Economic Commission for Latin America and the Caribbean

ECLAC WASHINGTON OFFICE

Capital Flows to Latin America and the Caribbean

Recent Developments

UNITED NATIONS

ECLAC

Washington, D.C., 15 May 2017

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United Nations Publication
LC/WAS/TS.2017/2

Printed in Santiago, Chile – United Nations

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Highlights

- 2017 started with the highest monthly issuance on record for Latin America and the Caribbean (LAC)'s cross-border bond market, with total issuance reaching US$ 24.2 billion in January. Petrobras led the way, issuing a US$ 4 billion dual-tranche bond on January 9, encouraging other issuers to come to the market.

- Although the pace of issuance slowed down in February and March, the total amount of debt issued by LAC borrowers in the first quarter of 2017 reached US$ 45.4 billion, an increase of 53% from 2016. This was the second highest quarterly amount ever issued in the region.[1]

- High-yield issuers, including sovereign and corporate, accounted for 61% of the total issuance in the first quarter. High-yield corporate issuers accounted for a quarter of the total.

- Issuance by banks and corporates in the first quarter of 2017 was 151% higher than in the first quarter of 2016 and 111% higher than in the first quarter of 2015. Issuance by quasi-sovereign corporates increased at a slower pace, and was only 16% higher than in the first quarter of 2016.

- The highlights of LAC cross-border market in the first quarter of 2017 are:

  Oil quasi-sovereign companies and sovereigns led in size: Brazil's Petrobras opened LAC primary bond markets for 2017 in January with a US$ 4 billion dual-tranche bond, while Mexico's Pemex issued a US$ 4.5 billion three-part bond sale in Euros in February. On the sovereign side, Colombia made its long awaited return to the cross-border bond market in January with in a two-part sale totaling US$ 2.5 billion, and Argentina also came to the cross-border market with a jumbo bond in January, a two-part U.S. dollar bond totaling US$ 7 billion.

[1] It was lower only than the US$ 45.7 billion issued in the second quarter of 2016, when after a 15-year hiatus, Argentina returned to the cross-border bond market with a jumbo issuance of US$ 16.5 billion (appendix, table 5).

Five cross-border debut issuances took place: two Argentine power companies – Genneia and Pampa Energía – and Colombia's Tecnoglass, a glass and window maker, made their cross-border market bond debut in January. Brazil's largest railroad operator Rumo made its debut in February, while El Salvador's Grupo Unicomer, an international retailing group, made its debut in March.[2]

There were bond issuances with a green focus: Brazil's pulp and paper company Fibria returned to the cross-border fixed income space with a green bond in January. Argentina's Genneia's bond debut in January was not labeled as a green bond, but part of the proceeds will be used for investments in wind projects. In the same vein, the proceeds of the bond issued in February by Argentina's La Rioja Province will be set aside for renewable energy investments, although the province's trade did not come attached with a green bond structure. Similarly, Chile's Inversiones CMPC, a pulp and paper company, issued a 10-year bond in March whose proceeds will be invested in green projects.

There was also a focus on infrastructure: in January, Chile's Metro de Santiago issued a 30-year bond to continue the funding of new metro lines, as well as extensions of existing ones. CAF Development Bank of Latin America issued a Real-denominated project bond to Japanese retail investors, with proceeds to be used to finance water works in the region. In February, Argentina's Buenos Aires Province reopened its 7.875% 2027 bond originally issued in June 2016 and will use proceeds to fund infrastructure projects and other public investments. Stoneway Capital Corporation issued a 10-year project bond to fund the construction of four new thermal-powered projects in the province of Buenos Aires. In March, Argentina's Province of Santa Fe issued a 2023 bond, with part of the proceeds to be used to fund public infrastructure works. Paraguay and Bolivia also came to cross-border markets with a 10-year and an 11-year bond, respectively, and proceeds will fund investments in infrastructure projects.

The three top issuers accounted for almost 70% of the Q1 total: Argentina (29%), Brazil (22%) and Mexico (18%) were LAC top issuers (sovereign and corporate issuance combined) in the first quarter.

Currency diversity continued: although dollar-denominated issuance accounted for 78% of the total, there were issuances in many currencies, including the Euro, Chilean Peso, Peruvian Sol, Brazilian Real, Swiss Franc, Australian Dollar, Hong Kong Dollar, and Norwegian Krone.

- Strong bond issuance was part of a broader comeback, which also boosted stocks and currencies.
- The strong cross-border market performance was supported by a tightening in bond spreads. LAC bond spreads tightened 37 basis points in the first quarter of 2017, following a tightening of 132 basis points in 2016.
- However, despite a tightening in spreads, the credit quality in the region continued to deteriorate: there were eleven downgrades in the first quarter, and only two upgrades.

[2] This pattern has continued, with three more cross-border debut issuances taking place in April. They include Mexico's Grupo Kaltex (a textile company), Peru's Orazul Energy, and Guatemala's Energuate Trust (another energy company).

Overview

Latin American and Caribbean (LAC) countries sold debt at a record pace in the first-quarter of 2017, taking advantage of increased investor demand. With interest rates in most developed countries still near historic lows, global investors poured money into emerging market debt. In January, LAC issuers placed US$ 24.2 billion in debt in the cross-border market, breaking a monthly record. Issuers were trying to lock-in low interest rate levels, since the general expectation is to see global central banks hiking rates, rather than lowering them.

Few expected this kind of rally, as uncertainty regarding global trade policy was expected to adversely affect those countries heavily reliant on exports. But economic fundamentals for these countries improved in the first quarter with higher commodity prices and a stabilizing Chinese economy, which led to a change in perceptions toward their economic prospects, while some of the anxiety regarding global trade policy subsided.

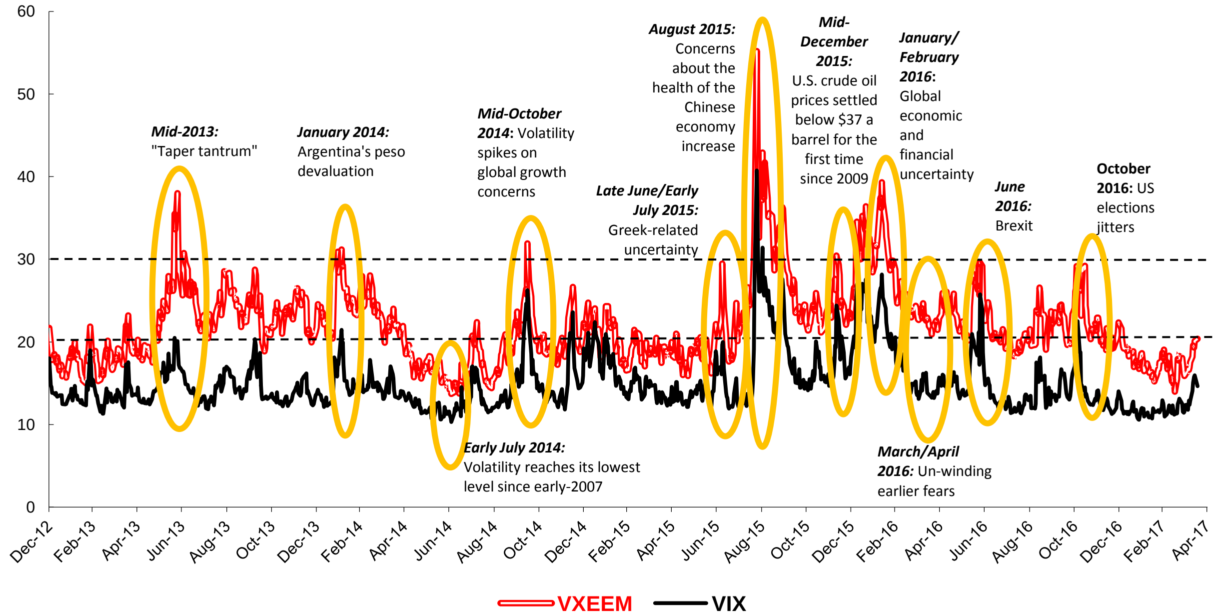
The widespread investor interest in emerging market debt led to favorable terms for several LAC issuers. In March, Bolivia and Paraguay, which are both rated below investment grade, sold a US$ 1 billion 11-year bond and a US$ 500 million 10-year bond, at 4.5% and 4.7% coupons, respectively. Much of the interest in emerging-market debt is coming from global investors who usually buy the debt of developed countries, but are looking to pick up additional yield.

Low volatility as measured by the Chicago Board Options Exchange Volatility Index (VIX) has also become a reason for concern due to the disconnection between the level of uncertainty regarding global economic policies and the "calmness" in stock markets. The VIX has been calm because the U.S. stock market has been recently enjoying a long run. In March 2017 the U.S. bull market in stocks officially turned eight years old.[3] But the slowdown in volatility also reflects structural changes that have taken place since the global financial crisis, such as the dominance of central banks' role on asset markets and the shift into exchange traded funds. This could mean that the fact that expected volatility is low does

[3] A bull market is commonly defined as a 20% rise in the S&P 500 after a 20% decline. A bull market ends with another 20% decline.

not necessarily imply complacency about the risk of a major disruption.[4] The VIX touched its lowest level (9.77%) since 1993 following the result of the French election on May 7, and it is unclear whether such low equity market volatility is fitting, whether it relates to the market's complacency, loose financial conditions, or to investor confidence in the near-term outlook for equities.

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

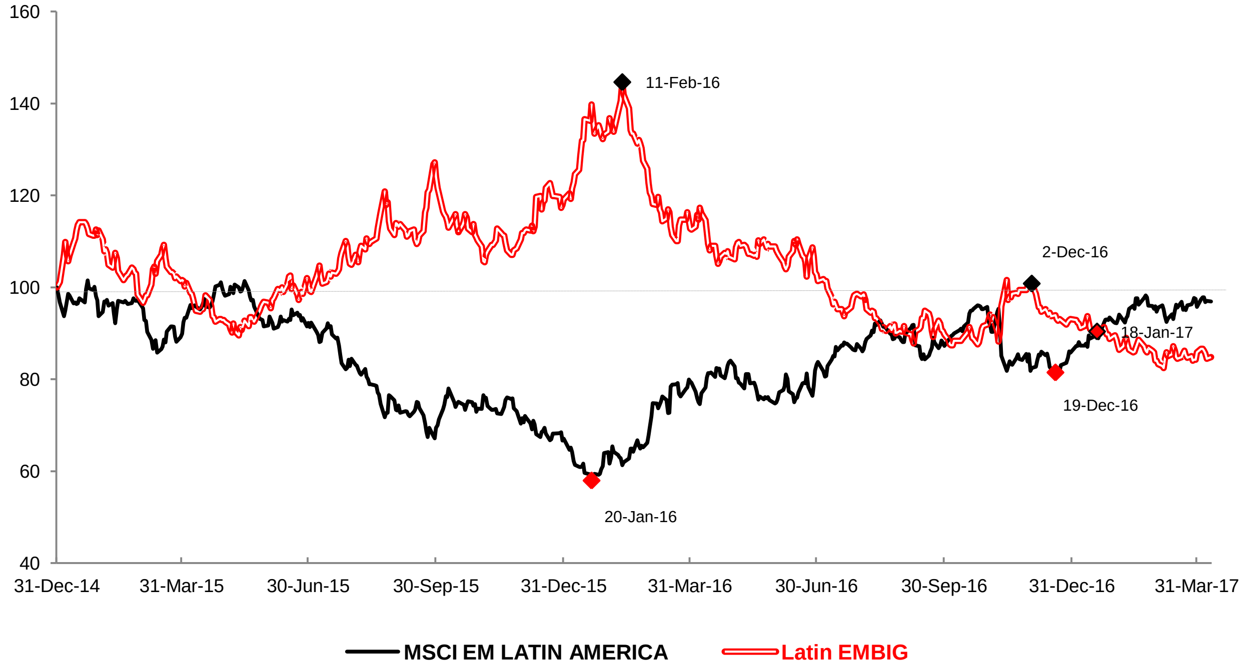
Note: The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. VIX values greater than 30 are generally associated with a large amount of volatility, while values below 20 generally correspond to less stressful, even complacent, times in the markets. The VXEEM is the CBOE volatility index for emerging markets (conveyed by MSCI Emerging Markets Index fund option prices).

The wild price swings that characterized the oil market for much of the past two years have softened in 2017, a welcome development for stock and bond investors whose assets tend to suffer when oil prices become volatile. Two opposing forces – production cuts by the major producing countries and growing U.S. supply – contributed to stabilize oil prices. A number of LAC assets were fueled by higher commodity prices and an improving Chinese economy, as well as by economic improvement in a number of countries in the region, particularly Brazil and Argentina. The improving economic conditions in the first quarter led to a change in investors' perception of the region's assets, leading to an increase in equity prices and a tightening in Latin American bond spreads as a result (chart 2).

Latin American stocks gained almost 12% in the first quarter, according to the Morgan Stanley Capital International (MSCI) Latin American Index, underscoring the improved mood in equity markets. Emerging markets as a whole gained 11% and G7 countries gained 5% in the same period (chart 3). According to *LatinFinance*, investors in the region bet on infrastructure and medical services companies, encouraged by a more stable political background and better economic prospects.

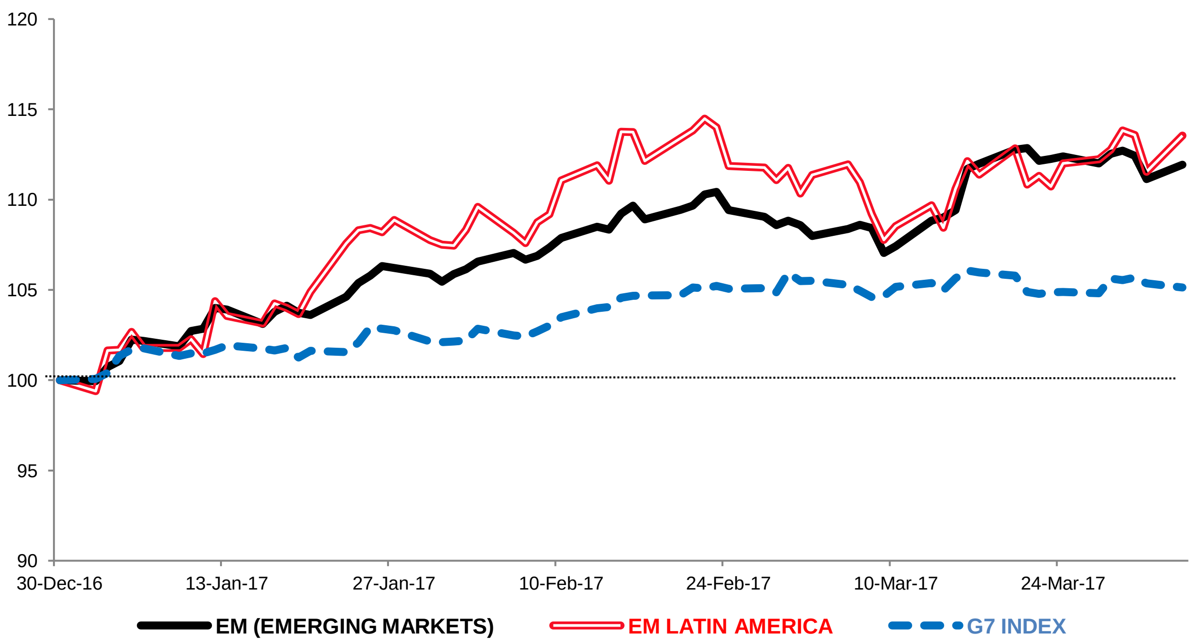
[4] The VIX is arguably not disconnected from actual, realized volatility, which has also been subdued since 2009 for a series of reasons. Most attribute this to central banks flooding markets with monetary stimulus whenever turbulence threatens to return, backstopping investors and encouraging them to see these periods as a buying opportunity. There have also been outflows from traditional fund managers to index-trackers and exchange traded funds, subduing individual stock volatility, as the entire market moves in unison. Volatility has also been dampened by the post-crisis increase in corporate buybacks. Finally, the VIX is also subdued by technical factors. See The Big Read: Market Bubbles, "The fearless market ignores perils ahead," *Financial Times*, 18 April 2017.

CHART 2:
LATIN AMERICAN EQUITY PRICES VS BOND SPREADS
(MCSI and EMBIG indices)



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

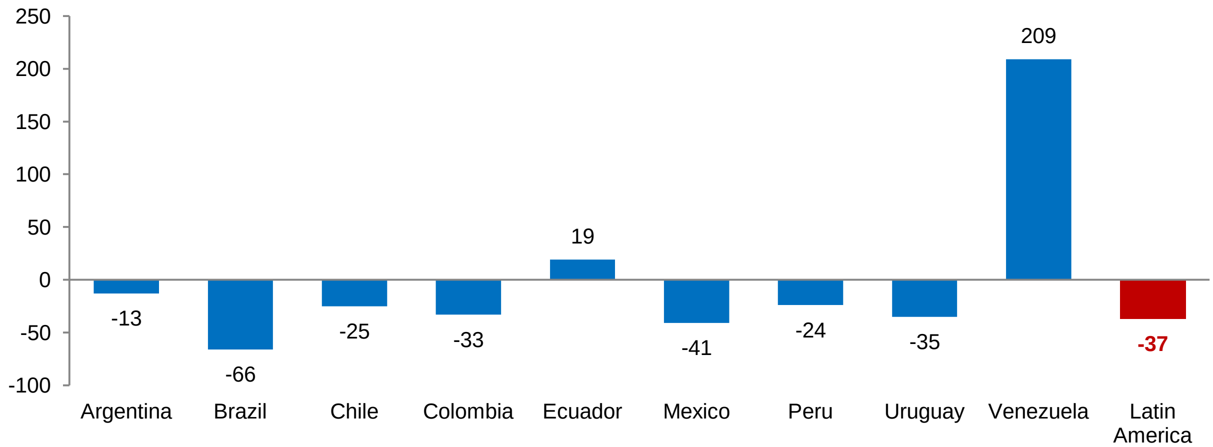
CHART 3:
MSCI EQUITY PRICE INDEX: Q1 2016



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

LAC bond spreads tightened 37 basis points in the first quarter of 2017, following a tightening of almost 132 basis points in 2016. Spreads widened sharply for Venezuela and mildly for Ecuador, but tightened for all the other countries in our sample (chart 4). By the end of the first quarter, LAC spreads were hovering around their lowest level in five years.

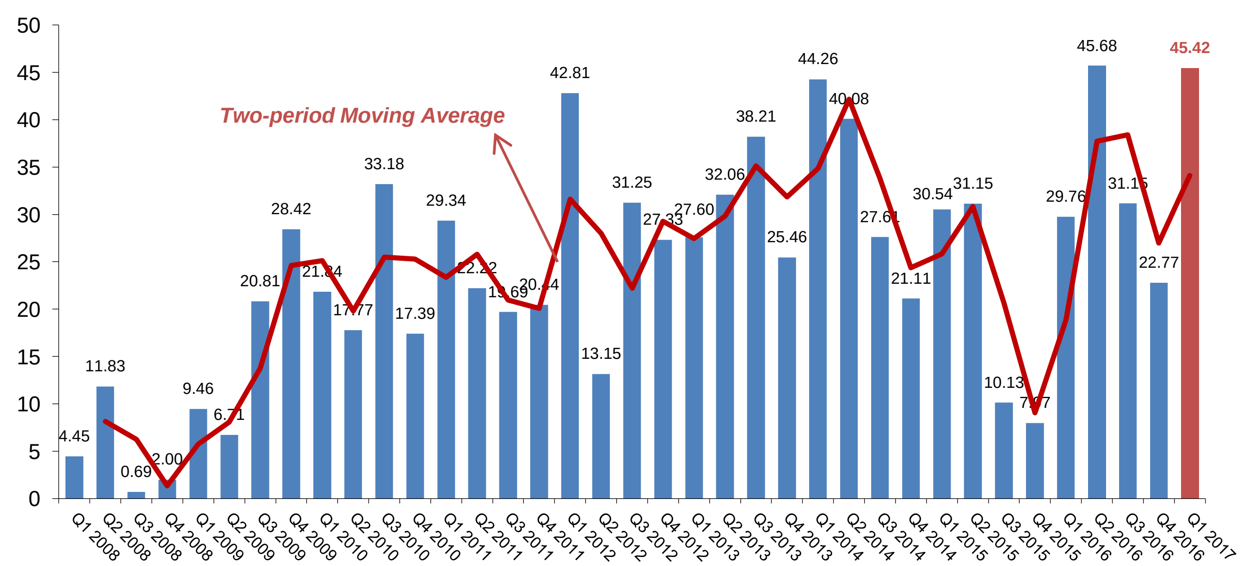
CHART 4:
EMBI GLOBAL SPREAD DIFFERENTIALS: Q1 2017
(Basis points)



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

While debt spreads tightened, debt issuance increased. The total amount of debt issued by LAC borrowers in the first quarter of 2017 reached US$ 45.4 billion, the second highest quarterly amount ever issued in the region (chart 5). Bond issuance in the first quarter of 2017 was 53% higher than in the first quarter of 2016, and a huge improvement from the total amount issued in the fourth quarter of 2016 (99% higher).

CHART 5:
QUARTERLY LAC ISSUANCE
(US$ Billions)



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

The distribution between sovereign and corporate issuance was about even, with each taking about a 50% share of the total. Issuance by banks and corporates in the first quarter of 2017 was 151% higher than in the first quarter of 2016 and 111% higher than in the first quarter of 2015. Issuance by quasi-sovereign companies was just 16% higher than in the first quarter of 2016, but it was 591% higher than in the first quarter of 2015 (table 1).

TABLE 1:
LATIN AMERICA AND THE CARIBBEAN, DEBT ISSUANCE BY ISSUER
(US$ Millions)

	TOTAL ISSUANCE	Sovereign	Corporate (Total)	Quasi-sovereign	Supranationals	Banks and Corporates
Q1 2012	42,808	7,950	34,858	12,826	837	20,995
Q1 2013	27,600	5,470	22,130	4,797	520	16,813
Q1 2014	44,257	9,360	34,897	20,549	778	14,348
Q1 2015	30,537	15,773	14,764	1,417	8,137	5,211
Q1 2016	29,764	15,659	14,105	8,480	1,243	4,382
Q1 2017	45,423	22,624	22,799	9,796	1,986	11,017
% change/Q1 2012	6%	185%	-35%	-24%	137%	-48%
% change/Q1 2013	65%	314%	3%	104%	282%	-34%
% change/Q1 2014	3%	142%	-35%	-52%	155%	-23%
% change/Q1 2015	49%	43%	54%	591%	-76%	111%
% change/Q1 2016	53%	44%	62%	16%	60%	151%

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

Note: Corporate (Total) includes corporates, banks, quasi-sovereigns and supranationals; sovereigns include states and provinces' issuances.

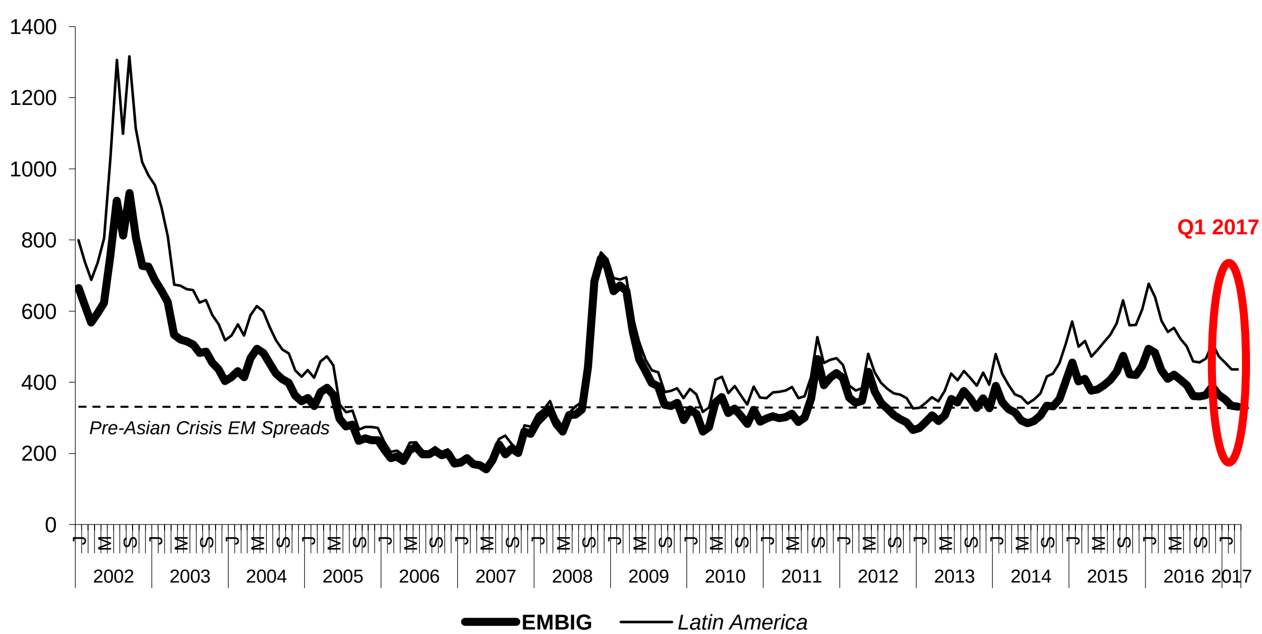
Excluding sovereign borrowers, 34 corporate issuers from the region sold US$ 23 billion of cross-border bonds in the first quarter, and 37% of that volume (US$ 8.5 billion) came from state-owned oil producers Petrobras and Pemex. This compares to only nine corporate issuers from the region in the same period last year selling US$ 14 billion of cross-border bonds, with over half of that volume (US$ 7.5 billion) coming from Mexican state-owned oil producer Pemex.

Dollar-denominated issuance accounted for 78% of the total LAC issuance in the first quarter. The increase in dollar-denominated debt brings with it some risks. If the U.S. dollar rally resumes, it will make it more expensive to pay back that debt. Companies whose revenues are largely in local currencies could face challenges, with repayment risks higher in countries with large external deficits and low levels of foreign-exchange reserves. If the dollar appreciates faster than expected, some corporate borrowers, especially those who do not earn dollar revenues, could face currency mismatches and need the central bank for help, which not all central banks are positioned to do.

I. Bond markets and debt management

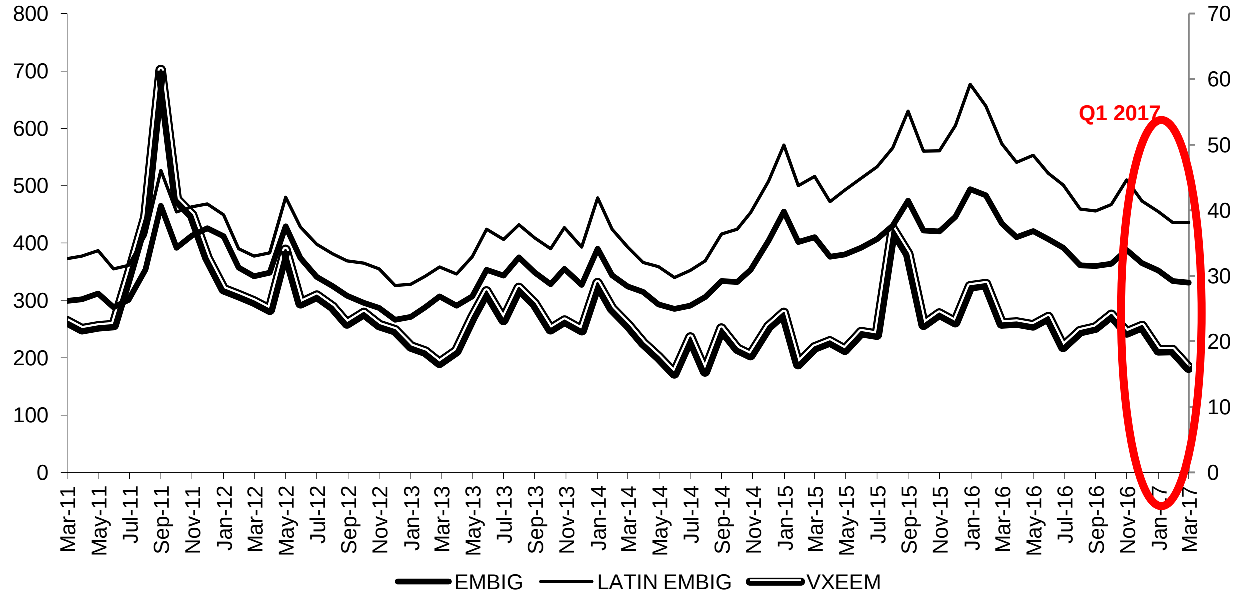
EMBI Global bond spreads tightened 34 basis points while its Latin component tightened 37 basis points in the first quarter of 2017, as higher commodity prices and an improving Chinese economy led to better economic prospects for emerging markets and the LAC region (charts 6 and 7).

CHART 6:
EMBIG AND LATIN AMERICAN MONTHLY SPREADS
(Basis points)



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

CHART 7:
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

Despite better economic prospects, sovereign credit quality deteriorated in the first quarter: the number of negative actions was two times the number of positive actions. In the first quarter of 2017, there were four positive sovereign credit rating actions in Latin America and the Caribbean – Argentina's, Colombia's and Brazil's outlook improvement and Belize's upgrade – and nine negative (table 2). Among the nine negative actions, seven were downgrades (Costa Rica, downgraded by Fitch and Moody's; El Salvador; Barbados, downgraded by S&P's and Moody's; Belize, which was first downgraded by S&P because of a debt exchange, and later upgraded when the restructuring was complete; and Suriname), one was a downward outlook revision (Chile), and one was Belize's placement under CreditWatch Negative by S&P's following a missed coupon payment, which would then lead to the downgrade.

Fiscal constraints, as well as low growth, loomed large behind the negative actions taken in the first quarter. In January, Fitch downgraded Costa Rica to BB from BB+ with a stable outlook, citing a large fiscal deficit and "institutional gridlock" that has stalled potential reforms, while S&P lowered the outlook on Chile's AA- sovereign debt rating to negative from stable, because of the risk that prolonged low economic growth could translate into larger fiscal deficits.

In February, Fitch downgraded El Salvador's credit ratings to B from B+ with a negative outlook, citing hindered progress on fiscal measures and limited financing options, and Suriname to B- from B+ with a negative outlook, citing macroeconomic instability and rising government debt. Moody's downgraded Costa Rica's government bond rating to Ba2 from Ba1 and maintained the negative outlook, citing the continued weakening of Costa Rica's fiscal profile. S&P placed Belize's CC long-term foreign currency rating on CreditWatch Negative following a missed coupon payment.

In March, Barbados was downgraded by S&P to CCC+ from B- with a negative outlook on limited financing alternatives and low international reserves, and to Caa3 (nine levels below investment grade) from Caa1 with a stable outlook by Moody's, which warned that the Caribbean island faces increasing chances of a default. S&P downgraded Belize's rating to SD (Selective Default) from CC following the announcement of a debt exchange, because it considered the changes made by the sovereign to its 2038 super bonds as a default. However, three days later S&P upgraded Belize’s rating to B- from SD with a stable outlook, following the completion of the debt restructuring, its third debt restructuring in the last 10 years.

In April the pace of negative actions increased, with six more downgrades taking place, three of them regarding El Salvador. Fitch downgraded El Salvador’s rating to CCC from B, saying that political polarization increased risks of default. S&P downgraded El Salvador to CCC- from B- and kept the ratings on CreditWatch with negative implications, cautioning that the sovereign could hit selective default. Moody’s also downgraded El Salvador’s rating to Caa1 from B3.

Two Caribbean commodity-exporters were also downgraded at the end of April: S&P downgraded Suriname to B from B+ with a negative outlook, on worsening economic strength and debt burden, and Moody’s downgraded Trinidad & Tobago to Ba1 from Baa3 (taking away its investment grade), saying that the sovereign’s policy response to offset the impact of low energy prices on government revenues was insufficient, adding that the government’s large deficits had led to increased debt ratios. S&P also downgraded Trinidad and Tobago to BBB+ from A- with a stable outlook, citing higher debt burden.

TABLE 2:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2017 YTD

Date	Country	Action	
2017 YTD	**6 positive and 15 negative actions**		
Q1 2017	**4 positive and 9 negative actions**		
19-Jan-17	Costa Rica	Fitch downgrades Costa Rica to BB from BB+ with a stable outlook	*Negative*
26-Jan-17	Chile	S&P lowers the outlook on Chile’s AA- sovereign debt rating to negative from stable	*Negative*
1-Feb-17	El Salvador	Fitch downgrades El Salvador’s credit ratings to B from B+ with a negative outlook	*Negative*
9-Feb-17	Costa Rica	Moody’s downgrades Costa Rica’s rating to Ba2 from Ba1 with a negative outlook	*Negative*
21-Feb-17	Belize	S&P places Belize’s CC long-term foreign currency rating on CreditWatch Negative	*Negative*
22-Feb-17	Suriname	Fitch downgrades Suriname to B- from B+ and maintains a negative outlook	*Negative*
3-Mar-17	Barbados	S&P downgrades Barbados to CCC+ from B- with a negative outlook	*Negative*
6-Mar-17	Argentina	Moody’s changes the outlook on Argentina’s B3 rating to positive from stable	*Positive*
9-Mar-17	Barbados	Moody’s downgrades Barbados to Caa3 from Caa1 with a stable outlook	*Negative*
10-Mar-17	Colombia	Fitch revises the outlook on Colombia’s BBB rating to stable from negative	*Positive*
15-Mar-17	Brazil	Moody’s raises the outlook on Brazil’s Ba2 rating to stable from negative	*Positive*
20-Mar-17	Belize	S&P downgrades Belize’s rating to SD from CC	*Negative*
23-Mar-17	Belize	S&P upgrades Belize’s rating to B- from SD with a stable outlook	*Positive*
Q2 2017	**2 positive and 5 negative actions**		
4-Apr-17	Argentina	S&P upgrades Argentina’s long-term rating to B from B- with a stable outlook	*Positive*
10-Apr-17	El Salvador	Fitch downgrades El Salvador’s rating to CCC from B	*Negative*
11-Apr-17	El Salvador	S&P downgrades El Salvador's rating to CCC- from B-. CreditWatch Negative	*Negative*
11-Apr-17	Belize	Moody’s upgrades Belize’s rating to B3 from Caa2 with a stable outlook	*Positive*
13-Apr-17	El Salvador	Moody’s downgrades El Salvador’s rating to Caa1 from B3, with a stable outlook	*Negative*
21-Apr-17	Trinidad & Tobago	S&P downgrades T & T long-term ratings to BBB+ from A- with a stable outlook	*Negative*
26-Apr-17	Suriname	S&P downgrades Suriname to B from B+ with a negative outlook	*Negative*
27-Apr-17	Trinidad & Tobago	Moody’s downgrades T & T to Ba1 from Baa3 with a stable outlook	*Negative*

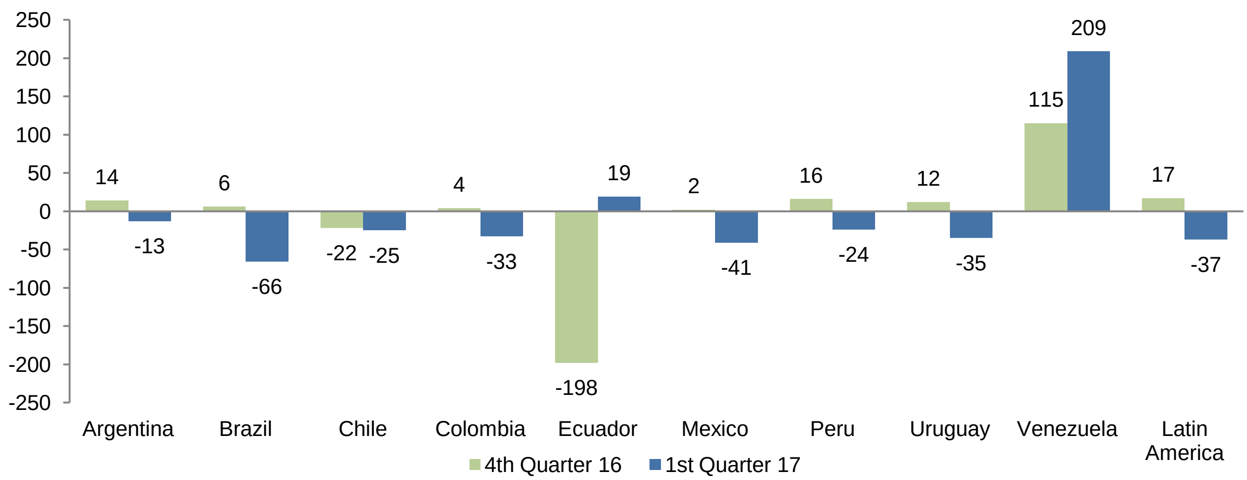
Source: ECLAC on the basis of data from Moody’s, Standard & Poor’s, Fitch and JPMorgan, Emerging Markets Outlook and Strategy.

At the end of April, five of the rated sovereigns in the region – Argentina, Brazil, Cuba, Dominican Republic and Honduras – had a positive outlook from Moody's and twelve – Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Suriname, Trinidad & Tobago, Uruguay and Venezuela – had a negative outlook from one or more of the three larger credit rating agencies (appendix A, table 1).

A. Sovereign Spreads

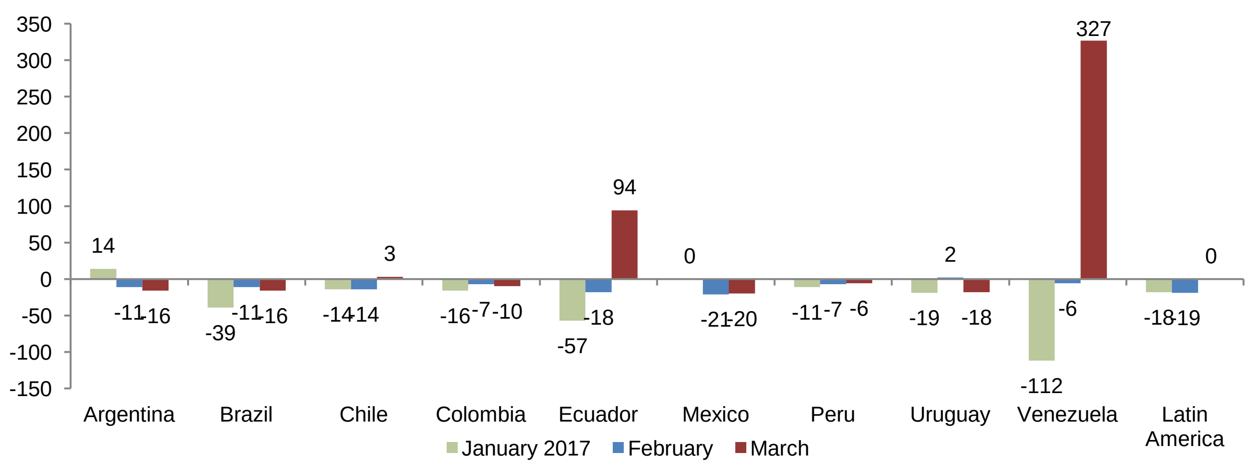
The JPMorgan's EMBIG narrowed 34 basis points in the first quarter of 2017 – from 365 basis points at the end of December 2016 to 331 basis points at the end of March 2017 – while its Latin component narrowed 37 basis points, from 473 to 436 basis points. In this period, spreads widened for Venezuela and Ecuador, but tightened for all the other countries in our sample, with Brazil and Mexico showing the biggest spread-tightening in the quarter (chart 8). On a monthly basis, spreads tightened in January (except for an increase of 14 basis points for Argentina) and February, but widened for Ecuador and Venezuela in March (chart 9).

CHART 8:
EMBIG QUARTERLY SPREAD DIFFERENTIALS
(Basis points)



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

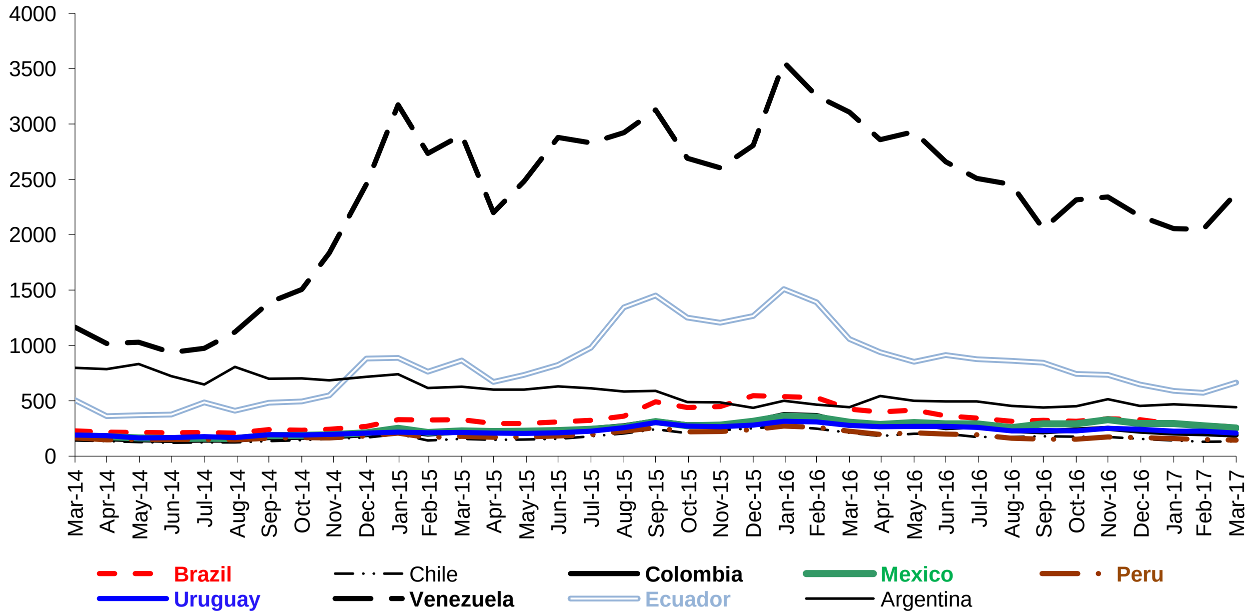
CHART 9:
EMBIG MONTHLY SPREAD DIFFERENTIALS: Q1 2017
(Basis points)



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

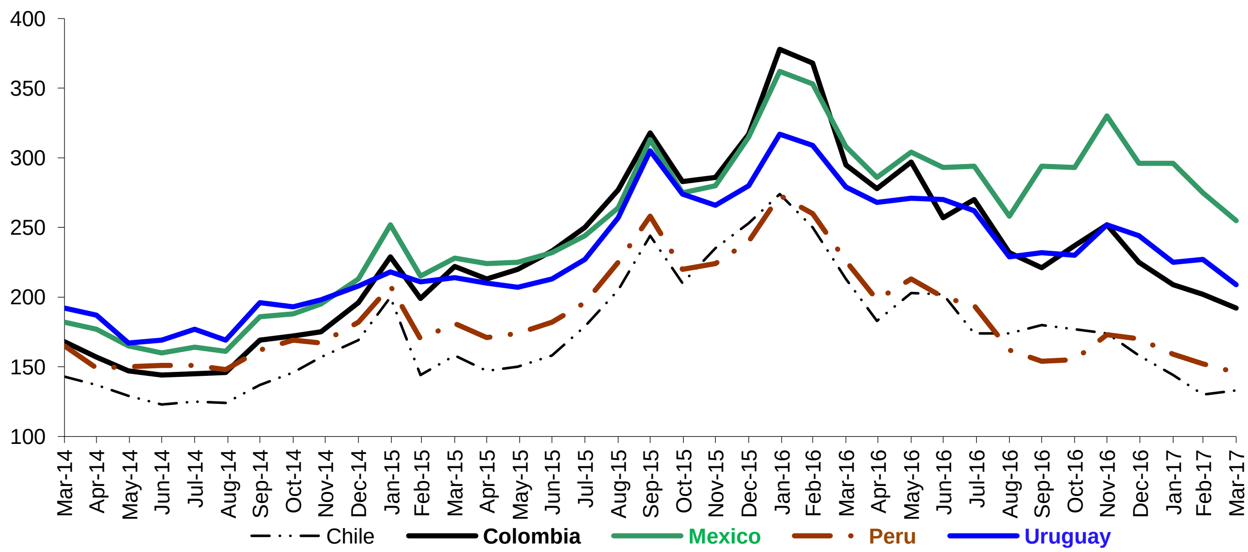
The recent evolution of the EMBIG spreads shows Venezuelan spreads widening sharply relative to the rest of Latin American countries in the EMBIG (chart 10). At the end of the first quarter Mexico had the highest spreads among the investment grade countries of the region (chart 11), and among the non-investment grade countries, Brazil had the lowest spreads (chart 12). Brazilian spreads have declined from a peak reached in February of 2016 (chart 13).

CHART 10:
EMBIG LATIN: COUNTRY SPREADS
(Basis points)



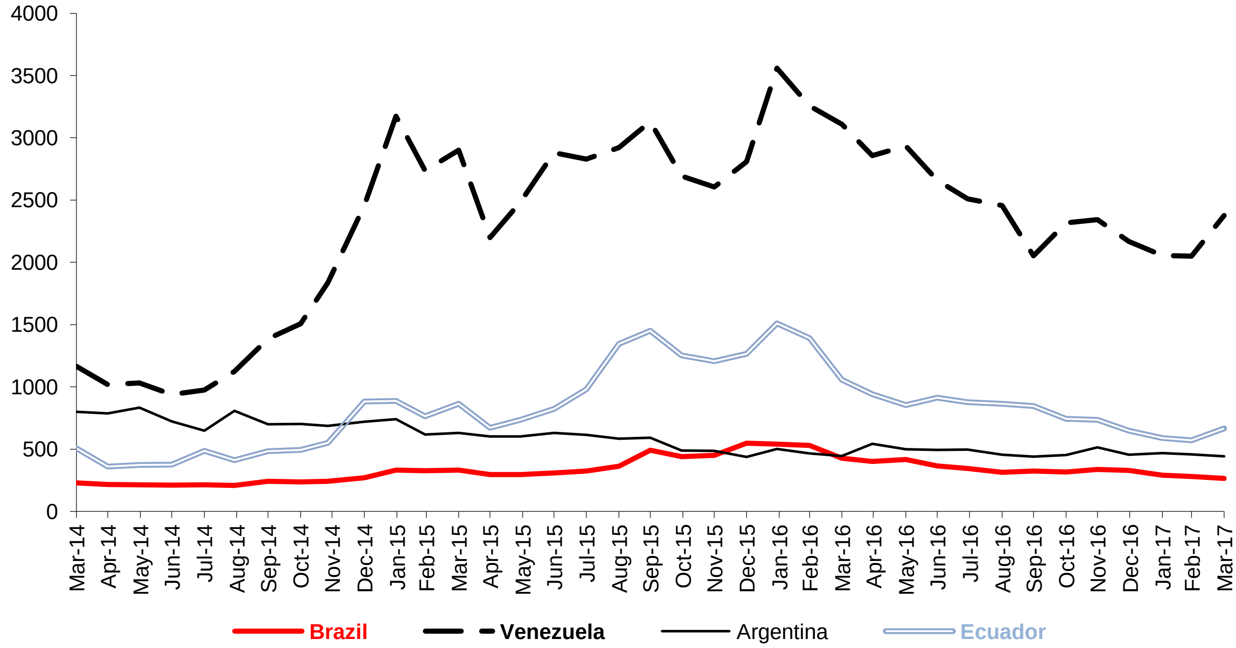
Source: ECLAC, on the basis of data from JPMorgan.

CHART 11:
EMBIG LATIN: INVESTMENT GRADE ISSUERS
(Basis points)



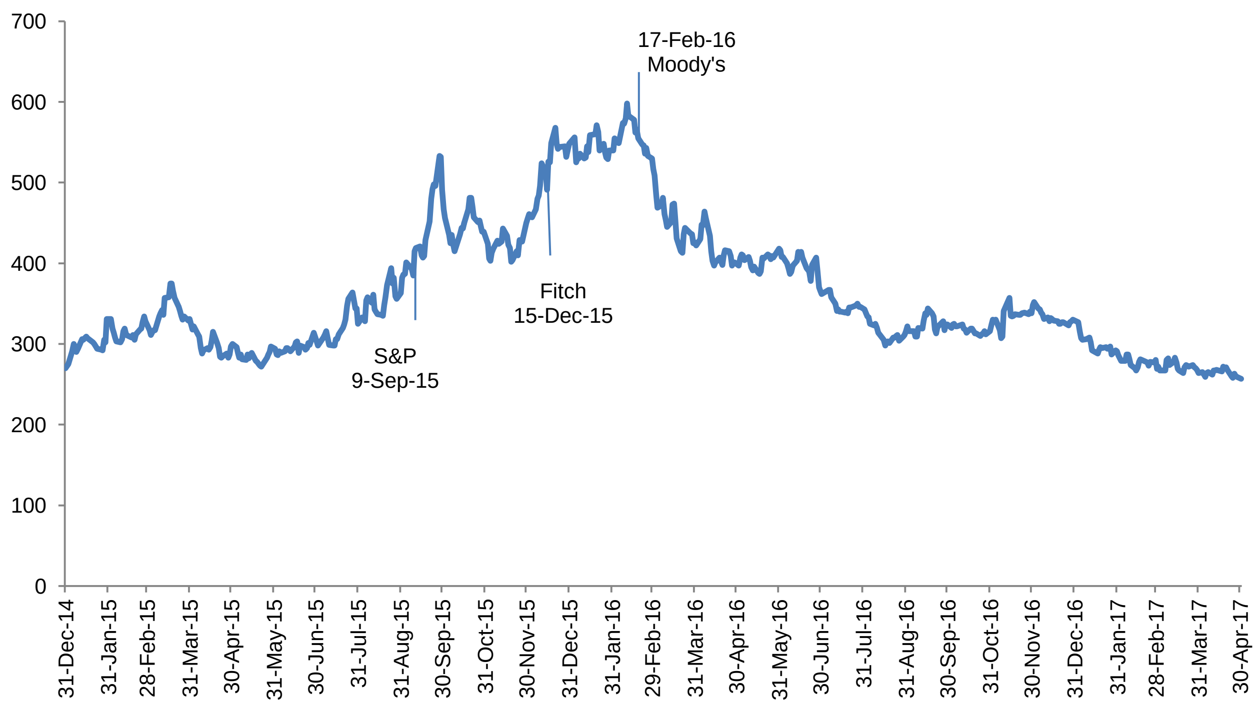
Source: ECLAC, on the basis of data from JPMorgan.

CHART 12:
EMBIG LATIN: NON-INVESTMENT GRADE ISSUERS
(Basis points)



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

CHART 13:
BRAZILIAN BOND SPREADS REACT TO DOWNGRADES TO JUNK STATUS
(Basis points)



Source: ECLAC, on the basis of data from JPMorgan, Standard & Poor’s, Moody’s and Fitch.

Chile had the lowest spreads in the EMBIG composite at the end of March 2017: 133 basis points (appendix B, table 3). They narrowed 25 basis points in the first quarter. Chile's economy remains weak, but a more benign inflation outlook has led the central bank to cut its policy interest rate three times since the beginning of the year, which could result in a modest economic recovery in coming quarters.

Peruvian spreads were at 146 basis points at the end of March. They tightened 24 basis points in the first quarter. Economic growth has also slowed in Peru in the aftermath of the worst flooding in decades, but a spike in food prices is likely to delay interest rate cuts.

Colombian spreads were at 192 basis points at the end of March. They tightened 33 basis points in the first quarter. Colombia's economy has weakened sharply in the first quarter, but on the positive side, inflation has continued to fall. Colombia's BBB ratings are back on stable ground. S&P and Fitch lowered their outlooks to negative in 2016 citing concerns about the country's large twin deficits. Although in January S&P extended its negative outlook, in March, Fitch raised the outlook to stable (in line with Moody's) citing the sharp reduction in the current account deficit, diminished uncertainties due to passage of tax reform measures in December 2016, and the expectation that inflation converges towards the central bank's target, easing fears of immediate downgrade risks.

Uruguayan spreads were at 209 basis points at the end of March. They tightened 35 basis points in the first quarter. The economy is in good shape, but remains weak. On a positive note, inflation fell into the central bank's target range for the first time since 2010. The financial authorities have recently announced their intention to pursue a second generation effort to de-dollarize the public debt by issuing local currency nominal bonds.

Mexican spreads were at 255 basis points at the end of March. They tightened 44 basis points in the first quarter, the second biggest tightening in our sample. While sentiment deteriorated markedly at the end of last year on the back of policy uncertainty in the U.S., economic activity has been more resilient than originally expected. Uncertainty has faded somewhat and currency weakness provides a welcoming boost to external demand, increasing exports and manufacturing production.

Brazilian spreads were at 264 basis points at the end of March. They tightened 66 basis points in the first quarter, the biggest tightening in our sample, as the economy seems to be pulling out of its deepest recession on record. In January 2017, Moody's raised the outlook on Brazil's Ba2 rating to stable from negative, arguing that the downside risks reflected in the negative outlook were abating and macroeconomic conditions stabilizing. The Brazilian Congress has approved a spending cap and is working on a pension reform package. The government is also working to approve a reform to ease labor rules. Markets are mildly optimistic that labor and pension fund reforms will eventually pass. Political uncertainty is expected to continue, however, as corruption investigations and the probe on the 2014 campaign financing continue.

Argentina's spreads were at 442 basis points at the end of March. They tightened 13 basis points in the first quarter. Economic activity has been steadily improving and investors remain constructive on Argentina's bonds and currency. In March, Moody's changed the outlook on Argentina's B3 rating to positive from stable, citing improved policy stance and expectations of faster economic growth, while in April S&P upgraded Argentina's long-term rating to B from B- with a stable outlook, on improvement in economic policy.

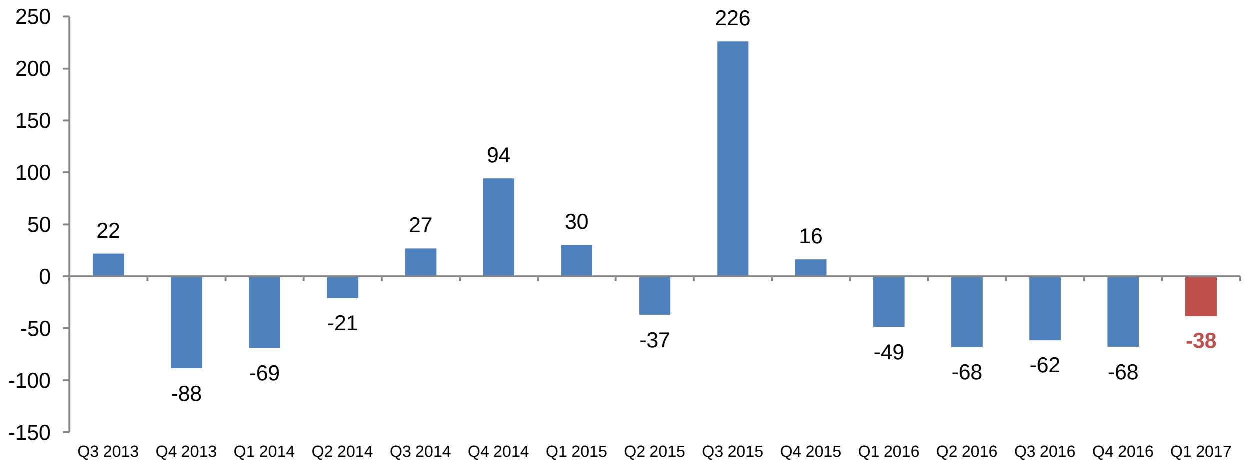
Ecuadorian spreads were at 666 basis points at the end of March. Spreads widened 19 basis points in the first quarter. From investors' point of view, the high level of Ecuadorian spreads is a reflection of its limited ability to adjust to external shocks, as international reserves continue to decline, putting more pressure on the government to issue external debt. GDP returned to positive growth at the end of 2016, however, and the pace of expansion has likely accelerated in the first quarter.

At 2,377 basis points at the end of March, Venezuela maintains the highest debt spreads of any country in the EMBIG. Venezuelan spreads widened 209 basis points in the first quarter, as doubts regarding Venezuela's ability to pay its debt remain, given budget constraints. Although oil prices have stabilized, market focus on debt service remains intense, as the sovereign balance sheet is much more constrained than in the past.

B. Corporate Spreads

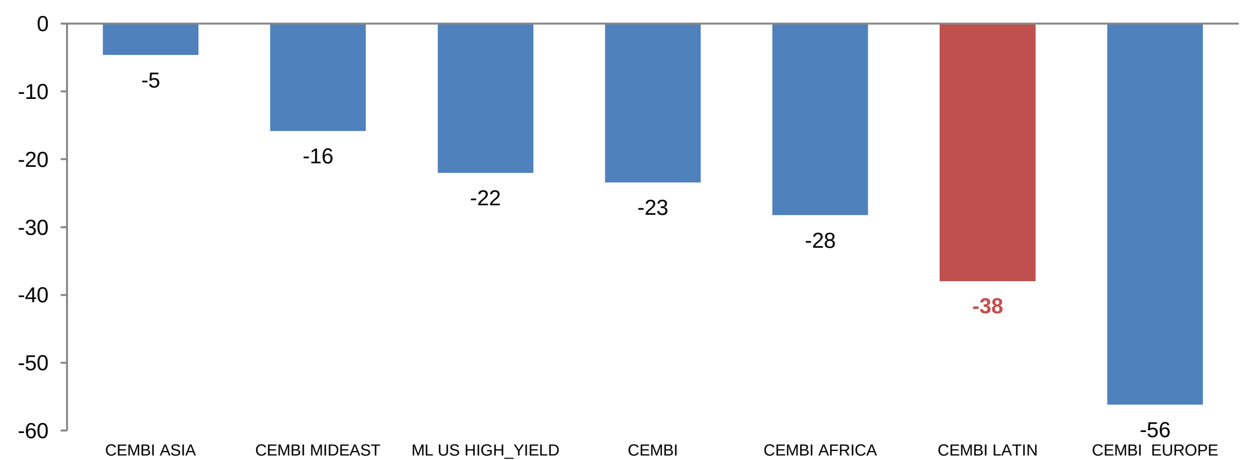
Latin America and the Caribbean corporate bond spreads followed the behavior of their sovereign counterparts and tightened 38 basis points in the first quarter of 2017. Improved domestic economic fundamentals, higher commodity prices and a stabilizing Chinese economy combined with developed countries' interest rates still at near historic lows to attract global investors (chart 14).

CHART 14:
CORPORATE EMBI SPREADS: LATIN COMPONENT
(Basis points)



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

CHART 15:
CEMBI AND ML US HIGH YIELD QUARTERLY SPREAD DIFFERENTIALS: Q1 2017
(Basis points)

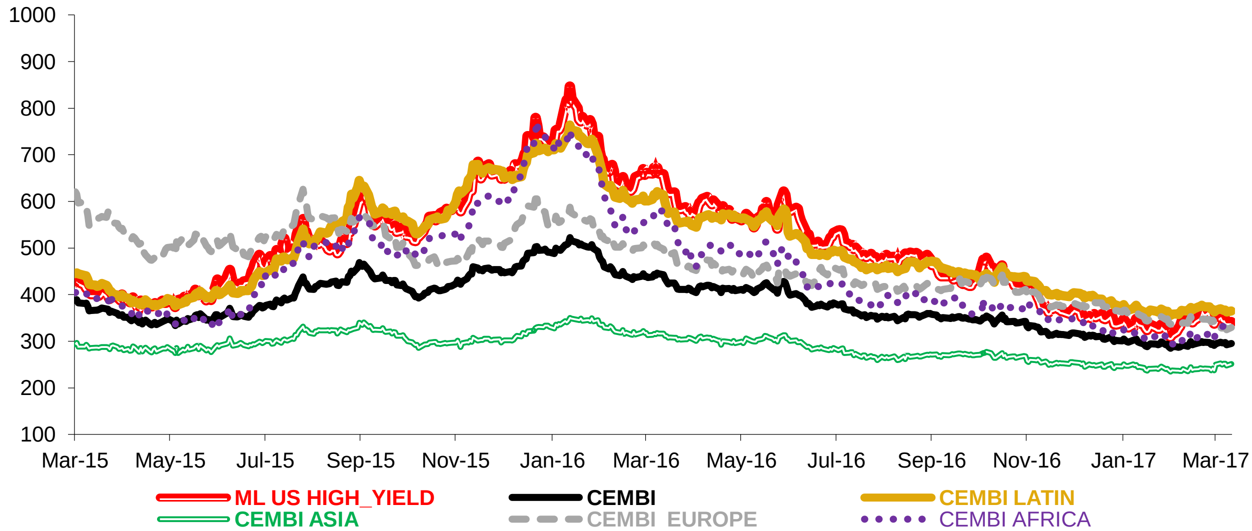


Source: ECLAC, on the basis of data from JPMorgan CEMBI and Merrill Lynch U.S. High-Yield Master II Index (H0A0).

CEMBI spreads tightened 23 basis points, less than the Latin component. Given the region's relatively high exposure to commodity exports and large corporations with very high levels of foreign currency borrowing, as commodity prices stabilized in the first quarter, Latin American corporate credit spreads tightened more than corporate spreads for other regions, with the exception of Emerging Europe (charts 15).

However, following a two-year period of low growth and weak economic fundamentals, Latin American corporate credit spreads are wider than other emerging region's corporate spreads (chart 16).

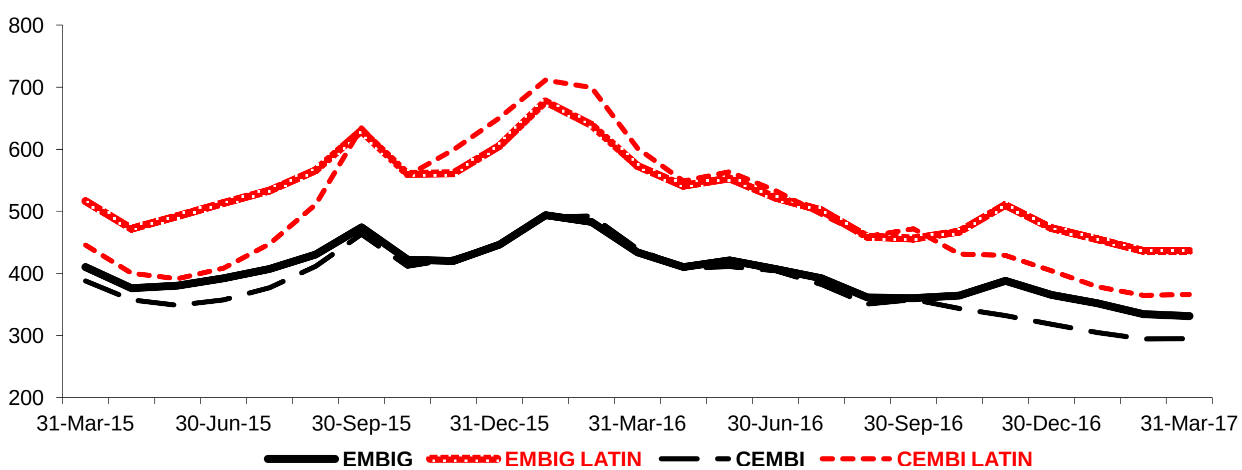
CHART 16:
CORPORATE EMBI SPREADS VS U.S. HIGH-YIELD COPORATE SPREADS
(Basis points)



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

The region's corporate spreads tightened as much as sovereign spreads in the first quarter, but Latin CEMBI spreads were 70 basis points lower than their sovereign counterpart at the end of March (chart 17).

CHART 17:
JPMORGAN EMBIG SPREADS, CORPORATE AND SOVEREIGN
(Basis points)

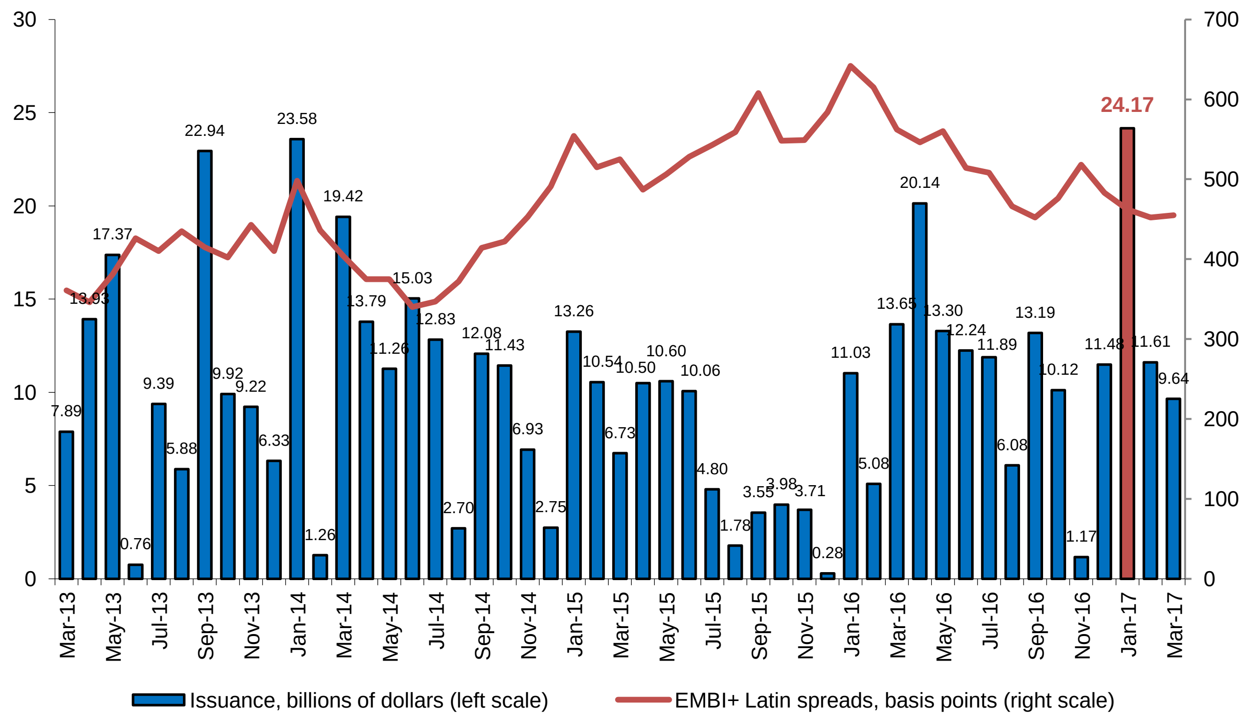


Source: ECLAC, on the basis of data from JPMorgan, "Emerging Markets Bond Index Monitor." EMBIG and EMBIG Latin: sovereign spreads, CEMBI and CEMBI Latin: blended spreads.

C. New Debt Issuance

Latin American and Caribbean debt issuers started the first quarter of 2017 with a bang. January issuance was the highest monthly issuance ever for the region (chart 18). Total LAC debt issuance reached US$ 45.42 billion in the first quarter of 2017 and was 53% higher than in the first quarter of 2016, when issuance totaled US$ 29.76 billion. It was also a big improvement from the US$ 22.77 billion issued in the fourth quarter of 2016, when uncertainty regarding the U.S. elections kept investors away.

CHART 18:
MONTHLY LAC ISSUANCE
(Left axis: US$ Billions; right axis: Basis Points)



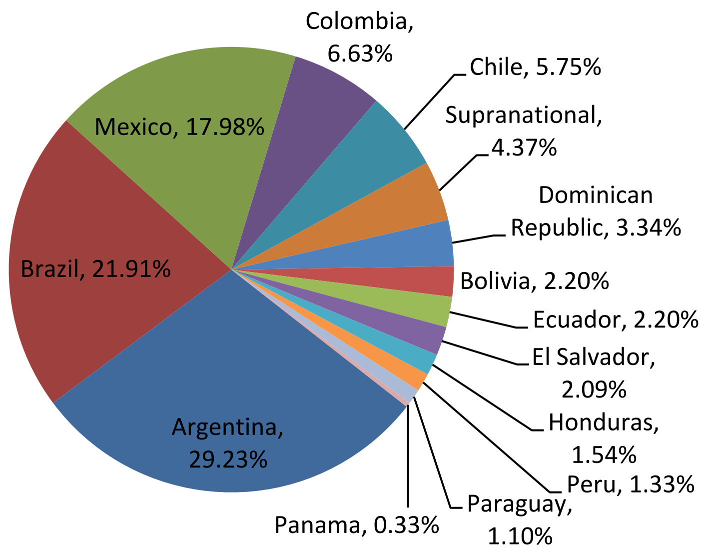
Source: ECLAC, on the basis of data from LatinFinance, JPMorgan and Bank of America-Merrill Lynch.

Argentina had the largest share of bond issuances – sovereign and corporate combined – followed by Brazil and Mexico. Argentina, Brazil and Mexico issued (sovereign and corporate combined) US$ 13.28 billion, US$ 9.95 billion, and US$ 8.12 billion, respectively. Issuances from the three countries accounted for 69% of the total LAC issuance in the first quarter of 2017 (chart 19).

Some of the largest issuances in the quarter have come from sovereigns and quasi-sovereigns. Sovereigns, quasi-sovereigns and supranational entities, including regional development banks, accounted for 76% of the total amount issued in the first quarter. State-owned oil producers Petrobras and Pemex accounted for about 20% of the total.

High-yield issuers – sovereign and corporate combined – dominated LAC issuance in the first quarter of 2017, with a 61% share, while only 39% of the total was issued by investment grade issuers. This is a result of the dominance of Argentine and Brazilian borrowers during the quarter, as most (including the sovereigns) were rated at below investment grade rates.

CHART 19:
LAC DEBT ISSUANCE IN Q1 2017: COUNTRY BREAKDOWN
(Country shares in percentage)



Source: ECLAC on the basis of data from LatinFinance.

i. Sovereign Issuance

Eleven sovereigns – Ecuador, Honduras, Colombia, Dominican Republic, Chile, Argentina, El Salvador, Brazil, Bolivia, Mexico and Paraguay – tapped international debt markets in the first quarter (appendix C, table 4).

In ***January***, *Ecuador* became the first Latin American sovereign to tap the cross-border bond market in 2017 with a reopening of its 9.65% 2026 bond, originally issued in December 2016, to add US$ 1 billion. With elections scheduled for February 19, Ecuador took advantage of an opportunity to address its lack of liquidity and give its incoming administration time to settle into office. The anticipation of more interest rate hikes from the U.S. Federal Reserve was further cause to avoid a costlier retap later in the year.

Honduras returned to the cross-border bond market for the first time since 2013, to become the second sovereign to tap the cross-border markets this year. It issued a US$ 700 million 10-year 6.25% bond.

Colombia followed, making its long awaited return to the cross-border bond market with a US$ 2.5 billion in a two-part sale that included a new US$ 1 billion 10-year 3.875% bond and a US$ 1.5 billion retap of its 2045 5% bond, originally issued in January 2015.

The *Dominican Republic* joined the rush of new bond issues with a US$ 1.2 billion 10-year 5.95% bond, while *Chile* returned to the international fixed income markets with a US$ 1.51 billion 2021 4.5% Peso-denominated Euroclear bond.

And *Argentina* avoided any U.S. policy uncertainty with a jumbo bond, a two-part U.S. dollar bond totaling US$ 7 billion, including a US$ 3.25 billion 2022 5.625% bond, and a US$ 3.75 billion 2027 6.875% bond. With this issuance Argentina met this year's funding needs.

In ***February***, El Salvador issued a US$ 601 million 2029 8.625% bond that alleviated the sovereign's acute need of cash to shore up liquidity levels and keep up payments to creditors. Also in February, four Argentine provinces came to the cross-border market. Entre Rios issued a US$ 350 million 8.75% 2025 bond. Buenos Aires offered a two-part sale, including a new US$ 750 million 6.5% 2023 bond and a US$ 750 million 7.875% 2027 retap; originally issued in June and reopened in October 2016, the province will use proceeds to improve debt profile and fund infrastructure projects and other public investments. La Rioja issued a US$ 200 million 9.75% 2025 bond; proceeds were set aside for renewable energy investment, although the note did not come attached with a green bond structure. Finally, Cordoba issued a US$ 510 million 7.45% 2024 bond.

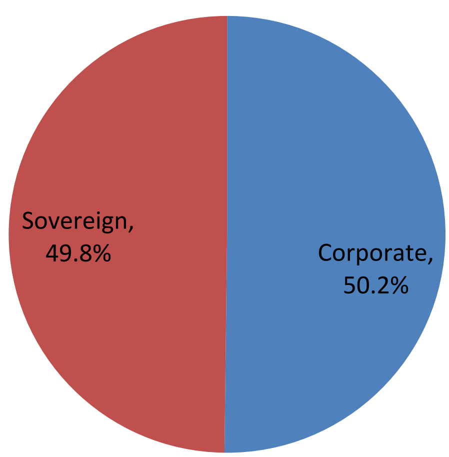
In ***March,*** five sovereigns tapped the cross-border debt markets. *Brazil* reopened its 2026 6% bond to add US$ 1 billion. Bolivia issued US$ 1 billion in international bonds to help finance the construction of new roads and hospitals, tapping into growing investor appetite for Latin American debt. The 2028 bond was offered with a low 4.5% coupon. *Mexico* issued a US$ 2.4 billion 10-year 4.15% bond, the first issuance by the sovereign in cross-border markets in 2017, in conjunction with a tender offer for several outstanding notes. *Paraguay* issued a US$ 500 million 10-year 4.7% bond to fund investments in infrastructure projects and refinance existing debt. And *Argentina* issued a US$ 403 million Swiss Franc-denominated 2020 3.375% bond, ending a 20-year absence from Swiss Franc issuance. Last time Argentina raised Swiss Franc funds was a CHF 300 million bond in 1996.

Also in March, the Province of Santa Fe issued a US$ 200 million 7% 2023 bond. Last in cross-border markets in October 2016, Moody's and Fitch rated the notes B3 and B, and both said proceeds would fund public infrastructure works.

ii. Corporate Issuance

In the first quarter of 2017, the corporate sector (including corporations, banks, quasi-sovereigns and supranationals) accounted for 50.2% of total LAC issuance (see chart 20). The share of corporate issuance reached a peak of 85% in 2012.

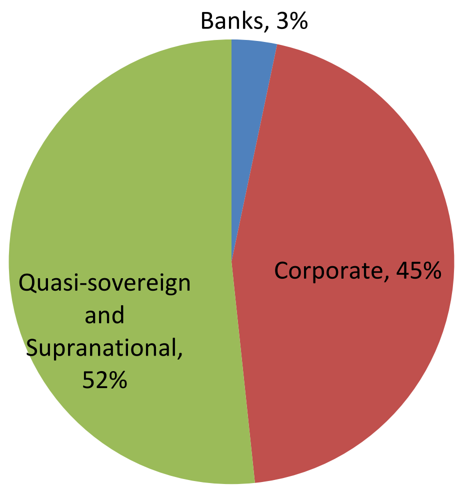
CHART 20:
LAC CORPORATE AND SOVEREIGN ISSUANCE IN Q1 2017
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

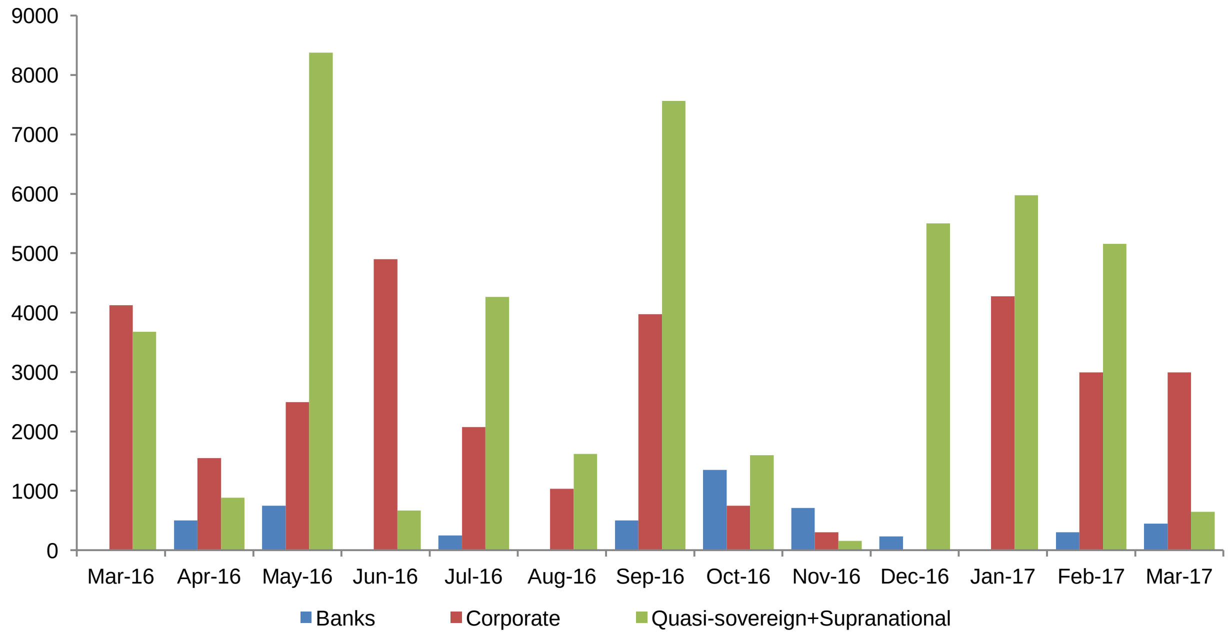
Quasi-sovereign and supranational issuers accounted for 52% of total LAC corporate issuance in international markets in the first quarter, a decrease from the 61% share in 2016. Corporations and banks accounted for the other 48% (charts 21 and 22).

CHART 21:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE IN Q1 2017
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

CHART 22:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE: MARCH 2016 TO MARCH 2017
(US$ million)



Source: ECLAC on the basis of data from LatinFinance.

Excluding sovereign borrowers, 34 corporate issuers from the region sold US$ 23 billion of cross-border bonds in the first quarter, and 37% of that volume (US$ 8.5 billion) came from state-owned oil producers Petrobras and Pemex. This compares to only nine corporate issuers from the region in the same period last year selling US$ 14 billion of cross-border bonds, with over half of that volume (US$ 7.5 billion) coming from Mexican state-owned oil producer Pemex.

In the first quarter of 2017, six quasi-sovereigns – Brazil's Petrobras; Chile's Metro de Santiago (Empresa de Transporte de Pasajeros Metro S.A.) and BancoEstado; Peru's Fondo Mivivienda; Mexico's Pemex and Nafin – and three supranational issuers – CAF Development Bank of Latin America, the Central American Bank for Economic Integration (CABEI) and the Central America Bottling Corporation (CBC) – tapped the cross-border markets, issuing a total of US$ 11.8 billion (appendix C, table 4).

In ***January***, Brazil's *Petrobras* opened LAC primary bond markets for 2017 with a US$ 4 billion dual-tranche bond, which included a US$ 2 billion 5-year 6.125% bond, and a US$ 2 billion 10-year 7.375% bond. Chile's *Metro de Santiago* issued a US$ 500 million 30-year 5% bond with proceeds to be used to continue the funding of new lines, as well as extensions of existing ones, and also to refinance liabilities. *CAF* came to the cross-border market two times, with a US$ 798 million Euro-denominated 0.5% five-year bond and a US$ 70 million Real-denominated 8.1% 2020 project bond offered to Japanese retail investors, with proceeds to be used to finance water works in the region, including water supply, sanitation, water treatment and irrigation projects. *CABEI* also came to the cross-border market twice, with a US$ 51 million 3.27% 2024 bond denominated in Hong Kong dollars and a US$ 60 million 2.99% 2029 bond denominated in Norwegian Kroner. Finally, the *Central America Bottling Corporation (CBC)* issued a US$ 500 million 5.75% 10-year bond.

In ***February,*** Peru's *Fondo Mivivienda*, a government-owned for profit financial institution (housing fund), offered a two-part sale including a reopening of its 3.5% 2023 bond to add US$ 150 million, and a US$ 455 million Sol-denominated 7% 2024 bond. Mexico's *Pemex* issued a US$ 4.5 billion three-part bond sale in Euros, including a US$ 1.9 billion 2.5% 2021, a US$ 1.3 billion 3.75% 2024, and a US$ 1.3 billion 4.875% 2028 bond. Last time Pemex issued a Euro-denominated note was in March 2016. CABEI reopened its Kangaroo 4.42% 2026 note originally issued in November 2016 to add the equivalent of US$ 50 million.

In ***March***, *CAF* returned to the Australian dollar market with the largest dated note issued in the currency, a US$ 131 million equivalent 4.5% 10-year note (the Latin American development bank has five outstanding Kangaroo bonds, including two that were issued in May 2016). CAF also issued a US$ 160 million Swiss Franc-denominated 0.3% 2025 bond. Chile's *BancoEstado* issued a US$ 100 million 0.575% 10-year Swiss Franc-denominated bond.[5] Mexican development bank *Nafin* made its Pro-Bond market debut with a US$ 90 million 0.78% 2022 bond denominated in Japanese Yens, with proceeds to be used to finance organic growth activities.[6] Finally, *CABEI* returned to the Formosa market with a US$ 167 million 2022 bond. CABEI first issued Formosa bonds in April 2016.

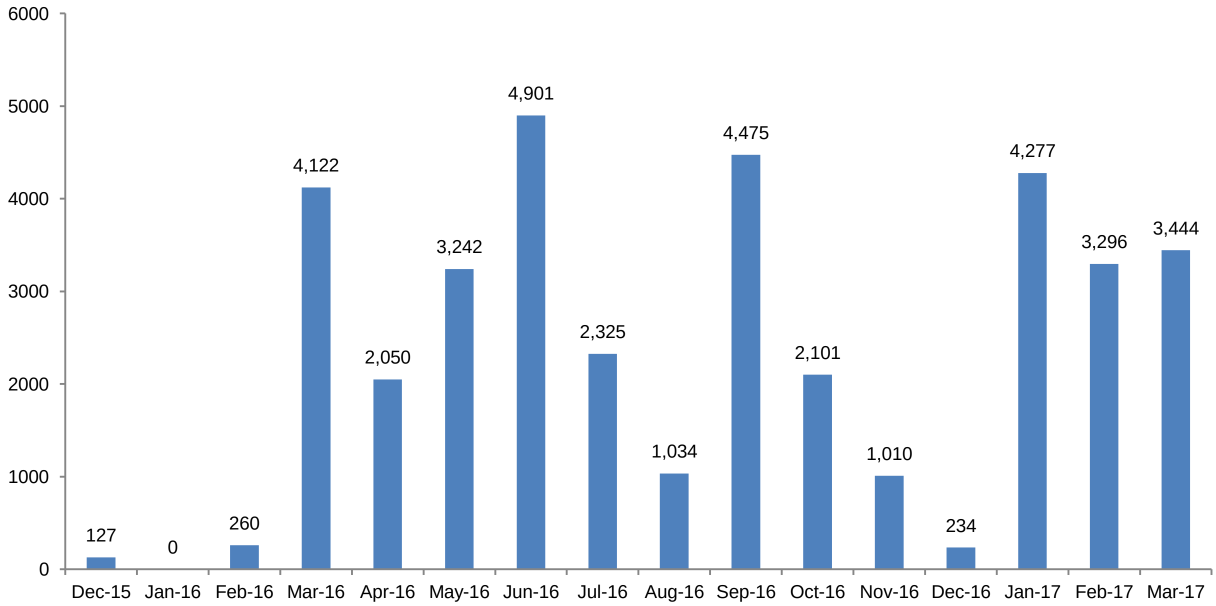
Issuances from the **private corporate sector** in the first quarter of 2017, not including quasi-sovereigns and supranationals, reached US$ 11 billion. It was 229% higher the in the fourth quarter and 151% higher than in the first quarter of 2016. There was more activity in January, but activity continued in February and March as well (chart 23).

In ***January***, Brazilian pulp and paper unit *Fibria* returned to the cross-border fixed income space with a US$ 700 million 5.5% 10-year green bond. Fibria must allocate the proceeds to specific environmentally-friendly purposes.

[5] Bonds with longer tenors are rare in the Swiss market, due to negative interest rates in Europe, according to bankers. For Lain American issuers, the sweet spot for CHF-denominated notes is between three and five years.

[6] The TOKYO PRO-BOND Market was established by TOKYO AIM (now Tokyo Stock Exchange) in May 2011 and is a professional securities market for listing bonds offered into Japan. Instruments traded in this market are sold within the framework of a private placement.

CHART 23:
LAC MONTHLY PRIVATE CORPORATE SECTOR BOND ISSUANCE IN 2016 AND Q1 2017
(US$ Millions)



Source: ECLAC on the basis of data from LatinFinance.

Note: issuance from the private corporate sector only (including companies and banks); quasi-sovereigns and supranationals are not included in the chart.

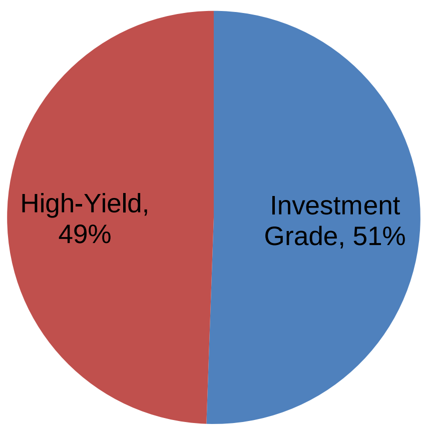
Also in January, Dominican Republic's *Aeropuertos Dominicanos Siglo XXI (Aerodom)* issued a US$ 317 million 6.75% 2029 bond, setting aside proceeds to buy back US$ 484 million in outstanding 9.25% 2019 bonds. Brazilian energy company *Raizen* issued a US$ 500 million 5.3% 10-year bond. Two Argentine power companies – *Genneia* and *Pampa Energía* – and Colombia's *Tecnoglass*, a glass and window maker, made their cross-border market bond debut in January. Genneia issued a US$ 350 million 8.75% 5-year bond, and the proceeds will be used for the management of liabilities and investments in wind projects. Pampa Energía issued a US$ 750 million 7.5% 10-year bond, and Tecnoglass issued a US$ 210 million 8.2% 5-year bond, the first corporate high-yield bond to come from Colombia since 2013. Both Brazil's *Embraer* and *Argentina Aeropuertos 2000* issued 10-year bonds, a US$ 750 million 5.4% 2027 and a US$ 400 million, 6.875% 2027 bond, respectively. Finally, *AES Argentina Generación* issued a US$ 300 million 7.75% 2023 bond, the third Argentina power company to raise cross-border debt in January.

In ***February,*** Mexico's *Sigma Alimentos* issued a US$ 646 million Euro-denominated 2024 bond. Brazil's *Rumo*, the country's largest railroad operator, made its debut in cross-border markets with a US$ 750 million 7.375% 2024 bond. Argentina's *Banco Supervielle* issued a US$ 300 million Peso-denominated 2020 bond. Brazil's *Vale Overseas* reopened its 6.25% 2026 bond to add US$ 1 billion; originally issued in August 2016, proceeds from the retap will redeem its outstanding debut Euro-denominated 4.375% EUR 750 million 2018 bonds, issued in March 2010. Argentina's *Compania Latinoamericana de Infraestructura y Servicios (Clisa)* reopened its 9.5% 2023 bond originally issued in July 2016 to add US$ 100 million. Argentina's *Stoneway Capital Corporation* issued a US$ 500 million 10% 10-year project bond. Incorporated in New Brunswick, Canada, Stoneway owns and operates Araucaria Energy and SPI Energy, two power generating projects that will provide electricity to the wholesale markets in Argentina. The company will use the proceeds from the bond sale to fund the construction of four new thermal-powered projects in the province of Buenos Aires valued at US$ 637 million and with a combined capacity of 686 megawatts.

In ***March***, Brazil's food processor *Marfrig Alimentos* issued a US$ 750 million 7% 2024 bond, whose proceeds will be used in a buyback. Mexico's auto parts manufacturer *Nemak* made its debut in Euros, issuing a US$ 529 million equivalent 3.25% 2024 bond. Brazil's *Suzano Papel e Celulose* issued a US$ 300 million 7% 30-year bond. Argentina's Real Estate company *Raghsa* sold a US$ 100 million 7.25% 2024 bond to fund an exchange offer. Panama's *Global Bank* reopened its 4.5% 2021 bond initially issued in October 2016 to add US$ 150 million. El Salvador's *Grupo Unicomer* made its debut in cross-border markets with a US$ 350 million 7.875% 2024 bond. Brazilian *Globo Comunicações* issued a US$ 200 million 5.125% 10-year bond. Colombia's *Banco GNB Sudameris* issued a Tier 2 US$ 300 million 6.5% 10-year bond. Chile's *Inversiones CMPC (Compañía Manufacturera de Papeles y Cartones),* a pulp and paper company, issued a US$ 500 million 4.375% 10-year bond. Moody's gave the issue a Baa3 rating and said CMPC will invest the proceeds in green projects. Finally, Argentina's *Arcos Dorados,* the world's largest McDonald's franchise, issued a US$ 265 million 5.875% 10-year bond to fund a buyback offer.

Investment grade companies had a slight bigger share (51%) of total corporate issuance in the first quarter of 2017 (chart 24). The share of high-yield issuance was 49% (see chart 23), above the 2016 share of 38%, as Argentina and Brazilian corporate issuers – the majority with a non-investment grade – accounted for more than half of the total.

CHART 24:
BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING, Q1 2017
(Percentage of total)



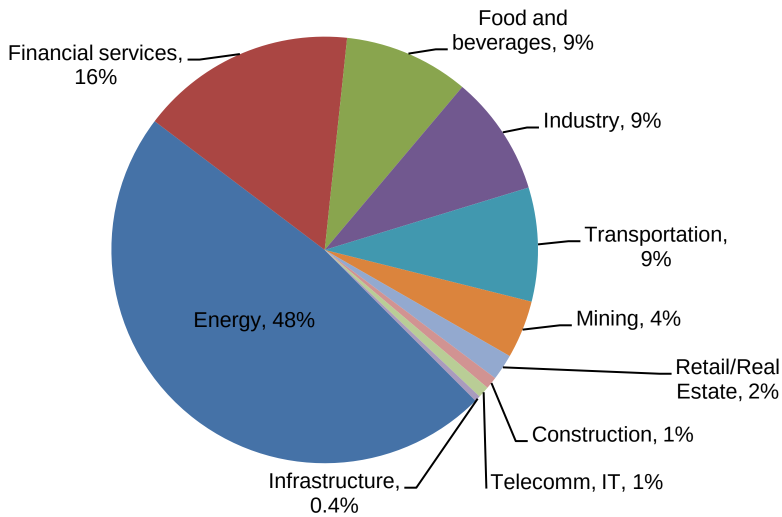
Source: ECLAC, on the basis of data from LatinFinance.

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

From a sectoral perspective, 48% of LAC corporate debt issuance (including corporate, banks, quasi-sovereigns and supranationals) in the first quarter of 2017 came from one sector: energy (chart 25). That was because of state-owned oil producers Petrobras and Pemex, which accounted for almost 40% of the total corporate issuance in the first quarter.

The financial sector, including banks as well as financial services companies, was the second most relevant sector in terms of aggregate volume (16% of total corporate issuance), followed by food and beverages, which accounted for 9%.

CHART 25:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY SECTORS, Q1 2017
(Percentage of total)



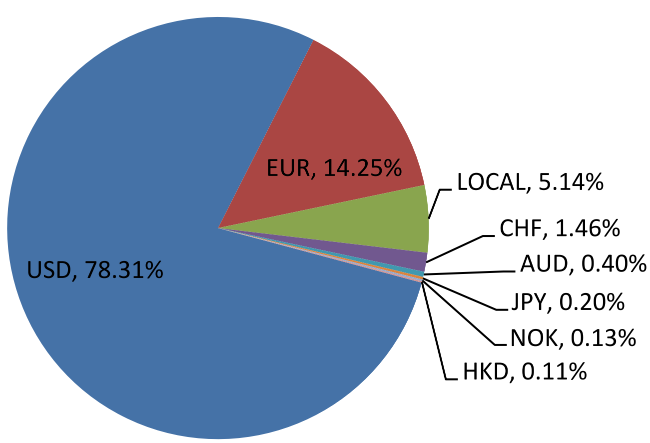
Source: ECLAC, on the basis of data from LatinFinance.

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

iii. Currency Composition

Most of the international debt issuance in the region in the first quarter of 2017 was denominated in U.S. dollars (78%). There was also issuance in Euros (14%); local currencies, including Brazilian Reais, Argentine and Chilean pesos, and Peruvian Soles (5%); Swiss Francs (1.5%); Australian Dollars (0.4%); Japanese Yens (0.2%); Norwegian Kroner (0.1%); and Hong Kong Dollars (0.1%).

CHART 26:
CURRENCY BREAKDOWN, Q1 2017



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

iv. Green Bonds

There was only one green bond issued in Latin America and the Caribbean in the first quarter of 2017. Brazil's pulp and paper unit Fibria Overseas Finance returned to the cross-border fixed income space with a green US$ 700 million 5.5% 10-year bond in January. Under strict green bond principles, Fibria must allocate the proceeds for specific environmentally-friendly purposes, and in this case funds will go towards the conservation of eucalyptus-producing tree plantations, among other projects.

Although not labeled as green bonds, there were other bonds with a green focus (see table 2). Argentina's Genneia's bond debut in January is one of them, with part of the proceeds to be used for investments in wind projects. In the same vein, the proceeds of the bond issued in February by Argentina's La Rioja Province will be set aside for renewable energy investments, although the province's trade did not come attached with a green bond structure. More specifically, the proceeds of the bond will support an increase in the province's wind power generation capacity through the expansion of Arauco wind farm to 300 mega watts. Similarly, Chile's Inversiones CMPC, a pulp and paper company, issued a 10-year bond in March whose proceeds will be invested in green projects. Bonds with a green focus accounted for 3.85% of the region's total issuance in the first quarter of 2017.

TABLE 3:
LAC CROSS-BORDER BOND ISSUANCE WITH A GREEN FOCUS: Q1 2017
(Millions of dollars)

Country	Issuer	Amount (million)	US$ million	Coupon	Maturity	Issue Date
Brazil	Fibria Overseas Finance Ltd	USD 700	700	5.500%	2027 (g)	11-Jan-17
Argentina	Genneia	USD 350	350	8.750%	2022 NC3	12-Jan-17
Argentina	La Rioja Province	USD 200	200	9.750%	2025	17-Feb-17
Chile	Inversiones CMPC[1]	USD 500	500	4.375%	2027	31-Mar-17
			1,750			

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

[1] Compañía Manufacturera de Papeles y Cartones

II. Bond markets and credit management in the Caribbean

Hit badly by the global financial crisis, the Caribbean region[7] has struggled to recover ever since. For some of the economies of the region, it is difficult to get a foothold in the capital markets borrowing, because bonds' benchmark sizes – US$ 500 million is the EMBI minimum – are in general too high for the size of their economies. Private equity managers focusing on the Caribbean region believe the region offers investment opportunities, but it remains hard to attract institutional capital. The region's high level of indebtedness has compounded the problem. Countries in the region have been plagued by debt, and a number of them restructured bond payments over the past few years.

From late 2010 to late 2012 the spread gap between the Caribbean countries and the EMBIG Latin component widened by almost 1,000 basis points as a result of the high number of defaults in the Caribbean region. In 2014 the spread gap was finally closed, as successful bond restructurings lowered spreads for the region, and in 2015 the gap was actually reversed, with Caribbean spreads lower than the EMBIG Latin component by 50 basis points at the end of the year. In 2016, however, the gap reappeared.

In the first quarter of 2017, the gap was closed again, as spreads for Belize tightened 1,182 basis points. The tightening resulted from the agreement reached in mid-March between the government and 87% of its 2038 super bond's holders to restructure the bond's payments.[8] Caribbean spreads ended the quarter lower than the EMBIG Latin component by 13 basis points (chart 27). While Latin American sovereign spreads tightened 37 basis points in the first quarter, according to the JPMorgan EMBIG Latin component, spreads for the Caribbean region tightened 409 basis points.

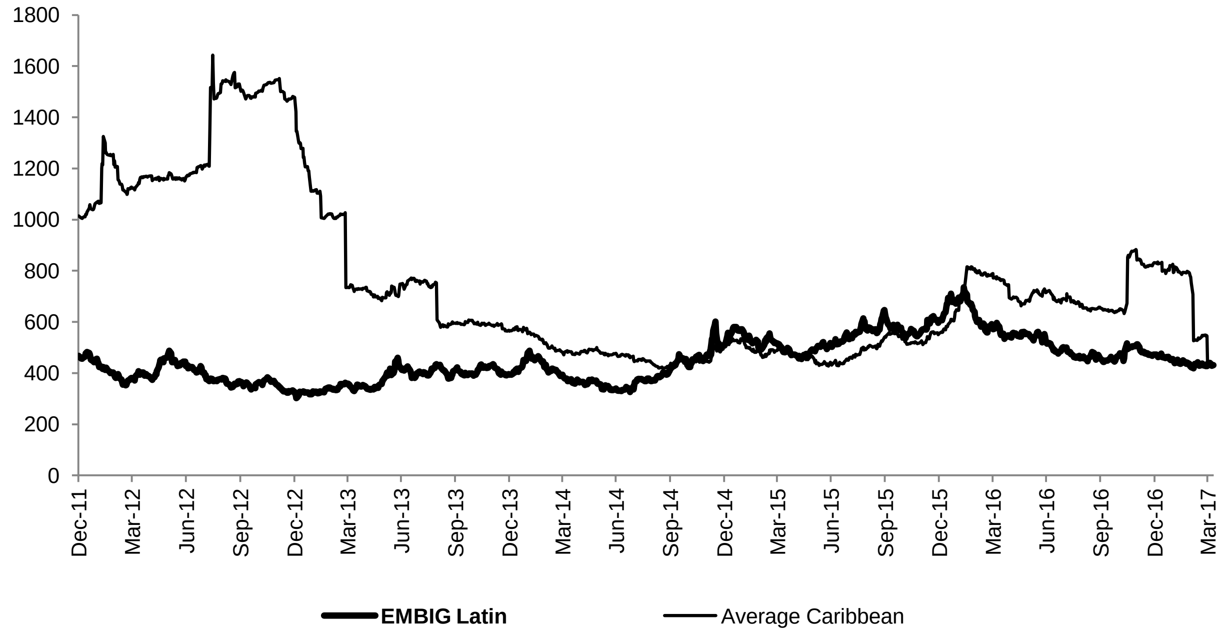
While the tightening in Caribbean spreads was driven by the tightening in Belize's spreads, spreads for the other Caribbean countries tightened as well. Belize's spreads tightened to 655 basis points at the end of March from 1,837 basis points at the end of December 2016 (chart 28). Jamaica's spreads tightened 26 basis points in the first quarter to 349 basis points at the end of March from 375 basis points at the end of December 2016. Trinidad & Tobago's spreads – which were added to the JPMorgan EMBIG

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

[8] The deal extended the maturity of the US$ 530 million bond by 4 years, to 2038, increased the coupon to 5% and changed the amortization schedule. Belize also committed to taking IMF assistance if it misses primary surplus targets in the coming years.

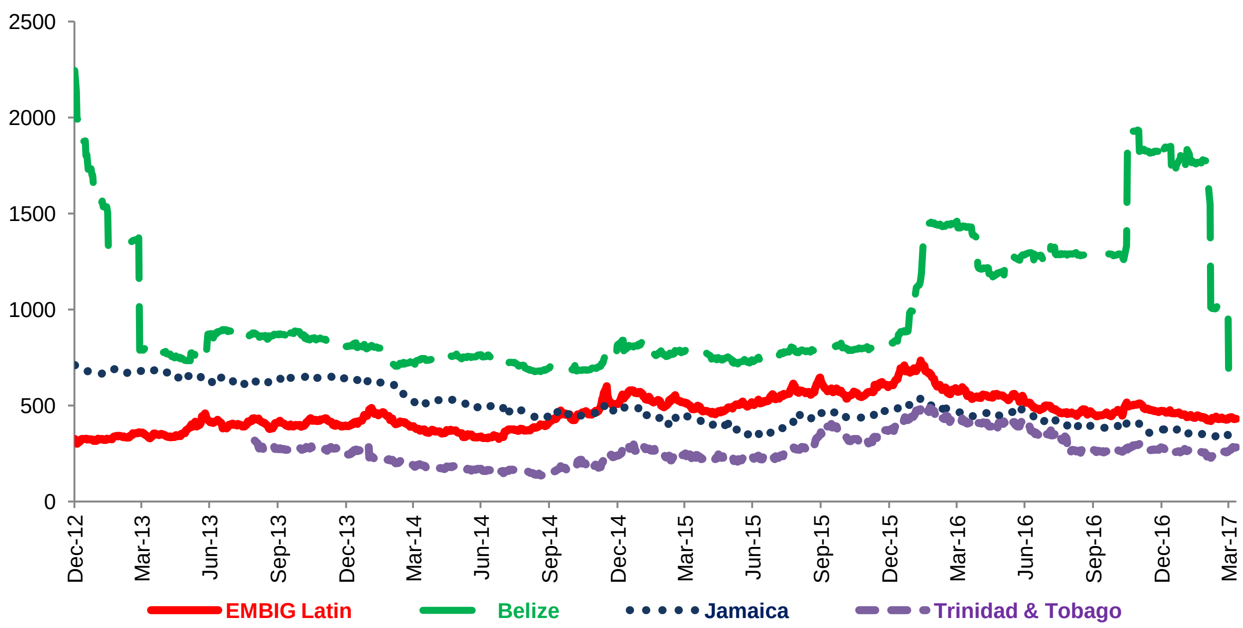
index on 30 August 2013 – tightened 19 basis points, to 264 basis points at the end of March from 283 basis points at the end of December 2016.

CHART 27:
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 28:
CARIBBEAN COUNTRIES, Q1 20176 EMBIG SPREADS
(Basis points)



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

Credit Rating Actions

There were two positive and eight negative credit rating actions in the Caribbean in the first four months of 2017 (table 4).

TABLE 4:
SOVEREIGN CREDIT RATING ACTIONS IN THE CARIBBEAN, 2017 YTD

Date	Country	Action	
2017 YTD	**2 positive and 8 negative actions**		
Q1 2017	**1 positive and 5 negative actions**		
21-Feb-17	Belize	S&P places Belize's CC rating on CreditWatch Negative	*Negative*
22-Feb-17	Suriname	Fitch downgrades Suriname to B- from B+ and maintains a negative outlook	*Negative*
3-Mar-17	Barbados	S&P downgrades Barbados to CCC+ from B- with a negative outlook	*Negative*
9-Mar-17	Barbados	Moody's downgrades Barbados to Caa3 from Caa1 with a stable outlook	*Negative*
20-Mar-17	Belize	S&P downgrades Belize's rating to SD from CC	*Negative*
23-Mar-17	Belize	S&P upgrades Belize's rating to B- from SD with a stable outlook	*Positive*
Q1 2017	**1 positive and 3 negative actions**		
11-Apr-17	Belize	Moody's upgrades Belize's rating to B3 from Caa2 with a stable outlook	Positive
21-Apr-17	Trinidad & Tobago	S&P downgrades T & T rating to BBB+ from A- with a stable outlook	Negative
26-Apr-17	Suriname	S&P downgrades Suriname to B from B+ with a negative outlook	Negative
27-Apr-17	Trinidad & Tobago	Moody's downgrades T & T to Ba1 from Baa3 with a stable outlook	Negative

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

The positive actions were all related to Belize, after the sovereign restructured its 2038 super bonds in March, its third debt restructuring in the last 10 years. Before that Belize had been downgraded by S&P's and Moody's following a missed coupon payment and the announced debt exchange.

Negative actions were taken on Suriname, Barbados and Trinidad & Tobago's credit ratings. In February, Fitch downgraded Suriname to B- from B+ and maintained a negative outlook, citing macroeconomic instability and rising government debt. In April, Suriname is downgraded by S&P's to B form B+ with a negative outlook, on worsening economic strength and debt burden.

Barbados was downgraded by S&P's and Moody's in March, to CCC- and Caa3, respectively. The agencies cited limited financing alternatives and low international reserves, warning that the sovereign faces increasing chances of a default.

In April, S&P's downgraded Trinidad and Tobago to BBB+ form A-, citing higher debt burden, and Moody's took the sovereign's investment grade away, downgrading its rating to Ba1 from Baa3. Moody's said the sovereign's policy response to offset the impact of low energy prices on government revenues was insufficient, also adding that the government's large deficits had led to increased debt ratios.

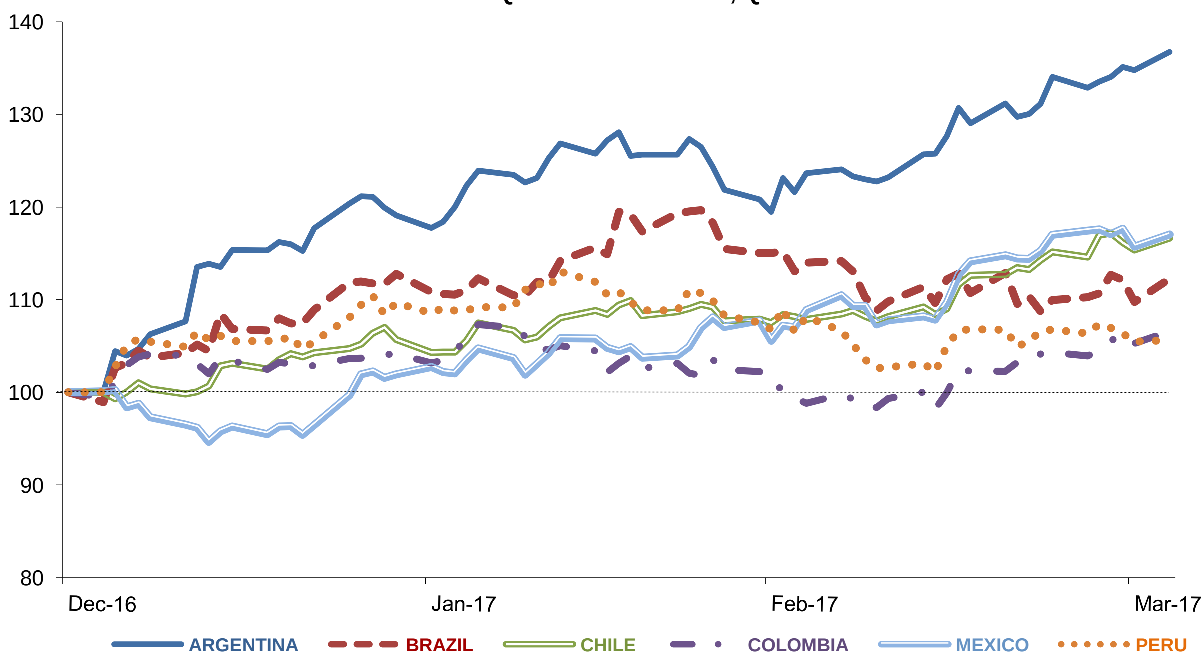
Debt issuance

There was no issuance from the Caribbean region in the first quarter of 2017.

III. Portfolio equity flows

Latin American equities rallied in the first quarter of 2017, supported by firmer oil prices and better economic prospects. Equities were also supported by the still low interest rates held by major central banks, and by signs of sustained improvement in the global economy.

CHART 29:
MSCI EQUITY PRICE INDEX, Q1 2017



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.

Latin American stocks gained 11.6% in the first quarter (chart 29, table 5), according to the MSCI Latin American Index. Within the region, Argentina's MSCI index had the sharpest gain in the first quarter (34.8%), followed by Mexico (15.7%), Chile (15.4%), Brazil (9.8%), Peru (5.5%) and Colombia (5.3%).

TABLE 5:
MSCI EQUITY INDICES, Q1 2017

	Price Index in USD			Variation	
	Sep 30, 2016	Dec 30, 2016	Mar 31, 2017	Q4 2016	Q1 2017
Emerging markets	903.460	862.275	958.369	-4.56%	11.14%
Latin America	2,380.821	2,340.648	2,611.103	-1.69%	11.55%
Argentina	2,812.620	2,469.085	3,328.184	-12.21%	34.79%
Brazil	1,655.731	1,671.820	1,834.817	0.97%	9.75%
Chile	1,419.005	1,447.021	1,669.464	1.97%	15.37%
Colombia	576.933	560.756	590.415	-2.80%	5.29%
Mexico	5,129.746	4,696.829	5,435.586	-8.44%	15.73%
Peru	1,218.437	1,248.497	1,316.704	2.47%	5.46%

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

IV. Prospects

Debt sales by issuers from Latin America and the Caribbean boomed in the first quarter of 2017, reflecting strong investor appetite for higher-yielding bonds and an improvement in the region's economic fundamentals, with Brazil beginning to emerge from a deep recession and Argentina's economic conditions improving. Bonds from the region offer more yield than government bonds in advanced economies, in which rates continue to be historically low. Most of the LAC issuance during the quarter was denominated in U.S. dollar and that could pose challenges for some issuers if U.S. interest rates rise faster than expected or the dollar resumes its ascent.

After its latest two-day meeting concluded on May 3, the Federal Reserve signaled that it remains on track for two more rate rises in 2017. When the Federal Reserve increases the federal funds rate, it normally reduces inflationary pressure and works towards an appreciation of the dollar. When the dollar rises, so does the cost of servicing dollar debts. Further monetary tightening from the Fed may unsettle emerging markets used to abundant dollars.

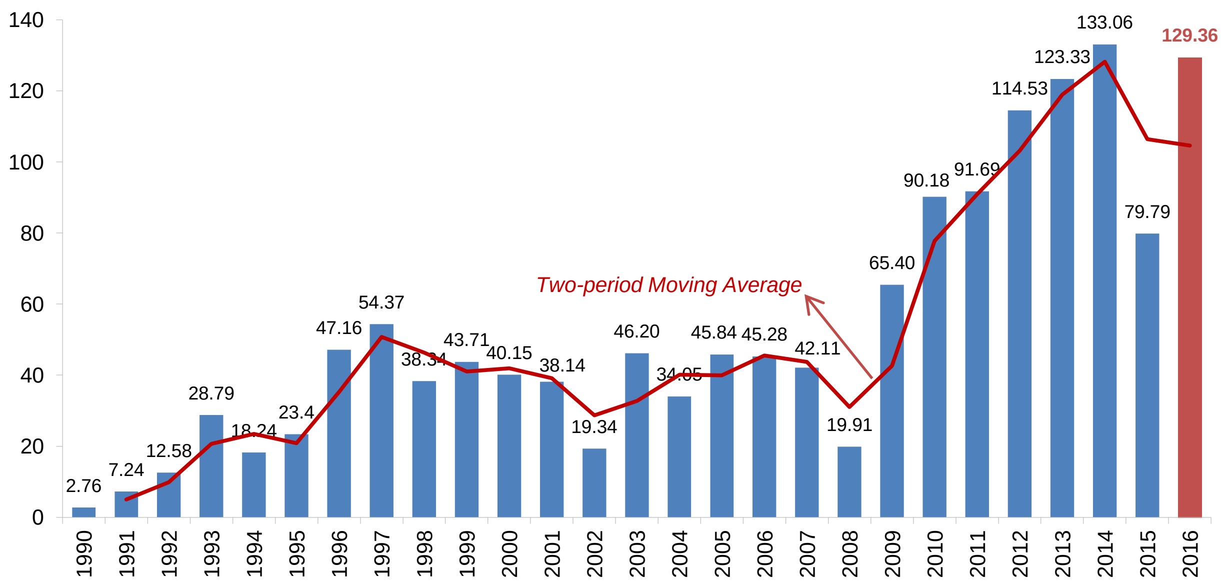
The implications of fewer dollars, particularly for emerging markets, are starting to be pondered as Fed officials begin discussing shrinking the central bank's US$ 4.5 trillion balance sheet, possibly starting later this year. Once the Fed slows its purchases of Treasuries and other securities, the dollars effectively given out around the world through those deals will start to disappear, and this could be very hard on emerging markets.

With record low market volatility, lofty asset valuations, excessive amounts of debt and a search for yield that results in large orders for emerging market bond sales, there's certainly no shortage of risks. However, given the health of the U.S. and global economies, at least for the time being investors see no interruption to the good mood hat has favored emerging markets since the beginning of the year.

V. 2016 Overview

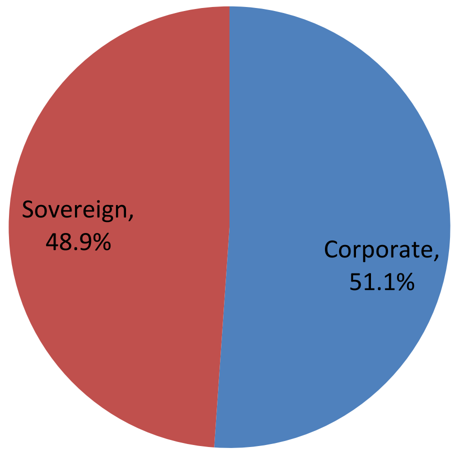
Asset prices recovered and portfolio flows to Latin America and the Caribbean (LAC) strenghtened in 2016. Bond issuance in 2016 amounted to US$ 129 billion and was 61% higher than in 2015. It was the region's second highest annual issuance ever (chart 30). The breakdown between corporate and sovereign issuance was about even, 51% and 49%, respectively (chart 31).

CHART 30:
ANNUAL LAC ISSUANCE
(US$ Billions)



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

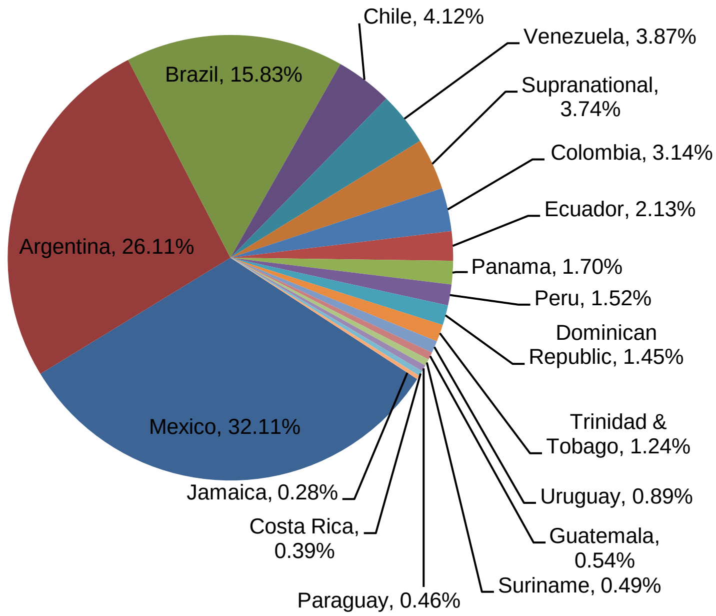
CHART 31:
LAC CORPORATE AND SOVEREIGN ISSUANCE: 2016
(Percentage)



Source: ECLAC on the basis of data from LatinFinance.

The return of Argentine and Brazilian issuers to international bond markets contributed to higher market activity. They were essentially locked out of international bond markets in 2015; in 2016, they were the top 2 and top 3 issuers in the region, respectively, while Mexico was the number one (chart 32)

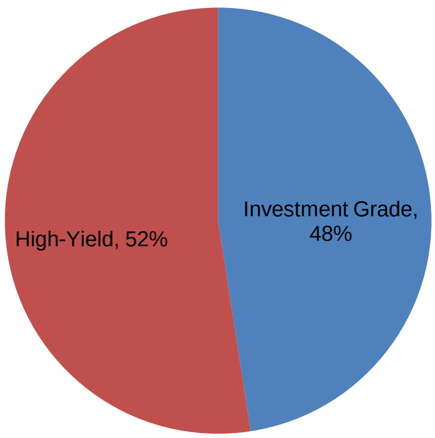
CHART 32:
LAC DEBT ISSUANCE IN 2016: COUNTRY BREAKDOWN
(Country shares in percentage)



Source: ECLAC on the basis of data from LatinFinance.

Bond sales from Argentine and Brazilian issuers also led to a reversal in the traditional balance of investment grade and junk-rated debt issued. High-yield bonds made up more than half (52%) of the US$ 129 billion of bonds issued in Latin America and the Caribbean in 2016 (chart 33). This was another major factor propelling LAC bond sales, the fact that investors could be looking down the credit spectrum more aggressively than they previously have.

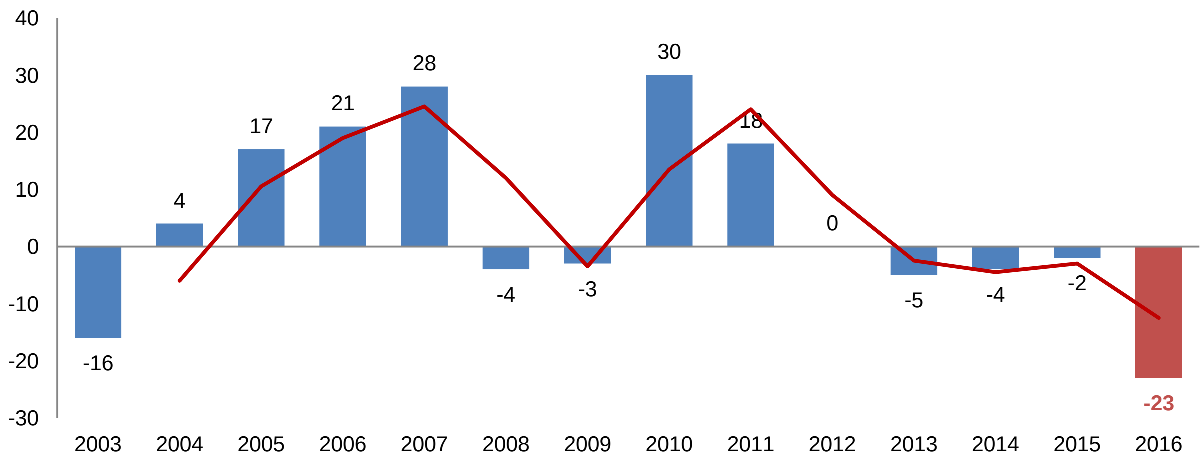
CHART 33:
BREAKDOWN OF LAC INTERNATIONAL BOND ISSUANCE BY RATING, 2016
(Percentage of total)



Source: ECLAC on the basis of data from LatinFinance.

Indeed, LAC asset markets rallied despite continued deterioration in credit quality. In 2016, credit rating agencies lowered their score on LAC borrowers almost three times more than they raised them: there were 6 upgrades and 16 downgrades in the region. Net credit ratings actions in the region, including outlook revisions, reviews and upgrades and downgrades, stood at -23 (10 positive actions against 33 negative actions, a one to three rate).

CHART 34:
NET CREDIT RATING ACTIONS
(Number of actions)



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

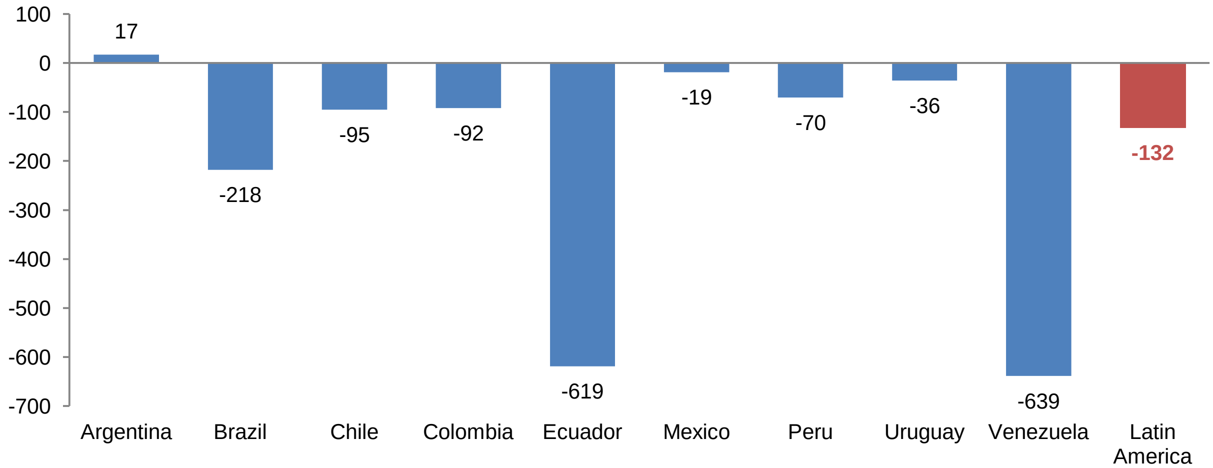
TABLE 6: SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2016

Date	Country	Action	
Q1 2016	**2 positive and 9 negative actions**		
8-Feb-16	Costa Rica	Moody’s affirms Costa Rica’s Ba1 rating and changes outlook to negative from stable	*Negative*
11-Feb-16	Jamaica	Fitch upgrades Jamaica’s rating to B from B- with a stable outlook	*Positive*
11-Feb-16	Nicaragua	S&P assigns B+ first-time rating to Nicaragua with stable outlook	*Positive*
16-Feb-16	Colombia	S&P revises the outlook on Colombia’s BBB rating to negative from stable	*Negative*
17-Feb-16	Brazil	S&P downgrades Brazil long-term rating to BB from BB+ keeping a negative outlook	*Negative*
24-Feb-16	Brazil	Moody’s downgrades Brazil’s rating to Ba2 from Baa3 with a negative outlook	*Negative*
25-Feb-16	Costa Rica	S&P downgrades Costa Rica’s rating to BB- from BB with a negative outlook	*Negative*
26-Feb-16	Suriname	Fitch downgrades Suriname’s rating to B+ from BB- with a negative outlook	*Negative*
4-Mar-16	Venezuela	Moody’s affirms Venezuela’s Caa3 rating and changes outlook to negative from stable	*Negative*
4-Mar-16	T & T	Moody’s places Trinidad & Tobago’s Baa2 rating on review for downgrade	*Negative*
31-Mar-16	Mexico	Moody’s affirms Mexico’s A3 rating and changes outlook to negative from stable	*Negative*
Q2 2016	**7 positive and 9 negative actions**		
1-Apr-16	Barbados	Moody’s downgrades Barbados’s rating to Caa1 from B3 with a stable outlook	*Negative*
15-Apr-16	Argentina	Moody's upgrades Argentina's Caa1 rating to B3 with a stable outlook	*Positive*
15-Apr-16	T & T	Moody’s downgrades T & T’s rating to Baa3 from Baa2 with a negative outlook	*Negative*
22-Apr-16	T & T	S&P downgrades Trinidad and Tobago’s rating to A- from A with a negative outlook	*Negative*
5-May-16	Brazil	Fitch downgrades Brazil’s rating to BB from BB+ with a negative outlook	*Negative*
6-May-16	Argentina	S&P upgrades Argentina's rating to B- from SD with a stable outlook	*Positive*
10-May-16	Argentina	Fitch upgrades Argentina’s rating to B from RD with stable outlook	*Positive*
19-May-16	Saint Vincent	Moody’s changes outlook on St. Vincent and the Grenadines’ B3 rating to stable from negative	*Positive*
20-May-16	Suriname	Moody's downgrades Suriname's rating to B1 from Ba3; stable outlook	*Negative*
24-May-16	Honduras	Moody’s upgrades Honduras’ rating to B2 from B3 with a positive outlook	*Positive*
6-Jun-16	Uruguay	S&P affirms Uruguay’s BBB rating and revises its outlook to negative from stable	*Negative*
10-Jun-16	Bolivia	Moody's affirms Bolivia’s Ba3 rating and revises its outlook to negative from stable	*Negative*
15-Jun-15	Paraguay	S&P affirms Paraguay's BB rating and revise outlook to stable from positive	*Negative*
22-Jun-16	Uruguay	Moody's affirms Uruguay’s Baa2 rating and revises its outlook to negative from stable	*Negative*
29-Jun-16	Dom Republic	Moody's affirms Dom Republic’s B1 rating and revises its outlook to positive from stable	*Positive*
30-Jun-16	Guatemala	Moody’s affirms Guatemala’s Ba1 rating and changes outlook to stable from negative	*Positive*
Q3 2016	**0 positive and 7 negative actions**		
1-Jul-16	The Bahamas	Moody’s places Bahamas’ Baa2 rating on review for downgrade	*Negative*
13-Jul-16	Bolivia	Fitch downgrades Bolivia's rating to BB- from BB with a stable outlook	*Negative*
22-Jul-16	Colombia	Fitch affirms Colombia’s rating at BBB and revises its outlook to negative from stable	*Negative*
11-Aug-16	El Salvador	Moody's downgrades El Salvador's Ba3 rating to B1, and place it on review for further downgrade	*Negative*
22-Aug-16	The Bahamas	Moody’s downgrades the Bahamas’ Baa2 rating to Baa3 with a stable outlook, concluding review	*Negative*
23-Aug-16	Mexico	S&P’s lowers the outlook on Mexico’s BBB+ rating to negative from stable	*Negative*
25-Aug-16	Ecuador	Fitch lowers the outlook of Ecuador’s B rating to negative from stable	*Negative*
Q4 2016	**1 positive and 8 negative actions**		
6-Oct-16	El Salvador	El Salvador’s B+ rating is placed on CreditWatch Negative	*Negative*
13-Oct-16	El Salvador	S&P downgrades El Salvador to B from B+,	*Negative*
7-Nov-16	El Salvador	Moody’s downgrades El Salvador’s rating to B3 form B1 with a negative outlook	*Negative*
14-Nov-16	Belize	S&P downgrades Belize’s rating to CCC+ from B- with a negative outlook	*Negative*
21-Nov-16	Jamaica	Moody’s upgrades Jamaica’s rating to B3 form Caa2 with a stable outlook	*Positive*
23-Nov-16	Belize	S&P downgrades Belize for a 2nd time to CC from CCC+ with a negative outlook	*Negative*
8-Dec-16	El Salvador	S&P downgrade El Salvador to B- and keeps a negative outlook	*Negative*
9-Dec-16	Mexico	Fitch revises Mexico’s BBB+ rating to negative from stable	*Negative*
13-Dec-16	Chile	Fitch revises Chile’s A+ rating to negative from stable	*Negative*

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

The increased activity in international bond markets was accompanied by lower issuance costs, despite the weakening in credit quality. LAC bond spreads tightened 132 basis points in 2016 (chart 35), following a widening of almost 100 basis points in all of 2015. Spreads widened mildly for Argentina, but tightened for all the other countries in our sample.

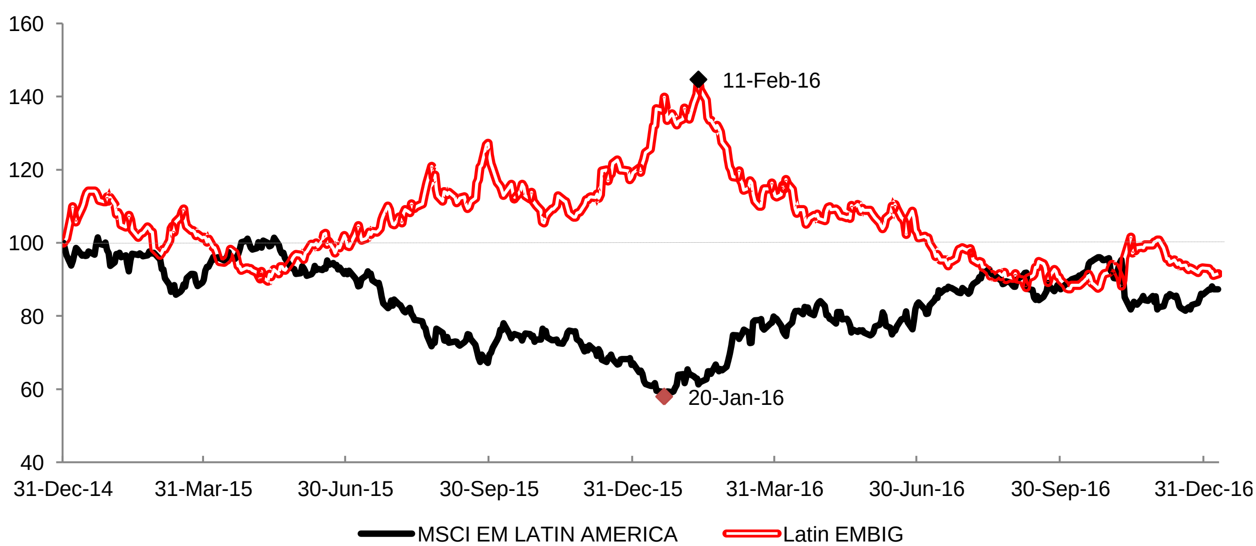
CHART 35:
EMBI GLOBAL SPREAD DIFFERENTIALS: 2016
(Basis points)



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

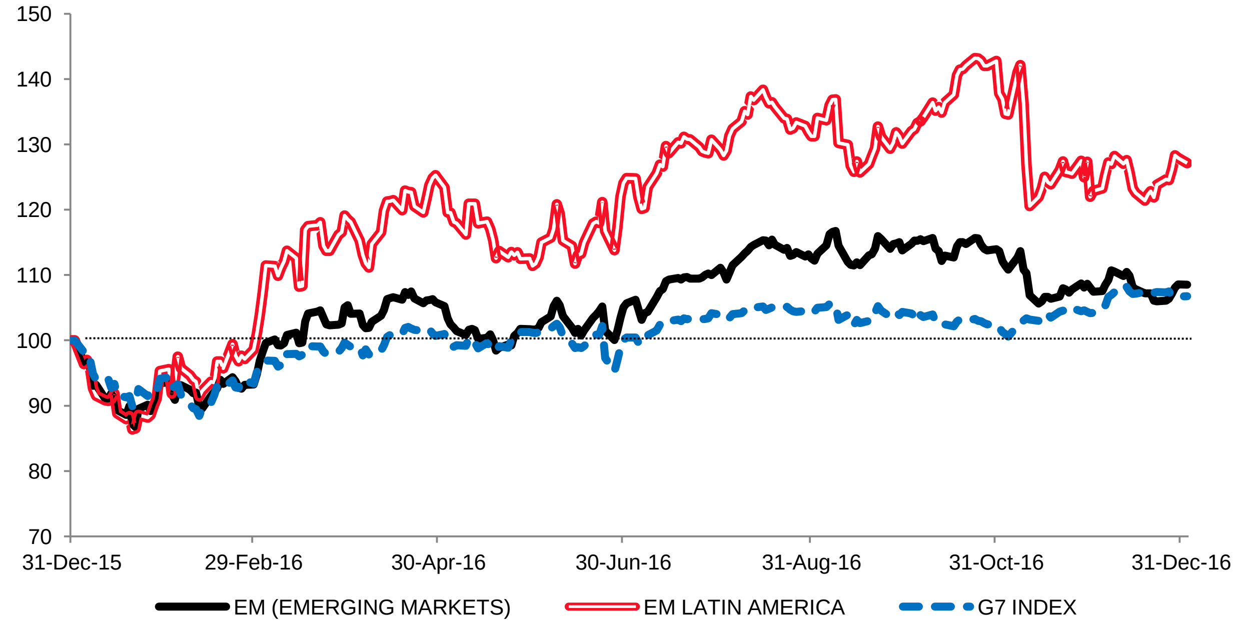
While LAC bond spreads tightened in 2016 for most of the year, equity prices increased, partially recovering the 2015 losses (chart 36). The uncertainty brought by the U.S. presidential elections led to an increase in spreads and a decline in equity prices in the earlier part of the fourth quarter of 2016, and a recovery after that. Latin American stocks gained 28% in 2016, according to the MSCI Latin American Index, while emerging markets as a whole gained 9% and G7 countries 7% (chart 37).

CHART 36:
LATIN AMERICAN EQUITY PRICES VS BOND SPREADS
(MCSI and EMBIG indices)



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

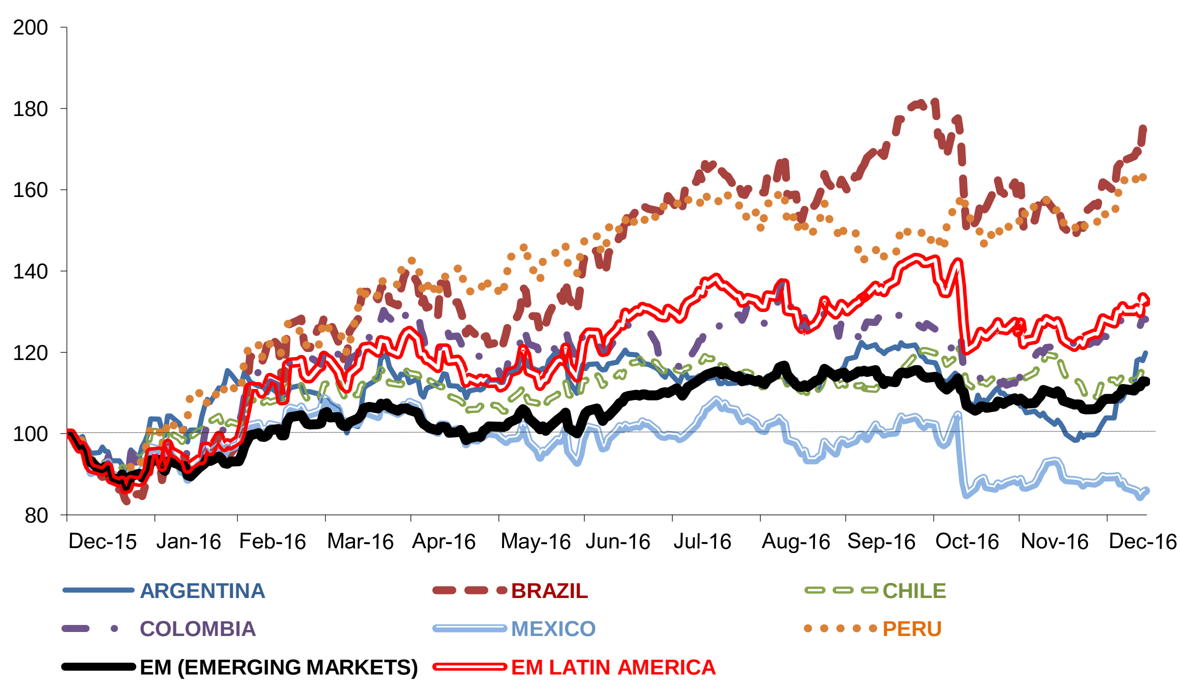
CHART 37:
MSCI EQUITY PRICE INDEX: 2016



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

Brazilian equities were the best-performing among emerging markets in 2016, as reforms started to be discussed and prospects for the economy to improve (chart 38).

CHART 38:
MSCI EQUITY PRICE INDEX, LAC COUNTRIES: 2016



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.

There were five green bonds issued in Latin America and the Caribbean in 2016, totaling US$ 3.1 billion (see table 7). They accounted for 3% of the region's total issuance in the period and for 73% of the total project bonds issued by LAC issuers in international markets. The labeled green bond market is small relative to the project and infrastructure bond universe in the region, but has shown important growth potential.

TABLE 7:
LAC GREEN BONDS ISSUANCE IN INTERNATIONAL MARKETS 2016
(Millions of dollars)

Country	Issuer	Amount (million)	US$ million	Coupon	Maturity	Issue Date
Costa Rica	Banco Nacional de Costa Rica (BNCR)	USD 500	500	5.875%	2021	20-Apr-16
Brazil	Suzano Papel e Celulose (Bahia Sul Holdings)	USD 500	500	5.750%	2026	7-Jul-16
Supranational	Central American Bank for Economic Integration (CABEI)	ZAR 1032	74	8.400%	2020	1-Aug-16
Mexico	Mexico City Airport Trust	USD 1000	1,000	4.250%	2026	22-Sep-16
Mexico	Mexico City Airport Trust	USD 1000	1,000	5.500%	2046	22-Sep-16
			3,074			

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

Appendix

A. Credit Rating

TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, Q1 2017

	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	B3	(+)	B		B		Affirmed, O/L changed to (+)	6-Mar-17	Upgrade, O/L stable	4-Apr-17	Affirmed, O/L stable	13-Oct-16
Bahamas	Baa3		BB+				Downgrade, O/L stable	22-Aug-16	Downgrade, O/L stable	20-Dec-16		
Barbados	Caa3		CCC+	(-)	NR		Downgrade, O/L stable	9-Mar-17	Downgrade, O/L (-)	3-Mar-17		
Belize	B3		B-		NR		Upgrade, O/L stable	11-Apr-17	Upgrade, O/L stable	23-Mar-17		
Bolivia	Ba3	(-)	BB		BB-		Affirmed, O/L changed to (-)	10-Jun-16	Upgrade, O/L stable	15-May-14	Downgrade, O/L stable	13-Jul-16
Brazil	Ba2	(+)	BB	(-)	BB	(-)	Affirmed, O/L changed to (+)	15-Mar-17	Downgrade, O/L (-)	17-Feb-16	Downgrade, O/L (-)	5-May-16
Chile	Aa3		AA-	(-)	A+	(-)	Affirmed, O/L stable	11-Jul-16	Affirmed, O/L changed to (-)	26-Jan-17	Affirmed, O/L changed to (-)	13-Dec-16
Colombia	Baa2		BBB	(-)	BBB		Affirmed, O/L stable	26-May-16	Affirmed, O/L (-)	18-Jan-17	Affirmed, O/L changed to stable	10-Mar-17
Costa Rica*	Ba2	(-)	BB-	(-)	BB		Downgrade, O/L (-)	9-Feb-17	Downgrade, O/L (-)	25-Feb-16	Downgrade, O/L stable	19-Jan-17
Cuba	Caa2	(+)	NR		NR		Affirmed, O/L changed to (+)	10-Dec-15				
Dominican Republic	B1	(+)	BB-		B+		Affirmed, O/L changed to (+)	29-Jun-16	Upgrade, O/L stable	20-May-15	Upgrade, O/L stable	21-Nov-14
Ecuador	B3		B		B	(-)	Affirmed, O/L stable	23-Nov-16	Affirmed, O/L stable	4-Aug-16	Affirmed, O/L changed to (-)	25-Aug-16
El Salvador	B3	(-)	CCC-	-	CCC		Downgrade, O/L (-)	7-Nov-16	Downgrade, CreditWatch (-)	11-Apr-17	Downgrade	10-Apr-17
Grenada			SD						Downgrade	12-Mar-13		
Guatemala	Ba1		BB		BB		O/L changed to stable from (-), Affirmed	30-Jun-16	Affirmed, O/L stable	11-Oct-13	Downgrade, O/L stable	20-Jun-14
Honduras	B2	(+)	B+		NR		Upgrade, O/L (+)	24-May-16	Upgrade, O/L stable	20-Jul-15		
Jamaica	B3		B		B		Upgrade, O/L stable	21-Nov-16	Upgrade, O/L stable	3-Jun-15	Upgrade, O/L stable	11-Feb-16
Mexico	A3	(-)	BBB+	(-)	BBB+	(-)	Affirmed, O/L (-)	28-Apr-17	Affirmed, O/L changed to (-)	23-Aug-16	Affirmed, O/L changed to (-)	9-Dec-16
Nicaragua	B2		B+		B+		Upgrade, O/L stable	10-Jul-15	Assigned 'B+' First-Time Rating; O/L Stable	16-Feb-16	Assigned 'B+' First-Time Rating; O/L Stable	16-Dec-15
Panama	Baa2		BBB		BBB		Upgrade, O/L stable	31-Oct-12	Affirmed, O/L stable	1-Aug-13	Affirmed, O/L stable	19-Feb-16
Paraguay	Ba1		BB		BB		Affirmed, O/L stable	21-Jun-16	Affirmed, O/L revised to stable from (+)	15-Jun-16	Upgrade, O/L stable	29-Jan-15
Peru	A3		BBB+		BBB+		Upgrade, O/L stable	2-Jul-14	Affirmed, O/L stable	10-Aug-16	Affirmed, O/L stable	29-Sep-16
St Vincent and the Grenadines	B3						O/l changed to stable from (-)	19-May-16				
Suriname	B1		B	(-)	B-	(-)	Downgrade, O/L stable	20-May-16	Downgrade, O/L (-)	26-Apr-17	Downgrade, O/L (-)	22-Feb-17
Trinidad & Tobago	Ba1		BBB+		NR		Downgrade, O/L stable	27-Apr-17	Downgrade, O/L stable	21-Apr-17		
Uruguay*	Baa2	(-)	BBB	(-)	BBB-		Affirmed, O/L changed to (-)	6-Jun-16	Affirmed, O/L changed to (-)	22-Jun-16	Affirmed, O/L stable	7-Apr-17
Venezuela	Caa3	(-)	CCC	(-)	CCC		Affirmed, O/L changed to (-)	4-Mar-16	Affirmed, O/L (-)	28-Feb-17	Affirmed	1-Jul-16

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

Changes for Q1 2017 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.

TABLE 2:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, 2016

	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	B3		B-		B		Upgrade, O/L stable	15-Apr-16	Upgrade, O/L stable	6-May-16	Affirmed, O/L stable	13-Oct-16
Bahamas	Baa3		BBB-	(-)			Downgrade, O/L stable	22-Aug-16	Downgrade, O/L (-)	25-Aug-15		
Barbados	Caa1		B	(-)	NR		Downgrade, O/L stable	1-Apr-16	Downgrade, O/L to (-)	19-Dec-14		
Belize	Caa2		CC	(-)	NR		Affirmed, O/L stable	17-Jun-15	Downgrade, O/L (-)	23-Nov-16		
Bolivia	Ba3	(-)	BB		BB-		Affirmed, O/L changed to (-)	10-Jun-16	Upgrade, O/L stable	15-May-14	Downgrade, O/L stable	13-Jul-16
Brazil	Ba2	(-)	BB	(-)	BB	(-)	Downgrade, O/L (-)	24-Feb-16	Downgrade, O/L (-)	17-Feb-16	Downgrade, O/L (-)	5-May-16
Chile	Aa3		AA-		A+	(-)	Affirmed, O/L stable	11-Jul-16	Affirmed, O/L stable	16-Dec-13	Affirmed, O/L changed to (-)	13-Dec-16
Colombia	Baa2		BBB	(-)	BBB	(-)	Affirmed, O/L stable	26-May-16	Affirmed, O/L changed to (-)	16-Feb-16	Affirmed, O/L changed to (-)	22-Jul-16
Costa Rica*	Ba1	(-)	BB-	(-)	BB+	(-)	Affirmed, O/L changed to (-)	8-Feb-16	Downgrade, O/L (-)	25-Feb-16	O/Lchanged to (-), Affirmed	22-Jan-15
Cuba	Caa2	(+)	NR		NR		Affirmed, O/L changed to (+)	10-Dec-15				
Dominican Republic	B1	(+)	BB-		B+		Affirmed, O/L changed to (+)	29-Jun-16	Upgrade, O/L stable	20-May-15	Upgrade, O/L stable	21-Nov-14
Ecuador	B3		B		B	(-)	Affirmed, O/L stable	23-Nov-16	Affirmed, O/L stable	4-Aug-16	Affirmed, O/L changed to (-)	25-Aug-16
El Salvador	B3	(-)	B-	(-)	B+		Downgrade, O/L (-)	7-Nov-16	Downgrade, O/L (-)	8-Dec-16	Affirmed, O/L stable	7-Jul-16
Grenada			SD						Downgrade	12-Mar-13		
Guatemala	Ba1		BB		BB		O/L changed to stable from (-), Affirmed	30-Jun-16	Affirmed, O/L stable	11-Oct-13	Downgrade, O/L stable	20-Jun-14
Honduras	B2	(+)	B+		NR		Upgrade, O/L (+)	24-May-16	Upgrade, O/L stable	20-Jul-15		
Jamaica	B3		B		B		Upgrade, O/L stable	21-Nov-16	Upgrade, O/L stable	3-Jun-15	Upgrade, O/L stable	11-Feb-16
Mexico	A3	(-)	BBB+	(-)	BBB+	(-)	O/L changed to (-), Affirmed	31-Mar-16	Affirmed, O/L changed to (-)	23-Aug-16	Affirmed, O/L changed to (-)	9-Dec-16
Nicaragua	B2		B+		B+		Upgrade, O/L stable	10-Jul-15	Assigned 'B+' First-Time Rating; O/L Stable	16-Feb-16	Assigned 'B+' First-Time Rating; O/L Stable	16-Dec-15
Panama	Baa2		BBB		BBB		Upgrade, O/L stable	31-Oct-12	Affirmed, O/L stable	1-Aug-13	Affirmed, O/L stable	19-Feb-16
Paraguay	Ba1		BB		BB		Affirmed, O/L stable	21-Jun-16	Affirmed, O/L revised to stable from (+)	15-Jun-16	Upgrade, O/L stable	29-Jan-15
Peru	A3		BBB+		BBB+		Upgrade, O/L stable	2-Jul-14	Affirmed, O/L stable	10-Aug-16	Affirmed, O/L stable	29-Sep-16
St Vincent and the Grenadines	B3						O/l changed to stable from (-)	19-May-16				
Suriname	B1		BB-		B+	(-)	Downgrade, O/L stable	20-May-16	O/L changed to stable from (+), Affirmed	28-Apr-14	Downgrade, O/L (-)	26-Feb-16
Trinidad & Tobago	Baa3	(-)	A-	(-)	NR		Downgrade, O/L (-)	15-Apr-16	Downgrade, O/L (-)	22-Apr-16		
Uruguay*	Baa2	(-)	BBB		BBB-		Affirmed, O/L changed to (-)	6-Jun-16	Affirmed, O/L changed to (-)	22-Jun-16	Affirmed, O/L stable	5-Oct-16
Venezuela	Caa3	(-)	CCC	(-)	CCC		Affirmed, O/L changed to (-)	4-Mar-16	Affirmed, O/L (-)	29-Feb-16	Affirmed	1-Jul-16

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

Changes for 2016 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, Q1 2017

There have been 6 positive and 15 negative actions in Latin America and the Caribbean in 2017 YTD.

Positive Actions: 6 (Bold)

March

- **Argentina (March 6): Moody's changes the outlook on Argentina's B3 rating to positive from stable**, citing improved policy stance and expectations of faster economic growth.
- **Brazil (March 15): Moody's raises the outlook on Brazil's Ba2 rating to stable from negative,** arguing that the downside risks reflected in the negative outlook are abating and macroeconomic conditions stabilizing.
- **Colombia (March 10): Fitch revises the outlook on Colombia's BBB rating to stable from negative,** citing the sharp reduction in the current account deficit, diminished uncertainties due to passage of tax reform measures in December 2016, and the expectation that inflation converges towards the central bank's target.
- **Belize (March 23): S&P upgrades Belize's long-term foreign currency rating to B- from SD with a stable outlook,** following completion of debt restructuring, its third debt restructuring in the last 10 years.

April

- Uruguay (April 7): Fitch affirms Uruguay's BBB- rating with a stable outlook *(no change).*
- **Argentina (April 4): S&P upgrades Argentina's long-term rating to B from B- with a stable outlook**, on improvement in economic policy.
- **Belize (April 11): Moody's upgrades Belize's rating to B3 from Caa2 with a stable outlook**, after the sovereign restructured its 2038 super bonds in March.

Negative Actions: 15 (Bold)

January

- Colombia (January 18): S&P affirms Colombia's BBB long-term sovereign currency debt rating with a negative outlook *(no change).*
- **Costa Rica (January 19): Fitch downgrades Costa Rica to BB from BB+ with a stable outlook,** citing a large fiscal deficit and "institutional gridlock" that has stalled potential reforms.
- **Chile (January 26): S&P lowers the outlook on Chile's AA- sovereign debt rating to negative from stable**, because of the risk that prolonged low economic growth could translate into larger fiscal deficits.

February

- **El Salvador (February 1): Fitch downgrades El Salvador's credit ratings to B from B+ with a negative outlook,** citing hindered progress on fiscal measures due to political polarization and limited financing options.
- **Costa Rica (February 9): Moody's downgrades Costa Rica's government bond rating to Ba2 from Ba1, and maintains the negative outlook,** citing the continued weakening of Costa Rica's fiscal profile.
- **Belize (February 21): S&P places Belize's CC long-term foreign currency rating on CreditWatch Negative** following missed coupon payment.
- **Suriname (February 22): Fitch downgrades Suriname to B- from B+ and maintains a negative outlook,** citing macroeconomic instability and rising government debt.
- Venezuela (February 28): S&P's affirms Venezuela's CCC long-term sovereign rating and negative outlook (*no change*).

March

- **Barbados (March 3): S&P downgrades Barbados to CCC+ from B- with a negative outlook,** citing limited financing alternatives and low international reserves.
- **Barbados (March 9): Moody's downgrades Barbados to Caa3 (nine levels below investment grade) from Caa1 with a stable outlook**, warning the Caribbean island faces increasing chances of a default.
- **Belize (March 20): S&P downgrades Belize's rating to SD from CC** following announced debt exchange, because it considered the changes made by the sovereign to its 2038 super bonds as a default.

Box 1– (conclusion)

April

- **El Salvador (April 10): Fitch downgrades El Salvador's rating to CCC from B**, saying that political polarization increased risks of default.
- **El Salvador (April 11): S&P lowers its long-term foreign-currency sovereign credit ratings on El Salvador to CCC- from B-. The ratings are on CreditWatch with negative implications.** The agency cautioned that the sovereign could hit selective default if the political volatility persists.
- **El Salvador (April 13): Moody's downgrades El Salvador's rating to Caa1 from B3 and changes outlook to stable from negative**, saying that the previous week's missed payments on pension-related bonds signaled a higher risk that the political impasse in the Legislative Assembly could lead to missed payments on government debt obligations.
- **Trinidad & Tobago (April 21**): **S&P downgrades Trinidad and Tobago long-term ratings to BBB+ from A- with a stable outlook**, citing higher debt burden.
- **Suriname (April 26): S&P downgrades Suriname to B from B+ with a negative outlook**, on worsening economic strength and debt burden.
- **Trinidad & Tobago (April 27): Moody's downgrades Trinidad & Tobago to Ba1 from Baa3 and changed the outlook to stable from negative.** The agency said the sovereign's policy response to offset the impact of low energy prices on government revenues was insufficient, also adding that the government's large deficits had led to increased debt ratios.
- Mexico (April 28): Moody's affirms Mexico's A3 issuer rating; negative outlook *(no change).*

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

BOX 2
CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, 2016

There have been 10 positive and 33 negative actions in Latin America and the Caribbean in 2016.

Positive Actions: 10 (Bold)

February

- Jamaica (February 11): **Fitch upgrades Jamaica's rating to B from B- with a stable outlook**, citing fiscal surpluses and improved external finances.
- Nicaragua (February 11): **S&P assigns B+ first-time rating to Nicaragua with a stable outlook,** citing the country's steady economic growth in recent years, along with pragmatic policies and cooperation between the government and the private sector.
- Panama (February 19): Fitch affirms Panama's BBB rating with a stable outlook (*no change*).
- Mexico (February 26): Fitch affirms Mexico's BBB+ rating with a stable outlook (*no change*).

March

- Argentina (March 22): Fitch affirms Argentina's long-term foreign currency rating at RD *(no change)*, but the long-term local-currency rating was upgraded to B from CCC.
- Peru (March 23): Fitch affirms Peru's rating at BBB+ with a stable outlook *(no change)*.

April

- Argentina (April 15): **Moody's upgrades Argentina's issuer rating to B3 from Caa1 with a stable outlook,** saying that the likelihood that Argentina will make payments to restructured bondholders has increased after a U.S. appeals court, in the week before, upheld a lower court decision to lift the injunctions against the country.
- Argentina (April 15): S&P affirms the SD foreign currency sovereign credit rating on Argentina and changes it to "solicited" from unsolicited.

May

- Argentina (May 6). **S&P raises Argentina's long-term foreign currency sovereign credit rating to B- from SD, with a stable outlook**. The action followed the payment on May 5, 2016, of US$ 2.7 billion of past-due interest on Argentina's discount, par, and global 2017 bonds that were in default since July 2014.
- Argentina (May 10): **Fitch upgrades Argentina's long-term foreign currency sovereign credit rating to B from RD with stable outlook,** saying that the upgrade was supported by Argentina's recent debt payments to restructured bondholders and the return to international financial markets, as well as improved policy framework and reduced vulnerability.
- St Vincent and the Grenadines (May 19): **Moody's changes outlook on St Vincent and the Grenadines' B3 rating to stable from negative**; affirms rating.
- Honduras (May 24): **Moody's upgrades Honduras' rating to B2 from B3 with a positive outlook**, citing the decrease in Honduras' central administration deficit and institutional enhancements that have brought discipline to the budget process.
- Colombia (May 26): Moody's affirms Colombia's long-term foreign currency sovereign rating at Baa2, with a stable outlook *(no change).*

June

- Paraguay (June 21): Moody's affirms Paraguay's Ba1 rating with a stable outlook *(no change).*
- Dominican Republic (June 29): **Moody's affirms Dominican Republic's B1 rating and changes outlook to positive from stable**, citing DR's robust growth outlook and expectations that debt burden will continue to fall.
- Guatemala (June 30): **Moody's affirms Guatemala's Ba1 rating and changes outlook to stable from negative**, citing macroeconomic and fiscal resilience to political crisis and anticipated strengthening of weak institutions in tax administration and rule of law.

July

- Venezuela (July 1): Fitch affirms Venezuela's CCC rating *(no change).* No outlook assigned to the rating.
- El Salvador (July 7): Fitch affirms El Salvador's B+ rating; outlook stable *(no change).*
- Chile (July 11): Moody's affirms Chile's Aa3 rating and maintains stable outlook *(no change).*
- Mexico (July 28): Fitch affirms Mexico at BBB+; outlook stable *(no change)*.

Box 2– (cont.)

August

- Ecuador (August 4): S&P affirms Ecuador's long-term foreign currency rating at B with a stable outlook *(no change).*
- Peru (August 10): S&P affirms Peru's long-term foreign currency debt rating at BBB+ with a stable outlook *(no change).*
- Nicaragua (August 24): Fitch affirms Nicaragua's long-term foreign currency rating at 'B+' with a stable outlook *(no change).*

September

- Peru (September 29): Fitch affirms Peru's long-term sovereign currency debt rating at BBB+ with a stable outlook *(no change).*

October

- Uruguay (October 05): Fitch affirms Uruguay's long-term sovereign currency debt rating at BBB- with a stable outlook *(no change).*
- Argentina (October 13): Fitch affirms Argentina's long-term sovereign currency debt rating at B with a stable outlook *(no change).*

November

- Jamaica (November 21): **Moody's upgrades Jamaica's rating to B3 form Caa2 with a stable outlook**, as the country showed a "strong commitment" to reforms to reduce its debt burden and due to the implementation of "significant and sustained" fiscal consolidation.
- Ecuador (November 23): Moody's affirms Ecuador's B3 rating with a stable outlook *(no change).*

Negative Actions: 33 (Bold)

February

- Costa Rica (February 8): **Moody's affirms Costa Rica's Ba1 rating and changes outlook to negative from stable**, citing high fiscal deficits, which are expected to continue and to lead to a continued increase in government debt, as the reason for the negative outlook.
- Colombia (February 16): **S&P's affirms Colombia's BBB long-term foreign currency sovereign credit rating and revises the outlook to negative from stable**. The change in outlook reflects "the risk that Colombia's external position could deteriorate further."
- Brazil (February 17): **S&P's downgrades Brazil long-term ratings to BB from BB+, keeping a negative outlook**, citing significant political and economic challenges. This was the second downgrade in less than six months, after the rating agency dropped the country's long-term debt to junk.
- Brazil (February 24): **Moody's downgrades Brazil's issuer and bond ratings to Ba2 from Baa3 with a negative outlook**, a two-notch cut to junk status, becoming the third agency to drop the sovereign from the ranks of investment grade. The agency said that the country's debt levels are likely to rise and a challenging political landscape will delay economic reforms.
- Costa Rica (February 25): **S&P's downgrades Costa Rica's long-term foreign and local currency sovereign credit ratings to BB- from BB with a negative outlook**, saying continued fiscal deterioration has resulted in a growing debt burden and rising interest payments.
- Suriname (February 26): **Fitch downgrades Suriname's rating to B+ from BB- with a negative outlook**, citing weakening external finances driven by a shock to commodity export prices.
- Venezuela (February 29): S&P affirms Venezuela's CCC rating with a negative outlook (*no change*).

March

- Venezuela (March 4): **Moody's affirms Venezuela's Caa3 issuer and government bond ratings and changes the outlook to negative from stable**, arguing that "rising uncertainty around political or economic events could increase the loss severity for bondholders in the event of a default, for which the agency is assigning a high probability of occurrence."
- Trinidad & Tobago (March 4): **Moody's places Trinidad and Tobago's Baa2 rating on review for downgrade.**
- Mexico (March 31): **Moody's changes Mexico's outlook to negative from stable; affirms A3 rating.** The drivers of the worsening outlook were: challenging fiscal consolidation efforts on the back of subdued growth and continued external headwinds, and contingent liabilities in the form of possible government support to Pemex, which could further undermine the fiscal consolidation process.

Box 2– (cont.)

April

- Barbados (April 1): **Moody's downgrades Barbados's government bond rating and issuer rating to Caa1 from B3 and changes the outlook to stable from negative**, citing slow progress toward achieving fiscal consolidation consistent with a sustainable debt trajectory and low level of foreign exchange reserves and weak funding conditions.
- Trinidad & Tobago (April 15): **Moody's downgrades Trinidad and Tobago's government bond rating to Baa3 from Baa2 with a negative outlook**, concluding review for downgrade. The agency cited the negative impact of low oil and gas prices and the likelihood that the policy response to the commodity shock will not be as timely and effective as required.
- Trinidad & Tobago (April 22): S**&P's downgraded Trinidad and Tobago's long-term foreign currency rating to A- from A with a negative outlook**, saying that the downgrade reflected the erosion of T&T's financial profile and S&P's revised downward macroeconomic projections for the next three years, particularly for economic growth, fiscal revenues, and external balances.

May

- Brazil (May 5): **Fitch downgrades Brazil's long-term foreign rating to BB from BB+ with a negative outlook**, citing a deeper-than-anticipated economic contraction, as well as continued political gridlock. After the downgrade Fitch's rating is in line with ratings from S&P and Moody's (BB/Ba2/BB).
- Suriname (May 20): **Moody's downgrades Suriname's rating to B1 from Ba3 with a stable outlook**, due to "substantial deterioration" of the country's credit profile over the past year in absolute terms and in comparison to its peers.

June

- Uruguay (June 6): **S&P's affirms Uruguay's BBB rating and revises its outlook to negative from stable**, citing risks that the economy could weaken further, which would weigh on Uruguay's revenue base and the government's planned fiscal adjustment.
- Bolivia (June 10): **Moody's changes outlook on Bolivia's Ba3 rating to negative from stable**, citing persistent fiscal and balance-of-payment pressures and the lack of fiscal measures to compensate for lower hydrocarbon revenues.
- Paraguay (June 15): **S&P's affirms Paraguay's BB rating and revises its outlook to stable from positive**, saying that still developing institutions continue to limit Paraguay's policymaking effectiveness and implementation capacity.
- Uruguay (June 22): **Moody's affirms Uruguay's Baa2 rating and revises the outlook to negative from stable**, citing macroeconomic weakness and downside risks stemming from larger-than-expected regional spillovers, as well as structural expenditure rigidities.

July

- Bahamas (July 01): **Moody's places the Bahamas' Baa2 rating on review for downgrade**, looking to assess medium-term economic growth prospects and the likelihood that the government will stabilize its deteriorating debt metrics and restore fiscal strength.
- Bolivia (July 13): **Fitch downgrades Bolivia's long-term foreign currency issuer default rating (IDR) to BB- from BB, with a stable outlook**. The agency argued that the weaker gas price outlook and the government's policy response have resulted in large "twin deficits."
- Colombia (July 22): **Fitch affirms Colombia's long-term foreign currency rating at BBB and revises its outlook to negative from stable**, citing the large current account deficit, increasing debt levels, and the deterioration of fiscal metrics.

August

- El Salvador (August 11): **Moody's downgrades El Salvador's government ratings to B1 and places ratings on review for further downgrade,** citing the continued inability of the authorities to arrest the upward trend in government debt amid persistently high fiscal deficits and low economic growth.

Box 2– (conclusion)

- Bahamas (August 22): **Moody's downgrades the Bahamas'Baa2 rating to Baa3 with a stable outlook**, concluding review for downgrade. The agency says it expects the sovereign's economic performance over the next five years to remain subdued and constrained by structural rigidity. The stable outlook reflects the expectation that Bahamas' economic performance would strengthen between this year and 2018.
- Mexico (August 23): **S&P's lowers the outlook on Mexico's BBB+ rating to negative from stable**, citing "disappointing" economic growth and rising debt levels. According to the agency, the negative outlook reflects an at least one-in-three possibility of a downgrade over the next 24 months if either the government's debt or interest burden deteriorates beyond the agency's expectations.
- Ecuador (August 25): **Fitch lowers the outlook of Ecuador's B rating to negative from stable**, citing a deterioration in the country's growth and fiscal outlook since their last review in October 2015.

October

- El Salvador (October 6): **El Salvador's B+ rating is placed on CreditWatch Negative on heightened political polarization**.
- El Salvador (October 13): **S&P downgrades El Salvador to B from B+,** saying the deterioration of the country's "institutional and governance effectiveness" has weakened the government's liquidity position. The rating remains on CreditWatch with negative implications.

November

- El Salvador (November 8): **Moody's downgrades El Salvador's rating to B3 form B1 with a negative outlook**, due to the country's deteriorating liquidity position as a result of an increase in short-term local currency debt.
- Belize (November 14): **S&P lowers Belize's sovereign credit rating to CCC+ from B- with a negative outlook** as the country looks to restructure its debt for the second time in five years.
- Belize (November 23): **S&P downgrades Belize for a second time this month to CC from CCC+ with a negative outlook.**

December

- El Salvador (December 8): **S&P downgrades El Salvador's long-term sovereign credit rating to B- from B with a negative outlook**, citing weakening fiscal and debt profiles.
- Mexico (December 9): **Fitch revises Mexico's BBB+ rating to negative from stable**, citing downside risks to the country's growth outlook and the challenges this could pose for stabilization of the public debt burden.
- Chile (December 13): **Fitch revises Chile's A+ rating to negative from stable**, citing rapid erosion of sovereign balance sheet.

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

B. Latin American Spreads

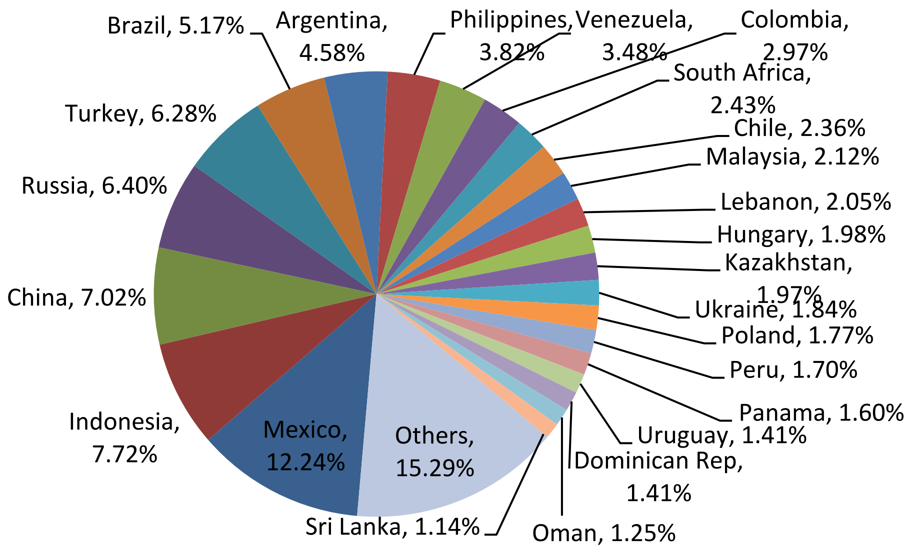
TABLE 3:
SOVEREIGN SPREADS ON JPMORGAN EMBI GLOBAL AND LATIN AMERICAN COMPOSITES
(Basis Points)

	EMBI Global	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Latin America
28-Mar-13	307	1307	190	153	147	700	182	147	173	797	358
30-Apr-13	291	1210	173	141	131	647	169	132	153	821	346
31-May-13	307	1167	208	153	167	626	196	159	173	878	376
28-Jun-13	353	1199	243	180	193	665	223	201	235	976	424
31-Jul-13	343	1112	241	160	181	620	202	180	185	966	406
30-Aug-13	375	1170	257	182	198	649	222	207	242	1017	432
30-Sep-13	355	1035	245	171	187	628	210	184	200	1010	412
31-Oct-13	328	921	229	161	170	499	196	176	190	1014	390
27-Nov-13	355	776	256	171	190	539	211	193	220	1221	427
31-Dec-13	327	808	230	148	163	530	177	162	194	1141	393
31-Jan-14	390	1085	278	172	208	605	219	202	239	1400	479
28-Feb-14	344	907	251	151	184	609	195	181	217	1255	424
31-Mar-14	324	799	230	143	168	508	182	165	192	1165	393
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
30-Apr-14	315	786	217	137	157	361	177	149	187	1018	366
30-May-14	293	833	214	129	147	372	165	150	167	1031	359
30-Jun-14	285	724	211	123	144	376	160	151	169	938	340
31-Jul-14	291	649	214	125	145	486	164	151	177	976	352
29-Aug-14	306	808	208	124	146	412	161	148	169	1123	369
30-Sep-14	334	700	241	137	169	484	186	162	193	1387	416
31-Oct-14	332	703	236	146	172	495	188	169	193	1507	424
26-Nov-14	353	687	243	157	175	550	195	167	198	1837	453
31-Dec-14	404	719	270	169	196	883	213	182	208	2457	508
30-Jan-15	455	742	331	200	229	887	252	208	218	3173	571
27-Feb-15	402	618	328	144	199	763	215	170	211	2736	500
31-Mar-15	410	629	331	158	222	865	228	181	214	2902	516
30-Apr-15	376	603	297	147	213	672	224	171	210	2200	472
29-May-15	380	601	297	150	220	735	225	174	207	2483	492
30-Jun-15	392	631	309	158	233	824	232	182	213	2879	513
31-Jul-15	407	615	325	179	250	980	244	196	227	2829	533
29-May-15	380	601	297	150	220	735	225	174	207	2483	492
30-Jun-15	392	631	309	158	233	824	232	182	213	2879	513
31-Jul-15	407	615	325	179	250	980	244	196	227	2829	533
31-Aug-15	430	584	363	205	277	1344	264	225	257	2922	566
30-Sep-15	474	591	491	244	318	1451	313	258	305	3129	630
31-Oct-15	422	489	139	210	283	1252	275	220	274	2692	560
30-Nov-15	420	487	450	235	286	1207	280	224	266	2605	561
31-Dec-15	446	438	548	253	317	1266	315	240	280	2807	605
29-Jan-16	494	502	540	274	378	1509	362	273	317	3560	677
29-Feb-16	483	465	530	250	368	1391	353	260	309	3255	639
31-Mar-16	434	444	426	213	295	1058	308	226	279	3108	573
29-Apr-16	410	544	401	183	278	941	286	198	268	2858	541
31-May-16	421	500	418	203	297	855	304	213	271	2933	553
30-Jun-16	407	495	366	202	257	913	293	200	270	2659	522
29-Jul-16	392	496	346	174	270	877	294	194	262	2510	501
31-Aug-16	361	455	315	174	232	863	258	162	229	2456	459
30-Sep-16	360	441	324	180	221	845	294	154	232	2053	456
31-Oct-16	364	452	316	177	237	743	293	155	230	2316	467
30-Nov-16	388	515	338	174	252	736	330	173	252	2343	510
30-Dec-16	365	455	330	158	225	647	296	170	244	2168	473
31-Jan-17	352	469	291	144	209	590	296	159	225	2056	455
28-Feb-17	334	458	280	130	202	572	275	152	227	2050	436
31-Mar-17	331	442	264	133	192	666	255	146	209	2377	436
29-Apr-16	410	544	401	183	278	941	286	198	268	2858	541

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

Note: EMBI Global composition (end-March 2017): **by country:** Mexico, Brazil, Argentina, Venezuela, Colombia and Chile account for 30.8% of the total weighting; **by region:** Latin: 41.45%; Non-Latin: 58.55%.

EMBI GLOBAL COMPOSITION (AS OF MARCH 2017)



Others:	%
Croatia	1.08%
Ecuador	0.98%
Egypt	0.89%
Costa Rica	0.85%
Romania	0.80%
El Salvador	0.71%
Lithuania	0.67%
Azerbaijan	0.64%
Pakistan	0.60%
Serbia	0.60%
Jamaica	0.57%
India	0.52%
Ivory Coast	0.50%
Trinidad & Tobago	0.37%
Zambia	0.37%
Kenya	0.34%
Mongolia	0.34%
Ghana	0.33%
Nigeria	0.32%
Paraguay	0.31%
Iraq	0.29%
Morocco	0.29%
Angola	0.27%
Guatemala	0.27%
Gabon	0.24%
Vietnam	0.23%
Honduras	0.22%
Slovakia	0.20%
Jordan	0.18%
Namibia	0.16%
Georgia	0.14%
Bolivia	0.14%
Senegal	0.13%
Armenia	0.13%
Ethiopia	0.12%
Tunisia	0.12%
Cameroon	0.11%
Latvia	0.09%
Suriname	0.07%
Mozambique	0.06%
Belize	0.04%
Total	**15.29%**

C. New LAC Debt Issuance

TABLE 4:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FIRST QUARTER OF 2017

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
		Jan-17				
Brazil	Petrobras	USD 2000	2,000	6.125%	2022	
Brazil	Petrobras	USD 2000	2,000	7.375%	2027	
Ecuador	Republic of Ecuador	USD 1000	1,000	9.650%	2026	(r)
Brazil	Fibria Overseas Finance Ltd	USD 700	700	5.500%	2027	(g)
Honduras	Republic of Honduras	USD 700	700	6.250%	2027	
Dominican Republic	Aeropuertos Dominicanos Siglo XXI (Aerodom)	USD 317	317	6.750%	2029	
Brazil	Raizen Fuels Finance S.A.	USD 500	500	5.300%	2027	
Argentina	Genneia	USD 350	350	8.750%	2022	NC3
Argentina	Pampa Energía	USD 750	750	7.500%	2027	NC5
Colombia	Republic of Colombia	USD 1000	1,000	3.875%	2027	
Colombia	Republic of Colombia	USD 1500	1,500	5.000%	2045	(r)
Dominican Republic	Dominican Republic	USD 1200	1,200	5.950%	2027	
Chile	Metro de Santiago (Empresa de Transporte de Pasajeros Metro SA)	USD 500	500	5.000%	2047	
Supranational	CAF Development Bank of Latin America	EUR 750	798	0.500%	2022	
Chile	Republic of Chile	CLP 1000000	1,510	4.500%	2021	
Argentina	Republic of Argentina	USD 3250	3,250	5.625%	2022	
Argentina	Republic of Argentina	USD 3750	3,750	6.875%	2027	
Colombia	Tecnoglass	USDS 210	210	8.200%	2022	
Supranational	Central American Bank for Economic Integration (CABEI)	HKD 400	51	3.270%	2024	
Supranational	Central American Bank for Economic Integration (CABEI)	NOK 500	60	2.990%	2029	
Guatemala	Central America Bottling Corporation (CBC)	USD 500	500	5.750%	2027	NC5
Brazil	Embraer	USD 750	750	5.400%	2027	
Supranational	CAF Development Bank of Latin America	BRL 220	70	8.100%	2020	
Argentina	AES Argentina Generación	USD 300	300	7.750%	2023	NC4
Argentina	Aeropuertos Argentina 2000 (AA2000)	USD 400	400	6.875%	2027	
			24.165			
		Feb-17				
Argentina	Entre Rios Province	USD 350	350	8.750%	2025	
Mexico	Sigma Alimentos	EUR 600	646	MS+225	2024	
Brazil	Rumo	USD 750	750	7.375%	2024	NC4
Argentina	Banco Supervielle	ARS 4768	300	Badlar+450	2020	
Brazil	Vale Overseas Ltd.	USD 1000	1,000	6.250%	2026	(r)
Argentina	Compania Latinoamericana de Infraestructura y Servicios (Clisa)	USD 100	100	9.500%	2023	NC4(r)
Peru	Fondo Mivivienda	USD 150	150	3.500%	2023	(r)
Peru	Fondo Mivivienda	PEN 1500	455	7.000%	2024	
Argentina	Buenos Aires Province	USD 750	750	6.500%	2023	
Argentina	Buenos Aires Province	USD 750	750	7.875%	2027	(r)
Argentina	Stoneway Capital Corporation	USD 500	500	10.000%	2027	
Mexico	Pemex	EUR 1750	1,853	2.500%	2021	
Mexico	Pemex	EUR 1250	1,324	3.750%	2024	
Mexico	Pemex	EUR 1250	1,324	4.875%	2028	
Argentina	La Rioja Province	USD 200	200	9.750%	2025	
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 65	50	4.420%	2026	(r)
El Salvador	Republic of El Salvador	USD 601	601	8.625%	2029	
Argentina	Province of Cordoba	USD 510	510	7.450%	2024	
Argentina	Entre Rios Province	USD 350	350	8.750%	2025	
Mexico	Sigma Alimentos	EUR 600	646	MS+225	2024	
			11,613			
		Mar-17				
Brazil	Republic of Brazil	USD 1000	1,000	6.000%	2026	(r)
Brazil	Marfrig Alimentos	USD 750	750	7.000%	2024	NC3
Mexico	Nemak	EUR 500	529	3.250%	2024	NC4
Brazil	Suzano Papel e Celulose	USD 300	300	7.000%	2047	
Supranational	CAF Development Bank of Latin America	AUD 175	131	4.500%	2027	
Bolivia	Republic of Bolivia	USD 1000	1,000	4.500%	2028	
Argentina	Raghsa	USD 100	100	7.250%	2024	NC4
Chile	BancoEstado	CHF 100	100	0.575%	2027	
Mexico	United Mexican States	USD 2400	2,400	4.150%	2027	
Argentina	Province of Santa Fe	USD 250	250	7.000%	2023	
Panama	Global Bank	USD 150	150	4.500%	2021	(r)
Supranational	CAF Development Bank of Latin America	CHF 160	160	0.300%	2025	
El Salvador	Grupo Unicomer	USD 350	350	7.875%	2024	
Paraguay	Republic of Paraguay	USD 500	500	4.700%	2027	
Mexico	Nafin	JPY 10000	90	0.780%	2022	
Argentina	Republic of Argentina	CHF 400	403	3.375%	2020	
Brazil	Globo Comunicações	USD 200	200	5.125%	2027	
Supranational	Central American Bank for Economic Integration (CABEI)	USD 167	167	L+100	2022	
Colombia	Banco GNB Sudameris	USD 300	300	6.500%	2027	NC5
Chile	Inversiones CMPC (Compañía Manufacturera de Papeles y Cartones)	USD 500	500	4.375%	2027	
Argentina	Arcos Dorados	USD 265	265	5.875%	2027	
			9.645			

Source: LatinFinance (Bonds Database).

Notes: **Q1 2017 Total 45.423**

(r): retap; (g): green..
NC3, NC4, NC5: only callable after 3, 4 and 5 years, respectively.

**TABLE 5:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
SECOND QUARTER OF 2017**

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
		Apr-17				
Chile	LATAM Airlines (LATAM Finance Ltda)	USD 700	700	6.875%	2024	
Mexico	Grupo Kaltex SA de CV	USD 320	320	8.875%	2022	
Argentina	Tierra del Fuego	USD 200	200	8.950%	2027	
Mexico	Banco Inbursa	USD 750	750	4.550%	2027	
Colombia	Sura Asset Management SA	USD 350	350	4.375%	2027	
Argentina	Tarjeta Naranja	USD 250	250	15.000%	2022	
Argentina	Province of Neuquen	USD 366	366	7.500%	2025	
Peru	Orazul Energy	USD 550	550	5.625%	2027	NC5
Guatemala	Energuate Trust	USD 330	330	5.875%	2027	NC5
Brazil	Votorantim Metais (VM Holding SA)	USD 700	700	5.375%	2027	NC5
Chile	Banco de Chile	EUR 53	57	1.700%	2032	
			4,573			

Source: LatinFinance (Bonds Database).

Notes: **Q2 2016 Total** **4,573**

NC5: only callable after 5 years.

TABLE 6:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FIRST QUARTER OF 2016

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
		Jan-16				
Supranational	CAF Development Bank of Latin America	TRY 192	82	10.730%	2020	
Supranational	CAF Development Bank of Latin America	ZAR 590	51	9.000%	2020	
Chile	Republic of Chile	EUR 1200	1,300	1.750%	2026	
Chile	Republic of Chile	USD 1350	1,350	3.125%	2026	
Mexico	United Mexican States	USD 2250	2,250	4.125%	2026	
Dominican Republic	Dominican Republic	USD 1000	1,000	6.875%	2026	
Mexico	Pemex	USD 750	750	5.500%	2019	
Mexico	Pemex	USD 1250	1,250	6.375%	2021	
Mexico	Pemex	USD 3000	3,000	6.875%	2026	
			11,033			
		Feb-16				
Supranational	Central American Bank for Economic Integration (CABEI)	CHF 200	196	0.371%	2022	
Supranational	CAF Development Bank of Latin America	CHF 150	148	0.150%	2022	
Supranational	CAF Development Bank of Latin America	JPY 4500	38	0.450%	2026	
Colombia	Pacifico 3 (Fideicomiso P.A. Pacifico Tres)	USD 260	260	8.250%	2035	
Mexico	United Mexican States	EUR 1500	1,679	1.875%	2022	
Mexico	United Mexican States	EUR 1000	1,120	3.375%	2035	
Supranational	CAF Development Bank of Latin America	CHF 125	127	0.304%	2024	
Supranational	CAF Development Bank of Latin America	CHF 125	127	0.510%	2026	
Supranational	CAF Development Bank of Latin America	EUR 250	278	1.000%	2020	(r)
Peru	Republic of Peru	EUR 1000	1,110	3.750%	2030	
			5,083			
		Mar-16				
Mexico	America Movil	EUR 850	936	1.500%	2024	
Mexico	America Movil	EUR 650	716	2.125%	2028	
Mexico	Pemex	EUR 1350	1,488	3.750%	2019	
Mexico	Pemex	EUR 900	992	5.125%	2023	
Argentina	Province of Buenos Aires	USD 1250	1,250	9.125%	2024	
Mexico	Cemex SAB	USD 1000	1,000	7.750%	2026	
Panama	Republic of Panama	USD 1000	1,000	3.875%	2028	
Brazil	Republic of Brazil	USD 1500	1,500	6.000%	2026	
Mexico	Femsa	EUR 1000	1,110	1.750%	2023	
Colombia	Republic of Colombia	EUR 1350	1,500	3.875%	2026	
Argentina	YPF	USD 1000	1,000	8.500%	2021	
Argentina	IRSA Propiedades Comerciales	USD 360	360	8.750%	2023	NC4
Paraguay	Republic of Paraguay	USD 600	600	5.000%	2026	
Supranational	CAF Development Bank of Latin America	AUD 150	113	4.000%	2021	
			13,648			

Source: LatinFinance (Bonds Database).

Notes: **Q1 2016 Total** **29,764**

(r): retap.
NC4: only callable after 4 years.

TABLE 7:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
SECOND QUARTER OF 2016

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
			Apr-16			
Supranational	Central American Bank for Economic Integration (CABEI)	USD 135	135	L+150	2021	
Supranational	Central American Bank for Economic Integration (CABEI)	USD 25	25	4.400%	2036	
Supranational	Central American Bank for Economic Integration (CABEI)	USD 25	25	4.550%	2046	NC5
Supranational	CAF Development Bank of Latin America	EUR 70	80	1.700%	2031	
Supranational	Central American Bank for Economic Integration (CABEI)	NOK 500	61	2.090%	2028	
Supranational	Central American Bank for Economic Integration (CABEI)	NOK 500	61	3.040%	2031	
Argentina	Republic of Argentina	USD 2750	2,750	6.250%	2019	
Argentina	Republic of Argentina	USD 4500	4,500	6.875%	2021	
Argentina	Republic of Argentina	USD 6500	6,500	7.500%	2036	
Argentina	Republic of Argentina	USD 2750	2,750	7.625%	2046	
Costa Rica	Banco Nacional de Costa Rica (BNCR)	USD 500	500	5.875%	2021	(g)
Supranational	Inter-American Investment Corporation	USD 500	500	3-month L+30	2019	
Mexico	Sigma Alimentos	USD 1000	1,000	4.125%	2026	
Colombia	Gruposura Finance (Grupo de Inversiones Suramericana)	USD 550	550	5.500%	2026	
Guatemala	Republic of Guatemala	USD 700	700	4.500%	2026	
			20,136			
			May-16			
Supranational	CAF Development Bank of Latin America	USD 1250	1,250	2.000%	2019	
Dom Republic	AES Dominicana (AES Andres and Dominican Power Partners)	USD 270	270	7.950%	2026	NC5
Dom Republic	AES Dominicana (Empresa Generadora de Electricidad Itabo)	USD 100	100	7.950%	2026	NC5
Argentina	Province of Neuquen	USD 235	235	8.625%	2028	
Colombia	Banco de Bogota SA	USD 600	600	6.250%	2026	
Argentina	Province of Mendoza	USD 500	500	8.375%	2024	
Panama	Aeropuerto Internacional de Tocumen (AITSA)	USD 575	575	5.625%	2036	
Mexico	Grupo Posadas	USD 50	50	7.875%	2022	(r)
Brazil	Petrobras	USD 5000	5,000	8.375%	2021	
Brazil	Petrobras	USD 1750	1,750	8.750%	2026	
Argentina	Province of Chubut	USD 50	50	8.875%	2023	
Brazil	U.S.J. Açúcar e Álcool SA	USD 197	197	9.875%	2021	
Argentina	Banco Hipotecario	USD 150	150	9.750%	2020	(r)
Peru	Kalpa Generación	USD 350	350	4.875%	2026	
Mexico	Pemex	CHF 225	227	1.500%	2018	
Mexico	Pemex	CHF 150	152	2.375%	2021	
Argentina	City of Buenos Aires	USD 890	890	7.500%	2027	
Brazil	Marfrig Alimentos	USD 750	750	8.000%	2023	
Peru	Camposol	USD 200	200	10.500%	2021	NC2
			13,296			
			Jun-16			
Supranational	Banco Latinoamericano de Comercio Exterior, S.A. (Bladex)*	JPY 8000	73	0.460%	2019	
Argentina	Province of Cordoba	USD 725	725	7.125%	2021	
Brazil	Vale Overseas Ltd.	USD 1250	1,250	5.875%	2021	
Argentina	Buenos Aires Province	USD 500	500	5.750%	2019	
Argentina	Buenos Aires Province	USD 500	500	7.875%	2027	
Argentina	Cablevision	USD 500	500	6.500%	2019	
Mexico	Cemex	EUR 400	454	4.625%	2024	
Colombia	Ecopetrol	USD 500	500	5.875%	2023	(r)
Mexico	Fibra Uno	USD 200	200	5.250%	2026	(r)
Mexico	Fibra Uno	USD 300	300	6.950%	2044	(r)
Mexico	United Mexican States	JPY 45900	431	0.400%	2019	
Mexico	United Mexican States	JPY 50900	477	0.700%	2021	
Mexico	United Mexican States	JPY 16300	153	1.090%	2026	
Mexico	United Mexican States	JPY 21900	206	2.400%	2036	
Brazil	Cosan	USD 500	500	7.000%	2027	NC5
Brazil	Eldorado	USD 350	350	8.625%	2021	
Chile	BancoEstado	JPY 10000	94	0.480%	2026	
Mexico	KKR	USD 531	531	6.625%	2031	
Argentina	Edesa (Empresa Distribuidora de Electricidad de Salta SA)	USD 65	65	11.500%	2021	
Suriname	Republic of Suriname	USD 86	86		2018	
Dom Republic	Dominican Republic	USD 500	500	6.875%	2026	(r)
Brazil	Marfrig Alimentos	USD 250	250	8.000%	2023	(r)
Argentina	Arcor	USD 350	350	6.000%	2023	NC4
Argentina	Province of Salta	USD 350	350	9.125%	2024	
Argentina	Republic of Argentina	USD 1000	1,000	6.625%	2028	
Argentina	Republic of Argentina	USD 1750	1,750	7.125%	2036	
Colombia	Fideicomiso P.A. Costera	USD 150.8	151	6.750%	2034	
			12,244			
		Q2 2016 Total	**45,676**			
		H1 2016	**75,440**			

Source: LatinFinance (Bonds Database).

Notes:

(r): retap; (g): green.
NC4: only callable after 4 years.
NC5: only callable after 5 years.

TABLE 8:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
THIRD QUARTER OF 2016

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
		Jul-16				
Brazil	Petrobras	USD 1750	1,750	8.375%	2021	(r)
Brazil	Petrobras	USD 1250	1,250	8.750%	2026	(r)
Brazil	Suzano Papel e Celulose (Bahia Sul Holdings)	USD 500	500	5.750%	2026	(g)
Chile	Transelec	USD 350	350	3.875%	2029	
Brazil	Cosan	USD 150	150	7.000%	2027	NC5 (r)
Uruguay	Oriental Republic of Uruguay	USD 400	400	4.375%	2027	(r)
Uruguay	Oriental Republic of Uruguay	USD 747	747	5.100%	2050	(r)
Mexico	Credito Real	USD 625	625	7.250%	2023	NC4
Argentina	Petrobras Argentina	USD 500	500	7.375%	2023	NC4
Argentina	Compania Latinoamericana de Infraestructura y Servicios (Clisa)	USD 200	200	9.750%	2023	NC4
Argentina	Banco Galicia	USD 250	250	8.250%	2026	
Mexico	Pemex	JPY 80000	763	0.540%	2026	
Argentina	Province of Chubut	USD 650	650	7.750%	2026	
Argentina	Albanesi [1]	USD 250	250	9.625%	2023	NC4
Brazil	Republic of Brazil	USD 1500	1,500	5.625%	2047	
Ecuador	Republic of Ecuador	USD 1000	1,000	10.750%	2022	
Trinidad & Tobago	Republic of Trinidad & Tobago	USD 1000	1,000	4.500%	2026	
			11,885			
		Aug-16				
Supranational	Central American Bank for Economic Integration (CABEI)	ZAR 1032	74	8.400%	2020	(g)
Chile	Empresa Nacional del Petroleo (Enap)	USD 700	700	3.750%	2026	
Brazil	Vale Overseas Ltd.	USD 1000	1,000	6.250%	2026	
Mexico	Banco Nacional de Comercio Exterior (Bancomext)	USD 700	700	3.800%	2026	NC5
Mexico	United Mexican States	USD 2000	2,000	4.350%	2047	
Mexico	United Mexican States	USD 760	760	4.125%	2026	(r)
Brazil	General Shopping Investments Ltd	USD 34.42	34	10.000%	2026	
Argentina	Province of Chaco	USD 250	250	9.373%	2024	
Chile	BancoEstado	JPY 15000	147	0.480%	2026	(r)
Jamaica	Republic of Jamaica	USD 364	364	8.000%	2039	(r)
Argentina	Province of Salta	USD 50	50	9.125%	2024	(r)
			6,079			
		Sep-16				
Supranational	Central American Bank for Economic Integration (CABEI)	CNH 700	105	3.950%	2019	
Supranational	Central American Bank for Economic Integration (CABEI)	CNH 1000	150	4.200%	2021	
Brazil	Minerva Foods	USD 1000	1,000	6.750%	2026	NC5
Mexico	Pemex	USD 2000	2,000	4.750%	2023	
Mexico	Pemex	USD 2000	2,000	6.750%	2047	
Argentina	YPF (Yacimientos Petroliferos Fiscales S.A.)	CHF 300	308	3.750%	2019	
Supranational	CAF Development Bank of Latin America	USD 1000	1,000	2.125%	2021	
Brazil	BRF Brazil Foods	USD 500	500	4.350%	2026	
Mexico	Mexico City Airport Trust	USD 1000	1,000	4.250%	2026	(g)
Mexico	Mexico City Airport Trust	USD 1000	1,000	5.500%	2046	(g)
Argentina	City of Cordoba	USD 150	150	7.875%	2024	
Mexico	Unifin Financiera	USD 400	400	7.250%	2023	NC4
Ecuador	Republic of Ecuador	USD 1000	1,000	10.750%	2022	(r)
Brazil	Votorantim Cimentos [2]	USD 500	500	6.000%	2027	
Panama	AES Panama	USD 75	75	6.000%	2022	(r)
Mexico	Banco Mercantil del Norte- Banorte	USD 500	500	5.750%	2031	NC10
Mexico	Liverpool (El Puerto de Liverpool S.A.B. de C.V.)	USD 750	750	3.875%	2026	
Brazil	Ultrapar International S.A.	USD 750	750	5.250%	2026	
			13,188			
Source: LatinFinance (Bonds Database).		**Q3 2016 Total**	**31,152**			
Notes:		**2016 YTD**	**106,592**			

(r): retap. (g): green
NC4: only callable after 4 years.
NC5: only callable after 5 years.
NC10: only callable after 10 years.
[1] Co-issuers: Generacion Mediterranea, Generacion Frias and Central Termica Roca.
[2] Through Canadian subsidiary St. Mary's Cement Inc.

TABLE 9:
LATIN AMERICAN AND CARIBBEAN DEBT ISSUANCE
FOURTH QUARTER OF 2016

Country	Issuer	Amount (million)	Amount US$ (mm)	Coupon (%)	Maturity	
			Oct-16			
Argentina	Republic of Argentina	EUR 1250	1,400	3.875%	2022	
Argentina	Republic of Argentina	EUR 1250	1,400	5.000%	2027	
Mexico	Comisión Federal de Electricidad (CFE)	USD 1000	1,000	4.750%	2027	
Panama	Global Bank	USD 550	550	4.500%	2021	
Argentina	Buenos Aires Province	USD 250	250	5.750%	2019	(r)
Argentina	Buenos Aires Province	USD 500	500	7.875%	2027	(r)
Chile	Tanner Services	CHF 150	151	2.125%	2019	
Suriname	Republic of Suriname	USD 550	550	6.250%	2026	
Chile	Enersis Americas	USD 600	600	4.000%	2026	
Peru	Banco de Credito del Peru (BCP)	USD 300	300	2.250%	2019	
Mexico	United Mexican States	EUR 1200	1,307	1.375%	2025	
Mexico	United Mexican States	EUR 700	763	3.375%	2031	(r)
Argentina	Province of Santa Fe	USD 250	250	6.900%	2027	
Trinidad & Tobago	Trinidad Generation Unlimited (TGU)	USD 600	600	5.250%	2027	
Colombia	Banco de Bogota SA	USD 500	500	6.250%	2026	(r)
			10,121			
			Nov-16			
Argentina	Banco Macro	USD 400	400	6.750%	2026	NC5
Argentina	Compania General de Combustiles (CGC)	USD 300	300	9.500%	2021	NC3
Chile	BancoEstado	USD 100	100	2.660%	2026	
Chile	Santander Chile	USD 185	185	3-m L+120	2021	
Chile	Santander Chile	CHF 125	125	0.350%	2025	
Supranational	Central American Bank for Economic Integration (CABEI)	AUD 75	56	4.420%	2026	
			1,167			
			Dec-16			
Chile	Banco de Chile	CHF 150	149	0.250%	2024	
Mexico	Pemex	USD 1500	1,500	5.375%	2022	
Mexico	Pemex	USD 1000	1,000	3-m L+365	2022	
Mexico	Pemex	USD 3000	3,000	6.500%	2027	
Ecuador	Republic of Ecuador	USD 750	750	9.650%	2026	
Chile	Banco de Chile	JPY 10000	85	0.350%	2021	
Venezuela	Republic of Venezuela	USD 5000	5,000	6.500%	2036	
			11,484			

Source: LatinFinance (Bonds Database).

Notes:	**Q4 2016 Total**	**22,772**
(r): retap.	**2016**	**129,364**

NC3: only callable after 3 years.
NC5: only callable after 5 years.