

Cbonds Emerging Markets Bond Conference

29 March 2022
Online

Cbonds

Lat Am bond domestic market overview

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Overview

- Historical context
- Lat Am bond market stats
- What factors affect the market
- Where to invest?
- What lies ahead?



Historical context¹

Why did it take so long?

Poor record of macroeconomic management

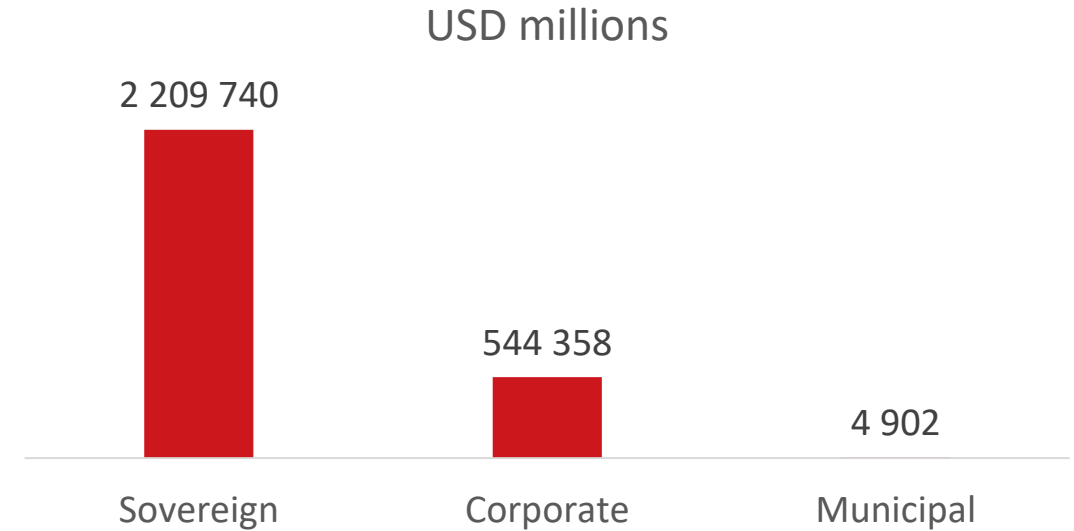
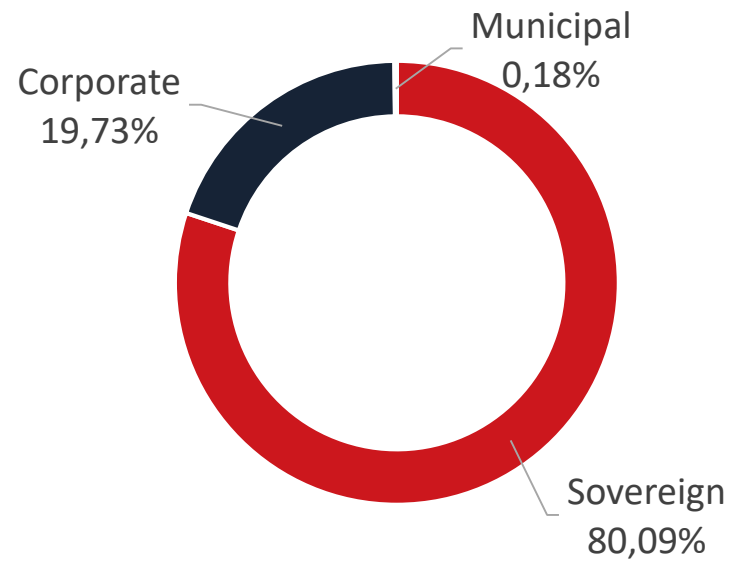
Absence of a broad and diversified investor base

Primary markets inefficiencies and costs

Regulatory restrictions that impeded the development of secondary markets

Lack of infrastructure

Lat Am Bond market by sector



Lat Am Bond market

USD mm



As a % of GDP



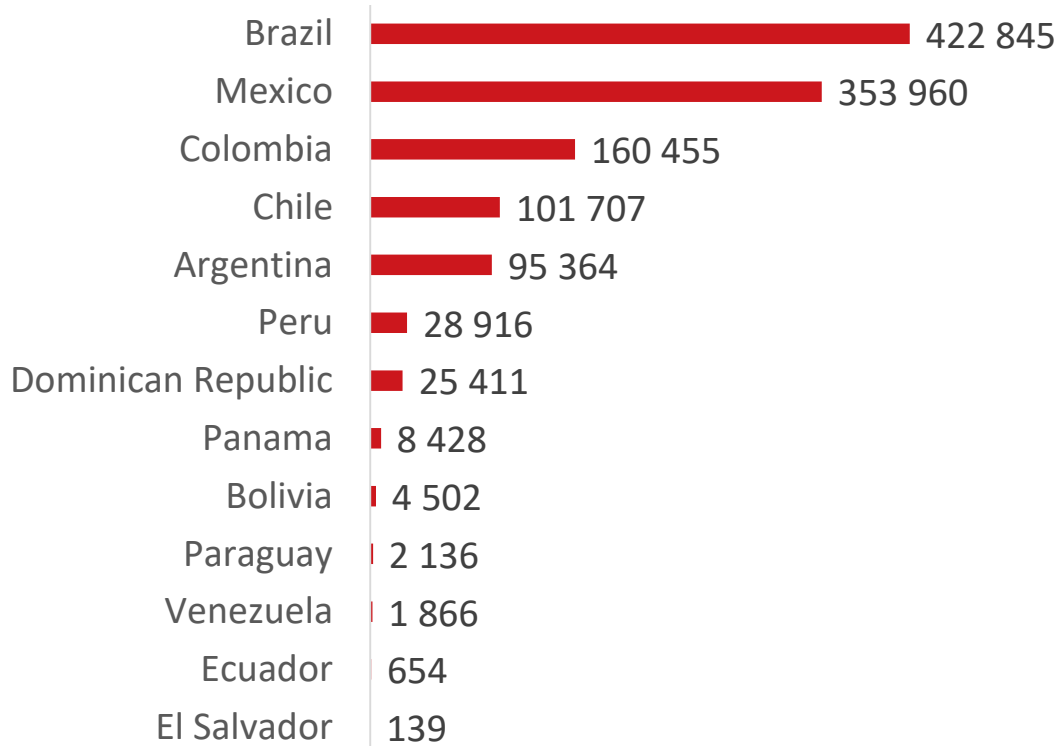
Issuers



Bond market by Country

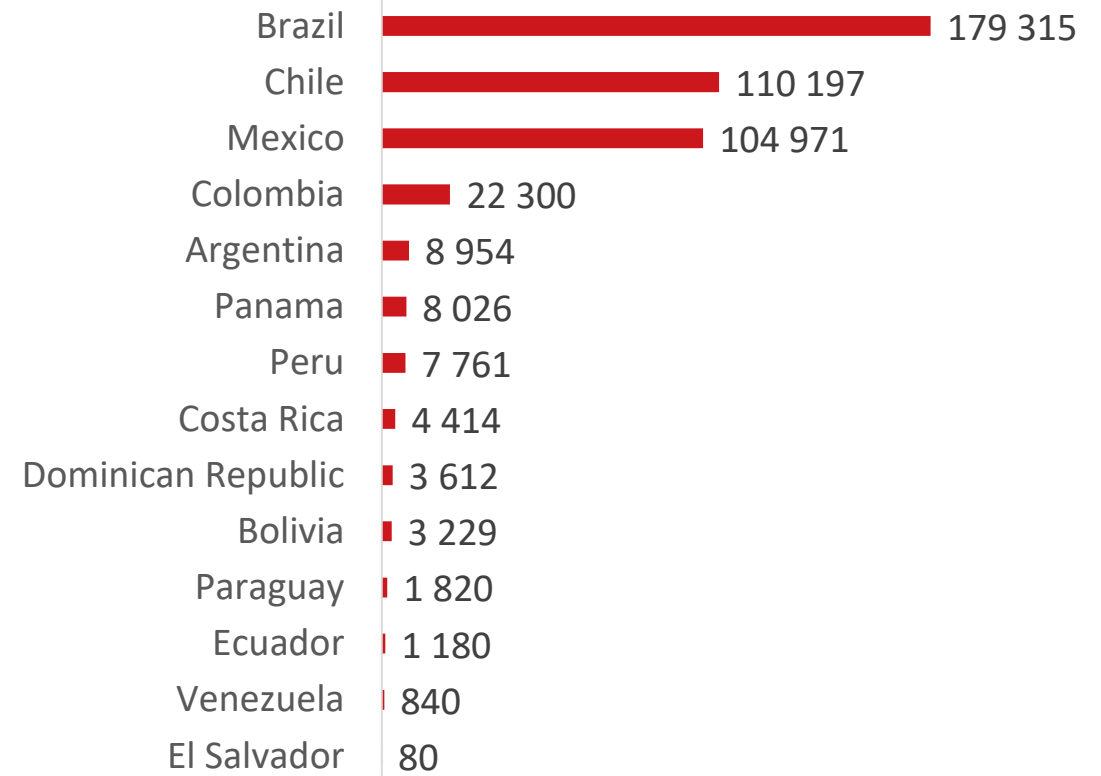
Sovereign Bonds

USD mm

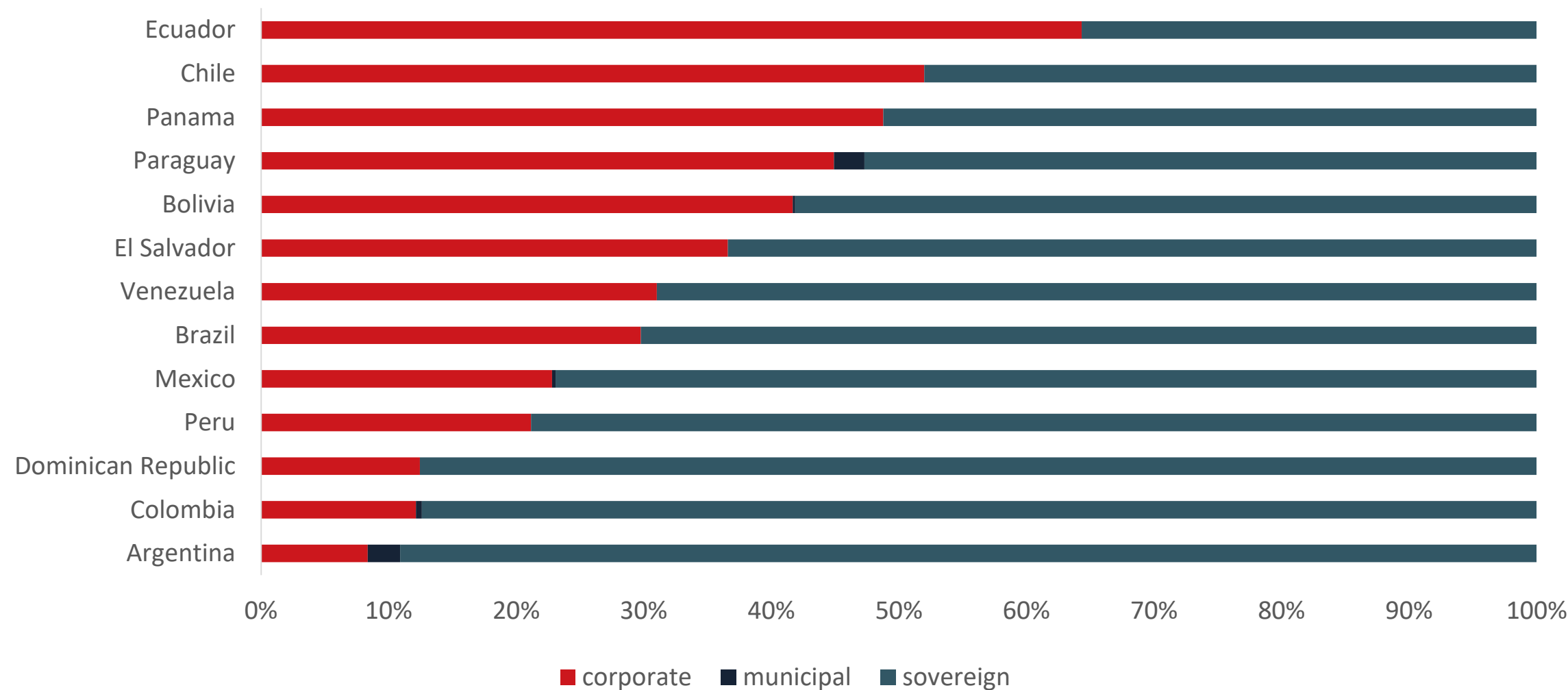


Corporate Bonds

USD mm

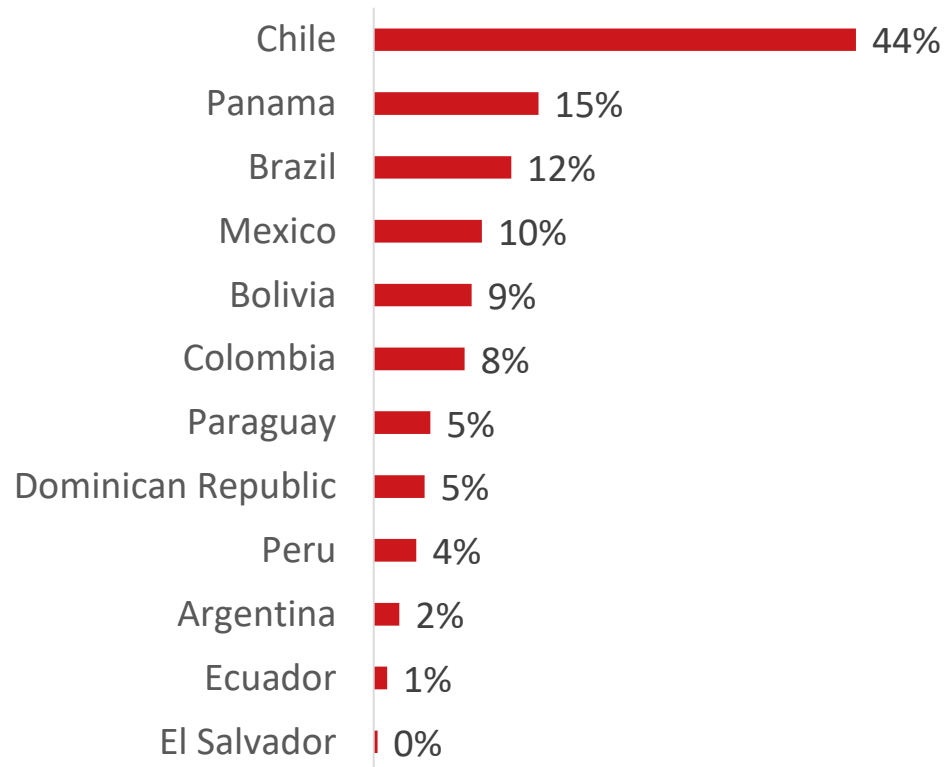


Bond market by country and sector

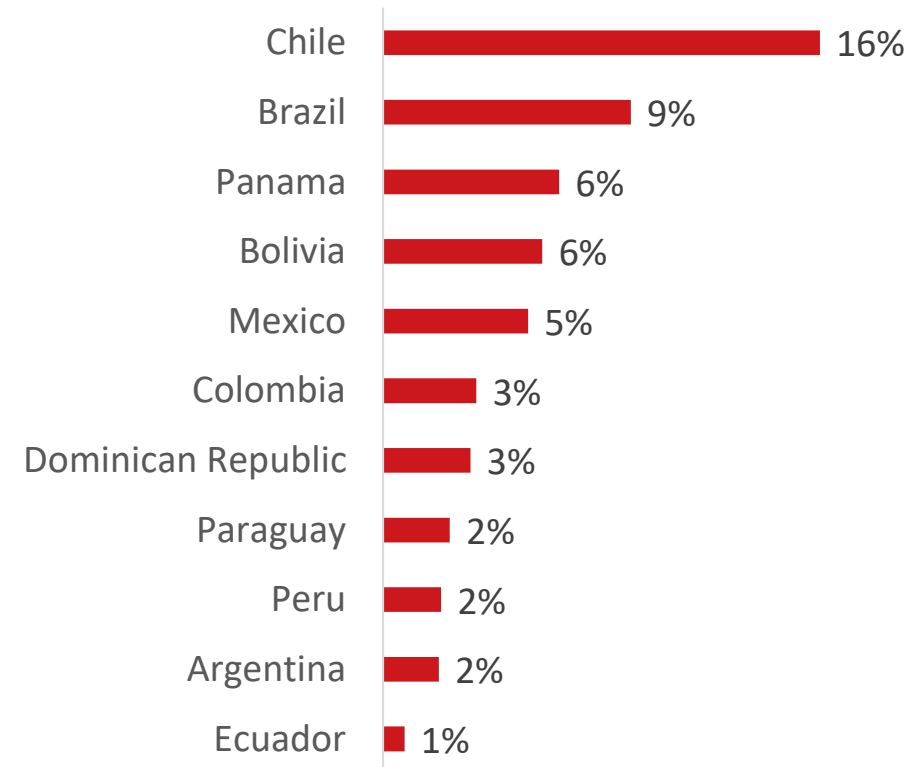


Corporate Bond market as a % of GDP

Corporate Bond Market as % of GDP

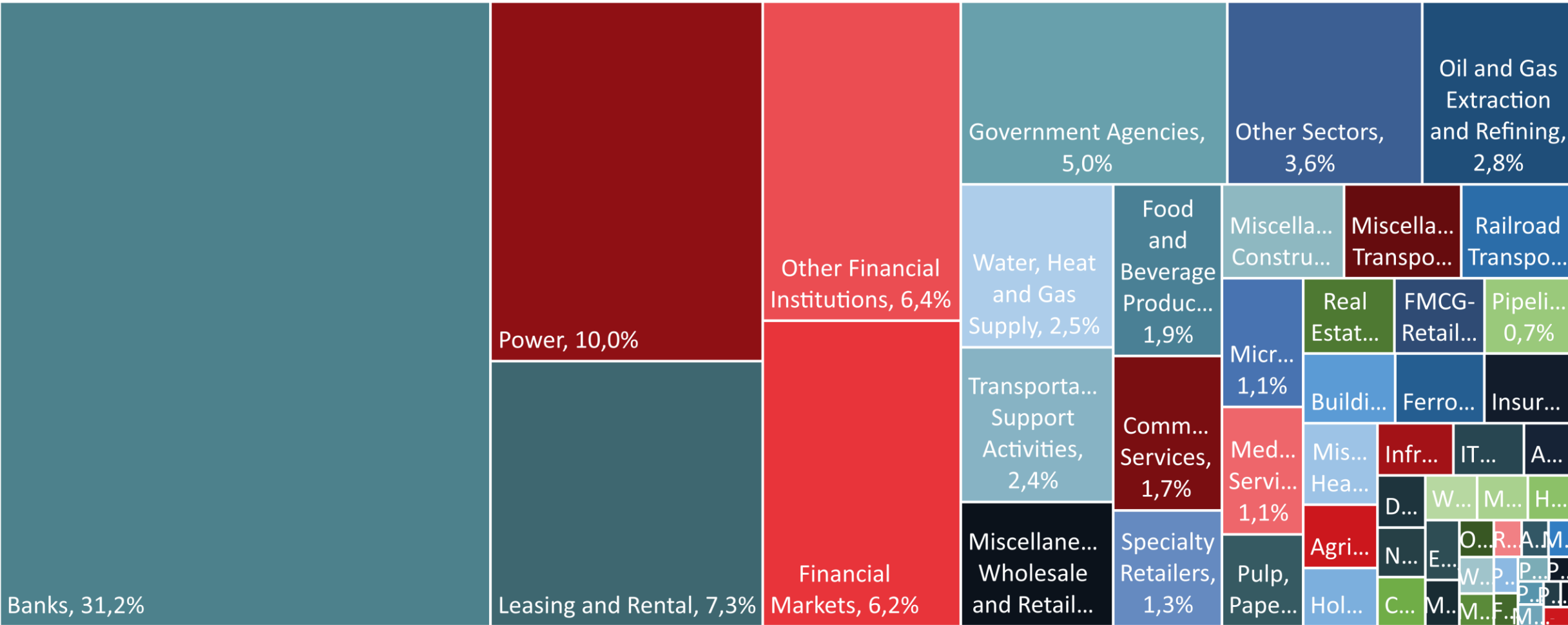


Corporate non financial as % of GDP



Where to invest?

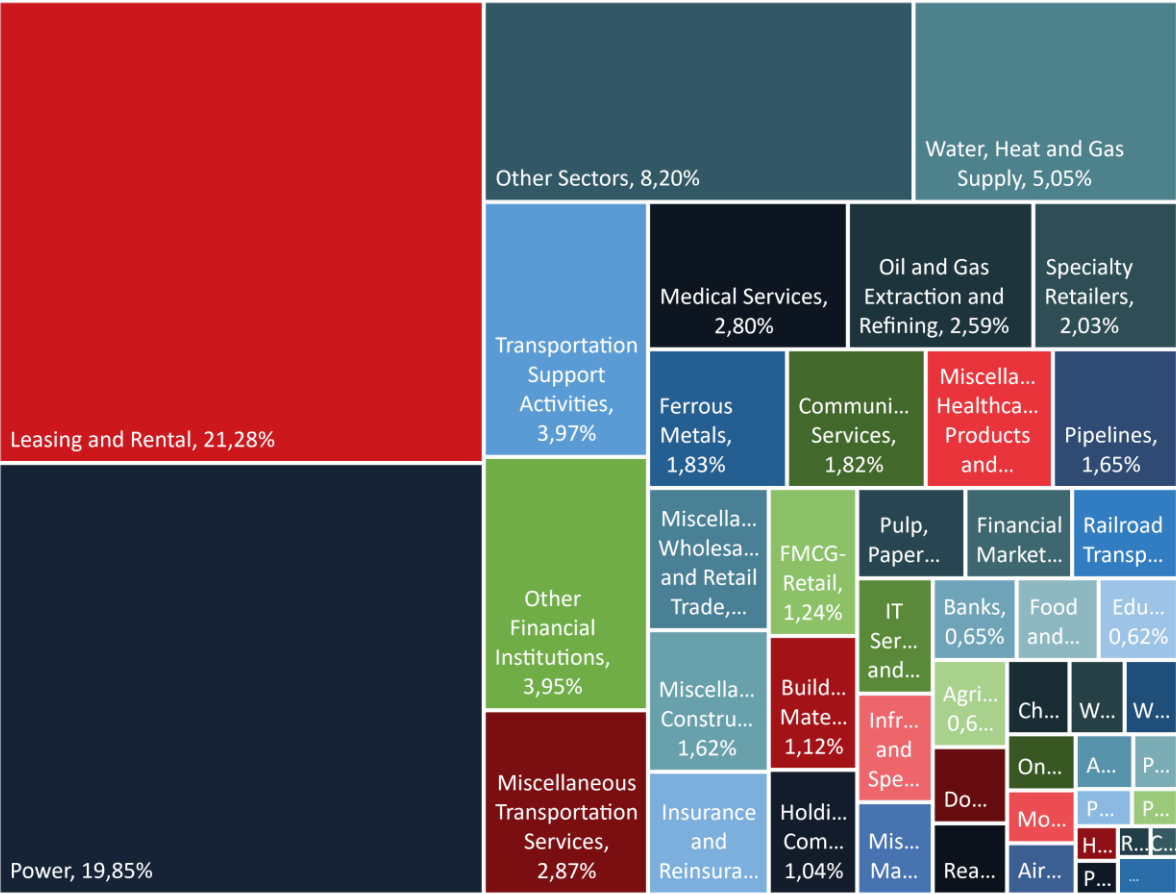
Corporate Bonds By Industry



Corporate Bonds By Industry, major countries.



Brazil



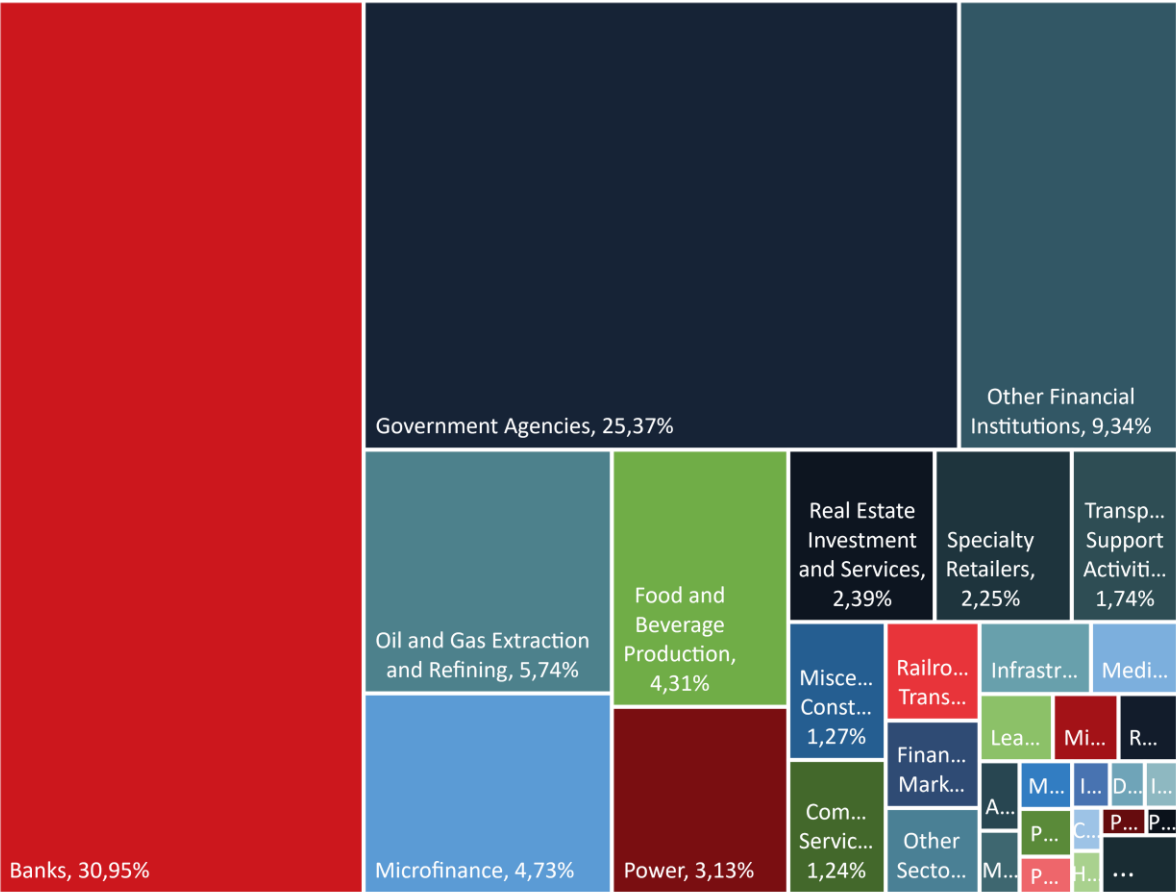
Chile



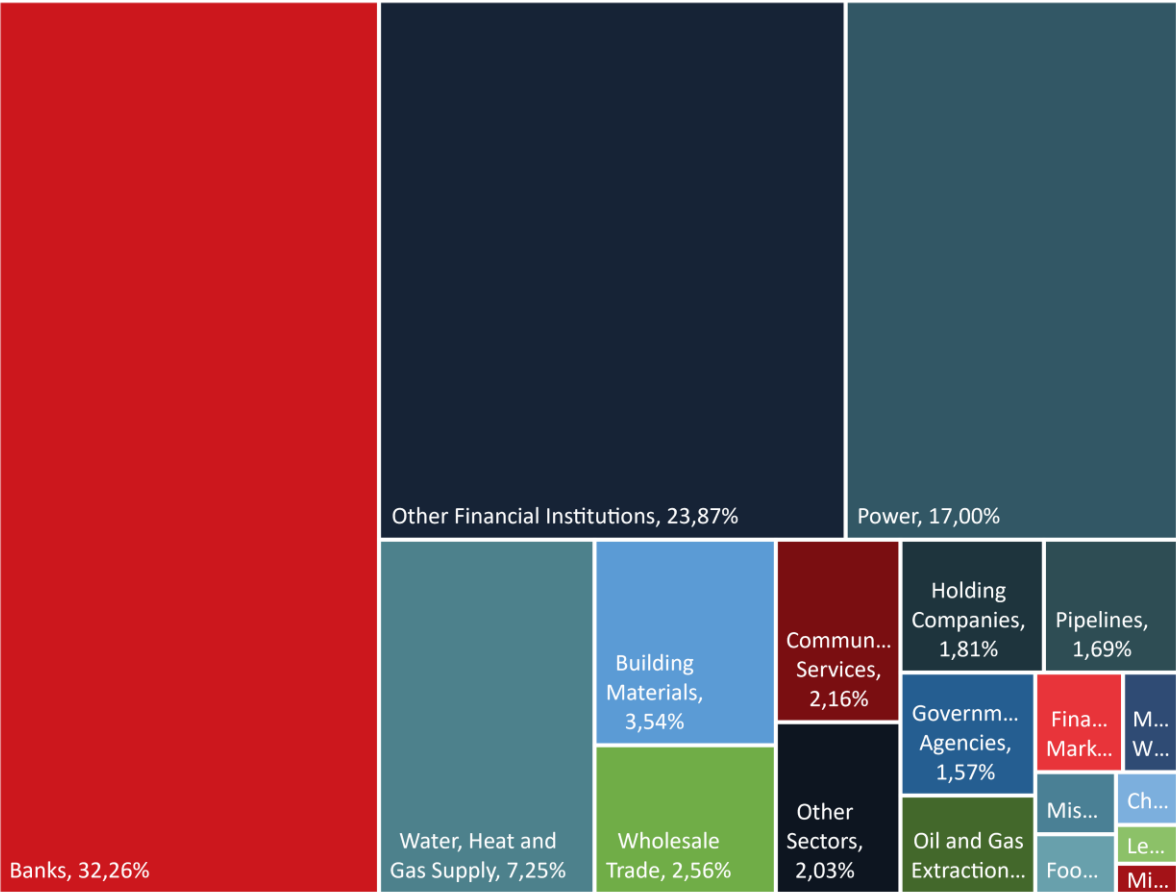
Corporate Bonds By Industry, major countries.



Mexico



Colombia



Lat Am bond market main features

What are the main features of Lat Am bond market?

Domestic debt markets vary widely in size

Sovereign debt

Extension of the maturity structure of government debt in local currency

Secondary markets have expanded

What lies ahead?

Endogenous and exogenous factors have had a strong impact in domestic bond markets

Endo: Stabilizing monetary policies, inflation targeting regimes, controlled fiscal deficits, flexible exchange rate regimes.

Exo: High commodity prices, economic growth, expectations of further currency appreciation.

As a result of this better environment, domestic interest rates are determined by local economic developments, especially in domestic currencies.

Foreign investors now are looking to take important positions in Lat Am fixed income assets, as a part of their diversification strategy, and in order to seek for higher yields, in a world that in the recent past have been trying to maximize returns in an environment of very low interest rates.

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