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Sheinbaum Expected to Win Mexican Election Without a Morena Supermajority



Speakers at EMTA’s Forum on the Mexican Elections concurred that Claudia Sheinbaum was in the driver’s seat to become the country’s next president, and that her party would win a majority-but not a super majority-in Congress. Panelists also covered topics including fiscal and monetary policy, near-shoring and the future of Pemex. The event was held in New York City on February 6, 2024, and was sponsored by UBS. Deutsche Bank and StoneX provided additional support.

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EMTA Members and 1998 FX and Currency Option Definitions Update

ISDA and EMTA as co-sponsors of the 1998 FX and Currency Option Definitions have begun the process of updating the 1998 FX and Currency Option Definitions. A timeline has been published on the ISDA website along with a variety of tools for ISDA members to track the update issues and progress.

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Ethiopia Announces Moratorium Leading to Flat Market Practice Recommendation

On December 8, 2023, the Ethiopia Ad Hoc Bondholder Committee, consisting of international financial institutions based in the US and Europe holding over 25% in aggregate of the Ethiopia's 6.625% Notes due 2024 noted its disappointment with the Ethiopian authorities' announcement and decision not to make the \$33 million coupon payment due on December 11, 2023.

[Click Here](#) for the Bondholder Committee Press Release.

Shortly thereafter, on December 11, 2023, EMTA recommended that all trades of Ethiopia's 2024 Bonds should, unless otherwise agreed, trade "flat".

[Click Here](#) for the Market Practice recommendation.

For further information, please contact Aviva Werner at awerner@emta.org.

Ratings Paths and IMF Accords of Central American & Caribbean Countries Reviewed on EMTA Webinar

Siohban Morden (Santander US Capital Markets) led a panel of experts on a whirlwind tour of six countries on EMTA's Webinar on the Central America & Caribbean Countries, broadcast on Thursday, February 29, 2024. Nearly 200 EMTA Members tuned into watch the discussion, which was sponsored by Santander, with additional support from BancTrust and Oppenheimer & Co.



Morden started with Panama, and a discussion of the “huge appetite for its recent bond issuance despite recent negative headlines.” Did current pricing reflect all the negative headlines, as well as investor concerns of Panama losing its IG rating?

“We have been bearish for some time, and still remain cautious,” replied Fernando Losada (Oppenheimer & Co.), who underscored that Panamanian growth had decelerated even before the pandemic. Losada summarized that Panama faced three major issues – the Panama Canal water issue, social protests relating to mining, and political uncertainty. The low water level in the Canal can be fixed, but it requires money, time and political skill to deal with the local residents impacted by the use of more water for Canal purposes; the shut-down of the First Quantum-owned mine was a “massive hit,” costing up to 40,000 jobs; and the election was highly atomized, with no candidate getting more than around 20% in polls.

The political split “doesn’t bode well for pushing through reforms,” he stated, with Losada forecasting that GDP would grow very little in 2024. Finally, “there is still the risk that they will lose IG this year...it’s not a ‘done deal’, but if they lose it, there will be even more forced selling, even if it is already priced as being downgraded below IG.”

Sarah Garcia (JPMorgan Asset Management) addressed the feasibility of Minera Panama being reopened. A reopening of the mine was unlikely in the next 12 months because of the political capital required, given its widespread unpopularity. An educational program geared at emphasizing the economic benefits mining brings to the country, and addressing wide-spread convictions that the previous deal was highly corrupt, was a possible step forward, but would take time and be an uphill battle for a leader who could take office with perhaps as little as 20 percent of the vote. Without prospects of a reopening, it will be difficult to avoid a downgrade this year. Another route to bolster revenues—taxes—also seemed challenging, and any proposed tax reform would likely focus on decreasing exemptions rather than raising the tax rate.

Ramiro Blazquez (BancTrust) opined that current pricing was still too high given recent bad news, and warned of complacency by officials, “something has to change.” He called attention to the “elephant in the room—the social security system is running out of cash and is heading towards a major crash.” He emphasized that it was “very likely” that First Quantum would pursue its \$20 billion claim in an international tribunal, and “I don’t see an easy way for them to get out of this mess.”

CAC (continued)

Morden polled speakers whether El Salvador would ink an IMF accord. Blazquez was a strong believer, while other panelists offered a low conviction “yes” vote. “Bukele has achieved his goal of lowering the murder rate, and is enormously popular, so now he is turning to raising living standards,” in Blazquez’s analysis. Thus, he must move to invest heavily in infrastructure, as trend growth of 2 to 2.5% was too low, hindered by the large poverty rate and infrastructure gap as compared to peers. The president could muddle through on the fiscal side.

Jared Lou (William Blair) speculated that the major obstacle standing in the way of a deal was, “the IMF’s reluctance to see the proliferation of bitcoin as legal tender.” Bukele hinted at his strategy at the recent CPAC event by suggesting he could wait for a friendlier US administration which would support an IMF deal. In any case, Lou reasoned that bondholders would be paid for “the next couple years.” Blazquez deemed the political cost of a fiscal adjustment to be “quite manageable; and if they get the fiscal back on track, they will be rewarded not only by the IMF, but by the market as well.”

Following the delayed political transition in Guatemala, speakers maintained minimal expectations for policy improvements. “It’s frustrating, and hard to see material changes...but that doesn’t mean that it’s not a good credit,” stated Lou. Garcia voiced a more optimistic take. The alliances created by the Arévalo administration gave her hope that parts of the reform agenda could be implemented. An IMF deal was not required, but could offer investors a stamp of approval. Morden offered her assessment that, “despite being a very stable credit, Guatemala’s rating risks being left behind its peers, but Arévalo has at least six months of political capital.”

Turning to the Dominican Republic, Garcia expected President Abinader would win a third term, with a 60 to 70% chance of winning in the first round. “That will be positive for tax reform, which I think will be their first priority.” Losada added another optimistic view - “it’s not a perfect story, but I expect the fiscal issues to be addressed after the election. If they get this done in 2H, this will almost guarantee a ratings upgrade.” He envisioned the Dominican Republic being awarded IG status in three to four years. He cautioned, however, that, at current pricing, the upside was modest. “It’s not a slam dunk trade that will make your year.”

Costa Rica had broken records by being the first LatAm credit to get upgraded three notches in one year, according to Morden. What risks concerned her panelists? Losada listed high debt/GDP levels and the country’s large interest bill. “The direction is correct, but we have to be careful.” He urged investors to monitor a new IMF agreement and an expected \$1 billion new issue. Lou recognized Costa Rica’s progress, while opining that “there is not a lot of juice left, there are other upside/downside stories that are better for me to focus on. It might grind tighter, but I’m not worried about missing anything.”

Concluding with a discussion of the Bahamas, Blazquez argued that the country’s “impressive fiscal leap” has not gotten the credit it deserves. He believed additional financing was possible, but the slow rate of growth concerned him. “They need to get much faster growth, but they don’t have the tools, and they need to make more effort on the fiscal side.”

Losada asserted that the fiscal situation in the Bahamas was neither as dire as the IMF thinks, nor as rosy as the government’s forecasts. The IMF’s pressure to levy income taxes on high earners and to raise VAT is realistically “off the table” from the government’s standpoint. “Is the debt sustainable? Yes, but not by a wide, comfortable margin.” Morden concurred that, a “muddle through” could continue.

There was a “high probability” that the Bahamas could benefit from climate-related financing opportunities, including carbon credits, with possible news this year, according to Losada. Blazquez saw “major upside potential here; if any of these ideas unfold, it could be a game-changer.”

Egypt Dominates Discussion in Dubai

Egypt, geopolitics, and the effects of the war in Gaza dominated much of the discussion at EMTA's 15th Annual Forum in Dubai. The event was held on Tuesday, February 20, 2024 and was sponsored by BancTrust, BofA Securities, HSBC and Standard Chartered.

BofA Securities' Jean-Michel Saliba chaired the event's first panel discussion. Saliba asked for an overall assessment of the region before inviting commentary on Egypt and other GCC/MENA countries.



Simon Williams (HSBC) categorized the MENA/GCC region as largely resilient, “with the oil-rich countries able to absorb all the shocks that have been thrown at them.” He summarized that, for the past five years, “there has been a compelling new story to tell, including new geopolitical alignments—but one can feel the shift in sentiment.” Uncertainty is affecting confidence and deterring FDI, but thus far the fixed income markets have remained largely unscathed, he affirmed.

As for the region’s “have nots,” Williams noted that Egypt’s geopolitical stature has dramatically increased since the Gaza war, although it still had “hard work” to do in order to access funding. October 7th had given Egypt another lifeline, according to Williams, who urged it to “really go after those military capital projects, and have a much bigger primary surplus target.” His base case, however, was “twelve months of much weaker growth.”

Carla Slim of Standard Chartered pointed out that the market has been anticipating a devaluation of the Egyptian pound for some time. Slim reminded attendees that, during the time of EMTA’s MENA Forum in London just two weeks earlier, IMF comments suggested that progress was imminent. “However, we don’t agree that an FX adjustment is about to happen, and we don’t see a devaluation as a pre-condition for an IMF agreement. We think a managed float is what they can deliver, and that the Fund will eventually accept that,” she stated.

Williams countered that the pound is already trading near 65-70 on the parallel market, and thus he didn’t subscribe to fears that an official devaluation would spark *more* inflation. The current situation was the worst possible, in his view, with the unofficial rate causing inflation, but the failure to act officially effectively prevented capital inflows.

Slim called attention to Egypt’s “serious” structural issues, made worse by the problems related to the Gaza war, such as declining receipts from tourism and Suez Canal transfers. “It feels like a ‘muddle through’ scenario at best; the war may make it easier for them to access funding, probably \$2 billion from the IMF by the end of March, but it won’t be a whole lot.” One positive factor may be that Cairo now recognizes that the country needs FDI, not hot money into the local debt market.

Dubai (continued)

Williams disagreed with Slim's assessment that the IMF would not require a devaluation as a prior action. More important than a \$2 billion IMF disbursement was a rebuilding of confidence for Egyptians. "They need to feel it's ok to de-dollarize and to take the money out from under their mattresses."

Industry—and restructuring veteran—Carl Ross of GMO opined that any Egyptian default would set the stage for a very complicated restructuring. "Maybe that's why it's a 'muddle through' case," he offered. Interest servicing needs on domestic debt is crowding out "all the things that the government needs to spend money on, and thus local bonds would need to be restructured." Carl estimated a local restructuring could be at 35-40 cents on the dollar, "which we consider when we look at external bonds."

Ross suggested that Jamaica's domestic debt restructuring could be a model for Egypt, despite Egypt being a much larger economy. "This requires a fair amount of social consensus, and an understanding that local banks will take a big hit short-term, but can then rebuild their capital over time."

Turning to Oman, panelists acknowledged the deleveraging effort by finance officials. Slim maintained that, in addition to deleveraging, additional measures, such as the implementation of a personal income tax, may be needed before an IG rating was justified. "It's nice to see a country deleverage—that's unusual," commented Ross. Bonds were trading at IG levels already, with tailwinds from the tourism sector, he added.

The panel spoke less enthusiastically about Bahrain's progress. "I don't know what the growth story is. The [GCC] put is still there, but the metrics are still grim," concluded Williams. Slim expected GCC funding would again save the day when needed. Ross' recent trip to the country reinforced for him "my view that Bahrain has very strong and valuable linkages to Saudi," although the transformation currently taking place in Saudi Arabia "will lift the whole region; it's not a zero-sum game." He saw value in "clipping the extra yield you get on Bahrain's debt compared to KSA."

Williams argued that Saudi Arabia's transformation was not just hype. Decision-making has greatly improved, with social changes leading to economic benefits, and economic and labor market reforms being implemented. "I'm pretty constructive on the macro story, even if it gets harder from here," with unproven projects and geopolitics posing a hurdle for FDI. Now that domestic banks have been tapped out to finance Saudi giga-projects, the need for external funding is increasing, raising the issue of potential disciplinary forces going forward. China and other Asian investors are the most likely sources of funding, "but the magnitude and complexity of what is needed means the Saudis will keep knocking at investors' doors."

Tunisia was "a frustrating story" according to Ross. Near-term bonds will probably be serviced, although Ross questioned if that made financial sense. JPY-denominated bonds were the most difficult to restructure, though scarce. Support for Tunisia from the EU was relatively cheap, but Ross advised that the continued lack of an IMF program remains a "red flag."

Mohieddine (Dino) Kronfol of Franklin Templeton chaired the event's second panel discussion. He asked for speakers' year-end views for key economic variables affecting the region.

Panelists saw geopolitics as the wild card affecting oil prices. Assuming the status quo, Abdul Kadir Husain (Arqaam Capital) envisioned Brent pricing remaining around \$80, seconded by Zeina Rizk (Amwal Capital Partners), who was keeping an eye on OPEC's reaction as Brazil escalates supply and US shale

Dubai (continued)

maxes out production. Estimates of GCC spreads ranged from Hussain and Rizk wider at 210 bps to Hussein Khattab (Eaton Vance/MSIM) offering wider than 250 bps. Hussain believed UST 10-year yields stay around 4.25% at year-end, with Khattab cautioning the Fed might disappoint with cuts and yields staying around 4%, while moderator Kronfol himself at 3 to 3.25%.

Khattab acknowledged that his assessment of Egypt has changed since the EMTA Dubai Forum last year given how precarious the situation was. He had maintained an “extremely pessimistic” view prior to the war in Gaza”. However, the war has changed the equation dramatically, with Khattab now finding value in Egyptian assets, both egypt and hard currency, as minds were re-focused on the geostrategic importance of Egypt, the substantial FDI from UAE, and the upcoming upsizing of the IMF deal. Rizk recommended selling Egyptian local paper.



Kronfol asked how his fellow portfolio managers were adjusting their investment strategies in light of the Gaza war. Hussain acknowledged that he had reduced his Jordanian holdings. He reasoned that the current conflict is both larger in scale than in the past, and social and media coverages have changed. The latter could allow for new approaches to, and strategies in, the region. His base case was that the conflict would not spread.

“An expansion to include Iran is a very big tail risk; and, if so, spreads won’t be the worst thing that we need to worry about,” cautioned Rizk (although specifying that, “no one will care if it spreads to Lebanon”). The bottom line was this scenario was so potentially catastrophic, with the use of nuclear weapons even a possibility, that one cannot really position for it, she concluded.

Hussain anticipated there could be up to \$100 billion in new offerings from the region this year, with a “big issuance year for sukuk.” He pointed out that there was also strong demand for sukuk from outside the MENA/GCC region. Hussain noted that the ratio last year of sukuk to conventional bond issuance was about 50/50, while commenting that, if the ratio remained the same in 2024, he questioned if the market could absorb it. “Once you get above around \$50 billion or so, you probably have to pay up.”

Local markets were also a topic for the panel. Rizk acknowledged the efforts of the UAE and Saudi Arabia to have deeper and more liquid domestic debt markets. She favored Turkish local-currency debt, after the adoption of more orthodox economic policies. Rizk expected that such policies would continue, especially as the March local elections would be the last vote for 4 years.

With a majority of the day’s speakers members of the Lebanese diaspora, the panel concluded with views of their homeland. Khattab feared that the nadir has not yet been reached. . “Maybe we need to go through some really bad things to get to a better place...it’s not really that hard, give them some money and they will work out some sort of deal.”

Improvement in Global Environment, US Elections Featured at Winter Forum

Speakers at EMTA's 20th Annual Winter Forum concurred that the outlook for the global economy had improved, with positive signs in the EM debt markets. Risks to the asset class and the effects of the US elections were also debated at the event, which was hosted by JPMorgan in London on Monday, February 12, 2024. BNP Paribas, Citi, Fitch Ratings and Société Générale provided additional support.



Luis Oganés (JPMorgan) returned once again to the moderator chair. To start the first panel session, he asked speakers for their predictions on DM and EM central bank actions in 2024, and their views on the soft landing/hard landing/no landing debate.

In response, BNP Paribas' Trang Nguyen reminded attendees that the global economic prognosis had vastly improved since the panel's discussion last year. "At BNP Paribas, we have a greater degree of confidence in both the disinflationary trends, and that a recession can be avoided," she stated, adding that she was also more optimistic on EM recoveries. Nguyen believed that DM central banks could begin easing this year. She saw politics and geopolitics as the largest constraints on the asset class.

Luis Costa offered Citi's estimates of US CPI dropping to 2.5% in 2024, with core CPI at 3%. He confirmed that his firm had advanced its call for the first US rate cut in June (from July), with 125 bps in cumulative rate cuts by year-end. For him, "the biggest risk is that the Fed starts to cut, but then stops." Costa expected EM central banks to also move ahead with their own rate cuts, assisted by lower oil prices.

Société Générale is also now in the more optimistic outlook camp, and no longer foresees a US recession, according to Phoenix Kalen. Her firm estimates 2.2% US growth in 2024, and ranging between 2 and 2.5% in the following years. Société Générale maintained the lowest rate cutting estimate on the panel at 75 bps this year (down from 150 bps previously) with a terminal rate forecast of 3 to 3.25%. EM central banks should average rate cuts of 160 bps in 2024 in its estimation.

Oganés ventured that the ratings cycle appears to have turned more positive since the IMF Meetings in Marrakech, and asked Fitch Rating's Ed Parker for confirmation. Parker agreed that the outlook for EM had turned and could be characterized as "broadly net stable, although with risks to the downside." Sovereign downgrades and upgrades at Fitch were even in 2023, compared with a net 60 downgrades in 2020-2022. Parker highlighted as a positive development the re-opening of the credit markets for lower-rated Sub-Saharan African countries, as were EM central bank rate cuts. He listed a number of risks for EM countries overall, including weaker growth, fiscal strains, a Chinese slowdown, politics, and inflation surprises, and pointed out that Fitch was less bullish than some on the number of US rate cuts.

Winter (continued)

Continuing to address the frontier outlook, Parker observed that, since the pandemic, mainstream EM had outperformed frontier countries. “This trend could ease this year, but we don’t expect a reversal,” he stated. In general, frontier countries were more vulnerable because of factors such as lower FX reserves, more foreign-currency debt, and less resilience to external shocks, “but those with better balance sheets may face less challenges as financial conditions improve.” Parker noted that there was no sign of a resumption of Chinese bank loans to frontier markets, previously a large source of financing.”

The prospect of Trump regaining the American presidency, and its effect on EM countries, was also a subject of discussion. “He has clearly doubled down on isolationism,” Costa highlighted, referencing the candidate’s call for additional tariffs to DM and EM countries. Kalen noted that CEE countries are feeling pressure to increase their defense spending, following the candidate’s recent NATO rhetoric, with budgetary implications. She recommended that the possibility of an erosion in the rules-based world order should be considered by portfolio managers.

Nguyen conceded she was unsure “how to price in the possible undermining of NATO,” which she believed would be a focus of a second Trump presidency. Trade would be lower on a Trump agenda, in her analysis, with China likely to have “less of a target on its back than in 2016.” She identified Ukraine and Mexico as being at risk in the event of a Trump victory.

Costa revealed that the results from a Citi client poll of top trade ideas showed that shorting Ukraine was a common theme. He expressed uncertainty whether Trump would focus on Mexico immediately, or when the USMCA came up for revision. Finally, Oganec calculated that Trump’s proposed across-the-board 10% import tariff would result in a 4 to 6% appreciation of the dollar in trade-weighted terms.

With the disappointing post-reopening growth dynamics, and continued property sector malaise, Oganec asked for thoughts on China. Fitch forecast around 4.5% growth in both 2024 and 2025, according to Parker. “We do see a material risk of a sharp drop in growth if officials fail to counter disinflationary forces and stabilize the property sector...the actions to date don’t seem to have gained traction,” he commented. Despite government cautiousness, Parker suggested that a new type of intervention might be needed to boost confidence in the real estate market. He underscored that, “we see limited headroom in its A+ rating, as government debt has climbed and the business climate worsened,” and signaled that Chinese banks might face downgrades if the situation were to deteriorate. Finally, Parker reiterated that, because China was the biggest trading partner of most EM countries, the Chinese economy overhung the asset class as one of its biggest risks.

The panel concluded with optimism on inflows returning to EM in 2024. Kalen expected the recent uptick in inflows to continue for several months, until the US election season started to deter EM investment. Nguyen stressed that US rate cuts will mean less competition for EM with cash. However, she cautioned attendees that, “massive new inflows” were unlikely.

Winter (continued)

Abrdn's Brett Diment kicked off the event's investor panel by noting that EM debt had started off on somewhat of a mixed note in 2024, following a strong end to 2023.



With EM corporates the best performers ytd at the time of the event, he polled speakers for their forecasts on asset class returns in 2024.

Rob Drijkonigen (Neuberger Berman) argued that lower inflation and rate cutting will buttress EM overall. He preferred HY sovereigns and expressed optimism that there is “a lot of alpha on offer.”

Vicente Mira of Marathon Asset Management called attention to EM economic resilience in 2023 despite market turbulence, Chinese growth concerns, fears of a US recession and rate hikes. He forecast “high single digit returns in 2024.” In his view, technicals look “compelling,” with current inflows from crossover investors into the primary market, and the anticipated return of both dedicated and crossover investors to the secondary market.

Ishitaa Sharma (J.P. Morgan Asset Management) expressed hope that EM local debt could offer low single digit returns in 2024. She estimated that only 10% of global rate hikes to combat inflation have been reversed, but remained unsure how much of future cuts was already priced in, and whether there would be an acceleration in central bank loosening. Additional inflows into local currency debt were likely once the Fed lowers rates, she added.

Gustavo Medeiros (Ashmore Investment Management) emphasized that, while 16 countries were priced for a restructuring last year, or were in actual default, three-quarters of them outperformed. “It’s hard to find a scenario where EM local doesn’t do well this year—even in a recession the EM central banks will cut much more,” he stated. Medeiros reasoned that the market would become more volatile, however, as the US election season started.

On China, Drijkonigen noted that a new emphasis on national security as the government’s primary objective has replaced the previous social contract of growth in exchange for political harmony. With the failure thus far to address local government debt, and no official measures to support households, investors should accept that Chinese growth was likely to be lower “for some time to come.”

Medeiros had a more bullish viewpoint on China. “We are in extreme depression territory (capitulation) in the Chinese stock market,” he affirmed, which has been one of the sources of negative sentiment. The recent replacement of the China Securities Regulatory Commission leader showed that China’s leaders are cognizant of the danger. Chunkier incremental improvement in actions to address the depressed sentiment in stocks and fundamental problems in the housing market were likely, in his analysis.

Winter (continued)

Sharma opined that bearish investors who visit China seem to return with an even more bearish assessment. “However, many people are stuck in the old regime of how China used to work, and we haven’t adapted to the new model...the Chinese are really good at semi-conductors and electronic vehicles now; the emphasis is not on property as it was in the past.”

Investors offered views on a wide range of EM economies. Sharma voiced a bullish outlook on Indian rates and FX, and underscored the benefit to Indian debt arising from index inclusion. Medeiros calculated that there was more upside potential than downside in Argentina and Venezuela. Mira also saw value in Venezuelan debt in anticipation of its return to the JPMorgan indices, as well as the unlikelihood of a reimposition of secondary debt trading sanctions.

Mira mentioned his firm has been reducing overweight positions in Latam and quasi-corp risk, favoring a diversified basket of positions in SSA frontier debt. Angola, Nigeria and Gabon were possible candidates to tap the market after the successful issuances of other SSA countries. Drijkoningen spoke enthusiastically on Nigeria; “they may be turning a corner with their massive devaluation of the naira to bring it in line with the parallel market.” He also praised Zambian officials for subscribing to the reform effort. Sharma expressed concern that the market may be too optimistic on South Africa, especially in light of upcoming elections. Medeiros pondered whether Ghana was trading below fair value. Several speakers agreed that the Kenyan issuance reduced a significant risk, while remaining concerned about the country’s fiscal consolidation.

Mexican Elections (continued)

In opening remarks, moderator Rafael de la Fuente (UBS) pointed out that the June election will be Mexico's largest ever, with races for president, Congress, governors, mayors and thousands of other local officials. He asked speakers if Claudia Sheinbaum was, in their views, a shoo-in for the presidency.

"She's probably going to win; the biggest thing in her favor is the strength of the economy, plus real wages have turned positive and the MXN is strong," asserted StoneX's Kathryn Rooney Vera, highlighting that economic growth and low unemployment generally help incumbents at the ballot box. However, Rooney Vera wouldn't rule out a closer-than-expected margin, with a "razor-thin" result being the worst possible outcome because of potential protests.

Zulfi Ali (PGIM Fixed Income) expressed optimism that, no matter the result, there would be a peaceful transfer of power. He warned that "the risks may come afterwards," citing AMLO's decision to halt construction of the new Mexico City airport in the beginning of his *sexenio*.

Recent polls show Sheinbaum's lead narrowing, even before the campaign has begun, noted Bret Rosen (Emso Asset Management), but that AMLO's enduring popularity should bolster Sheinbaum. Deutsche Bank's Francisco Campos reasoned that Sheinbaum's main rival Galvez has "the impossible challenge of needing the support of the 'Frankenstein' coalition supporting her, while maintaining a distance from the discredited PRI." He faulted her campaign for not delivering a clear message on what alternative vision she had for Mexico.

De la Fuente asked what policies might evolve in a Sheinbaum administration, and what would stay the same. Campos expected continuity of policy, broadly, with at least *de jure* independence of Banxico (while he remained somewhat concerned about *de facto* control). Sheinbaum might make amends with the private sector; "she seems to have less contempt towards them." He was unsure what direction she would take on fiscal policy ("perhaps lip service to fiscal prudence"), but feared a continuation of AMLO's policies *vis-à-vis* Pemex; "just more ad hoc measures that don't solve the underlying solvency issues."

Rosen hoped that AMLO would resist meddling in the next administration and would quietly fade from the limelight after the next president takes office. Rosen didn't anticipate major policy changes, although was hopeful that, under Sheinbaum, Pemex may focus more on green energy.

Ali pointed out that, lacking AMLO's charisma, Sheinbaum may resort to increasing expenditures to maintain her approval ratings, leaving fiscal austerity by the wayside. "Austerity was part of AMLO's DNA, but I'm not sure it's part of Sheinbaum's DNA," he stated. Rooney Vera drew attention to the Mexico's increasing crime, and ventured that security may become a larger focus under Sheinbaum. She believed crime could deter some near-shoring.

Panelists revealed their greatest concerns over the actual election. Recalling her earlier comment, Rooney Vera predicted that a market rally would occur only if Galvez won convincingly, as a narrow victory would prompt concerns over a peaceful transfer of power. Ali observed that it would be odd for Morena to contest a loss, given that it is running the election, while recognizing that "politics and elections are the hardest variable to call." Rosen stressed that rarely is an election result so completely foretold, and "anything can happen." He assigned a 10-15% probability of a Galvez victory, and saw brighter prospects for Mexico

Mexican Elections (continued)

under her administration, “once we got past any AMLO protests, or whatever.” Sheinbaum will be beholden to AMLO for his charisma and gravitas, and will be under pressure to advance the constitutional reform proposals the current president has made, in Campos’ analysis.

Speakers agreed that Morena would likely win a simple majority in the legislature, but would fail to achieve the two-thirds of Congress required to change the constitution. Rosen cited a super majority victory by Morena as the biggest electoral risk (one he assigned a 15-20% probability), while reminding attendees that even AMLO fell short of such control. Campos voiced even greater concern, describing a Morena super majority as an under-appreciated risk. “All bets are off if they win a qualified majority,” commented Rooney Vera, with the popular election of Supreme Court justices “most worrisome” to her. Ali added his concern that, in such a case, “it would affect the very important system of checks and balances.”

On the deteriorating fiscal situation, Rosen “didn’t expect to see the situation to be great under Sheinbaum, but I don’t see it as being dire either.” Pemex remained a major risk, although most likely was the maintenance of the status quo of “band aids and continued support.” Campos cautioned that, if Mexico does nothing to address its fiscal deficit, “it will lose its IG rating.” He argued that “there is space to raise taxes, and Mexico can expand its tax base without raising rates by addressing the informal sector.” He added that Mexico has the know-how to increase revenue; “it’s willingness, that is TBD.”

Rooney Vera called attention to Mexico’s sticky inflation. She questioned whether Banxico could meet market forecasts of 200 bps in rate cuts without a deceleration of government expenditures. Rosen argued that the central bank could cut more than the market anticipates and saw Banxico as gradually adopting a more dovish stance. Campos estimated 250 bps in cuts while agreeing inflation was a concern (“they may keep optionality like in Peru”).

On near-shoring, Ali affirmed that it had happened “despite, not because of, AMLO,” citing the president’s mistrust of the private sector. Rosen listed security, the supply of water, electricity and energy, and labor as structural issues which are currently limiting near-shoring. “If Mexico wants to move beyond near-shoring being a buzzword to it being truly transformational, those five factors need to be addressed and improved upon,” he emphasized.

The session concluded with speaker forecasts. Campos confirmed he had reduced his previously above-consensus forecast to a 2.3% growth estimate for 2024, with inflation at 4.7%. Rooney Vera was higher at 2.5% growth and 4.6% inflation by year-end 2024. Prompted, moderator de la Fuente revealed the panel’s most bearish forecast at 2.1%, and voiced concern that Banxico was behind the curve in rate cutting. He added that, “I’m not losing sleep over the fiscal...yet.”

Speakers Praise Economic Progress in Oman and Jordan, Voice Concerns over Egypt and Tunisia

Speakers at EMTA's Forum on the MENA/GCC Markets praised the economic progress in Oman and Jordan, while voicing concerns over the trajectories of Egypt and Tunisia. The event was held in London on Thursday, February 1, 2024, and was made possible by the support of BofA Securities, Moody's Investors Service and Standard Chartered.

BofA Securities' Jean-Michel Saliba served once again as panel chair, and asked speakers for overall themes in the MENA/GCC market. Matt Robinson (Moody's Investors Service) characterized the region as "having a stable outlook, but with some bifurcation." Strong growth, strong remittances for North African countries, robust business confidence, and "conductive" oil prices were all supportive factors. However, Robinson called attention to a division from a financing point of view. "The 'haves' such as Saudi Arabia don't need it, while the 'have nots' such as Egypt, Lebanon and Tunisia desperately need it," he commented. Robinson added that the war in Gaza wasn't great for confidence, but thus far has had limited effects, though he cautioned that any escalation or miscalculation related to Middle East hostilities, including the Red Sea conflict, could have credit implications.



Principal Finisterre's Christopher Watson took some comfort "in that it seems like most of the key actors don't seem to want escalation, and those that do are being constrained." He saw some progress on a deal, but reasoned that the humanitarian disaster and security failures posed long-term implications to the region.

Saliba referred to IMF comments earlier that day acknowledging progress in its talks with Egypt, and asked speakers for reactions. Carla Slim (Standard Chartered) doubted both the ability and the willingness of Egyptian officials to successfully devalue the pound. "Closing the gap is very challenging; if not, they would have accomplished it on the past three attempts." Slim's base case was for muddle through scenario with an augmented IMF program, which could lead to "fresh thinking" on FX policy, possibly including a partial devaluation. In such a case, IMF loans could provide liquidity in the country, potentially leading to a new FX regime. Geopolitics would work in Egypt's favor for now, "as it has never been more crucial to things that matter today; there is a feeling that we can't afford another crisis that an Egyptian implosion would represent."

Razan Nasser (T. Rowe Price) added that it might not be "in the DNA" of Egyptian officials to allow a free float of the pound. However, she believes a full adjustment of the currency cannot be avoided unless it's compensated for by extensive fiscal and monetary tightening. Nasser argued that even a large IMF loan alone would not allow for regained market access without the necessary adjustment. A key to the success of the reforms as well is to regain domestic confidence, which would result in de-dollarization.

MENA (London) (continued)

Robinson confirmed that Moody's Caa1 rating on Egypt (with a negative outlook) "doesn't suggest that a default is our base case, but the situation is becoming more difficult, and at some point a restructuring may be on the table." A large portion of new IMF money would be used to repay old loans, he observed, adding that the external maturity profile over the next two years is difficult, the Gaza war is hurting both tourism and Suez Canal receipts, and social issues could prove a powder keg. "It will get worse before it gets better," he concluded.

Watson agreed that Egypt would most likely "muddle through," if authorities followed up on their pledges on structural reforms and fiscal consolidation. However, he revealed skepticism on Cairo's pledge to cut spending. "I'm not confident it will be done." Moderator Saliba added his own voice to the "muddle through" chorus, explaining he didn't anticipate GCC rescue cash this time around.

Robinson reviewed his agency's recent upgrade of Oman (to Ba1, stable outlook), attributing it largely to improved credit metrics. More progress on structural reforms was needed if Oman would achieve an IG rating, he stated. "The Omanis have never been as aggressive as others on reforms, but they have done enough to warrant confidence."

Slim believed that paying down debt with this year's surplus and the diversification of revenue sources (including the new VAT) would be precursors to an upgrade. However, low growth was a concern, and a recession was possible, in her analysis. Nasser saw the market as clamoring for a new issuance from Oman ("there are very few positive stories in the market"). She recommended that the country build up FX reserves rather than pay down debt, and ventured that a liability management exercise might be better received than a sukuk offering.

"There is a deficit of improving stories like Oman, especially those that offer you decent spreads," stressed Watson. "The Omanis delivered on what they needed to do. Could more be done? Absolutely. But let's give credit where it is due." He seconded that a liability management operation would be well received by market participants.

In contrast, Watson noted that Bahrain had not followed Oman's example on reform progress, nor did the country understand the importance of communication with investors. Nasser considered Bahraini debt to be expensive, and the country most likely to de-anchor should oil fall to \$60 per barrel.

Concerns on Tunisia were also addressed. Robinson explained that his firm's Caa2 rating with a negative outlook suggested that, barring any near-term improvements, the probability of a default would increase. "Their options are limited, and are dwindling in the absence of an IMF program," he underscored. Watson maintained a more sanguine view. While he faulted the president for his refusal to work with the IMF, and doubted any deal would be reached before the elections, he expected the '24 bonds would be paid in full, and likely the '25s.

Nasser noted that, on Jordan, her home country bias was usually negative, but she was encouraged by the country's management of FX reserves and delivery on their last IMF program. She expressed confidence in Jordan's ability to tap the market for \$500 million this year. Robinson warned of possible volatility related to the Gaza war, but "our positive outlook on the B1 rating is due to Jordan's resilience to shocks, such as the commodity price hike after the Ukraine war, and their ability to keep their partners on their side."

Corporate Experts Anticipate Decent Returns in '24 After Year-End Rally

“After another tough year in 2023, the EM corporate bond market ended up generating respectable returns of 7.2% overall, due to very strong December performance,” commented moderator Anne Milne (BofA Securities) at the outset of EMTA’s Forum on the 2024 Outlook for EM Corporate Bonds, held in Boston on January 16, 2024. At the event, Milne and her panel of industry experts offered their opinions on 2024 performance, liquidity, and ratings, as well as specific countries.

In opening the floor, Milne confirmed that her firm’s forecast for EM corporate performance would likely be adjusted down to 4% (down from 8% previously) as a result of the surprising year-end rally. “However, a lot can happen in one year so we are waiting to see how the rate situation evolves.” Positive trends include lower default rates and attractive spread differentials vs DM. She asked speakers if they agreed.



Akbar Causer (Eaton Vance) replied that he had been “pleasantly surprised” at EM firms’ ability to find alternative financing sources as global rates soared. EM corporate returns should be “decent” this year, with spread tightening of 65-75 bps on average, as declining US rates are pushing investors down the risk curve for yield pick-up. Causer saw pockets of value in both HY and BBB credits and considered EM corporate balance sheets to be generally in good shape. For him, the biggest risk to the asset class was a sharp US slowdown. “If there is a blow-out in the US, that will hurt EM-- but I don’t have a strong view on that happening,” he stated.

EM corporate returns of 7% this year were still possible in a soft landing/tailwinds from UST scenario, according to Loomis, Sayles’ Elisabeth Colleran. “Fundamentals look good, and a lot of companies did the right things last year, such as extending liabilities, raising cash and cutting back on capex,” she reasoned. Colleran added that the greater opportunities for spread pick up this year is making for easier discussions with clients.

Declan Hanlon (Santander) also contributed to the panel’s optimism on the asset class, citing a pickup in DM recessionary data that could pave the way to lower rates. This would benefit EM corporates generally, with a weaker US dollar further helping some issuers. He argued that the EM corporate technical picture was improving, in terms of fund flows and new issuances, and ventured that some crossover accounts could return.

Corporate Boston (continued)

Saverio Minervini (Fitch Ratings) addressed the market from a ratings' perspective. He informed attendees that, at Fitch, LatAm corporate credit downgrades exceeded upgrades by a 2:1 ratio in 2023. Sectors which had been hurt most were the telecom and chemical sectors, while Brazilian issues struggled after the Americanas scandal. TMT was the only sector currently remaining on negative outlook at Fitch, although he cautioned attendees that a "dark cloud" continued to overhang the chemical sector, "which is contingent on China."

Speakers addressed liquidity concerns, which Causer emphasized were a source of significant investor frustration. "Liquidity has been deteriorating for some time," lamented Hanlon, due to difficulties in recycling ever-larger core positions on the buy-side together with risk tolerance reductions on the sell-side. "It's an on-going challenge, and I hear about it from clients every single day...there are parts of this market that trade like private credit without the premium for private credit," he observed.

Addressing the relationship between ratings changes on sovereigns and corporates, Minervini highlighted that transmission was usually first to government-related entities, although not always in lockstep. There may be a lag time of up to two years to other companies, and he offered Peru (whose IG rating is currently on negative outlook) as a case where political issues are disincentivizing long-term investment.

Despite the recent removal of sanctions on secondary trading of Venezuelan paper, Milne didn't foresee a near-term PDVSA (or sovereign) restructuring, citing a lack of interest in Caracas. However, she pointed out that agreements were being signed with PDVSA and foreign oil companies for more oil production, to be used for debt payments.

Was China uninvestable? "We still invest there," Colleran responded, while cautioning on the "many changes and head fakes; we had thought we were seeing progress that the blindsiding was not going to continue." Her firm has reduced some exposure to China, and "there is nothing to do in HY property names at the moment."

On a more positive note, Hanlon voiced great enthusiasm for Pemex "for the first time in years," should Claudia Sheinbaum be elected president in 2024. He expected a continuation of sovereign support to the oil company as well as a resumption in joint ventures/farmouts, lower gross debt (post government-sponsored amortizations) and a move towards renewables under her tenure. Minervini emphasized Mexico would need to follow the rule of law to attract, and rebuild credibility with, foreign investors. He added that investor enthusiasm on "near-shoring" often failed to factor in the need for electricity, which could pose a bottleneck.

Most panelists deemed Brazilian corporates to be fairly valued, with Colleran referring to them as "the good soldiers you need in a portfolio without drama, although they were tainted last year by Americanas." Hanlon pointed out that the local markets were deep enough to absorb many issuances, allowing Brazilian firms to bypass the dollar markets. "You can find something to do, but there isn't a ton of value right now," in his analysis.

The event was sponsored by BofA Securities. Additional support was provided by Fitch Ratings and Santander.

With thanks to Anne Milne (BofA Securities) for her contributions to this piece.

1998 FX and Currency Option Definitions Update (continued)

EMTA's focus is ensuring that EM specific issues are clearly identified and considered in the process and incorporated into the update. To this end, EMTA invites EMTA Members to reach out with suggestions as to EM-relevant issues that need to be adequately incorporated into the 1998 Definitions so as to facilitate the future trading of EM FX and currency derivatives.

EMTA Members are invited to contact Leslie Payton Jacobs at (lpjacobs@emta.org).

Indian Rupee Market Opens the Door to Onshore NDFs

Recent changes in India's derivatives regulations have opened the door to the onshore transaction of non-deliverable FX forwards to be settled in Indian rupees. Following the request of several Asia-based EMTA Member firms, EMTA has circulated a draft form of confirmation for onshore NDF transactions to its APAC Lawyers Group for comment. EMTA Members with an interest in this effort are invited to join the working group and should reach out to Leslie Payton Jacobs.

Information on the relevant Indian legislation can be found in the New Developments in the FX and Currency Derivatives area (link below under "Resources").

New Brazilian Holiday to Impact BRL CDI Transactions

By the fall of November 2023, following many years of work, the government of Brazil finally seemed poised to adopt and include a new holiday in its national calendar. This new holiday (roughly, the “*National Day of Zumbi and Black Awareness Day*”) was projected to be included in the 2024 calendar going forward. Anticipating the new holiday, on December 7, B3, the securities exchange and over the counter market of Brazil, published a notice to map out its prospective plan to implement the inclusion of the new holiday in its systems and processes.

EMTA and ISDA members as well as some infrastructure providers variously noted the impact and interplay of this upcoming calendar change on the calculations of BRL CDI transactions which follow the *Joint EMTA-ISDA Market Practice (No 1) for BRL CDI Non-Deliverable Interest Rate Swap Transactions* amended March 13, 2009 and the desirability of coordination among industry participants, particularly noting the importance of aligning closely with the proposed B3 procedures on timing in order to minimize mismatches.

The President of the Republic signed the legislation into law on Thursday evening, December 20, 2023, by publication, effective December 22, in the Official Gazette of the Republic of Brazil, making the B3 projected implementation date Tuesday, December 26. EMTA, ISDA, various of their respective members along with some of the noted infrastructure providers, worked to devised implementation plans and communications with the industry to affect an industry wide shift on the same day (to the extent possible) and with calculation methodologies that would be compatible with the expressed B3 intentions. On December 22, EMTA and ISDA jointly issued a Notice of Enactment of a New Brazilian Holiday which can be found in the User’s Guides and Guidance Notes link below.

Members may view the *EMTA-ISDA Swaps and Credit Derivatives Market Practice* using the link at the end of this section and may view the several notices from the Republic, B3 and the ensuing member notices of CME, Markit and LCH regarding their procedures (see *New Developments in the FX and Currency Derivatives* below).

Questions may be directed to Leslie Payton Jacobs (lpjacobs@emta.org).

Assessing the Need for Additional Currency Pairs for NDF Template Terms Standardizations

In order to ensure that EMTA's Template Terms are keeping pace with market need, periodically EMTA solicits input from its Membership on whether there are additional currency pairs where standardization of terms would be generally supported by, and respond to a need of, the Membership. EMTA Members are invited to suggest markets and currency pairs where a standardization effort would be responsive to Member needs by contacting Leslie Payton Jacobs (lpjacobs@emta.org).

Resources

As a reminder, EMTA's website offers its Members many FX-relevant resources:

Draft Documentation for current EMTA FX projects can be found [HERE](#).

EMTA FX Market Practices can be found [HERE](#).

EMTA Swaps and Derivatives Market Practices can be found [HERE](#).

Current Recommended Template Terms can be found [HERE](#).

User's Guides and Guidance Notes can be found [HERE](#).

New Developments in the FX and Currency Derivatives area can be found [HERE](#).

Multilateral Amendments and Documentation Protocols can be found [HERE](#).

Comments?

Please direct comments and questions on all FX and Currency Derivatives matters to Leslie Payton-Jacobs at lpjacobs@emta.org.

EMTA Tracking OFAC Sanctions for EM Countries

OFAC-related materials are available in the country-specific Markets areas of EMTA's website referenced below. EMTA Members are encouraged to visit these frequently as EMTA tracks events in those countries.

Burma	https://www.emta.org/markets/markets-a-g/burma-myanmar/
Iran	https://www.emta.org/markets/markets-h-o/iran/
Korea	https://www.emta.org/markets/markets-h-o/korea/
Russia	https://www.emta.org/markets/markets-p-z/russia/
Sudan	https://www.emta.org/markets/markets-p-z/sudan/
Ukraine	https://www.emta.org/markets/markets-p-z/ukraine/
Yemen	https://www.emta.org/markets/markets-p-z/yemen/
Venezuela	https://www.emta.org/markets/markets-p-z/venezuela/

For further information, please contact Aviva Werner at awerner@emta.org.

Holiday Schedules Issued

EMTA circulated the list of 2024 US and UK Annual Holidays on December 19, 2023 in conjunction with the SIFMA distribution of such Annual Holidays, and, prior to each US and UK Holiday, EMTA sends to Members the relevant settlement schedule in connection with such Holidays. These can all be viewed under: <https://www.emta.org/activities-and-services/holiday-and-settlement-schedules/>.

For more information, please contact Aviva Werner at awerner@emta.org.

Resources

As a reminder, EMTA's website offers its Members many Fixed Income relevant resources:

- New Developments can be found [HERE](#).
- Market Practices can be found [HERE](#).
- Documentation can be found [HERE](#).
- Caselaw can be found [HERE](#).

Comments?

Please direct comments and questions on all Fixed Income matters to Aviva Werner at awerner@emta.org.

The First 100 Days of the Milei Administration in Argentina Explored at EMTA Forum in London

An EMTA panel will explore the initial moves made by the Milei Administration in Argentina as the new government completes its first 100 days in office. The Forum will be held on Thursday, March 14, 2024 in London.

The event will be sponsored by PPI and will take place at the International Institute for Strategic Studies at 6 Temple Place in London WC2R 2PG.

Walter Stoeppelwerth (PPI) will moderate the panel discussion, and will be joined by Andrew Stanners (abrdn), Martin Soler (HSBC Global Asset Management) and Kaan Nazli (Neuberger Berman).

EMTA Members can register for the event at www.emta.org. Non-Members may also attend at a US\$695 registration fee.

For additional information, please contact Jonathan Murno at jmurno@emta.org.



Andean Panel Slated for March 20, 2024 in NYC

EMTA will hold a Forum focusing on the Andean countries on Wednesday, March 20, 2024. Fitch Ratings will host the event at the Hearst Building, 300 West 57th Street in New York City.



The panel discussion will be moderated by Fitch Ratings' Shelly Shetty. Confirmed speakers include Olga Yangol (Credit Agricole CIB), Alejandra Andrade (JPMorgan), Aaron Gifford (T. Rowe Price) and Eric Fine (VanEck).

Additional support for the program is being provided by Credit Agricole CIB and JPMorgan.

EMTA Members can register at www.emta.org. The registration fee for EMTA Members is US\$95; Non-members may register at a fee of US\$695.

Please contact Jonathan Murno at jmurno@emta.org for more information.

EMTA Seminar in London to Focus on Frontier Credits

Frontier credits will be the focus of an EMTA event on Tuesday, March 26, 2024. William Blair & Company will serve as host and lead sponsor of the event, which will be held at their office at 22 Bishopsgate in London. The Forum will cover credits in Latin America, Africa and Asia.

Yvette Babb (William Blair) will chair the discussion. Joining her on the podium will be AJ Mediratta (Greylock Capital Management), Ayomide Mejabi (JPMorgan) and Frank Gill (S&P Global Ratings).

Invitations will be sent to all EMTA Members, who may register for the event at www.emta.org; Non-members may also attend, with a US\$695 registration fee.

Additional support for the program is provided by JPMorgan and S&P Global Ratings.

For more information, please contact Jonathan Murno at jmurno@emta.org.



Buenos Aires Forum



The Annual EMTA Forum in Buenos Aires is scheduled for Thursday, April 4, 2024 and will be held at the Four Seasons Hotel with the lead sponsorship of BancTrust.

At press time, confirmed speakers included Ramiro Blazquez (BancTrust) and Juan Battaglia (Cucchiara y Cia).

Cucchiara y Cia and LSEG will also provide support to the event. This will be the 14th year of the EMTA Forum in Buenos Aires.

EMTA Survey: Third Quarter Emerging Markets Debt Trading at US\$1.44 Trillion

Volume Up 15% vs. Third Quarter 2022

Emerging Markets debt trading volumes stood at US\$1.44 trillion in the third quarter of 2023, according to a report released on December 21, 2023 by EMTA. This is up 15% compared to the US\$1.255 trillion reported in the third quarter of 2022, and up 10% from second quarter 2023 volume of US\$1.311 trillion.

Local Markets Instruments at 70% of Volume

Turnover in local markets instruments stood at US\$1.005 trillion in the third quarter of 2023, accounting for 70% of total reported volume. This compares to US\$827 billion in the third quarter of 2022 (a 21% increase) and US\$928 billion in the second quarter (up 8%).

Mexican instruments were the most frequently traded local markets debt in the third quarter of 2023, at US\$310 billion. Other frequently-traded local instruments were those from Brazil (US\$192 billion), India (US\$99 billion), China (US\$91 billion), and South Africa (US\$58 billion).

Eurobond Volumes at US\$432 Billion

Eurobond trading stood at US\$432 billion in the third quarter of 2023. This compares with US\$420 billion in the third quarter of 2022 (up 3%) and US\$381 billion in the second quarter, representing a 13% increase.

71% of Eurobond activity involved sovereign debt issues in the third quarter of 2023, with Survey participants reporting US\$307 billion in sovereign Eurobond turnover. This compared to a 66% share of Eurobond activity in the previous quarter, when such volumes stood at US\$252 billion.

Corporate Eurobond trading stood at US\$124 billion in the third quarter of 2023, accounting for 29% of total Eurobond activity (vs. a 33% share in the previous quarter). Sovereign Eurobond activity accounted for 21% of overall Survey volumes, with corporate trading at 9% of total turnover.

The most frequently traded Eurobonds in the third quarter of 2023 were, according to Survey participants, Argentina's 2030, 2035 and 2038 US dollar bonds (with volumes of US\$6.2 billion, US\$6 billion and US\$3.2 billion, respectively), Ecuador's 2035 bond (US\$3.2 billion), and South Africa's 2052 bond (US\$2.6 billion in turnover).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US\$3 billion in warrant and option trades during the quarter and US\$78 million in loan assignments.

Debt Survey (continued)

Mexican, Brazilian and Chinese Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US\$351 billion in turnover, and compared to US\$243 billion reported in the third quarter of 2022 (up 44%). Mexican volumes represented 24% of overall volumes.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US\$212 billion, according to Survey participants. This represents an 7% increase on the US\$198 billion reported in the third quarter of 2022. Brazilian volumes accounted for 15% of total reported volumes.

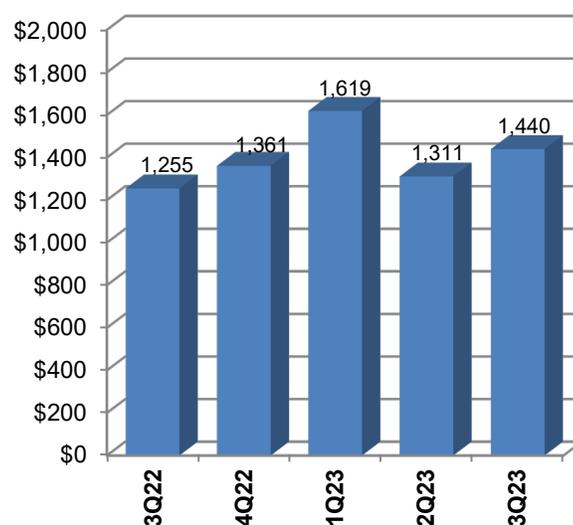
Third were Chinese assets, whose volume stood at US\$110 billion. This compares to US\$132 billion in the third quarter of 2022 (down 17%) and US\$127 billion in the second quarter (down 14%). Chinese instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from India (US\$107 billion) and South Africa (US\$74 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 31 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's Third Quarter 2023 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.

Figures in Billions of US Dollars



EMTA Survey: Emerging Markets CDS Trades at US\$331 Billion in Third Quarter

Volumes Down 13% vs. 3Q 2022

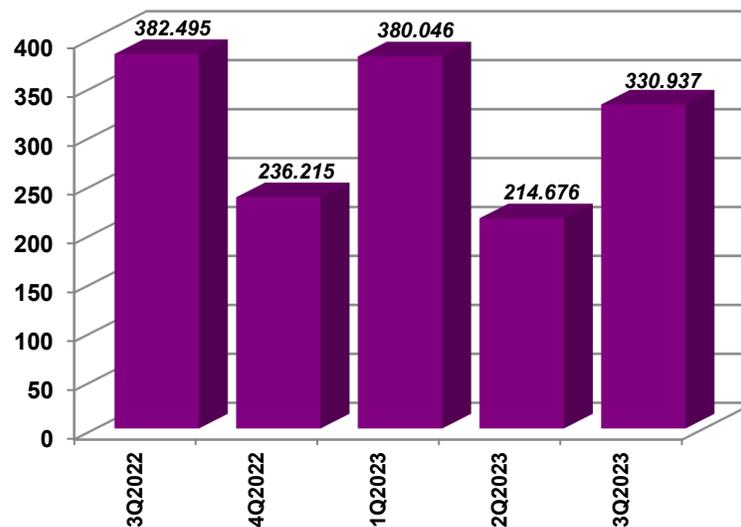
Emerging Markets CDS trading stood at US\$331 billion in the third quarter of 2023, according to a Survey of 11 major dealers released on December 19, 2023 by EMTA. This represented a 13% decrease compared to the US\$382 billion reported in the third quarter of 2022, while a 54% increase compared to reported second quarter 2023 volumes of US\$215 billion.

The largest CDS volumes in the Survey during the first quarter were those on South Africa, at US\$35 billion. EMTA Survey participants also reported US\$29 billion in Chinese CDS contracts, and US\$27 billion in Turkish CDS.

The EMTA Survey also included volumes on nine corporate CDS contracts, with the highest reported quarterly volume on Pemex (at US\$3 billion).

For a copy of EMTA's Third Quarter 2023 CDS Trading Volume Survey, please contact jmurno@emta.org.

Figures in Billions of US Dollars



Membership Update

EMTA Members include over 170 banks, broker-dealers, money management firms, hedge firms, law firms, other service providers and others.

EMTA membership benefits include access to the EMTA website and to EMTA's staff, invitations to EMTA's many events around the globe at no cost, eligibility to participate in working groups or other EMTA initiatives, and much more.

If you are interested in EMTA membership, or if you know of prospective members, please contact Jonathan Murno at jmurno@emta.org or (646) 676-4293 or Suzette Vaccaro at svaccaro@emta.org or (646) 676-4294.

Information on the different categories of membership and annual dues may also be found on the EMTA website at www.emta.org.

EMTA is your Forum

Questions arise from time to time about EMTA's policies regarding views expressed in items posted on its website or by speakers or panelists at EMTA events.

For the record, EMTA, by long-standing custom, does not necessarily endorse such views. Items posted on EMTA's website and speakers and panelists at EMTA events are selected because EMTA believes that they will be of topical interest to its Members and to the broader market, and will contribute to the free exchange of views and information in the marketplace.

EMTA is always interested in market feedback on the effectiveness of its website, events and activities generally. Please take the time to let us know whether or not you agree with what you see on our website or hear at one of our events and, most importantly, whether there is something that EMTA should be doing, or doing differently, to better serve the EM marketplace.

Stay in Touch to Stay Current!

If you have recently changed emails or moved offices, please update your information by visiting <https://netforumpro.com/eWeb/DynamicPage.aspx?Site=EMTA>.

EMTA Jobs Page

EMTA is providing information on current industry positions of possible interest to members of the EM trading and investment community. Both “Jobs Offered” and “Positions Wanted” information are available to EMTA Members and other market participants.

This information can be found on EMTA’s website at www.emta.org (see “Employment” on EMTA’s home page).

We encourage you to pass along this information to former colleagues seeking employment in the EM debt industry, and, if your institution is looking for an EM professional, please consider posting available job positions with us.

To post a summary resume, please contact Suzette Vaccaro at svaccaro@emta.org.

*EMTA Members:
To obtain a password for the
Members Only area, please
[Click Here](#)*

Website Updates

EMTA publishes a wide range of materials relevant to participants in the Emerging Markets industry.

Please take time to visit these areas on our website:

[New Developments](#) (information about EMTA projects and other industry developments).

[Upcoming Events](#) (the registration site for EMTA seminars and conferences).

[Membership](#) (information on membership and EMTA Member Institutions).

[Documentation](#) (standard documentation and market practices for fixed income and FX products).

[Key Industry Views](#) (key industry perspectives and market commentary).

[From the Market](#) (items submitted to EMTA that may be of interest to the Emerging Markets industry participants).

[Emerging Markets Caselaw](#) (court decisions and related litigation materials (including amicus briefs)).

[Employment](#) (industry positions currently available for Members of the Emerging Markets industry).

EMTA is on LinkedIn!

EMTA is happy to announce that we are now on LinkedIn.

Follow us on LinkedIn as an additional way to keep up-to-date on EMTA projects and upcoming events. We invite all EMTA Members to connect with us at: <https://www.linkedin.com/company/emta-inc>.

As always, we thank you for your support.

EMTA Hotlines

<u>Topic</u>	<u>Contact</u>	<u>Telephone</u>
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Credit Derivatives	Leslie Payton-Jacobs/Aviva Werner	(646) 676-4290 ext. 6/(646) 676-4292
EM Litigation/Arbitration	Aviva Werner	(646) 676-4292
EMTA Events	Jonathan Murno/Nadine Simonelli	(646) 676-4293/ (646) 676-4295
EMTA Governance/Board/Policy	Michael Chamberlin	(646) 676-4290
EMTA Membership	Jonathan Murno/Suzette Vaccaro	(646) 676-4293/4294
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International Financial Architecture	Aviva Werner	(646) 676-4292
Investor Rights	Aviva Werner	(646) 676-4292
Legal/Compliance	Aviva Werner	(646) 676-4292
Library and Archive Requests	Evelyn Ramirez	(646) 676-4290
Local Markets	Leslie Payton-Jacobs/Aviva Werner	(646) 676-4290 ext. 6/(646) 676-4292
OFAC Sanctions	Aviva Werner	(646) 676-4292
Volume Surveys	Jonathan Murno	(646) 676-4293
Warrants/VRR's	Aviva Werner	(646) 676-4292
Website	Suzette Vaccaro	(646) 676-4294

EMTA staff can also be reached through the general telephone number (646) 676-4290, at the following email addresses or through EMTA's website (www.emta.org).

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Suzette Vaccaro	svaccaro@emta.org
Aviva Werner	awerner@emta.org

EMTA Calendar

Mon., Jan. 15	Recommended Market Close (NYC/London) Martin Luther King, Jr. Day
Tues., Jan. 16	EMTA Corporate Bond Forum Outlook for 2024 Sponsored by BofA Securities The Langham Hotel – Chase Room 250 Franklin Street Boston
Thurs., Feb. 1	EMTA Forum on the MENA/GCC Markets International Institute for Strategic Studies 6 Temple Place London
Tues., Feb. 6	EMTA Forum on the Mexican Elections Sponsored by UBS 1285 Avenue of the Americas New York
Mon., Feb. 12	EMTA Winter Forum Sponsored by JPMorgan The Great Hall 60 Victoria Embankment London
Mon., Feb. 19	Recommended Market Close (NYC/London) Presidents' Day
Mon., Feb. 20	EMTA Forum on the MENA/GCC Outlook The Capital Club Dubai Gate Village, Building 3 Dubai International Finance Centre (DIFC)
Thurs., Feb. 29	EMTA Webinar: Central American & Caribbean Economic Outlook Sponsored by Santander
Thurs., March 14	EMTA Forum: The Economic and Political Outlook for Argentina Sponsored by PP Inversiones International Institute for Strategic Studies 6 Temple Place London
Wed., March 20	EMTA Forum on the Andean Countries Sponsored by Fitch Ratings Hearst Tower 300 West 57th Street (Entrance on 8th Avenue between W. 56 and W. 57 Sts) New York

Tues., March 26	EMTA Forum on the Frontier Credits Sponsored by William Blair 22 Bishopsgate, 47th Floor London
Fri., March 29	Recommended Market Close (NYC/London) Good Friday
Mon., April 1	Recommended Market Close (London) Easter Monday
Thurs., April 4	EMTA Forum in Buenos Aires Sponsored by BancTrust Hotel Four Seasons Posadas 1086
Mon., May 6	Recommended Market Close (London) May Day Bank Holiday
Tues., May 21*	EMTA Corporate Bond Forum Sponsored by BofA Securities London
Thurs., May 23*	EMTA Forum in Frankfurt Sponsored by BofA Securities
Fri., May 24	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., May 27	Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday
Tues., May 28*	EMTA Forum in Zurich
Thurs., June 13*	EMTA Summer Forum Hosted by BofA Securities London
Wed., June 19	Recommended Market Close (NYC/London) Juneteenth Holiday
Wed., July 3	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., July 4	Recommended Market Close (NYC/London) Independence Day
Mon., August 26	Recommended Market Close (London) Summer Bank Holiday
Mon., Sept. 2	Recommended Market Close (NYC/London) Labor Day
Mon., Oct. 14	Recommended Market Close (NYC/London) Columbus Day
Wed., Nov. 6*	EMTA Corporate Bond Forum New York
Mon., Nov. 11	Recommended Market Close (NYC/London) Veterans Day

*Details TBA

Tues., Nov. 12*	EMTA Forum in Cape Town
Thurs., Nov. 14*	EMTA Forum in Johannesburg
Wed., Nov. 27	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 28	Recommended Market Close (NYC/London) Thanksgiving Day
Fri., Nov. 29	Recommended 2:00 p.m. (NYC) Early Market Close
Tues., Dec. 24	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Dec. 25	Recommended Market Close (NYC/London) Christmas Day
Fri., Dec. 26	Recommended Market Close (London) Boxing Day
Tues., Dec. 31	Recommended 2:00 p.m. (NYC) Early Market Close
Wed., Jan. 1, 2025	Recommended Market Close (NYC/London) New Year's Day (2025)