

# Capital flows to Latin America and the Caribbean

First half of 2023



UNITED NATIONS



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## Highlights

- Total Latin American and Caribbean (LAC) bond issuance in international markets was US\$ 50 billion in the first half of 2023. Rebounding from last year's low volumes, this total was 9% higher than in the first half of 2022 and 158% higher than in the second. The region's issuance had a strong start of the year that was not maintained, but made a comeback towards the end of the semester to a solid performance.
- The average coupon in the first six months of 2023 was 0.3% higher than in the second semester of 2022. However, this was a slower pace of growth, at exactly half of the 0.6% average coupon increase that took place in the second half of last year. Average debt maturity was higher, increasing to 11.3 years from 9.5 years in the second half of 2022.
- The region's international debt issuance in the first six months of 2023 was supported by decelerating inflation and currency appreciation. Another contributing factor may have been the Federal Reserve hitting pause on its benchmark interest rate at its 13-14 June meeting after hiking it ten times in a row to cool the U.S. economy and tame inflation. There was a flurry of new bond issuances in the last two weeks of June that continued in July.
- The recovery of issuance volume in the first half of 2023 shows different market sector performances. Sovereign, quasi-sovereign and supranational bond issuers were the top contributors to the market recovery. Year-on-year, LAC quasi-sovereign and supranational international bond issuances increased 71% and 41%, respectively, while sovereign issuances increased 21% in the first six months of the year. The slowdown in the corporate sector continued, however, with issuances from the private non-bank sector declining 44%.
- The region's top three issuers in international markets, corporate and sovereign combined, were Mexico, Brazil, and Chile, in that order. Together they accounted for 58% of the total regional issuance in the first half of 2023. Mexico was the top issuer, with a share of 25.2%, followed by Brazil (17.4%) and Chile (15.4%).
- Mexico and Chile were also the region's top two sovereign issuers. Together they accounted for 46% of all sovereign international debt issuances from the region. Brazil ended an absence of almost two years

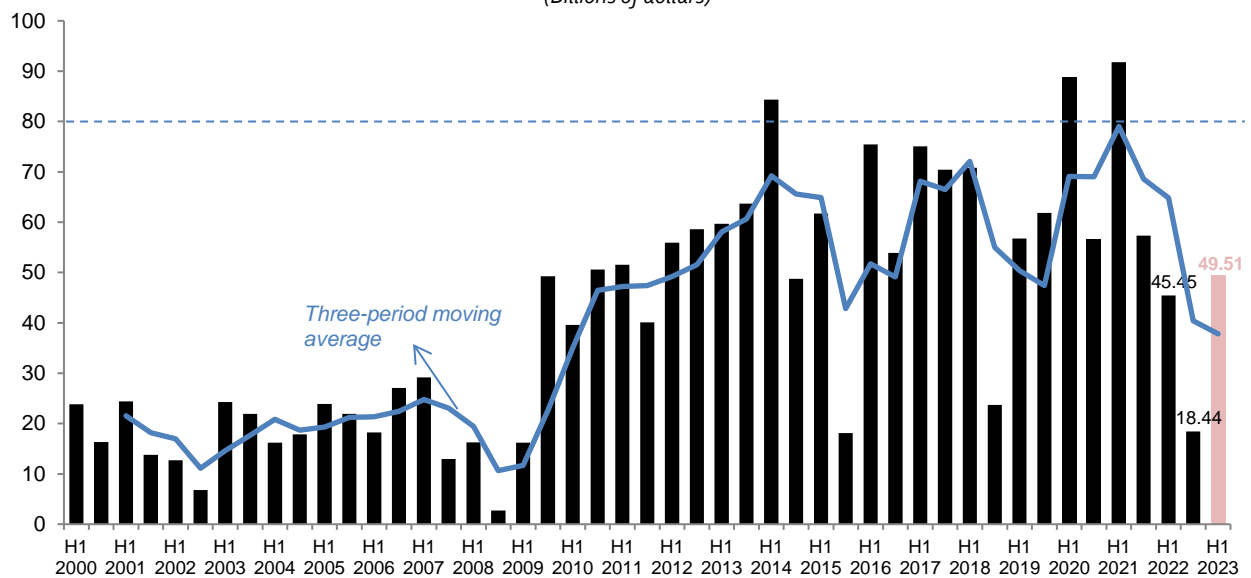
from the international bond market with a sovereign bond issuance in April, a 10-year US\$ 2.25 billion bond that was well received by investors.

- The region issued US\$ 16.6 billion in international green, social, sustainability and sustainability-linked (GSSS) bonds in the first half of 2023, up 14% from the same period in 2022, but with an average coupon that was 1.2% higher. GSSS international bond issuances represented a 34% share of the region's total amount issued in the first six months of 2023, the highest share on record.
- The public sector has continued to play a larger part in the region's sustainable sector this year so far, with sovereign issuances increasing to 69% of the total regional GSSS bond issuance in international markets from a 57% share in 2022.
- Sustainability bonds were the most used ESG debt instruments by LAC issuers in the first half of 2023, representing 38% of the region's total GSSS international issuance in the period (US\$ 6.2 billion). Sustainability-linked bonds (SLBs), which accounted for 30% (US\$ 5 billion) of the total, were the second most used instruments. Chile's sovereign SLB issuances in the last week of June represented 62% of the region's total SLB issuance in the period.
- LAC bond spreads tightened 19 basis points in the first half of 2023. As measured by the global emerging market bond index (EMBIG), LAC bond spreads stood at 421 basis points at the end of June 2023, 49 basis points higher than pre-pandemic levels.
- Latin American equities in U.S. dollar terms performed strongly in the first half of 2023, reflecting currency appreciation that has boosted equity returns in dollar terms. The MSCI Latin American index gained 14.6% in the first six months of the year, outperforming the emerging market index, which gained 3.5%.
- Credit quality improved in the first half of 2023, supported by lower funding needs and greater reliance on local markets. There were 15 positive and 10 negative credit rating actions in the region in the period.

## Overview

Latin American and Caribbean (LAC) bond issuers placed US\$ 49.5 billion in international bond markets in the first half of 2023, with an average coupon that was 0.3% higher and an average maturity that was almost two years greater than in the second half of 2022. This total was 9% higher than in the first half of 2022 and 158% higher than in the second (figure 1). Despite the rebound, global financial conditions remain challenging for the region’s sovereign and corporate issuers due to higher borrowing costs and tighter lending conditions, adding to their domestic challenges.

**Figure 1**  
Semi-annual LAC international bond issuance, H1 2000–H1 2023  
(Billions of dollars)



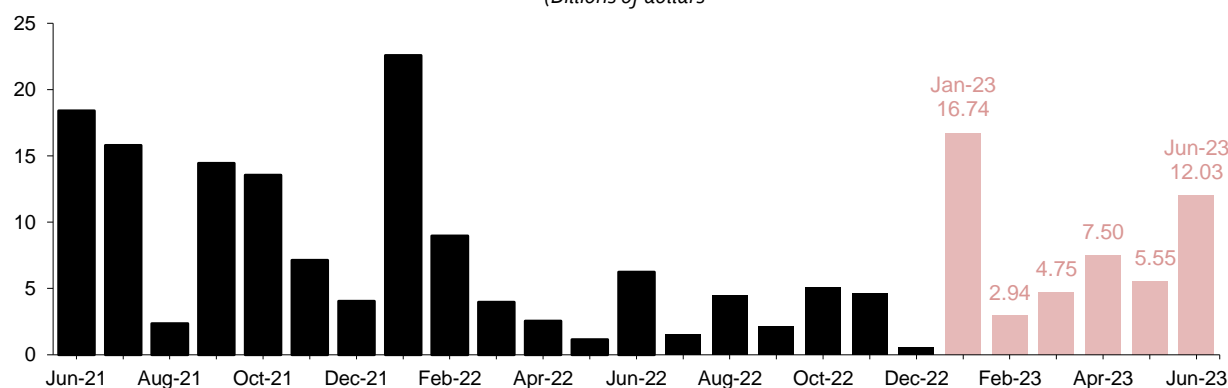
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.



The region's international debt issuance in the first six months of 2023 was supported by decelerating inflation and currency appreciation. As Latin American currencies continue to outperform, demand from international investors for local currency-denominated bonds has increased. The local currency share in the first six months of 2023 increased to 14% from 8% in 2022. Latin American central banks were rewarded by foreign exchange (FX) markets in 2022 and in the first half of 2023 for being early inflation fighters. If inflation falls further and Latin American central banks are the first to start easing to support growth, the FX markets may continue to reward them.<sup>1</sup>

On a monthly basis, the highest totals were seen at the beginning and at the end of the semester (figure 2). There was a flurry of new LAC bond issuances in the last two weeks of June, which has continued in July, suggesting a resurgence in the region's bond market activities after a period of lull. Most of the June issuances (79%) took place in the last two weeks of the month, including five sustainability-linked bond issuances totaling US\$ 4.6 billion and accounting for almost 40% of the monthly total.

**Figure 2**  
Monthly LAC international bond issuance, June 2021–June 2023  
(Billions of dollars)



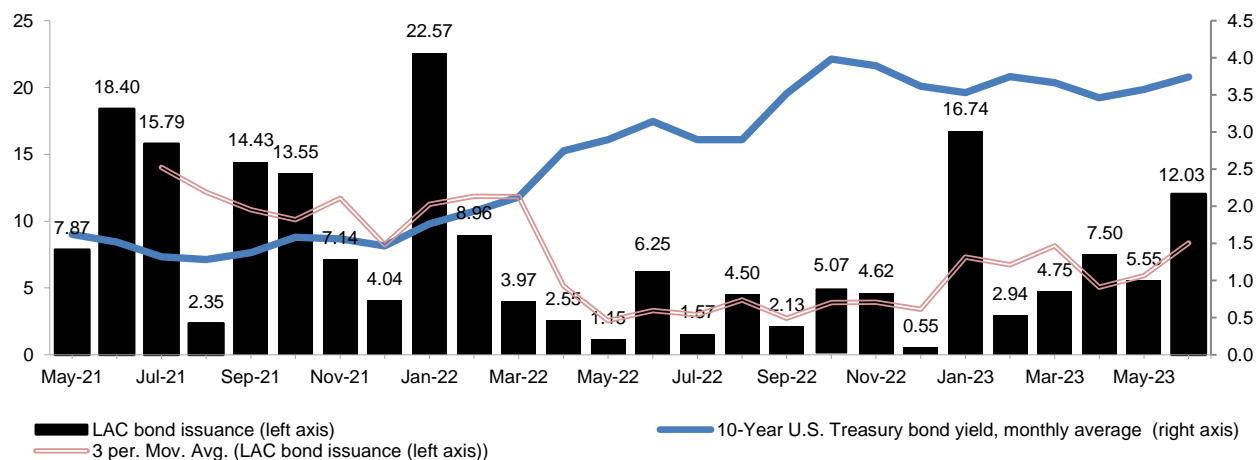
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Condes and Bloomberg.

The United States Federal Reserve hit pause on its benchmark interest rate at its 13-14 June meeting, after hiking ten times in a row in a battle to cool the U.S. economy and tame inflation. This may have been a contributing factor to the flurry of new LAC bond issuances in the last two weeks of June. The Fed began to slow the pace of tightening in December 2022, and after three 0.25% interest rate increases in January, March and May 2023, it held the target range steady at the June meeting to assess additional information and its implications for monetary policy. However, following the surprising strength of the United States economy in the first half of the year, the Federal Reserve increased interest rates again by 0.25% at its 25-26 July meeting. It remains to be seen what impact this decision will have on bond issuances from the region in the second half.

Indeed, while 10-year Treasury yields came down from their October 2022 peak in the first four months of 2023, improving borrowing conditions for the region's debt issuers, they are now climbing once again. Yields have rebounded as the U.S. economy and markets have powered through a banking sector turmoil and a debt-ceiling fight that raised financial stability concerns. Persistent signs of U.S. economic strength and the easing of stress in the banking sector signal that Treasury yields could go higher still in the months ahead. The 10-year Treasury yield serves as a vital economic benchmark. It influences borrowing costs for consumer and businesses and has big implications for the value of emerging market debt securities. When it moves higher, there is an adverse impact on the bond issuances from Latin America and the Caribbean (figure 3).

<sup>1</sup> When borrowing in U.S. dollars and putting the money into local currency, the combination of high domestic interest rates and an appreciated currency translates into higher returns. This is a carry trade where the investors borrow money in dollars at a lower interest rate and invest in the local currency that has a higher interest rate, making a return that's roughly equivalent to the difference between the two rates.

**Figure 2**  
**LAC international bond issuance and 10-year U.S. Treasury yield, December 2020—June 2023**  
*(Left axis, billions of dollars; Right axis, percentage)*



Source: ECLAC Washington Office based on data from Dealogic, LatinFinance, Cbonds and Bloomberg for debt issuances, and the United States Federal Reserve for the 10-year U.S. Treasury bond yield.

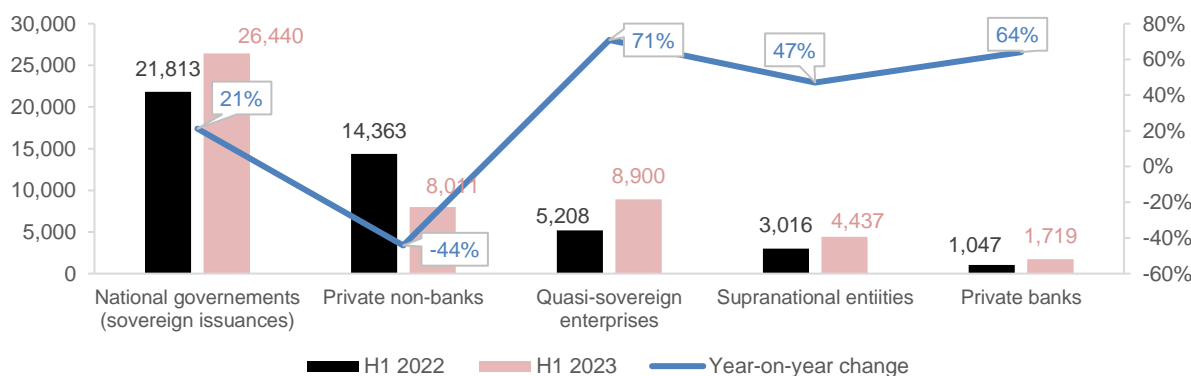
The largest debt issuance rebound in the first half of 2023 was observed in the quasi-sovereign sector, which showed a year-on-year growth of 71%. Issuances from supranational entities and national governments grew 21% and 47%, respectively. On the other hand, bond issuances from the private-non-bank corporate sector, which had been the main driver of the region’s international debt issuances since 2009, suffered a 44% decline year-on-year (table 1, figure 4).

**Table 1**  
**LAC debt issuances in international markets by sector, H1 2023**  
*(Millions of dollars, percentages and number of deals)*

	Private banks	Private non-banks	Quasi-sovereign enterprises	Supranational entities	National governments (sovereign issuances)	Total
Total H1 2023	1,719	8,011	8,900	26,440	4,437	49,507
Year-on-year growth (percentages)	64%	-44%	71%	21%	47%	9%
Share of Total (percentages)	3%	16%	18%	53%	9%	100%
Number of deals	9	14	8	18	12	61
Deals year-on-year decline	2	-11	0	2	1	-6

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

**Figure 3**  
**LAC debt issuances in international markets by sector, H1 2022 and H1 2023**  
*(Millions of dollars, percentages and number of deals)*



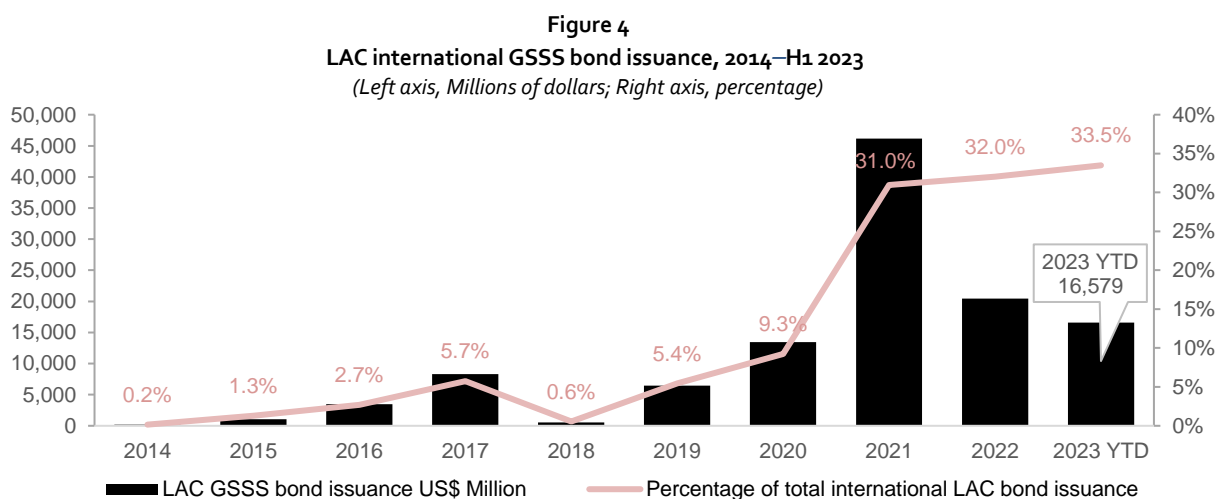
Source: ECLAC Washington Office based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.

Higher funding costs remained a source of pressure for the non-investment-grade segment of the private non-bank corporate sector. According to Moody's, "as long as interest rates remain high in Latin America, liquidity will remain tight and will deteriorate for companies with the highest exposure to floating rates, increasing the costs of their debt service payments."<sup>2</sup>

The region's top three issuers, corporate and sovereign combined, were Mexico, Brazil, and Chile, in that order, which together accounted for 58% of the total regional issuance. Mexico was the top issuer, accounting for 25.2% of all LAC issuances in the first half of 2023, followed by Brazil (17.4%) and Chile (15.4%). Mexico and Chile were also the region's top two sovereign issuers. Together they accounted for 46% of all sovereign LAC debt issuances. Brazil ended an absence of almost two years from the international bond market with a sovereign bond issuance in April, a 10-year US\$ 2.25 billion bond, taking the fourth place after Peru, which took third place after raising US\$ 2.5 billion through a sustainability bond in May.

The region's sustainable bond issuances showed resilience in the first half of 2023. Following the broader market trend of a comeback towards the end of the period, 60% of the total sustainable bond issuances took place in May and June. They were up 14% from the first half of 2022 and 180% from the second half. The largest increase in issuances was observed in the sovereign sector. The 78% increase in international green, social, sustainability and sustainability-linked (GSSS) bond issuances from the sovereign sector in the first six months of 2023 from the same period a year ago more than compensated for the decline in private corporate (-37%) and quasi-sovereign plus supranational issuances (-35%).

Overall, the region issued US\$ 16.6 billion of international GSSS bonds in the first half of 2023. The region's GSSS bond issuance represented a 33.5% share of the total amount issued in international markets in the period, an increase from the 32% share in 2022 and the highest share on record, highlighting the enduring resilience of these novel instruments in the current international scenario (figure 5).

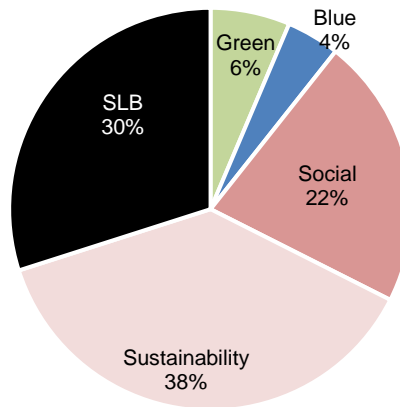


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. The region's first international green bond was issued in December 2014.

Sustainability bonds were the most used ESG debt instruments by LAC issuers in the first half of 2023. They accounted for 38% of the region's total international GSSS bond issuance (US\$ 6.2 billion), with the Governments of Mexico and Peru issuing 47% (US\$ 2.9 billion) and 40% (US\$ 2.5 billion) of the total, respectively, leading to a bump in this category. Sustainability-linked bonds (SLBs) were the second most used ESG debt instrument, representing 30% (US\$ 5 billion) of the total (figure 6). Chile's sovereign SLBs (US\$ 3.1 billion) accounted for 62% of the SLB total.

<sup>2</sup> Moody's, "High interest rates intensify liquidity risk for companies with debt in floating rates" Corporates-Latin America & Caribbean, Sector In-Depth, 06 June 2023. Contact Information: Roxana Munoz and Marcos Schmidt.

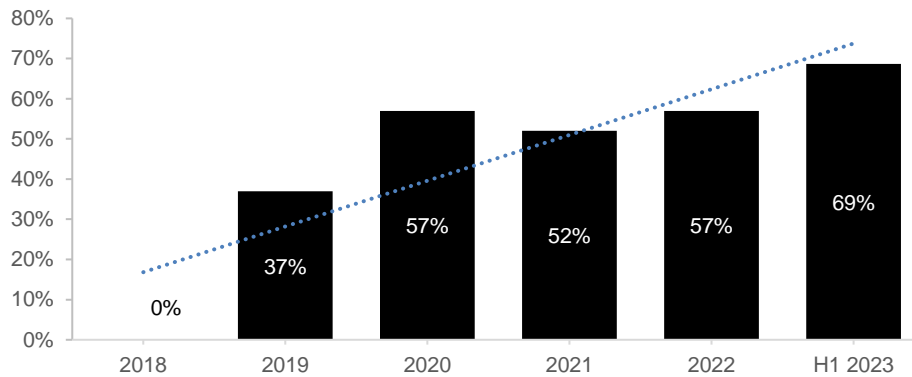
**Figure 5**  
LAC international GSSS bond issuance: types of instruments, H1 2023  
(Percentage)



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

The larger role national governments are playing in the region's sustainable issuance has been one major trend in the past five years. Until 2019, all LAC GSSS bond issuances originated in the corporate sector. In June 2019, Chile issued the region's first green sovereign bond in international markets. From then to the first half of 2023, seven countries —Chile, Ecuador, Guatemala, Mexico, Peru, Bahamas, and Uruguay— in order of appearance in the international markets, issued sovereign green (or blue), social, sustainability, and sustainability-linked bonds. The sovereign sector accounted for 69% of the region's total international GSSS bond issuance in the first half of 2023 (figure 7).

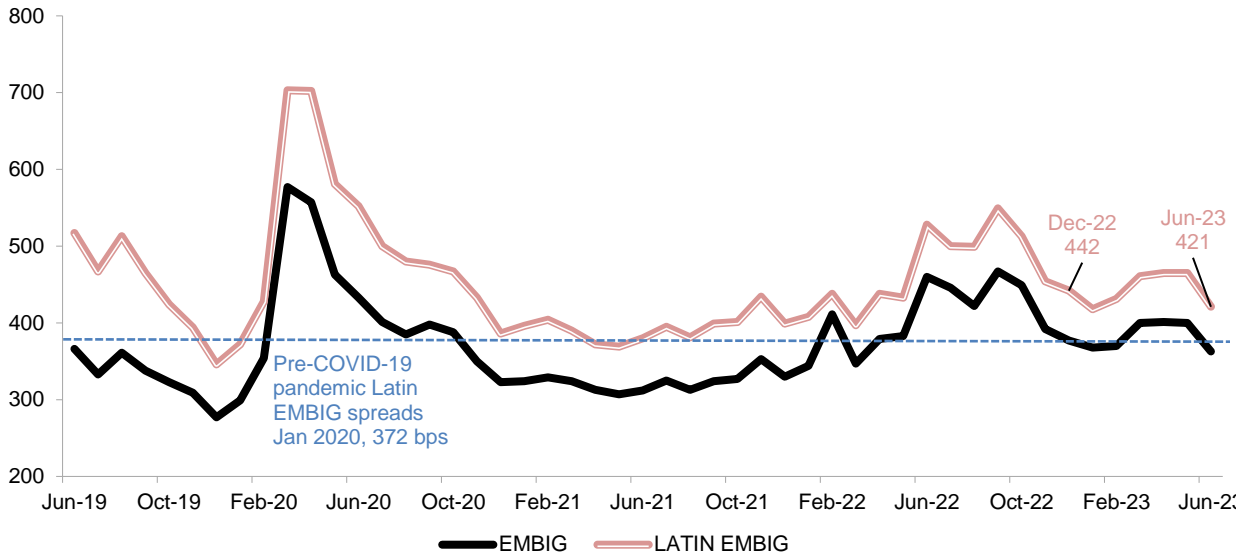
**Figure 6**  
Sovereign bond issuance as a share of LAC GSSS bond issuance, 2018–H1 2023  
(Percentage)



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

Borrowing costs for LAC issuers tightened by 19 basis points in the first half of 2023. While the region's bond spreads widened in March, following the collapse of the United States Silicon Valley Bank (SVB) and the banking sector turmoil that followed, they stabilized in April and May as the strains from bank failures subsided, and declined in June. The recent decline in spreads is supported by currency appreciation, the region's progress in the fight against inflation, and expectations that its economies are likely to be the first ones to start easing policy. As measured by the global emerging market bond index (EMBIG), LAC bond spreads stood at 421 basis points at the end of June 2023, 49 basis points higher than pre-pandemic levels (figure 8).

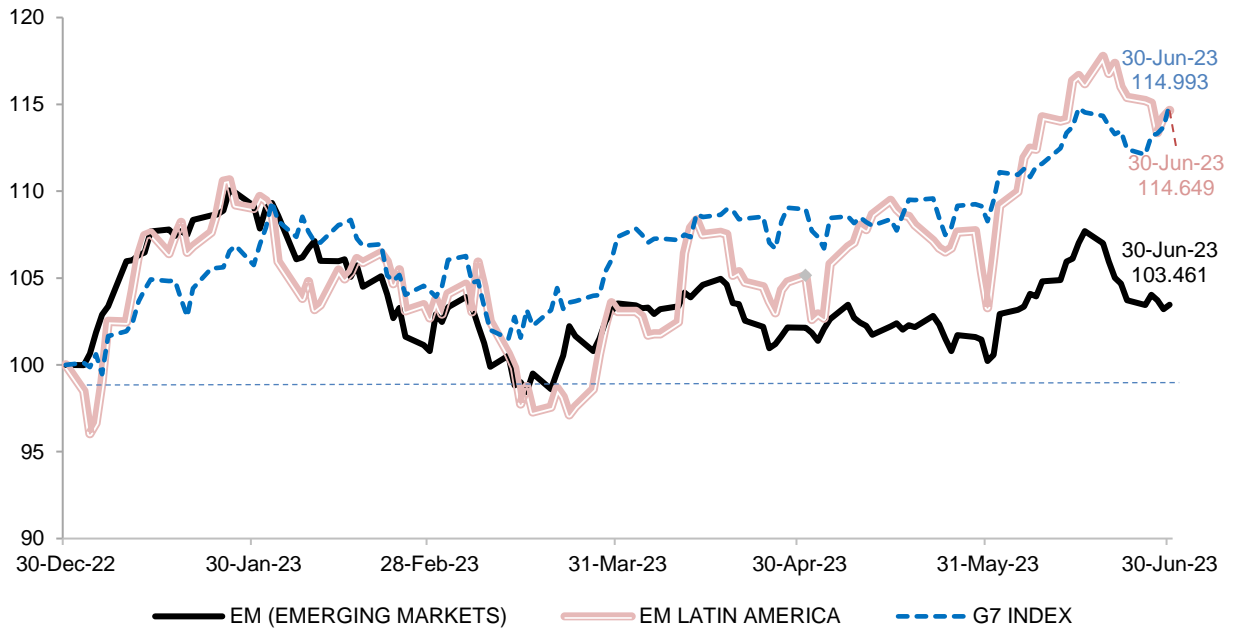
**Figure 7**  
**EMBIG and Latin American daily spreads, June 2019–June 2023**  
*(Basis points)*



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

Latin American equities in U.S. dollar terms performed strongly in the first half of 2023, reflecting currency appreciation that has boosted equity returns in dollar terms. The MSCI Latin American index gained 14.6% in the first six months of the year, outperforming the emerging market index, which gained 3.5%. The G7 index gained 15% (figure 9).

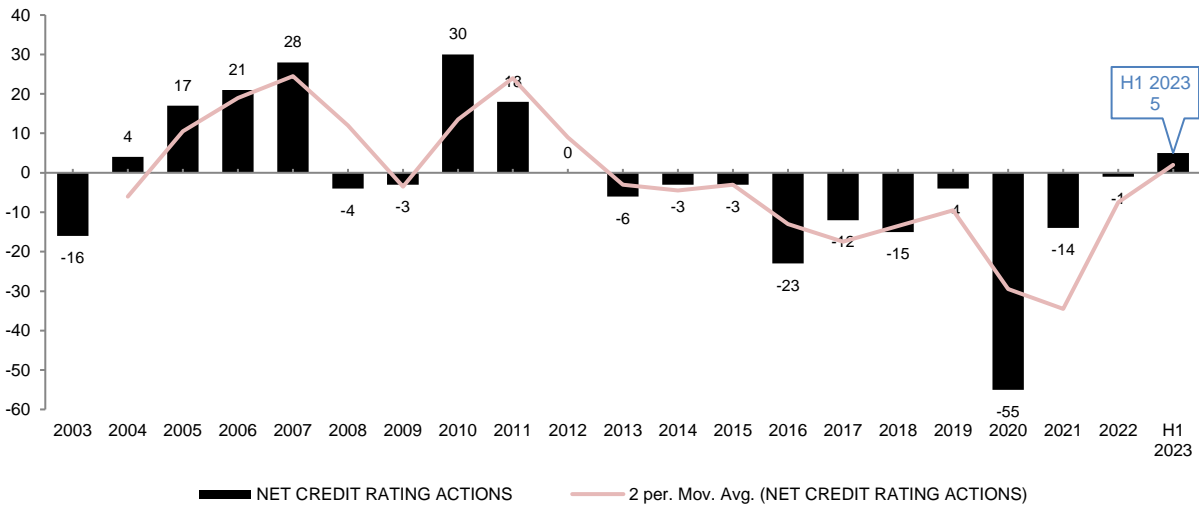
**Figure 8**  
**MSCI equity price Index, H1 2023**  
*(Index levels)*



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

The region’s sovereign credit quality improved in the first half of 2023, supported by lower funding needs and greater reliance on local markets. There were 15 positive and 10 negative credit rating actions in the region in the period. Following ten consecutive years when negative credit rating actions—including upgrade/downgrades and upward/downward outlook revisions— outnumbered positive actions in the region, there were five more positive actions than negative in the first six months of the year. The positive actions included outlook upward revisions and upgrades citing improvements in fiscal positions and external metrics, while the negative actions included outlook downward revisions and downgrades citing financing risks, distressed exchanges and depletion of liquidity buffers (figure 10).

**Figure 9**  
**Net credit rating actions in Latin America and the Caribbean, 2003–H1 2023**  
*(Number of Actions)*



Source: ECLAC Washington Office, based on data from Moody’s, Standard & Poor’s, and Fitch. Credit rating actions include upgrade/downgrades and upward/downward outlook revisions. H1: first half.



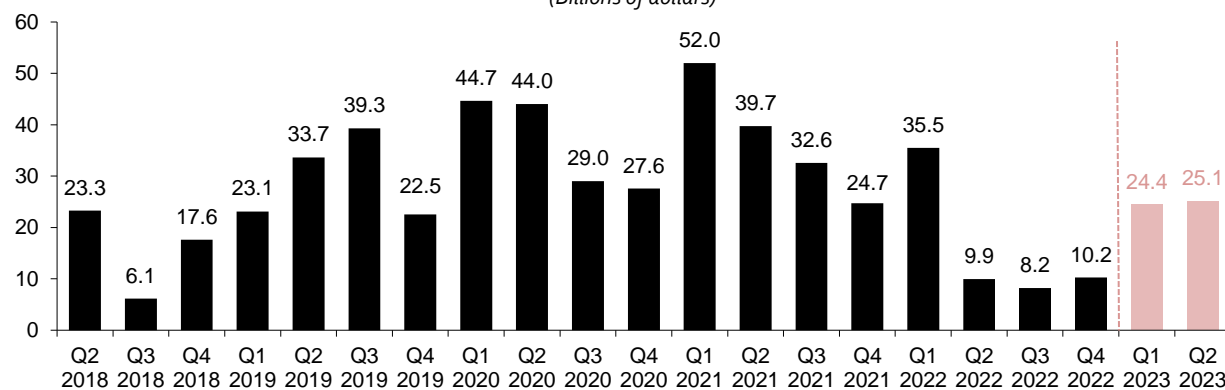
## I. International bond markets and debt management

LAC issuance in international bond markets in the first half of 2023 was an improvement over 2022. It was 9% higher than in the first half of 2022 and 158% higher than in the second. Credit spreads also improved, tightening 19 basis points overall in the first semester of 2023, reflecting progress in slowing inflation at the domestic level, and better market sentiment due to slower monetary tightening pace in the U.S. and China's opening economy. Credit quality also improved in the first half of the year.

### A. New debt issuance

Total LAC bond issuance in international markets was US\$ 49.5 billion in the first half of 2023. There was a comeback in issuances from the region in the first half of the year, supported by decelerating inflation, currency appreciation, and the Federal Reserve hitting pause on its benchmark interest rate at its June meeting, after hiking ten times in a row. The amounts issued in the first and second quarters of the year (US\$ 24.4 and US\$ 25.1 billion, respectively), were the highest quarterly totals since the first quarter of 2022 (figure 11).

**Figure 10**  
LAC quarterly international bond issuance, Q2 2018–Q2 2023  
(Billions of dollars)

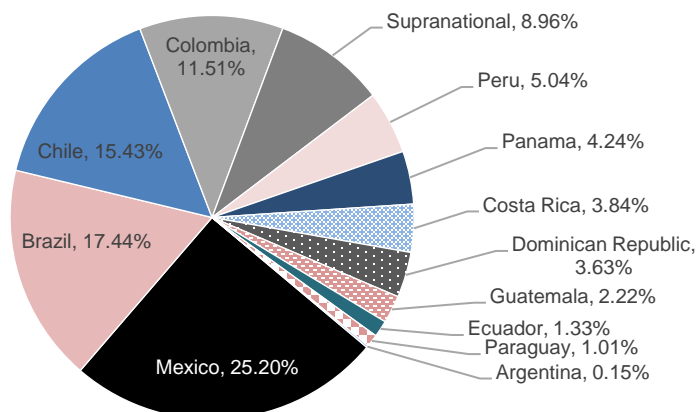


Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance, Cbonds and Bloomberg.



Mexico had the largest share of bond issuances –sovereign and corporate combined– in the first half of 2023, followed by Brazil and Chile. They issued US\$ 12.5 billion (25.2%), US\$ 8.6 billion (17.4%), and US\$ 7.6 billion (15.4%), respectively. Issuances from the three countries accounted for 58% of the total LAC issuance in the first half of 2023 (figure 12).

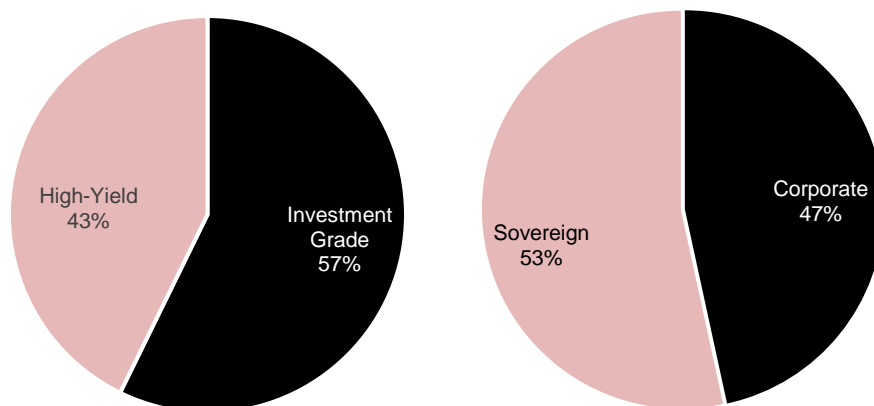
**Figure 11**  
LAC international sovereign and corporate bond issuance, country breakdown, H1 2023  
(Country shares in percentage)



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

Investment-grade issuers –sovereign and corporate combined– accounted for 57% of total overall LAC bond issuance in international markets in the first half of 2023, while 43% of the total was issued by high-yield issuers, an increase from the 34% share of high-yield issuers in 2022. The sovereign sector accounted for 53% of the total, while the corporate sector (including corporations, banks, quasi-sovereign and supranational issuers) accounted for 47% (figure 13).

**Figure 12**  
LAC international sovereign and corporate bond issuance by rating and type of issuer, H1 2023  
(Percentage)



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

## 1. Sovereign issuance

In first six month of 2023, eleven sovereigns —Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Paraguay, and Peru— tapped the international bond market (annex 1, tables 6 and 7). The top three sovereign issuers were Mexico, Chile, and Peru (table 2). Sovereign issuance of ESG instruments (US\$ 11.4 billion) accounted for 43% of the sovereign total.

**Table 2**  
**LAC international sovereign bond issuance, H1 2023**  
*(Millions of dollars, percentage, number of deals)*

Sovereign Issuer	Total Issuance (Millions of dollars)	% of the total sovereign issuance	Number of Deals
Mexico	6,941	26%	3
Chile	5,301	20%	4
Peru	2,494	9%	1
Brazil	2,250	9%	1
Colombia	2,200	8%	1
Panama	1,800	7%	2
Dominican Republic	1,798	7%	2
Costa Rica	1,500	6%	1
Guatemala	1,000	4%	1
Ecuador	656	2%	1
Paraguay	500	2%	1
<b>Total</b>	<b>26,440</b>	<b>100.00%</b>	<b>18</b>

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

Mexico came three times to the international bond markets. In January, it issued a US\$ 1.25 billion five-year bond, maturing in 2028 and with a 5.4% coupon. It also issued a US\$ 2.75 billion twelve-year bond, maturing in 2035 and with a 6.35% coupon. The proceeds of these two issuances were to be used for general financing purposes. In April, Mexico issued a 2053 US\$ 2.94 billion sustainability bond with a 6.338% coupon. Proceeds will be used for clean transportation and access to essential services.

Chile's sovereign issuances were all sustainable bonds. They included a peso-denominated US\$ 2.23 billion ten-year social bond with a 6% coupon issued in May, and three sustainability-linked (SLB) bonds issued in June. There was a two-part deal in U.S. dollars adding up to US\$2.25 billion—a 2054 US\$ 1.1 billion SLB with a 5.33% coupon and a 2036 US\$ 1.15 billion SLB with a 4.95% coupon—as part of a planned bond exchange for six series of notes that mature between 2025 and 2047, and a 2034 EUR 750 million SLB with a 4.125% coupon. Proceeds from the euro-denominated bond will be used to fund a buyback of four series of notes that mature between 2025 and 2030.

Peru also issued a sustainability bond in local-currency in May, a ten-year US\$ 2.5 billion-equivalent sustainability bond, with a 7.3% coupon, to buy back existing sovereign debt and finance government spending.

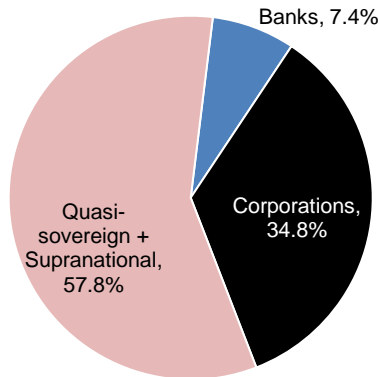
Brazil ranked fourth in terms of sovereign issuances with a ten-year US\$ 2.25 billion bond with a 6% coupon in April. The issuance ended and absence of almost two years in the international bond market.

## 2. Corporate issuance

In the first half of 2023, twenty-eight corporate issuers from the region sold US\$ 23 billions of international bonds (slightly down from US\$ 24 billion in in the same period in 2022) through 43 deals (down from 51 in H1 2022). Quasi-sovereign (state-owned companies) and supranational issuers accounted for 58% of total LAC international corporate issuance, an increase from the 34% share in 2022. Supranational entities, including the Central American Bank for Economic Integration (CABEI), CAF Development Bank of Latin America, and FONPLATA Fondo Financiero para el Desarrollo de la Cuenca del Plata, accounted for 19% of the region's corporate issuance, while quasi-sovereign issuers, including Colombia's Ecopetrol, Chile's Codelco and Enap, Mexico's Pemex, and Brazil's Banco do Brasil and Petrobras, accounted for 39% (figures 14 and 15).

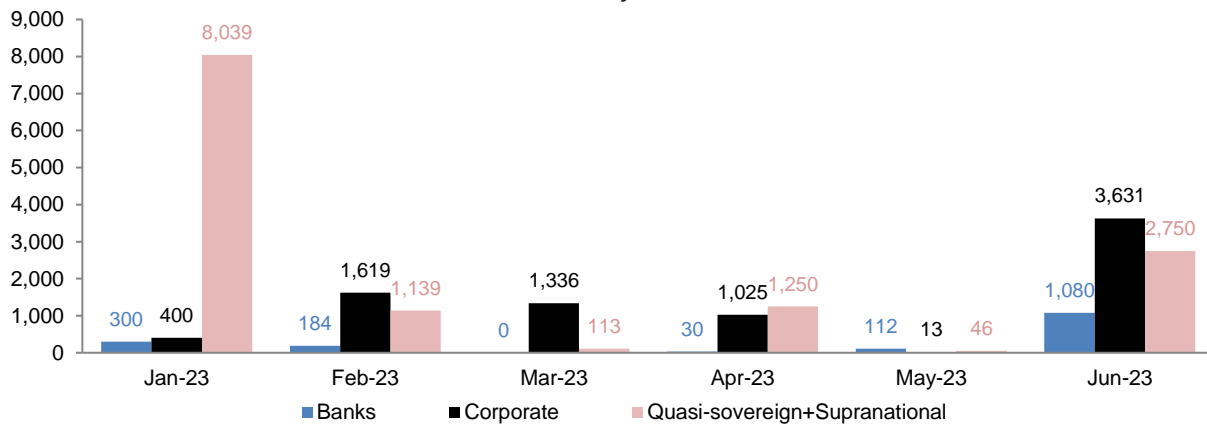
Issuances from the private corporate sector (private bank and non-bank entities) not including quasi-sovereign and supranational issuers, totaled US\$ 9.7 billion (42% of the overall corporate sector's total) in the first half of 2023, through 23 deals, with 35% coming from private non-bank corporates. They surged in June (figure 16).

**Figure 13**  
**LAC international corporate bond issuance by type, H1 2023**  
*(Percentage)*



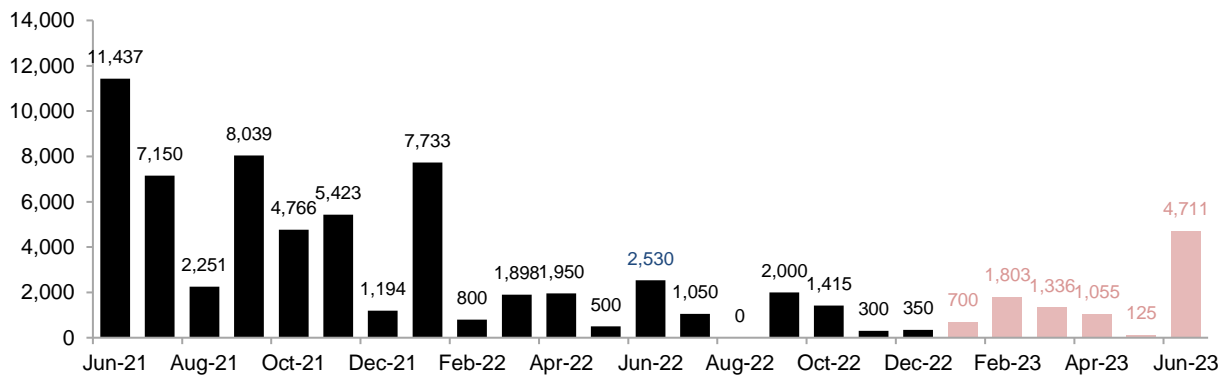
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

**Figure 14**  
**LAC international corporate bond issuance by type, H1 2023**  
*(Millions of dollars)*



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

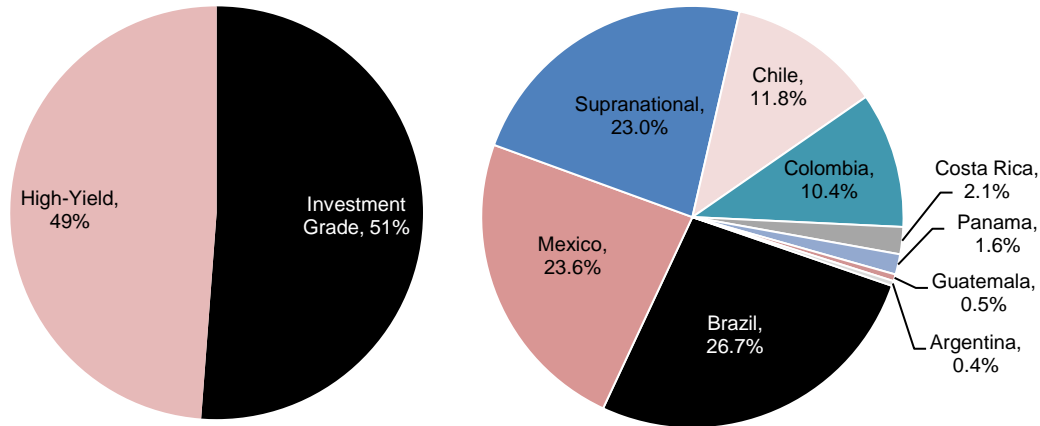
**Figure 15**  
**LAC monthly international private corporate sector bond issuance, H1 2023**  
*(Millions of dollars)*



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

Investment grade companies accounted for a 51% share of total LAC international corporate bond issuances in the first half of 2023 down from a share of 64% in 2022. Brazilian companies accounted for 27% of the corporate total. Together with Mexican companies and supranational entities, they accounted for 73% of all the region’s international corporate issuances in the first six months (figure 17).

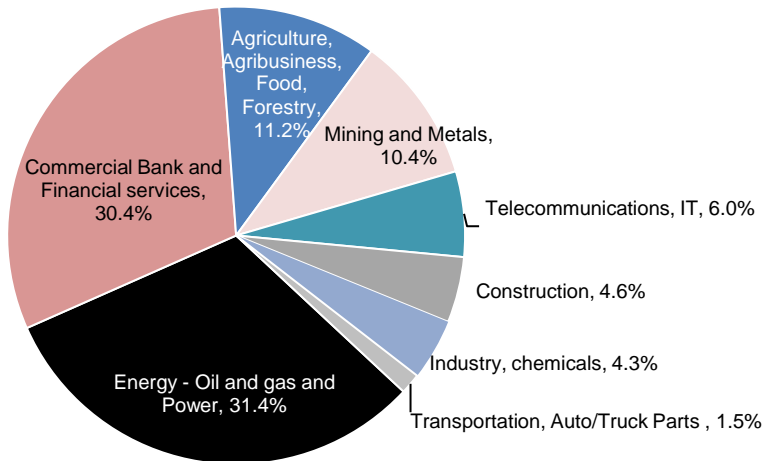
**Figure 16**  
**LAC international corporate bond issuance by rating and country, H1 2023**  
*(Percentage of total)*



Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.  
 Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

From a sectoral perspective, the top three sectors in terms of corporate debt issuance (including private corporations, banks, quasi-sovereign and supranational issuers) in international debt markets in the first half of 2023 were: 1. Energy, including Oil & Gas and Power (31.4%); 2. the financial sector, including commercial banks as well as financial services companies and finance development banks/multilateral agencies (30.4%), and 3. the agricultural sector, including agribusiness, food and beverages, and forestry (11.2%) (figure 18).

**Figure 17**  
**LAC international corporate bond issuance by sector, H1 2023**  
*(Percentage of total)*

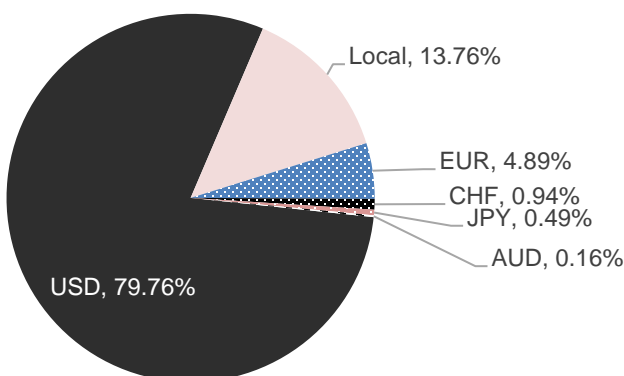


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.  
 Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

### 3. Currency composition

Most of the international debt issuance in the region in the first six months of 2023 was denominated in United States dollars (79.76%). The U.S. dollar has always been the predominant currency for the region's debt issuances in international markets, having accounted for over 80% of the total in the past five years (figure 19).

**Figure 18**  
Currency breakdown of LAC international bond issuances, H1 2023  
(Percentage of total)



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

In the first half of 2023 there were also issuances in local currencies (13.76%) —including Chilean, Dominican and Mexican pesos, and Peruvian soles— euros (4.89%), Swiss francs (0.94%), Japanese yen (0.49%), and Australian dollars (0.16%).

As Latin American currencies continue to outperform, demand from international investors for local currency-denominated bonds has increased. The local currency share in the first six months of 2023 increased to 14% from 8% in 2022. As Latin American issuers are also looking for innovative ways to raise capital at a time of tight and expensive financing, by selling bonds in local currency they are able to remove currency risk, and in the case of local-currency sustainable bonds, link the interest rate to sustainability goals.

### 4. GSSS bond issuance

There were 18 green, social, sustainability and sustainability-linked (GSSS) bond issuances from LAC issuers in international markets, totaling US\$ 16.6 billion and representing 33.5% of the total LAC international bond issuance in the first six months of 2023, the highest share since the region started issuing these instruments. This amount is 14% higher than in the same period in 2022. Most of the issuances took place in the second quarter (US\$ 13.6 billion), as GSSS bond sales make a comeback to end the first half of 2023 on a stronger foot (table 3).

LAC international GSSS issuances in the first half of 2023 came from six countries —Brazil, Chile, Costa Rica, Ecuador, Mexico, and Peru— and three supranational entities (figure 20). Corporate, and quasi-sovereign and supranational issuers represented 17% and 14% of the total GSSS bond issuance in the first six months of the year, respectively, while sovereign issuers led the international GSSS bond volumes in the period with a share of 69%.<sup>3</sup> There were two local-currency sovereign bonds, a peso-denominated US\$ 2.23 billion ten-year social bond with a 6% coupon issued in May by Chile, and a sustainability bond in local-currency issued by Peru in May (a ten-year US\$ 2.5 billion-equivalent sustainability bond, with a 7.3% coupon), to buy back existing sovereign debt and finance government spending.

<sup>3</sup> As a share of the total LAC International bond issuance (including all instruments and not only GSSS bonds), sovereign GSSS bond issuances accounted for 23%, corporate for 5.8%, and quasi-sovereign and supranational entities for 4.6%, adding up to a 33.5% share.

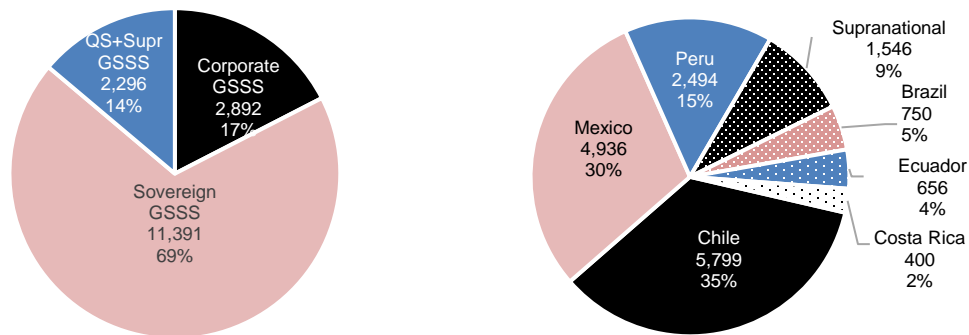
**Table 3**  
**LAC international GSSS bond issuances, H1 2023**  
*(Millions, Millions of dollars, Percentage)*

Country	Issuer	Amount (Millions)	Amount (Millions of US dollars)	Coupon (%)	Maturity	Issue Date
Costa Rica	Liberty Costa Rica Senior Secured Finance	USD 400	400	10.875%	2031 (SLB)	11-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	USD 130	130	4.900%	2033 (soc)	11-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	JPY 7000	53	1.265%	2033 (blue)	13-Jan-23
Supranational	CABEI Central American Bank for Economic Integration	USD 1250	1,250	5.000%	2026 (soc)	31-Jan-23
Mexico	Cemex	USD 1000	1,000	9.125%	Perp (g)	9-Mar-23
Supranational	FONPLATA	JPY 3000	23	1.210%	2028 (sust)	17-Mar-23
Supranational	FONPLATA	JPY 4200	32	1.300%	2029 (sust)	17-Mar-23
Supranational	CAF Development Bank of Latin America	USD 50	59	3-mth Sofr +115	2028 (g)	24-Mar-23
Brazil	Banco do Brasil SA	USD 750	750	6.250%	2030 (sust)	11-Apr-23
Mexico	United Mexican States	USD 2941	2,941	6.338%	2053 (sust)	20-Apr-23
Ecuador	Republic of Ecuador	USD 656	656	5.645%	2041 (blue)	4-May-23
Chile	Republic of Chile	CLP 1751200	2,230	6.000%	2033 (soc)	16-May-23
Peru	Republic of Peru	PEN 9185	2,494	7.300%	2033 (sust)	31-May-23
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2033 (SLB)	20-Jun-23
Mexico	America Movil SAB de CV	MXP 17000	992	9.500%	2031 (SLB)	27-Jun-23
Chile	Republic of Chile	USD 1100	1,100	5.330%	2054 (SLB)	27-Jun-23
Chile	Republic of Chile	USD 1150	1,150	4.950%	2036 (SLB)	27-Jun-23
Chile	Republic of Chile	EUR 750	819	4.125%	2034 (SLB)	28-Jun-23
TOTAL			16,579	AVG 5.602%		18 Deals

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

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

**Figure 19**  
**LAC international GSSS bond issuances by type of issuer and by country, H1 2023**  
*(Millions of dollars, percentage)*



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

Chile was the top GSSS issuer in the region with a share of 35% (figure 20). In addition to the local-currency sovereign social bond issued in May, it also issued three sovereign sustainability-linked (SLB) bonds in June. They included a two-part deal in U.S. dollars as part of a planned bond exchange, US\$ 2.25 billion worth of SLBs (a 2054 US\$ 1.1 billion SLB with a 5.33% coupon and a 2036 US\$ 1.15 billion SLB with a 4.95% coupon). Chile offered to pay step-up rates of 25 or 50 basis points on the 2036 bond and 5 or 10 basis points on the 2054 bond if it does not reduce greenhouse gas emissions (GHG) to 95 metric tons of carbon dioxide (mtCO<sub>2e</sub>) and achieve a GHG budget of 1,100 metric tons of carbon dioxide to reach reduction targets by December 2030. It will also pay step-up rates on the notes if women do not occupy at least 40% of company board positions by December 2031.

There was only one corporate issuance from Chile, a US\$ 500 million ten-year SLB with a 6.125% coupon issued by Inversiones CMPC. The company offered to pay a step-up rate of 60 basis points if it does not lower greenhouse gas emissions by 50% by December 2030. It plans to use the proceeds to fund green projects and refinance debt, according to Moody's and S&P.

Mexico had the second highest share of International GSSS bond issuances in the first half of 2023 (30%). It issued a US\$ 2.9 billion sovereign sustainability bond in April, assigning the proceeds to clean transportation and access to essential services. On the corporate side, Cemex issued US\$ 1 billion in perpetual green bonds and America Movil issued a 2031 peso-denominated US\$ 992 million SLB, tying the interest rate to targets to reduce carbon emissions by 52% "from energy and fuel consumption" and by 14% "generated by the goods and services" it buys from suppliers by 2030, according to Moody's.

Peru accounted for the third highest share of the total (15%) with its sovereign local-currency bond mentioned above. Supranational entities, which included the CABI Central American Bank for Economic Integration, Fondo Financière para el Desarrollo de la Cuenca del Plata - FONPLATA and CAF Development Bank of Latin America, accounted for the fourth highest share (9%).

## B. Credit risk outlook

Credit quality improved in the region in the first half of 2023, following years of deterioration. The balance for the first half of 2023 was five more positive credit rating actions than negative, the best balance since 2011. There were fifteen positive actions in the first half of 2023—seven upward outlook revisions and eight upgrades—and ten negative actions, seven of them downgrades (table 6).

**Table 4**  
Sovereign credit rating actions in Latin America and the Caribbean, H1 2023  
(Number of actions; as of 30 December 2022)

Date	Country	Action	
H1 2023	15 positive and 10 negative actions		
Q1 2022	6 positive and 5 negative actions		
31-Jan-23	Peru	Moody's revises the outlook on Peru's Baa1 rating to negative from stable	Negative
3-Feb-23	El Salvador	Moody's revises the outlook on El Salvador's Caa3 rating to stable from negative	Positive
16-Feb-23	Guatemala	Fitch upgrades Guatemala's rating to BB from BB- with a stable outlook	Positive
17-Feb-23	Suriname	Moody's revises Suriname's Caa3 rating's outlook to stable from negative	Positive
23-Feb-23	Costa Rica	S&P upgrades Costa Rica's rating to B+ from B with a stable outlook	Positive
2-Mar-23	Costa Rica	Fitch upgrades Costa Rica's rating to BB- from B with a stable outlook	Positive
7-Mar-23	Jamaica	Fitch revises the outlook on Jamaica's B+ rating to positive from stable	Positive
14-Mar-23	Bolivia	Fitch downgrades Bolivia's rating to B- from B with a negative outlook	Negative
24-Mar-23	Bolivia	Moody's downgrades Bolivia's ratings to Caa1 from B2; places them on review for downgrade	Negative
24-Mar-23	Argentina	Fitch downgrades Argentina's rating to C from CCC	Negative
29-Mar-23	Argentina	S&P downgrades Argentina's rating to CCC- from CCC+ with a negative outlook	Negative
Q2 2022	9 positive and 5 negative actions		
11-Apr-23	Guatemala	S&P upgrades Guatemala's rating to BB from BB- with a stable outlook	Positive
19-Apr-23	Bolivia	S&P downgrades Bolivia's rating to B- from B with a negative outlook	Negative
26-Apr-23	Uruguay	Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable	Positive
5-May-23	El Salvador	Fitch downgrades El Salvador's rating to RD from CC	Negative
5-May-23	El Salvador	Fitch upgrades El Salvador's rating to CCC+ from RD	Positive
9-May-23	El Salvador	S&P downgrades El Salvador's rating to SD from CCC+	Negative
10-May-23	El Salvador	S&P upgrades El Salvador's rating to CCC+ from SD with a stable outlook	Positive
17-May-23	Uruguay	Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable	Positive
23-May-23	Ecuador	Fitch revises the outlook on Ecuador's B- rating to negative from stable	Negative
5-Jun-23	Nicaragua	Fitch revises the outlook on Nicaragua's B- rating to positive from stable	Positive
7-Jun-23	Uruguay	Fitch upgrades Uruguay's rating to BBB from BBB- with a stable outlook	Positive
13-Jun-23	Argentina	Fitch upgrades Argentina's rating to CC from C	Positive
14-Jun-23	Brazil	S&P revises the outlook on Brazil's BB- rating to positive from stable	Positive
30-Jun-23	Bolivia	Moody's revises the outlook on Bolivia's Caa1 rating to negative from ratings under review	Negative

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. H1: first half.

Six countries saw upward revisions to their credit outlook, including El Salvador, Suriname, Jamaica, Uruguay, Nicaragua and Brazil, in chronological order. Five countries —Guatemala, Costa Rica, El Salvador, Uruguay and Argentina— were upgraded. Some of the positive actions involved countries that had completed distressed exchanges or debt restructurings, such as El Salvador and Suriname. The other positive actions cited better economic conditions and resilient fiscal performances.

Three countries were downgraded in the first half of 2023 —Bolivia, Argentina, and El Salvador— while Peru, Ecuador and Bolivia saw downward revisions to their outlooks (annex 2, box 1). Negative risks often cited heightened risks and vulnerability, depletion of external liquidity buffers, and in some cases political uncertainty.

As of 30 June 2023, six sovereigns were on negative outlook by one or more agencies (Argentina, Bolivia, Ecuador, Honduras, Panama, and Peru). Two sovereigns — Brazil (from S&P), Jamaica (from Fitch), Nicaragua (from Fitch), Paraguay (from Moody's) and Uruguay (from Moody's)— had positive outlooks. The balance of risks for the first time in eleven years is tilted to the upside (annex 2, table 8).

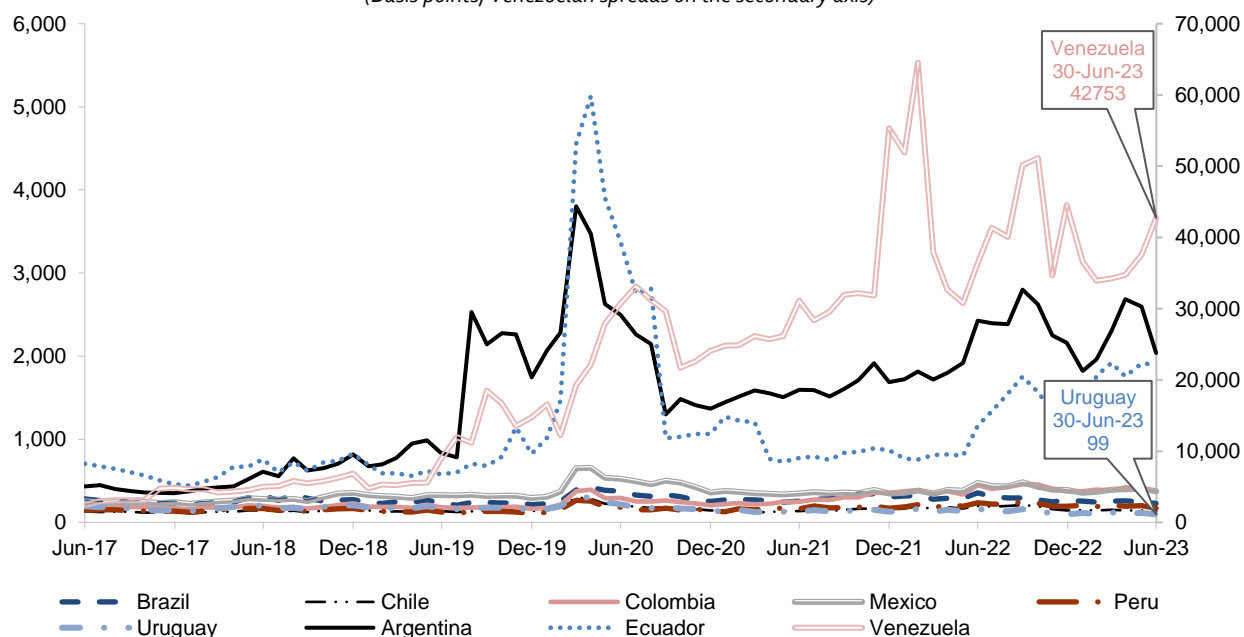
## C. Bond spreads

Emerging markets bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) tightened 11 basis points in 2022, while Latin American spreads tightened 19 basis points. LAC credit spreads narrowed 40 basis points in the second quarter after widening 21 basis points in the first.

### 1. Sovereign spreads

The EMBIG fell from 374 basis points at the end of December 2022 to 363 basis points at the end of June 2023, while its Latin American component fell from 440 to 421 basis points. Venezuela had the region's highest spreads at the end of the first half of 2023 and was the only to show an increase in spreads in the second quarter. Uruguay had the lowest spreads in the region (figure 21).

Figure 20  
Latin American EMBIG spreads by country, June 2017–June 2023  
(Basis points, Venezuelan spreads on the secondary axis)

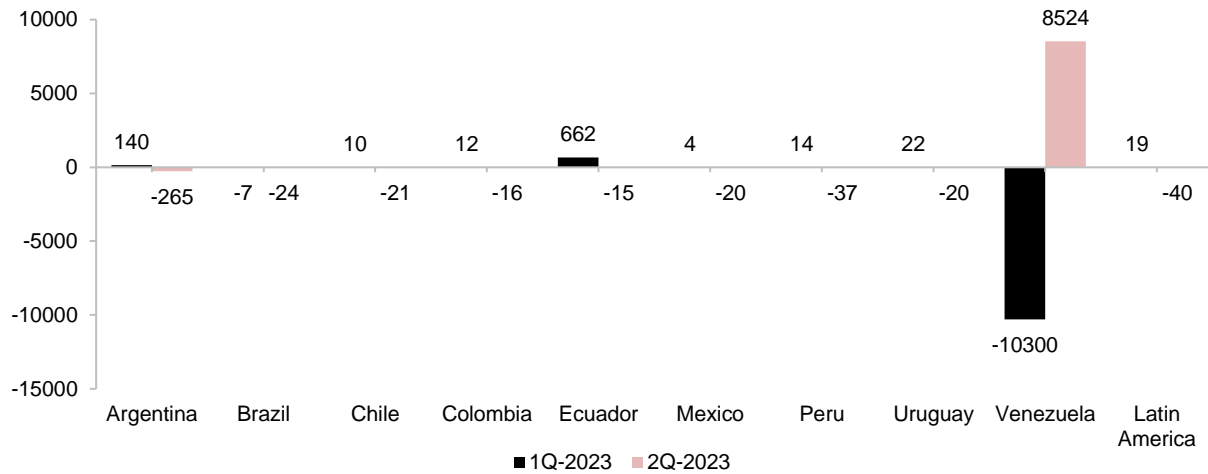


Source: ECLAC Washington Office, based on data from JPMorgan. Note: due to the difference in magnitude, the series with Venezuelan spreads is shown on the secondary axis.



At 42,753 basis points at the end of June, Venezuela has the highest debt spreads of any country in the EMBIG. Spreads for Argentina, Ecuador, Mexico, Colombia, Brazil, Peru, Chile, and Uruguay were at 2,037, 1,902, 373, 366, 230, 172, 132 and 99 basis points, respectively, at the end of June 2023. LAC debt spreads widened for most countries in our sample in the first quarter, except for Brazil and Venezuela, and tightened for all countries except Venezuela in the second quarter (figure 22).

**Figure 21**  
Latin American EMBIG spreads by country: quarterly differential, H1 2023  
(Basis points)

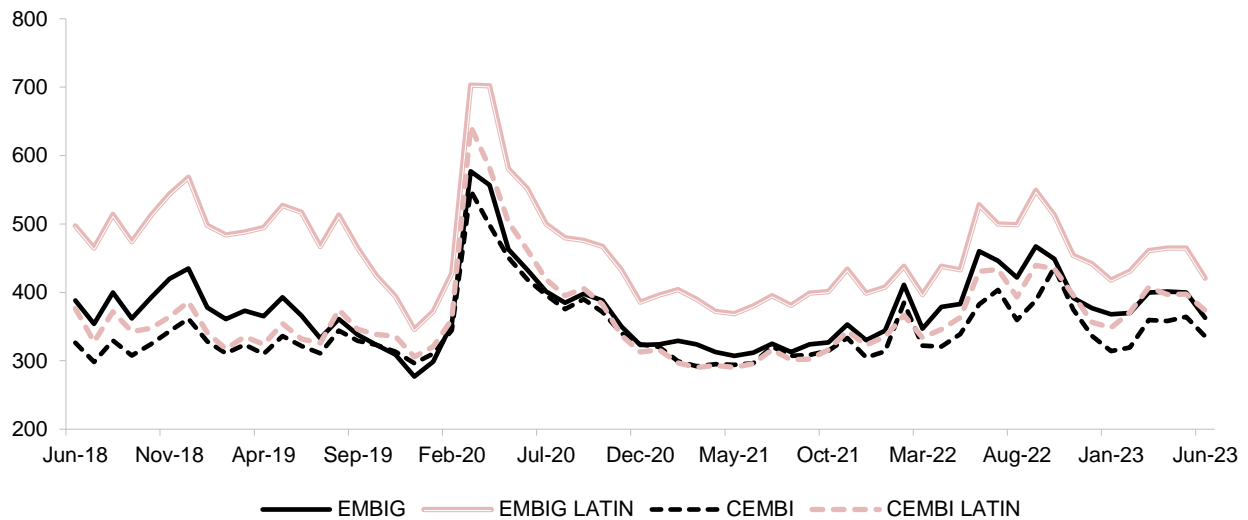


Source: ECLAC Washington Office, based on data from JPMorgan.

## 2. Corporate spreads

LAC corporate bond spreads widened 17 basis points in the first half of 2023 according to the JPMorgan Latin American Corporate Emerging Markets Bond Index (CEMBI). Despite this widening, the Latin CEMBI at the end of June 2023, (at 374 basis points) was 47 basis points lower than its sovereign counterpart, the Latin EMBIG (figure 23).

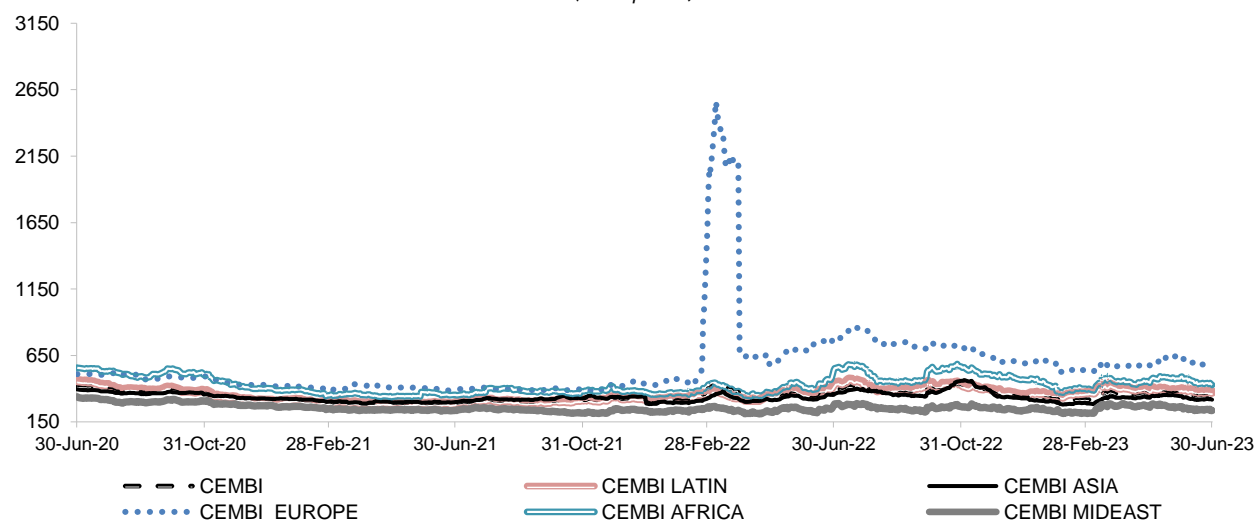
**Figure 22**  
EMBIG spreads, corporate and sovereign, December 2017–December 2022  
(Basis points)



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

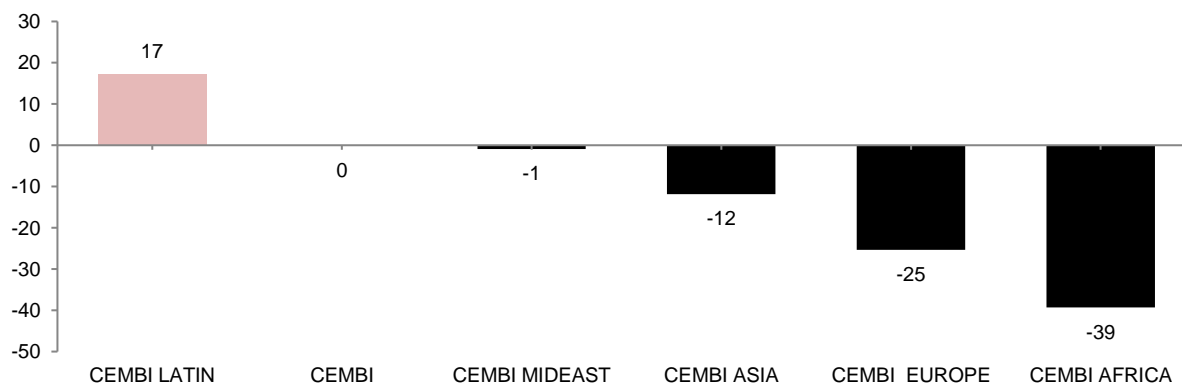
LAC corporate bond spreads ranks third in terms of spread levels when compared with other emerging market regions (figures 24). In the first half of 2023, it was the only emerging market region to show an increase in corporate spreads (figure 25). Although the region led the rally in the second quarter, it still lagged other regions in the first half due to the significant underperformance in the first quarter. The region’s corporate defaults reached 2.6% in the first six months of the year according to J.P. Morgan, a number that includes the credit events from Brazil’s Oi and the Caribbean’s Digicel in the technology, media and telecom space, Mexico’s Docufilm’s in the non-banking financial segment, Brazil’s Lojas Americanas surprise default, the suspension of payments from Light, a Brazilian utility company, and finally the distressed exchange from Brazilian airlines GOL, Argentina’s Raghsa in real estate, and Chile’s power company Guacolda.<sup>4</sup>

**Figure 23**  
CEMBI spreads by region, June 2020–June 2023  
(Basis points)



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

**Figure 24**  
CEMBI spread differentials by region, H1 2023  
(Basis points)



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

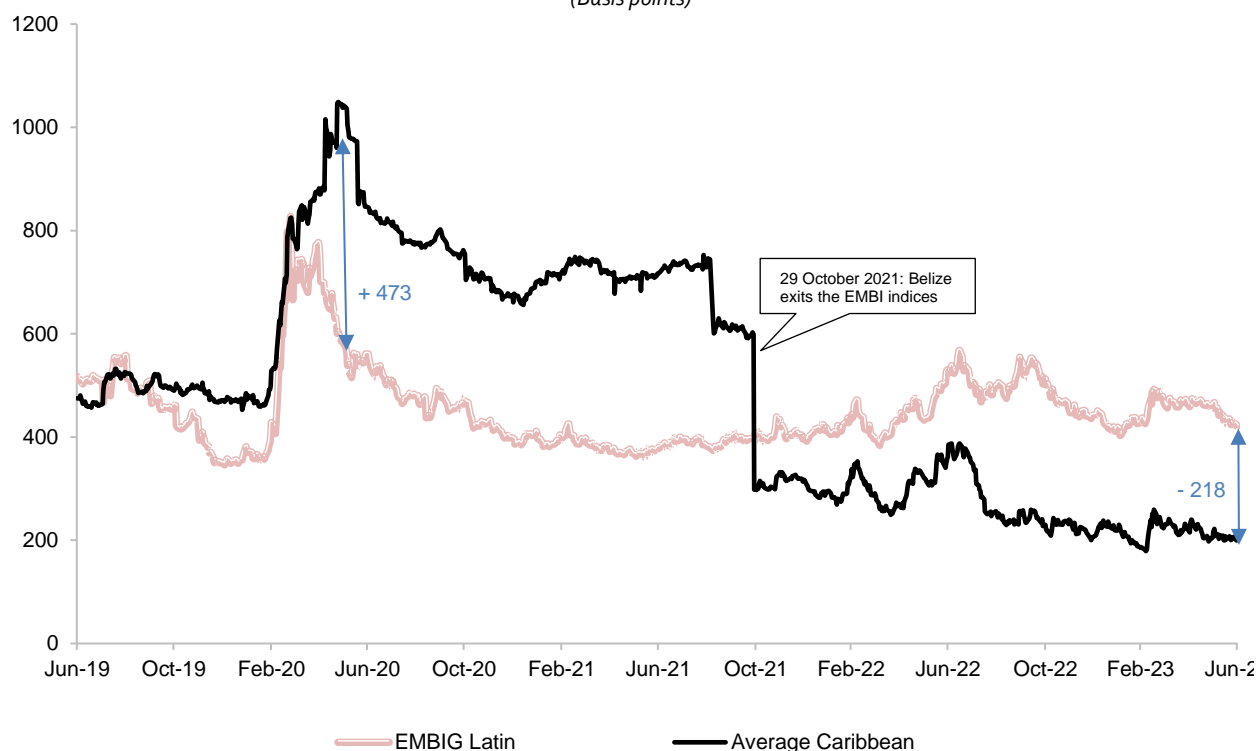
<sup>4</sup> See J.P. Morgan, “Latin America Corporates, 2Q23 Review: Sunnier outlook ahead, but don’t forget your sunscreen”, Latin America Corporate Research & Strategy, July 2023.

## D. The Caribbean<sup>5</sup>: a closer look

There were two credit rating actions in the Caribbean in the first half of 2023, both positive. On 17 February 2023, Moody's revised Suriname's Caa3 rating's outlook to stable from negative, citing expectations that the losses as a result of the ongoing debt restructuring will be consistent with a Caa3 rating. On 7 March 2023, Fitch revised the outlook on Jamaica's B+ rating to positive from stable, citing significant progress with debt reduction despite the pandemic shock, its stability-oriented institutional framework and favorable financing conditions, reinforced by the new IMF facilities

At the end of June 2023, Caribbean spreads were 218 basis points lower than the EMBIG Latin component, with the gap reverting from a peak of 473 basis points higher on 2 June 2020. Belize exited the EMBI indices on 29 October 2021, as its step-up sovereign bond due 2034 (the "super bond") fell below the US\$ 500 million notional requirement following its restructuring<sup>6</sup>. Since then, the gap has reversed (figure 26).

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



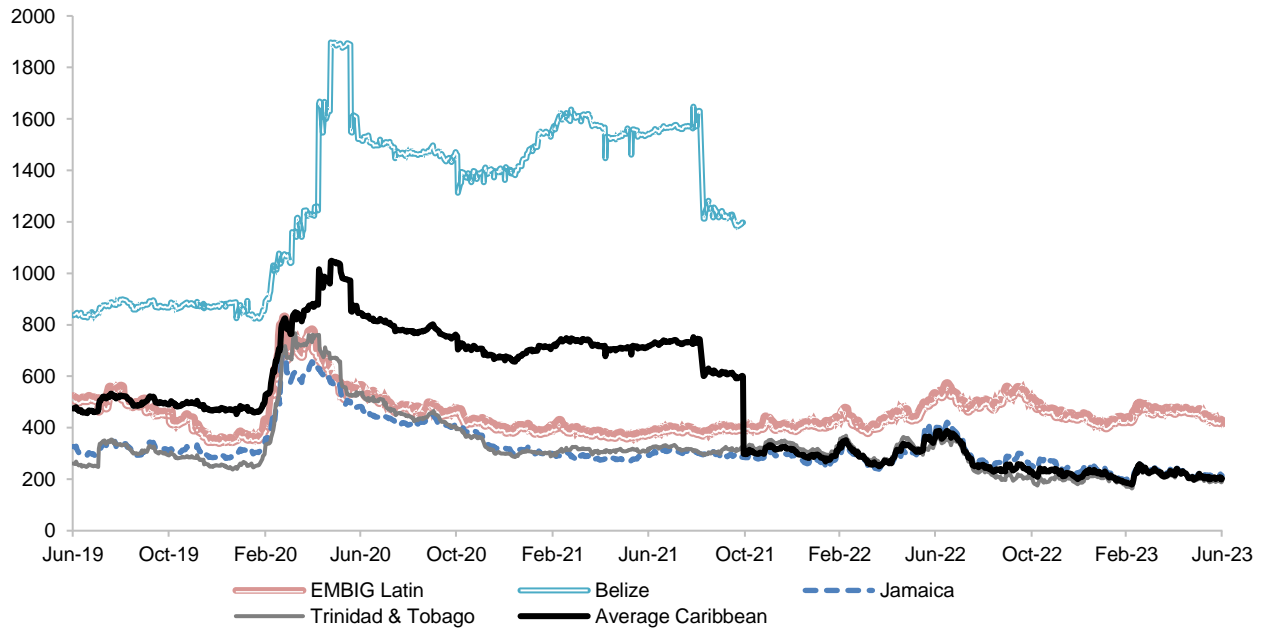
Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

<sup>5</sup> 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.

<sup>6</sup> On 5 November 2021, the Government of Belize announced the settlement of the offer to purchase its U.S. dollar bond due 2034, redeeming all notes that had not yet been tendered. This operation was financed with funding provided by a subsidiary of The Nature Conservancy (TNC) as part of TNC's Blue Bonds for Ocean Conservation program, which uses private capital to refinance public debt of participating countries in order to support durable marine conservation efforts and sustainable marine-based economic activity. For a more detailed discussion see Economic Commission for Latin America and the Caribbean (ECLAC), [Capital flows to Latin America and the Caribbean: first nine months of 2021](#) (LC/WAS/TS.2021/9), p. 30-31, Santiago, 2021.

Caribbean average spreads tightened 3 basis points in 2023, to 203 basis points at the end of June 2023 (figure 27).<sup>7</sup> Trinidad and Tobago's spreads widened 6 basis points to 192 basis points and Jamaica's spreads tightened 11 basis points to 214 basis points. Suriname's spreads, which are not included in the chart below since no daily data is available, tightened 45 basis points in the first half of the year, from 1,657 basis points at the end of December 2022 to 1,612 at end of June 2023.

**Figure 26**  
Caribbean countries: EMBIG Spreads, June 2019–June 2023  
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago

Finally, there were no international bond issuances from the Caribbean in the first six months of 2023.

<sup>7</sup> The Caribbean average was based on daily data available for Belize, Jamaica and Trinidad and Tobago until October 2021. Now it is based on daily data available for Jamaica and Trinidad and Tobago. No daily data is available for Suriname, which was added to the EMBIG index following its cross-border debut in October 2016 with the issuance of a US\$ 550 million 2026 sovereign bond with a 6.25% coupon.



## II. Portfolio equity flows

Equity prices and flows to the region showed resilience in the first half of 2023, with the MSCI Latin American index outperforming the emerging markets index in the first six months of 2023 (figure 9 on p.12). On a quarterly basis, Latin America posted larger gains in the second quarter. Latin American equity gains in the half-year period were led by Mexico and Brazil, the largest markets in the region. Mexico and the Mexican peso have benefited from nearshoring, while Brazil has been helped by a stronger currency and the increased likelihood of policy rate cuts as inflation continues to moderate (table 8).

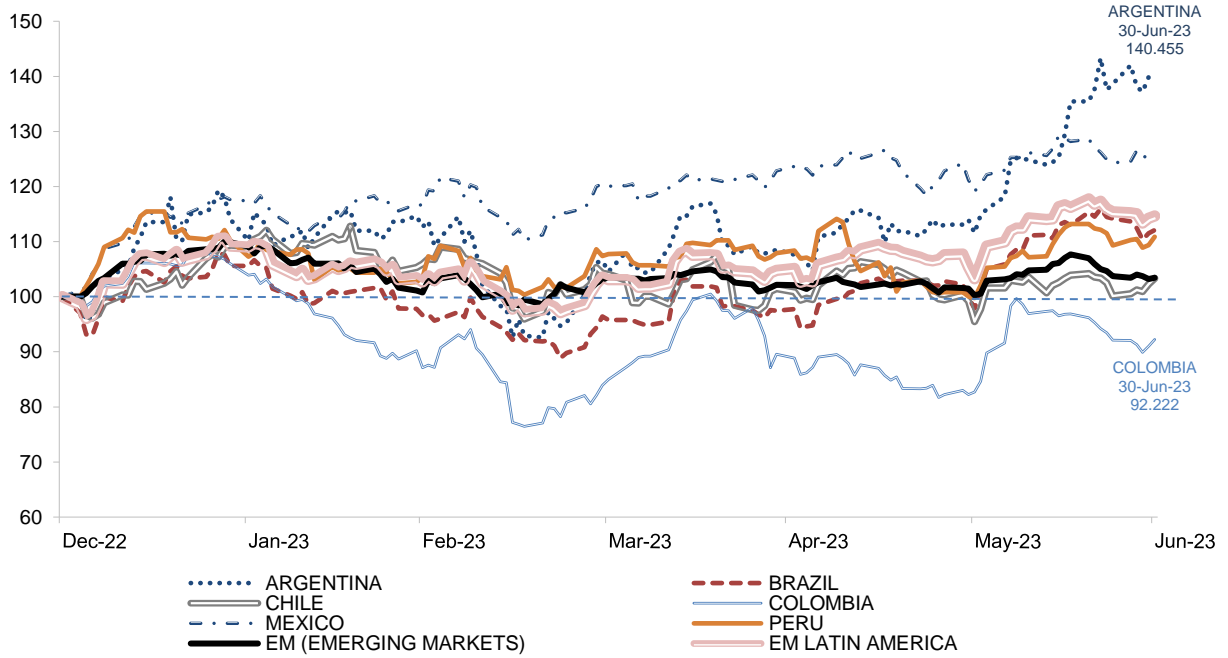
**Table 5**  
**MSCI equity indices, H1 2023**  
*(Dollars, percentage)*

	Price Index in USD			Variation		
	30-Dec-22	31-Mar-23	30-Jun-23	Q1 2022	Q2 2022	H1 2023
<i>Emerging markets</i>	956.38	990.28	989.475	3.55%	-0.08%	3.46%
<i>Latin America</i>	2,128.29	2,193.97	2,440.05	3.09%	11.22%	14.65%
<i>Argentina</i>	2,853.07	2,982.71	4,007.28	4.54%	34.35%	40.45%
<i>Brazil</i>	1,458.71	1,397.06	1,635.55	-4.23%	17.07%	12.12%
<i>Chile</i>	1,111.21	1,156.54	1,147.94	4.08%	-0.74%	3.31%
<i>Colombia</i>	394.103	334.84	363.45	-15.04%	8.54%	-7.78%
<i>Mexico</i>	5,176.69	6,216.39	6,478.29	20.08%	4.21%	25.14%
<i>Peru</i>	1,256.78	1,353.95	1,393.21	7.73%	2.90%	10.86%

Source: ECLAC Washington Office, based on data from MSCI Equity Indices, <http://www.msci.com/equity/index2.html>. H1: first half.

Argentina, Mexico and Brazil recorded the largest cumulative gains in the first half of 2023—40.5%, 25.1% and 12.1%, respectively— followed by Peru (10.9%) and Chile (3.3%). Colombian equity prices recorded the steepest cumulative losses (-7.8%) (figure 28). While part of Argentina’s gains reflected its high inflation rate, Mexico’s and Brazil’s, as mentioned above, were driven by currency strength and favorable economic conditions.

**Figure 27**  
**MSCI equity price index, H1 2023**  
*(Index levels)*



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

### III. Prospects

Latin American and Caribbean (LAC) bond activity in international markets made a comeback towards the end of the first half of 2023. The recovery followed the collapse in bond demand and supply in 2022 and during part of the first quarter of 2023, due to a combination of higher global interest rates and borrowing costs with lower financing needs. Decelerating inflation and currency appreciation supported the recovery in bond activity. The Federal Reserve pausing its increases in its benchmark interest rate at its 13-14 June meeting, after hiking it ten times in a row to cool the U.S. economy and tame inflation, may have contributed as well, as there was a flurry of new bond issuances in the last two weeks of June that continued in July.

Of note, the region's issuances during the month of July included the first sovereign sustainability-linked bond in pesos issued in the international market by Chile on 20 July, equivalent to US\$ 2.15 billion, with a 14-year maturity and a 5.3% coupon, and a 10-year peso-denominated global bond issued by Uruguay on 11 July, the equivalent of US\$ 1.26 billion with a 9.75% coupon. Looking for innovative ways to raise capital at a time of tight and expensive financing, these Latin American issuers sold bonds in local currency, which can remove currency risk, and in the case of Chile's SLB, link the interest rate to sustainability goals. Another issuance of note was Brazilian airline Azul's US\$ 800 million five-year bond with a 11.93% coupon, which marked an opening for a higher-yield issuer. Azul is a highly leveraged airline and it relied on high-yield investors in the U.S. market.

The region's sovereign issuers increased their overall share of debt issuance in international markets in the first half of 2023 (to 53% from 51% in 2022). Quasi-sovereign (state-owned companies) and supranational issuers also increased their share in the region's total international corporate issuance (to 58% from 34% in 2022). Private corporate issuers, which had been the main driver of the region's international debt issuances since 2009, continued to see a decline in their share, however. Higher funding costs remained a source of pressure for Latin America's non-investment-grade segment of the private non-bank corporate sector. In addition, corporate defaults had an impact on the volume and cost of borrowing in international markets in the first half of the year, particularly in the first quarter.

Like the broader debt market, the sustainable debt market also saw a rebound in bond activity in the first half of 2023, with sustainable bond sales making a comeback to a strong performance. The issuance of green, social, sustainability and sustainability-linked (GSSS) bonds showed resilience, increasing its share of the region's total amount of international debt issuances to 33.5%—the highest share on record—from 32% in 2022. Market participants expect global sustainable debt issuance to continue to rebound in the second half of 2023 as positive climate policy developments are expected to continue to support supply and demand fundamentals.





## Annexes

## Annex 1 New LAC bond issuances

Table 6 (Annex 1)  
LAC international bond issuances in the first quarter of 2023

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
<b>Jan-23</b>					
Mexico	United Mexican States	USD 1250	1,250	5.400%	2028
Mexico	United Mexican States	USD 2750	2,750	6.350%	2035
Colombia	Ecopetrol SA	USD 2000	2,000	8.875%	2033
Costa Rica	Liberty Costa Rica Senior Secured Finance (Liberty Servicios Fijos)	USD 400	400	10.875%	2031 (SLB)
Supranational	CABEI Central American Bank for Economic Integration	USD 130	130	4.900%	2033 (soc)
Supranational	CABEI Central American Bank for Economic Integration	JPY 7000	53	1.265%	2033 (blue)
Supranational	CAF Development Bank of Latin America	USD 1500	1,500	4.750%	2026
Colombia	Republic of Colombia	USD 2200	2,200	7.500%	2034
Supranational	CAF Development Bank of Latin America	CHF 190	206	2.428%	2030
Panama	Multibank	USD 300	300	7.750%	2028
Chile	Corporación Nacional del Cobre de Chile SA - CODELCO	USD 900	900	5.125%	2033
Supranational	CABEI Central American Bank for Economic Integration	USD 1250	1,250	5.000%	2026 (soc)
Dominican Republic	Dominican Republic	USD 700	700	7.050%	2031
Dominican Republic	Dominican Republic	DOP 62283	1,098	13.625%	2033
Mexico	Petroleos Mexicanos - PEMEX	USD 2000	2,000	10.000%	2033
			<b>16,737</b>		
<b>Feb-23</b>					
Supranational	CAF Development Bank of Latin America	USD 50	50	Sofr +97	2026
Brazil	Braskem Netherlands Finance BV	USD 1000	1,000	7.250%	2033
Guatemala	IDC Overseas	USD 75	75	9.000%	2026
Chile	Banco de Crédito e Inversiones - BCI	CHF 135	147	2.893%	2028
Supranational	CAF Development Bank of Latin America	AUD 45	31	5.000%	2033
Mexico	FEMSA	EUR 500	544	2.625%	2026
Chile	Scotiabank Chile SA	JPY 5000	37	0.900%	2027
Supranational	CAF Development Bank of Latin America	EUR 1000	1,057	4.500%	2028
			<b>2,942</b>		
<b>Mar-23</b>					
Brazil	Abra Global Finance	USD 335.5	336	6.000%	2028
Mexico	Cemex	USD 1000	1,000	9.125%	Perp (g)
Supranational	Fondo Financiero para el Desarrollo de la Cuenca del Plata - FONPLATA	JPY 3000	23	1.210%	2028 (sust)
Supranational	Fondo Financiero para el Desarrollo de la Cuenca del Plata - FONPLATA	JPY 4200	32	1.300%	2029 (sust)
Panama	Republic of Panama	USD 800	800	6.400%	2035 (r)
Panama	Republic of Panama	USD 1000	1,000	6.853%	2054
Supranational	CAF Development Bank of Latin America	USD 59	59	3-mth Sofr +115	2028 (g)
Costa Rica	Republic of Costa Rica	USD 1500	1,500	6.550%	2034
			<b>4,749</b>		

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

Notes:

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

**Q1 2023**

**24,427**

**Table 7 (Annex 1)**  
**LAC international bond issuances in the second quarter of 2023**

Country	Issuer	Amount (million)	Amount US\$ (mm)	Coupon (%)	Maturity
<b>Apr-23</b>					
Brazil	Pilgrim's Pride Corp	USD 1000	1,000	6.250%	2033
Brazil	República Federativa do Brasil	USD 2250	2,250	6.000%	2033
Brazil	Banco do Brasil SA	USD 750	750	6.250%	2030 (sust)
Chile	Banco Santander Chile	USD 30	30	5.837%	2024
Mexico	United Mexican States	USD 2941	2,941	6.338%	2053 (sust)
Guatemala	IDC Overseas	USD 25	25	9.000%	2026 (r)
Chile	Empresa Nacional del Petróleo (ENAP)	USD 500	500	6.150%	2033
			<b>7,496</b>		
<b>May-23</b>					
Chile	Scotiabank Chile SA	CHF 100	112	2.783%	2025
Ecuador	Republic of Ecuador	USD 656	656	5.645%	2041 (blue)
Chile	Scotiabank Chile SA	USD 13	13	5.094%	2025
Chile	Republic of Chile	CLP 1751200	2,230	6.000%	2033 (soc)
Supranational	CAF Development Bank of Latin America	AUD 70	46	4.500%	2033
Peru	Republic of Peru	PEN 9185	2,494	7.300%	2033 (sust)
			<b>5,551</b>		
<b>Jun-23</b>					
Guatemala	Republic of Guatemala	USD 1000	1,000	6.600%	2036
Brazil	Vale Overseas Ltd	USD 1500	1,500	6.125%	2033
Chile	Banco de Chile	JPY 6300	45	0.750%	2025
Chile	Cooperativa del Personal de la Universidad de Chile Ltda. - Coopeuch	JPY 2500	18	NA	2024
Chile	Inversiones CMPC SA	USD 500	500	6.125%	2033 (SLB)
Argentina	Loma Negra CIASA	USD 72	72	6.500%	2025
Brazil	Cosan SA	USD 550	550	7.500%	2030 (NC3)
Mexico	BBVA Mexico SA	USD 1000	1,000	8.450%	2038
Brazil	Petrobras Global Finance BV	USD 1250	1,250	6.500%	2033
Mexico	America Movil SAB de CV	MXP 17000	992	9.500%	2031 (SLB)
Chile	Republic of Chile	USD 1100	1,100	5.330%	2054 (SLB)
Chile	Republic of Chile	USD 1150	1,150	4.950%	2036 (SLB)
Chile	Republic of Chile	EUR 750	821	4.125%	2034 (SLB)
Paraguay	Republic of Paraguay	USD 500	500	5.850%	2033
Colombia	Ecopetrol SA	USD 1200	1,200	8.725%	2029
Colombia	Ecopetrol SA	USD 300	300	8.875%	2033 (r)
Chile	Scotiabank Chile SA	JPY 5000	35	0.750%	2025
			<b>12,032</b>		

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

Notes:

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

**Q2 2023 25,080**

**H1 2023 49,507**

## Annex 2 LAC credit ratings

Table 8 (Annex 2)  
Credit ratings in Latin America and the Caribbean, H1 2023 (as of 30 June 2023)

	Moody's		S&P		Fitch		Recent Moody's Action		Recent S&P Action		Recent Fitch Action	
	Rating	View	Rating	View	Rating	View	Action	Date	Action	Date	Action	Date
Argentina	Ca		CCC-	(-)	CC	No O/L	Affirmed, O/L stable	27-Sep-22	Downgrade, O/L (-)	29-Mar-23	Upgrade, No outlook	13-Jun-23
Bahamas	B1		B+		NR		Downgrade, O/L stable	6-Oct-22	Downgrade, O/L stable	12-Nov-21		
Barbados	Caa1		B-		B		Upgrade, O/L stable	2-Jul-19	Affirmed, O/L stable	21-Nov-22	Assigned	20-Oct-22
Belize	Caa2		B-		NR		Upgrade, O/L stable	16-Nov-22	Upgrade, O/L stable	9-Nov-21		
Bolivia	Caa1	-	B-	(-)	B-	(-)	Downgrade, on review for downgrade	24-Mar-23	Downgrade, O/L (-)	19-Apr-23	Downgrade, O/L (-)	14-Mar-23
Brazil	Ba2		BB-	(+)	BB-		Affirmed, O/L stable	9-Nov-22	O/L changed to (+) from stable	14-Jun-23	Affirmed, O/L stable	20-Dec-22
Chile	A2		A		A-		Downgrade, O/L stable	15-Sep-22	Downgrade, O/L stable	24-Mar-21	Affirmed, O/L stable	8-Dec-22
Colombia	Baa2		BB+		BB+		Affirmed, O/L stable	8-Jun-23	Affirmed, O/L stable	20-Jan-23	Affirmed, O/L stable	15-Dec-22
Costa Rica*	B2		B+		BB-		Upgrade, O/L stable	23-Feb-23	O/L changed to stable from (-)	17-Mar-22	Upgrade, O/L stable	2-Mar-23
Cuba	Ca		NR		NR		Downgrade, O/L stable	18-Nov-21				
Dom. Rep.	Ba3		BB		BB-		Affirmed, O/L stable	26-Mar-21	Upgrade, O/L stable	19-Dec-22	Affirmed, O/L stable	6-Dec-22
Ecuador	Caa3		B-		B-	(-)	Affirmed, O/L stable	27-Feb-23	Affirmed, O/L stable	12-May-23	O/L changed to (-) from stable	23-May-23
El Salvador	Caa3		CCC+		RD	No O/L	O/L changed to stable from (-)	3-Feb-23	Upgrade from SD (a day after downgrade), O/L stable	10-May-23	Downgrade, No outlook	5-May-23
Guatemala	Ba1		BB		BB		O/L changed to stable from (-)	15-Jun-22	Upgrade, O/L stable	11-Apr-23	Upgrade, O/L stable	16-Feb-23
Honduras	B1		BB-	(-)	NR		Affirmed, O/L stable	12-Jun-19	O/L changed to (-) from stable	21-Jul-22		
Jamaica	B2		B+		B+	(+)	Upgrade, O/L stable	11-Dec-19	O/L changed to stable from (-)	4-Oct-21	O/L changed to (+) from stable	7-Mar-23
Mexico	Baa2		BBB		BBB-		Downgrade, O/L stable	8-Jul-22	O/L changed to stable from (-)	6-Jul-22	Affirmed, O/L stable	16-Jun-23
Nicaragua	B3		B		B-	(+)	Affirmed, O/L stable	30-Mar-22	Upgrade, O/L stable	25-Oct-22	O/L changed to (+) from stable	5-Jun-23
Panama	Baa2	(-)	BBB	(-)	BBB-		O/L changed to (-) from stable	25-Oct-22	Affirmed, O/L (-)	10-Aug-22	Affirmed, O/L stable	4-Oct-22
Paraguay	Ba1	(+)	BB		BB+		O/L changed to (+) from stable	22-Jul-22	Affirmed, O/L stable	18-May-22	Affirmed, O/L stable	22-Nov-22
Peru	Baa1	(-)	BBB	(-)	BBB	(-)	O/L changed to (-) from stable	31-Jan-23	O/L changed to (-) from stable	12-Dec-22	O/L changed to (-) from stable	20-Oct-22
St Vincent	B3		NR		NR		Affirmed, O/L stable	1-Mar-22				
Suriname	Caa3		CCC		RD		O/L changed to stable from (-)	17-Feb-23	Upgrade, O/L stable	16-Sep-20	Affirmed, rate withdrawn	15-Jan-22
T & T	Ba2		BBB-		NR		Downgrade, O/L stable	19-Nov-21	O/L changed to stable from (-)	21-Jul-22		
Uruguay*	Baa2	(+)	BBB+		BBB		O/L changed to (+) from stable	17-May-23	Upgrade, O/L stable	26-Apr-23	Upgrade, O/L stable	7-Jun-23
Venezuela	C		NR		RD		Downgrade, O/L stable	9-Mar-18	Rating withdrawn	20-Sep-21	Affirmed and withdrawn	27-Jun-19

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for H1 2023 are in pink.

Note: Moody's ratings are qualified by outlooks and reviews while S&P and Fitch ratings are qualified by outlooks and watches. A review/watch [+ or -] is indicative of a likely short-term development.

An outlook [(+) or (-)] suggests that a review/watch or long/intermediate-term movement is likely. No O/L: no outlook; Fitch does not assign Outlooks to sovereigns with a rating of 'CCC+' or below.

**Box 1 (Annex 2)**  
**Credit rating actions in Latin America and the Caribbean –H1 2023**

There were 15 positive and 10 negative actions in Latin America and the Caribbean from January to June 2023.

**Positive Actions: 15 (Bold)**

*January*

- Colombia (20 January): S&P affirms Colombia's BB+ long-term foreign currency rating with a stable outlook (no change).

*February*

- El Salvador (02 February): Fitch affirms El Salvador at CC (no change). Fitch does not assign Outlooks to sovereigns with a rating of CCC+ or below.
- **El Salvador (03 February): Moody's revises the outlook on El Salvador's Caa3 rating to stable from negative**, citing a decreased risk of a credit event in the near term, following the distressed exchange in 2022 and the recent repayment of the 2023 international bond.
- **Guatemala (16 February): Fitch upgrades Guatemala's rating to BB from BB- with a stable outlook**, citing very strong fiscal and economic recovery and further improved external metrics.
- **Suriname (17 February): Moody's revises Suriname's Caa3 rating's outlook to stable from negative**, as the agency expects that the losses as a result of the ongoing debt restructuring will be consistent with a Caa3 rating.
- **Costa Rica (23 February): S&P upgrades Costa Rica's rating to B+ from B with a stable outlook**, on solid fiscal results.
- Ecuador (27 February): Moody's affirms Ecuador's Caa3 rating with a stable outlook (no change).

*March*

- **Costa Rica (02 March): Fitch upgrades Costa Rica's rating to BB- from B with a stable outlook**, citing the sharp structural improvement of its fiscal position and easing of government constraints to finance its budget.
- **Jamaica (07 March): Fitch revises the outlook on Jamaica's B+ rating to positive from stable**, citing significant progress with debt reduction despite the pandemic shock, its stability-oriented institutional framework and favorable financing conditions, reinforced by the new IMF facilities.

*April*

- **Guatemala (11 April): S&P upgrades Guatemala's rating to BB from BB- with a stable outlook** on economic resilience, citing cautious fiscal and monetary policies that have stabilized the economy.
- **Uruguay (26 April): S&P upgrades Uruguay's ratings to BBB+ from BBB with a stable outlook** on stronger fiscal policy.

*May*

- **El Salvador (05 May): Fitch upgrades El Salvador's rating to CCC+ from RD** on completion of debt exchange, right after downgrade. Fitch does not assign Outlooks to sovereigns with a rating of CCC+ or below.
- **El Salvador (10 May): S&P upgrades El Salvador's rating to CCC+ from SD with a stable outlook** on cured distressed debt exchange, one day after downgrade.
- Ecuador (12 May): S&P affirms Ecuador's rating at B- with a stable outlook on debt-for-nature transaction (no change).
- **Uruguay (17 May): Moody's revises the outlook on Uruguay's Baa2 ratings to positive from stable**, saying strong institutions and governance delivered effective policy response to shocks, strengthening policy frameworks and providing track record of successful fiscal policy implementation.

*June*

- **Nicaragua (05 June): Fitch revises the outlook on Nicaragua's B- rating to positive from stable**, citing prudent policy mix that has strengthened fiscal and external buffers.
- **Uruguay (07 June): Fitch upgrades Uruguay's rating to BBB from BBB- with a stable outlook**, citing resilient fiscal performance in absorbing the COVID-19 pandemic shock coupled with its record of compliance with its modified fiscal framework, which has enhanced fiscal credibility.
- Colombia (08 June): Moody's affirms Colombia's ratings at Baa2 with a stable outlook (no change).
- **Argentina (13 June): Fitch upgrades Argentina's rating to CC from C**, saying the agency no longer deems a default-like process to have begun, as the authorities have not signaled a clear intention to follow through with

an intra-public debt swap announced in March. Fitch typically does not assign Outlooks to sovereigns with a rating of CCC+ or below.

- **Brazil (14 June): S&P revises the outlook on Brazil's BB- rating to positive from stable** on expectations for policy pragmatism. The positive outlook is based on the prospect that continued steps to tackle economic and fiscal rigidities could reduce risks to monetary flexibility and net external position.
- Mexico (16 June): Fitch affirms Mexico's rating at BBB- with a stable outlook (no change).

### **Negative Actions: 10 (Bold)**

#### *January*

- **Peru (31 January): Moody's revises the outlook on Peru's Baa1 rating to negative from stable**, citing increasing social and political risks that could threaten institutional cohesion and governability.

#### *February*

#### *March*

- **Bolivia (14 March): Fitch downgrades Bolivia's rating to B- from B with a negative outlook**, citing the depletion of its external liquidity buffers, which, in light of a de facto currency peg, has greatly heightened near-term uncertainty and risks to macroeconomic stability.
- **Bolivia (24 March): Moody's downgrades Bolivia's ratings to Caa1 from B2 and places them on review for downgrade**, saying that a range of factors related to weak governance have contributed to dwindling availability of hard currency and raised external liquidity.
- **Argentina (24 March): Fitch downgrades Argentina's rating to C from CCC**, reflecting the agency's view that a default is imminent following an executive decree that forces public-sector entities into operations involving their holdings of sovereign debt securities, which would involve unilateral exchanges and forced currency conversion that constitute default events under Fitch's criteria.
- **Argentina (29 March): S&P downgrades Argentina's rating to CCC- from CCC+ with a negative outlook**, on heightened risks and vulnerability surrounding repayment of foreign currency commercial debt.

#### *April*

- **Bolivia (19 April): S&P downgrades Bolivia's rating to B- from B with a negative outlook** on worsening external liquidity.
- Peru (28 April): Fitch affirms Peru's rating at BBB with a negative outlook (no change).

#### *May*

- **El Salvador (05 May): Fitch downgrades El Salvador's rating to RD from CC** following the execution of an exchange of domestic pension-related debt, which the agency considered a default event according to its criteria.
- **El Salvador (09 May): S&P downgrades El Salvador's rating to SD from CCC+** citing its April 28 pension debt exchange, which the agency considered to be a distressed transaction.
- **Ecuador (23 May): Fitch revises the outlook on Ecuador's B- rating to negative from stable**, citing downside elevated credit risks amid prolonged political uncertainty.

#### *June*

- **Bolivia (30 June): Moody's revises the outlook on Bolivia's Caa1 rating to negative from ratings under review**, concluding the review for downgrade that was initiated on 24 March 2023.

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

## Annex 3 Latin American bond spreads

Table 9 (Annex 3)  
EMBI Global index and Latin American composites, June 2019—June 2023  
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America	Bolivia	Paraguay
28-Jun-19	366	835	232	135	181	580	329	124	172	8867	517	253	212
31-Jul-19	333	781	206	125	175	603	323	117	159	11945	467	232	202
30-Aug-19	361	2532	241	133	179	705	334	122	169	11179	513	291	233
30-Sep-19	338	2143	239	139	183	677	317	131	177	18473	465	291	237
31-Oct-19	323	2278	233	141	182	789	320	131	173	16671	424	321	229
29-Nov-19	309	2262	236	149	188	1146	320	126	169	13554	394	312	233
31-Dec-19	277	1744	212	135	161	826	292	107	148	14740	346	218	203
31-Jan-20	299	2068	224	149	176	1018	308	122	159	16553	372	296	231
28-Feb-20	354	2283	251	180	212	1466	372	156	196	12246	428	341	253
31-Mar-20	577	3803	389	301	376	4553	653	265	298	19270	703	645	429
30-Apr-20	557	3472	420	284	392	5129	656	257	301	22140	702	698	401
29-May-20	463	2627	388	226	288	3907	536	191	243	27907	581	614	339
30-Jun-20	433	2495	373	211	293	3373	526	182	215	30757	552	630	312
31-Jul-20	401	2263	328	185	253	2755	493	150	183	33118	500	575	275
31-Aug-20	385	2147	314	175	250	2813	459	151	170	31216	480	577	246
30-Sep-20	398	1300	334	183	262	1015	501	170	186	29608	476	622	267
30-Oct-20	388	1482	309	174	244	1029	477	149	165	21698	467	601	247
30-Nov-20	350	1410	268	157	228	1065	426	161	157	22610	433	523	233
31-Dec-20	323	1368	250	144	206	1062	361	132	135	24099	386	461	213
29-Jan-21	324	1445	270	138	219	1273	378	128	135	24830	396	481	205
26-Feb-21	329	1511	275	142	232	1226	368	164	150	24846	404	479	226
31-Mar-21	324	1589	272	122	216	1201	351	152	125	26168	390	501	212
30-Apr-21	313	1551	260	126	226	764	342	165	130	25722	372	454	224
28-May-21	307	1508	245	135	248	730	335	169	127	26138	369	463	218
30-Jun-21	312	1596	256	135	247	776	348	163	129	31091	380	481	216
30-Jul-21	325	1591	280	145	276	790	362	197	148	28364	395	498	236
31-Aug-21	313	1513	282	136	272	751	352	175	132	29568	381	471	223
30-Sep-21	324	1607	304	150	301	835	360	180	140	31941	399	472	230
29-Oct-21	327	1712	338	161	302	847	353	181	138	32198	401	472	245
30-Nov-21	353	1914	344	166	359	891	389	194	150	31857	434	487	267
31-Dec-21	330	1688	306	153	353	869	347	170	127	55310	399	412	229
31-Jan-22	344	1723	316	167	374	768	356	186	140	51959	408	474	242
28-Feb-22	411	1816	321	195	385	755	382	213	161	64523	438	466	300
31-Mar-22	347	1718	280	158	338	810	349	171	127	37945	397	509	239
29-Apr-22	379	1801	291	182	375	816	391	218	151	32691	438	487	278
31-May-22	383	1918	291	166	337	802	382	194	137	30795	433	595	294
30-Jun-22	460	2428	357	196	446	1165	473	235	162	36398	528	666	357
29-Jul-22	446	2398	309	189	403	1336	437	219	141	41342	500	641	282
31-Aug-22	422	2385	295	198	424	1550	432	218	132	40090	499	622	282
30-Sep-22	467	2801	295	208	460	1753	483	246	158	50130	549	576	330
31-Oct-22	449	2624	269	193	456	1570	428	228	141	51157	514	597	268
30-Nov-22	392	2248	249	157	404	1333	392	193	106	34698	454	673	233
30-Dec-22	374	2196	258	140	369	1250	386	194	91	44840	440	563	200
31-Jan-23	368	1822	257	146	376	1216	357	206	111	36587	418	337	684
28-Feb-23	370	1960	244	145	393	1765	368	191	103	33951	431	332	742
31-Mar-23	400	2302	254	153	382	1917	393	209	119	34229	461	362	1561
28-Apr-23	401	2684	258	143	422	1757	396	193	105	34739	465	362	1425
31-May-23	400	2595	248	145	406	1911	406	200	111	37552	465	360	1295
30-Jun-23	363	2037	230	132	366	1902	373	172	99	42753	421	328	1100

Source: JPMorgan, EMBI Global, "Emerging Markets Bond Index Monitor".

EMBI Global composition by country (end-June 2023): Mexico, Brazil and Chile account for 16.99% of the total weighting.

EMBI Global composition by region: Latin: 32.61%; Non-Latin: 67.39%.



Latin American and Caribbean bond activity in international markets recovered strongly towards the end of the first half of 2023, with a total of US\$ 50 billion placed in the period. This figure was 9% higher than in the year-earlier period and 158% higher than in the second half of 2022. Decelerating inflation and currency appreciation supported the upturn in bond activity, as did the pause in increases in the benchmark interest rate decided by the United States Federal Reserve at its meeting on 13 and 14 June following 10 consecutive hikes. There was a flurry of new bond issuances in the last two weeks of June that continued in July.

The region's issuance of green, social, sustainability and sustainability-linked bonds in international markets followed the broader market trend, with 60% of such bonds issued in May and June. These bonds totalled US\$ 16.6 billion in the first half of 2023, up 14% from the first half of 2022 and 180% from the second half, representing a record 33.5% of the total amount issued in international markets in the period.

*Capital Flows to Latin America and the Caribbean: first half of 2023* presents and analyses the main trends and developments concerning capital flows to Latin America and the Caribbean in the first six months of the year. This report is published by ECLAC three times a year and provides an overview of the region's new international bond issuances, bond spreads and credit ratings.