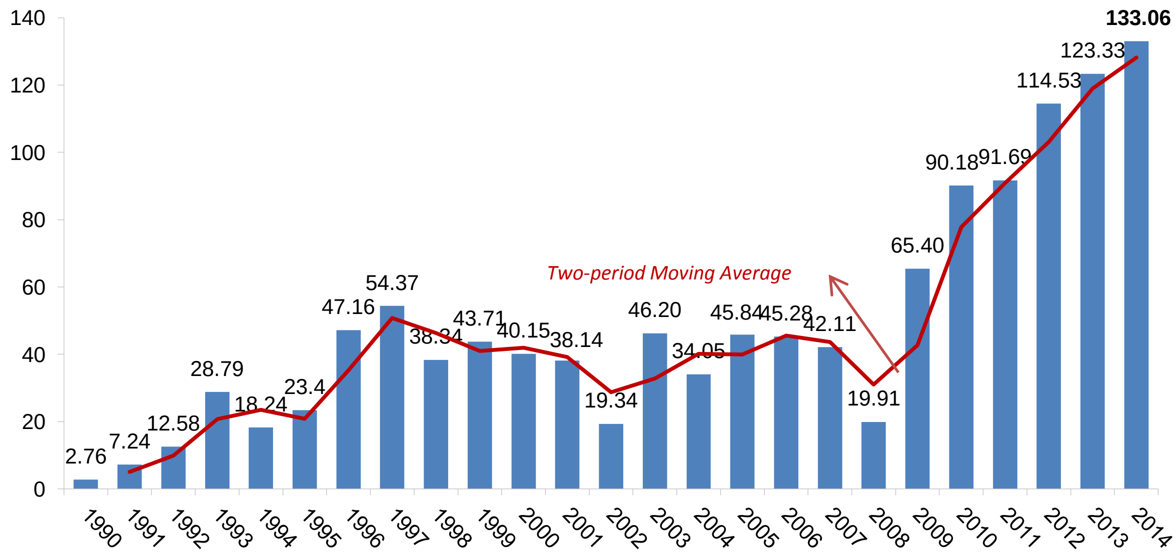
Source: ECLAC, on the basis of data from JPMorgan, "Emerging Markets Bond Index Monitor."

Note: EMBIG and EMBIG Latin: sovereign spreads, CEMBI and CEMBI Latin: blended spreads.

C. New Debt Issuance

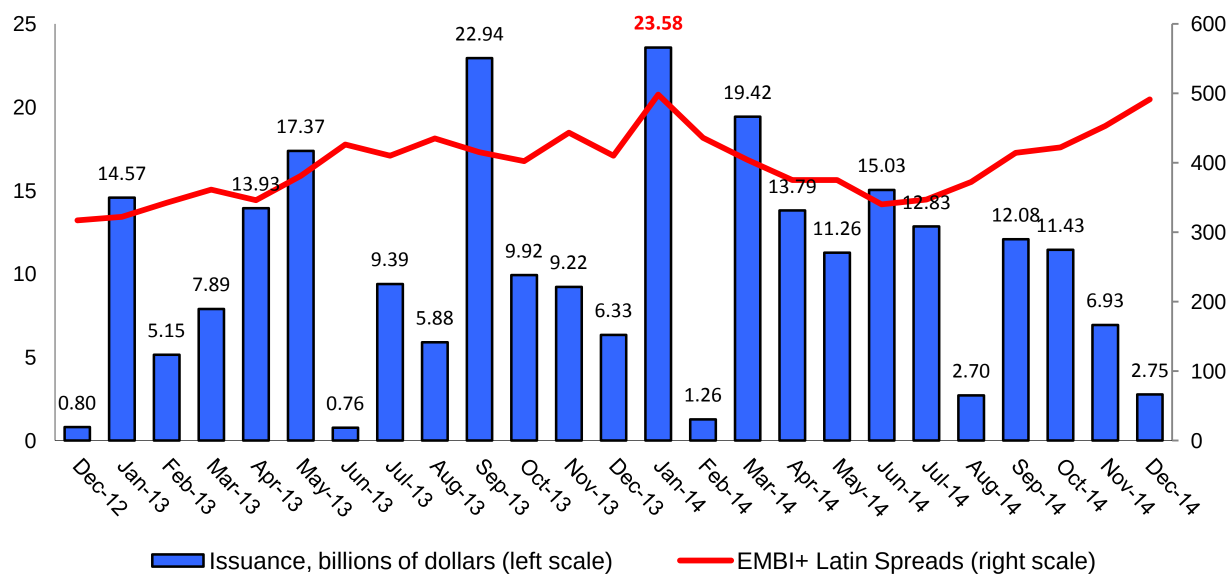
Total LAC debt issuance reached US$ 133.1 billion in 2014, compared to US$ 123.3 billion in 2013 (chart 13). On a monthly basis, total issuance in January 2014, at US$ 23.6 billion, was the highest on record. After a dormant, volatile February, the bond market returned to life in March, and monthly issuance continued to be strong in the following months (except in August), but it slowed down in the final months of the year (chart 14).

CHART 13:
ANNUAL LAC ISSUANCE
(US$ Billions)



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

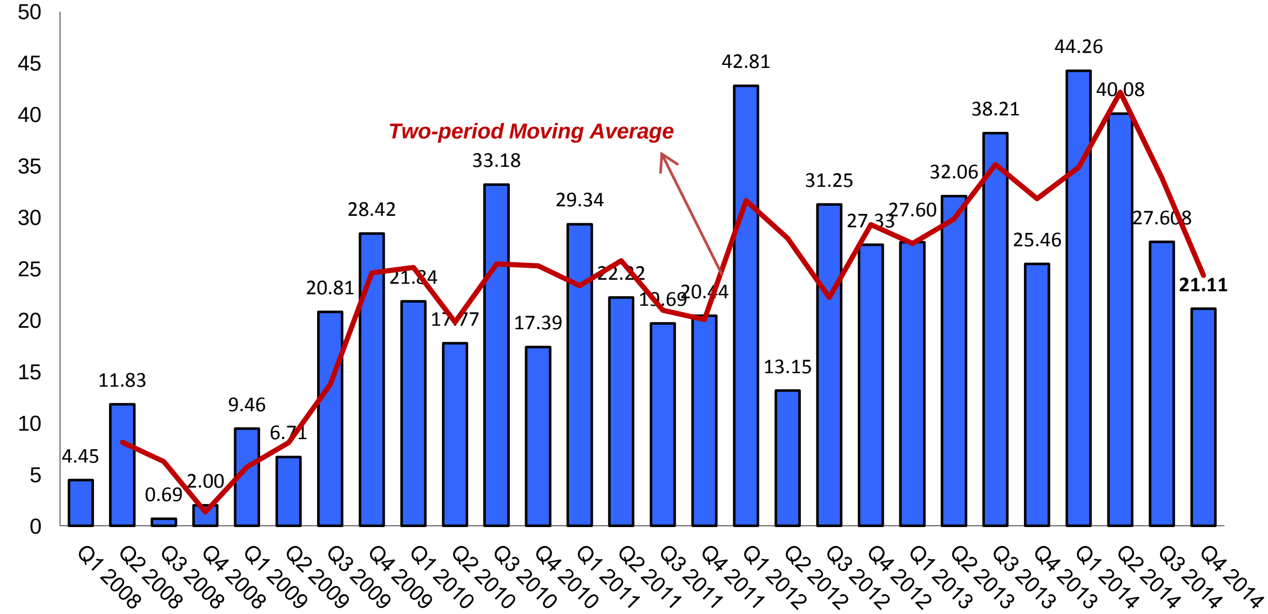
CHART 14:
MONTHLY LAC ISSUANCE
(Left axis: US$ Billions; right axis: Basis Points)



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

Fourth quarter LAC issuance was the lowest quarterly issuance of 2014 and the lowest since the second quarter of 2012 (chart 15).

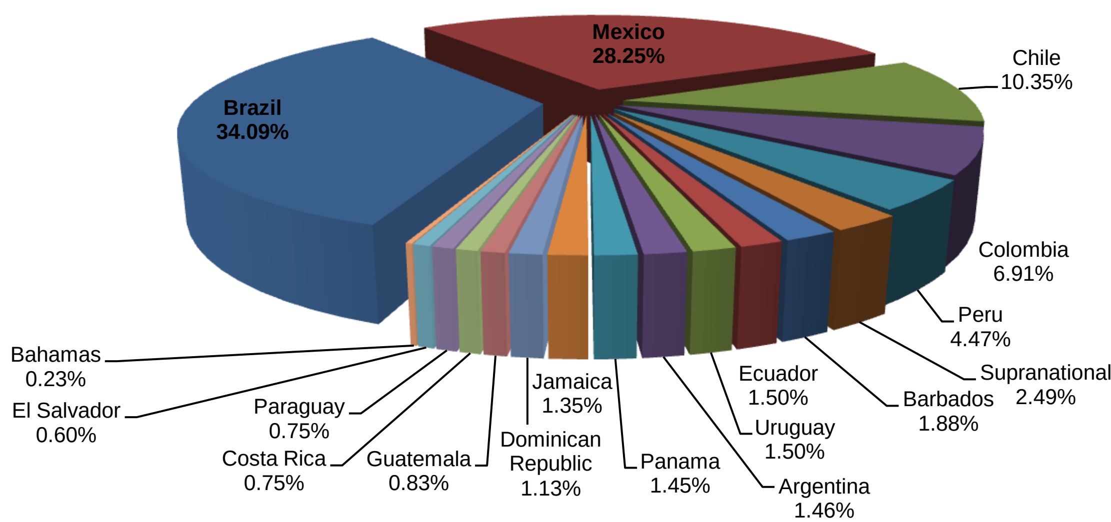
CHART 15:
QUARTERLY LAC ISSUANCE
(US$ Billions)



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

Brazil had the largest share of bond issuances – sovereign and corporate combined – in 2014, followed by Mexico. Brazil and Mexico issued (sovereign and corporate combined) US$ 45 billion and US$ 38 billion, respectively. Brazilian and Mexican issues together account for 62% of the total LAC issuance (chart 16).

CHART 16:
LAC DEBT ISSUANCE IN 2014: COUNTRY BREAKDOWN
(Country shares in percentage)



Source: ECLAC on the basis of data from LatinFinance.

i. Sovereign Issuance

Fifteen sovereigns – Mexico, the Bahamas, Colombia, Brazil, Costa Rica, Dominican Republic, Ecuador, Jamaica, Uruguay, Paraguay, El Salvador, Panama, Colombia, Peru and Chile – tapped international debt markets in 2014 (see appendix C, tables 3 to 6).

In the fourth quarter, four sovereigns issued debt in international markets. In October, ***Colombia*** reopened its 4.000% 2024 bond to add US$ 500 million, which was first sold in September 2013, bringing the total to US$ 2.1 billion. Colombia also reopened its 5.625% 2044 to add US$ 500 million, which was first sold in January, bringing the total to US$ 2.5 billion. The transactions gave Colombia a head start on its US$ 3 billion cross-border funding program for 2015. ***Peru*** issued a new US$ 1.11 billion equivalent 5.750% 2024 global-local bond. The issuance marked Peru's return to the cross-border market after an absence of almost three years. Peru also reopened its 5.625% 2050 bond to add US$ 500 million. According to market sources, Peru might have reopened the long bond, which it sold in January 2012, to pick up on strong demand for duration.

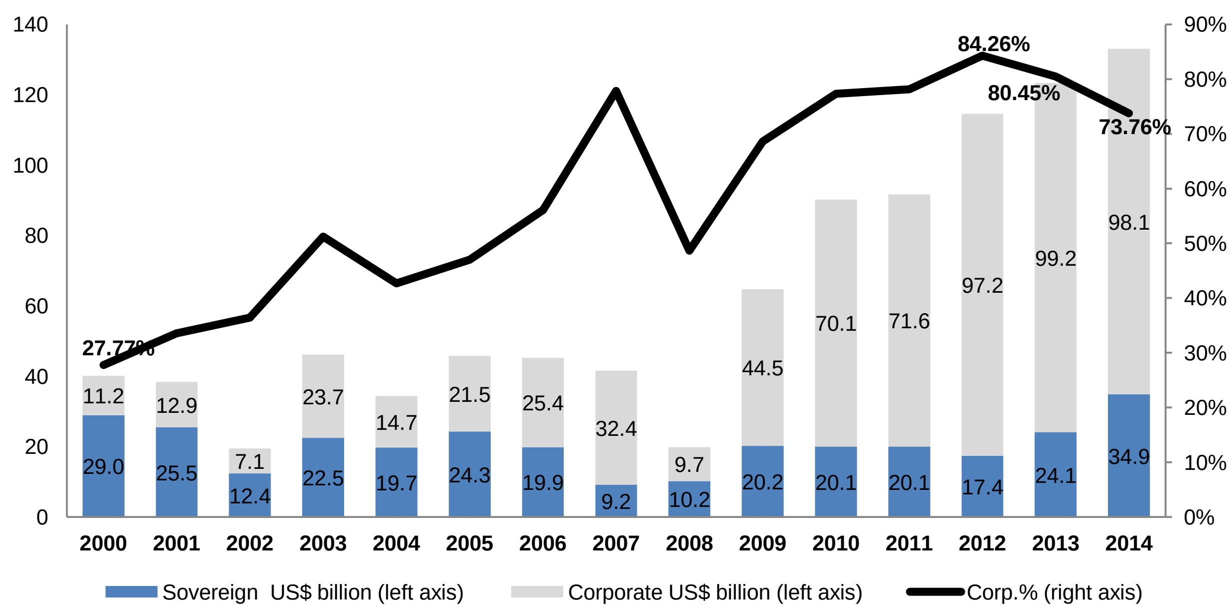
In November, ***Mexico*** issued a landmark bond with a new type of collective action clauses (CAC) that would protect the sovereign in case of a restructuring and that followed recommendations by the IMF and the International Capital Markets Association. It was part of the sovereigns' bid to meet "best international practices" in its bond sales, according to Alejandro Diaz de León, Mexico's head of public credit.

In December, ***Chile*** returned to the euro market with a € 800 million (US$ 985 million) 2025 bond, in tandem with a dollar bond that formed part of a liability management exercise (see Appendix C, table 6).

ii. Corporate Issuance

LAC debt issuance in international bond markets has been increasingly a corporate-dominated market. Corporate issuance as a share of the total increased from 28% in 2000 to a peak of 84% in 2012 (chart 17).

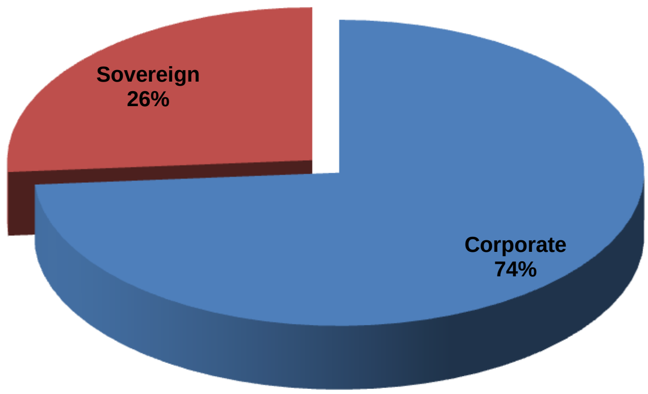
CHART 17:
ANNUAL LAC DEBT ISSUANCE BY ISSUER TYPE
(Left axis: US$ Billion; right axis: Percentage)



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

In 2014, the corporate sector (including corporations, banks, quasi-sovereigns and supranationals) accounted for 74% of total LAC issuance, less than the 80% share in 2013 and the peak reached in 2012 (charts 17 and 18). Corporate issuance as a share of the total declined from 83% in the first half of 2014 to 66% in the second. In the fourth quarter, the corporate sector accounted for 65% of total LAC issuance.

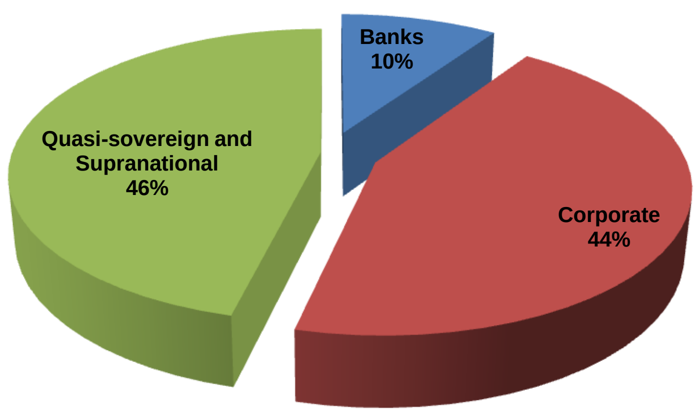
CHART 18:
LAC CORPORATE AND SOVEREIGN ISSUANCE IN 2014
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

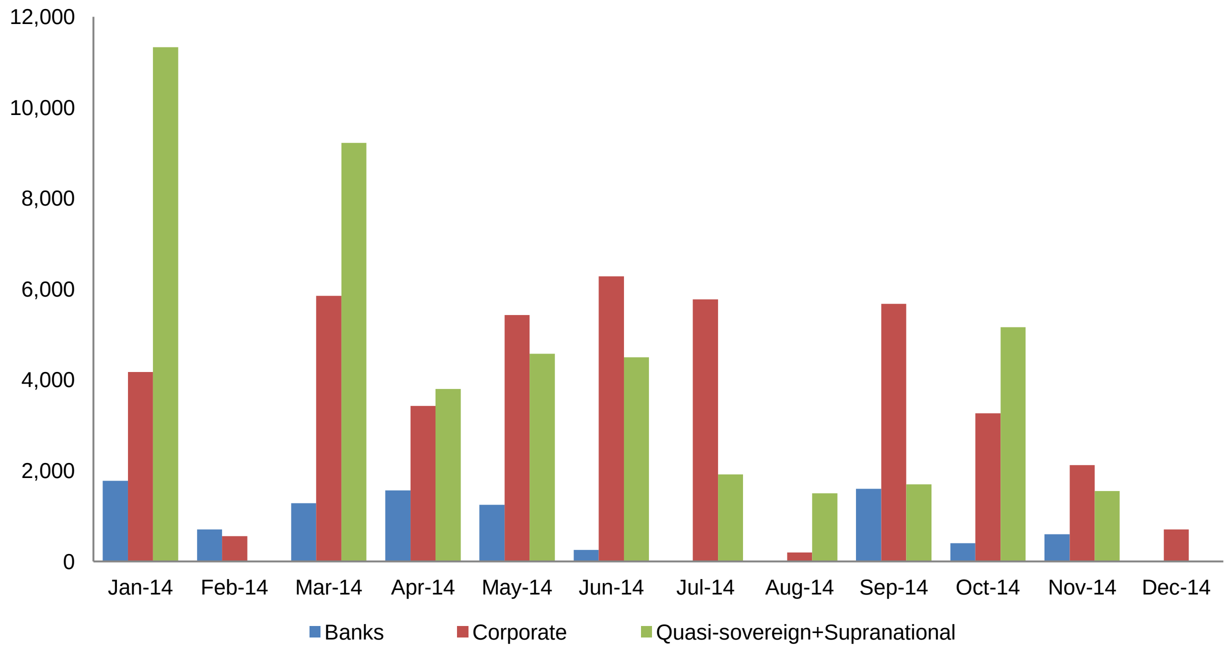
Quasi-sovereign and supranational issuers accounted for 46% of total LAC corporate issuance in international markets in 2014, a significant increase from the 39% and 31% shares in 2013 and 2012, respectively. Banks and corporations accounted for the other 54% (charts 19 and 20).

CHART 19:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE IN 2014
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

CHART 20:
CORPORATE ISSUANCE BY TYPE IN 2014
(US$ million)



Source: ECLAC on the basis of data from LatinFinance.

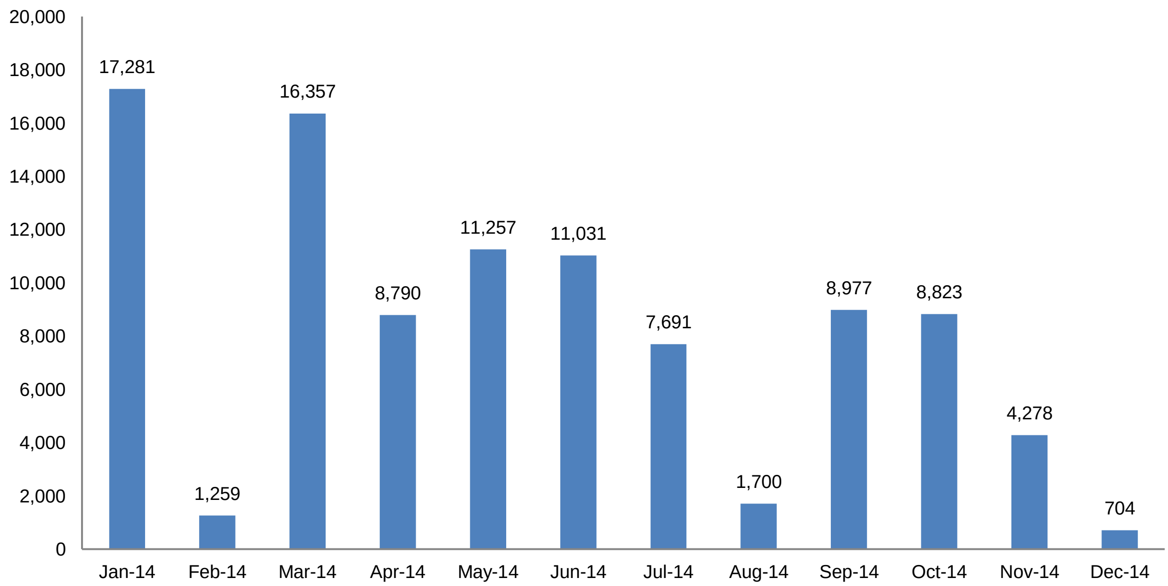
In January and March, quasi-sovereign and supranational issuance was particularly high, because of Petrobras' presence. Total quasi-sovereign and supranational issuance amounted to US$ 11.3 billion in January and US$ 9.2 billion in March. In October 2014, quasi-sovereign and supranational issuance was the highest since March, amounting to US$ 5.2 billion.

In October, one supranational and three quasi-sovereigns tapped the markets. Pemex issued four bonds in October (appendix C, table 6). Chile's Empresa Nacional de Petroleo (Enap) issued a US$ 600 million 4.375% 2024 bond and Corporación Nacional del Cobre (Codelco) issued a US$ 980 million 4.875% 2044 bond. The deal helped the miner diversify its investor base and significantly lengthen its debt curve. Finally, the Central American Bank for Economic Integration (CABEI) issued a five-year *Formosa bond*: a CNH 500 million (US$ 81 million) 3.850% 2019 bond. CNH is the offshore RMB.

Quasi-sovereign and supranational issuance declined in the final two months of the year, however. In November, the Central American Bank for Economic Integration (CABEI) tapped the Swiss market twice, with a CHF 100 million (US$ 103 million) 2018 bond and a CHF 115 million (US$ 120 million) 2022 bond. CAF, the Development Bank of Latin America, also tappend the Swiss market with a CHF 225 million (US$ 231 million) 2028 bond, the longest bond duration by a Latin American issuer in the Swiss market. Also in November, Brazil's Riopreviodência sold its second securitization in 2014, a US$ 1.1 billion 2027 deal. There was no quasi-sovereign or supranational issuance in December (appendix C, table 6).

Regarding issuances from banks and corporations in 2014, monthly activity was relatively strong in October, but weakened in November and December (chart 21). In October, Barbados' Consolidated Energy Limited issued a dual tranche bond totaling US$ 1.25 billion. Peruvian InRetail Consumer accessed the cross-border market in a liability management exercise and Union Andina de Cementos (Unacem) made its debut in international markets. Argentina's Roggio S.A., which specializes on infrastructure services, Chile's Falabella, a retailer, Sociedad Quimica y Minera de Chile (SQM), and E-CL, a Chilean utility company, also tapped international markets. Finally, Panama's Global Bank issued a 2021 bond (appendix C, able 6).

CHART 21:
LAC MONTHLY BANK AND CORPORATE BOND ISSUANCE IN 2014
(US$ Millions)



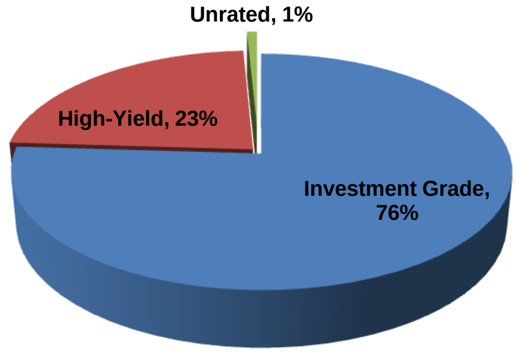
Source: ECLAC on the basis of data from LatinFinance.

In November, Mexico's Kio Networks, an IT company, made its debut in international bond markets with a US$ 500 million 8.250% 2021 bond. Also in Mexico, tortilla maker Guma sold a US$ 400 million 10-year bond, in its first transaction since Fitch lifted its rating from BB+ to BBB-, and Elementia, a construction supply company, raised US$ 425 million in the same tenor. Mexico's BBVA Bancomer sold a US$ 200 million 15-year bond, the second Basel III-complaint tier two note sold by a Mexican lender. Chile's Empresa Elétrica Angamos, a power company, issued a US$ 800 million 10-year bond. Two financial institutions raised funds in the Swiss market, taking advantage of strong demand for highly-rated LAC issuers and improved currency swap conditions: Brazil's Banco Safra and Chile's Banco de Crédito e Inversiones (BCI). Chile's BCI also issued a triple-tranche JPY 16.5 billion (US$ 140 million) euroyen bond, the third public bond issue in the Japanese market by a Chilean bank, following notes from Banco de Chile and Santander Chile earlier in the year. Japanese investors are likely to be a strong source of liquidity for well-rated Latin American borrowers in the months ahead.

In December, Brazil's Fibria Celulose, a pulp producer, issued a triple-tranche US$ 500 million bond to repay part of outstanding debt. Finally, Peru's Energía Eólica, a windfarm operator, sold a 6% US$ 204 million 2034 project bond, the first green bond sold by a Latin American issuer. While this transaction is not the first to finance renewable energy in Latin America, it is the first from the region to be certified by auditors as complying with a series of green bond conditions. Those requirements include the funding being used specifically for a project that has describable, quantifiable and/or assessable environmental benefits.

Investment grade companies continued to dominate corporate issuance in 2014. The share of high-yield issuance was 23% (see chart 22), below the 2013 share of 30%, but above the 2012 share of 21%. LAC high-yield debt in particular has benefitted from low global interest rates, seeing an unprecedented demand from international investors in search of yield. With the prospect of an increase in interest rates by the U.S. Federal Reserve sometime this year, investors have turned more cautious on debt, and high-yield bond issuances from the Latin American and Caribbean region fell in 2014 as a result. According to Moody's, high-yield bond sales out of LAC fell in 2014 because of weaker investor demand in anticipation of an interest rate hike in the U.S., but political and market uncertainty in Brazil also dampened issuance (the country is home to a third of the 103 high-yield issuers that Moody's covers in Latin America).

CHART 22:
2014 BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING
(Percentage of total)

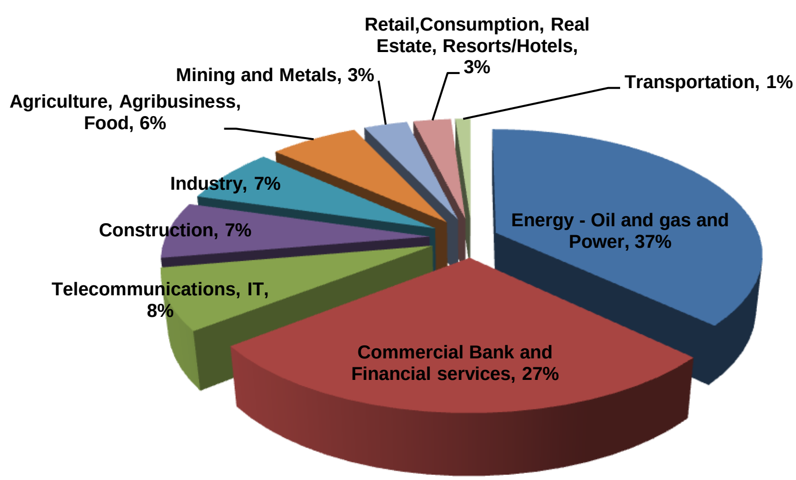


Source: ECLAC, on the basis of data from LatinFinance,.

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

From a sectoral perspective, almost 65% of LAC corporate debt issuance (including corporate, banks, quasi-sovereigns and supranationals) in 2014 came from two sectors: energy and financial services (chart 23). The energy sector, including oil, gas as well as power, was the main driver of the growth in corporate issuance and accounted for 37% of the total volume. The financial sector, including banks as well as financial services companies, was the second most relevant sector in terms of aggregate volume (27% of total corporate issuance). Telecommunications came in third, accounting for 8%, followed by construction (7%) and industry, including chemical and petrochemical, steel, pulp and paper and auto-parts (7%).

CHART 23:
2014 LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY SECTORS
(Percentage of total)



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

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

iii. Currency Composition

Most of the international debt issuance in the region in 2014 was denominated in U.S. dollars (79.41%), but there was also issuance in Euros (12.62%), local currencies (2.60%), Swiss francs (2.37%), British pounds (1.99%), Japanese yen (0.80%), Australian dollars (0.09%), offshore Renmimbi (0.06%) and Hong Kong dollars (0.06%). Local currencies included Mexican and Colombian pesos, and Peruvian soles. Mexican pesos had the highest share (1.00%), followed by Peruvian soles (0.83%) and Colombian pesos (0.75%).

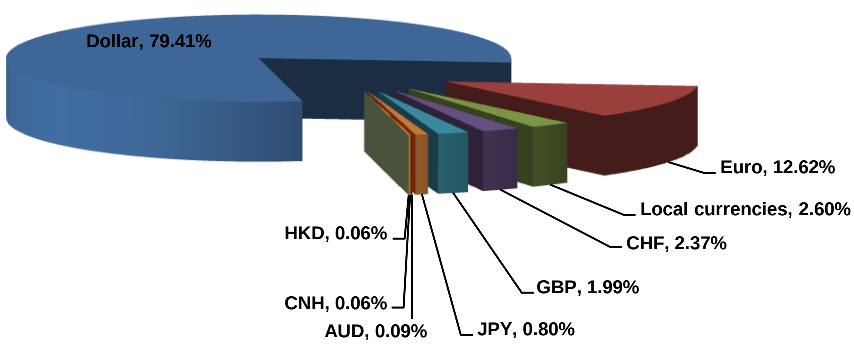
The share of dollar-denominated bonds decreased when compared to 2013. In 2013, 82.51% of the total amount issued was denominated in dollars, while only 6.20% was denominated in Euros. The increase in euro-denominated issuances took place as lower benchmark rates in Europe – driven by the central bank's continued stimulus program – encouraged borrowers to drift away from the dollar market in the first months of the year.

TABLE 2:
CURRENCY BREAKDOWN
(Percentage of Latin America's total)

Currency	2013	2014
Dollar	82.51%	79.41%
Euro	6.20%	12.62%
Local currencies	5.57%	2.60%
CHF	2.77%	2.37%
GBP	1.06%	1.99%
JPY	0.96%	0.80%
AUD	0.43%	0.09%
CNH	0.24%	0.06%
HKD	0.24%	0.06%

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

CHART 24:
2014 CURRENCY BREAKDOWN



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

II. Bond markets and credit management in the Caribbean

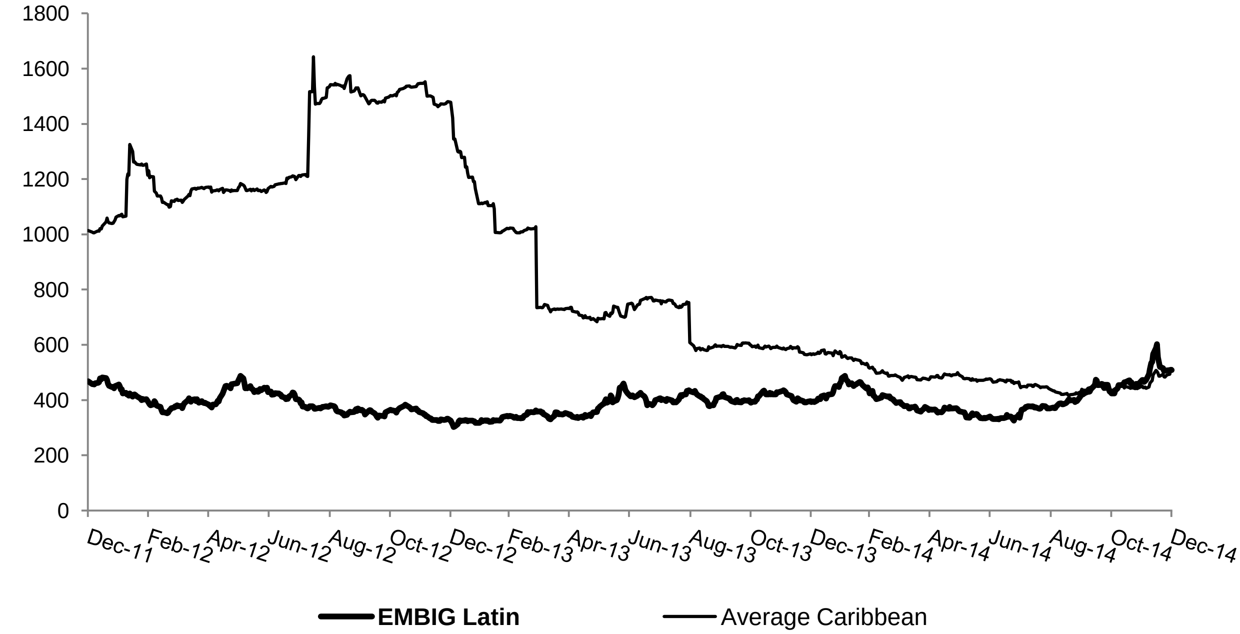
After going through a difficult time in the wake of the 2008 global financial crisis, the Caribbean region[4] has made great strides in rebalancing sovereign finances and improving economic conditions. Jamaica's return to the international bond market in 2014 in July, with a US$ 800 million cross-border bond, the largest in the country's history, is an example of this progress. A number of Caribbean countries restructured bond payments over the past three years, making this period one with the highest number of defaults on loan agreements in the Caribbean region. From late 2010 to late 2012 the spread gap between the Caribbean countries and the EMBIG Latin component widened by more than 1,500 basis points as a result. In 2014 the spread gap was finally reversed, as successful bond restructurings lowered spreads for the region (see chart 25).

While Latin American sovereign spreads widened 115 basis points in 2014, according to the J.P. Morgan EMBIG Latin component, spreads for the Caribbean region tightened 50 basis points. In the fourth quarter, however, the EMBIG Latin widened (92 basis points) and spreads for the Caribbean region also widened (87 basis points). Lower global oil prices took a toll on Trinidad & Tobago's current account and fiscal balance, while investors started to worry about countries reliant on Venezuela's PetroCaribe program, which subsidizes the cost of oil imports to many Caribbean countries. In principle, the 40% decline in oil prices late last year would help the Caribbean countries that are net oil-importers by reducing their current acocunt deficits. However, cheaper oil could push up deficits instead, if Venezuela has to scale back its PetroCaribe program.

The main driver for the tightening of the Caribbean spreads average in 2014 was the decline in spreads for Jamaica (see chart 26). Jamaica's spreads tightened 156 basis points in 2014, from 641 basis points at the end of December 2013 to 485 basis points at the end of December 2014, following two positive rating actions in February from Moody's and Fitch, which included a change in its credit outlook to positive from stable and an upgrade. In July, Jamaica staged a successful return to the international bond market after a three-year hiatus and after restructuring its debt two times in the previous five years, the last time in February 2013. Underpinning the improvement in Jamaica's finances is the US$ 932 million IMF extended fund facility granted in 2013. Jamaica has passed six reviews under the program, most recently in November 2014.

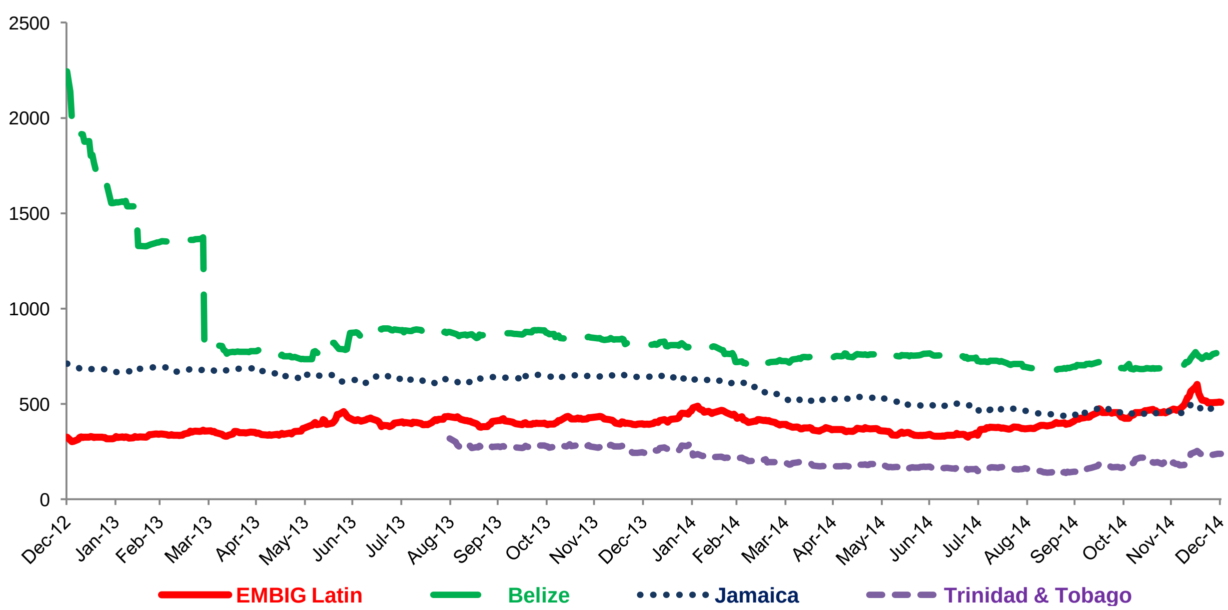
[4] Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Of these 13 countries, only a few have tapped international capital markets.

CHART 25:
EMBIG SPREADS, CARIBBEAN VERSUS LAC
(Basis points)



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

CHART 26:
CARIBBEAN COUNTRIES, 2014 EMBIG SPREADS
(Basis points)



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

Belize's spreads widened 12 basis points in 2014, from 807 basis points at the end of December 2013 to 819 basis points at the end of December 2014. Belize's spreads had been on a downward trend since the exchange offer made in February 2013 for its US$ 547 million 2029 "super bond" and the government's announcement in March 2013 that holders of 86.17% of the country's U.S. dollar bonds due 2029 had decided to participate in the restructuring and exchange their bonds for new U.S. dollar bonds due 2038. In the fourth quarter, however, this trend was reversed and Belize's spreads widened 124 basis points. The political outlook, including the forthcoming municipal elections in March 2015, is building pressure for more government spending, while social challenges remain daunting, adding to spending pressures, according to the IMF Article IV Consultation Report released in September 2014. The risks are tilted to the downside, as additional external vulnerabilities could arise from a protracted period of weak growth in advanced economies or the end of PetroCaribe financing, which could lead to faster erosion of the international reserve cushion.

Trinidad & Tobago's spreads – which were added to the J.P. Morgan EMBIG index on 30 August 2013 – tightened 5 basis points in 2014, from 244 basis points at the end of December 2013 to 239 basis points at the end of December 2014. Spreads widened 95 basis points in the fourth quarter, however, as the impact of declining oil prices and a stronger dollar were felt. Oil and gas account for about 40% of Trinidad & Tobago's GDP and half of government revenues, but with low sovereign debt and a record of running current account surpluses, the country is in better financial position than many of the other countries in the region. It also has a buffer in the form of a sovereign wealth fund that was set up in 2007 to invest oil and gas income. Spreads for Trinidad & Tobago, which has an investment grade from Moody's and Standard & Poor's, are way below the LAC average.

Credit Rating Actions

In 2014, there were three positive credit rating actions in the Caribbean region, two related to Jamaica, and one to Belize and five negative actions, two related to Suriname, two to Barbados and one to The Bahamas (see table 3). The positive actions were taken in February and November. Citing improvements on key fiscal and debt metrics, Moody's changed the outlook on Jamaica's Caa3 rating to positive from stable on February 12. On February 25, Fitch upgraded Jamaica to B- from CCC with a stable outlook, citing reduced financing risks due to fiscal consolidation and the lengthening of domestic debt repayments achieved through the National Debt Exchange (NDX) that took place in February 2013. On November 7, S&P revised Belize's outlook to positive on economic growth prospects and affirmed its B- rating.

TABLE 3:
SOVEREIGN CREDIT RATING ACTIONS IN THE CARIBBEAN, 2014

Date	Country	Action	
2014	**3 positive and 5 negative actions**		
Q1	**2 positive and 1 negative**		
12-Feb-14	Jamaica	Moody's changes the outlook on Jamaica's Caa3 rating to positive from stable	Positive
14-Feb-14	Suriname	Moody's changes Suriname's outlook to stable from positive, and affirms Ba3 rating	Negative
25-Feb-14	Jamaica	Fitch upgrades Jamaica to B- from CCC with a stable outlook	Positive
Q2	**0 positive and 2 negative**		
28-Apr-14	Suriname	S&P's changes Suriname's outlook to stable from positive, and affirms BB- rating	Negative
2-Jun-14	Barbados	Moody's downgrades Barbados to B3 from Ba3, keeping a negative outlook	Negative
Q3	**0 positive and 1 negative**		
2-Sep-14	Bahamas	Moody's downgrades the Bahamas' rating to Baa2 and changes the outlook to stable	Negative
Q4	**1 positive and 1 negative**		
7-Nov-14	Belize	S&P revises Belize's outlook to positive on growth prospects and affirms B- rating.	Positive
19-Dec-14	Barbados	S&P's downgrades Barbados to B from BB- and keeps a negative outlook	Negative

Source: J.P. Morgan, Emerging Markets Outlook and Strategy and rating agencies.

The negative actions were taken in February, April, June, September and December. Citing deterioration in fiscal performance, rising debt levels and lower commodity prices, Moody’s changed Suriname’s outlook to stable from positive and affirmed its Ba3 rating on February 14. On April 28, S&P’s also changed Suriname’s outlook to stable from positive and affirmed its BB- rating, citing the vulnerability of the government's fiscal position to commodity price swings. On June 2, Moody’s downgraded Barbados to B3 from Ba3 and kept the outlook as negative, a three-notch downgrade reflecting negative fiscal trends, increasing government debt ratios, expected decline in international reserves due to large current account deficits, and weaker private sector inflows. Barbados was downgraded again in December, this time by S&P’s. The agency downgraded Barbados to B from BB- on December 19, and kept a negative outlook, saying the sovereign’s fiscal balance was under pressure. The Bahamas was also downgraded in 2014. On September 2, Moody's downgraded the Bahamas' rating to Baa2 and changed the outlook to stable, citing continued deterioration of the government's balance sheet and subdued economic growth.

Debt issuance

There were six new bond issuances from the Caribbean region in 2014. In January, the Bahamas issued a 2024 bond with a 5.750% coupon totaling US$ 300 million. The Bahamas was last in the market in 2009, when it sold a 6.95% US$ 300 million 2029 bond.

In March, Jamaica’s Digicel issued a US$ 1 billion 7.125% 2022 bond. The bond sale came as the high-yield borrower opened a liability management exercise, offering to repurchase its 10.5% US$ 775 million 2018 senior notes. The telecommunications company is rated Caa1/-/B-. Also in March, Barbados’ Columbus International issued a US$ 1.25 billion 7.375% 2021 bond that met heavy investor demand, despite its downgrade to B3 in December 2013 by Moody’s.

In July, Jamaica staged a successful return to the market after a three-year hiatus. The SEC-registered bond amounting to US$ 800 million has a coupon of 7.625% and a final maturity in 2025, but will amortize in equal installments in 2023, 2024 and 2025. Jamaica is heavily indebted and has gone through two restructurings in the past five years, the last one in February 2013. Since then, it has benefitted from an IMF program that aims to lower the country's public debt and bolster economic growth.

In October, Barbados’ Consolidated Energy Limited, B2/BB- rated, issued a dual tranche bond totaling US$ 1.25 billion. It issued a US$ 1.05 billion 6.750% 2019 bond and a US$ 200 million five-year floating rate.

Risks

High levels of indebtedness are a concern to investors. Low growth is also a concern, as it makes fiscal adjustment harder to implement, thus upcoming increases in global interest rates mean some countries could still have to resort to debt restructuring. The strengthening dollar is a risk, as it hurts competitiveness and worsens external account fragilities, but it can also boost tourism. Increasing speculation regarding the continued viability of Venezuela’s PetroCaribe scheme is also a risk.

III. Portfolio equity flows

Following a sour start of the year, Latin America's equity markets showed signs of recovery from March to September, falling sharply after that. A shrinking growth differential between emerging and mature markets has undermined the appeal of emerging market equities. The Latin American MSCI Index lost 15% in 2014, while emerging markets as a whole lost 5% (table 4). Concerns about poor global growth, declining oil prices, strengthening dollar and higher volatility had an impact on the region's equity markets.

Within the region, Colombia's MSCI index had the sharpest decline in 2014 (22.30%), as the free fall in oil prices at the end of the year had an adverse impact on Colombia's equity valuations (table 4, and chart 27). The loss in Colombian equity prices was followed by Brazil's (17.39%), Chile's (14.51%), and Mexico's (10.23%). Argentina's and Peru's stock prices showed a gain (17.28% and 9.16%, respectively).

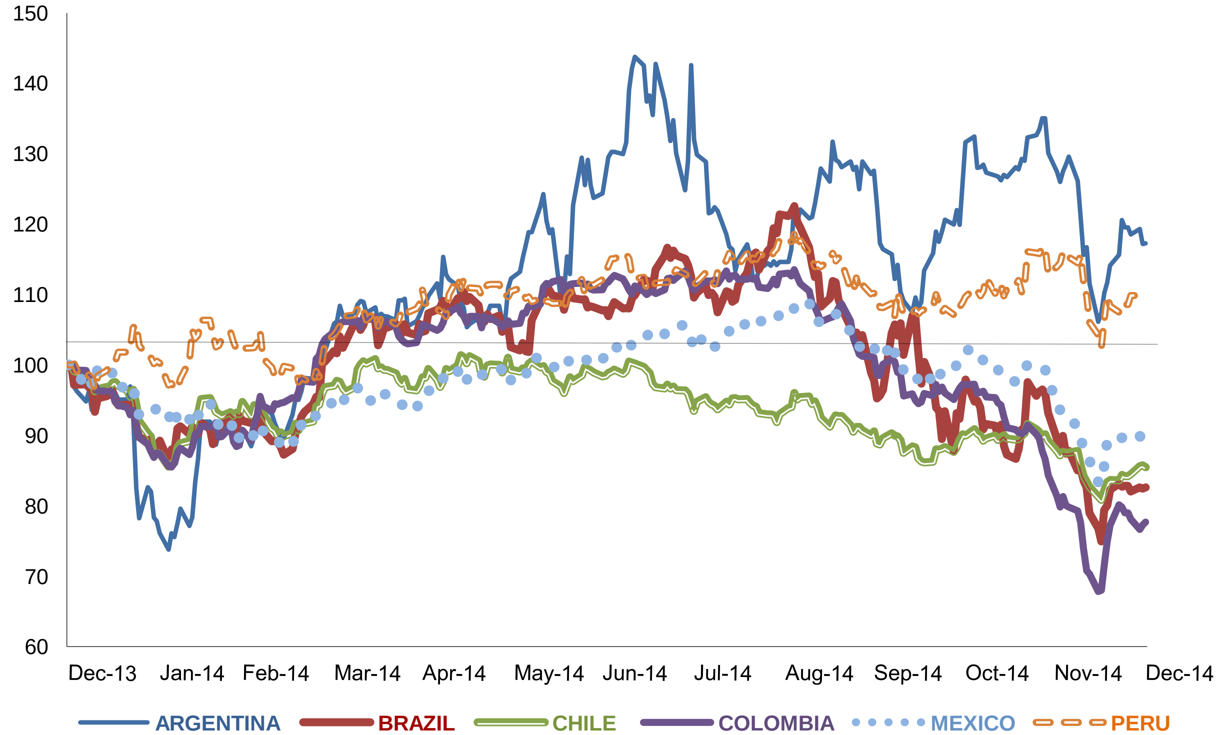
Latin American companies issued US$ 21.5 billion of equity in 2014, 39% less than in 2013, according to data from Dealogic. The decline was largely a result of a marked fall in issuances from Brazil, and came despite a surge in activity globally.

TABLE 4:
MSCI EQUITY INDICES, 2014

	Price Index in USD					Variation				
	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014
Emerging markets	1,002.693	994.653	1,050.778	1,005.326	956.308	-0.80%	5.64%	-4.33%	-4.88%	-4.63%
Latin America	3,200.796	3,194.200	3,369.946	3,170.514	2,727.693	-0.21%	5.50%	-5.92%	-13.97%	-14.78%
Argentina	2,050.852	2,171.164	2,550.214	2,616.797	2,405.304	5.87%	17.46%	2.61%	-8.08%	17.28%
Brazil	2,218.127	2,261.810	2,390.351	2,170.284	1,832.343	1.97%	5.68%	-9.21%	-15.57%	-17.39%
Chile	1,842.792	1,789.228	1,812.885	1,669.182	1,575.411	-2.91%	1.32%	-7.93%	-5.62%	-14.51%
Colombia	1,038.324	1,087.321	1,149.277	1,049.734	806.735	4.72%	5.70%	-8.66%	-23.15%	-22.30%
Mexico	6,976.541	6,624.220	7,036.339	7,163.362	6,262.814	-5.05%	6.22%	1.81%	-12.57%	-10.23%
Peru	1,101.731	1,148.437	1,235.201	1,214.110	1,202.652	4.24%	7.55%	-1.71%	-0.94%	9.16%

Source: ECLAC, on the basis of data from MSCI Equity Indices, http://www.msci.com/equity/index2.html

CHART 27:
MSCI EQUITY PRICE INDEX, 2014



Source: ECLAC, on the basis of data from MSCI Equity Indices, http://www.msci.com/equity/index2.html.

Prices at the end of the month.

Brazilian corporates raised US$ 6.4 billion through 24 deals in 2014, down from 38 deals totaling US$ 14.7 billion in 2013. The three largest Latin American IPOs in 2014 came from Mexico (Fideicomiso Hipotecario, Fibra Prologis and Grupo Rotoplas). Mexican issuers raised US$ 6.9 billion through 14 deals in equity markets, down from US$ 12.1 billion in 2013. Activity picked up in Colombia, however. Issuers there raised US$ 4.4 billion, double the 2013 total. The sharp drop of activity in equity markets meant that Latin America accounted for 2.3% of global equity issuance in 2014, down from 4.3% in 2013.

With the Federal Reserve and the Bank of England preparing to exit seven years of zero interest rate policy while the European Central Bank and the Bank of Japan increase QE, the global economy is entering unchartered territory. Emerging and LAC equity markets will likely face a bumpy ride next year as a result.

IV. Bank Lending

Syndicated loan volumes in Latin America increased 6% year-on-year in 2014, according to Dealogic, keeping pace with the global average. Loan volumes to the region reached US$ 74.5 billion in 2014, from US$ 70.5 billion in 2013.

The reduction in cross-border banking flows has been a notable feature of global capital flows in the aftermath of the 2008 global financial crisis. During the crisis, concerns about bank solvency led banks to deleverage by reducing lending both domestically and across borders. In addition, renewed funding pressures during the euro area sovereign debt crisis in 2010-11 effectively stalled a nascent recovery in cross-border bank lending. In the process, while the importance of bank lending for the corporate sector across emerging markets declined, the role of international bond markets increased.

The IIF estimates that bank flows to Latin America increased to US$ 29 billion in 2014, from US$ 25 billion in 2013, but will decline to US$ 15 billion in 2015. The growing importance of international bond markets, rather than bank lending, for emerging markets' corporate sector, seems set to continue.

However, tightening U.S. interest rates could push companies away from bonds and into the loan market. Some market players say infrastructure and energy projects in Brazil, Colombia, Mexico and Peru will be the main drivers of the loan market in 2015. Brazil's Biosev (the Brazilian sugar and ethanol producer) and Mexico's Pemex are in syndication for US$ 210 million and US$ 5.25 billion loans, respectively, according to LatinFinance.

V. Prospects

Latin American and Caribbean debt markets performed well in 2014, but ended the year under pressure from a stronger U.S. dollar, declining oil prices and developments at the country level. At the same time, concerns about weak global growth, declining oil prices, strengthening dollar and higher volatility had an adverse impact on the region's equity markets.

The underlying trend is still a moderation in private capital inflows due to weaker growth prospects and commodity prices, and tighter external financial conditions. Overall, the IIF forecasts that private capital flows to the region declined to US$ 279 billion in 2014 from US$ 292 billion in 2013, and will decline further to US$ 246 billion in 2015, reflecting lower debt inflows. Weaker growth and a more stressful external financial environment are downside risks.[5]

Global monetary policy divergence adds another dimension of uncertainty to the outlook for capital flows. Although the U.S. Federal Reserve ended its quantitative easing program at the end of October and is expected to increase interest rates sometime this year, the Bank of Japan and the European Central Bank are set to continue increasing global liquidity for the foreseeable future. However, investors fear that the increase in liquidity coming from QE in Japan and the euro zone will not be enough to compensate the end of the Fed's program.

Among the biggest concerns for LAC markets in 2015 is the region's slowing growth, which could make it hard for companies issuing shares and bonds in international markets to stay in good health. Other hurdles include the plunge over the past year in commodity prices (including crude oil), to which many economies in the region are closely related, and the sharp gains in the U.S. dollar, thanks in part to expectations that the Fed will raise U.S. short-term rates this year for the first time since 2006. Falling oil and commodity prices reduce the U.S. dollar cash flow available to service this debt, creating a currency mismatch. A stronger dollar combined with higher U.S. interest rates results in losses on unhedged dollar borrowings. As a result, many investors may become pickier about which stocks and bonds they buy, looking for companies and countries best-positioned to weather a U.S. interest rate increase and further gains in the dollar.

[5] Institute of International Finance, *Capital flows to emerging markets*, 14 January 2015.

Appendix

A. Credit Rating

TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, 2014

	Moody's		S&P		Fitch		Recent Moody's Action		Recent S&P Action		Recent Fitch Action	
	Rating	View	Rating	View	Rating	View	Action	Date	Action	Date	Action	Date
Argentina	Caa1	(-)	SD		RD		Affirmed, O/L changed to (-)	31-Jul-14	Downgrade to SD	30-Jul-14	Downgrade to RD	30-Jul-14
Bahamas	Baa2		BBB	(-)			Downgrade, O/L stable	2-Sep-14	O/L changed to (-)	24-Sep-12		
Barbados	B3	(-)	B-	(-)	NR		Downgrade, O/L (-)	2-Jun-14	Downgrade, O/L changed to (-)	19-Dec-14		
Belize	Caa2		B-	(+)	NR		Upgrade, O/L stable	15-Apr-13	O/L changed to (+), Affirmed	7-Nov-14		
Bolivia	Ba3		BB		BB-	(+)	Upgrade, O/L stable	8-Jun-12	Upgrade, O/L stable	15-May-14	Affirmed, O/L changed to (+)	12-Aug-14
Brazil	Baa2	(-)	BBB-		BBB		Affirmed, O/L changed to (-)	9-Sep-14	Downgrade, O/L stable	24-Mar-14	Affirmed, O/L stable	18-Jul-13
Chile	Aa3		AA-		A+		Affirmed, O/L stable	29-Oct-13	Affirmed, O/L stable	16-Dec-13	Affirmed, O/L stable	25-Oct-13
Colombia	Baa2		BBB		BBB		Upgrade, O/L stable	28-Jul-14	Affirmed, OL stable	29-Apr-14	Affirmed, O/L stable	20-Nov-14
Costa Rica*	Ba1		BB		BB+		Downgrade, O/L stable	16-Sep-14	Affirmed, O/L stable	28-Feb-14	Affirmed, O/L stable	27-Jan-14
Cuba	Caa2		NR		NR		Downgrade, O/L stable	23-Apr-14				
Dominican Republic	B1		B+		B+		Affirmed, O/L stable	10-Oct-11	Affirmed, O/L stable	29-May-13	Upgrade, O/L stable	21-Nov-14
Ecuador	B3		B+		B		Upgrade, O/L stable	19-Dec-14	Upgrade, O/L stable	20-Aug-14	Upgrade, O/L stable	18-Oct-13
El Salvador	Ba3		B+		BB-	(-)	Downgrade, O/L stable	5-Nov-12	Downgrade, O/L stable	22-Dec-14	Downgrade, O/L (-)	16-Jul-13
Grenada			SD						Downgrade	12-Mar-13		
Guatemala	Ba1		BB		BB		Affirmed, O/L stable	10-Jul-13	Affirmed, O/L stable	11-Oct-13	Downgrade, O/L stable	20-Jun-14
Honduras	B3		B		NR		Downgrade, O/L stable	27-Feb-14	Downgrade, O/L stable	7-Aug-13		
Jamaica	Caa3	(+)	B-		B-		O/L changed to (+), Affirmed	12-Feb-14	Upgrade, O/L changed to stable	24-Sep-13	Upgrade, O/L stable	25-Feb-14
Mexico	A3		BBB+		BBB+		Upgrade, O/L stable	5-Feb-14	Upgrade, O/L stable	19-Dec-13	Affirmed, O/L stable	1-May-14
Nicaragua	B3		NR		NR		Affirmed, O/L stable	18-Apr-13				
Panama	Baa2		BBB		BBB		Upgrade, O/L stable	31-Oct-12	Affirmed, O/L stable	1-Aug-13	Affirmed, O/L stable	7-May-14
Paraguay	Ba2	(+)	BB		BB-	(+)	Upgrade, O/L (+)	4-Feb-14	Upgrade, O/L stable	11-Jun-14	O/L changed to (+), Affirmed	31-Jan-14
Peru	A3		BBB+		BBB+		Upgrade, O/L stable	2-Jul-14	Upgrade, O/L stable	19-Aug-13	Affirmed, O/L stable	30-Sep-14
Suriname	Ba3		BB-		BB-		O/L changed to stable from (+)	14-Feb-14	O/L changed to stable from (+)	28-Apr-14	Affirmed, O/L stable	12-May-14
Trinidad & Tobago	Baa1		A		NR		Affirmed, O/L stable	16-Jan-13	Affirmed, O/L stable	24-Dec-13		
Uruguay*	Baa2		BBB-		BBB-		Upgrade, O/L stable	29-May-14	Affirmed, O/L stable	22-May-13	Affirmed, O/L stable	4-Mar-14
Venezuela	Caa1	(-)	CCC+	(-)	CCC		Downgrade, O/L (-)	16-Dec-13	Downgrade, O/L (-)	16-Sep-14	Downgrade	18-Dec-14

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

Changes for 2014 are in red.
Note: Moody's ratings are qualified by outlooks and reviews while S&P and Fitch ratings are qualified by outlooks and watches.
A review/watch [+ or -] is indicative of a likely short-term development.
An outlook [(+) or (-)] suggests that a review/watch or long/intermediate-term movement is likely.
*S&P issue rating is one notch above the issuer credit rating.

BOX 1
CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2014

There have been 15 positive and 19 negative actions in Latin America and the Caribbean in 2014.

Positive Actions: 15 (Bold)

January

- Costa Rica (January 27): Fitch affirms Costa Rica's BB+ rating with a stable outlook *(no change)*.
- Paraguay (January 31): **Fitch revises Paraguay's outlook to positive and affirms its BB- rating**, citing economic activity acceleration and dynamism, and increased economic resilience to weaker economic conditions in its main neighboring trade partners.

February

- Paraguay (February 4): **Moody's upgrades Paraguay's rating to Ba2 from Ba3 with a positive outlook**, citing lower debt ratios, recent fiscal reforms and a smooth political transition since the impeachment of former president Fernando Lugo in 2012.
- Mexico (February 5): **Moody's upgrades Mexico's rating to A3 from Baa1 with a stable outlook**, citing Mexico's structural reforms that it expects will translate into improvements in the country's credit metrics.
- Jamaica (February 12): **Moody's changes the outlook on Jamaica's Caa3 rating to positive from stable**, citing recent and anticipated improvements on key fiscal and debt metrics.
- Jamaica (February 25): **Fitch upgrades Jamaica to B- from CCC with a stable outlook**, citing reduced financing risks due to fiscal consolidation and the lengthening of domestic debt repayments achieved through the National Debt Exchange (NDX) in February 2013.

March

- Uruguay (March 4): Fitch affirms Uruguay's rating at BBB- with a stable outlook (*no change*).

April

- Colombia (April 29): S&P affirms Colombia's rating at BBB with a stable outlook (*no change*).

May

- Mexico (May 1): Fitch affirms Mexico's rating at BBB+ with a stable outlook (*no change*).
- Panama (May 7): Fitch affirms Panama's rating at BBB with a stable outlook (*no change*).
- Suriname (May 12): Fitch affirms Suriname's Ratings at BB- with a stable outlook (*no change*).
- Bolivia (May 15): **S&P upgraded Bolivia to BB form BB- with a stable outlook,** citing greater economic resilience against negative shocks thanks to persistent GDP growth and current account and fiscal surpluses.
- Uruguay (May 29): **Moody's upgrades Uruguay to Baa2 from Baa3 with a stable outlook**, citing the strengthening of its credit profile, as reflected by the convergence of fiscal and debt metrics with the medians for the Baa peer group, an overall government debt profile that is currently associated with moderate credit risks, and the country's reduced vulnerabilities to regional and commodity shocks.

June

- Paraguay (June 11): **S&P upgrades Paraguay to BB form BB- with a stable outlook,** noting that the country's infrastructure development programs should fuel economic growth.

July

- Peru (July 2): **Moody's upgrades Peru two notches to A3 from Baa2 with a stable outlook**, citing an improving government balance sheet.
- Brazil (July 10): Fitch affirms Brazil's BBB rating with a stable outlook (*no change*).
- Colombia (July 28): **Moody's upgrades Colombia's long-term foreign currency sovereign rating to Baa2 from Baa3, with a stable outlook.** This upgrade placed Moody's rating on Colombia in line with S&P and Fitch, which upgraded Colombia's rating to BBB in April and October 2013, respectively. Strong growth dynamics, robust long-term growth prospects, and strong fiscal management were identified as key drivers of the upgrade.

Box 1– (cont.)

August

- Bolivia (August 12): **Fitch affirms Bolivia at BB- and revises its outlook to positive from stable,** citing strong economic growth and progress in the implementation of reforms to the legal framework for hydrocarbons, investment, mining and public enterprises in 2013-2014.
- Ecuador (August 20): **S&P upgrades Ecuador to B+ from B, with a stable outlook**, citing greater fiscal flexibility, better external liquidity position, and the improving investment climate in the country. The move places S&P one notch above Fitch, which rates Ecuador at B, and two above Moody's, which rates it at Caa2.
- Peru (August 26): S&P affirms Peru's BBB+ rating with a stable outlook *(no change).*

September

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

November

- Belize (November 7): **S&P revises Belize's outlook to positive on economic growth prospects** and affirms its B- rating.
- Colombia (November 21): Fitch affirms Colombia's rating at BBB with a stable outlook *(no change).*
- Dominican Republic (November 21): **Fitch upgrades the Dominican Republic's rating a notch to B+**, noting that the country has been resilient when facing "adverse domestic and external conditions".

December

- Mexico (December 18): S&P affirms Mexico's BBB+ rating with a stable outlook *(no change).*
- Ecuador (December 19): **Moody's upgrades Ecuador's rating a notch to B3 from Caa1**, due to better prospects for servicing its debt. Despite the dramatic fall in oil prices in recent months, Moody's said Ecuador had flexibility to manage a shock.

Negative Actions: 19 (Bold)

February

- Suriname (February 14): **Moody's affirms Suriname's Ba3 rating and changes outlook to stable from positive**, citing deteriorating fiscal performance, rising debt levels and lower commodity prices.
- Honduras (February 27): **Moody's downgrades Honduras' rating to B3 from B2 with a stable outlook**, citing a widening fiscal deficit and gross financing needs that are above the median of B-rated peers.

March

- Argentina (March 17): **Moody's downgrades Argentina's sovereign debt rating to Caa1 from B3, with a stable outlook**, citing the significant fall in foreign exchange reserves and an uncertain policy environment.
- Brazil (March 24): **S&P's downgrades Brazil's long-term foreign currency credit rating from BBB to BBB-** (one notch above junk: BBB- is the lowest investment grade category) with a stable outlook, citing deteriorating government accounts, rising debt and weakening growth. The last time Brazil had a downgrade in its sovereign credit rating was in July 2002.
- Venezuela (March 25): **Fitch downgrades Venezuela to B from B+ with a negative outlook**, citing macroeconomic instability, inflation, problems in its FX market, and deterioration in external accounts. The downgrade was expected, since Fitch had assigned a negative outlook to its Venezuela ratings, which were 2 and 3 notches higher than those of other ratings agencies (S&P rates Venezuela B- and Moody's has it at Caa1, both with negative outlooks).

April

- Argentina (April 4): S&P affirms Argentina's rating of CCC+ with a negative outlook *(no change).*
- Cuba (April 23): **Moody's downgrades Cuba a notch to Caa2 with a stable outlook**, saying that the decision to downgrade was driven by an assessment of the country's vulnerability to external and domestic shocks, relative to rating peers.
- Suriname (April 28): **S&P's affirms Suriname's BB- rating and changes outlook to stable from positive**, citing the vulnerability of the government's fiscal position to commodity price swings.

Box 1– (conclusion)

June

- Barbados (June 02): **Moody's downgrades Barbados to B3 from Ba3; outlook remains negative.** The three-notch downgrade reflects: negative fiscal trends; increasing government debt ratios projected at above 100% of GDP by FY 2014/15, coupled with elevated short-term issuance and gross financing needs in excess of 30% of GDP in 2014 and 2015; expected decline in international reserves this year due to large current account deficits and weaker private sector inflows.
- Guatemala (June 20): **Fitch downgrades Guatemala to BB from BB+ with a stable outlook**, noting its stagnant growth and difficulties to widen its revenue base.

July

- El Salvador (July 11): Fitch Affirms El Salvador's Ratings at 'BB-'; Outlook Remains Negative *(no change)*.
- Argentina (July 30): **S&P downgrades Argentina's long-term foreign currency rating to Selective Default (SD) from CCC-** after a 30-day grace period to make a US$ 539 million interest payment to bondholders expired.
- Argentina (July 30): **Fitch downgrades Argentina's Foreign Currency Issuer Default Rating (IDR) to Restricted Default ('RD') from CC**, as the sovereign was not able to cure the missed coupon payments on its discount bonds issued under foreign law by the end of the 30-day grace period, which expired on July 30.
- Argentina (July 31): **Moody's changes Argentina's outlook to negative** saying that default will hasten economic decline.

September

- The Bahamas (September 2): **Moody's downgrades the Bahamas' rating to Baa2 and changes the outlook to stable,** citing continued deterioration of the government's balance sheet, with debt and interest burdens that now exceed those of most Baa-rated peers and subdued economic growth.
- Brazil (September 9**): Moody's changes the outlook of Brazil's rating to negative from positive and affirms its Baa2 rating**. The move reflects "the rising risk that sustained low growth and worsening debt metrics indicate a reduction in Brazil's creditworthiness, which would trigger a downward migration in its credit rating.*"*
- Venezuela (September 16): **S&P's downgrades Venezuela to CCC+ from B-, with a negative outlook,** saying that the lack of economic policy adjustment has led to deterioration in economic fundamentals that "will continue to erode the government's capacity to pay external obligations over the next two years." The CCC+ rating indicates that S&P believes that there is a one-in-two chance of default over that time horizon.
- Costa Rica (September 16): **Moody's downgrades Costa Rica to Ba1 from Baa3 with a negative outlook,** noting the government's failure to approve a fiscal reform. With the downgrade, Costa Rica lost its Moody's investment grade rating.

December

- Venezuela (December 18): **Fitch downgrades Venezuela's rating to CCC from B**, saying that the downgrade reflects the sharp decline in oil prices that has put pressure on the country's balance of payments and has reduced its external financial flexibility. Fitch also believes that Venezuela's capacity to respond to potential external shocks is constrained by the low level of international reserves.
- Barbados (December 19): **S&P's downgrades Barbados to B from BB- and keeps a negative outlook**, saying the sovereign's fiscal balance was under pressure.
- El Salvador (December 22): **S&P's downgrades El Salvador's sovereign rating a notch to B+ from BB- with a stable outlook**, citing low growth and high debt.

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

B. Latin American Spreads

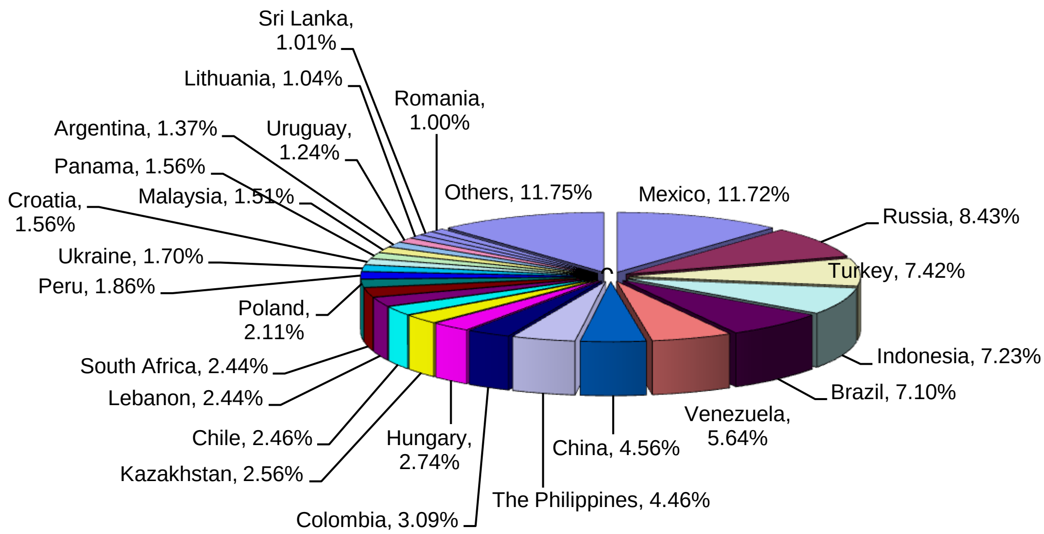
TABLE 2:
SOVEREIGN SPREADS ON JPMORGAN EMBI GLOBAL AND LATIN AMERICAN COMPOSITES
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America
31-Dec-12	266	991	140	116	112	826	155	114	127	786	326
31-Jan-13	271	1102	154	124	132	704	165	129	132	746	328
28-Feb-13	288	1287	178	140	141	704	180	138	164	737	342
28-Mar-13	307	1307	190	153	147	700	182	147	173	797	358
30-Apr-13	291	1210	173	141	131	647	169	132	153	821	346
31-May-13	307	1167	208	153	167	626	196	159	173	878	376
28-Jun-13	353	1199	243	180	193	665	223	201	235	976	424
31-Jul-13	343	1112	241	160	181	620	202	180	185	966	406
30-Aug-13	375	1170	257	182	198	649	222	207	242	1017	432
30-Sep-13	355	1035	245	171	187	628	210	184	200	1010	412
31-Oct-13	328	921	229	161	170	499	196	176	190	1014	390
27-Nov-13	355	776	256	171	190	539	211	193	220	1221	427
31-Dec-13	327	808	230	148	163	530	177	162	194	1141	393
31-Jan-14	390	1085	278	172	208	605	219	202	239	1400	479
28-Feb-14	344	907	251	151	184	609	195	181	217	1255	424
31-Mar-14	324	799	230	143	168	508	182	165	192	1165	393
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
31-Jul-14	291	649	214	125	145	486	164	151	177	976	352
31-Jul-12	341	1087	183	154	140	852	176	145	172	1099	398
31-Aug-12	325	1051	179	146	137	791	186	145	158	1001	381
28-Sep-12	308	897	162	143	132	743	172	125	139	956	369
31-Oct-12	296	1066	154	126	122	824	166	118	136	959	365
30-Nov-12	287	1140	152	130	124	829	169	122	140	880	355
31-Dec-12	266	991	140	116	112	826	155	114	127	786	326
31-Jan-13	271	1102	154	124	132	704	165	129	132	746	328
28-Feb-13	288	1287	178	140	141	704	180	138	164	737	342
28-Mar-13	307	1307	190	153	147	700	182	147	173	797	358
30-Apr-13	291	1210	173	141	131	647	169	132	153	821	346
31-May-13	307	1167	208	153	167	626	196	159	173	878	376
28-Jun-13	353	1199	243	180	193	665	223	201	235	976	424
31-Jul-13	343	1112	241	160	181	620	202	180	185	966	406
30-Aug-13	375	1170	257	182	198	649	222	207	242	1017	432
30-Sep-13	355	1035	245	171	187	628	210	184	200	1010	412
31-Oct-13	328	921	229	161	170	499	196	176	190	1014	390
27-Nov-13	355	776	256	171	190	539	211	193	220	1221	427
31-Dec-13	327	808	230	148	163	530	177	162	194	1141	393
31-Jan-14	390	1085	278	172	208	605	219	202	239	1400	479
28-Feb-14	344	907	251	151	184	609	195	181	217	1255	424
31-Mar-14	324	799	230	143	168	508	182	165	192	1165	393
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
31-Jul-14	291	649	214	125	145	486	164	151	177	976	352
29-Aug-14	306	808	208	124	146	412	161	148	169	1123	369
30-Sep-14	334	700	241	137	169	484	186	162	193	1387	416
31-Oct-14	332	703	236	146	172	495	188	169	193	1507	424
26-Nov-14	353	687	243	157	175	550	195	167	198	1837	453
31-Dec-14	404	719	270	169	196	883	213	182	208	2457	508

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

Note: EMBI Global composition: **by market sector** (end-December 2014): **by country:** Brazil, Mexico and Venezuela account for 27.29% of the total weighting; **by region:** Latin: 40.42%; Non-Latin: 59.58%.

EMBI GLOBAL COMPOSITION (AS OF DECEMBER 2014)



Others:	%
El Salvador	0.89%
Serbia	0.86%
Costa Rica	0.81%
Dominican Rep	0.75%
Pakistan	0.51%
Ivory Coast	0.49%
Ecuador	0.47%
Latvia	0.44%
Azerbaijan	0.42%
Ghana	0.39%
Iraq	0.37%
India	0.35%
Morocco	0.35%
Jamaica	0.33%
Kenya	0.33%
Mongolia	0.30%
Vietnam	0.29%
Zambia	0.28%
Trinidad & Tobago	0.25%
Slovakia	0.25%
Gabon	0.24%
Nigeria	0.24%
Egypt	0.24%
Paraguay	0.24%
Guatemala	0.23%
Georgia	0.17%
Honduras	0.17%
Angola	0.16%
Bolivia	0.16%
Senegal	0.16%
Belarus	0.13%
Mozambique	0.13%
Armenia	0.11%
Tanzania	0.10%
Namibia	0.08%
Belize	0.06%
Total	**11.75**

C. New LAC Debt Issuance

TABLE 3:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FIRST QUARTER OF 2014

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity
		Jan-14			
Brazil	Petrobras	EUR 1500	2,052	2.750%	2018
Brazil	Petrobras	EUR 750	1,026	3.750%	2021
Brazil	Petrobras	EUR 800	1,100	4.750%	2025
Brazil	Petrobras	GBP 600	984	6.625%	2034
Supranational	CAF Development Bank of Latin America	CHF 275	303	2.000%	2024
Mexico	United Mexican States	USD 1000	1,000	3.500%	2021
Mexico	United Mexican States	USD 3000	3,000	5.550%	2045
Brazil	BNDES	EUR 650	889	3.685%	2019
Mexico	Coca-Cola Femsa (KOF)	USD 150	150	3.875%	2023 (r)
Mexico	Coca-Cola Femsa (KOF)	USD 200	200	5.250%	2043 (r)
Bahamas	Bahamas	USD 300	300	5.750%	2024
Mexico	Oro Negro Drilling	USD 725	725	7.500%	2019
Peru	Hochschild	USD 350	350	7.750%	2021 NC18
Peru	Banco de Credito del Peru (BCP)	USD 200	200	6.125%	2027 (r)
Mexico	Pemex	USD 500	500	3.125%	2019
Mexico	Pemex	USD 500	500	4.875%	2024
Mexico	Pemex	USD 3000	3,000	6.375%	2045
Chile	Santander Chile	CHF 300	330	1.000%	2017
Brazil	Braskem	USD 500	500	6.450%	2024
Colombia	Republic of Colombia	USD 2000	2,000	5.625%	2044
Brazil	Santander Brasil	USD 1247	1,247	7.375%	Perp
Mexico	Fibra Uno	USD 600	600	5.250%	2024
Mexico	Fibra Uno	USD 400	400	6.950%	2044
Chile	Empresa de Trasnporte de Pasajeros de Metro (Metro de Santiago)	USD 500	500	4.750%	2024
Supranational	CAF Development Bank of Latin America	EUR 200	274	3.500%	2039
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 180	201	1.875%	2022
Guatemala	Comcel	USD 800	800	6.875%	2024 NC5
Peru	Minsur	USD 450	450	6.250%	2024
			23,581		
		Feb-14			
Mexico	Playa Resorts Holding	USD 75	75	8.000%	2020 NC3 (r)
Brazil	Odebrecht	USD 580	480	6.625%	2022
Chile	Banco de Chile	CHF 150	169	3-month L+75	2016
Chile	Banco de Chile	CHF 125	141	1.250%	2019
Brazil	Banco Safra	CHF 350	394	1.850%	2017
			1,259		
		Mar-14			
Chile	Santander Chile	AUD 125	114	4.500%	2017
Mexico	Credito Real	USD 350	350	7.500%	2019 NC3
Brazil	Petrobras	USD 1600	1600	3.250%	2017
Brazil	Petrobras	USD 1400	1400	3-month L+236	2017
Brazil	Petrobras	USD 1500	1500	4.875%	2020
Brazil	Petrobras	USD 500	500	3-month L+288	2020
Brazil	Petrobras	USD 2500	2500	6.250%	2024
Brazil	Petrobras	USD 1000	1000	7.250%	2044
Peru	Interbank	USD 300	300	6.625%	2029 NC10
Mexico	United Mexican States	GBP 1000	1660	5.625%	2114
Brazil	Banco Daycoval	USD 500	500	5.750%	2019
Brazil	Banco do Brasil	EUR 300	420	3.750%	2018 (r)
Jamaica	Digicel	USD 1000	1000	7.125%	2022 NC3
Mexico	Alfa	USD 500	500	5.250%	2024
Mexico	Alfa	USD 500	500	6.875%	2044
Barbados	Columbus International	USD 1250	1250	7.375%	2021 NC4
Mexico	Cemex	EUR 400	553	5.250%	2021 NC3
Mexico	Cemex	USD 1000	1000	6.000%	2024 NC5
Peru	Fondo Mivivienda	USD 300	300	3.375%	2019
Brazil	Republic of Brazil	EUR 1000	1400	2.875%	2021
Brazil	Minerva	USD 300	300	8.750%	Perp
Chile	Banco de Chile	JPY 2000	20	0.980%	2019
Brazil	JBS	USD 750	750	7.250%	2024
			19,417		

Source: LatinFinance (Bonds Database).

Q1 2014 Total **44,257**

Notes:

(r): retap.
NC3, NC4, NC5: only callable after 3, 4 and 5 years, respectively.
NC10: only callable after 10 years.
NC18: only callable after 18 years.

TABLE 4:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
SECOND QUARTER OF 2014

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity
		Apr-14			
Mexico	United Mexican States	EUR 1000	1,375	2.375%	2021
Mexico	United Mexican States	EUR 1000	1,375	3.625%	2029
Argentina	YPF	USD 1000	1,000	8.750%	2024
Costa Rica	Republic of Costa Rica	USD 1000	1,000	7.000%	2044
Colombia	Avianca Holdings	USD 250	250	8.375%	2020 NC4 (r)
Mexico	BBVA Bancomer	USD 750	750	4.375%	2024
Mexico	Kimberly Clark Mexico (KCM)	USD 250	250	3.800%	2024
Guatemala	Banco Agromercantil	USD 300	300	6.250%	2019
Brazil	BNDES	USD 1000	1,000	4.000%	2019
Brazil	BNDES	USD 500	500	5.750%	2023 (r)
Mexico	Pemex	EUR 1000	1,300	3.750%	2026
Brazil	Gerdau	USD 500	500	7.250%	2044
Chile	Empresa Nacional de Electricidad de Chile (Endesa)	USD 400	400	4.250%	2024
Chile	BBVA Chile	CHF 150	170	1.375%	2017
Colombia	Sura Asset Management	USD 500	500	4.875%	2024
Brazil	Braskem	USD 250	250	6.450%	2024 (r)
Chile	Santander Chile	JPY 6600	66	55bp+YLibor	2017
Chile	Santander Chile	JPY 2000	20	0.750%	2017
Chile	Santander Chile	JPY 18700	183	0.700%	2019
Brazil	Votorantim Cimentos	EUR 650	899	3.250%	2021
Chile	Banco de Chile	HKD 600	77	3.080%	2019
Dominican Republic	Dominican Republic	USD 1250	1,250	7.450%	2044
Peru	Camposol	USD 75	75	9.875%	2017 NC3 (r)
Chile	Masisa	USD 300	300	9.500%	2019 NC3
			13,790		
		May-14			
Mexico	Fermaca	USD 550	550	6.375%	2038
Chile	Banco de Chile	JPY 5000	49	1.100%	2022
Colombia	Ocensa (Oleoducto Central)	USD 500	500	4.000%	2021
Brazil	Caixa Econômica Federal (CEF)	USD 1300	1300	4.250%	2019
Brazil	Fibria Celulose	USD 600	600	5.250%	2024
Mexico	Grupo Televisa	USD 1000	1000	5.000%	2045
Brazil	Tonon Bioenergia	USD 230	230	10.500%	2024 NC19
Brazil	Brasil Foods	USD 750	750	4.750%	2024
Mexico	Arendal	USD 80	80	10.500%	2016
Peru	Fondo Mivivienda	CHF 250	280	1.250%	2018
Colombia	Ecopetrol	USD 2000	2000	5.875%	2045
Mexico	Empresas ICA	USD 700	700	8.875%	2024 NC19
Supranational	CAF Development Bank of Latin America	EUR 750	1000	1.875%	2021
Panama	Banco General	CHF 180	201	1.625%	2018
Mexico	Financiera Independencia	USD 200	200	7.500%	2019 NC17
Mexico	America Movil	EUR 600	817	1.000%	2018
Mexico	Banco Inbursa	USD 1000	1000	4.125%	2024
			11,257		
		Jun-14			
Mexico	America Movil	MXN 7500	579	7.125%	2024
Mexico	America Movil	MXN 10000	771	6.000%	2019
Panama	Global Bank	CHF 75	84	3.000%	2018
Brazil	Grupo Virgolino de Oliveira (GVO)	USD 230	130	11.000%	2024
Uruguay	Oriental Republic of Uruguay	USD 2000	2000	5.100%	2050
Brazil	Odebrecht Oil and Gas	USD 400	400	7.000%	Perp NC10
Brazil	Marfrig	USD 850	850	6.880%	2019
Brazil	Banco do Brasil	USD 2500	2500	9.000%	Perp NC10
Brazil	Votorantim - Companhia Brasileira de Alumínio	USD 400	400	4.750%	2024
Brazil	JBS USA	USD 750	750	5.875%	2024
Chile	Banco de Credito e Inversiones (BCI)	CHF 150	167	1.125%	2019
Brazil	Rio Previdencia	USD 2000	2000	6.250%	2024
Ecuador	Republic of Ecuador	USD 2000	2000	7.950%	2024
Brazil	Odebrecht Finance	USD 500	500	5.250%	2029
Mexico	Grupo Bimbo	USD800	800	3.875%	2024
Mexico	Grupo Bimbo	USD 500	500	4.875%	2044
Brazil	OAS	USD 400	400	8.000%	2021
Argentina	Mastellone Hermanos	USD 200	200	12.625%	2021
			15.031		

Source: LatinFinance (Bonds Database).

Notes:		**Q2 2014 Total**	**40,078**
(r): retap.		**H1 2014**	**84,335**

NC3: only callable after 3 years.
NC4: only callable after 4 years.
NC10: only callable after 10 years.
NC19: only callable after 19 years.

TABLE 5:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
THIRD QUARTER OF 2014

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity
		Jul-14			
Jamaica	Jamaica	USD 800	800	7.625%	2025 Amortizing
Brazil	Odebrecht Oil and Gas	USD 150	150	7.000%	Perp NC10 (r)
Peru	InRetail Shopping Mall	USD 350	350	6.500%	2021 NC17
Chile	Colbun	USD 500	500	4.500%	2024
Chile	Corporación Nacional del Cobre (Codelco)	EUR 600	816	2.250%	2024
Peru	Corporación Financiera de Desarrollo S.A. - Cofide	USD 300	300	3.250%	2019
Peru	Corporación Financiera de Desarrollo S.A. - Cofide	USD 300	300	5.250%	2029 NC24
Chile	Transelec	USD 375	375	4.250%	2025
Brazil	Klabin	USD 500	500	5.250%	2024
Brazil	InterCement	USD 750	750	5.500%	2024
Brazil	Tupy	USD 350	350	6.625%	2024
Dominican Republic	Dominican Republic	USD 250	250	7.450%	2044 (r)
Mexico	United Mexican States	JPY 33800	332	0.800%	2019
Mexico	United Mexican States	JPY 13900	137	1.440%	2024
Mexico	United Mexican States	JPY 12300	121	2.570%	2034
Chile	Celulosa Arauco	USD 500	500	4.500%	2024
Mexico	Unifin Financiera	USD 400	400	6.250%	2019
Brazil	Caixa Econômica Federal (CEF)	USD 500	500	7.250%	2024 NC5
Chile	Empresa Nacional de Telecomunicaciones (Entel)	USD 800	800	4.750%	2026
Brazil	Federative Republic of Brazil	USD 3500	3,500	5.000%	2045
Chile	GNL Quintero	USD 1100	1,100	4.634%	2029
			12,831		
		Aug-14			
Paraguay	Republic of Paraguay	USD 1000	1,000	6.100%	2044
Supranational	CAF Development Bank of Latin America	USD 1000	1,000	1.500%	2017
Colombia	Financiera de Desarrollo Territorial – Findeter	COP 946175	500	7.875%	2024
Brazil	Minerva	USD 200	200	7.750%	2023 NC5 (r)
			2,700		
		Sep-14			
Brazil	Republic of Brazil	USD 1050	1,050	4.250%	2025 (r)
Colombia	Empresas Publicas de Medellín (EPM)	COP 965745	500	7.625%	2024
Mexico	Cemex	EUR 400	517	4.750%	2022
Mexico	Cemex	USD 1100	1,100	5.700%	2025
Mexico	Mexichem	USD 750	750	5.875%	2044
Colombia	Ecopetrol	USD 1200	1,200	4.125%	2025
Mexico	Axtel	USD 150	150	8.000%	2020 (r)
Chile	Inversiones CMPC S.A.	USD 500	500	4.750%	2024
El Salvador	Republic of El Salvador	USD 800	800	6.375%	2027
Brazil	Banco BTG Pactual	USD 1300	1,300	8.750%	Perp NC5
Panama	Republic of Panama	USD 1250	1,250	4.000%	2024
Colombia	Pacific Rubiales	USD 750	750	5.625%	2025 NC5
Peru	BBVA Banco Continental	USD 300	300	5.250%	2029
Chile	CorpBanca	USD 750	750	3.875%	2019
Brazil	Gol Transportes Aereos	USD 325	325	8.875%	2022
Brazil	Samarco Mineração	USD 500	500	5.375%	2024
Mexico	Puerto de Liverpool	USD 300	300	3.950%	2024
Brazil	Cimento Tupi	USD 35	35	9.750%	2018 (r)
			12,077		
Source: LatinFinance (Bonds Database).		**Q3 2014 Total**	**27,608**		
		2014 YTD	**111,943**		

Notes:
(r): retap.
NC5: only callable after 5 years.
NC10: only callable after 10 years.
NC17: only callable after 17 years.
NC24: only callable after 24 years.

TABLE 6:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FOURTH QUARTER OF 2014

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
		Oct-14				
Mexico	Pemex	USD 500	500	3-month L+35	2025	
Barbados	Consolidated Energy Limited	USD 1050	1,050	6.750%	2019	
Barbados	Consolidated Energy Limited	USD 200	200	3-month L+350	2019	
Supranational	Central American Bank for Economic Integration (CABEI)	CNH 500	81	3.850%	2019	
Mexico	Pemex	USD 1000	1,000	4.250%	2025	
Mexico	Pemex	USD 1500	1,500	5.500%	2044	
Mexico	Pemex	USD 500	500	2.378%	2025	
Peru	InRetail Consumer	USD 300	300	5.250%	2021	NC4
Argentina	Roggio S.A.	USD 87.1	87	11.500%	2019	
Colombia	Republic of Colombia	USD 500	500	4.000%	2024	(r)
Colombia	Republic of Colombia	USD 500	500	5.625%	2044	(r)
Chile	Falabella	USD 400	400	4.375%	2025	
Chile	Sociedad Química y Minera de Chile (SQM)	USD 250	250	4.375%	2025	
Chile	E-CL	USD 350	350	4.500%	2025	
Chile	Empresa Nacional de Petróleo (Enap)	USD 600	600	4.375%	2024	
Chile	Corporación Nacional del Cobre (Codelco)	USD 980	980	4.875%	2044	
Panama	Global Bank	USD 400	400	5.125%	2019	
Peru	Unión Andina de Cementos (Unacem)	USD 625	625	5.875%	2021	NC4
Peru	Republic of Peru	PEN 3250	1,110	5.750%	2024	
Peru	Republic of Peru	USD 500	500	5.625%	2050	(r)
			11,433			
		Nov-14				
Mexico	Kio Networks	USD 500	500	8.250%	2021	
Supranational	CAF Development Bank of Latin America	CHF 225	231	1.500%	2028	
Mexico	BBVA Bancomer	USD 200	200	5.350%	2029	NC10
Chile	Banco de Crédito e Inversiones	CHF 150	156	0.875%	2018	
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 100	103	0.500%	2018	
Brazil	Banco Safra	CHF 100	103	1.500%	2019	
Argentina	Republic of Argentina	USD 654	654	2.400%	2018	Self-led
Brazil	Rioprevidência	USD 1100	1,100	6.750%	2027	
Mexico	United Mexican States	USD 2000	2,000	3.600%	2025	
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 155	120	1.125%	2022	
Chile	Empresa Eléctrica Angamos	USD 800	800	4.875%	2029	
Mexico	Gruma	USD 400	400	4.875%	2024	
Mexico	Elementia	USD 435	425	5.500%	2024	
Chile	Banco de Crédito e Inversiones	JPY 1500	12.69	58bp+Yen Libor	2017	
Chile	Banco de Crédito e Inversiones	JPY 4900	41.44	0.700%	2017	
Chile	Banco de Crédito e Inversiones	JPY 10100	85.42	0.810%	2019	
			6,932			
		Dec-14				
Chile	Republic of Chile	EUR 800	985	1.625%	2025	
Chile	Republic of Chile	USD 1060	1,060	3.125%	2019	
Brazil	Fibria Celulose	USD 130	130	130bp+Libor	2019	
Brazil	Fibria Celulose	USD 190	190	140bp+Libor	2019	
Brazil	Fibria Celulose	USD 180	180	155bp+Libor	2025	
Peru	Energía Eólica	USD 204	204	6.000%	2044	
			2,749			

Source: LatinFinance (Bonds Database).

Notes:		
(r): retap.	**Q4 2014**	**21,114**
NC4: only callable after 4 years.	**H2 2014**	**48,722**
NC10: only callable after 10 years.	**2014**	**133,055**