

Capital flows to Latin America and the Caribbean

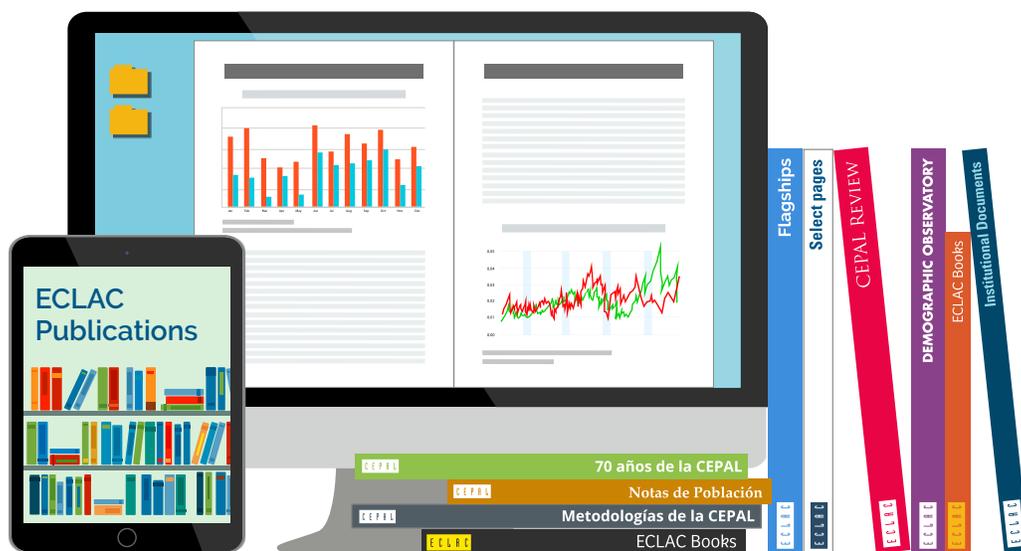
First nine months of 2021



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Capital flows to Latin America and the Caribbean

First nine months of 2021



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This document was prepared by Helvia Velloso, Economic Affairs Officer of the office of the Economic Commission for Latin America and the Caribbean (ECLAC) in Washington, D.C., under the supervision of Raquel Artecona, Officer in Charge of the ECLAC office in Washington, D.C., Daniel Perrotti, Research Assistant, and Alessandra de Leo, intern at the same office, contributed to this report.

The report was prepared based on market views and developments. Unless otherwise indicated, all data are from market sources and the cut-off date for the information used to prepare this report is 30 September 2021.

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Highlights

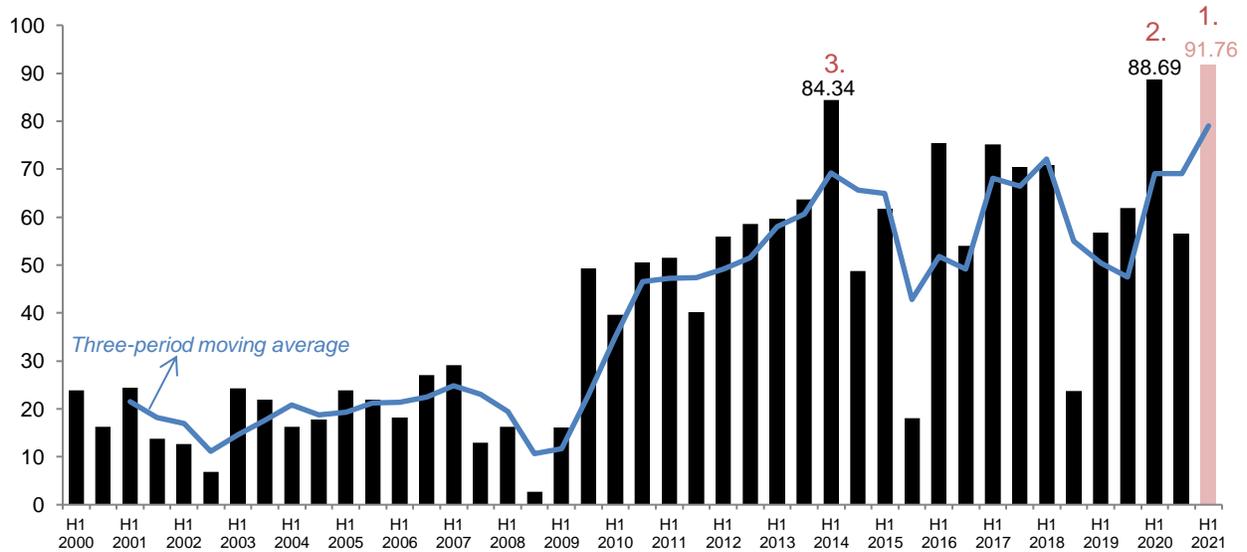
- *In the first nine months of 2021, total Latin American and Caribbean (LAC) bond issuance in international markets reached US\$ 124 billion, up 6% from the same period in 2020.*
- *Many issuers came to international bond markets to lock-in low global interest rates amid strong demand from investors. Anticipating tighter external borrowing conditions in the final quarter of the year, LAC bond issuers placed US\$ 92 billion in international markets in the first half of 2021, the region's highest half-yearly total on record. The third quarter total, US\$ 32.6 billion, was 18% lower than the second quarter's, but 12% higher than in the third quarter a year ago.*
- *The top three issuers, corporate and sovereign combined, were Brazil (24%), Mexico (23%), and Chile (20%), which together accounted for 67% of the total regional issuance in the first nine months of 2021. The three top sovereign issuers in the same period were Chile (31%), Mexico (18%), and Colombia (12%), followed closely by Peru (10%). Together, the four sovereigns accounted for 71% of total sovereign issuance.*
- *The weighted average tenor of Latin America and Caribbean sovereign bond issuances was up to 21 years in the first nine months of the year, from 19 years in the same period in 2020. Some sovereigns have issued longer maturity bonds, to lock in low interest rates for longer. Both Mexico and Chile issued 50-year bonds in January and September, respectively. Chile's 50-year bond was a social bond. Chile also issued two 40-year social bonds in January and July. Colombia and Panama issued 40-year bonds in January.*
- *Green, social, sustainability and sustainability-linked bond issuance (GSSS) reached almost US\$ 40 billion at the end of September, a 31.5% share of the total amount issued in the first nine months of the year. This share was more than three times the 2020 share of 9.3%, and almost eight times the 4.2% average of the 2015-2020 period.*
- *Sustainability-linked bonds (SLB) – a forward-looking performance-based instrument – were the most used instruments, and accounted for 37% of the total GSSS issuance, followed by social (36%), sustainability (14%) and green (13%) bonds. The government of Chile accounted for 94% of the region's share of social bonds issued in the period.*

- *LAC spreads widened 13 basis points in the first nine months of 2021. They tightened 6 basis points in the first half of the year but widened 19 basis points in the third quarter, as risk-off sentiment increased.*
- *Latin American equity prices lost some ground since the beginning of 2021 and at the end of September were below the levels at the start of the year, as the region continued to deal with COVID-19 outbreaks and limited vaccine supplies for most of the period. According to the MSCI Latin American Index, Latin American stock prices were down 9% in the first nine months of 2021.*
- *Credit quality deteriorated in the first nine months of 2021, although at a slower pace than in 2020. There were fifteen more negative credit rating actions than positive in the region during this period, including eleven downgrades and no upgrades.*

Overview

Against the backdrop of low global interest rates and borrowing costs, Latin American and Caribbean (LAC) issuers placed US\$ 91.8 billion worth of bonds in international bond markets in the first half of 2021, reaching a new half-yearly peak (chart 1). The third quarter amount was US\$ 32.6 billion. From January to September, the total LAC issuance reached US\$ 124.3 billion. Adding October, the total amount is US\$ 138 million in ten months.

CHART 1:
HALF-YEARLY LAC BOND ISSUANCE IN INTERNATIONAL MARKETS
(US\$ Billions)



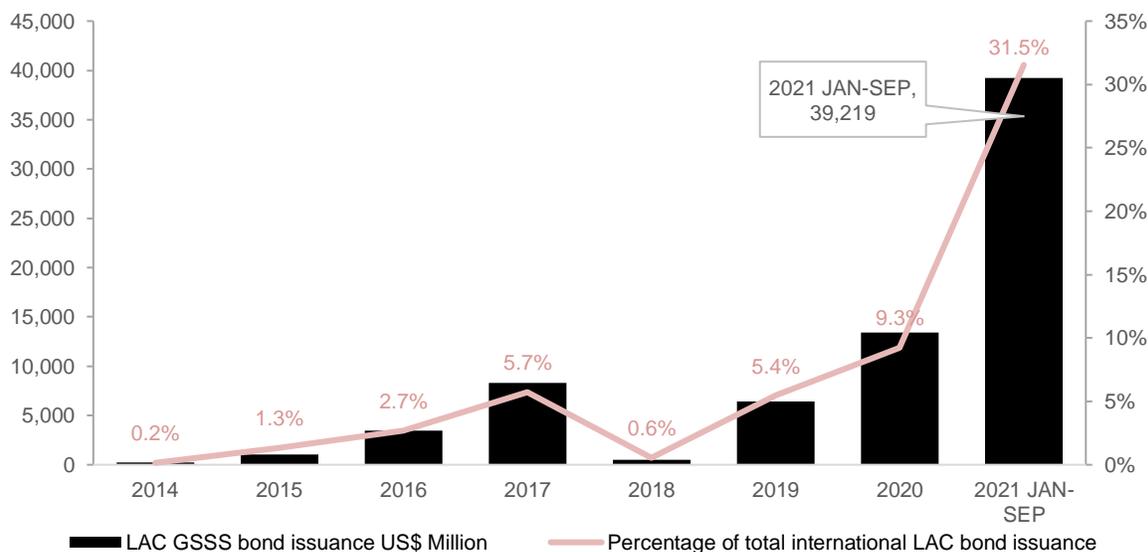
Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance and Bloomberg. Note: 1-3 denote the region's top three half-yearly issuances on record.

Many of the region’s issuers, sovereign and corporate alike, have come to the international bond market this year to lock in low global interest rates, in anticipation to potentially tighter borrowing conditions next year. The United States Federal Reserve has announced that it will begin to taper its monetary stimulus program in November, pulling back on the asset-purchases it started in 2020 to revive the economy after the onset of the COVID-19 pandemic. The uncertainty about the strength of the global economic recovery and the pandemic itself, which may contribute to more volatility going into the end of the year, is another factor that drove the region’s issuers to take advantage of this window to access cross-border financing.

Latin American companies that were first-time issuers in the international bond market accounted for 7% of total international bond issuance in the first nine months of the year. About 76% of these companies were high-yield issuers, and 43% of those high-yield debut issuances had the purpose of financing environmental, social and governance (ESG) projects and strategies.

The issuance of green, social, sustainability and sustainability-linked (GSSS) bonds reached a new record high of US\$ 39.2 billion at the end of September, a 31.5% share of the region’s total issuance in the first nine months of the year. This share was more than three times the 2020 share of 9.3% and almost eight times the 4.2% average of the 2015-2020 period (chart 2). In the third quarter, GSSS issuances reached US\$ 16.6 billion, the highest quarterly total of the year. In the first and second quarters, GSSS issuance amounted to US\$ 12.4 and US\$ 10.2 billion, respectively.

CHART 2:
LAC GSSS BOND ISSUANCE IN INTERNATIONAL MARKETS, JAN-SEP 2021
(Left axis, US\$ Million; Right axis, percentage)



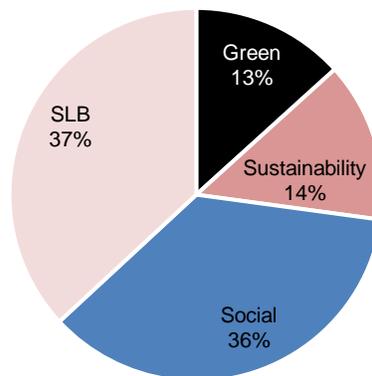
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Sustainability-linked bonds (SLB), which are forward-looking performance-based instruments, accounted for 37% of the total GSSS issuance in the first nine months of 2021, becoming the region’s most frequently used ESG instrument (chart 3). Green, social and sustainability bonds are ‘use of proceeds’ bonds, associated to a specific project. The SLBs are more closely aligned to the issuer’s overall sustainability strategy. They are defined by the International Capital Markets Association (ICMA) as “any type of bond instruments for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives.”¹

¹ The Sustainability-Linked Bond Principles (SLBP) 2020, ICMA, p.2 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

Sustainability-linked bonds embed an ESG-related key performance indicator (KPI) that issuers commit to achieve, accruing additional payments to bondholders should they fall short. This new type of bond implies meeting certain requirements related to transparency and accountability: if the targets are not met, the bond’s interest rate will go up by a pre-defined amount. From the investors’ point of view, these bonds offer specific targets that can be monitored in order to check whether the company is indeed moving towards a sustainable path. The most common ESG objective or target of the region’s SLB issuances from January to September 2021 was reducing greenhouse gas emissions. Although not as prevalent, there were other ESG objectives as well, such as water management (water consumption target), waste reduction, biodiversity protection and increasing the number of women in leadership positions. Almost 60% of the region’s SLB issuances were high-yield, opening doors for companies that do not have an investment grade.

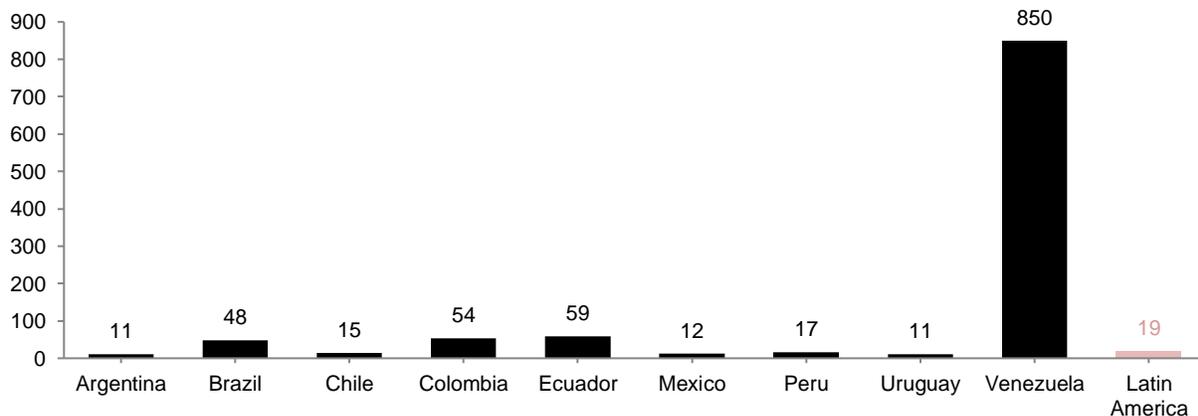
CHART 3:
LAC GSSS BOND ISSUANCE IN INTERNATIONAL MARKETS, JAN-SEP 2021
TYPES OF INSTRUMENTS
(Percentage)



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

Borrowing costs for LAC issuers increased by 19 basis points in the third quarter, as risk-off sentiment increased with a rise in 10-year U.S. Treasury yields since August and weakness in equity prices. Uncertainty caused by Evergrande, a highly-leveraged Chinese property developer, also impacted global markets and sentiment towards the region. Spreads widened for all countries in our sample (chart 4).

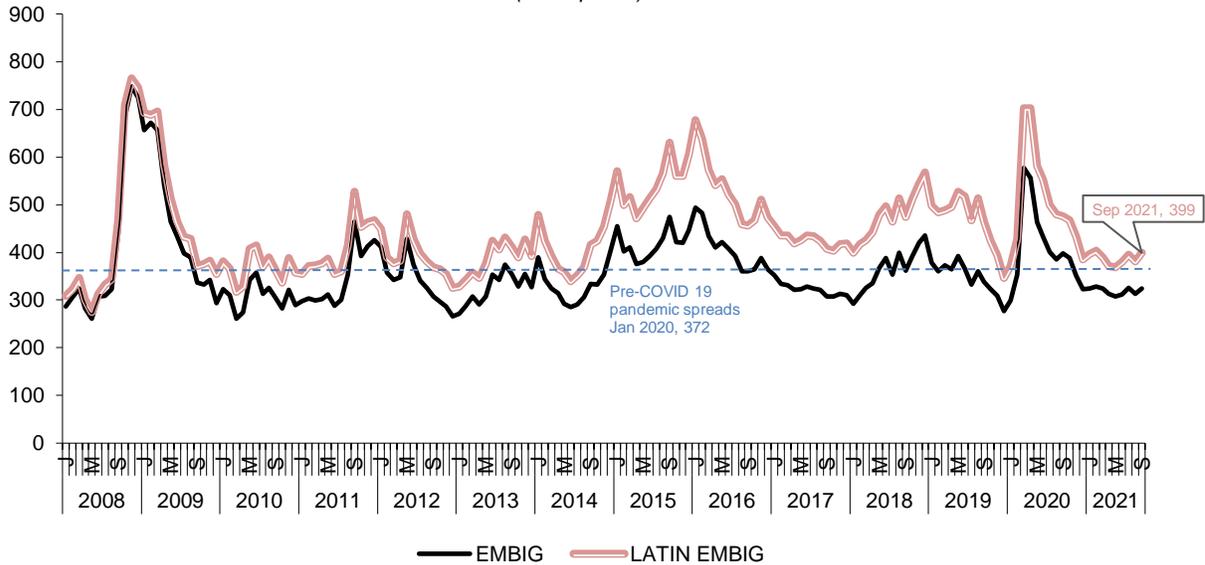
CHART 4:
EMBIG SPREAD DIFFERENTIALS: THIRD QUARTER 2021
(Basis points)



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

At 399 basis points, LAC bond spreads at the end of September, as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) Latin component, were 27 basis points higher than pre-pandemic levels (372 basis points at the end of January 2020) (chart 5). LAC bond spreads widened 13 basis points in the first nine months of the year.

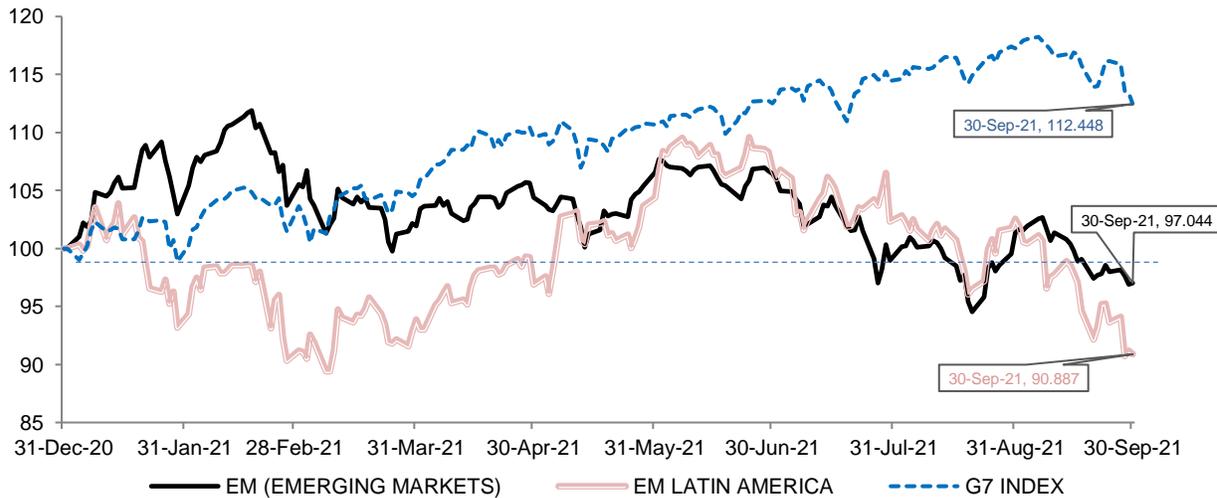
**CHART 5:
EMBIG AND LATIN AMERICAN DAILY SPREADS**
(Basis points)



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

Latin American equities lost ground since the beginning of the year (chart 6). The MSCI Latin American index was down 9% by the end of September – and about 24% below pre-pandemic levels – as the region continued to deal with the pandemic and its consequences, such as limited fiscal space, supply chain shortages, and broad-based price pressures, including food, energy and vehicle prices. The emerging market index was down by 3%, while the G7 index was up 12%.

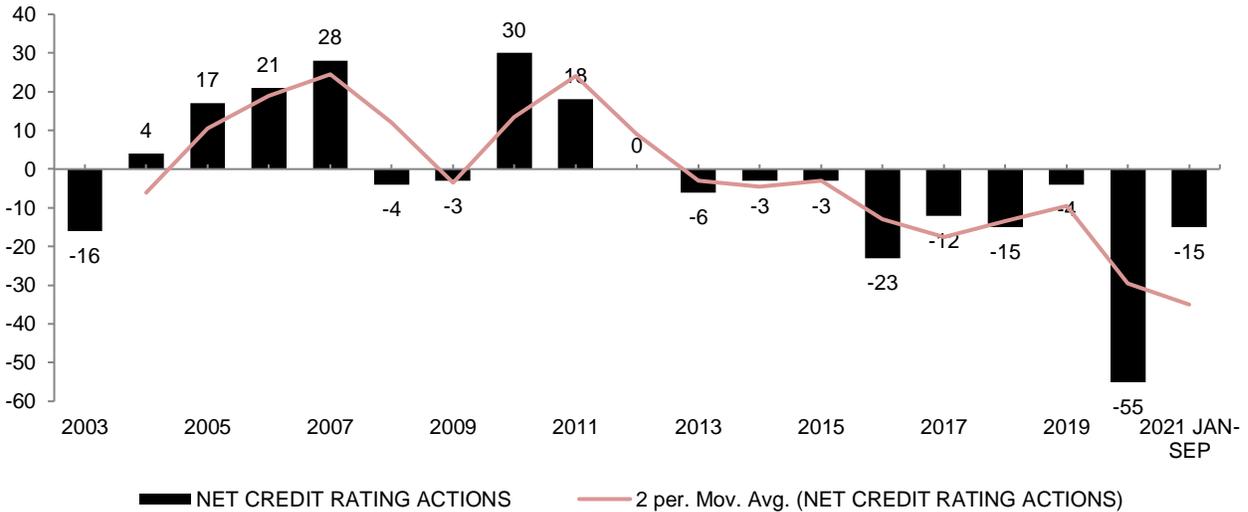
**CHART 6:
MSCI EQUITY PRICE INDEX: JAN-SEP 2021**



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

Credit quality in the region deteriorated in the first nine months of 2021. There were fifteen more negative credit rating actions than positive in the period, including eleven downgrades and no upgrades. Negative credit rating actions have outnumbered positive actions in the region for eight years in a row (nine if the balance remains negative at the end of 2021). The imbalance worsened significantly in 2020 (chart 7).

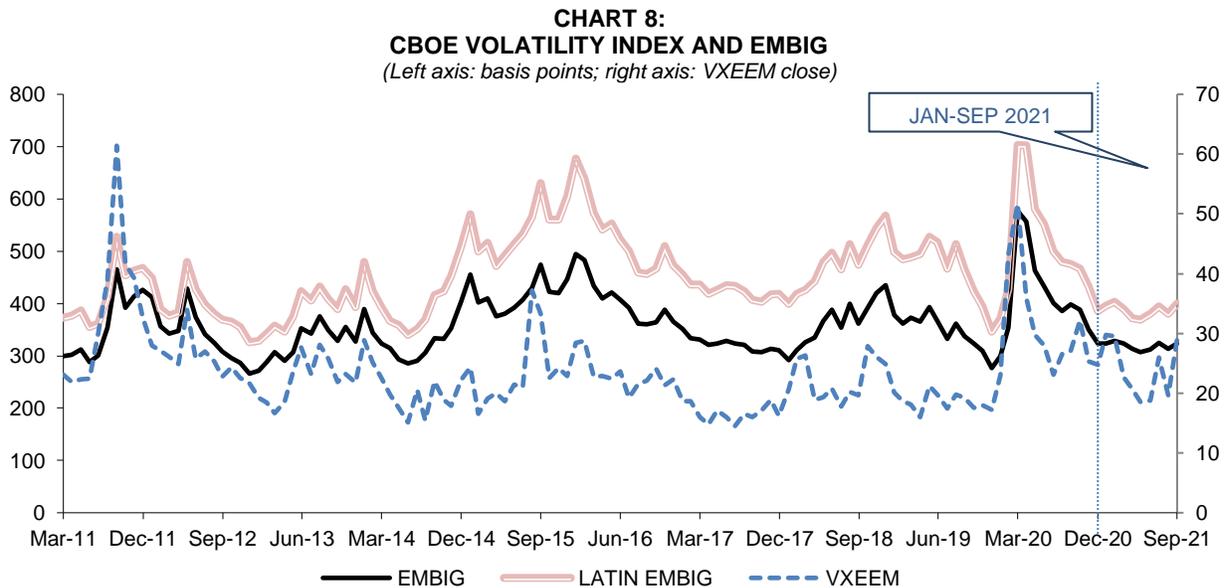
**CHART 7:
NET CREDIT RATING ACTIONS IN LAC**
(Number of Actions)



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

I. Bond markets and debt management

Bond spreads as measured by the JPMorgan Emerging Market Bond Index Global (EMBIG) widened only 1 basis point in the first nine months of 2021, while its Latin American component widened 13 basis points, closely following trends in asset volatility (chart 8).



Source: ECLAC Washington Office, based on data from JPMorgan and Chicago Board Options Exchange. VXEEM on secondary axis. Note: The VXEEM is the CBOE volatility index for emerging markets (conveyed by MSCI Emerging Markets Index fund option prices).

Credit quality deteriorated in the first nine months of 2021, although at a much slower pace than in the last year. There were seventeen negative actions, eleven of them downgrades (table 1). Eight countries were downgraded: the Bahamas, Belize, Chile, Colombia, Panama, Peru, El Salvador and Suriname, with agencies citing weakening fiscal positions and deterioration of public finances.

TABLE 1:
SOVEREIGN CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN, JAN-SEP 2021

| Date | Country | Action | |
|----------------|---|--|-----------------|
| 2021 | 2 positive and 17 negative actions | | |
| Q1 2021 | 1 positive and 6 negative actions | | |
| 3-Feb-21 | Panama | Fitch downgrades Panama's rating to BBB- from BBB with a negative outlook | <i>Negative</i> |
| 5-Feb-21 | El Salvador | Moody's revises the outlook on El Salvador's B3 rating to negative | <i>Negative</i> |
| 25-Feb-21 | Belize | S&P downgrades Belize to CC from CCC+ with a negative outlook | <i>Negative</i> |
| 26-Feb-21 | Ecuador | Moody's changes the outlook on Ecuador's Caa3 rating to stable from negative | <i>Positive</i> |
| 17-Mar-21 | Panama | Moody's downgrades Panama's ratings to Baa2 from Baa1 with a stable outlook | <i>Negative</i> |
| 23-Mar-21 | Bolivia | S&P revises the outlook on Bolivia's B+ rating to negative from stable | <i>Negative</i> |
| 24-Mar-21 | Chile | S&P downgrades Chile's rating to A from A+ with a stable outlook | <i>Negative</i> |
| Q2 2021 | 1 positive and 4 negative actions | | |
| 1-Apr-21 | Suriname | Fitch downgrades Suriname's rating to RD from C | <i>Negative</i> |
| 19-May-21 | Colombia | S&P downgrades Colombia's sovereign rating to BB+ from BBB with a stable outlook | <i>Negative</i> |
| 21-May-21 | Peru | Moody's revises the outlook on Peru's A3 rating to negative from stable | <i>Negative</i> |
| 24-May-21 | Belize | S&P downgrades Belize's rating to SD from CC | <i>Negative</i> |
| 11-Jun-21 | Nicaragua | Fitch revises the outlook on Nicaragua's B- rating to stable from negative | <i>Positive</i> |
| Q3 2021 | 0 positive and 7 negative actions | | |
| 1-Jul-21 | Colombia | Fitch downgrades Colombia's rating to BB+ from BBB- with a stable outlook | <i>Negative</i> |
| 27-Jul-21 | Trinidad and Tobago | S&P revises the outlook on T&T's BBB- rating to negative from stable | <i>Negative</i> |
| 30-Jul-21 | El Salvador | Moody's downgrades El Salvador's rating to Caa1 from B3 with a negative outlook | <i>Negative</i> |
| 4-Aug-21 | Panama | S&P revises the outlook on Panama's BBB rating to negative from stable | <i>Negative</i> |
| 1-Sep-21 | Peru | Moody's downgrades Peru's rating to Baa1 from A3 with a stable outlook | <i>Negative</i> |
| 17-Sep-21 | Bahamas | Moody's downgrades the Bahamas' rating to Ba3 from Ba2 with a negative outlook | <i>Negative</i> |
| 30-Sep-21 | Bolivia | Moody's revises the outlook on Bolivia's B2 rating to negative from stable | <i>Negative</i> |

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

Since our last report,² there have been six downgrades in the region and no upgrades. On 19 May, Standard and Poor's (S&P) downgraded Colombia's sovereign rating to BB+ from BBB with a stable outlook, citing the withdrawal of a fiscal reform following political opposition and protests. On 24 May, S&P downgraded Belize's rating to selective default (SD) from CC, after it failed to make a US\$ 6.5 million interest payment on its US\$ 527 million bond due in 2034.

On 1 July, Fitch downgraded Colombia's rating to BB+ from BBB- with a stable outlook, citing deterioration of the public finances and rising government debt levels. It was Colombia's second downgrade, leading to the loss of its investment grade. On 30 July, Moody's downgraded El Salvador's rating to Caa1 from B3 with a negative outlook, citing constrained market access and vulnerable fiscal position.

On 1 September, Moody's downgraded Peru's rating to Baa1 from A3 with a stable outlook, citing a polarized and fractured political environment. On 17 September, Moody's downgraded the Bahamas' rating to Ba3 from Ba2 with a negative outlook, citing significant erosion of economic and fiscal strength brought on by the coronavirus pandemic and its impact on tourism.

At the end of September, sixteen sovereigns were on negative outlook by one or more agencies (Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Panama, Peru, Suriname, Trinidad and Tobago, and Uruguay), and there were no positive outlooks. The outlooks show that the balance of risks continues to be towards more negative actions (appendix A, table 1).

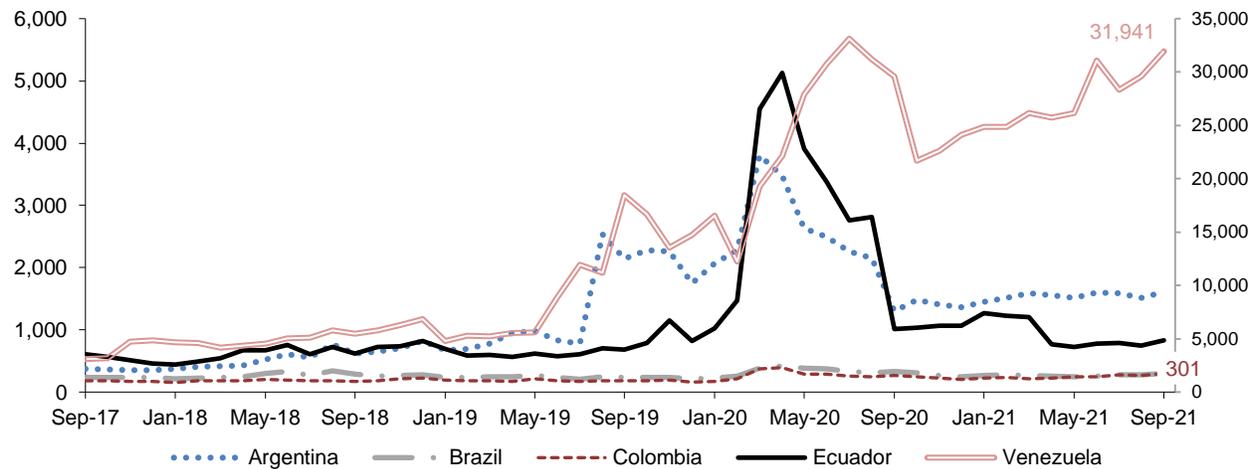
² For information on credit rating actions in the first four months of the year see Economic Commission for Latin America and the Caribbean (ECLAC), *Capital flows to Latin America and the Caribbean: first four months of 2021* (LC/WAS/TS.2021/5), Santiago, 2021, p.14. <https://www.cepal.org/en/publications/46963-capital-flows-latin-america-and-caribbean-first-four-months-2021>

A. Sovereign Spreads

The EMBIG widened 1 basis point from January to September 2021 – from 323 basis points at the end of December 2020 to 324 at the end of September 2021 – while its Latin American component widened 13 basis points, from 386 to 399 basis points.

Bond spreads widened the most for Venezuela and Argentina. Venezuela’s spreads widened 7,842 basis points in the first nine months of 2021 and Argentina’s 239 basis points. Among the non-investment grade countries, Venezuela had the highest spreads at the end of September 2021, while Colombia had the lowest (chart 9). At 31,941 basis points at the end of September 2021, Venezuela maintained the highest debt spreads of any country in the EMBIG. Spreads for Argentina, Ecuador, Brazil and Colombia were at 1,607, 835, 304 and 301 basis points, respectively.

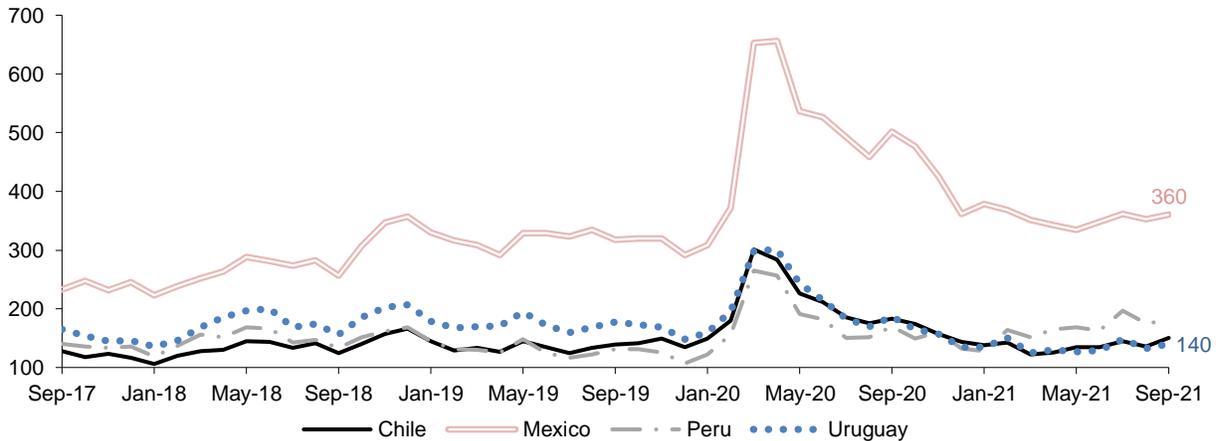
CHART 9:
EMBIG LATIN: NON-INVESTMENT GRADE ISSUERS
(Basis points)



Source: ECLAC Washington Office, based on data from JPMorgan. Note: Venezuela is on the secondary axis.

Among investment grade countries, Mexico had the highest spreads – 360 basis points – at the end of September. Spreads for Peru, Chile and Uruguay were at 180, 150, and 140 basis points, respectively (chart 10).

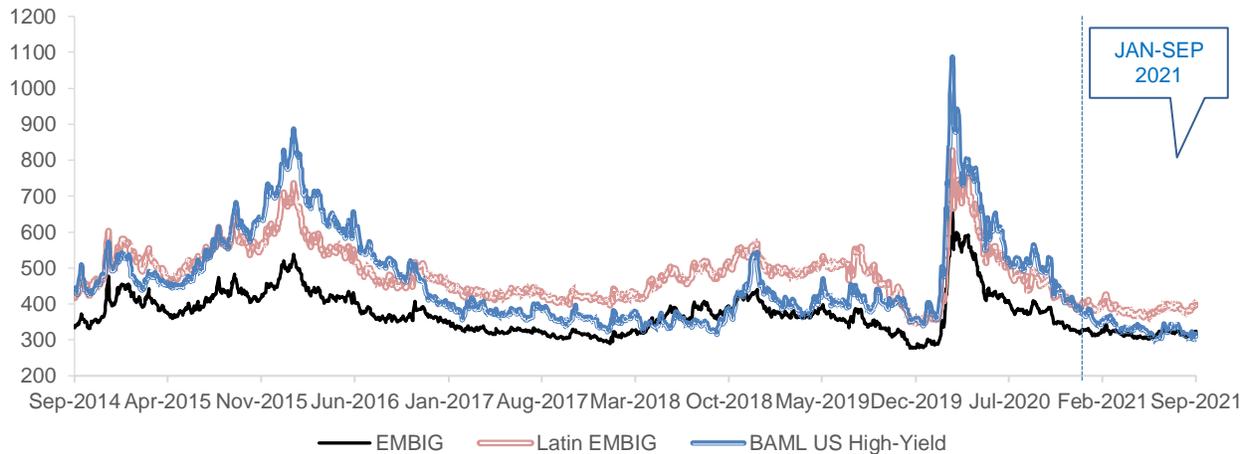
CHART 10:
EMBIG LATIN: INVESTMENT GRADE ISSUERS
(Basis points)



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

Historically, LAC sovereign and corporate credit spreads have tracked U.S. high-yield corporate credit spreads for the most part, but LAC sovereign spreads decoupled negatively from 2017 to 2019, when the region underperformed economic growth in other parts of the world. In 2020, the U.S. corporate credit spreads, as measured by the Bank of America/Merrill Lynch U.S. High Yield index, increased more than LAC spreads, as the United States high-yield corporate sector was sharply affected by the pandemic. Since March 2021, however, LAC sovereign spreads have once again decoupled negatively, as prospects for the U.S. economy have improved with vaccinations and strong fiscal support, while the LAC region faced limited vaccine supplies and constrained fiscal space for most of the period (chart 11).

CHART 11:
EMBIG AND EMBIG LATIN VS U.S. HIGH-YIELD SPREADS
(Basis points)

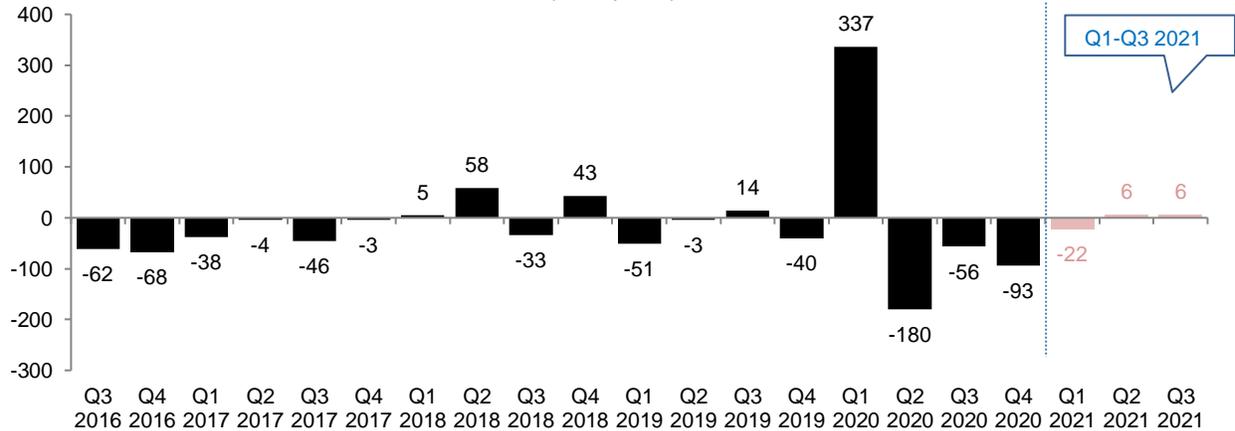


Source: ECLAC Washington Office, based on data from JPMorgan and from the Federal Reserve Bank of St. Louis (ICE BofAML US High Yield Master II Option-Adjusted Spread, Percent, daily. Not Seasonally Adjusted)

B. Corporate Spreads

LAC corporate bond spreads tightened 10 basis points from January to September 2021 according to the JPMorgan Latin CEMBI (Corporate Emerging Markets Bond Index). After tightening for four successive quarters, LAC corporate bond spreads widened 6 basis points in both the second and third quarters of 2021 (chart 12).

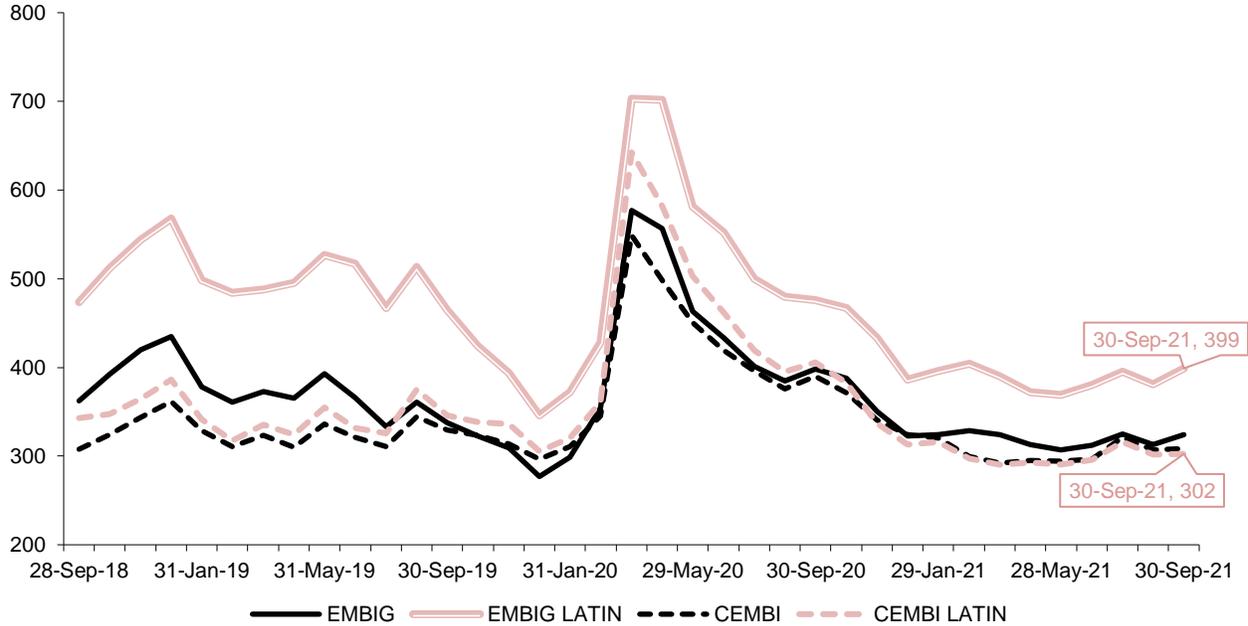
CHART 12:
CORPORATE EMBI SPREADS: LATIN COMPONENT
(Basis points)



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

At the end of September 2021, the Latin CEMBI was 97 basis points lower than its sovereign counterpart, the Latin EMBIG (chart 13).

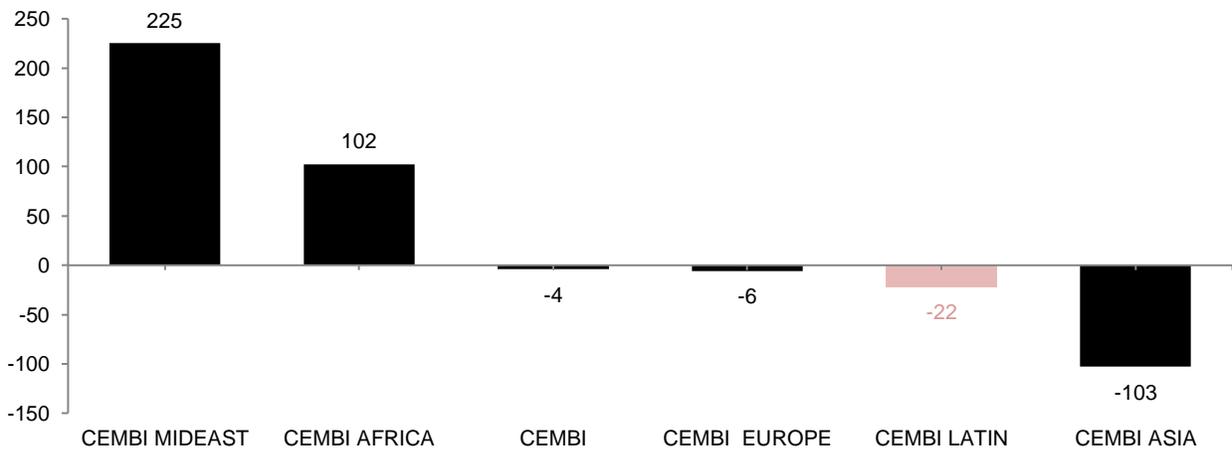
CHART 13:
JPMORGAN EMBIG SPREADS, CORPORATE AND SOVEREIGN
(Basis points)



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

On a regional basis, LAC corporate spreads tightened more than the spreads for other emerging market regions, with the exception of Asia (chart 14). Corporations from the region had low debt ratios and solid balance sheets before the onset of pandemic. After suffering the worst of the impact of the pandemic in the first quarter of 2020, LAC corporate spreads began tightening, as access to external financing remained open.

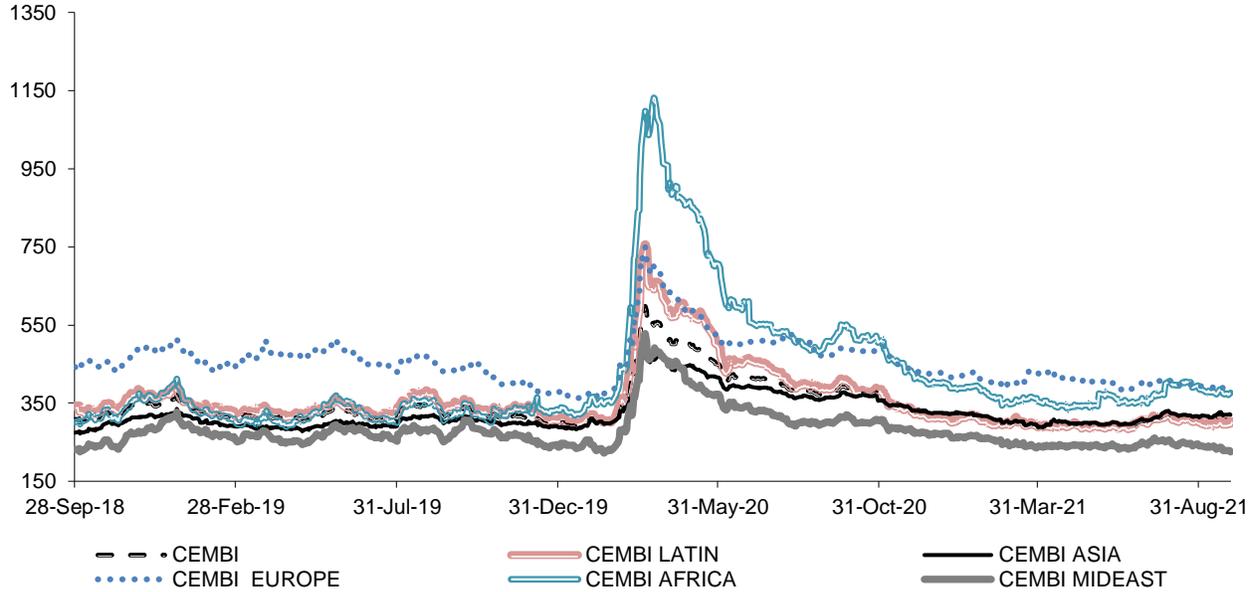
CHART 14:
CEMBI SPREAD DIFFERENTIALS BY REGION: 2020
(Basis points)



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

At 302 basis points at the end of September 2021, LAC corporate bond spreads were lower than the corporate spreads of most emerging market regions, except for the Middle East (chart 15).

CHART 15:
CEMBI SPREADS BY REGION
(Basis points)

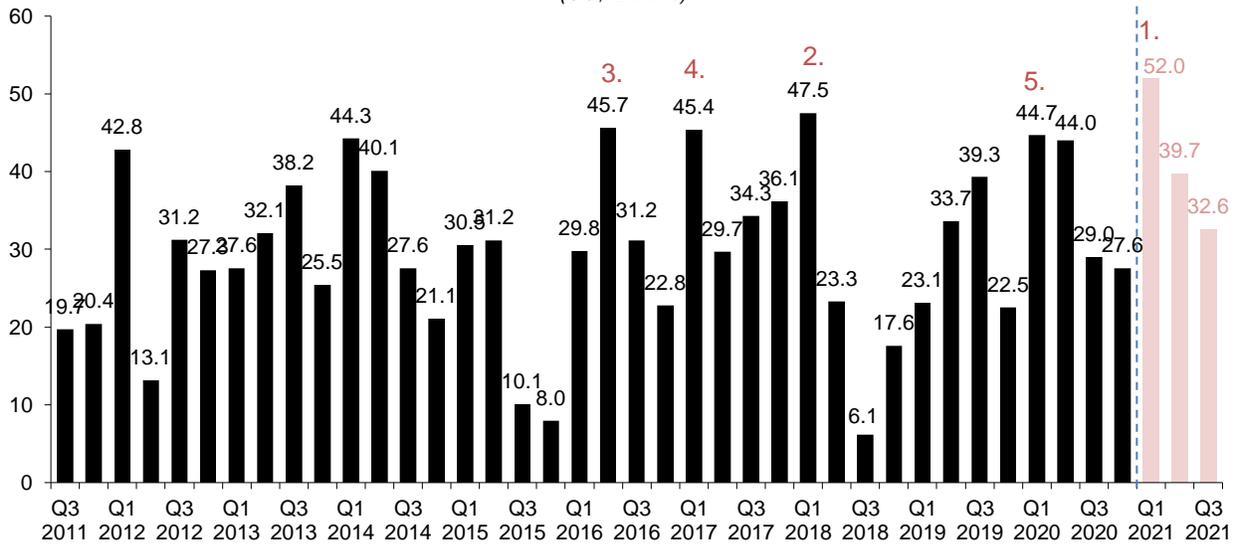


Source: ECLAC Washington Office, based on data from JPMorgan CEMBI.

C. New Debt Issuance

Total LAC bond issuance in international markets reached US\$ 124.4 billion in the first nine months of 2021. The amount issued in the third quarter, US\$ 32.6 billion, was the lowest quarterly amount of the year (chart 16).

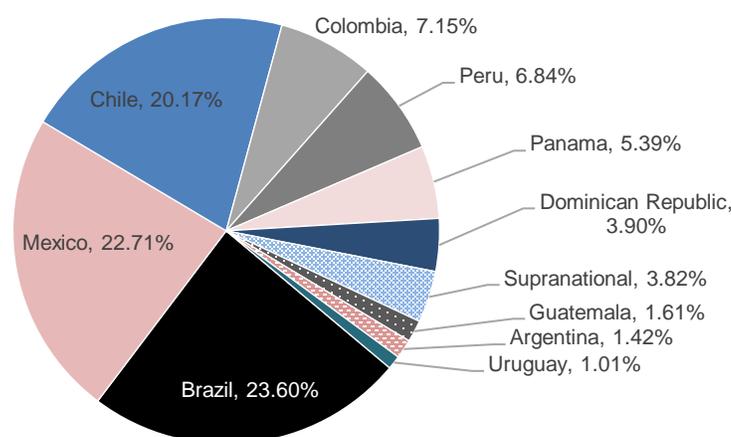
CHART 16:
QUARTERLY LAC BOND ISSUANCE IN INTERNATIONAL MARKETS
(US\$ Billions)



Source: ECLAC Washington Office, based on data from Dealogic, LatinFinance and Bloomberg. Note: 1-5: top 5 quarterly issuances.

Brazil had the largest share of bond issuances in the January-September period – sovereign and corporate combined – followed by Mexico and Chile. Brazil, Mexico and Chile issued (sovereign and corporate combined) US\$ 29.3 billion, US\$ 28.2 billion, and US\$ 25.1 billion, respectively. Issuances from the three countries accounted for 66.5% of the total LAC issuance (chart 17).

CHART 17:
LAC INTERNATIONAL BOND ISSUANCE, JAN-SEP 2021: COUNTRY BREAKDOWN
(Country shares in percentage)



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

Sovereigns, quasi-sovereigns and regional development banks accounted for half of the total amount issued in the first nine months of 2021. Investment-grade issuers – sovereign and corporate combined – dominated with a 58% share, while 42% of the total was issued by high-yield issuers. Issuance in the first nine months of the year was driven by the corporate sector (including corporations, banks, quasi-sovereign and supranational issuers), which accounted for 60% of the total.

1. Sovereign Issuance

Ten sovereigns – Brazil, Chile, Colombia, Dominican Republic, Guatemala, Mexico, Panama, Paraguay, Peru and Uruguay – tapped international debt markets in the January-September 2021 period (appendix C, tables 3 to 5). The top three sovereign issuers were Chile, Mexico, and Colombia. Together they represented 61% of the total annual sovereign issuance, and adding Peru, the fourth largest sovereign issuer, they represented 71% (table 2).

TABLE 2:
LAC INTERNATIONAL SOVEREIGN BOND ISSUANCE, JAN-SEP2021

| Sovereign Issuer | Total Issuance (US\$ Millions) | % of the total sovereign issuance | Number of Deals |
|--------------------|--------------------------------|-----------------------------------|-----------------|
| Chile | 15,644 | 31% | 14 |
| Mexico | 9,160 | 18% | 5 |
| Colombia | 5,840 | 12% | 4 |
| Peru | 4,996 | 10% | 4 |
| Dominican Republic | 4,553 | 9% | 4 |
| Panama | 4,450 | 9% | 4 |
| Brazil | 2,250 | 5% | 2 |
| Uruguay | 1,250 | 3% | 2 |
| Guatemala | 1,000 | 2% | 2 |
| Paraguay | 826 | 2% | 2 |
| Total | 49,968 | 100.00% | 43 |

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

Chile had the highest amount (US\$ 15.6 billion, 31% of the total sovereign debt issued) and the highest number of deals (14), which, with the exception of one, were all issuances of green, social and sustainability bonds. Since our last report, Chile came to cross-border markets nine times, eight of them to place social bonds.

In May, Chile reopened its 2031 2.450% bond originally issued in 2020 to fund part of its emergency relief efforts to fight the coronavirus pandemic, adding US\$ 300 million. Also in May, Chile sold US\$ 1.7 billion in 2041 3.100% social bonds, to fund eligible social expenditures under the Sustainable Bond Framework. In July, the sovereign issued US\$ 5.8 billion worth of social bonds in five deals in euros and U.S. dollars, for eligible social expenditures under the framework, including affordable housing, facilitation of employment, food security and sustainable food systems, socioeconomic advancement and empowerment. Among the five deals was a EUR 1 billion 2027 social bond with a 0.1% coupon, which was “the lowest coupon ever achieved by an issuer in Latin America” according to the Finance Ministry. The sovereign came back to international markets in September, placing US\$ 2.1 billion worth of social bonds in euros and U.S. dollars, with proceeds to be used to fund social projects for the elderly, people with special needs, low-income families and victims of human rights abuses, through job creation programs, access to affordable housing, education, food security and health care services.

Mexico had the second top sovereign issuance in the region, US\$ 9.2 billion (18% of the total sovereign debt issued), and number of deals (5). Since our last report, Mexico came to the international market once, to place a EUR 1.25 billion 2.250% 2036 Sustainable Development Goals (SDG)-compliant bond, the second under its sustainable bond framework. Proceeds will be used towards the implementation of SDG 3 - Good Health and Well-Being, SDG 4 - Quality Education, SDG 8 - Decent Work and Economic Growth, and SDG 9 - Industry, Innovation and Infrastructure. According to the Finance Ministry, the 2.25% coupon was “historically the lowest coupon in the euro market for this maturity.” It first issued SDG bonds in September 2020, placing EUR 750 million worth of 2027 bonds with a coupon of 1.35%.

Colombia had the third highest share in terms of amount (US\$ 5.8 billion, 12%). Colombia tapped the international bond market in the first four months of 2021 (in January and April), so there was no new issuance after our last report. Peru followed closely with the fourth highest share (US\$ 5 billion, 10%), tapping the international bond market in March, so there was no new issuance from Peru from April to September as well.³ Aside from Chile and Mexico, five other sovereigns from the region – Uruguay, Dominican Republic, Panama, Brazil and Guatemala, in chronological order – tapped the international bond market since the last report (appendix C, tables 4 and 5).

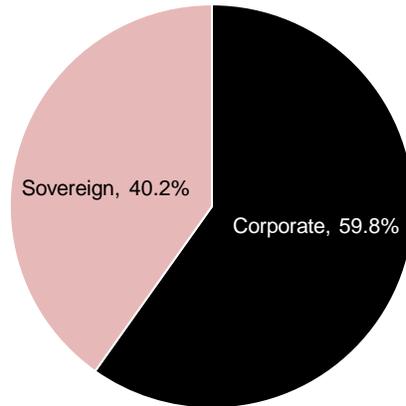
The weighted average tenor of Latin America and Caribbean sovereign issuances was up to 21 years in the first nine months of the year, from 19 years in the same period in 2020. Some sovereigns have issued longer maturity bonds, to lock in low interest rates for longer. Both Mexico and Chile issued 50-year bonds in January and September, respectively. Chile’s 50-year bond was a social bond. Chile also issued two 40-year social bonds in January and July. Colombia and Panama issued 40-year bonds in January (appendix C, tables 3 to 5).

2. Corporate Issuance

The corporate sector (including corporations, banks, quasi-sovereign and supranational issuers) accounted for 60% of total LAC issuance in the first nine months of 2021 (chart 18). Quasi-sovereign and supranational issuers accounted for 16% of total LAC corporate issuance in international markets from January to September 2021 (charts 19 and 20), a decline from the 38% share in 2020. One hundred and eight corporate issuers (including private banks and companies, as well as quasi-sovereign and supranational issuers) from the region sold US\$ 74 billion of cross-border bonds in the period.

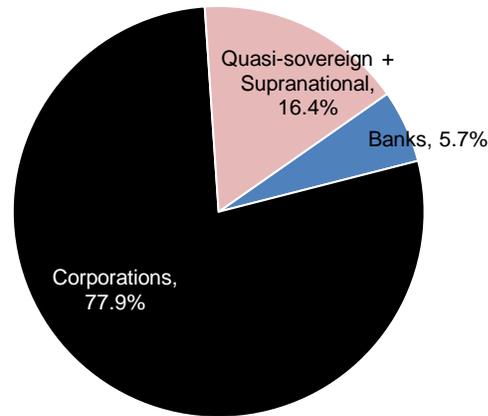
³ For information on sovereign issuance in the first four months of the year see Economic Commission for Latin America and the Caribbean (ECLAC), *Capital flows to Latin America and the Caribbean: first four months of 2021* (LC/WAS/TS.2021/5), Santiago, 2021, p.19. <https://www.cepal.org/en/publications/46963-capital-flows-latin-america-and-caribbean-first-four-months-2021>

CHART 18:
LAC INTERNATIONAL CORPORATE AND SOVEREIGN BOND ISSUANCE, JAN-SEP 2021
(Percentage)



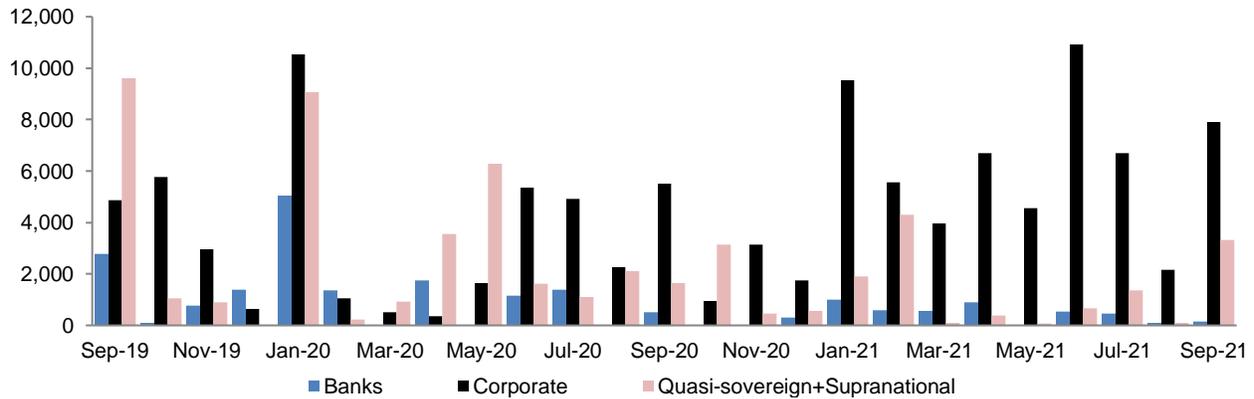
Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

CHART 19:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE, JAN-SEP 2021
(Percentage)



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

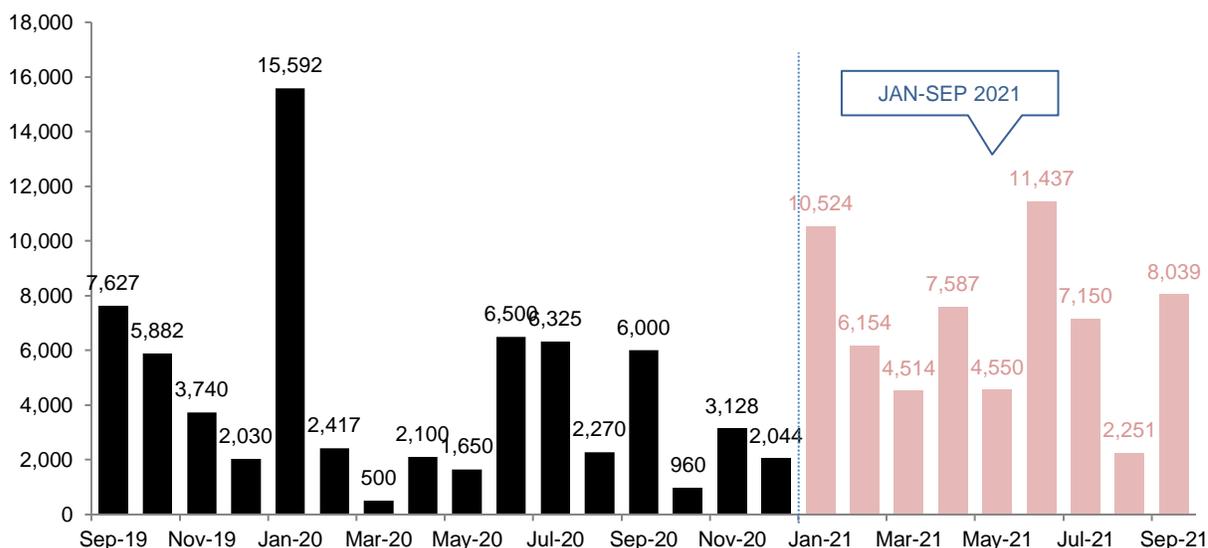
CHART 20:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY TYPE
(US\$ Millions)



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

Issuances from the private corporate sector from January to September 2021, not including quasi-sovereign and supranational issuers, reached US\$ 62 billion. The highest monthly activity of the year was in June (US\$ 11.4 billion), and the lowest in August (chart 21). There were seventeen debut issuances, seven of them in the month of June alone (table 3).

CHART 21:
LAC MONTHLY PRIVATE CORPORATE SECTOR BOND ISSUANCE IN INTERNATIONAL MARKETS
(US\$ Millions)



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

TABLE 3:
LAC CORPORATE CROSSBORDER DEBUT ISSUANCES, JAN-SEP 2021

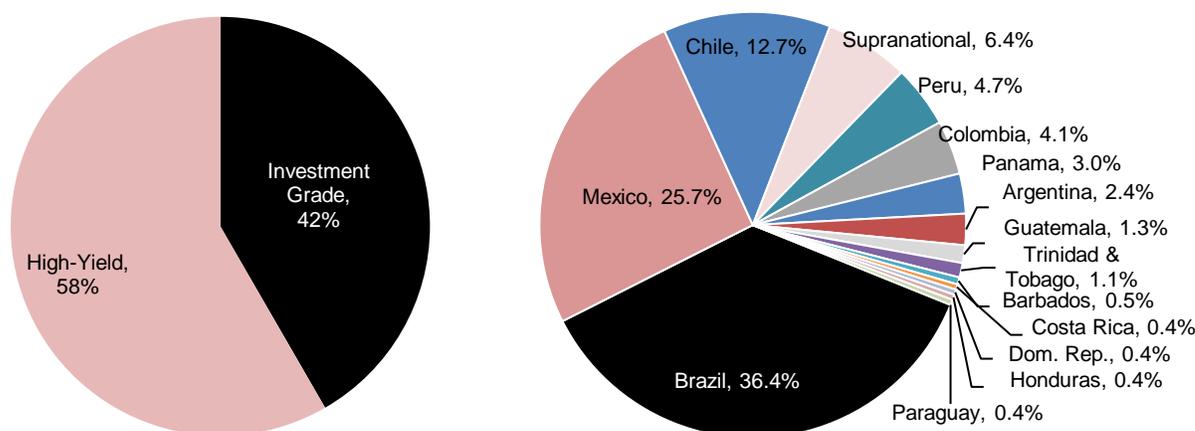
| Country | Issuer | Amount (million) | Amount US\$ (mm) | Coupon (%) | Maturity | Issue Date |
|---------------|---|------------------|------------------|------------|-------------|------------|
| Argentina | Mercado Libre Inc | USD 400 | 400 | 2.375% | 2026 (sust) | 7-Jan-21 |
| Argentina | Mercado Libre Inc | USD 700 | 700 | 3.125% | 2031 | 7-Jan-21 |
| Brazil | FS Bioenergia | USD 50 | 50 | 10.000% | 2025 (r)(g) | 11-Jan-21 |
| Mexico | Nueva Elektra del Milenio (NEM) ⁴ | USD 500 | 500 | 4.875% | 2028 | 12-Jan-21 |
| Brazil | Movida Participações SA | USD 500 | 500 | 5.250% | 2031 (sust) | 28-Jan-21 |
| Guatemala | CMI Energía - Investment Energy Resources Ltd | USD 700 | 700 | 6.250% | 2029 (g) | 15-Apr-21 |
| Supranational | ATP (Andean Telecom Partners) Tower | USD 375 | 375 | 4.050% | 2026 | 19-Apr-21 |
| Brazil | lochpe-Maxion | USD 400 | 400 | 5.000% | 2020 (sust) | 27-Apr-21 |
| Mexico | Corporacion Inmobiliaria Vesta SAB De CV | USD 350 | 350 | 3.625% | 2031 | 6-May-21 |
| Mexico | Grupo Axo SAPI de CV | USD 325 | 325 | 5.750% | 2026 (NC2) | 1-Jun-21 |
| Brazil | PetroRio | USD 600 | 600 | 6.125% | 2026 NC3 | 2-Jun-21 |
| Brazil | Stone Pagamentos SA | USD 500 | 500 | 3.950% | 2028 | 11-Jun-21 |
| Colombia | SierraCol Energy | USD 600 | 600 | 6.000% | 2028 | 15-Jun-21 |
| Brazil | XP Inc | USD 750 | 750 | 3.250% | 2026 | 24-Jun-21 |
| Mexico | Fideicomiso CIB/3332 - Fibra Soma | USD 600 | 600 | 4.375% | 2031 | 15-Jul-21 |
| Chile | ISA Interchile SA | USD 1200 | 1,200 | 4.500% | 2056 (g) | 19-Jul-21 |
| Brazil | FS Bioenergia | USD 80 | 80 | 10.000% | 2025 (r)(g) | 28-Aug-21 |
| Total | | | 8,630 | | | 17 |

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Note: (sust) sustainability, (r) retap, (g) green.

⁴ Mexico Remittances Funding Fiduciary Real Estate Management SARL.

Investment grade companies had a 42% share of total corporate issuance, while the share of corporate high-yield issuance was 58%. Brazilian companies accounted for 36% of total corporate issuance in the period, and together with Mexican and Chilean companies, they accounted for 75% of all corporate issuances in the region (chart 22).

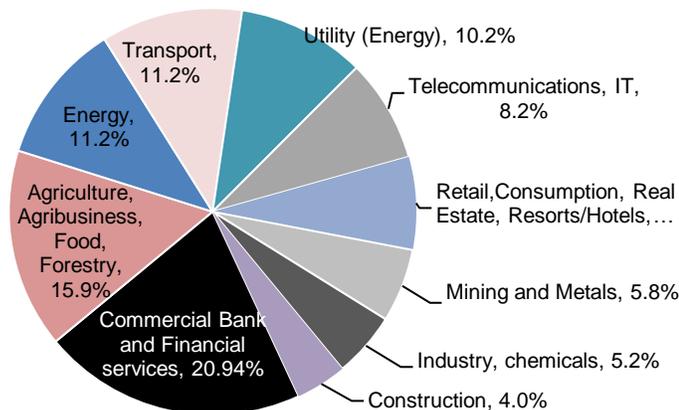
CHART 22:
BREAKDOWN OF LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY RATING AND COUNTRY
JAN-SEP 2021
(Percentage of total)



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

From a sectoral perspective, 20.9% of corporate debt issuance (including private corporations, banks, quasi-sovereign and supranational issuers) from January to September 2021 came from the financial sector, which includes commercial banks as well as financial services companies and finance development banks/multilateral agencies. The agricultural sector, including agribusiness, food and beverages, and forestry, followed with a 15.9% share of the total. The energy sector, including oil and gas, and power, and transportation, accounted for a share of 11.2% each (chart 23). However, together, the energy sector and energy utilities accounted for the largest share, 21.2%.

CHART 23:
LAC INTERNATIONAL CORPORATE BOND ISSUANCE BY SECTORS, JAN-SEP 2021
(Percentage of total)

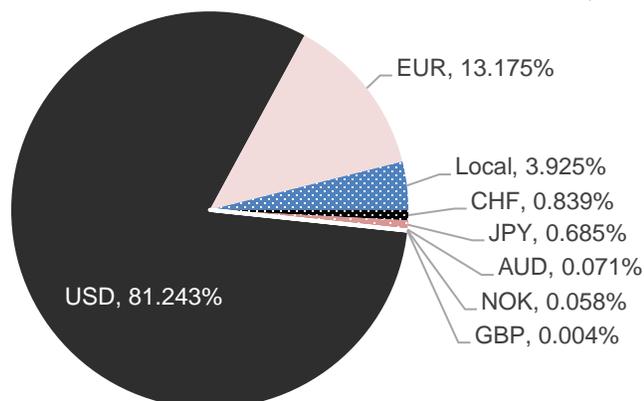


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.
Note: corporate issuance includes corporations, banks, quasi-sovereign and supranational entities.

3. Currency Composition

Most of the international debt issuance in the region in the first nine months of 2021 (81.2%) was denominated in U.S. dollars (chart 24). There was also issuance in euros (13.2%); local currencies (3.9%), which included Mexican, Uruguayan, Colombian and Dominican Republican pesos and Brazilian reais; Swiss francs (0.8%); Japanese yen (0.7%); Norwegian kroner (0.06%) and British pounds (0.004%).

CHART 24:
CURRENCY BREAKDOWN OF LAC INTERNATIONAL BOND ISSUANCES, JAN-SEP 2021

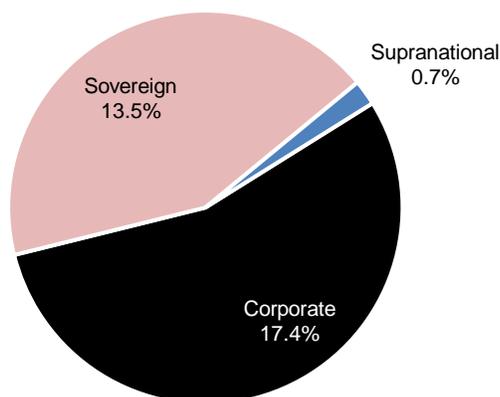


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

4. ESG Bond Issuance

Green, social, sustainability and sustainability-linked bond issuances (GSSS) from the region in international markets reached a record high in the first nine months of 2021. GSSS bonds are issued with the purpose of financing environmental, social and governance (ESG) projects and strategies. There were sixty-two international GSSS bond issuances from January to September 2021, totaling US\$ 39.22 billion and representing 31.5% of the total LAC international bond issuance in the period (table 4). This is the region's highest share of GSSS issuance on record. Corporate issuers led the GSSS bond volumes in the period with a share of 55% of the total GSSS LAC issuance. Sovereign and supranational issuers represented 43% and 2% of the total GSSS bond issuance, respectively. As a share of the total LAC issuance from January to September 2021, corporate GSSS bond issuances accounted for 17.4%, sovereign for 13.5%, and supranational for 0.7% (chart 25).

CHART 25:
LAC ESG INTERNATIONAL BOND ISSUANCE BY TYPE OF ISSUER: JAN-SEP 2021
(Share of the total bond issuance: 31.5%)



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

TABLE 4:
LAC ESG BOND ISSUANCE IN INTERNATIONAL MARKETS: JAN-SEP 2021

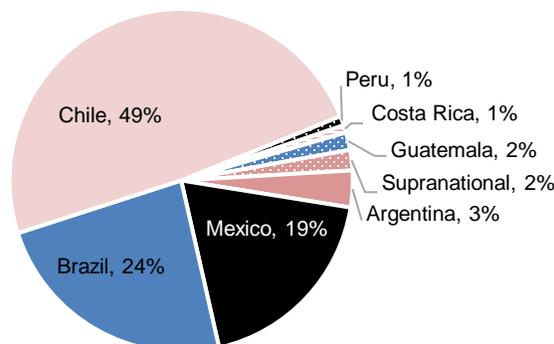
| Country | Issuer | Amount (million) | Amount in US\$ (million) | Coupon (%) | Maturity | Issue Date |
|---------------|---|------------------|--------------------------|------------|----------------|------------|
| Brazil | Banco BTG Pactual SA | USD 500 | 500 | 2.750% | 2026 (g) | 6-Jan-21 |
| Brazil | Klabn Austria GmbH | USD 500 | 500 | 3.200% | 2031 (SLB) | 6-Jan-21 |
| Argentina | Mercado Libre Inc | USD 400 | 400 | 2.375% | 2026 (sust) | 7-Jan-21 |
| Argentina | Mercado Libre Inc | USD 700 | 700 | 3.125% | 2031 (sust) | 7-Jan-21 |
| Brazil | FS Bioenergia | USD 50 | 50 | 10.000% | 2025 (r)(g) | 11-Jan-21 |
| Brazil | Itau Unibanco Holding SA | USD 500 | 500 | 3.875% | 2031 (sust) | 12-Jan-21 |
| Brazil | Simpar SA (parent company of logistics firm JSL) | USD 625 | 625 | 5.300% | 2031 (SLB) | 14-Jan-21 |
| Chile | Republic of Chile | USD 750 | 750 | 2.550% | 2032 (r)(g) | 19-Jan-21 |
| Chile | Republic of Chile | USD 1500 | 1,500 | 3.100% | 2061 (soc) | 19-Jan-21 |
| Chile | Republic of Chile | EUR 400 | 485 | 0.830% | 2031 (r)(g) | 20-Jan-21 |
| Chile | Republic of Chile | EUR 1250 | 1,514 | 1.250% | 2051 (soc) | 20-Jan-21 |
| Brazil | Amaggi Luxembourg International Sarl | USD 750 | 750 | 5.250% | 2028 (sust) | 21-Jan-21 |
| Brazil | Movida Participações SA | USD 500 | 500 | 5.250% | 2031 (sust) | 28-Jan-21 |
| Supranational | Central American Bank for Economic Integration (CABEL) | USD 500 | 500 | 1.140% | 2026 (soc) | 3-Feb-21 |
| Brazil | Simpar SA (parent company of logistics firm JSL) | BRL 450 | 84 | 10.750% | 2028 (SLB) | 9-Feb-21 |
| Chile | Banco de Credito e Inversiones - BCI | USD 54 | 54 | 2.365% | 2029 (g) | 10-Mar-21 |
| Brazil | Pilgrim's Pride Corp | USD 1000 | 1,000 | 4.250% | 2031 (SLB) | 25-Mar-21 |
| Chile | Empresas CMPC SA | USD 500 | 500 | 3.000% | 2031 (SLB) | 31-Mar-21 |
| Chile | Republic of Chile | USD 1500 | 1,500 | 3.500% | 2053 (sust) | 31-Mar-21 |
| Guatemala | CMI Energia - Investment Energy Resources Ltd | USD 700 | 700 | 6.250% | 2029 (g) | 15-Apr-21 |
| Mexico | FEMSA | EUR 700 | 842 | 0.500% | 2028 (SLB) | 22-Apr-21 |
| Mexico | FEMSA | EUR 500 | 601 | 1.000% | 2033 (SLB) | 22-Apr-21 |
| Mexico | Metalsa SA de CV | USD 300 | 300 | 3.750% | 2031 (SLB) | 22-Apr-21 |
| Brazil | Natura Cosméticos SA | USD 1000 | 1,000 | 4.125% | 2028 (SLB) | 26-Apr-21 |
| Brazil | lochpe-Maxion | USD 400 | 400 | 5.000% | 2020 (SLB) | 27-Apr-21 |
| Mexico | FIBRA Prologis | USD 100 | 100 | 3.190% | 2029 (g) | 29-Apr-21 |
| Mexico | FIBRA Prologis | USD 80 | 80 | 3.490% | 2031 (g) | 29-Apr-21 |
| Mexico | FIBRA Prologis | USD 80 | 80 | 3.640% | 2033 (g) | 29-Apr-21 |
| Mexico | FIBRA Prologis | USD 25 | 25 | 3.790% | 2036 (g) | 29-Apr-21 |
| Mexico | FIBRA Prologis | USD 15 | 15 | 4.000% | 2039 (g) | 29-Apr-21 |
| Chile | Republic of Chile | USD 1700 | 1,700 | 3.100% | 2041 (soc) | 4-May-21 |
| Mexico | Corporacion Inmobiliaria Vesta SAB De CV | USD 350 | 350 | 3.625% | 2031 (SLB) | 6-May-21 |
| Mexico | Orbia Advance Corp SAB de CV | USD 500 | 500 | 2.875% | 2031 (SLB) | 6-May-21 |
| Mexico | Orbia Advance Corp SAB de CV | USD 600 | 600 | 1.875% | 2026 (SLB) | 6-May-21 |
| Brazil | JBS Finance Luxembourg Sarl | USD 1000 | 1,000 | 3.625% | 2032 (SLB) | 8-Jun-21 |
| Chile | Inversiones Latin America Power Ltda | USD 404 | 404 | 5.125% | 2033 (g) | 9-Jun-21 |
| Mexico | Nemak SAB de CV | USD 500 | 500 | 3.625% | 2031 (SLB) | 23-Jun-21 |
| Brazil | Suzano Austria GmbH | USD 1000 | 1,000 | 3.125% | 2032 (SLB) | 28-Jun-21 |
| Mexico | United Mexican States | EUR 1250 | 1,483 | 2.250% | 2036 (sust) | 6-Jul-21 |
| Mexico | Nemak SAB de CV | EUR 500 | 592 | 2.250% | 2028 (SLB) | 7-Jul-21 |
| Chile | ISA Interchile SA | USD 1200 | 1,200 | 4.500% | 2056 (g) | 19-Jul-21 |
| Chile | Republic of Chile | EUR 1000 | 1,178 | 0.100% | 2027 (soc) | 22-Jul-21 |
| Chile | Republic of Chile | EUR 750 | 884 | 1.300% | 2036 (soc) | 22-Jul-21 |
| Chile | Republic of Chile | USD 2250 | 2,250 | 2.550% | 2033 (soc) | 22-Jul-21 |
| Chile | Republic of Chile | USD 1000 | 1,000 | 3.100% | 2041 (soc) | 22-Jul-21 |
| Chile | Republic of Chile | USD 500 | 500 | 3.100% | 2061 (soc) | 22-Jul-21 |
| Peru | San Miguel Industrias Pet SA | USD 380 | 380 | 3.500% | 2028 NC3 (SLB) | 26-Jul-21 |
| Mexico | Banco Nacional de Comercio Exterior SNC - Bancomext | USD 500 | 500 | 2.720% | 2031 (sust) | 29-Jul-21 |
| Brazil | FS Bioenergia (FS Agrisolutions Industria de Biocombustiveis) | USD 80 | 80 | 10.000% | 2025 (r)(g) | 28-Aug-21 |
| Supranational | CAF Development Bank of Latin America | AUD 65 | 47 | 2.160% | 2031 (soc) | 31-Aug-21 |
| Supranational | CAF Development Bank of Latin America | USD 50 | 50 | 1.920% | 2031 (soc) | 31-Aug-21 |
| Argentina | Genneia S.A. | USD 366 | 366 | 8.750% | 2027 (g) | 2-Sep-21 |
| Brazil | Movida Participacoes SA | USD 300 | 300 | 5.250% | 2031 (r)(SLB) | 8-Sep-21 |
| Brazil | Suzano Austria GmbH | USD 500 | 500 | 2.500% | 2028 (SLB) | 8-Sep-21 |
| Chile | Empresa Nacional de Telecomunicaciones (ENTEL) | USD 800 | 800 | 3.050% | 2032 (SLB) | 9-Sep-21 |
| Chile | Sociedad Quimica y Minera de Chile SA - SQM | USD 700 | 700 | 3.500% | 2051 (g) | 13-Sep-21 |
| Chile | Republic of Chile | EUR 918 | 1,083 | 0.555% | 2029 (soc) | 14-Sep-21 |
| Chile | Republic of Chile | USD 1000 | 1,000 | 3.250% | 2071 (soc) | 14-Sep-21 |
| Brazil | B3 (Operator of São Paulo Stock Exchange) | USD 700 | 700 | 4.125% | 2031 (SLB) | 15-Sep-21 |
| Supranational | Central American Bank for Economic Integration (CABEL) | CHF 200 | 217 | 0.170% | 2031 (soc) | 15-Sep-21 |
| Brazil | Rumo | USD 500 | 500 | 4.200% | 2031 (SLB) | 15-Sep-21 |
| Costa Rica | Instituto Costarricense de Electricidad (ICE) | USD 300 | 300 | 6.750% | 2031 (SLB) | 30-Sep-21 |
| | | TOTAL | 39,219 | | | |

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

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

The region's GSSS bond issuances since our last report included four new green bonds and one reopening (US\$ 2.75 billion), eleven social bonds (US\$ 9.8 billion), eight from Chile, two from CAF Development Bank of Latin America and one from CABEI Central American Bank for Economic Integration, two sustainability bonds (US\$ 1.98 billion), including Mexico's EUR 1.25 billion 2036 SDG-compliant bond, and fourteen sustainability-linked bonds (US\$ 8 billion), one of them a reopening. Issuances have come from seven countries and two supranational entities (chart 26).

CHART 26:
LAC ESG INTERNATIONAL BOND ISSUANCE BY COUNTRY: JAN-SEP 2021
(Percentage)

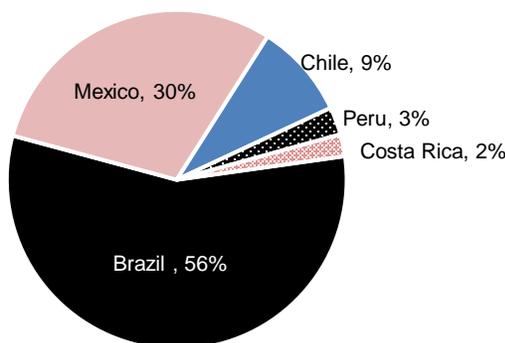


Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance.

Chile had the highest share of ESG bond issuance in the first nine months of 2021, with most of it (81%) coming from the sovereign sector. Chile was the first sovereign issuer in Latin America to sell green bonds in 2019 and it has since issued US\$ 23.7 billion in ESG bonds in international bond markets, including US\$ 14.7 billion in social bonds, US\$ 5.1 billion in green bonds and US\$ 1.5 in sustainability bonds. Brazil and Mexico had the second and third largest shares in the January-September 2021 period. All Brazil ESG bond issuances originated from the corporate sector, 81% of which consisted of sustainability-linked bonds (SLBs). There was one sovereign issuance from Mexico, the SDG compliant bond issued in July. 77% of Mexico's total ESG issuance was originated in the corporate sector, with 84% of Mexico's corporate ESG issuances consisting of SLBs.

There was a surge in SLB issuances from the region in the first nine months of 2021, all from the corporate sector. They accounted for 37% of the region's total GSSS issuance, becoming the most frequently used ESG instrument. SLB issuances have come from five countries so far, with Brazilian companies accounting for more than half of the total, followed by Mexican companies with a 30% share (chart 27).

CHART 27:
LAC SLB INTERNATIONAL ISSUANCE BY COUNTRY: JAN-SEP 2021
(Percentage)



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

Within the spectrum of ESG bonds, bonds with a gender focus have also been issued in the region. In 2016, Banco del Estado de Chile (BancoEstado) issued the region’s first-ever social bond in the international bond market with a women entrepreneur focus, with proceeds directed to BancoEstado’s *Crece Mujer Emprendedora* program. In 2020, CAF Development bank of Latin America issued three social bonds in the international market. The target populations for the eligible expenditures included women among other underserved populations affected by COVID-19. In September 2021, B3, operator of the stock exchange of São Paulo, Brazil, issued a ten-year US\$ 700 million SLB tied to efforts to hire more women. B3 could increase the coupon by up to 0.25% per year if it does not meet the agreed targets, according to its securities filing (table 5).

**TABLE 5:
LAC ESG BOND ISSUANCE IN INTERNATIONAL MARKETS: GENDER FOCUS**

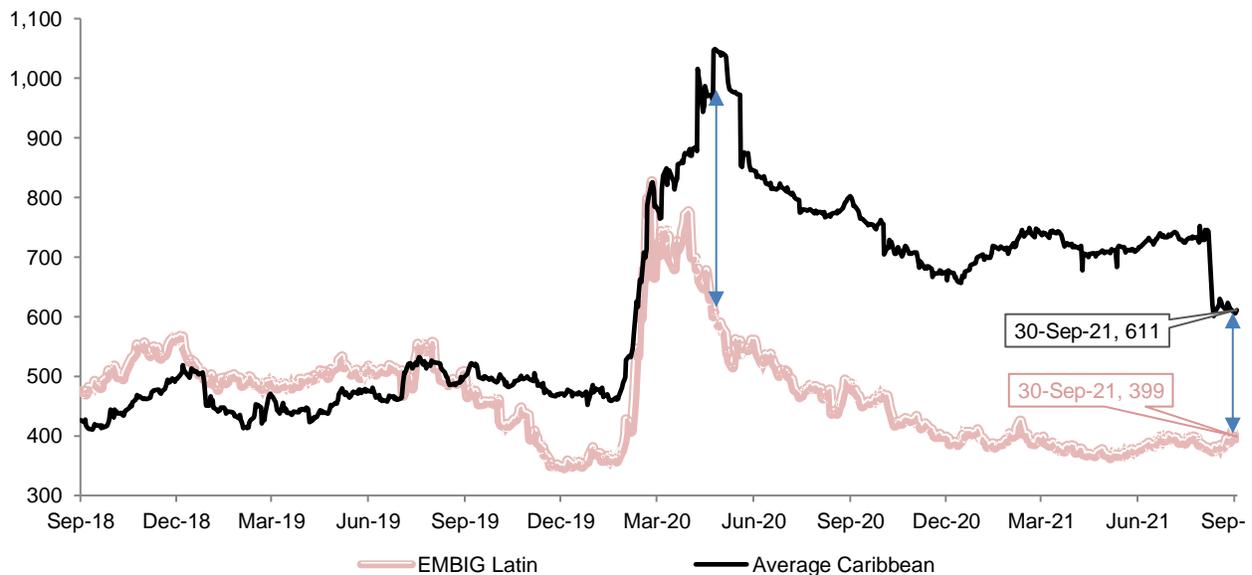
| Country | Issuer | Amount (million) | Amount in US\$ (million) | Coupon (%) | Maturity | Issue Date |
|---------------|---|------------------|--------------------------|------------|---------------|------------|
| Chile | Banco del Estado de Chile (BancoEstado) | JPY 10000 | 94 | 0.480% | 2026 (soc) | 10-Jun-16 |
| Chile | Banco del Estado de Chile (BancoEstado) | JPY 15000 | 147 | 0.480% | 2026 (r)(soc) | 10-Aug-16 |
| Chile | Banco del Estado de Chile (BancoEstado) | AUD 110 | 81 | 4.180% | 2027 (soc) | 9-May-17 |
| Supranational | CAF Development Bank of Latin America | JPY 3000 | 28 | 1.025% | 2040 (soc) | 19-May-20 |
| Supranational | CAF Development Bank of Latin America | JPY 3200 | 30 | 0.700% | 2023 (soc) | 4-Jun-20 |
| Supranational | CAF Development Bank of Latin America | JPY 20000 | 188 | 0.727% | 2025 (soc) | 19-Aug-20 |
| Brazil | B3 (Operator of São Paulo Stock Exchange) | USD 700 | 700 | 4.125% | 2031 (SLB) | 15-Sep-21 |
| | | TOTAL | 1,268 | | | |

Source: ECLAC Washington Office, based on data from Dealogic and LatinFinance. Notes: (soc)=social bond; (SLB)=sustainability-linked bond.

II. Bond markets and credit management in the Caribbean⁵

The Caribbean region was hit hard by the COVID-19 pandemic. As a result, at the end of September 2021, Caribbean spreads were 212 basis points higher than the EMBIG Latin component, although the gap has fallen from a peak of 465 basis points on 1 June 2020 (chart 28). The resumption in vital travel and tourism activity has been slower than anticipated, which has impacted growth forecasts for the subregion.

CHART 28:
EMBIG SPREADS, CARIBBEAN VERSUS LAC
(Basis points)

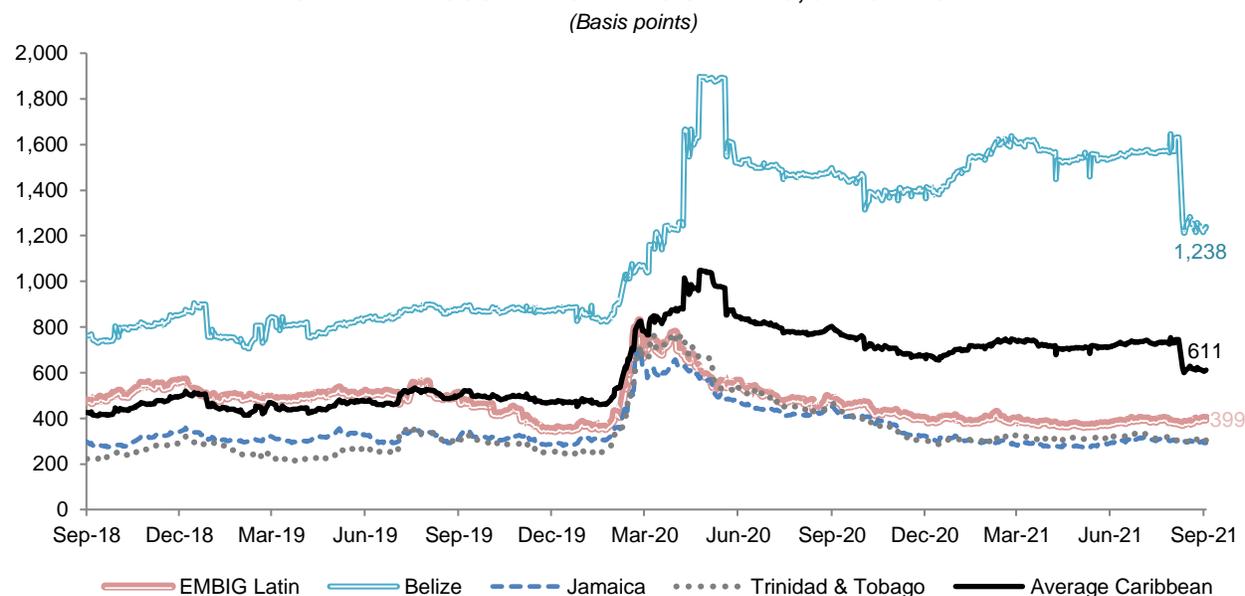


Source: ECLAC Washington Office, based on data from JPMorgan. The Caribbean average includes Belize, Jamaica, and Trinidad and Tobago.

⁵ 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.

Caribbean average spreads tightened 63 basis points in the first nine months of 2021 to 611 basis points at the end of September (chart 29). The tightening was due to a decrease in Belize’s spreads, which narrowed 168 basis points in the period to 1,238 basis points at the end of September 2021 from 1,405 basis points at the end of December 2020. Trinidad and Tobago’s spreads widened only 3 basis points to 303 basis points, and Jamaica’s spreads tightened 24 basis points to 293 basis points. Suriname’s spreads, which are not included in the average Caribbean index,⁶ widened 114 basis points. At 1,974 basis points at the end of September, Suriname’s spreads remain high.⁷

CHART 29:
CARIBBEAN COUNTRIES: EMBIG SPREADS, JAN-SEP 2021



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

Most of the spread tightening took place in September, as bondholders with 84.4% of Belize’s 4.938% 2034 bond, Belize’s only international bond, agreed to a deal to restructure US\$ 550 million of the dollar-denominated debt, tendering their notes in a buyback announced in the beginning of the month.

On 5 November, the Government of Belize announced the settlement of the offer to purchase its U.S. dollar bond due 2034, redeeming all notes that had not yet been tendered. As a result, the government says Belize has reduced the principal amount of its external indebtedness by approximately US\$ 250 million (representing approximately 12% of Belize’s gross domestic product), significantly improving the sustainability of its financial position. This operation was financed with funding provided by a subsidiary of The Nature Conservancy (TNC) as part of TNC’s Blue Bonds for Ocean Conservation program, which uses private capital to refinance public debt of participating countries in order to support durable marine conservation efforts and sustainable marine-based economic activity.⁸ The Belize Barrier Reef is the second largest coral reef system in the world and one of the top tourist destinations in the country.

⁶ The Caribbean average is based on daily data available for Belize, Jamaica and Trinidad and Tobago. No daily data is available for Suriname, which was added to the EMBIG index following its cross-border debut in October 2016 with the issuance of a US\$ 550 million 2026 sovereign bond with a 6.25% coupon.

⁷ On 1 April, Fitch downgraded Suriname’s rating to RD (restricted default) from C, saying the downgrade reflected the non-payment of rescheduled external debt service (US\$ 49.8 million) on Suriname’s 2023 and 2026 notes due 31 March, which marked an event of default under Fitch’s criteria. On a positive note, on 29 April 2021, a staff-level agreement was reached with the International Monetary Fund on a US\$ 690 million three-year program requested by the Government of Suriname under the Extended Fund Facility.

⁸ PR Newswire, News provided by The Government of Belize, “Belize Announces Successful Settlement of Cash Tender Offer and Redemption of All of Its U.S. Dollar Bonds due 2034” 5 November 2021 <https://www.prnewswire.com/news-releases/belize-announces-successful-settlement-of-cash-tender-offer-and-redemption-of-all-of-its-us-dollar-bonds-due-2034-301417916.html>

The financial transaction between the Government of Belize and TNC is insured by the United States International Development Finance Corporation (DFC) and is backed by the proceeds of a blue bond, a type of ESG instrument, arranged by Credit Suisse, a bank. The payback is due over 19 years with a coupon that begins below that of the 2034 bond being restructured, but rising above it over time.⁹ The transaction will enable the country to not only reduce its debt burden but also generate an estimated US\$ 180 million for marine conservation, in support of its commitment to protect 30% of its ocean by 2026, strengthen governance frameworks for domestic and high sea fisheries, and establish a regulatory framework for coastal blue carbon projects. This innovative project is part of a groundbreaking global plan to fund ocean conservation while providing fiscal and economic benefits for coastal nations.¹⁰

Credit Rating Actions

The behavior of Caribbean spreads reflected developments in sovereign credit quality. There were four downgrades in the Caribbean in the January-September 2021 period (table 6).

**TABLE 6:
SOVEREIGN CREDIT RATING ACTIONS IN THE CARIBBEAN, JAN-SEP 2021**

| Date | Country | Action | |
|---------------------|--|--|-----------------|
| JAN-APR 2021 | 0 positive and 5 negative actions | | |
| Q1 2021 | 0 positive and 1 negative action | | |
| 25-Feb-21 | Belize | S&P downgrades Belize to CC from CCC+ with a negative outlook | <i>Negative</i> |
| Q2 2021 | 0 positive and 2 negative actions | | |
| 1-Apr-20 | Suriname | Fitch downgrades Suriname's rating to RD from C | <i>Negative</i> |
| 24-May-21 | Belize | S&P downgrades Belize's rating to SD from CC | <i>Negative</i> |
| Q3 2021 | 0 positive and 2 negative actions | | |
| 27-Jul-21 | T&T | S&P revises the outlook on T&T's BBB- rating to negative from stable | <i>Negative</i> |
| 17-Sep-21 | Bahamas | Moody's downgrades the Bahamas to Ba3 from Ba2 with a negative outlook | <i>Negative</i> |

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

There were three credit rating actions in the region since our last report.¹¹ In May, S&P downgraded Belize's rating to SD from CC, after it failed to make a US\$ 6.5 million interest payment on its US\$ 527 million bond due in 2034. In July, S&P revised the outlook on Trinidad and Tobago's BBB- rating to negative from stable, citing risk that modest GDP growth prospects may prevent it from recovering the economic resilience lost in recent years, as measured by GDP per capita. In September, Moody's downgraded the Bahamas' rating to Ba3 from Ba2 with a negative outlook, citing significant erosion of economic and fiscal strength brought on by the COVID-19 pandemic.

Debt issuance

In May 2021, Barbados' Sagicor Financial issued US\$ 400 million in 2028 bonds with a 5.300% coupon to repurchase the US\$ 318 million outstanding of the 8.875% 2022 bonds that it issued in August 2015. In September, Trinidad and Tobago's Consolidated Energy Finance issued US\$ 816 million in two 2028 bonds, one in euros (EUR 250 million) and another in U.S. dollars (US\$ 525 million), with 5.000% and 5.635% coupons, respectively (appendix C, tables 4 and 5).

⁹ The Economist, "Reef Relief: Belize shows the growing potential of debt-for-nature swaps," 13 November 2021.

¹⁰ The Nature Conservancy, "The Government of Belize partners with The Nature Conservancy to Conserve 30% of its Ocean Through Debt Conversion" 5 November 2021 <https://www.nature.org/en-us/newsroom/blue-bonds-belize-convert-thirty-percent-of-ocean-through-debt-conversion/>

¹¹ For information on Caribbean credit rating developments in the first four months of the year see Economic Commission for Latin America and the Caribbean (ECLAC), *Capital flows to Latin America and the Caribbean: first four months of 2021* (LC/WAS/TS.2021/5), Santiago, 2021, p.30 and 31. <https://www.cepal.org/en/publications/46963-capital-flows-latin-america-and-caribbean-first-four-months-2021>

III. Portfolio equity flows

According to the MSCI Latin American Index, Latin American stocks lost 9% in the first nine months of 2021, while the broader emerging market index was down 3% in dollar terms in the same period. The MSCI G7 index gained 12%. Latin American equities underperformed as the region continued to deal with the pandemic and its consequences, such as limited fiscal space, supply chain shortages, and broad based price pressures, including food, energy and vehicle prices.

In particular, Latin American equities had a difficult third quarter this year, with the MSCI Latin American index showing a loss of 15%, which offset the 14% gain of the second quarter (table 7). Both domestic factors (rising fiscal, inflationary and political risks) and events abroad have had an impact on Latin American equities. Uncertainty over China's Evergrande Group's debt negotiations also had a negative effect on global markets in the third quarter.

The third-quarter fall in equity prices was driven by a steep drop in Brazilian equities (-22%) and the U.S. dollar strengthening against local currencies. Growing concerns about fiscal risks and interest rate hikes in Brazil have led local residents to sell equities, which has sent the Bovespa Index (Ibovespa) down by more than 20% from early June. This sharp decline, according to Bloomberg, has started drawing foreign buyers – investors from abroad invested BRL 12.4 billion into Brazilian stocks in October – as valuations approach their lowest levels in a decade.¹²

Peru had the second largest loss in the third quarter (-12%), followed by Chile (-8%). Argentinian stocks had the region's best performance in the third quarter (gaining 22%), followed by Colombia (9.5%) and Mexico (1%). For the January to September 2021 period, Peru had the highest cumulative losses (-29%) and Argentina the largest cumulative gains (21.5%) (table 7, chart 30).

As the end of the year approaches, many risks are still clouding equity markets in the region, particularly the path of the pandemic. The continued spread of COVID-19 variants despite increased vaccination rates is a threat that persists. In addition, important local elections that will shape the new policies of several countries in the region will take place in 2022.

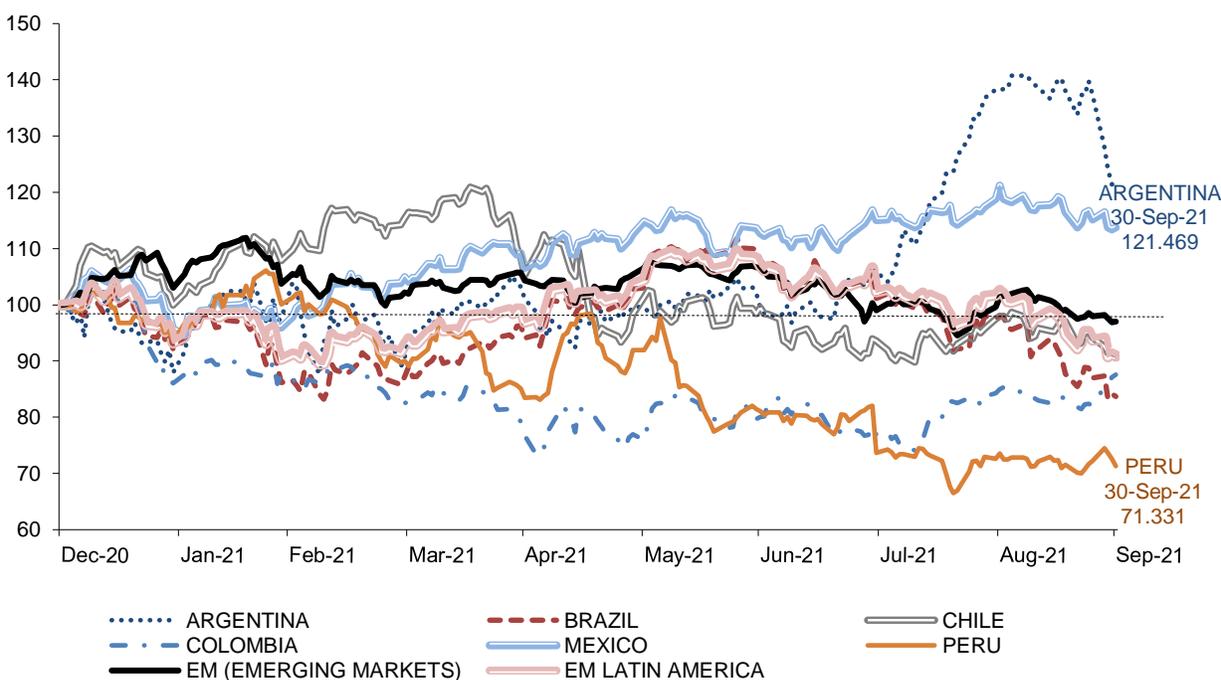
¹² IMF Global Markets Monitor, 5 November 2021, p.5
<https://www.imfconnect.org/content/dam/imf/News%20and%20Generic%20Content/GMM/archive/GMM%20Nov%205.%202021.pdf>

**TABLE 7:
MSCI EQUITY INDICES, JAN-SEP 2021**

| | Price Index in USD | | | | Variation | | | |
|-------------------------|--------------------|-------------|-------------|-------------|-----------|---------|---------|----------|
| | 31 Dec 2020 | 31 Mar 2021 | 30 Jun 2021 | 30 Sep 2021 | Q1 2021 | Q2 2021 | Q3 2021 | 2021 YTD |
| <i>Emerging markets</i> | 1,291.26 | 1,316.43 | 1,374.64 | 1,253.10 | 1.95% | 4.42% | -8.84% | -2.96% |
| <i>Latin America</i> | 2,451.76 | 2,302.17 | 2,620.49 | 2,228.33 | -6.10% | 13.83% | -14.96% | -9.11% |
| <i>Argentina</i> | 1,784.94 | 1,678.50 | 1,775.67 | 2,168.16 | -5.96% | 5.79% | 22.10% | 21.47% |
| <i>Brazil</i> | 1,876.38 | 1,668.82 | 2,025.43 | 1,570.84 | -11.06% | 21.37% | -22.44% | -16.28% |
| <i>Chile</i> | 1,192.32 | 1,388.67 | 1,185.54 | 1,088.30 | 16.47% | -14.63% | -8.20% | -8.72% |
| <i>Colombia</i> | 533.254 | 441.03 | 426.57 | 466.88 | -17.30% | -3.28% | 9.45% | -12.45% |
| <i>Mexico</i> | 4,569.98 | 4,754.11 | 5,150.25 | 5,195.97 | 4.03% | 8.33% | 0.89% | 13.70% |
| <i>Peru</i> | 1,520.01 | 1,355.29 | 1,232.30 | 1,084.24 | -10.84% | -9.08% | -12.01% | -28.67% |

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

**CHART 30:
MSCI EQUITY PRICE INDEX, JAN-SEP 2021**



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

IV. Prospects

Latin American and Caribbean (LAC) markets are proving more resilient than expected despite the many challenges the region has faced since the onset of the COVID-19 pandemic. In particular, access to international bond markets has remained strong, with regional international bond issuance reaching a milestone in the first half of 2021, registering the highest half-yearly issuance on record. Issuance in the third quarter was also strong, and preliminary data for October point to a healthy monthly issuance of US\$ 13.5 billion. The region's international bond issuance in 2021 is on pace to breaking an all-time annual record.

However, there are many challenges ahead. The pandemic has battered LAC economies and worsened the region's long-standing structural problems such as poverty and inequality, low investment and productivity, labor informality and unemployment. Governments have issued more debt under emergency circumstances. The current debt level and lack of fiscal space, if unaddressed, may pose challenges to the future development of the region.

The United States Federal Reserve has announced it will start tapering its asset purchases in November. External conditions next year may not be as favorable as they have been this year, which may weigh on future bond issuances. Domestic financial conditions in the region have already tightened on the back of higher interest rates in response to rising inflationary pressures and growing fiscal risks. Tighter financial conditions domestically and abroad will likely increase downside risks to the region's economic recovery.

Green, social, sustainability and sustainability-linked bonds may present a unique opportunity to help Latin America and the Caribbean in this more adverse scenario, contributing to foster a sustainable and green recovery. Interest in this rapidly growing market has increased dramatically since last year, offering opportunities for both sovereign and corporate issuers from the region.

Chile was the first sovereign issuer in Latin America to sell green bonds in the international bond market in 2019.¹³ In 2021, Chile issued over US\$ 15 billion in green, social and sustainability sovereign bonds. The sovereign accounted for 94% (US\$ 13 billion) of the total amount of cross-border social bonds from the region from January to September 2021.

¹³ "Ministry of Finance publishes its Sustainable Bond Framework" <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/sustainable-bonds>

In July, Mexico issued a sovereign Sustainable Development Goals (SDG)-compliant 15-year bond in euros. This was Mexico's second debt deal under its sustainable bond framework (the first was in September 2020).¹⁴ Peru adopted a sustainable framework in July¹⁵ and issued US\$ 1 billion in 50-year sovereign sustainability bonds at the end of October. Proceeds will be used to fund green projects and social programs, including renewable energy, healthcare and education. Colombia also adopted a sustainable framework in July¹⁶ and issued its first sovereign green bond (COP 750 billion in 10-year notes with a 7% coupon) in the local market in late September, adding COP 650 billion to it in October.

In August, Uruguay announced plans to sell climate bonds before end-year. It will be a sovereign sustainability-linked bond (SLB), linked to the country's compliance with indicators for the reduction of greenhouse gases.¹⁷ In October, Brazil announced it has started to prepare its first sovereign green bonds as part of a US\$ 2.5 billion sustainable development program, the “green growth program”, to be presented at the 2021 United Nations Climate Conference in November (COP26).¹⁸

In September, Belize offered a debt for nature swap as part of the restructuring of its 2034 international bond, receiving US\$ 364 million in funding arranged by The Nature Conservancy and backed by the proceeds of a blue bond. Belize has agreed to protect at least 30% of its marine areas in exchange for the funding.

There have also been initiatives in the region to provide sustainable frameworks and incentives to the corporate sector. The Brazilian Ministry of Agriculture announced in early October the launch of a new class of green bonds, the *CPR Verde* (the green Rural Product Note), which can be sold to corporate buyers by rural agricultural producers in exchange for financial incentives to reserve land for preservation. The market for the new green notes is estimated to be worth BRL 30 billion in four years, according to the press release, and the initiative is part of an effort to protect forestland.¹⁹

The stock exchanges in the region have also been active in creating sustainable frameworks. The Bolsa de Valores of Lima (BVL), Peru, published Green Bond Guidelines in 2018. In 2019, the Comisión Nacional de Valores (CNV) of Argentina issued Green, Social and Sustainable Bond Guidelines. The Bolsa de Valores of Panamá (BVP) released Green, Social and Sustainable Bond Guidelines in the same year. In 2020, the Comisión Nacional de Valores (CNV) of Paraguay issued Resolution No. 9/20, which modifies the legislation seeking to establish an SDG Bond Framework to finance projects that have positive environmental and social impact. B3, operator of the stock exchange of São Paulo, Brazil, issued a ten-year US\$ 700 million sustainability-linked bond (SLB) in September 2021, tied to efforts to hire more women.

SLB issuances from Latin American companies surged to US\$ 14 billion in the first nine months of 2021, with SLBs becoming the region's most frequently used ESG instrument in the period. By complementing green, social, and sustainability bonds, they have opened the doors to a more diverse group of issuers and sectors, enabling more issuers to tap the sustainable financing market and scale up decarbonization, while serving a broader range of investors. SLBs can contribute to further develop the key role that debt markets can play in funding and encouraging companies that contribute to sustainability.

¹⁴ Gobierno de México, Secretaría de Hacienda y Crédito Público, “SDG Sovereign Bond Framework”,

https://www.finanzaspublicas.hacienda.gob.mx/work/models/Finanzas_Publicas/docs/ori/Espanol/SDG/UMS-SDG_Sustainable_Bond_Framework.pdf

¹⁵ Ministerio de Economía y Finanzas de Perú, “Peru Sustainable Bond Framework” https://www.mef.gob.pe/contenidos/archivos-descarga/Peru_Sustainable_Bond_Framework.pdf

¹⁶ Ministry of Finance and Public Credit of Colombia, “Colombia Sovereign Green Bond Framework”, https://www.irc.gov.co/webcenter/ShowProperty?nodeId=%2FConexionContent%2FWCC_CLUSTER-170719

¹⁷ “The “Why” for a sovereign SLB, Cut carbon emission, pay less – or else the opposite: Uruguay’s finance minister,” *LatinFinance*, 2021/Q3-Q4.

¹⁸ “BRAZIL: Federal government launches Green Growth National Program”, *Trench Rossi Watanabe*, 29 October 2021, <https://www.trenchrossi.com/en/legal-alerts/brazil-federal-government-launches-green-growth-national-program/>

¹⁹ Traditionally, the Rural Product Note (“CPR”) is a credit instrument by which the issuer undertakes the delivery of certain rural products, following the conditions established in this instrument. For detailed information, see Demarest ESG and Sustainable Business Report “How does the Green CPR work as an economic incentive for environmental preservation?” 8 October 2021 <https://www.demarest.com.br/en/ess-and-sustainable-business-report-how-does-the-green-cpr-work-as-an-economic-incentive-for-environmental-preservation/> and Ministry of Agriculture, Brazil, “*CPR Verde: título irá recompensar o produtor pela preservação ambiental*” 1 October 2021 <https://www.gov.br/agricultura/pt-br/assuntos/noticias/cpr-verde-titulo-ira-recompensar-o-produtor-pela-preservacao-ambiental>.

Appendix

A. Credit Rating

**TABLE 1:
CREDIT RATINGS IN LATIN AMERICA AND THE CARIBBEAN, JAN-SEP 2021**

| | Moody's | | S&P | | Fitch | | Recent Moody's Action | | Recent S&P Action | | Recent Fitch Action | |
|-------------|---------|--------------|--------|------|--------|------|--------------------------------|-----------|---|-----------|---|-----------|
| | Rating | View | Rating | View | Rating | View | Action | Date | Action | Date | Action | Date |
| Argentina | Ca | | CCC+ | | CCC | | O/L changed to stable from (-) | 28-Sep-20 | Upgrade, O/L stable | 7-Sep-20 | Affirmed | 9-Mar-21 |
| Bahamas | Ba3 | (-) | BB | (-) | | | Downgrade, O/L (-) | 17-Sep-21 | Downgrade, O/L (-) | 12-Nov-20 | | |
| Barbados | Caa1 | | B- | | NR | | Upgrade, O/L stable | 2-Jul-19 | Upgrade, O/L stable | 11-Dec-19 | | |
| Belize | Caa3 | | SD | | NR | | Downgrade, O/L stable | 24-Nov-20 | Downgrade | 24-May-21 | | |
| Bolivia | B2 | (-) | B+ | (-) | B | | O/L changed to (-) from stable | 30-Sep-21 | O/L changed to (-) from stable | 22-Mar-21 | Downgrade, O/L stable | 30-Sep-20 |
| Brazil | Ba2 | | BB- | | BB- | (-) | O/L changed to stable from (-) | 9-Apr-18 | O/L changed to stable from (+) | 6-Apr-20 | O/L changed to (-) | 5-May-20 |
| Chile | A1 | (-) | A | | A- | | O/L changed to (-) from stable | 25-Aug-20 | Downgrade, O/L stable | 24-Mar-21 | Affirmed, O/L stable | 24-Mar-21 |
| Colombia | Baa2 | (-) | BB+ | | BB+ | | O/L changed to (-) from stable | 3-Dec-20 | Downgrade, O/L stable | 26-Mar-20 | Downgrade, O/L stable | 1-Jul-21 |
| Costa Rica* | B2 | (-) | B | | B | (-) | O/L changed to (-) | 2-Jun-20 | Downgrade, O/L (-) | 19-May-21 | Affirmed, O/L (-) | 16-Mar-21 |
| Cuba | Caa2 | | NR | | NR | | Affirmed, O/L stable | 13-Sep-19 | | | | |
| Dom. Rep. | Ba3 | | BB- | (-) | BB- | (-) | Affirmed, O/L stable | 26-Mar-21 | O/L changed to (-) | 16-Apr-20 | Affirmed, O/L (-) | 5-Mar-21 |
| Ecuador | Caa3 | Not on Watch | B- | | B- | | Rating withdrawn | 12-Jul-21 | Upgrade, O/L stable | 1-Sep-20 | Upgrade | 3-Sep-20 |
| El Salvador | Caa1 | (-) | B- | | B- | (-) | Downgrade, O/L (-) | 30-Jul-21 | Affirmed, O/L stable | 21-Apr-20 | Affirmed, O/L (-) | 27-Apr-21 |
| Guatemala | Ba1 | (-) | BB- | | BB- | | O/L changed to (-) from stable | 10-Nov-20 | Affirmed, O/L stable (removed from CreditWatch (-)) | 26-Nov-20 | Affirmed, O/L stable (removed from CreditWatch (-)) | 1-Dec-20 |
| Honduras | B1 | | BB- | | NR | | Affirmed, O/L stable | 12-Jun-19 | Affirmed, O/L stable | 25-Jul-19 | | |
| Jamaica | B2 | | B+ | (-) | B+ | | Upgrade, O/L stable | 11-Dec-19 | O/L changed to (-) | 16-Apr-20 | Affirmed, O/L stable | 18-Mar-21 |
| Mexico | Baa1 | (-) | BBB | (-) | BBB- | | Affirmed, O/L (-) | 29-Apr-21 | Downgrade, O/L (-) | 26-Mar-20 | Downgrade, O/L stable | 15-Apr-20 |
| Nicaragua | B3 | | B- | | B- | | Downgrade, O/L stable | 15-Feb-20 | O/L changed to stable from (-) | 8-Nov-19 | O/L changed to stable from (-) | 11-Jun-21 |
| Panama | Baa2 | | BBB | (-) | BBB- | (-) | Downgrade, O/L stable | 17-Mar-21 | O/L changed to (-) | 4-Aug-21 | Downgrade, O/L (-) | 3-Feb-21 |
| Paraguay | Ba1 | | BB | | BB+ | | Affirmed, O/L stable | 21-Jun-18 | Affirmed, O/L stable | 12-Jun-19 | Affirmed, O/L stable | 2-Dec-20 |
| Peru | Baa1 | | BBB+ | | BBB+ | (-) | Downgrade, O/L stable | 1-Sep-21 | Affirmed, O/L stable | 19-Feb-19 | O/L changed to (-) | 15-Dec-20 |
| St Vincent | B3 | | | | | | Affirmed, O/L stable | 30-Apr-18 | | | | |
| Suriname | Caa3 | (-) | CCC | | RD | | Downgrade, O/L (-) | 7-Jul-20 | Upgrade, O/L stable | 16-Sep-20 | Downgrade to RD | 1-Apr-21 |
| T & T | Ba1 | (-) | BBB- | (-) | NR | | O/L changed to (-) | 22-May-20 | O/L changed to (-) | 27-Jul-21 | | |
| Uruguay* | Baa2 | | BBB | | BBB- | (-) | Affirmed, O/L stable | 6-Aug-19 | Affirmed, O/L stable | 7-May-19 | Affirmed, O/L (-) | 27-Jun-19 |
| Venezuela | C | | SD | NM | RD | | Downgrade, O/L stable | 9-Mar-18 | Affirmed | 22-Feb-19 | Affirmed and withdrawn | 27-Jun-19 |

Source: ECLAC Washington Office based on data from Moody's, Standard & Poor's, and Fitch. Changes for 2021 YTD are in pink.

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

BOX 1: CREDIT RATING ACTIONS IN LATIN AMERICA AND THE CARIBBEAN – JAN-SEP 2021

There have been 2 positive and 17 negative actions in Latin America and the Caribbean in 2021 YTD (as of September 30).

Positive Actions: 2 (Bold)*February*

- **Ecuador (February 26): Moody's changes the outlook on Ecuador's Caa3 rating to stable from negative**, citing the country's restructured external market debt position and its latest financing agreement with the International Monetary Fund (IMF).

March

- Argentina (March 09): Fitch affirms Argentina's rating at CCC (*no change*).
- Jamaica (March 18): Fitch affirms Jamaica's rating at B+ with a stable outlook (*no change*).
- Chile (March 24): Fitch affirms Chile's rating at A- with a stable outlook (*no change*).
- Dominican Republic (March 26): Moody's affirms the Dominican Republic's Ba3 rating with a stable outlook (*no change*).

May

- Mexico (May 17): Fitch affirms Mexico's rating at BBB- with a stable outlook (*no change*).

June

- **Nicaragua (June 11): Fitch revises the outlook on Nicaragua's B- rating to stable from negative**, citing greater than expected fiscal resilience, early signs of economic recovery from a lengthy period of economic contraction, and pandemic-related multilateral disbursements that have eased near-term financing constraints.

July

- Ecuador (July 12): Moody's withdraws Ecuador's Caa3 rating for business reasons.
- Barbados (July 14): Moody's affirms Barbados' Caa1 rating with a stable outlook (*no change*).
- Honduras (July 21): Moody's affirms Honduras' B1 rating with a stable outlook (*no change*).

August

- Uruguay (August 10): Moody's affirms Uruguay's Baa2 rating with a stable outlook (*no change*).
- Ecuador (August 31): Fitch affirms Ecuador's B- rating with a stable outlook (*no change*).

September

- Bolivia (September 24): Fitch affirms Bolivia's B rating with a stable outlook (*no change*).

Negative Actions: 17 (Bold)*February*

- **Panama (February 3): Fitch downgrades Panama's rating to BBB- from BBB with a negative outlook**, citing severe weakening of public finances due to the economic disruption caused by the coronavirus pandemic, which has exacerbated underlying weakening fiscal trends predating 2020.
- **El Salvador (February 5): Moody's revises the outlook on El Salvador's B3 rating to negative**, concluding the review for downgrade. The negative outlook captures the credit risks associated with implementation risks of the authorities' fiscal adjustment efforts.
- **Belize (February 25): S&P downgrades Belize to CC from CCC+ with a negative outlook**, on expected debt restructuring or missed coupon payment, saying it is increasingly unlikely that Belize will make the payment on its 2034 bonds on May 20.

March

- Dominican Republic (March 5): Fitch affirms Dominican Republic's BB- rating and maintains a negative outlook (*no change*).
- Costa Rica (March 16): Fitch Ratings affirms Costa Rica's rating at B with a negative outlook (*no change*).
- **Panama (March 17): Moody's downgrades Panama's ratings to Baa2 from Baa1 with a stable outlook**, citing the economic impact of the coronavirus pandemic, reflected on the deterioration of Panama's fiscal strength.

- **Bolivia (March 22): S&P revises the outlook on Bolivia’s B+ rating to negative from stable**, on increasing debt and external vulnerabilities.
- **Chile (March 24): S&P downgrades Chile’s rating to A from A+ with a stable outlook**, citing weaker fiscal flexibility.

April

- **Suriname (April 01): Fitch downgrades Suriname's rating to RD from C**, saying the downgrade reflects the non-payment (of US\$ 49.8 million) of rescheduled external debt service on Suriname's 2023 and 2026 notes due March 31. This marks an event of default under Fitch's criteria.
- El Salvador (April 27): Fitch affirms El Salvador's rating at B- with a negative outlook (*no change*).
- Mexico (April 29): Moody's affirms Mexico's Baa1 rating with a negative outlook (*no change*).

May

- **Colombia (May 19): S&P downgrades Colombia’s sovereign rating to BB+ from BBB with a stable outlook**, citing the withdrawal of a fiscal reform following political opposition and protests, which has resulted “in a significantly lower likelihood of Colombia improving its fiscal position.”
- **Peru (May 21): Moody’s revises the outlook on Peru’s A3 rating to negative from stable**, saying that “an increasingly polarized and fractured political environment has been undermining the effectiveness of the country’s policymaking.”
- **Belize (May 24): S&P downgrades Belize's rating to SD from CC**, as the country is on course to its second default in less than a year after failing to make a US\$ 6.5 million interest payment on its US\$ 527 million bond due in 2034, marking Belize’s fifth restructuring or default event in the past 14 years.

June

- Mexico (June 15): S&P affirms Mexico’s long-term foreign-currency rating at BBB with a negative outlook (*no change*).

July

- **Colombia (July 1): Fitch downgrades Colombia’s rating to BB+ from BBB- with a stable outlook**, citing the deterioration of the public finances with large fiscal deficits in 2020-2022, a rising government debt level, and reduced confidence around the capacity of the government to credibly place debt on a downward path in the coming years
- **Trinidad and Tobago (July 27): S&P revises the outlook on T&T’s BBB- rating to negative from stable**, citing risk that poor economic performance and only modest GDP growth prospects will prevent Trinidad and Tobago from recovering the economic resilience lost in recent years, as measured by GDP per capita.
- **El Salvador (July 30): Moody’s downgrades El Salvador’s rating to Caa1 from B3 with a negative outlook**, citing constrained market access, deteriorating policymaking and vulnerable fiscal position.

August

- **Panama (August 4): S&P revises the outlook on Panama’s BBB rating to negative from stable**, citing risk of weaker fiscal and economic performance.

September

- **Peru (September 1): Moody’s downgrades Peru’s rating to Baa1 from A3 with a stable outlook**, citing higher political risk due to a polarized and fractured political environment.
- **Bahamas (September 17): Moody’s downgrades the Bahamas’ rating to Ba3 from Ba2 with a negative outlook**, citing significant erosion of economic and fiscal strength brought on by the coronavirus pandemic. Moody’s expects the gradual recovery in tourism to leave a long-lasting impact on the country’s credit profile through materially higher debt and interest burdens, which will significantly exceed those of Ba3-rated peers.
- **Bolivia (September 30): Moody’s revises the outlook on Bolivia’s B2 rating to negative from stable**, citing the risks to the sovereign’s credit profile posed by large, recurring fiscal deficits, a declining foreign exchange reserve buffer and large government financing needs over the next two years.

Source: ECLAC Washington Office based on data from Moody’s, Standard & Poor’s, Fitch and various market sources.

B. Latin American Spreads

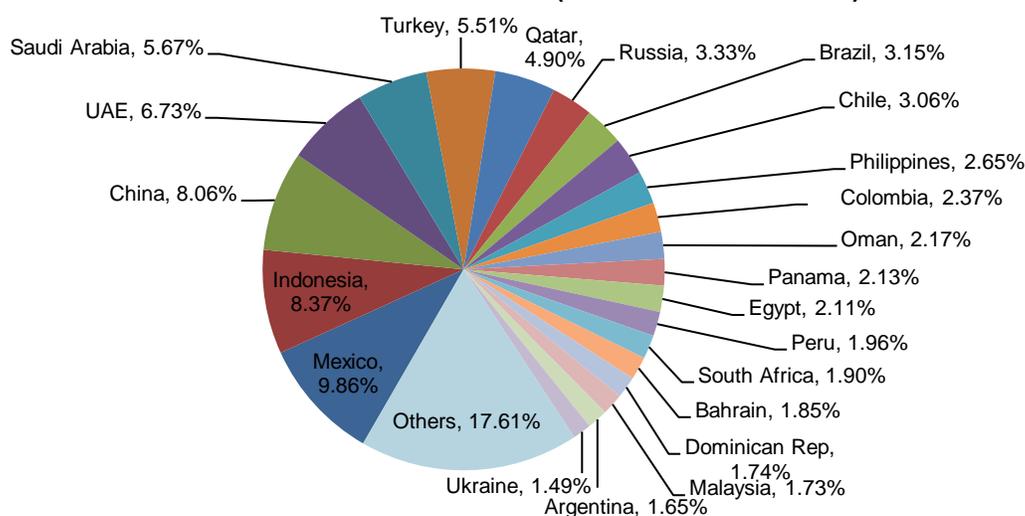
TABLE 2:
SOVEREIGN SPREADS ON JPMORGAN EMBI GLOBAL AND LATIN AMERICAN COMPOSITES
(Basis Points)

| | EMBI Global | Argentina | Brazil | Chile | Colombia | Ecuador | Mexico | Peru | Uruguay | Venezuela | Latin America | Bolivia | Paraguay |
|-----------|-------------|-----------|--------|-------|----------|---------|--------|------|---------|-----------|---------------|---------|----------|
| 29-Sep-17 | 308 | 377 | 240 | 128 | 185 | 606 | 233 | 140 | 165 | 3094 | 407 | 217 | 211 |
| 31-Oct-17 | 307 | 361 | 237 | 118 | 183 | 563 | 247 | 136 | 154 | 3171 | 403 | 204 | 196 |
| 30-Nov-17 | 313 | 357 | 234 | 123 | 176 | 507 | 232 | 133 | 145 | 4717 | 417 | 202 | 194 |
| 29-Dec-17 | 311 | 351 | 232 | 117 | 173 | 459 | 245 | 136 | 146 | 4854 | 419 | 203 | 200 |
| 31-Jan-18 | 292 | 375 | 217 | 106 | 153 | 442 | 223 | 119 | 136 | 4660 | 399 | 160 | 177 |
| 28-Feb-18 | 311 | 405 | 226 | 120 | 178 | 490 | 238 | 137 | 146 | 4625 | 418 | 205 | 191 |
| 29-Mar-18 | 326 | 420 | 238 | 128 | 180 | 544 | 252 | 156 | 168 | 4189 | 426 | 209 | 218 |
| 30-Apr-18 | 335 | 431 | 242 | 130 | 182 | 667 | 263 | 152 | 185 | 4344 | 443 | 208 | 225 |
| 31-May-18 | 367 | 521 | 299 | 145 | 205 | 671 | 288 | 168 | 197 | 4565 | 479 | 250 | 241 |
| 29-Jun-18 | 388 | 608 | 326 | 144 | 197 | 761 | 281 | 166 | 200 | 5011 | 497 | 295 | 245 |
| 31-Jul-18 | 354 | 556 | 263 | 133 | 177 | 603 | 274 | 143 | 169 | 5086 | 465 | 244 | 198 |
| 31-Aug-18 | 400 | 771 | 337 | 141 | 184 | 725 | 282 | 147 | 174 | 5807 | 514 | 248 | 209 |
| 28-Sep-18 | 362 | 623 | 289 | 124 | 168 | 622 | 256 | 133 | 156 | 5499 | 474 | 202 | 214 |
| 31-Oct-18 | 392 | 652 | 256 | 140 | 186 | 722 | 307 | 152 | 185 | 5803 | 512 | 275 | 231 |
| 30-Nov-18 | 420 | 706 | 265 | 157 | 210 | 740 | 347 | 162 | 202 | 6255 | 544 | 342 | 254 |
| 31-Dec-18 | 435 | 817 | 273 | 166 | 228 | 826 | 357 | 168 | 207 | 6845 | 568 | 378 | 260 |
| 31-Jan-19 | 378 | 676 | 235 | 145 | 191 | 690 | 330 | 145 | 179 | 4770 | 498 | 309 | 225 |
| 28-Feb-19 | 361 | 697 | 230 | 129 | 186 | 589 | 316 | 131 | 167 | 5303 | 484 | 277 | 213 |
| 29-Mar-19 | 373 | 774 | 248 | 133 | 184 | 592 | 308 | 130 | 170 | 5224 | 488 | 280 | 222 |
| 30-Apr-19 | 365 | 950 | 245 | 127 | 176 | 560 | 292 | 126 | 171 | 5546 | 495 | 268 | 211 |
| 31-May-19 | 393 | 985 | 267 | 145 | 212 | 619 | 329 | 148 | 194 | 5578 | 527 | 282 | 245 |
| 28-Jun-19 | 366 | 835 | 232 | 135 | 181 | 580 | 329 | 124 | 172 | 8867 | 517 | 253 | 212 |
| 31-Jul-19 | 333 | 781 | 206 | 125 | 175 | 603 | 323 | 117 | 159 | 11945 | 467 | 232 | 202 |
| 30-Aug-19 | 361 | 2532 | 241 | 133 | 179 | 705 | 334 | 122 | 169 | 11179 | 513 | 291 | 233 |
| 30-Sep-19 | 338 | 2143 | 239 | 139 | 183 | 677 | 317 | 131 | 177 | 18473 | 465 | 291 | 237 |
| 31-Oct-19 | 323 | 2278 | 233 | 141 | 182 | 789 | 320 | 131 | 173 | 16671 | 424 | 321 | 229 |
| 29-Nov-19 | 309 | 2262 | 236 | 149 | 188 | 1146 | 320 | 126 | 169 | 13554 | 394 | 312 | 233 |
| 31-Dec-19 | 277 | 1744 | 212 | 135 | 161 | 826 | 292 | 107 | 148 | 14740 | 346 | 218 | 203 |
| 31-Jan-20 | 299 | 2068 | 224 | 149 | 176 | 1018 | 308 | 122 | 159 | 16553 | 372 | 296 | 231 |
| 28-Feb-20 | 354 | 2283 | 251 | 180 | 212 | 1466 | 372 | 156 | 196 | 12246 | 428 | 341 | 253 |
| 31-Mar-20 | 577 | 3803 | 389 | 301 | 376 | 4553 | 653 | 265 | 298 | 19270 | 703 | 645 | 429 |
| 30-Apr-20 | 557 | 3472 | 420 | 284 | 392 | 5129 | 656 | 257 | 301 | 22140 | 702 | 698 | 401 |
| 29-May-20 | 463 | 2627 | 388 | 226 | 288 | 3907 | 536 | 191 | 243 | 27907 | 581 | 614 | 339 |
| 30-Jun-20 | 433 | 2495 | 373 | 211 | 293 | 3373 | 526 | 182 | 215 | 30757 | 552 | 630 | 312 |
| 31-Jul-20 | 401 | 2263 | 328 | 185 | 253 | 2755 | 493 | 150 | 183 | 33118 | 500 | 575 | 275 |
| 31-Aug-20 | 385 | 2147 | 314 | 175 | 250 | 2813 | 459 | 151 | 170 | 31216 | 480 | 577 | 246 |
| 30-Sep-20 | 398 | 1300 | 334 | 183 | 262 | 1015 | 501 | 170 | 186 | 29608 | 476 | 622 | 267 |
| 30-Oct-20 | 388 | 1482 | 309 | 174 | 244 | 1029 | 477 | 149 | 165 | 21698 | 467 | 601 | 247 |
| 30-Nov-20 | 350 | 1410 | 268 | 157 | 228 | 1065 | 426 | 161 | 157 | 22610 | 433 | 523 | 233 |
| 31-Dec-20 | 323 | 1368 | 250 | 144 | 206 | 1062 | 361 | 132 | 135 | 24099 | 386 | 461 | 213 |
| 29-Jan-21 | 324 | 1445 | 270 | 138 | 219 | 1273 | 378 | 128 | 135 | 24830 | 396 | 481 | 205 |
| 26-Feb-21 | 329 | 1511 | 275 | 142 | 232 | 1226 | 368 | 164 | 150 | 24846 | 404 | 479 | 226 |
| 31-Mar-21 | 324 | 1589 | 272 | 122 | 216 | 1201 | 351 | 152 | 125 | 26168 | 390 | 501 | 212 |
| 30-Apr-21 | 313 | 1551 | 260 | 126 | 226 | 764 | 342 | 165 | 130 | 25722 | 372 | 454 | 224 |
| 28-May-21 | 307 | 1508 | 245 | 135 | 248 | 730 | 335 | 169 | 127 | 26138 | 369 | 463 | 218 |
| 30-Jun-21 | 312 | 1596 | 256 | 135 | 247 | 776 | 348 | 163 | 129 | 31091 | 380 | 481 | 216 |
| 30-Jul-21 | 325 | 1591 | 280 | 145 | 276 | 790 | 362 | 197 | 148 | 28364 | 395 | 498 | 236 |
| 31-Aug-21 | 313 | 1513 | 282 | 136 | 272 | 751 | 352 | 175 | 132 | 29568 | 381 | 471 | 223 |
| 30-Sep-21 | 324 | 1607 | 304 | 150 | 301 | 835 | 360 | 180 | 140 | 31941 | 399 | 472 | 230 |

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

EMBI Global composition by country (end-September 2021): Mexico, Brazil and Chile account for 16.07% of the total weighting.

EMBI Global composition by region: Latin: 30.79%; Non-Latin: 69.21%.

EMBI GLOBAL COMPOSITION (AS OF SEPTEMBER 2021)

| Country | % |
|-------------------|-------|
| Others | |
| Kazakhstan | 1.39% |
| Uruguay | 1.29% |
| Nigeria | 1.09% |
| Ghana | 0.92% |
| Hungary | 0.89% |
| Ecuador | 0.82% |
| Romania | 0.64% |
| Angola | 0.62% |
| Pakistan | 0.61% |
| Sri Lanka | 0.59% |
| Kenya | 0.57% |
| Azerbaijan | 0.49% |
| Poland | 0.45% |
| Paraguay | 0.45% |
| Jamaica | 0.44% |
| Costa Rica | 0.44% |
| El Salvador | 0.41% |
| Guatemala | 0.40% |
| India | 0.39% |
| Morocco | 0.38% |
| Jordan | 0.37% |
| Kuwait | 0.36% |
| Croatia | 0.30% |
| Belarus | 0.26% |
| Trinidad & Tobago | 0.25% |
| Mongolia | 0.25% |
| Iraq | 0.23% |
| Ivory Coast | 0.21% |
| Gabon | 0.19% |
| Lebanon | 0.19% |
| Zambia | 0.17% |
| Uzbekistan | 0.16% |
| Senegal | 0.16% |
| Bolivia | 0.14% |
| Honduras | 0.14% |
| Armenia | 0.13% |
| Slovakia | 0.11% |
| Serbia | 0.08% |
| Vietnam | 0.08% |
| Georgia | 0.07% |
| Ethiopia | 0.06% |
| Tunisia | 0.06% |
| Namibia | 0.06% |
| Mozambique | 0.06% |
| Rwanda | 0.05% |
| Barbados | 0.04% |
| Maldives | 0.04% |
| Papua New Guinea | 0.04% |
| Tajikistan | 0.03% |
| Suriname | 0.03% |

C. New LAC Debt Issuance

**TABLE 3:
LATIN AMERICAN AND CARIBBEAN INTERNATIONAL BOND ISSUANCES
FIRST QUARTER OF 2021**

| Country | Issuer | Amount (million) | Amount US\$ (mm) | Coupon (%) | Maturity |
|--------------------|---|------------------|------------------|------------|----------------|
| Jan-21 | | | | | |
| Mexico | United Mexican States | USD 3000 | 3,000 | 3.750% | 2071 |
| Brazil | Banco BTG Pactual SA | USD 500 | 500 | 2.750% | 2026 (g) |
| Brazil | Klabin Austria GmbH | USD 500 | 500 | 3.200% | 2031 (SLB) |
| Argentina | Mercado Libre Inc | USD 400 | 400 | 2.375% | 2026 (sust) |
| Argentina | Mercado Libre Inc | USD 700 | 700 | 3.125% | 2031 (sust) |
| Mexico | Cemex SAB | USD 1750 | 1,750 | 3.875% | 2031 |
| Brazil | FS Bioenergia | USD 50 | 50 | 10.000% | 2025 (r)(g) |
| Mexico | Credito Real SAB de CV | USD 500 | 500 | 8.000% | 2028 NC4 |
| Brazil | Itau Unibanco Holding SA | USD 500 | 500 | 3.875% | 2031 (sust) |
| Mexico | Nueva Elektra del Milenio (NEM) – Mexico Remittances Funding Fiduciary Real Estate Management SARL | USD 500 | 500 | 4.875% | 2028 |
| Colombia | Republic of Colombia | USD 1300 | 1,300 | 3.875% | 2061 |
| Colombia | Republic of Colombia | USD 1540 | 1,540 | 3.125% | 2031 (r) |
| Supranational | Bladex - Banco Latinoamericano de Comercio Exterior | GBP 3700 | 5 | 1.500% | 2027 |
| Supranational | Bladex - Banco Latinoamericano de Comercio Exterior | JPY 1020000 | 19 | 0.950% | 2026 |
| Dominican Republic | Dominican Republic | USD 1000 | 1,000 | 4.500% | 2030 (r) |
| Dominican Republic | Dominican Republic | USD 1500 | 1,500 | 5.300% | 2041 |
| Chile | Kenbourne Invest SA | USD 450 | 450 | 4.700% | 2028 |
| Mexico | United Mexican States | EUR 1000 | 1,209 | 1.450% | 2033 |
| Mexico | United Mexican States | EUR 800 | 968 | 2.125% | 2051 |
| Brazil | MARB BondCo PLC (Parent company: Marfrig Global Food) | USD 1500 | 1,500 | 3.950% | 2031 |
| Brazil | Simpar SA (parent company of Brazilian logistics firm JSL) | USD 625 | 625 | 5.300% | 2031 NC5 (SLB) |
| Brazil | Unigel Participações | USD 110 | 110 | 8.750% | 2026 (r) |
| Chile | Republic of Chile | USD 750 | 750 | 2.550% | 2032 (r)(g) |
| Chile | Republic of Chile | USD 1500 | 1,500 | 3.100% | 2061 (soc) |
| Supranational | Bladex - Banco Latinoamericano de Comercio Exterior | EUR 25 | 30 | 0.230% | 2023 |
| Chile | Republic of Chile | EUR 400 | 485 | 0.830% | 2031 (r)(g) |
| Chile | Republic of Chile | EUR 1250 | 1,514 | 1.250% | 2051 (soc) |
| Panama | Republic of Panama | USD 1250 | 1,250 | 2.252% | 2032 (r) |
| Panama | Republic of Panama | USD 1200 | 1,200 | 3.870% | 2060 (r) |
| Paraguay | Republic of Paraguay | USD 600 | 600 | 2.739% | 2033 |
| Paraguay | Republic of Paraguay | USD 226 | 226 | 5.400% | 2050 (r) |
| Brazil | Amaggi Luxembourg International Sarl (Amaggi Exportação e Importação) | USD 750 | 750 | 5.250% | 2028 (sust) |
| Brazil | Banrisul - Banco do Estado do Rio Grande do Sul SA | USD 300 | 300 | 5.375% | 2031 NC5 |
| Guatemala | Banco Industrial SA | USD 300 | 300 | 4.875% | 2031 |
| Supranational | CAF Development Bank of Latin America | USD 30 | 30 | 0.800% | 2024 |
| Mexico | Unifin Financiera SAB de CV SOFOM ENR | USD 400 | 400 | 9.875% | 2029 NC4 |
| Brazil | Movida Participações SA | USD 500 | 500 | 5.250% | 2031 (sust) |
| Chile | Chile Electricity PEC SpA | USD 489 | 489 | 0.000% | 2028 |
| Supranational | CAF Development Bank of Latin America | EUR 1250 | 1,514 | 0.250% | 2026 |
| | | | 30,464 | | |
| Feb-21 | | | | | |
| Mexico | Comision Federal de Electricidad - CFE | USD 1200 | 1,200 | 3.348% | 2031 |
| Mexico | Comision Federal de Electricidad - CFE | USD 800 | 800 | 4.677% | 2051 |
| Supranational | CAF Development Bank of Latin America | USD 100 | 100 | 0.850% | 2024 |
| Brazil | Atento Luxco 1 SA | USD 500 | 500 | 8.000% | 2026 NC3 |
| Brazil | Hidrovias do Brasil SA | USD 500 | 500 | 4.950% | 2031 NC5 |
| Supranational | Fondo Financiero para el Desarrollo de la Cuenca del Plata - FONPLATA | CHF 200 | 223 | 0.556% | 2026 |
| Supranational | Central American Bank for Economic Integration (CABEI) | USD 500 | 500 | 1.140% | 2026 (soc) |
| Brazil | Tupy Overseas SA | USD 375 | 375 | 4.500% | 2031 NC5 |

| | | | | | |
|---------------|--|-----------|-------|---------------|-------------|
| Peru | Petroleos del Peru - Petroperu SA | USD 1000 | 1,000 | 5.625% | 2047 (r) |
| Peru | Volcan Compañía Minera | USD 475 | 475 | 4.375% | 2026 NC2 |
| Brazil | Guara Norte SARL | USD 850 | 850 | 5.198% | 2034 |
| Brazil | Simpar SA (parent company of Brazilian logistics firm JSL) | BRL 450 | 84 | 10.750% | 2028 (SLB) |
| Supranational | CAF Development Bank of Latin America | JPY 13300 | 127 | 0.350% | 2026 |
| Supranational | CAF Development Bank of Latin America | JPY 1400 | 13 | 0.450% | 2028 |
| Supranational | CAF Development Bank of Latin America | JPY 16600 | 158 | 0.350% | 2026 |
| Supranational | CAF Development Bank of Latin America | MXP 3535 | 177 | 6.820% | 2031 |
| Mexico | Alpek SAB de CV | USD 600 | 600 | 3.250% | 2031 |
| Chile | Banco Santander Chile | USD 100 | 100 | 0.715% | 2024 |
| Mexico | América Móvil | EUR 2200 | 2,670 | 0.000% | 2024 |
| | | | | 10,452 | |
| Mar-21 | | | | | |
| Brazil | Minerva Luxembourg SA | USD 1000 | 1,000 | 4.375% | 2031 NC5 |
| Peru | Republic of Peru | USD 1750 | 1,750 | 2.783% | 2031 (r) |
| Peru | Republic of Peru | USD 1250 | 1,250 | 3.300% | 2041 |
| Peru | Republic of Peru | USD 1000 | 1,000 | 3.550% | 2051 |
| Peru | Republic of Peru | EUR 825 | 996 | 1.250% | 2033 |
| Supranational | CAF Development Bank of Latin America | USD 50 | 50 | 1.580% | 2026 |
| Supranational | Bladex - Banco Latinoamericano de Comercio Exterior | MXP 105 | 5 | 6.500% | 2026 |
| Chile | VTR Comunicaciones SpA - Liberty Latin America | USD 410 | 410 | 4.375% | 2029 NC3 |
| Chile | Banco de Credito e Inversiones - BCI | USD 54 | 54 | 2.365% | 2029 (g) |
| Peru | InRetail Consumer | USD 600 | 600 | 3.250% | 2028 |
| Supranational | CAF Development Bank of Latin America | JPY 5000 | 46 | 0.250% | 2024 |
| Peru | Banco de Credito del Peru | USD 500 | 500 | 3.250% | 2031 NC5.5 |
| Brazil | Pilgrim's Pride Corp | USD 1000 | 1,000 | 4.250% | 2031 (SLB) |
| Mexico | Operadora de Servicios Mega SA de CV SOFOM ER | USD 150 | 150 | 8.250% | 2025 (r) |
| Mexico | Fibra Uno | USD 300 | 300 | 5.250% | 2026 (r) |
| Chile | Empresas CMPC SA | USD 500 | 500 | 3.000% | 2031 (SLB) |
| Chile | Republic of Chile | USD 1500 | 1,500 | 3.500% | 2053 (sust) |
| | | | | 11,111 | |

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

Notes:

(r): retap

Q1 2021 Total 52,027

(g): green

(soc): social

(sust): sustainability

(SLB): sustainability-linked

NC2: only callable after 2 years

NC3: only callable after 3 years

NC4: only callable after 4 years

NC5: only callable after 5 years

**TABLE 4:
LATIN AMERICAN AND CARIBBEAN INTERNATIONAL BOND ISSUANCES
SECOND QUARTER OF 2021**

| Country | Issuer | Amount (million) | Amount US\$ (mm) | Coupon (%) | Maturity |
|--------------------|---|------------------|------------------|------------------|----------------|
| Apr-21 | | | | | |
| Mexico | United Mexican States | USD 2500 | 2,500 | 4.280% | 2041 |
| Brazil | Vale SA | BRL 8490 | 1,494 | 3-mth Other flat | Perp |
| Colombia | Banco GNB Sudameris | USD 400 | 400 | 7.500% | 2031 NC5 |
| Guatemala | CMI Energía - Investment Energy Resources Ltd | USD 700 | 700 | 6.250% | 2029 NC4 (g) |
| Colombia | Banco Davivienda SA | USD 500 | 500 | 6.650% | Perp |
| Colombia | Republic of Colombia | USD 2000 | 2,000 | 3.250% | 2032 |
| Colombia | Republic of Colombia | USD 1000 | 1,000 | 4.125% | 2042 |
| Supranational | ATP (Andean Telecom Partners) Tower | USD 375 | 375 | 4.050% | 2026 NC2 |
| Chile | GeoPark | USD 150 | 150 | 5.500% | 2027 (r) |
| Mexico | FEMSA | EUR 700 | 842 | 0.500% | 2028 (SLB) |
| Mexico | FEMSA | EUR 500 | 601 | 1.000% | 2033 (SLB) |
| Mexico | Metalsa SA de CV | USD 300 | 300 | 3.750% | 2031 (SLB) |
| Chile | CAP Acero | USD 300 | 300 | 3.900% | 2031 |
| Brazil | Natura Cosmeticos SA | USD 1000 | 1,000 | 4.125% | 2028 (SLB) |
| Brazil | lochpe-Maxion | USD 400 | 400 | 5.000% | 2028 NC3 (SLB) |
| Argentina | Pan American Energy (PAE) | USD 300 | 300 | 9.125% | 2027 |
| Dominican Republic | AES Dominicana | USD 300 | 300 | 5.700% | 2028 |
| Mexico | FIBRA Prologis | USD 100 | 100 | 3.190% | 2029 (g) |
| Mexico | FIBRA Prologis | USD 80 | 80 | 3.490% | 2031 (g) |
| Mexico | FIBRA Prologis | USD 80 | 80 | 3.640% | 2033 (g) |
| Mexico | FIBRA Prologis | USD 25 | 25 | 3.790% | 2036 (g) |
| Mexico | FIBRA Prologis | USD 15 | 15 | 4.000% | 2039 (g) |
| | | | 13,462 | | |
| May-21 | | | | | |
| Panama | Banco General SA | USD 400 | 400 | 5.250% | Perp |
| Chile | Republic of Chile | USD 300 | 300 | 2.450% | 2031 (r) |
| Chile | Republic of Chile | USD 1700 | 1,700 | 3.100% | 2041 (soc) |
| Brazil | GOL Linhas Aéreas Inteligentes SA (GOL Finance) | USD 300 | 300 | 8.000% | 2026 (r) |
| Barbados | Sagicor Financial Co Ltd | USD 400 | 400 | 5.300% | 2028 NC3 |
| Mexico+A134:H136 | Orbia Advance Corp SAB de CV | USD 600 | 600 | 1.875% | 2026 (SLB) |
| Mexico | Orbia Advance Corp SAB de CV | USD 500 | 500 | 2.875% | 2031 (SLB) |
| Mexico | Corporacion Inmobiliaria Vesta SAB De CV | USD 350 | 350 | 3.625% | 2031 (SLB) |
| Supranational | CAF Development Bank of Latin America | NOK 600 | 72 | 2.504% | 2031 |
| Colombia | Al Candelaria | USD 600 | 600 | 5.750% | 2033 |
| Mexico | Grupo Bimbo (Bimbo Bakeries USA Inc) | USD 600 | 600 | 4.000% | 2051 |
| Uruguay | Oriental Republic of Uruguay | UYU 33020 | 750 | 8.250% | 2031 |
| Uruguay | Oriental Republic of Uruguay | USD 500 | 500 | 4.375% | 2031 (r) |
| Brazil | JBS USA Lux SA | USD 500 | 500 | 3.750% | 2031 |
| Honduras | Inversiones Atlántida (Invatlan) - Grupo Financiero Atlantida | USD 300 | 300 | 7.500% | 2026 |
| | | | 7,872 | | |
| Jun-21 | | | | | |
| Mexico | Grupo Axo SAPI de CV | USD 325 | 325 | 5.750% | 2026 (NC2) |
| Chile | Banco Santander Chile | USD 27 | 27 | 2.050% | 2028 |
| Brazil | PetroRio | USD 600 | 600 | 6.125% | 2026 NC3 |
| Brazil | Petrobras Global Finance BV | USD 1500 | 1,500 | 5.500% | 2051 |
| Brazil | CSN Resources SA | USD 850 | 850 | 4.625% | 2031 NC5 |
| Mexico | Cemex | USD 1000 | 1,000 | 5.125% | Perp NC5.25 |
| Dominican Republic | Dominican Republic | DOP 81442 | 1,432 | 8.625% | 2031 |
| Dominican Republic | Dominican Republic | DOP 35315 | 621 | 8.000% | 2028 |
| Brazil | JBS Finance Luxembourg Sarl | USD 1000 | 1,000 | 3.625% | 2032 (SLB) |

| | | | | | |
|---------------|---|---------------|-------|--------|------------|
| Chile | Banco Santander Chile | CHF 150 | 167 | 0.330% | 2027 |
| Chile | Inversiones Latin America Power Ltda | USD 404 | 404 | 5.125% | 2033 (g) |
| Supranational | CAF Development Bank of Latin America | USD 400 | 400 | 0.630% | 2024 |
| Brazil | Azul Investments LLP | USD 600 | 600 | 7.250% | 2026 NC3 |
| Colombia | Frontera Energy Corp | USD 400 | 400 | 7.875% | 2028 NC3 |
| Colombia | P.A. Autopista Rio Magdalena SAS | COP 915500 | 255 | 6.050% | 2036 |
| Brazil | Itau Unibanco Holding SA | MXP 1000 | 51 | 6.606% | 2024 |
| Brazil | Stone Pagamentos SA | USD 500 | 500 | 3.950% | 2028 |
| Colombia | SierraCol Energy | USD 600 | 600 | 6.000% | 2028 |
| Brazil | Light Energia SA | USD 600 | 600 | 4.375% | 2026 |
| Chile | Banco de Credito e Inversiones - BCI | USD 10 | 10 | 2.600% | 2031 |
| Supranational | CAF Development Bank of Latin America | JPY 5500 | 50 | 0.315% | 2027 |
| Supranational | CAF Development Bank of Latin America | JPY 20000 | 182 | 0.445% | 2028 |
| Supranational | Bladex - Banco Latinoamericano de Comercio Exterior | JPY 3000 | 27 | 0.400% | 2024 |
| Mexico | Nemak SAB de CV | USD 500 | 500 | 3.625% | 2031 (SLB) |
| Panama | Republic of Panama | USD 750 | 750 | 4.500% | 2050 (r) |
| Panama | Republic of Panama | USD 1250 | 1,250 | 3.362% | 2031 |
| Brazil | XP Inc | USD 750 | 750 | 3.250% | 2026 |
| Chile | Banco de Credito e Inversiones - BCI | CHF 100 | 109 | 0.385% | 2026 |
| Brazil | Suzano Austria GmbH | USD 1000 | 1,000 | 3.125% | 2032 (SLB) |
| Brazil | Republica Federativa do Brasil | USD 750 | 750 | 4.750% | 2050 (r) |
| Brazil | Republica Federativa do Brasil | USD 1500 | 1,500 | 3.750% | 2031 |
| Chile | Scotiabank Chile | CHF 175 | 190 | 0.385% | 2026 |
| | | 18,399 | | | |

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

Notes:

(r): retap.

(g): green.

(soc): social.

(sust): sustainability

(SLB): sustainability-linked

NC2: only callable after 2 years

NC3: only callable after 3 years

NC4: only callable after 4 years

NC5: only callable after 5 years

Q2 2021 **39,733**

H1 2021 **91,761**

**TABLE 5:
LATIN AMERICAN AND CARIBBEAN INTERNATIONAL BOND ISSUANCES
THIRD QUARTER OF 2021**

| Country | Issuer | Amount (million) | Amount US\$ (mm) | Coupon (%) | Maturity |
|---------------|--|------------------|------------------|-----------------|----------------|
| Jul-21 | | | | | |
| Brazil | Banco BTG Pactual SA | USD 250 | 250 | 4.500% | 2025 (r) |
| Mexico | United Mexican States | EUR 1250 | 1,483 | 2.250% | 2036 (sust) |
| Brazil | Minerva Luxembourg SA | USD 400 | 400 | 4.375% | 2031 NC5 (r) |
| Paraguay | Frigorifico Concepcion SA | USD 300 | 300 | 7.700% | 2028 |
| Mexico | Nemak SAB de CV | EUR 500 | 592 | 2.250% | 2028 (SLB) |
| Chile | Banco Santander Chile | USD 16 | 16 | 1.640% | 2026 |
| Brazil | MC Brazil Downstream Trading SARL | USD 1800 | 1,800 | 7.250% | 2031 |
| Chile | Banco Santander Chile | JPY 10000 | 91 | 0.420% | 2025 |
| Mexico | Fideicomiso CIB/3332 - Fibra Soma | USD 600 | 600 | 4.375% | 2031 |
| Chile | ISA Interchile SA | USD 1200 | 1,200 | 4.500% | 2056 (g) |
| Mexico | Comision Federal de Electricidad - CFE | USD 850 | 850 | 3.875% | 2033 |
| Peru | Compania de Minas Buenaventura SAA | USD 550 | 550 | 5.500% | 2026 |
| Chile | Republic of Chile | EUR 1000 | 1,178 | 0.100% | 2027 (soc) |
| Chile | Republic of Chile | EUR 750 | 884 | 1.300% | 2036 (soc) |
| Chile | Republic of Chile | USD 2250 | 2,250 | 2.550% | 2033 (soc) |
| Chile | Republic of Chile | USD 1000 | 1,000 | 3.100% | 2041 (soc) |
| Chile | Republic of Chile | USD 500 | 500 | 3.100% | 2061 (soc) |
| Peru | San Miguel Industrias Pet SA | USD 380 | 380 | 3.500% | 2028 NC3 (SLB) |
| Brazil | Oi Movei SA | USD 880 | 880 | 8.750% | 2026 |
| Mexico | Banco Nacional de Comercio Exterior SNC - Bancomext | USD 500 | 500 | 2.720% | 2031 (sust) |
| Chile | Banco del Estado de Chile | JPY 10000 | 91 | 0.500% | 2031 |
| | | | 15,795 | | |
| Aug-21 | | | | | |
| Panama | Aeropuerto Internacional de Tocumen SA | USD 555 | 555 | 4.000% | 2041 |
| Panama | Aeropuerto Internacional de Tocumen SA | USD 1300 | 1300 | 5.125% | 2061 |
| Colombia | Gran Colombia Gold SA | USD 300 | 300 | 6.875% | 2026 |
| Chile | Banco de Credito e Inversiones - BCI | USD 10 | 10 | 2.525% | 2031 |
| Chile | Banco de Chile | AUD 55 | 40 | 3-mth BBSW +138 | 2031 |
| Chile | Banco de Chile | JPY 5000 | 46 | 0.700% | 2031 |
| Supranational | CAF Development Bank of Latin America | AUD 65 | 47 | 2.160% | 2031 (soc) |
| Supranational | CAF Development Bank of Latin America | USD 50 | 50 | 1.920% | 2031 (soc) |
| | | | 2,349 | | |
| Sep-21 | | | | | |
| Chile | Banco de Credito e Inversiones - BCI | USD 133 | 133 | 1.850% | 2026 |
| Argentina | Genneia S.A. | USD 366 | 366 | 8.750% | 2027 (g) |
| Chile | Empresa de los Ferrocarriles del Estado - EFE | USD 500 | 500 | 3.830% | 2061 |
| Brazil | Suzano Austria GmbH | USD 500 | 500 | 2.500% | 2028 (SLB) |
| Chile | Empresa de Transporte de Pasajeros Metro SA | USD 650 | 650 | 3.693% | 2061 |
| Brazil | Movida Participacoes SA | USD 300 | 300 | 5.250% | 2031 (r)(SLB) |
| Chile | Empresa Nacional del Petróleo (ENAP) | USD 560 | 560 | 3.450% | 2031 |
| Chile | Empresa Nacional de Telecomunicaciones (ENTEL) | USD 800 | 800 | 3.050% | 2032 (SLB) |
| Chile | Alfa Desarrollo SpA | USD 1099 | 1,099 | 4.550% | 2051 |
| Mexico | Electricidad Firme de Mexico (EFM) | USD 350 | 350 | 4.900% | 2026 |
| Brazil | Banco do Brasil SA | USD 750 | 750 | 3.250% | 2026 |
| Chile | Sociedad Quimica y Minera de Chile SA - SQM | USD 700 | 700 | 3.500% | 2051 (g) |
| Mexico | Totalplay Telecomunicaciones SA de CV | USD 600 | 600 | 6.375% | 2028 |
| Chile | Republic of Chile | EUR 918 | 1,083 | 0.555% | 2029 (soc) |
| Chile | Republic of Chile | USD 1000 | 1,000 | 3.250% | 2071 (soc) |
| Supranational | Central American Bank for Economic Integration (CABEL) | CHF 200 | 217 | 0.170% | 2031 (soc) |
| Chile | Banco de Credito e Inversiones - BCI | USD 10 | 10 | 2.420% | 2031 |
| Brazil | B3 (Operator of São Paulo Stock Exchange) | USD 700 | 700 | 4.125% | 2031 (SLB) |
| Brazil | Rumo Luxembourg SARL | USD 500 | 500 | 4.200% | 2031 (SLB) |

| | | | | | |
|---------------------|---|----------|---------------|---------|-------------|
| Brazil | GOL Linhas Aéreas Inteligentes SA (GOL Finance) | USD 1500 | 150 | 8.000% | 2026 (r) |
| Supranational | Millicom International Cellular SA | USD 336 | 336 | 4.500% | 2031 (r) |
| Chile | Tanner Servicios Financieros SA | CHF125 | 135 | 1.150% | 2024 |
| Brazil | FS Bioenergia (FS Agrisolutions Industria de Biocombustiveis) | USD 80 | 80 | 10.000% | 2025 (r)(g) |
| Trinidad and Tobago | Consolidated Energy Finance SA | EUR 250 | 291 | 5.000% | 2028 |
| Trinidad and Tobago | Consolidated Energy Finance SA | USD 525 | 525 | 5.635% | 2028 |
| Mexico | Becle SA de CV - Jose Cuervo | USD 800 | 800 | 2.500% | 2031 |
| Guatemala | Republic of Guatemala | USD 500 | 500 | 3.700% | 2033 |
| Guatemala | Republic of Guatemala | USD 500 | 500 | 4.650% | 2041 |
| Costa Rica | Instituto Costarricense de Electricidad (ICE) | USD 300 | 300 | 6.750% | 2031 (SLB) |
| | | | 14,435 | | |

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

Notes:

(r): retap.

(g): green.

(soc): social.

(sust): sustainability

(SLB): sustainability-linked

NC2: only callable after 2 years

NC3: only callable after 3 years

NC4: only callable after 4 years

NC5: only callable after 5 years

Q3 2021 **32,578**
2021 YTD **124,339**

Against the backdrop of low global interest rates and borrowing costs, bond issuances in international markets by Latin American and Caribbean countries totalled US\$ 124 billion in the first nine months of 2021, up 6% from the year-earlier period. Of this total, almost US\$ 40 billion (31.5%) were issued to finance environmental, social and governance (ESG) projects and strategies. Sustainability-linked bonds were the region's most frequently used ESG instrument.

Capital flows to Latin America and the Caribbean: first nine months of 2021 presents and analyses the developments concerning capital flows to Latin America and the Caribbean from January to September 2021. This report is published three times a year and provides an overview of international bond issuances from Latin American and Caribbean issuers, including green, social, sustainability and sustainability-linked bonds, as well as bond spreads and credit ratings.

