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CAPITAL FLOWS TO LATIN AMERICA

Third Quarter 2002

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3rd Quarter of 2002

Brazil's electoral outlook and the external backdrop were the main drivers of Latin American credits in the third quarter of 2002, thus the performance of Latin American markets continued to be pressured by Brazil's fate and the ebb and flow of investors' risk appetite. The region had a rare month of outperformance in August, as the prompt negotiation of an IMF agreement for Brazil and the moderation of global risk aversion brought strong returns for Brazil, in particular, and for countries considered high-risks in general. However, risk aversion peaked again in September, returning to near-historical highs. Emerging markets debt trading volume during the third quarter were at the lowest level reported to the Emerging Markets Trade Association in over two years, and analysts attributed the low volumes to greater investor caution and high risk aversion.

Latin American spreads widened in July, tightened in August and raised sharply in September, following the increase in Brazil's volatility as the electoral outlook neared its definitional stage. Latin America's access to international capital markets remained difficult in the third quarter. Although new debt issuance in July recovered mildly from the decline in June, it was close to nil in August, moderately picking up in September.

The number of downgrades that took place in July and August reflected signs of contagion from Brazil. Standard & Poor's downgraded Peru's foreign currency debt's outlook from positive to stable in July, cut Brazil's sovereign rating to B+ (from BB-), aligning it with those of Moody's and Fitch, and also cut Uruguay's rating at the end of the month to B (from BB-). Moody's also downgraded Uruguay's rating in July by two notches, to B1. Over half of the issuers on negative credit watch by Standard and Poor's at the end of July were Latin names, and industrials were the most prominent sector. In August, Fitch revised the outlooks for El Salvador, Peru and Colombia's sovereign ratings to negative from stable, and Moody's downgraded Brazil's foreign currency debt to B2 (from B1). Finally, in September, Venezuela was downgraded by Moody's as a result of its increasing political instability, which, according the rating agency, could lead the credit towards a slow process of deterioration.

Although Latin American markets have not decoupled from Brazil yet, the correlation of emerging market bond movements with developments in Brazil decreased in the third quarter. The level of contagion from Brazil declined particularly outside Latin America, despite Brazil's higher volatility. Brazil's correlation with Latin American countries remained significant, nonetheless, even if down from the high levels of the second quarter.[1]

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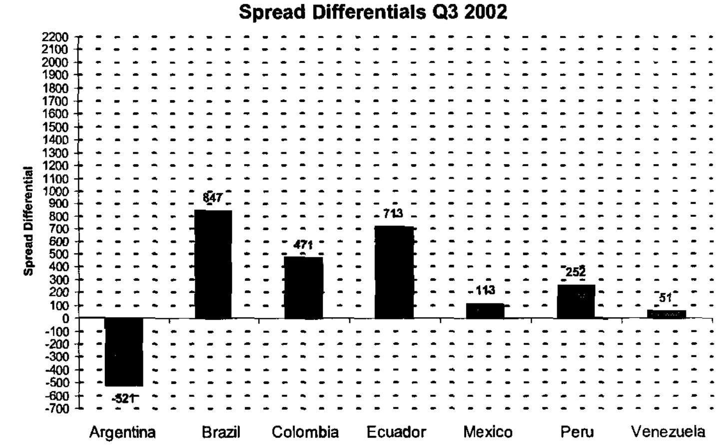
[1] It is worth to mention, however, that correlations only measure whether two assets move together in the same direction, not the magnitude of that change.

I. Bond Markets and Debt Management

Emerging market spreads, as measured by the J.P. Morgan's benchmark EMBI+ index, closed the third quarter 242 basis points wider, while the Latin component finished the quarter 336 basis points higher (appendix, table 1). Sovereign spreads widened for most Latin American countries in the composite, as risk aversion in global markets and Brazilian volatility increased (Chart 1).

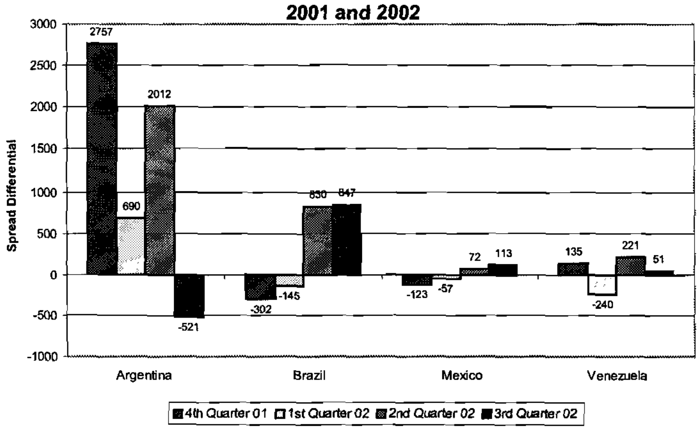
Chart 1: Spread Differentials Q3 2002



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

Argentine spreads tightened in the third quarter after GDP posted a positive growth in the second quarter, and the economic recession was seen by investors as bottoming out. Brazilian spreads, reflecting higher volatility, widened by more 847 basis points in the third quarter, after widening 830 basis points in the second quarter. Spreads in Ecuador also widened as a result of the increased uncertainty brought about by the electoral outlook. Mexican and Venezuelan spreads followed the same pattern as Brazilian spreads, widening in the second and third quarters of 2002, after tightening in the first quarter of the year (Chart 2).

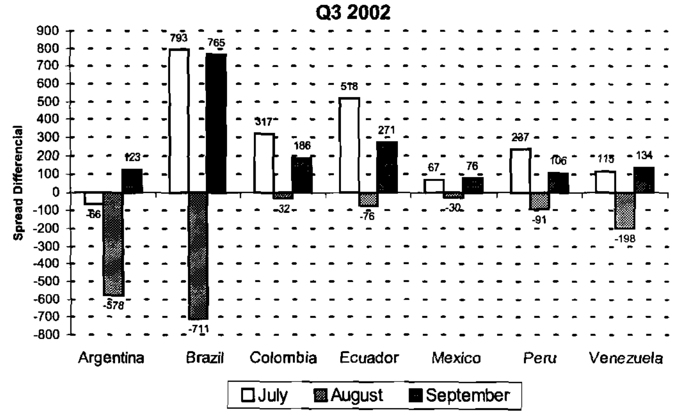
Chart 2: Quarterly Spread Differential 2001 and 2002



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

On a monthly basis, Latin American spreads widened in July, tightened in August and raised again in September (Chart 3). The widening of spreads in September followed the increase in Brazil's volatility, as the electoral outlook neared its definitional stage with a clear favoritism for the opposition candidate. With the quick negotiation of an IMF agreement for Brazil and the moderation of global risk aversion, the

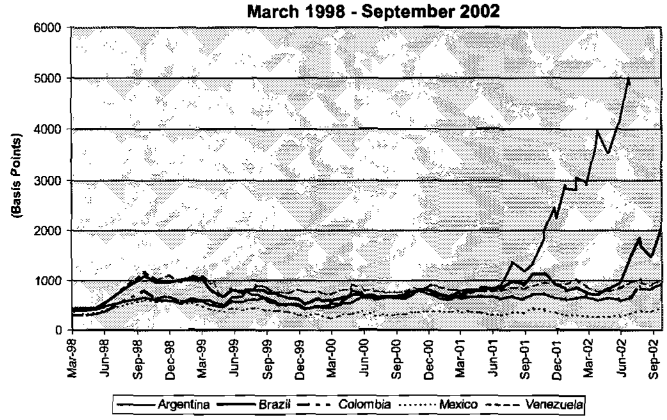
Chart 3: Monthly Spread Differentials Q3 2002



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

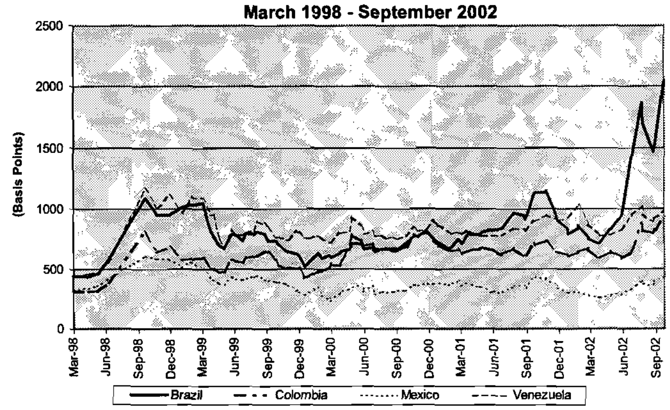
region had a rare month of outperformance in August, marked by strong returns for Brazil in particular, and for countries considered high-risks in general.

Chart 4:
Spreads on 30-year Benchmark Sovereign Latin Eurobonds
March 1998 - September 2002



Source: ECLAC, on the basis of data from "Emerging Markets Debt Monthly", Merrill Lynch.

Chart 5:
Spreads on 30-year Benchmark Sovereign Latin Eurobonds
(Argentina excluded)
March 1998 - September 2002



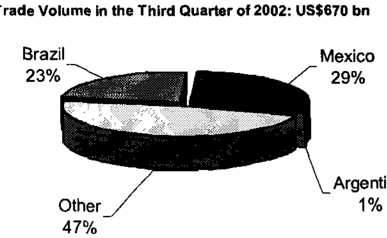
Source: ECLAC, on the basis of data from "Emerging Markets Debt Monthly", Merrill Lynch.

Charts 4 and 5 show that Argentinean and Brazilian spreads already surpassed their Russian crisis peaks, leaving them behind. While Argentinean spreads have been spiraling upwards since July 2001, when the crisis in Argentina deepened, Brazilian spreads deteriorated sharply only towards the end of the second quarter of 2002, when uncertainties over policy continuity after the presidential elections drove market sentiment. The widening in Brazilian spreads continued in the third quarter, as uncertainties over policy continuity did not subside, but only deepened. Spreads for the other Latin American countries in the sample also widened in the third quarter, reflecting the deterioration in investor's confidence and the global environment (appendix, table 2).

Latin American bond issuers placed US$1.98 billion in international capital markets in the third quarter of 2002, which represented a 48% decrease with respect to the US$3.79 billion issued in the second quarter, and a 74% decrease with respect to the US$7.64 billion issued in the third quarter of 2001. Most of the new debt issuance during the quarter took place in July. There was almost no issuance in August, and just a slight recovery in September. Access to international capital markets was especially difficult for non-investment-grade issuers in the region.

Chart 6:
Emerging Markets Debt Trading Volume: Country Shares

Trade Volume in the Third Quarter of 2002: US$670 bn



Source: EMTA

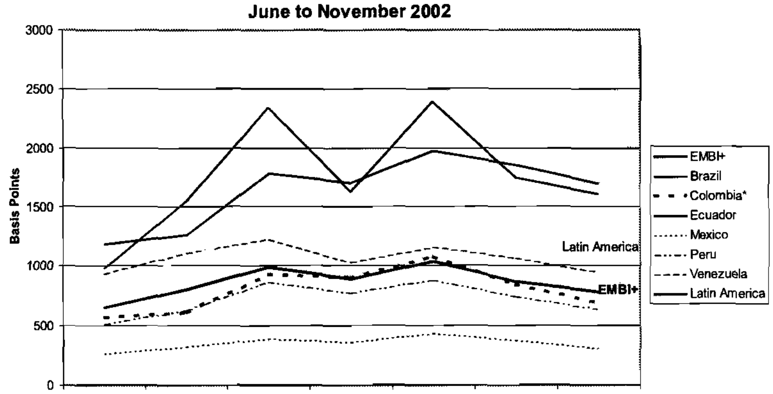
The rise in risk-aversion during the third quarter translated into reduced activity and low volumes of debt trading. The Emerging Markets Traders Association (EMTA) reported a turnover in emerging markets debt of US$670 billion for the third quarter of 2002. Volumes were substantially decreased in riskier countries such as Brazil (down 32% quarter-on-quarter), Venezuela (down 53% quarter-on-quarter) and Ecuador (down 45% quarter-on-quarter), while trading of higher-rated countries rose or declined less (Mexican volumes were down by only 15%).

With US$195 billion in third quarter turnover, Mexican debt remained the most frequently traded instrument. Brazilian volumes, on the other hand, shrunk by almost one-third in comparison to the previous quarter, as several analysts recommended that investors cut exposure to Brazil during the third quarter. Nonetheless, they remained as the second most frequently traded assets, at US$154 billion, compared to US$227 billion in the second quarter (Chart 6).

A. Spreads

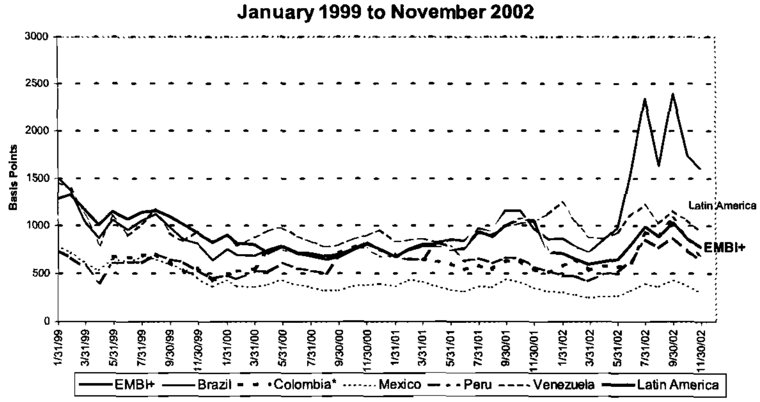
The J.P. Morgan EMBI+ spread closed the third quarter of 2002 with an increase of 242 basis points, after facing deteriorating global conditions and increased volatility in Brazil during most of the quarter. The spread for the EMBI+ Latin component widened further, with an increase of 336 basis points. Spreads widened for all Latin American countries in the sample in the third quarter (Chart 7), and Brazilian spreads continued to exceed their peak of January 1999 (Chart 8).

Chart 7:
Spreads on JP Morgan EMBI+ and Latin American Composites
(excluding Argentina)
June to November 2002



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

Chart 8:
Spreads on JP Morgan EMBI+ and Latin American Composites
(excluding Argentina)
January 1999 to November 2002

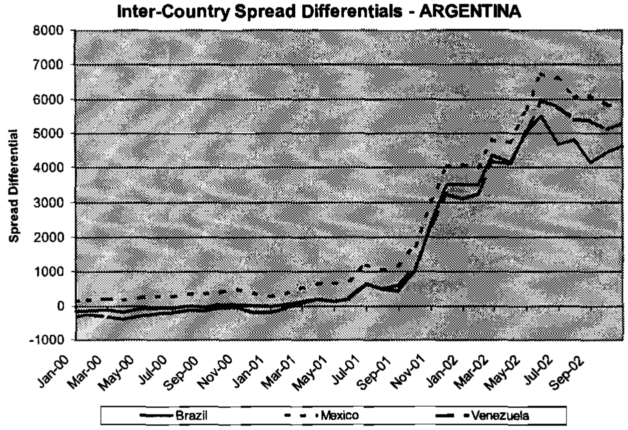


* The Colombia 7 5/8% due 07 and the Colombia 8 5/8% due 08 were added at the end of May 99.
Source: ECLAC, on the basis of data from "Emerging Markets Bond Index Monitor", JP Morgan.

Spreads on Argentine bonds tightened in the third quarter, after accelerating at a fast pace in the second quarter. They continued to soar with respect to those on Brazilian, Mexican and Venezuelan bonds, however (Charts 9-12), as an IMF agreement remained remote, and investors did not expect progress on debt restructuring. The failure of the authorities to reach an agreement with the IMF on a new economic program exacerbated the spillover from developments in Brazil.

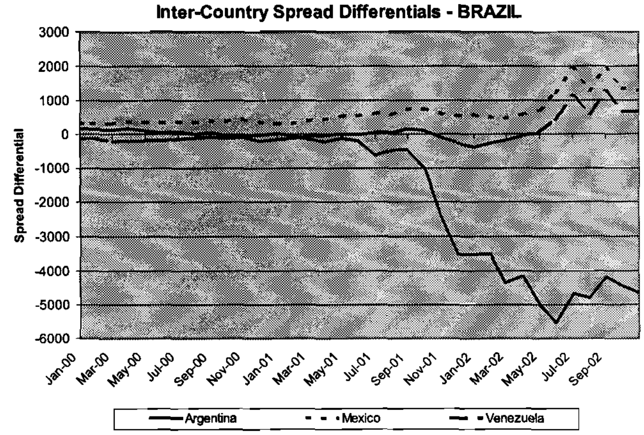
Brazil's EMBI+ component widened from 1548 basis points at the end of June to 2395 basis points at the end of September. Market pressures eased somewhat in early August, after the announcement of an IMF loan package. However, market pressures resumed shortly after that, due to investors' skepticism over the ability of any of the presidential candidates to meet the fiscal terms agreed with the IMF. Spreads tightened in October and November, as the electoral saga came to a closure and investors

Chart 9:
Inter-Country Spread Differentials - ARGENTINA



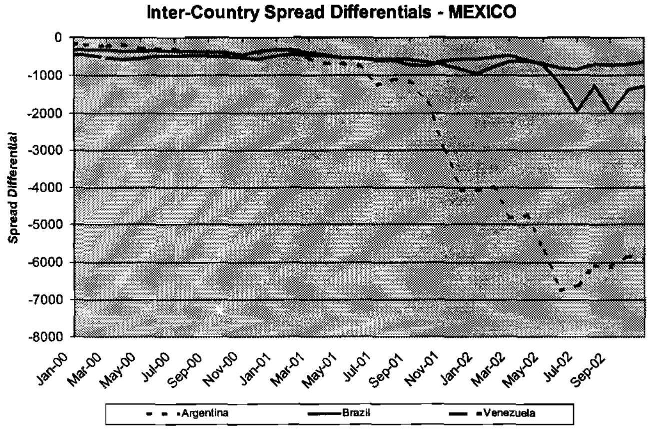
Source: ECLAC, on the basis of data from JP Morgan.
Note: EMBI+ country composite spreads at the end of the month.

Chart 10:
Inter-Country Spread Differentials - BRAZIL



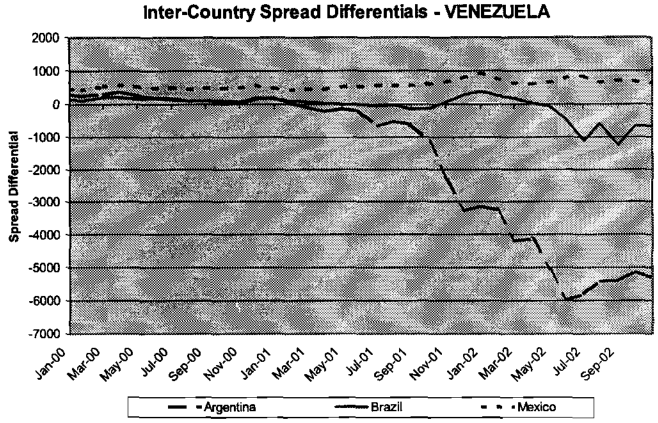
Source: ECLAC, on the basis of data from JP Morgan.
Note: EMBI+ country composite spreads at the end of the month.

Chart 11:
Inter-Country Spread Differentials - MEXICO



Source: ECLAC, on the basis of data from JP Morgan.
Note: EMBI+ country composite spreads at the end of the month.

Chart 12:
Inter-Country Spread Differentials - VENEZUELA



Source: ECLAC, on the basis of data from JP Morgan.
Note: EMBI+ country composite spreads at the end of the month.

appeared willing to give the newly elected president, who was perceived as having untested market credentials and lack of direct government experience, a vote of confidence. Spreads were at 1742 basis points at the end of October and 1606 at the end of November.

Presidential elections also took place in Ecuador, and in a similar fashion, the elected candidate was judged on the basis of his untested market credentials. Markets traded with a strong tone in October and November, what was surprising, given that during the third quarter the electoral outcomes in these two countries were considered worse-case scenarios by most market participants. The fact that markets gave the elected presidents the benefit of the doubt indicates that investors are now moving from risk aversion to a risk-seeking mode.[2]

Ecuador's EMBI+ component widened from 1262 basis points at the end of June to 1975 basis points at the end of September. Following Brazil's pattern, spreads tightened in October (1854 basis points at the end of the month), and in November (1696 basis points at the end of the month).

Mexico's EMBI+ component widened from 323 basis points at the end of June to 436 basis points at the end of September. Mexico's debt outperformed other emerging markets credit in the third quarter, and the sovereign is expected to remain fairly insulated from contagion from the south in the months to come. The prospect of renewed U.S. expansion, even if delayed, still weighs more than the medium-term investors' concerns over pending structural reforms. Domestically, the government won a significant victory in September, when the threat of a strike at Pemex was averted.

Colombian debt spreads widened from 613 basis points at the end of June, to 1084 basis points at the end of September. Concerns about public financing and Brazil kept local markets nervous in the third quarter. From early July to the end of September the peso depreciated 16%, yield on domestic debt increased by nearly 500 basis points and external debt prices dropped almost 10%. The disruption followed the new administration's recognition that the original fiscal targets for 2002 would not be met, while concern that Brazil's troubles could keep markets closed for South American issuers in 2003 raised fears that the government would need to step up its domestic debt issuance plans. The prospect of a new forthcoming IMF program helped ease these concerns and stabilize the local debt market and the currency.

Peru's EMBI+ component also widened in the third quarter, from 628 basis points at the end of June, to 880 basis points at the end of September. In July spreads widened to 865 basis points at the end of the month, as investors feared that the resignation of finance minister Kuczynski would put the continuity of market friendly economic policies at risk. Peru's fundamentals, however, remain among the strongest in Latin America. In spite of that, Peruvian assets are unlikely to outperform in the fourth quarter, given the problems affecting the region as a whole, as well as the political noise surrounding the November elections.

Venezuelan spreads widened from 1111 basis points at the end of June, to 1162 basis points at the end of September. In the third quarter investors remained concerned with Venezuela's long-term foreign currency debt, given the increasing political uncertainty. Venezuela was less affected by developments in Brazil, with investors focusing on the current president's prospects for remaining in office.

B. Issuance

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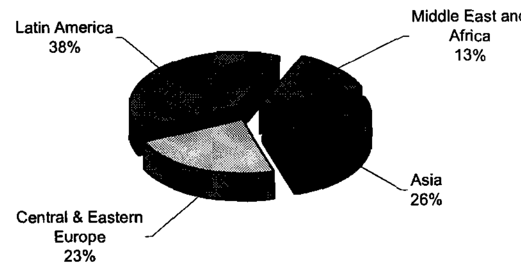
[2] See *Emerging Markets Outlook,* J.P. Morgan, November 8, 2002.

Emerging markets placed US$ 38.6 billion in the international capital markets in the first three quarters of 2002 according to Merrill Lynch, well below the US$48.2 billion issued in the same period last year. Total issuance in Latin America reached US$14.7 billion, accounting for 38% of the emerging markets total year-to-date. Latin America issuance was followed by Asia Pacific with a share of 26%, Emerging Europe with 23% and Middle East and Africa with 13% (Chart 13).

Chart 13: Emerging Markets Debt Issuance: Regional Breakdown 2002 Ytd

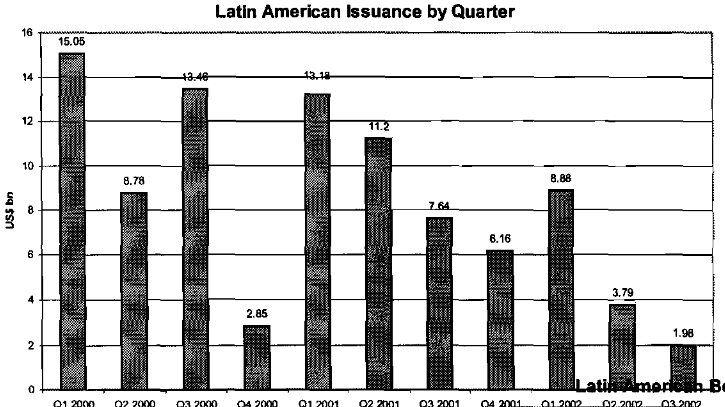


Note: Total emerging markets debt issuance year-to-date is US$38.6 billion.

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

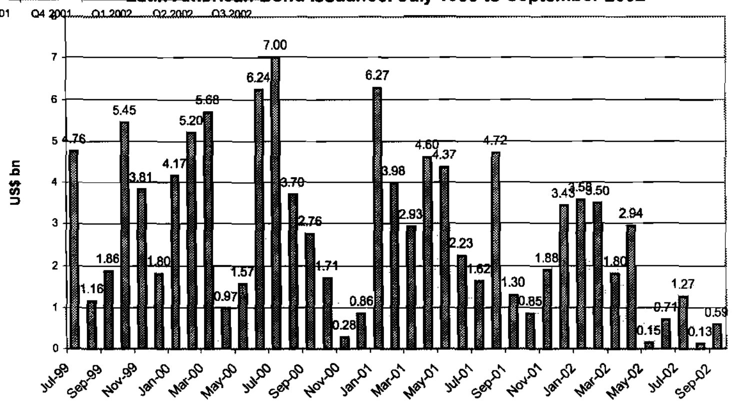
Latin American issuers placed less than US$2 billion in the third quarter, the lowest amount since the last quarter of 2000 (Chart 14). Latin American issuance was highest in July and close to nil in August, showing some recovery in September. In August, Latin American issuers placed the lowest monthly amount since November of 2000, due to the expensive borrowing conditions in the first half of the month (Chart 15). By the end of August, spread tightening lead by Brazil and Turkey improved the outlook for emerging markets borrowing, and was followed by a number of issuance plans for the months to follow.

Chart 14: Latin American Issuance by Quarter



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

Chart 15: Latin American Bond Issuance: July 1999 to September 2002



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

Latin America had no single sovereign borrower dominating new debt issuance in July. There were several deals ranging from US$150 to US$300. El Salvador and Panama returned to the market for the second time this year. Brazil, Colombia, Panama, and El Salvador combined for a total of US$945 million in new sovereign issuance (appendix, table 3).

In August, the Government of Belize was the sole issuer in the Latin American and Caribbean region, while in September, the largest Latin American issuer was Mexico with US$1.75 billion (appendix, tables 6 and 9). Of the total amount issued, US$1.3 billion was used to retire a significant portion of Mexico's Brady debt (25% of the total amount of Par bonds in circulation). Mexico's total new debt issuance amounted to US$450 million. The issue highlighted Mexico's high-grade status, and its ability to disassociate itself from the uncertainty weighing on its sub-investment grade peers in Latin America.

For the fifth consecutive month, only dollar-denominated debt was issued by Latin American markets. Sovereign bonds accounted for 91% of the total Latin American issuance in the third quarter (appendix, tables 3 to 11).

Table 1:
Top 5 Issuers
in Emerging Markets*
2002 Ytd

Country	Amount (US$mn)
Brazil	$6,329
Malaysia	$4,475
Mexico	$4,455
Philippines	$4,100
Turkey	$2,428

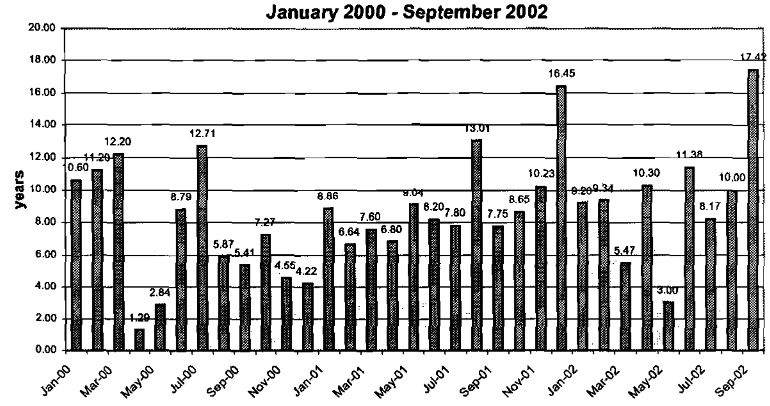
Source: Merrill Lynch.

* Sovereign and Corporate Combined

Two of the top five issuers in the first half of 2002 were Latin American countries. Brazil remained at the top spot, and Mexico fell to third place from second in the second quarter. According to Merrill Lynch, in the first three quarters of 2002 Brazil placed a total of US$6.3 billion in sovereign and corporate debt, while Mexico placed US$4.5 billion (Table 1). Chile was among the top 10 issuers, in 10th place, with a total amount of US$0.9 billion in new debt issuance.

The bond average maturity in the third quarter was 12 years, higher than in the second quarter. However, it is important to note the smaller amount issued in the quarter, a reflex of lower-rated issuers' difficulty to access the international capital markets. It is thus difficult to draw decisive conclusions with respect to Latin American terms of borrowing from the monthly bond average maturity in the quarter (Chart 16).

Chart 16:
New Latin American Debt Issuance: Average Maturity
January 2000 - September 2002



Source: ECLAC, on the basis of information from Merrill Lynch.

II. Portfolio Equity Flows into Latin America

Stock prices were in a downward slide from May to September as a series of events undermined investors confidence, including global political tensions, the financial restatement by WorldCom and worsening corporate earning reports. September was the worst month of the year for equity markets, with the S&P 500 falling by 11% during the month. Although the market rebounded in late July and the first three weeks of August, the rebound appeared to reflect a one-time sigh of relief that serious corporate governance problems were not as widespread as had been feared. Portfolio equity flows into Latin America were negative in the third quarter, as volatility spiked in Brazil and global risk aversion increased (see Table 2).

Table 2:

Portfolio equity flows into Latin America

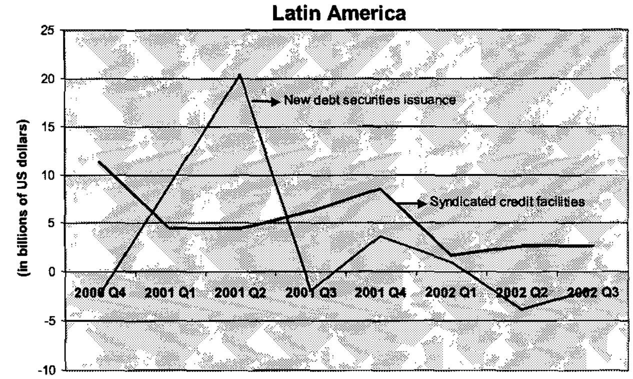
(millions of US dollars)

Q1 2002	**2,160**	**2,445**	**-627**	**343**
January	420	219	-190	392
February	38	194	-81	-75
March	1702	2032	-356	26
Q2 2002	**281**	**887**	**-456**	**-151**
April	12	1001	-55	-935
May	-107	202	-269	-40
June	376	-316	-132	824
Q3 2002	**-1,094**	**-531**	**-369**	**-194**
July	-684	-214	-276	-194
August	-410	-317	-93	na
September	na	na	na	na

Source: Goldman Sachs, "Global Emerging Markets Strategist" Portfolio Strategy, based on data from Local Stock Exchanges and Central Banks. October 9, 2002

III. Bank Lending

Chart 17:
Announced Syndicated Lending and Securities Issuance in Latin America



* Net Issuance: Gross Issues - Repayments

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

According to data from the Bank for International Settlements, the overall volume of announced syndicated lending increased to US$2.7 billion in the third quarter of 2002, from US$1.6 billion in the first quarter (the lowest level since 1996) and 2.6 billion in the second quarter (Chart 17). However, this was still a fraction of previous years' volumes. Mexican borrowers were the most active, signing US$1.3 billion in facilities, predominantly for general corporate purposes and refinancing. Brazilian corporations raised only US$0.3 billion, the smallest amount since 1996. Most of these deals were for trade finance, plus a facility for aircraft financing. Chile and Colombia each raised approximately US$0.5 billion (Table 3).[3]

[3] Syndicated credits data, however, are not necessarily a reliable proxy for future bank lending. The syndicated credits are gross announcements of loan facilities (i.e. loan commitments, which do not need

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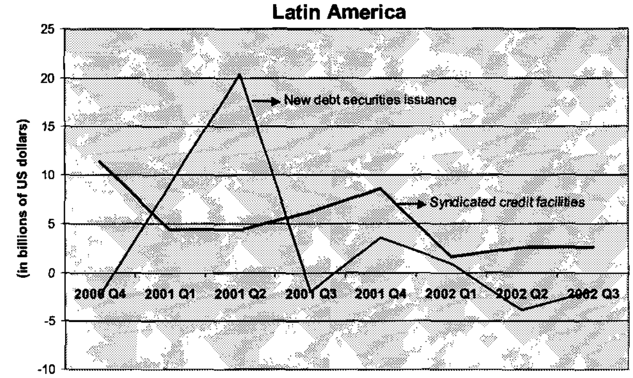

* Net Issuance: Gross Issues - Repayments

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

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Table 3: Announced syndicated lending and securities issuance (in billions of US dollars)

	Syndicated credit facilities							Net securities issues					
	2001Q1	2001Q2	2001Q3	2001Q4	2002Q1	2002Q2	2002Q3	2001Q1	2001 Q2	2001Q3	2001Q4	2002Q1	2002Q2
Latin America	**4.8**	**4.4**	**6.4**	**8.7**	**1.6**	**2.6**	**2.7**	**9.0**	**20.4**	**-1.9**	**3.6**	**0.8**	**-3.8**
Argentina	1.0	0.4	0.5	0.5	-	-	-	1.2	15.3	-0.4	-0.1	-2.0	-0.7
Brazil	0.4	1.1	3.0	2.4	0.8	1.6	0.3	1.8	2.8	1.2	-0.2	1.3	-
Chile	0.7	0.5	0.2	0.7	0.2	-	0.5	-	0.3	0.4	0.7	-	0.9
Colombia	-	-	0.2	0.1	0.5	-	0.5	1.3	1.6	0.1	0.9	-0.2	-0.7
Mexico	2.3	2.1	0.8	4.0	0.1	0.9	1.3	4.0	-0.2	-4.2	0.4	-0.2	-3.9
Venezuela	0.2	0.3	0.7	0.7	-	-	-	0.4	0.2	0.2	0.2	-0.2	-

Source: BIS Quarterly Review, December 9, 2002

The latest available information on actual bank lending is for the second quarter of 2002.[4] In the second quarter, Brazil saw the largest reduction in cross-border bank credit, as banks reduced their exposure in response to political uncertainty emanating from the electoral outlook. The whole decline was accounted by a cut in credit to non-banks in Brazil. Brazilian residents, facing a curtailment in cross-border credit, met their needs for dollar liquidity in the second quarter by withdrawing funds from abroad. Withdrawals by corporations and other non-banks accounted for nearly half of the US$3.8 billion repatriated by Brazilian residents. The contraction in claims on Argentina, on the other hand, slowed in the second quarter to US$0.8 billion from

Table 4: Cross-border bank flows to Latin America

Exchange rate adjusted changes in amounts outstanding, in billion of US dollars

	Banks' position*	2000 Year	2001 Year	2002 Q1	2002 Q2	Stocks at end-June 2002
Argentina	Claims	1.2	-5.8	-4.3	-0.8	36.2
	Liabilities	3.1	-16.7	-1	0.5	23.3
Brazil	Claims	9.5	0.9	1	-2.4	95.6
	Liabilities	-4.6	0.4	1.4	-3.8	45.7
Chile	Claims	0.3	0.2	-0.3	-0.5	18.3
	Liabilities	-1.5	-1	0.2	-0.8	14.2
Mexico	Claims	-1	2	3.2	1.8	65.6
	Liabilities	6.9	8.8	-14.1	1.3	50.4

Source: BIS Quarterly Review, December 9 2002

declines of US$2 billion or more during the previous three quarters. At US$ 95.6 billion at end-June 2002, the outstanding stock of cross-border bank claims on Brazil exceeded by far that on any other emerging market (Table 4).

In contrast to the situation in most other Latin American countries, claims on residents of Mexico increased by US$1.8 billion during the second quarter. The increase was driven by new loans to non-bank borrowers. Mexican corporations raised large sums in the syndicated loan markets in the third quarter, as seen above, what suggests that the pickup in lending to non-banks seen in the first half of 2002 continued in the third

to be drawn fully or immediately), while changes in amounts outstanding in the BIS data are driven mainly by net new lending (actual disbursements).See Blaise Gadanecz and Karsten von Kleist (202): "Do syndicated credits anticipate BIS consolidated banking data?", *BIS Quarterly Review*, March, pp 65-74.

[4] *BIS Quarterly Review*, December 2002.

quarter.

IV. Prospects

In a year of continued equity weakness and lingering volatility in the US high-yield market, emerging market debt, according to J.P. Morgan, seems set to end the year as one of the top performing asset classes. The EMBI Global has registered returns of nearly 10% through November, substantially outperforming Treasuries (+8.8%), J.P. Morgan Global High Yield (+1.0%), Merrill Lynch High Grade (+6.9%), and the S&P 500 (-17.2%) during the same period. However, performance has been very differentiated, with Brazil, Ecuador, and Venezuela trading at around 1,000 bps or higher, while Mexico trades at around 300 bps or below. The high level of dispersion reflects that investors are becoming more selective.

While election-related uncertainty has diminished, the general backdrop remains unfriendly to emerging markets in general, and the most hungry for liquidity in particular. The negative backdrop, however, has been already discounted to some extent in bond prices, while emerging markets debt technicals remain supportive and other asset classes are under stress as well. Nonetheless, these mitigating factors may not be sufficiently compelling for investors to come back to emerging markets in the near-term.

On a final note, the recent failure of Argentina to meet all payment deadlines on a World Bank-guaranteed bond, and the failure of the World Bank to impose expected sanctions, has had repercussions in the international debt securities market in the current quarter. Yields rose on other World Bank-backed bonds, such as those of Colombia, and Peru, contrast to earlier expectations, issued US$500 million of bonds without credit enhancements from the CAF (*Corporación Andina de Fomento*) in November. This marks a new trend for emerging markets, and Latin American markets in particular, in which sovereigns are now moving away from bonds issued with full or partial guarantees.

APPENDIX

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

A. Latin American Spreads

Table 1:

Sovereign Spreads on JP Morgan EMBI+ and Latin American Composites

	EMBI+	*Argentina*	*Brazil*	*Colombia**	*Ecuador*	*Mexico*	*Peru*	*Venezuela*	*Latin America*
31-Jul-98	633	454	608	n.a.	1371	461	515	829	554
31-Aug-98	1524	1278	1421	n.a.	2077	941	941	2575	1328
30-Sep-98	1330	904	1326	n.a.	1903	911	911	1558	1111
31-Oct-98	1190	779	1192	n.a.	1484	819	755	1372	980
30-Nov-98	1070	664	975	n.a.	1221	737	610	1612	858
31-Dec-98	1151	707	1231	n.a.	1631	741	612	1283	941
31-Jan-99	1288	858	1507	n.a.	2055	801	743	1463	1106
28-Feb-99	1330	794	1376	n.a.	2405	722	663	1393	1028
31-Mar-99	1171	683	1041	n.a.	1973	600	562	1121	839
30-Apr-99	1010	596	873	n.a.	1553	532	396	789	709
28-May-99	1157	786	1066	671	1862	647	603	1108	880
30-Jun-99	1070	758	957	667	2113	623	609	896	832
30-Jul-99	1147	853	1053	691	2473	677	610	1024	919
31-Aug-99	1166	776	1124	700	3402	644	700	1174	931
30-Sep-99	1098	663	984	613	4764	596	635	925	823
29-Oct-99	1010	635	851	505	3705	535	613	836	743
30-Nov-99	927	650	806	549	3093	449	526	940	715
31-Dec-99	824	533	636	423	3353	363	443	844	597
31-Jan-00	904	594	758	482	4033	438	482	894	682
20-Feb-00	816	551	688	524	3227	364	432	792	616
31-Mar-00	798	568	679	547	3111	354	518	879	623
28-Apr-00	708	572	742	740	3350	385	512	952	654
31-May-00	784	702	792	739	4499	438	611	985	737
30-Jun-00	712	676	722	722	3926	381	546	895	679
31-Jul-00	680	650	712	662	2846	353	522	837	654
31-Aug-00	643	681	672	686	1340	321	496	780	618
29-Sep-00	677	675	705	722	1261	318	664	798	634
31-Oct-00	745	815	758	768	1331	365	759	860	707
30-Nov-00	805	879	829	818	1441	385	772	902	759
29-Dec-00	756	773	749	755	1415	392	687	958	706
31-Jan-01	674	663	677	697	1230	363	674	838	631
28-Feb-01	748	803	753	646	1268	428	637	850	710
30-Mar-01	784	960	811	645	1366	414	650	874	763
30-Apr-01	773	1039	812	634	1482	366	824	833	766
31-May-01	751	993	858	600	1366	326	774	852	761
29-Jun-01	766	1050	847	541	1303	310	632	847	803
31-Jul-01	940	1599	972	585	1454	360	661	925	1016
31-Aug-01	885	1430	954	540	1411	354	601	916	959
28-Sep-01	1005	1615	1165	626	1516	431	669	995	1103
31-Oct-01	1073	2162	1163	628	1558	412	651	1034	1212
30-Nov-01	1069	3372	976	545	1393	357	572	1055	1283
31-Dec-01	731	4372	863	514	1233	308	521	1130	833
31-Jan-02	713	4379	866	586	1144	304	468	1254	837
28-Feb-02	644	4276	785	651	1147	272	474	1046	765
28-Mar-02	598	5062	718	536	1037	251	419	890	713
30-Apr-02	619	5004	849	578	1000	255	492	873	763
31-May-02	650	5979	981	567	1184	265	512	933	829
28-Jun-02	799	7074	1548	613	1262	323	628	1111	1063
31-Jul-02	991	7008	2341	930	1780	390	865	1226	1350
30-Aug-02	886	6430	1630	898	1704	360	774	1028	1131
30-Sep-02	1041	6553	2395	1084	1975	436	880	1162	1399
31-Oct-02	862	6192	1742	841	1854	372	742	1068	1153
29-Nov-02	778	6240	1606	694	1696	311	636	943	1054

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

* The Colombia 7 5/8% due 07 and the Colombia 8 5/8% due 08 were added at the end of May 99.

EMBI+ Composition (September 2002)

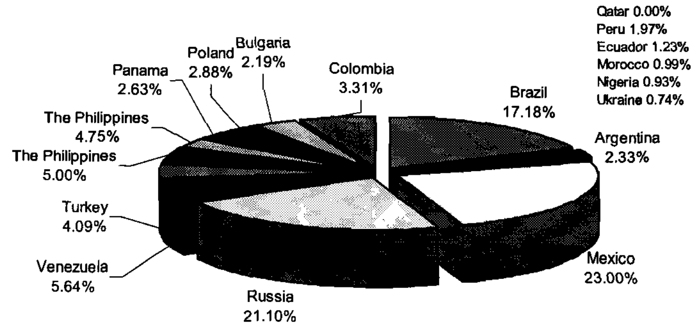

Table 2:

Spreads on 30-year Benchmark Latin Eurobonds June 1998 - September 2002					
Country	Argentina	Brazil	Colombia	Mexico	Venezuela
Coupon	9.750	10.125	8.375	11.500	9.250
Maturity	9/19/27	5/15/27	2/15/27	5/15/26	9/15/27
			(Basis points)		
12-Jun-98	487	573	383	412	555
25-Sep-98	649	1089	803	611	1172
30-Oct-98	608	953	638	579	1011
4-Dec-98	584	954	676	583	1114
8-Jan-99	546	1015	575	514	963
5-Feb-99	637	1036	579	563	1096
4-Mar-99	608	1047	589	495	1092
31-Mar-99	597	826	497	434	949
8-Apr-99	551	768	496	410	951
23-Apr-99	541	701	466	380	752
7-May-99	512	674	478	362	670
28-May-99	660	790	580	429	828
9-Jun-99	648	783	560	422	786
30-Jun-99	675	737	553	403	786
9-Jul-99	771	799	591	417	802
30-Jul-99	685	789	600	434	821
9-Aug-99	719	810	608	450	896
30-Aug-99	638	792	648	413	884
8-Sep-99	566	734	638	400	848
30-Sep-99	531	737	564	394	763
8-Oct-99	511	705	534	384	770
29-Oct-99	524	651	494	377	749
5-Nov-99	519	644	514	367	741
30-Nov-99	529	625	495	321	811
6-Dec-99	510	601	501	308	803
22-Dec-99	431	521	423	282	766
6-Jan-00	444	560	440	304	756
28-Jan-00	483	640	477	344	782
7-Feb-00	450	591	477	279	763
29-Feb-00	458	613	509	254	729
6-Mar-00	456	595	533	233	721
30-Mar-00	510	631	525	292	796
6-Apr-00	538	651	568	316	804
28-Apr-00	540	665	700	327	812
5-May-00	558	713	783	340	929
30-May-00	650	706	733	373	860
6-Jun-00	639	665	692	306	792
30-Jun-00	641	680	706	350	813
6-Jul-00	611	645	681	286	778
28-Jul-00	634	673	655	311	784
7-Aug-00	658	666	679	300	756
30-Aug-00	668	673	642	310	772
8-Sep-00	641	668	651	313	749
29-Sep-00	629	707	688	318	774
2-Oct-00	634	716	685	317	771
27-Oct-00	726	775	789	368	850
6-Nov-00	783	770	770	357	820
30-Nov-00	735	821	805	378	836
1-Dec-00	728	812	800	371	833
21-Dec-00	681	748	742	371	904

Source: "Emerging Markets Debt Monthly", Merrill Lynch.

Spreads on 30-year Benchmark Latin Eurobonds June 1998 - September 2002 (Cont.)					
Country	Argentina	Brazil	Colombia	Mexico	Venezuela
Coupon	9.750	10.125	8.375	11.500	9.250
Maturity	9/19/27	5/15/27	2/15/27	5/15/26	9/15/27
			(Basis points)		
5-Jan-01	639	724	710	382	870
31-Jan-01	597	673	661	362	818
9-Feb-01	624	688	653	375	800
28-Feb-01	695	750	660	397	813
9-Mar-01	642	711	628	359	794
30-Mar-01	765	802	654	393	819
6-Apr-01	739	782	656	372	815
27-Apr-01	793	785	666	347	775
4-May-01	858	805	678	350	778
31-May-01	833	828	657	300	780
1-Jun-01	851	853	674	311	789
29-Jun-01	890	838	617	304	783
2-Jul-01	908	843	628	307	784
31-Jul-01	1345	968	666	353	838
1-Aug-01	1372	968	675	357	838
31-Aug-01	1207	942	611	356	835
4-Sep-01	1178	915	614	335	819
28-Sep-01	1328	1125	704	431	895
1-Oct-01	1378	1134	703	428	895
31-Oct-01	1836	1133	727	420	948
1-Nov-01	2006	1145	726	411	951
30-Nov-01	2448	938	634	354	918
3-Dec-01	2232	906	642	346	909
31-Dec-01	2900	837	614	302	923
2-Jan-02	2840	794	599	298	930
31-Jan-02	2801	837	634	308	1029
1-Feb-02	3051	858	644	306	1033
28-Feb-02	2955	762	671	281	883
1-Mar-02	2914	747	662	274	866
28-Mar-02	3682	712	597	268	796
1-Apr-02	3962	711	590	261	775
30-Apr-02	3533	827	631	269	783
1-May-02	3537	829	636	277	781
31-May-02	4105	930	606	288	826
3-Jun-02	4101	949	589	277	827
28-Jun-02	5011	1392	639	329	937
1-Jul-02	4866	1439	653	329	950
31-Jul-02	-	1873	882	394	1024
1-Aug-02	-	1694	822	369	955
30-Aug-02	-	1471	801	366	894
3-Sep-02	-	1525	822	391	918
30-Sep-02	-	2048	926	436	985

Source: "Emerging Markets Debt Monthly", Merrill Lynch.

B. New Latin American Debt Issuance:

Table 3:

New Latin American Debt Issuance
Third Quarter of 2002
Jul-02

Country	Issuer	Amount (million)	Maturity
Brazil	Banco do Brazil	US$300	7/3/09
El Salvador	Republic of El Salvador	US$300	7/25/11
Colombia	Republic of Colombia	US$195	7/9/10
Panama	Generacion Elec. Fortuna	US$170	12/3/13
Panama	Republic of Panama	US$150	7/23/12
Total		**US$1.115 bill**	

Source: ECLAC, on the basis of data from Merrill Lynch, "Emerging Markets Daily".

Table 4:

Currency Breakdown
(% of Latin America's Total)

Currency	Jul-02
Dollar	100
Euro	
Yen	

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

Table 5:

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

Issuer Type	Jul-02
Sovereign*	85
Corporate**	15

Source: ECLAC, on the basis of data from Merrill Lynch.
*Also includes state owned enterprises, city and regional governments (sovereign-supported and sub-sovereign issues).
**Also includes bank issuance.

Table 6:

New Latin American Debt Issuance
Third Quarter of 2002
Aug-02

Country	Issuer	Amount (million)	Maturity
Belize	Government of Belize	US$125	8/15/12
Total		**US$125 mill**	

Source: ECLAC, on the basis of data from Merrill Lynch, "Emerging Markets Daily".

Table 7:

Currency Breakdown
(% of Latin America's Total)

Currency	Aug-02
Dollar	100
Euro	
Yen	

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

Table 8:

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

Issuer Type	Aug-02
Sovereign*	100
Corporate**	0

Source: ECLAC, on the basis of data from Merrill Lynch.
*Also includes state owned enterprises, city and regional governments (sovereign-supported and sub-sovereign issues).
**Also includes bank issuance.

Table 9:

New Latin American Debt Issuance
Third Quarter of 2002
Sep-02

Country	Issuer	Amount (million)	Maturity
Brazil	Banco do Brazil	US$40	6/1/09
Panama	Republic of Panama	US$100	7/23/12
Mexico	United Mexican States	US$450	9/24/22
Total		**US$590**	

Source: ECLAC, on the basis of data from Merrill Lynch, "Emerging Markets Daily".

Table 10:

Currency Breakdown
(% of Latin America's Total)

Currency	Sep-02
Dollar	100
Euro	
Yen	

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

Table 11:

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

Issuer Type	Sep-02
Sovereign*	100
Corporate**	0

Source: ECLAC, on the basis of data from Merrill Lynch.
*Also includes state owned enterprises, city and regional governments (sovereign-supported and sub-sovereign issues).
**Also includes bank issuance.