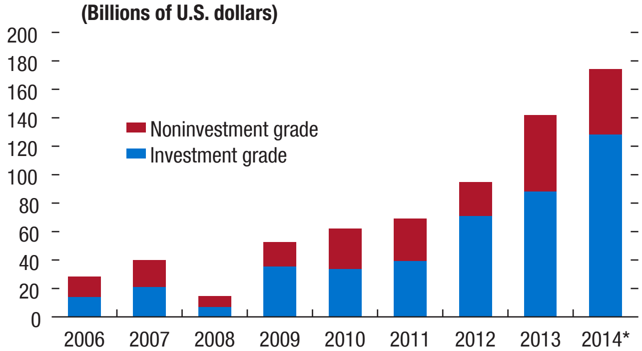
Figure 1.13. Emerging Market Corporate Debt and Fundamentals

Strong investors' appetite continues to fuel corporate bond issuance...

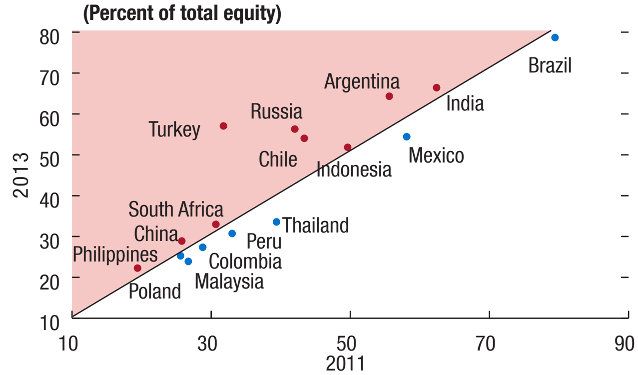
1. Nonfinancial Corporate Bond Issuance in Hard Currencies
(Billions of U.S. dollars)



Source: Bond Radar.
Note: Includes bond issuance from Argentina, Brazil, Bulgaria, Chile, China, Colombia, India, Indonesia, Malaysia, Mexico, Philippines, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, and Vietnam.
*As at end-June 2014, annualized.

...prompting leverage to rise further.

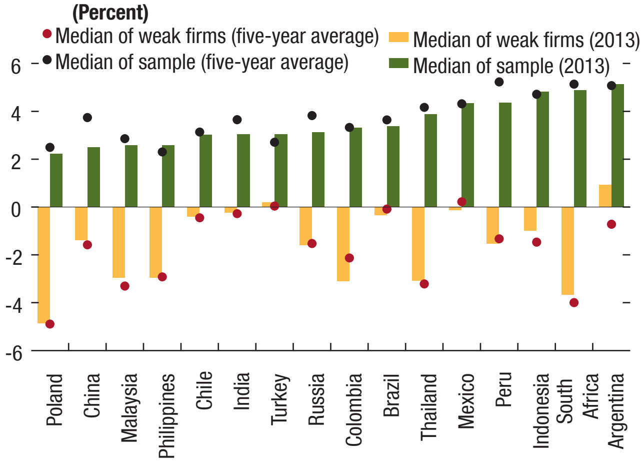
2. Total Debt, 2011 and 2013
(Percent of total equity)



Source: Capital IQ.
Note: Based on sample median.

Weak firms are still earning negative returns...

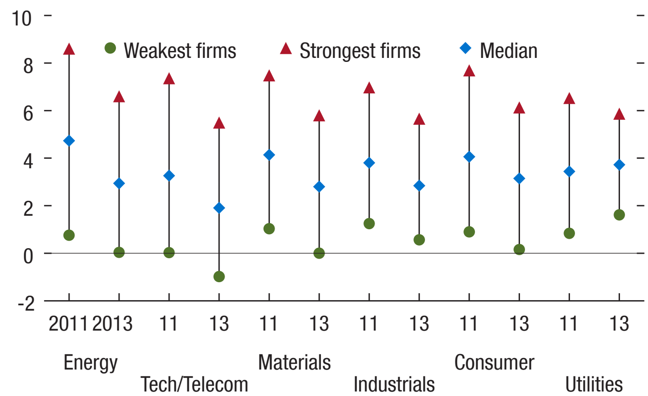
3. Return on Assets
(Percent)



Source: Capital IQ.
Note: Weak firms refer to those with interest coverage ratios (earnings before interest, taxes, depreciation, and amortization divided by interest expense) below 2.

...with earnings falling across sectors.

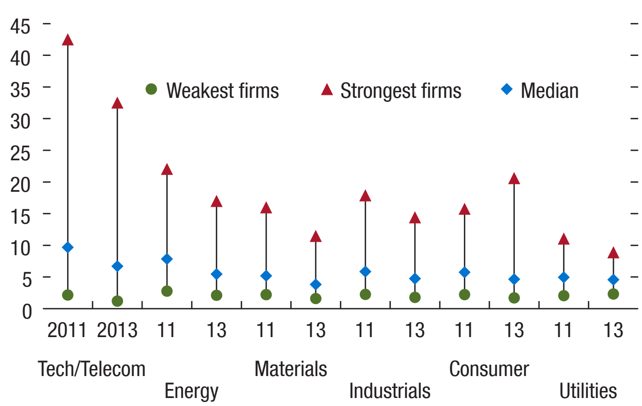
4. Return on Assets, 2011 and 2013
(Percent)



Source: Capital IQ.
Note: Weakest firms are based on the 25th percentile, strongest firms are 75th percentile.

Debt servicing capacity has weakened...

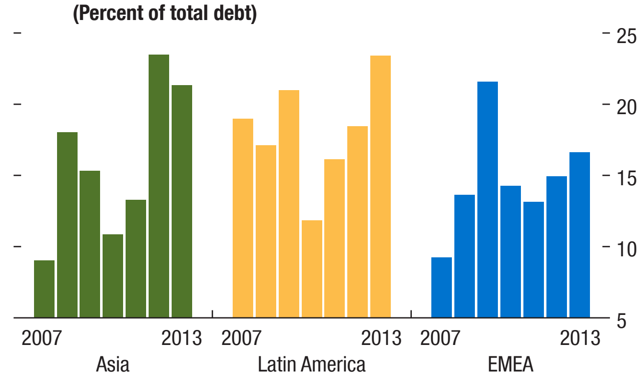
5. Interest Coverage Ratio by Sector, 2011 and 2013



Source: Capital IQ.

...and debt-at-risk is still high or rising.

6. Share of Debt from Firms with Interest Coverage below 2
(Percent of total debt)



Source: Capital IQ.
Note: EMEA = Europe, Middle East, and Africa.