

IMF Working Paper

© 1996 International Monetary Fund

This is a *Working Paper* and the author(s) would welcome any comments on the present text. Citations should refer to a *Working Paper of the International Monetary Fund*. The views expressed are those of the author(s) and do not necessarily represent those of the Fund.

WP/96/127

INTERNATIONAL MONETARY FUND

Western Hemisphere Department

The Brady-Euro Yield Differential Debate: Why Arbitrage is Infeasible

Prepared by Elaine Buckberg and Federico Kaune¹

Authorized by Steven Dunaway

November 1996

Abstract

Brady bonds offer substantially higher returns than Eurobonds. This paper examines the Brady and Eurobond markets for developing country debt and finds that the apparent arbitrage opportunity is not only smaller than it at first appears, but is infeasible given the illiquidity of the Eurobond market. The maturity adjusted return differential between Brady and Eurobonds is smaller than the commonly cited yield spreads. Moreover, the transactions costs of executing a Eurobond short contract render arbitrage a loss-making proposition. Given the many crossover investors who are active in both the Brady and Euro markets, why do Eurobond investors not trade them actively?

JEL Classification Numbers:

F39; G11; G15.

¹This paper was written under the supervision of Steven Dunaway when he was Chief of the Debt and Program Financing Issues Division in the Policy Development and Review Department. We would like to thank him, as well as Shogo Ishii, Arun Muralidhar, and Steven Schoenfeld for helpful discussions, and Anne Jansen for excellent research assistance. The standard disclaimer applies.

Contents

Summary	iii
I. Introduction	1
II. The Brady-Euro Debate and Popular Reasoning	1
III. Why the True Brady Bond Yield is the Blended Yield	2
IV. Accounting for Maturity Differentials	4
V. Is There an Exploitable Arbitrage Opportunity?	5
VI. Illiquidity in the Eurobond Market: A Paradox	6
VII. Conclusion	7

Summary

A look at yields on developing country debt instruments reveals that Brady bonds offer substantially higher returns than Eurobonds from the same issuer, signaling an unexploited profit opportunity. The quoted yield differential is particularly striking using the "stripped" yields on Brady bonds--the yield on the country-specific risk component if it could be separated from the yield on underlying U.S. Treasury bond collateral. For example, on October 19, 1994, new five-year maturity Eurobonds issued by the Republic of Argentina sold at an average yield of 10.97 percent, while on the same day Argentinean discount Brady bonds with 28 years to maturity traded at a stripped yield of 14.60 percent. The striking thing about these yield differentials is that no one seems to be stepping in to arbitrage the differentials away.

This paper examines the Brady and Eurobond markets and concludes that there is less potential for arbitrage than may appear. Moreover, the paper shows that illiquidity in the Eurobond market would prevent the exploitation of even this narrower arbitrage opportunity.

The Brady-Eurobond yield differential shrinks substantially if you compare the appropriate yields. The average spread between blended Brady bond yields (the simple yield of both the collateralized and uncollateralized components) and Eurobond yields is 78 basis points for discount bonds and 19 for par bonds, versus 344 and 246 basis points respectively for stripped yields. Accounting for maturity differentials between the Eurobonds, most of which mature in two to five years, and Bradies, most of which have roughly 25 years to maturity, narrows the yield differential yet more.

A puzzle remains: why does the secondary Eurobond market remain inactive? The market could become liquid if several large institutional investors stepped in simultaneously and began trading actively, serving as market makers. The explanation may lie in coordination failure.

I. INTRODUCTION

A look at yields on developing country debt instruments reveals a bifurcation between the Brady bond and Eurobond markets. Brady bonds offer substantially higher returns than Eurobonds from the same issuer, signaling an unexploited potential profit opportunity. The quoted yield differential is particularly striking using "stripped" yields on Brady bonds--the yield on the country-specific risk component if it could be separated from the underlying U.S. Treasury bond collateral yield. For example, on October 19, 1994, new five-year maturity Eurobonds issued by the Republic of Argentina sold at an average yield of 10.97 percent, while on the same day Argentinean discount Brady bonds with 28 years to maturity traded at a stripped yield of 14.60 percent. The striking thing about these yield differentials is that no one seems to be stepping in to arbitrage the differentials away. This paper examines the Brady and Eurobond markets for developing country debt and concludes that there is less potential for arbitrage than may appear. Moreover, the paper shows that illiquidity in the Eurobond market would prevent the realization of even this narrower arbitrage opportunity.

The yield differential between Brady and Eurobonds shrinks substantially if you compare the appropriate yields. On Brady bonds, it is necessary to consider the blended or simple yield of both the collateralized and uncollateralized components. Then it is necessary to account for the maturity differentials between the Euros, which typically have maturities of five years or less, and the Bradies, which currently have maturities of 23 to 30 years.² Examining a yield curve for Eurobonds shows a very high term premium, such that even ten-year maturity bonds have yields very close to blended Brady yields. The smaller maturity-adjusted yield differential raises questions about the feasibility of arbitrage. Shorting Euros is very risky, because of the illiquidity in the Eurobond market. The paper will examine each argument in detail, using data on bonds issued by Argentina, Brazil, Mexico, and Venezuela.

II. THE BRADY-EURO DEBATE AND POPULAR REASONING

A survey of bond traders will yield a variety of arguments for why Brady bonds do and should offer higher yields. However, many of these arguments run contrary to what standard analysis would suggest. Many market participants argue that Brady bonds offer higher yields because the bonds' prices are excessively volatile, due to the market's high liquidity. But, normally, it is expected that investors will accept a lower return in order to obtain a higher degree of liquidity. Eurobonds offer very stable prices exactly because Eurobonds rarely trade. The price is assumed to remain flat at the most recently quoted transaction price (often the issuing price); the shadow price of the bond, though, may be volatile because it is likely that an attempt to trade in that issue would move the price substantially.

Traders also often argue that Brady bonds require higher yields because governments are perceived as more likely to default on Brady bonds than on other liabilities. However, the substantial collateralization of Brady bonds makes them more secure than other liabilities, including Eurobonds. Both par and discount Brady bonds, the largest and most common

²The earliest Brady debt restructuring operations that included the issuance of new bonds were completed by Costa Rica and Mexico in 1989.

issues in the Brady bond market, are typically collateralized with respect to principal at maturity by U.S. Treasury zero-coupon bonds.³ In addition, both par and discount bond interest payments are often collateralized for a fixed number of months (usually 12 months). The collateral account is designed to ensure that, should the debtor country miss one or two interest payments, the obligations could be met out of the collateral. The underlying idea is that a country's problems that might cause it to miss payments should be able to be resolved within the period covered by the cash collateral. In contrast, Eurobonds are rarely collateralized with respect to either principal or interest.

Because Eurobonds are so illiquid, there exist regular price series for very few Eurobond issues, raising data problems for this paper's analysis. Brady prices, in contrast, are available daily. We constructed an intermittent Eurobond yield series using the average yield at launch for sovereign other public sector and private sector Eurobonds from Argentina, Brazil, Mexico, and Venezuela, for 1993 to the first quarter of 1996. Eurobond yields are then matched with the same day's Brady par and discount bond yields, as the par and discount bonds tend to be the largest and most actively traded issues. Argentina, Brazil, Mexico, and Venezuela were selected because their Brady bonds are among the most liquid, and they were also relatively active issuers in the Eurobond market. We start in 1993 as this year marks a significant upswing in Eurobond issuing activity.⁴ This approach yielded 243 observations: 78 for Argentina, 83 for Brazil, 70 for Mexico, and 12 for Venezuela.

The paper will focus on yield spreads so as to remove world interest rate fluctuations over the sample period. Using spreads also enables us to maximize the number of data points because for many floating rate Eurobonds we can calculate spreads but not yields.

III. WHY THE TRUE BRADY BOND YIELD IS THE BLENDED YIELD

To facilitate the comparison of yield differentials between different countries' Brady bonds, which carry different amounts of collateralization, the stripped yield or stripped yield

³Par bonds are fixed-rate bonds for the original face value of the loans for which they were exchanged; an effective reduction in the commercial bank debt exchanged for these bonds stem from the below-market rates of interest that they pay. Discount bonds pay a floating market interest rates but are issued at a discount to the face value of the original loans. There also exist classes of uncollateralized Brady bonds: debt conversion bonds (DCBs), new money bonds (NMBs), front loaded interest reduction bonds (FLIRBs), and capitalization bonds (C-bonds). DCBs, NMBs, and FLIRBs are shorter in maturity and are less actively traded in secondary markets than par and discount bonds. All lack principal collateral and only the FLIRBs have collateralized interest payments. Capitalization bonds, used by Brazil, are 20-year issues with back loaded payments.

⁴Total international bond issues by developing countries rose from \$24 billion in 1992 to \$63 billion in 1993.

spread is often quoted. The stripped yield represents the yield on the risky component of the bond, i.e., the yield on the bond less the yield on the underlying collateral. While the stripped yield is useful to compare the price of country risk across similar assets, for most Brady issues it is not a realizable yield in the market because the bonds cannot be stripped. First, there is no market where a 30-year Treasury bond can be shorted for its full 30-year maturity. A 30-year Treasury bond can be shorted for exactly one year through the repo market; in order to "short" a 30 year Treasury, one would have to return to the repo market every year, and would face risk in the volatility of 30-year Treasury bond yields. As such, a true shorting or stripping strategy is not possible owing to the fact that one does not know at the outset the 30 year cost of the strategy. Second, most institutional investors in the Brady market (with the exception of hedge funds) cannot earn the stripped yield even over short periods because they are prohibited from holding short positions. In principle, those investors who treat Bradies as short-term assets, purchasing them with the intention of reselling them within a year, could earn the stripped yield by shorting the underlying U.S. Treasury bond. In practice, they can only earn the blended yield.

Thus, for the purpose of making an investment decision, the relevant comparison is between the simple (nonstripped) yield on a Brady bond and that on another asset. Unstripped yield spreads are on average 269 basis points lower than stripped yield spreads for discount bonds, and 220 basis points lower for par bonds, as shown in Chart 1. The average differential between (blended) Brady discount and Eurobond spreads is 78 basis points, as shown in the tabulation below; for Brady par bonds, the yield spread differential with respect to Eurobonds is 19 basis points. This is substantially narrower than the average 344 basis point difference between the stripped yield on Brady discount bonds and Eurobonds and 246 basis point difference between the stripped yield on Brady par bonds and Euros. (For complete data, see Tables 1 and 2.)

Yield Spreads on Selected Brady and Eurobonds

(Spreads for the issue date of a recent Eurobond release for each country;
spreads in basis points calculated relative to comparable maturity U.S. Treasury issue)

	Date	Brady Bonds				Eurobonds	
		Discount		Par		Spread	Maturity
		Stripped	Blended	Stripped	Blended		
Argentina	11/1/95	1,295	734	1,144	655	197	7
Brazil	5/22/95	1,073	698	990	927	415	1
Mexico	6/15/95	1,048	553	883	488	524	3
Venezuela	9/10/93	646	288	535	306	292	2
Sample mean spread between Brady bonds and Eurobonds		344	78	246	19		
Sample max		1,188	648	1,163	586		
Sample min		-269	-429	-359	-489		

A few Brady deals--Argentina, Brazil, Ecuador, and Poland--generated pre-stripped, zero collateral issues. In these cases, the simple yield reflects pure country risk and is also the relevant price for investment purposes. Naturally, though, these bonds should offer higher yields as they are uncollateralized.

IV. ACCOUNTING FOR MATURITY DIFFERENTIALS

Another problem associated with comparing Brady and Eurobond yields is that the differential includes a yield premium associated with the Brady bonds' longer maturity. Eurobonds typically average two to five years in maturity, although occasionally developing countries issue at maturities as long as 10 years. Maturity differentials can be partially removed by comparing yield spreads relative to comparable-maturity Treasuries, thereby removing the yield premium on Treasuries. However, comparing spreads will fully correct

(and even then imperfectly) for maturity differences only if the yield premium is constant in basis points (not proportionally) across risk classes.⁵

Term premiums on risky developing country sovereign debt, however, tend to be higher than on U.S. Treasury bonds (which are often used to proxy a risk-free yield). If the term premium were equal on developing country and Treasury bonds, then the yield spreads on two-year Eurobonds and on ten-year Eurobonds would be equal, i.e., if two-year Argentinean Eurobonds offered a 200 basis point premium over two-year Treasury bonds, then ten-year Argentinean Eurobonds and 30-year Argentinean Brady bonds would also offer a 200 basis point premium over comparable maturity Treasury bonds. The yield spread on discount Brady bonds, however, is on average 420 basis points higher than the yield spread on two-year maturity sovereign Eurobonds, but only 300 basis points higher than on five-year maturity sovereign Euros and 115 basis points higher than on 10-year sovereign Euros (see Chart 2). Comparing Eurobonds with Brady par bonds, the spread differential declines from 310 basis points on two-year Euros to 210 basis points on 5-years and 45 basis points on 10-years (see Chart 3).⁶ The shrinking spread differential suggests that much of the return premium on Brady bonds is attributable to their longer maturity. Further, the declining spread differential indicates that the yield premium is rising, not constant, across risk classes; as such, comparing spreads does not adequately correct for maturity differences.⁷

V. IS THERE AN EXPLOITABLE ARBITRAGE OPPORTUNITY?

Are there still profits to be made arbitrating Brady and Euro bonds from the same issuers, based on unstripped Brady bond yields and after accounting for maturity differentials? As indicated above, there remains a 50 to 100 basis point yield spread premium on Brady bonds over 10 year maturity Eurobonds--generally, more than enough to make arbitrage worthwhile. Transactions costs, however, would more than wipe the yield differential out--rendering arbitrage a loss-making proposition. We explain why below.

Consider the mechanics of establishing a long-short fund to arbitrage the Brady-Euro yield differentials. The simple option would be to go long in (unstripped) Brady bonds and short an equal amount of Eurobonds for each country, choosing between the various Brady

⁵Arbitraging duration differentials may be an equally important, or even greater, concern for some investors, and their impact on yields should be examined in future work.

⁶A similar correlation between spreads and maturities has been observed (for developing country issues) in the Samurai bond market.

⁷See Appendix I for the econometric procedure and results.

and Eurobond issues available.⁸ As most Eurobonds are relatively short in maturity (two to five years) you will have to be willing to accept a mismatch of maturities in your portfolio. The high liquidity of the Brady bond market, however, means Brady bonds are effectively short-term assets--you will not need to hold them to maturity--so this should not be a problem.

The problem lies in executing the Eurobond short contracts. A short contract will sell at a discount relative to the underlying bond price; the discount or financing fee in an illiquid market like the Eurobond market would typically be between 200 and 400 basis points. The fee alone, therefore, would more than wipe out the Brady-Euro spread. The fee reflects risks involved in executing the short contract. If one of the holders of your short contracts decides to call the contract, you will need to purchase the shorted Euros on little notice. As Euros are very illiquid, as discussed above, you are likely to raise the price with your purchase order; in particular, an institutional-sized purchase may move the market substantially. However, your purchases will necessarily be large, such that the trade may not even be feasible. The minimum purchase in the Brady bond market is generally \$250,000. Because Eurobond issues are typically far smaller and you will want to limit the extent that you would move the market by secondary trade, you will likely want to spread your short contracts across as many Eurobonds as possible. If five different Eurobond issues are available to short against your Brady purchase, you will need to purchase \$50,000 of each--a large sum in a secondary market with minimum purchases of \$1000. As such, you are likely to move prices in the Eurobond market both when you short the bonds and when you actually purchase bonds to close the short contract. When Eurobond prices are quoted, the bid-offer spread is often as much as 200 basis points and even seeking bids can move the price.

VI. ILLIQUIDITY IN THE EUROBOND MARKET: A PARADOX

The apparent arbitrage opportunity is made infeasible by the illiquidity of the Eurobond market. This raises questions as to why the Eurobond market continues to be so illiquid. Stated alternatively, why do the many investors who hold Eurobonds not trade them actively? Eurobonds are held by mutual funds, insurance companies, money managers, pension funds, and banks--all of whom are also active in the Brady bond market.⁹ This crossover would seem to refute the often cited argument that the Brady and Eurobond markets are segmented by the different trading volumes, with \$250,000 minimums in the Brady market against \$1000 minimums in the Euro market. The Eurobond market could become active if a handful of institutional investors simultaneously decided to play actively, serving as market makers.

⁸A more complex option would be to come as close as possible to stripping the Brady bonds by shorting 30-year U.S. Treasury bonds in the repo market for a year at a time, every year. Since it is hard to put a cost on the stripping process, we will focus on the simple option.

⁹However, anecdotal evidence indicates that these institutional investors are increasingly shying away from the Eurobond market on the grounds that the yields are inadequate.

Moreover, it would seem that sovereign Eurobond issues are adequately large in relation to the sums institutional investors want to transact: over 1993-95, the average Eurobond issue totaled \$210 million, larger than many issues in the U.S. corporate and municipal bond markets. Suppose that half of the issue is immediately bought by European institutional and individual investors, none of whom trade actively. This leaves \$105 million held by potentially active traders. A transaction of \$250,000 would represent only 0.24 percent of the value of the typical issue. Furthermore, Eurobond issues have been growing, with average issue amounts climbing from \$186 million in 1993 to \$254 million in 1995.

Nonetheless, the participation of European institutional and individual investors does seem to matter. Recently, some investment firms have begun selling Brady derivatives, including shorter-term, bullet maturity bonds purchasable in retail quantities. These derivative bonds, with terms much like Eurobonds, sell at Eurobond like yields, suggesting that retail investors may have an important role in determining the yield on Eurobonds.

VII. CONCLUSION

We have shown that the maturity-adjusted return differential between Brady and Eurobonds is smaller than commonly cited. Moreover, under current market conditions, it does not appear feasible to profitably arbitrage the quoted return differential, due to the illiquidity of the Eurobond market and the resulting expense of transacting in this market. A puzzle, however, remains: why does the secondary Eurobond market remain inactive? The market could become liquid if several large institutional investors stepped in simultaneously and began trading actively, serving as market makers. The explanation may lie in coordination failure, or may lie elsewhere.

Table 1: Yields on Selected Brady and Eurobonds

1

Eurobond Issuance date		Country		Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
				Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
				Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
2 4 93		Argentina		20.33	14.90	18.33	13.23	9.00	Public	150	3.0	10.39	5.41	8.56	3.88
2 18 93		Argentina		20.33	14.90	18.33	13.23	10.20	Private	75	3.0	9.19	4.26	7.38	2.75
2 22 93		Argentina		20.33	14.90	18.33	13.23	10.30	Private	40	5.0	9.09	4.17	7.28	2.66
3 29 93		Argentina		16.21	12.87	16.21	12.27	7.46	Sovereign	150	1.0	8.14	5.03	8.14	4.48
3 29 93		Argentina		16.21	12.87	16.21	12.27	8.09	Sovereign	106	2.0	7.51	4.42	7.51	3.87
4 1 93		Argentina		16.21	12.87	16.21	12.27	9.60	Private	25	1.0	6.03	2.98	6.03	2.44
4 16 93		Argentina		14.85	12.03	15.44	11.81	9.90	Private	100	5.0	4.50	1.94	5.04	1.74
4 21 93		Argentina		14.85	12.03	15.44	11.81	8.30	Private	75	3.0	6.05	3.44	6.59	3.24
5 25 93		Argentina		15.03	12.35	15.29	11.93	11.10	Private	35	2.0	3.54	1.13	3.77	0.75
6 4 93		Argentina		14.54	12.04	15.21	11.87	9.90	Private	60	5.0	4.22	1.95	4.83	1.79
6 23 93		Argentina		13.88	11.64	13.52	11.01	9.30	Private	50	1.5	4.19	2.14	3.86	1.56
7 7 93		Argentina		13.71	11.41	13.56	10.92	8.27	Sovereign	100	7.0	5.02	2.90	4.89	2.45
7 7 93		Argentina		13.71	11.41	13.56	10.92	6.88	Sovereign	150	3.0	6.39	4.24	6.25	3.78
7 12 93		Argentina		13.71	11.41	13.56	10.92	8.50	Private	150	5.0	4.80	2.68	4.66	2.23
7 12 93		Argentina		13.71	11.41	13.56	10.92	9.80	Private	35	2.0	3.56	1.47	3.42	1.02
7 19 93		Argentina		12.97	10.84	12.55	10.28	7.00	Private	30	3.0	5.58	3.59	5.19	3.07
7 20 93		Argentina		12.97	10.84	12.55	10.28	8.40	Private	200	5.0	4.22	2.25	3.83	1.73
7 31 93		Argentina		12.84	10.78	12.45	10.24	9.00	Private	200	10.0	3.52	1.63	3.17	1.14
8 18 93		Argentina		12.83	10.65	12.66	10.24	8.80	Private	50	3.0	3.70	1.70	3.55	1.32
9 7 93		Argentina		11.61	9.69	11.51	9.42	8.50	Private	300	7.0	2.87	1.10	2.77	0.85
9 14 93		Argentina		11.41	9.50	11.29	9.25	9.30	Private	20	9.3	1.93	0.18	1.82	-0.05
9 21 93		Argentina		11.41	9.50	11.29	9.25	7.50	Private	70	3.0	3.64	1.86	3.53	1.63
10 4 93		Argentina		11.55	9.60	11.32	9.27	8.50	Private	500	7.0	2.81	1.01	2.60	0.71
10 18 93		Argentina		11.53	9.43	11.09	9.03	7.30	Private	100	3.0	3.94	1.99	3.53	1.61
10 20 93		Argentina		11.53	9.43	11.09	9.03	8.60	Private	100	3.0	2.70	0.76	2.29	0.40
10 21 93		Argentina		11.53	9.43	11.09	9.03	8.50	Private	135	5.0	2.79	0.86	2.39	0.49
11 5 93		Argentina		10.55	8.99	10.02	8.54	9.40	Private	60	3.0	1.05	-0.37	0.57	-0.79
11 15 93		Argentina		11.17	9.53	10.42	8.91	9.50	Private	30	3.0	1.53	0.03	0.84	-0.54
11 16 93		Argentina		11.17	9.53	10.42	8.91	8.10	Private	80	3.0	2.84	1.32	2.15	0.75
11 19 93		Argentina		11.17	9.53	10.42	8.91	8.40	Private	50	5.0	2.56	1.04	1.86	0.47
11 23 93		Argentina		10.96	9.51	10.47	9.02	8.60	Private	130	5.0	2.17	0.84	1.72	0.39
11 30 93		Argentina		10.96	9.51	10.47	9.02	8.80	Private	100	5.0	1.99	0.65	1.53	0.20
11 30 93		Argentina		10.96	9.51	10.47	9.02	9.90	Private	50	5.0	0.96	-0.35	0.52	-0.80
12 1 93		Argentina		10.14	8.97	10.08	8.77	8.00	Private	45	3.0	1.98	0.90	1.93	0.71
12 6 93		Argentina		10.14	8.97	10.08	8.77	8.90	Private	50	2.0	1.14	0.06	1.08	-0.12
12 8 93		Argentina		10.14	8.97	10.08	8.77	8.47	Sovereign	1000	10.0	1.54	0.46	1.48	0.28
12 9 93		Argentina		10.14	8.97	10.08	8.77	8.20	Private	50	3.0	1.79	0.71	1.74	0.53
12 14 93		Argentina		9.31	8.42	9.35	8.31	7.80	Private	200	5.0	1.40	0.58	1.44	0.47
12 17 93		Argentina		9.31	8.42	9.35	8.31	8.80	Private	250	10.0	0.47	-0.35	0.51	-0.45

Table 1: Yields on Selected Brady and Eurobonds

2

Eurobond Issuance date			Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
			Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
			Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
12 21 93	Argentina		9.31	8.42	9.35	8.31	8.50	Private	60	7.0	0.75	-0.07	0.78	-0.18
1 13 94	Argentina		9.28	8.53	9.07	8.45	9.00	Private	50	5.0	0.26	-0.43	0.06	-0.50
1 13 94	Argentina		9.28	8.53	9.07	8.45	10.10	Private	40	3.0	-0.74	-1.43	-0.94	-1.50
1 25 94	Argentina		9.73	8.78	9.14	8.52	8.03	Public	350	10.0	1.57	0.69	1.03	0.45
2 3 94	Argentina		9.76	8.78	9.18	8.54	8.60	Private	50	5.0	1.07	0.17	0.53	-0.06
2 10 94	Argentina		9.76	8.88	9.26	8.64	9.40	Private	50	2.0	0.33	-0.48	-0.13	-0.69
2 16 94	Argentina		10.00	9.05	9.44	8.75	9.20	Private	50	5.0	0.73	-0.14	0.22	-0.41
2 24 94	Argentina		11.15	9.90	10.79	9.66	8.40	Private	170	5.0	2.54	1.38	2.20	1.16
3 10 94	Argentina		12.05	10.64	11.47	10.12	9.10	Private	30	5.0	2.70	1.41	2.17	0.93
5 19 94	Argentina		12.21	10.88	11.49	10.30	11.30	Private	50	3.0	0.82	-0.38	0.17	-0.90
6 9 94	Argentina		13.10	11.46	12.35	10.80	10.50	Private	50	2.0	2.35	0.87	1.67	0.27
6 10 94	Argentina		13.18	11.53	12.36	10.82	10.10	Private	50	3.0	2.80	1.30	2.05	0.65
6 21 94	Argentina		14.51	12.44	13.51	11.52	10.60	Private	150	5.0	3.54	1.66	2.63	0.83
6 23 94	Argentina		14.09	12.13	13.32	11.37	9.60	Public	100	3.0	4.10	2.31	3.39	1.61
8 2 94	Argentina		14.17	12.18	13.48	11.45	11.20	Private	40	2.0	2.67	0.88	2.05	0.22
8 11 94	Argentina		14.27	12.40	13.22	11.46	13.00	Private	30	5.0	1.12	-0.53	0.19	-1.36
9 20 94	Argentina		14.46	12.58	13.55	11.76	11.20	Private	60	2.0	2.93	1.24	2.11	0.50
9 22 94	Argentina		14.47	12.63	13.70	11.84	8.10	Private	75	1.0	5.89	4.19	5.18	3.46
9 30 94	Argentina		14.56	12.73	13.71	11.88	10.70	Private	40	2.0	3.49	1.83	2.72	1.07
10 19 94	Argentina		14.60	12.81	14.15	12.15	10.90	Private	100	3.0	3.34	1.72	2.93	1.13
10 19 94	Argentina		14.60	12.81	14.15	12.15	10.97	Sovereign	500	5.0	3.27	1.66	2.87	1.06
10 27 94	Argentina		15.36	13.41	15.27	12.79	12.20	Private	300	10.0	2.82	1.08	2.74	0.53
11 10 94	Argentina		16.06	13.89	15.51	12.97	11.70	Private	100	5.0	3.90	1.96	3.41	1.14
11 10 94	Argentina		16.06	13.89	15.51	12.97	12.50	Private	150	5.0	3.16	1.24	2.68	0.42
11 16 94	Argentina		16.04	13.95	15.45	12.91	12.00	Private	65	2.0	3.61	1.74	3.08	0.81
12 8 84	Argentina		15.55	13.60	15.54	12.81	12.60	Private	100	5.0	2.62	0.89	2.61	0.19
12 9 94	Argentina		15.34	13.45	15.15	12.62	12.10	Private	30	3.0	2.89	1.20	2.72	0.46
5 31 95	Argentina		17.05	13.10	15.59	12.12	8.95	Public	400	7.0	7.43	3.81	6.09	2.91
10 4 95	Argentina		18.18	13.15	16.59	12.37	10.00	Private	30	3.0	7.44	2.86	5.99	2.15
10 4 95	Argentina		18.18	13.15	16.59	12.37	11.50	Public	100	3.0	5.99	1.48	4.57	0.78
10 11 95	Argentina		18.67	13.32	16.89	12.46	11.00	Private	60	2.0	6.91	2.09	5.31	1.32
11 1 95	Argentina		19.37	13.44	17.86	12.69	7.83	Public	400	7.0	10.70	5.20	9.30	4.51
11 7 95	Argentina		19.51	13.41	17.79	12.63	12.00	Private	200	7.0	6.71	1.26	5.17	0.56
11 21 95	Argentina		18.51	12.97	16.74	12.29	10.90	Private	50	2.0	6.86	1.87	5.27	1.25
2 15 96	Argentina		12.73	10.28	11.56	10.03	9.30	Sovereign	1000	5.0	3.14	0.90	2.07	0.67
2 27 96	Argentina		15.12	11.75	13.62	11.25	10.50	Private	125	2.0	4.18	1.13	2.82	0.68
3 20 96	Argentina		16.88	12.94	15.30	12.16	10.90	Private	75	10.0	5.39	1.84	3.97	1.14
3 20 96	Argentina		16.88	12.94	15.30	12.16	12.40	Private	75	2.0	3.99	0.48	2.58	-0.21
3 26 96	Argentina		15.02	11.91	13.59	11.34	8.10	Private	200	0.8	6.40	3.52	5.08	3.00

Table 1: Yields on Selected Brady and Eurobonds

3

Eurobond Issuance date	Country	Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
1 4 94	Brazil	11.49	10.06	10.06	9.19	7.90	Private	50	3.0	3.33	2.00	2.00	1.20
1 13 94	Brazil	10.65	9.49	9.79	8.85	9.20	Private	50	3.0	1.33	0.27	0.54	-0.32
1 21 94	Brazil	10.49	9.31	9.84	9.02	8.60	Private	60	3.0	1.74	0.65	1.14	0.39
1 21 94	Brazil	10.49	9.31	9.84	9.02	8.25	Sovereign	100	6.0	2.07	0.98	1.47	0.71
2 18 94	Brazil	11.47	10.11	9.85	9.12	6.70	Private	50	1.0	4.47	3.20	2.95	2.27
3 8 94	Brazil	12.34	10.81	11.37	10.17	7.50	Private	110	1.0	4.50	3.08	3.60	2.48
3 9 94	Brazil	12.45	10.90	11.25	10.09	10.10	Private	15	3.0	2.13	0.73	1.04	-0.01
3 17 94	Brazil	13.55	11.50	13.01	11.13	7.80	Private	60	1.0	5.33	3.43	4.83	3.09
8 24 94	Brazil	16.11	13.35	14.90	12.65	10.00	Private	60	2.0	5.55	3.05	4.45	2.41
9 6 94	Brazil	16.92	13.85	15.72	13.16	10.50	Private	70	3.0	5.81	3.03	4.72	2.41
9 14 94	Brazil	16.48	13.70	15.17	12.93	12.50	Private	70	3.0	3.54	1.07	2.37	0.38
9 20 94	Brazil	16.83	14.01	15.50	13.18	11.70	Private	50	3.0	4.59	2.07	3.40	1.32
9 29 94	Brazil	16.44	13.90	14.96	12.92	11.20	Private	100	3.0	4.71	2.43	3.38	1.55
10 5 94	Brazil	15.97	13.74	15.25	12.96	10.40	Private	50	3.0	5.05	3.03	4.39	2.32
10 6 94	Brazil	16.06	13.81	15.81	13.27	10.80	Private	60	3.0	4.75	2.72	4.52	2.23
10 18 94	Brazil	15.69	13.47	15.42	13.01	9.60	Private	60	3.0	5.56	3.53	5.31	3.11
10 31 94	Brazil	17.06	14.50	16.54	13.73	11.50	Private	50	3.0	4.99	2.69	4.52	2.00
11 4 94	Brazil	17.76	14.99	16.87	13.96	11.50	Private	50	3.0	5.61	3.13	4.82	2.21
11 9 94	Brazil	16.94	14.43	16.46	13.70	11.60	Private	75	3.0	4.78	2.54	4.35	1.88
11 10 94	Brazil	17.16	14.58	16.54	13.77	9.80	Private	21.5	3.0	6.70	4.35	6.14	3.62
11 10 94	Brazil	17.16	14.58	16.54	13.77	11.20	Private	30	3.0	5.36	3.04	4.80	2.31
11 10 94	Brazil	17.16	14.58	16.54	13.77	11.20	Private	80	3.0	5.36	3.04	4.80	2.31
11 16 94	Brazil	16.69	14.35	16.32	13.63	11.70	Private	75	3.0	4.47	2.37	4.14	1.73
11 16 94	Brazil	16.69	14.35	16.32	13.63	8.70	Private	50	1.0	7.35	5.20	7.01	4.54
11 17 94	Brazil	17.01	14.57	16.62	13.82	10.30	Private	100	3.0	6.08	3.87	5.73	3.19
11 18 94	Brazil	17.14	14.65	16.71	13.86	10.60	Private	50	3.0	5.91	3.66	5.52	2.95
11 21 94	Brazil	17.46	14.87	16.76	13.86	11.20	Private	150	3.0	5.63	3.30	5.00	2.39
11 28 94	Brazil	16.75	14.42	16.65	13.76	11.60	Private	50	3.0	4.61	2.53	4.53	1.94
12 12 94	Brazil	16.17	13.99	15.78	13.20	12.50	Private	50	3.0	3.26	1.32	2.92	0.62
12 14 94	Brazil	16.07	13.90	15.69	13.17	12.70	Private	100	3.0	2.99	1.06	2.65	0.42
12 15 94	Brazil	16.14	13.95	15.77	13.21	12.10	Private	50	3.0	3.60	1.65	3.27	0.99
4 28 95	Brazil	20.21	15.38	18.34	14.23	11.90	Private	40	2.0	7.43	3.11	5.76	2.08
4 28 95	Brazil	20.21	15.38	18.34	14.23	10.30	Private	100	1.0	8.98	4.61	7.29	3.56
5 15 95	Brazil	18.68	14.21	16.89	13.08	10.00	Private	140	1.0	7.89	3.83	6.26	2.80
5 17 95	Brazil	17.97	13.77	16.57	12.85	9.90	Private	100	2.0	7.34	3.52	6.07	2.68
5 17 95	Brazil	17.97	13.77	16.57	12.85	10.10	Private	50	1.0	7.15	3.33	5.88	2.50
5 22 95	Brazil	17.71	13.70	16.75	12.96	10.18	Public	100	1.0	6.83	3.19	5.96	2.52
5 24 95	Brazil	19.92	13.78	16.80	12.96	10.40	Private	100	2.0	8.62	3.06	5.80	2.32
5 25 95	Brazil	17.49	13.45	16.32	12.67	10.30	Private	70	1.0	6.52	2.86	5.46	2.15
5 25 95	Brazil	17.49	13.45	16.32	12.67	9.70	Private	50	2.0	7.10	3.42	6.03	2.71
5 31 95	Brazil	18.69	13.85	17.04	12.90	8.00	Private	112	7.0	9.90	5.42	8.37	4.54

Table 1: Yields on Selected Brady and Eurobonds

4

Eurobond Issuance date	Country	Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
6 1 95	Brazil	18.34	13.73	17.06	12.90	10.00	Private	20	1.0	7.58	3.39	6.42	2.64
6 1 95	Brazil	18.34	13.73	17.06	12.90	10.00	Private	50	1.0	7.58	3.39	6.42	2.64
6 2 95	Brazil	18.15	13.55	16.63	12.68	11.00	Private	100	2.0	6.44	2.30	5.07	1.51
6 2 95	Brazil	18.15	13.55	16.63	12.68	9.50	Private	150	2.0	7.90	3.70	6.51	2.90
6 5 95	Brazil	18.01	13.41	16.25	12.47	10.00	Private	25	2.0	7.28	3.10	5.68	2.25
6 9 95	Brazil	18.97	13.87	17.23	12.91	9.80	Private	100	2.0	8.35	3.71	6.77	2.83
6 12 95	Brazil	20.01	14.54	18.32	13.45	10.50	Private	100	2.0	8.61	3.66	7.08	2.67
6 29 95	Brazil	18.89	13.94	17.48	13.06	11.00	Private	100	1.0	7.11	2.65	5.84	1.86
7 6 95	Brazil	18.23	13.56	16.94	12.81	9.70	Private	50	3.0	7.78	3.52	6.60	2.84
7 10 95	Brazil	17.82	13.23	16.25	12.47	10.30	Private	100	2.0	6.82	2.66	5.39	1.97
7 11 95	Brazil	18.00	13.30	16.29	12.47	9.80	Private	50	2.0	7.47	3.19	5.91	2.43
7 11 95	Brazil	18.00	13.30	16.29	12.47	9.20	Private	50	2.0	8.06	3.75	6.49	2.99
7 17 95	Brazil	18.23	13.62	16.52	12.69	10.70	Private	50	2.0	6.80	2.64	5.26	1.80
7 20 95	Brazil	19.12	14.23	17.24	13.15	10.80	Private	50	2.0	7.51	3.10	5.81	2.12
7 26 95	Brazil	18.68	14.01	17.23	13.13	10.70	Private	60	2.0	7.21	2.99	5.90	2.20
7 27 95	Brazil	18.86	14.16	17.46	13.26	9.80	Private	80	2.0	8.25	3.97	6.98	3.15
8 1 95	Brazil	18.98	14.14	17.36	13.19	7.90	Private	144.5	7.0	10.27	5.78	8.77	4.90
8 14 95	Brazil	18.64	14.05	16.80	13.11	10.60	Private	90	2.0	7.27	3.12	5.61	2.27
8 29 95	Brazil	18.69	13.77	16.86	12.93	8.50	Private	50	1.0	9.39	4.86	7.71	4.08
9 21 95	Brazil	16.52	12.60	14.98	11.99	8.60	Private	75	1.0	7.29	3.68	5.87	3.12
10 5 95	Brazil	16.76	12.66	15.27	12.09	10.80	Private	80	2.0	5.38	1.68	4.03	1.16
10 10 95	Brazil	16.57	12.56	14.98	11.95	8.30	Private	50	2.0	7.64	3.93	6.17	3.37
10 12 95	Brazil	16.76	12.67	15.22	12.07	10.60	Private	150	3.0	5.57	1.87	4.18	1.33
10 19 95	Brazil	16.41	12.39	14.92	11.85	10.70	Private	55	1.0	5.16	1.53	3.81	1.04
10 24 95	Brazil	16.57	12.56	15.04	11.94	8.80	Private	50	2.0	7.14	3.46	5.74	2.89
10 24 95	Brazil	16.57	12.56	15.04	11.94	10.50	Private	75	2.0	5.49	1.86	4.11	1.30
10 25 95	Brazil	16.57	12.50	15.02	11.88	9.50	Private	40	0.5	6.46	2.74	5.04	2.17
10 25 95	Brazil	16.57	12.50	15.02	11.88	10.70	Private	40	1.0	5.30	1.63	3.90	1.07
11 14 95	Brazil	18.51	13.15	16.51	12.48	10.80	Private	50	1.0	6.96	2.12	5.15	1.52
11 14 95	Brazil	18.51	13.15	16.51	12.48	8.70	Private	50	1.0	9.02	4.09	7.18	3.48
11 14 95	Brazil	18.51	13.15	16.51	12.48	9.40	Private	70	3.0	8.33	3.43	6.50	2.82
11 27 95	Brazil	17.74	12.78	15.80	12.19	9.00	Private	125	2.0	8.02	3.47	6.24	2.93
11 29 95	Brazil	17.78	12.79	15.76	12.15	8.60	Private	100	2.0	8.45	3.86	6.59	3.27
11 29 95	Brazil	17.78	12.79	15.76	12.15	9.30	Private	150	2.0	7.76	3.19	5.91	2.61
12 14 95	Brazil	16.60	12.12	14.82	11.63	9.90	Private	25	1.0	6.10	2.02	4.48	1.57
12 15 95	Brazil	16.77	12.21	15.04	11.74	10.80	Private	30	2.0	5.39	1.27	3.83	0.85
1 3 96	Brazil	15.70	11.62	14.35	11.19	9.50	Private	50	3.0	5.66	1.94	4.43	1.54
2 7 96	Brazil	14.07	11.05	12.76	10.64	8.40	Private	150	2.0	5.23	2.44	4.02	2.07
2 14 96	Brazil	13.24	10.59	12.00	10.26	9.30	Private	50	3.0	3.60	1.18	2.47	0.88
2 21 96	Brazil	14.14	12.33	12.73	11.75	9.50	Private	200	3.0	4.24	2.58	2.95	2.05
2 21 96	Brazil	14.14	12.33	12.73	11.75	7.90	Private	50	1.0	5.78	4.11	4.48	3.57
3 14 96	Brazil	17.03	12.99	15.43	12.25	8.70	Private	32	1.0	7.66	3.95	6.19	3.27

Table 1: Yields on Selected Brady and Eurobonds

5

Eurobond Issuance date	Country	Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
1 14 93	Mexico	12.68	10.80	11.42	9.91	8.19	Public	125	5.0	4.15	2.41	2.99	1.59
1 25 93	Mexico	12.44	10.53	11.11	9.64	9.80	Private	225	5.0	2.40	0.66	1.19	-0.15
1 27 93	Mexico	12.44	10.53	11.11	9.64	11.10	Private	175	5.0	1.21	-0.51	0.01	-1.31
2 17 93	Mexico	12.74	10.66	11.14	9.63	9.80	Private	125	5.0	2.68	0.78	1.22	-0.15
2 24 93	Mexico	12.68	10.39	10.86	9.31	7.31	Sovereign	200	5.0	5.00	2.87	3.31	1.86
3 22 93	Mexico	12.17	10.08	10.85	9.26	9.20	Private	175	7.0	2.72	0.81	1.51	0.05
3 23 93	Mexico	12.17	10.08	10.85	9.26	9.40	Private	50	5.0	2.53	0.62	1.33	-0.13
3 25 93	Mexico	12.17	10.08	10.85	9.26	7.93	Public	150	7.0	3.93	1.99	2.71	1.23
3 31 93	Mexico	12.17	10.08	10.85	9.26	10.00	Private	300	10.0	1.97	0.07	0.77	-0.67
4 1 93	Mexico	12.17	10.08	10.85	9.26	8.80	Private	130	5.0	3.10	1.18	1.88	0.42
4 8 93	Mexico	11.59	9.69	10.75	9.13	7.40	Private	50	4.9	3.90	2.13	3.12	1.61
4 8 93	Mexico	11.59	9.69	10.75	9.13	10.50	Private	25	4.9	0.99	-0.73	0.23	-1.24
5 7 93	Mexico	12.35	10.19	10.84	9.27	9.30	Private	200	10.0	2.79	0.81	1.41	-0.03
5 21 93	Mexico	12.35	10.19	10.84	9.27	6.24	Public	150	3.0	5.75	3.72	4.33	2.85
5 24 93	Mexico	12.35	10.19	10.84	9.27	7.53	Public	366	7.5	4.48	2.47	3.08	1.62
5 27 94	Mexico	12.18	10.16	10.72	9.25	8.90	Private	1000	5.0	3.01	1.16	1.67	0.32
5 31 93	Mexico	12.18	10.16	10.72	9.25	7.61	Public	100	7.0	4.25	2.37	2.89	1.52
5 31 93	Mexico	12.18	10.16	10.72	9.25	6.14	Public	150	3.0	5.69	3.79	4.32	2.93
5 31 93	Mexico	11.87	9.98	10.63	9.18	7.52	Public	250	7.0	4.05	2.29	2.89	1.54
6 14 93	Mexico	11.71	9.87	10.45	9.06	10.00	Private	75	5.0	1.55	-0.12	0.41	-0.85
6 15 93	Mexico	11.71	9.87	10.45	9.06	8.40	Private	150	2.0	3.05	1.36	1.89	0.61
6 18 93	Mexico	11.71	9.87	10.45	9.06	8.00	Private	750	5.0	3.44	1.73	2.27	0.98
6 23 93	Mexico	11.71	9.87	10.45	9.06	8.80	Private	90	5.0	2.67	0.98	1.52	0.24
7 7 93	Mexico	11.38	9.58	10.23	8.86	8.40	Private	150	5.0	2.75	1.09	1.69	0.42
7 12 93	Mexico	11.38	9.58	10.23	8.86	6.30	Private	100	3.0	4.78	3.09	3.70	2.41
7 19 93	Mexico	11.38	9.58	10.23	8.86	8.00	Private	200	10.0	3.13	1.46	2.06	0.80
7 22 93	Mexico	11.38	9.58	10.23	8.86	8.80	Private	100	5.0	2.37	0.72	1.31	0.06
7 31 93	Mexico	11.38	9.58	10.23	8.86	8.00	Private	200	10.0	3.13	1.46	2.06	0.80
8 3 93	Mexico	11.26	9.39	10.08	8.68	8.30	Private	100	2.0	2.73	1.01	1.64	0.35
8 16 93	Mexico	11.37	9.46	10.07	8.68	10.00	Private	120	7.0	1.25	-0.49	0.06	-1.20
8 31 93	Mexico	11.22	8.80	9.64	8.17	8.80	Private	100	5.0	2.22	0.00	0.77	-0.58
9 16 93	Mexico	11.14	8.86	9.76	8.19	6.61	Public	100	5.0	4.25	2.11	2.95	1.48
10 6 93	Mexico	11.35	8.97	10.00	8.32	7.30	Private	100	3.0	3.77	1.56	2.52	0.95
10 6 93	Mexico	11.35	8.97	10.00	8.32	8.60	Private	150	7.0	2.53	0.34	1.29	-0.26
10 7 93	Mexico	11.35	8.97	10.00	8.32	8.10	Private	75	5.0	3.01	0.80	1.76	0.20
10 14 93	Mexico	11.35	8.97	10.00	8.32	8.00	Private	100	5.0	3.10	0.90	1.85	0.30
10 21 93	Mexico	11.35	8.97	10.00	8.32	8.00	Private	100	5.0	3.10	0.90	1.85	0.30
10 26 93	Mexico	11.35	8.97	10.00	8.32	9.30	Private	75	5.0	1.88	-0.30	0.64	-0.90
10 26 93	Mexico	11.35	8.97	10.00	8.32	8.40	Private	250	10.0	2.72	0.53	1.48	-0.07
11 22 93	Mexico	10.43	8.40	9.14	7.77	8.19	Public	250	10.0	2.07	0.19	0.88	-0.39
11 23 93	Mexico	10.43	8.40	9.14	7.77	8.80	Private	50	3.0	1.50	-0.37	0.31	-0.95

Eurobond Issuance date Country		Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
11 30 93	Mexico	10.43	8.40	9.14	7.77	11.30	Private	100	3.0	-0.78	-2.61	-1.94	-3.17
12 2 93	Mexico	10.43	8.40	9.14	7.77	9.00	Private	65	5.0	1.31	-0.55	0.13	-1.13
12 16 93	Mexico	9.81	8.20	9.06	7.79	9.20	Private	60	5.0	0.56	-0.92	-0.13	-1.29
12 16 93	Mexico	9.81	8.20	9.06	7.79	10.20	Private	15	5.0	-0.35	-1.81	-1.03	-2.19
12 16 93	Mexico	9.81	8.20	9.06	7.79	7.90	Private	100	7.0	1.77	0.28	1.08	-0.10
1 13 94	Mexico	9.11	8.07	8.28	7.73	8.50	Private	50	5.0	0.56	-0.40	-0.20	-0.71
1 20 94	Mexico	9.20	8.05	8.38	7.80	7.32	Public	1000	10.0	1.75	0.68	0.99	0.45
1 21 94	Mexico	9.28	8.11	8.51	7.89	7.40	Private	100	3.0	1.75	0.66	1.03	0.46
2 8 94	Mexico	9.49	8.34	8.79	8.11	8.30	Private	250	7.0	1.10	0.04	0.45	-0.18
2 24 94	Mexico	10.59	9.09	9.62	8.71	10.40	Private	175	7.0	0.17	-1.19	-0.71	-1.53
5 25 94	Mexico	11.40	9.92	10.81	9.62	9.70	Private	125	3.0	1.55	0.20	1.01	-0.07
6 1 94	Mexico	11.57	10.04	11.06	9.77	7.50	Private	125	7.0	3.79	2.36	3.31	2.11
6 30 94	Mexico	12.84	10.87	11.99	10.35	12.00	Private	150	7.0	0.75	-1.01	-0.01	-1.47
7 27 94	Mexico	12.63	10.74	11.75	10.20	9.70	Private	265	6.9	2.67	0.95	1.87	0.46
7 31 94	Mexico	11.96	10.24	11.49	9.98	9.40	Private	100	9.8	2.34	0.77	1.91	0.53
8 17 94	Mexico	11.55	10.05	10.85	9.65	11.20	Private	160	5.0	0.31	-1.03	-0.31	-1.39
8 17 94	Mexico	11.55	10.05	10.85	9.65	12.00	Private	40	5.0	-0.40	-1.74	-1.03	-2.10
9 6 94	Mexico	12.14	10.44	11.05	9.82	9.50	Private	300	7.0	2.41	0.86	1.42	0.29
9 29 94	Mexico	12.16	10.64	11.50	10.17	10.10	Private	50	5.0	1.87	0.49	1.27	0.06
10 18 94	Mexico	12.13	10.63	11.58	10.21	9.00	Private	100	7.0	2.87	1.50	2.37	1.11
11 22 94	Mexico	12.52	11.12	11.80	10.41	13.80	Private	65	5.0	-1.12	-2.36	-1.76	-2.98
2 16 95	Mexico	19.85	14.08	19.60	13.43	7.66	Public	137	6.5	11.32	5.96	11.09	5.36
6 8 95	Mexico	17.92	12.00	16.55	11.68	9.80	Private	132.2	5.0	7.40	2.00	6.15	1.71
9 8 95	Mexico	15.56	11.23	14.40	10.91	8.00	Private	130	5.0	7.00	2.99	5.93	2.69
9 29 95	Mexico	15.95	11.39	14.53	11.01	8.10	Private	100	7.0	7.26	3.04	5.95	2.69
1 8 96	Mexico	13.64	9.96	12.49	9.82	11.90	Private	125	3.0	1.55	-1.73	0.53	-1.86
1 10 96	Mexico	13.55	9.93	12.40	9.79	9.20	Private	100	3.0	3.98	0.67	2.93	0.54
1 29 96	Mexico	13.07	9.73	11.99	9.61	9.80	Sovereign	1000	5.0	2.98	-0.06	1.99	-0.17
3 27 96	Mexico	13.89	10.56	12.93	10.31	8.40	Private	150	7.0	5.06	1.99	4.18	1.76
2 28 93	Venezuela	20.57	13.99	16.21	11.93	7.75	Public	125	6.0	11.90	5.79	7.85	3.88
3 8 93	Venezuela	21.01	13.89	16.95	12.07	9.13	Sovereign	150	3.0	10.89	4.36	7.17	2.69
5 11 93	Venezuela	16.77	12.44	13.93	10.93	9.00	Sovereign	150	3.0	7.13	3.16	4.52	1.77
7 22 93	Venezuela	14.54	11.09	11.58	9.58	7.94	Public	500	10.0	6.11	2.92	3.37	1.52
7 22 93	Venezuela	14.54	11.09	11.58	9.58	7.75	Public	250	7.0	6.30	3.10	3.55	1.70
7 22 93	Venezuela	14.54	11.09	11.58	9.58	7.28	Public	250	5.0	6.77	3.55	4.01	2.14
9 10 93	Venezuela	15.01	11.15	12.26	9.82	6.72	Sovereign	250	2.0	7.77	4.15	5.19	2.90
9 10 93	Venezuela	15.01	11.15	12.26	9.82	6.72	Sovereign	50	2.0	7.77	4.15	5.19	2.90
11 15 93	Venezuela	13.62	9.87	11.62	9.08	9.30	Private	75	3.0	3.95	0.52	2.12	-0.20
11 30 93	Venezuela	12.40	9.50	11.13	8.94	10.40	Private	30	4.9	1.81	-0.82	0.66	-1.32
12 9 93	Venezuela	13.54	10.25	12.16	9.59	9.00	Private	50	3.0	4.17	1.15	2.90	0.54
3 19 96	Venezuela	23.37	14.19	19.97	13.00	11.00	Private	20	5.0	11.14	2.87	8.08	1.80

Source: DCBEL, Bloomberg; and Fund staff estimates.

Table 2: Spreads on Selected Brady and Eurobonds 1
(with respect to U.S. Treasury instruments of comparable maturity)

Eurobond Issuance date	Country	Spreads of Brady Bonds at Eurobond issuance date				Spreads of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
2 4 93	Argentina	1253.4	748.5	1069.3	591.9	440.0	Public	150	3.0	813.4	308.5	629.3	151.9
2 18 93	Argentina	1253.4	748.5	1069.3	591.9	620.0	Private	75	3.0	633.4	128.5	449.3	-28.2
2 22 93	Argentina	1253.4	748.5	1069.3	591.9	515.0	Private	40	5.0	738.4	233.5	554.3	76.9
3 29 93	Argentina	876.8	564.5	877.2	508.1	410.0	Sovereign	150	1.0	466.8	154.5	467.2	98.1
3 29 93	Argentina	876.8	564.5	877.2	508.1	415.0	Sovereign	106	2.0	461.8	149.5	462.2	93.1
4 1 93	Argentina	876.8	564.5	877.2	508.1	700.0	Private	25	1.0	176.8	-135.5	177.2	-191.9
4 16 93	Argentina	762.2	498.0	817.0	477.1	485.0	Private	100	5.0	277.2	13.0	332.0	-7.9
4 21 93	Argentina	762.2	498.0	817.0	477.1	420.0	Private	75	3.0	342.2	78.0	397.0	57.1
5 25 93	Argentina	755.7	504.8	779.6	466.0	735.0	Private	35	2.0	20.7	-230.2	44.6	-269.0
6 4 93	Argentina	712.2	479.2	775.7	462.9	470.0	Private	60	5.0	242.2	9.2	305.7	-7.1
6 23 93	Argentina	655.1	445.3	621.7	386.8	565.0	Private	50	1.5	90.1	-119.7	56.7	-178.2
7 7 93	Argentina	653.6	438.2	640.1	392.4	286.0	Sovereign	100	7.0	367.6	152.2	354.1	106.4
7 7 93	Argentina	653.6	438.2	640.1	392.4	255.0	Sovereign	150	3.0	398.6	183.2	385.1	137.4
7 12 93	Argentina	653.6	438.2	640.1	392.4	349.0	Private	150	5.0	304.6	89.2	291.1	43.4
7 12 93	Argentina	653.6	438.2	640.1	392.4	505.0	Private	35	2.0	148.6	-66.8	135.1	-112.6
7 19 93	Argentina	601.2	402.1	562.2	349.4	282.0	Private	30	3.0	319.2	120.1	280.2	67.4
7 20 93	Argentina	601.2	402.1	562.2	349.4	340.0	Private	200	5.0	261.2	62.1	222.2	9.4
7 31 93	Argentina	587.0	394.0	550.4	343.5	365.0	Private	200	10.0	222.0	29.0	185.4	-21.5
8 18 93	Argentina	600.4	395.7	583.9	357.2	448.0	Private	50	3.0	152.4	-52.3	135.9	-90.8
9 7 93	Argentina	520.6	338.9	511.3	313.6	349.1	Private	300	7.0	171.5	-10.2	162.2	-35.5
9 14 93	Argentina	508.9	329.5	498.5	305.4	585.6	Private	20	9.3	-76.7	-256.1	-87.1	-280.2
9 21 93	Argentina	508.9	329.5	498.5	305.4	329.0	Private	70	3.0	179.9	0.5	169.5	-23.6
10 4 93	Argentina	520.9	336.5	498.8	305.6	345.2	Private	500	7.0	175.7	-8.8	153.6	-39.6
10 18 93	Argentina	536.2	338.6	495.3	300.2	312.0	Private	100	3.0	224.2	26.6	183.3	-11.8
10 20 93	Argentina	536.2	338.6	495.3	300.2	445.5	Private	100	3.0	90.7	-106.9	49.8	-145.3
10 21 93	Argentina	536.2	338.6	495.3	300.2	381.1	Private	135	5.0	155.1	-42.5	114.2	-80.9
11 5 93	Argentina	433.1	286.3	382.8	243.6	486.8	Private	60	3.0	-53.7	-200.5	-104.0	-243.2
11 15 93	Argentina	466.9	312.8	396.0	253.9	501.0	Private	30	3.0	-34.1	-188.2	-105.0	-247.1
11 16 93	Argentina	466.9	312.8	396.0	253.9	366.2	Private	80	3.0	100.7	-53.4	29.8	-112.3
11 19 93	Argentina	466.9	312.8	396.0	253.9	328.6	Private	50	5.0	138.3	-15.8	67.4	-74.7
11 23 93	Argentina	432.8	296.5	386.0	250.1	350.4	Private	130	5.0	82.4	-53.9	35.6	-100.3
11 30 93	Argentina	432.8	296.5	386.0	250.1	365.1	Private	100	5.0	67.7	-68.6	20.9	-115.0
11 30 93	Argentina	432.8	296.5	386.0	250.1	473.7	Private	50	5.0	-40.9	-177.2	-87.7	-223.6
12 1 93	Argentina	360.8	251.3	355.8	232.2	343.2	Private	45	3.0	17.6	-92.0	12.6	-111.0
12 6 93	Argentina	360.8	251.3	355.8	232.2	471.8	Private	50	2.0	-111.0	-220.6	-116.0	-239.6
12 8 93	Argentina	360.8	251.3	355.8	232.2	276.1	Sovereign	1000	10.0	84.7	-24.9	79.7	-43.9
12 9 93	Argentina	360.8	251.3	355.8	232.2	372.3	Private	50	3.0	-11.5	-121.1	-16.5	-140.1
12 14 93	Argentina	288.5	204.7	291.4	194.2	262.5	Private	200	5.0	26.0	-57.8	28.9	-68.3
12 17 93	Argentina	288.5	204.7	291.4	194.2	296.3	Private	250	10.0	-7.9	-91.6	-4.9	-102.1

Eurobond		Spreads of Brady Bonds at Eurobond issuance date				Spreads of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
Issuance date	Country	Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
12 21 93	Argentina	288.5	204.7	291.4	194.2	296.0	Private	60	7.0	-7.6	-91.3	-4.6	-101.8
1 13 94	Argentina	289.2	218.9	268.4	209.8	392.0	Private	50	5.0	-102.8	-173.1	-123.6	-182.3
1 13 94	Argentina	289.2	218.9	268.4	209.8	558.7	Private	40	3.0	-269.5	-339.8	-290.3	-349.0
1 25 94	Argentina	327.6	238.7	269.2	210.5	225.3	Public	350	10.0	102.3	13.4	43.9	-14.8
2 3 94	Argentina	333.4	241.1	274.8	214.7	345.7	Private	50	5.0	-12.3	-104.6	-70.9	-131.0
2 10 94	Argentina	320.8	238.1	271.4	212.4	498.9	Private	50	2.0	-178.1	-260.8	-227.5	-286.5
2 16 94	Argentina	344.8	255.3	289.3	224.2	380.5	Private	50	5.0	-35.7	-125.2	-91.2	-156.3
2 24 94	Argentina	430.7	313.2	394.7	288.8	275.1	Private	170	5.0	155.6	38.1	119.6	13.7
3 10 94	Argentina	503.2	371.0	444.8	318.6	322.5	Private	30	5.0	180.7	48.5	122.3	-3.9
5 19 94	Argentina	490.3	366.0	417.8	306.7	522.0	Private	50	3.0	-31.7	-156.0	-104.2	-215.3
6 9 94	Argentina	575.0	421.8	500.0	355.1	472.2	Private	50	2.0	102.8	-50.5	27.8	-117.2
6 10 94	Argentina	579.0	425.1	496.8	353.6	395.5	Private	50	3.0	183.5	29.6	101.3	-41.9
6 21 94	Argentina	694.4	501.2	594.1	408.1	376.2	Private	150	5.0	318.2	125.0	217.9	31.9
6 23 94	Argentina	663.2	479.8	586.3	403.5	334.4	Public	100	3.0	328.8	145.5	251.9	69.1
8 2 94	Argentina	674.2	488.0	605.0	415.3	525.9	Private	40	2.0	148.3	-37.9	79.1	-110.6
8 11 94	Argentina	659.1	484.4	554.3	389.8	599.5	Private	30	5.0	59.6	-115.1	-45.2	-209.7
9 20 94	Argentina	657.9	483.3	566.9	400.2	473.6	Private	60	2.0	184.3	9.7	93.3	-73.4
9 22 94	Argentina	658.2	487.1	580.7	408.1	224.4	Private	75	1.0	433.8	262.7	356.3	183.7
9 30 94	Argentina	662.8	492.8	578.3	407.7	408.4	Private	40	2.0	254.4	84.4	169.9	-0.7
10 19 94	Argentina	661.3	494.0	616.3	429.9	394.3	Private	100	3.0	267.0	99.7	222.0	35.6
10 19 94	Argentina	661.3	494.0	616.3	429.9	363.0	Sovereign	500	5.0	298.3	131.0	253.2	66.9
10 27 94	Argentina	723.4	541.6	714.1	483.6	435.0	Private	300	10.0	288.4	106.6	279.1	48.6
11 10 94	Argentina	785.3	583.5	730.3	493.9	403.8	Private	100	5.0	381.5	179.7	326.5	90.1
11 10 94	Argentina	785.3	583.5	730.3	493.9	481.0	Private	150	5.0	304.3	102.5	249.3	12.9
11 16 94	Argentina	788.1	593.4	728.7	493.1	485.0	Private	65	2.0	303.1	108.4	243.7	8.1
12 8 84	Argentina	765.3	583.7	764.0	509.3	480.0	Private	100	5.0	285.3	103.7	284.0	29.3
12 9 94	Argentina	745.2	568.7	726.5	490.6	447.6	Private	30	3.0	297.6	121.1	278.9	43.0
5 31 95	Argentina	1030.2	657.8	884.4	557.3	291.0	Public	400	7.0	739.2	366.8	593.4	266.3
10 4 95	Argentina	1161.9	686.9	1002.6	604.7	421.0	Private	30	3.0	740.9	265.9	581.6	183.7
10 4 95	Argentina	1161.9	686.9	1002.6	604.7	568.0	Public	100	3.0	593.9	118.9	434.6	36.7
10 11 95	Argentina	1212.6	707.5	1035.0	616.8	525.0	Private	60	2.0	687.6	182.5	510.0	91.8
11 1 95	Argentina	1294.8	733.9	1144.1	655.2	197.0	Public	400	7.0	1097.8	536.9	947.1	458.2
11 7 95	Argentina	1313.3	735.6	1141.3	653.0	612.9	Private	200	7.0	700.4	122.7	528.4	40.1
11 21 95	Argentina	1213.3	688.7	1036.3	615.1	538.5	Private	50	2.0	674.8	150.2	497.8	76.6
2 15 96	Argentina	655.5	424.6	538.8	394.3	405.5	Sovereign	1000	5.0	250.0	19.1	133.3	-11.2
2 27 96	Argentina	851.4	533.2	700.6	477.7	518.1	Private	125	2.0	333.3	15.1	182.5	-40.4
3 20 96	Argentina	999.7	628.8	842.1	546.7	507.4	Private	75	10.0	492.3	121.4	334.7	39.3
3 20 96	Argentina	999.7	628.8	842.1	546.7	664.0	Private	75	2.0	335.7	-35.2	178.1	-117.4
3 26 96	Argentina	826.1	533.5	682.9	471.5	269.8	Private	200	0.8	556.3	263.7	413.1	201.7

Eurobond		Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
Issuance date	Country	Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
1 4 94	Brazil	512.8	378.2	369.7	287.7	322.1	Private	50	3.0	190.7	56.1	47.6	-34.4
1 13 94	Brazil	439.2	329.7	353.2	276.8	475.2	Private	50	3.0	-36.0	-145.5	-122.0	-198.4
1 21 94	Brazil	420.5	309.3	355.6	278.2	411.6	Private	60	3.0	8.9	-102.3	-56.0	-133.4
1 21 94	Brazil	420.5	309.3	355.6	278.2	282.5	Sovereign	100	6.0	138.0	26.8	73.1	-4.3
2 18 94	Brazil	485.2	357.2	322.6	254.1	280.6	Private	50	1.0	204.6	76.6	42.0	-26.5
3 8 94	Brazil	550.4	406.0	453.4	340.8	322.0	Private	110	1.0	228.4	84.0	131.4	18.8
3 9 94	Brazil	562.1	416.6	441.8	333.3	474.2	Private	15	3.0	87.9	-57.6	-32.4	-140.9
3 17 94	Brazil	672.8	480.0	618.6	441.9	347.0	Private	60	1.0	325.8	133.0	271.6	94.9
8 24 94	Brazil	855.2	597.2	734.1	523.8	382.0	Private	60	2.0	473.2	215.2	352.1	141.8
9 6 94	Brazil	928.2	640.7	807.9	568.7	400.0	Private	70	3.0	528.2	240.7	407.9	168.7
9 14 94	Brazil	871.1	611.6	739.6	531.4	589.0	Private	70	3.0	282.1	22.6	150.6	-57.6
9 20 94	Brazil	897.1	633.6	763.7	547.4	497.7	Private	50	3.0	399.4	135.9	266.0	49.7
9 29 94	Brazil	849.9	613.0	701.8	512.0	428.5	Private	100	3.0	421.4	184.5	273.3	83.5
10 5 94	Brazil	793.5	585.3	721.4	507.9	332.1	Private	50	3.0	461.4	253.2	389.3	175.8
10 6 94	Brazil	801.8	592.9	777.4	540.2	374.1	Private	60	3.0	427.7	218.8	403.3	166.1
10 18 94	Brazil	774.6	568.5	748.5	523.3	270.5	Private	60	3.0	504.1	298.0	478.0	252.8
10 31 94	Brazil	893.3	654.4	841.0	579.1	438.6	Private	50	3.0	454.7	215.8	402.4	140.5
11 4 94	Brazil	954.1	696.6	864.6	594.3	416.6	Private	50	3.0	537.5	280.0	448.0	177.7
11 9 94	Brazil	880.1	646.7	832.4	575.1	429.2	Private	75	3.0	450.9	217.5	403.2	145.9
11 10 94	Brazil	896.0	656.0	833.6	576.7	236.4	Private	21.5	3.0	659.6	419.6	597.2	340.3
11 10 94	Brazil	896.0	656.0	833.6	576.7	378.0	Private	30	3.0	518.0	278.0	455.6	198.7
11 10 94	Brazil	896.0	656.0	833.6	576.7	380.0	Private	80	3.0	516.0	276.0	453.6	196.7
11 16 94	Brazil	853.7	636.7	817.0	567.2	421.1	Private	75	3.0	432.6	215.6	395.9	146.1
11 16 94	Brazil	853.7	636.7	817.0	567.2	213.3	Private	50	1.0	640.4	423.4	603.7	353.9
11 17 94	Brazil	882.1	655.3	843.3	583.0	282.2	Private	100	3.0	599.9	373.1	561.1	300.8
11 18 94	Brazil	895.6	664.6	852.7	588.1	312.2	Private	50	3.0	583.4	352.4	540.5	275.9
11 21 94	Brazil	932.4	690.7	861.9	592.7	365.8	Private	150	3.0	566.6	324.9	496.1	226.9
11 28 94	Brazil	869.2	652.3	858.6	589.9	404.8	Private	50	3.0	464.4	247.5	453.8	185.1
12 12 94	Brazil	828.8	625.8	790.1	550.0	475.5	Private	50	3.0	353.3	150.3	314.6	74.5
12 14 94	Brazil	816.5	614.7	779.5	544.4	502.1	Private	100	3.0	314.4	112.6	277.4	42.3
12 15 94	Brazil	824.8	620.9	788.1	549.2	447.3	Private	50	3.0	377.5	173.6	340.8	101.9
4 28 95	Brazil	1281.4	827.8	1094.2	708.7	528.3	Private	40	2.0	753.1	299.5	565.9	180.4
4 28 95	Brazil	1281.4	827.8	1094.2	708.7	398.7	Private	100	1.0	882.7	429.1	695.5	310.0
5 15 95	Brazil	1160.8	740.6	981.7	624.0	401.0	Private	140	1.0	759.8	339.6	580.7	223.0
5 17 95	Brazil	1102.4	706.8	961.8	612.2	374.0	Private	100	2.0	728.4	332.8	587.8	238.2
5 17 95	Brazil	1102.4	706.8	961.8	612.2	419.1	Private	50	1.0	683.3	287.7	542.7	193.1
5 22 95	Brazil	1072.6	695.8	976.6	620.6	415.3	Public	100	1.0	657.3	280.4	561.3	205.3
5 24 95	Brazil	1096.8	707.4	985.5	623.9	438.5	Private	100	2.0	658.3	268.9	547.0	185.4
5 25 95	Brazil	1065.4	684.5	948.4	604.5	436.0	Private	70	1.0	629.4	248.5	512.4	168.5
5 25 95	Brazil	1065.4	684.5	948.4	604.5	371.4	Private	50	2.0	694.0	313.1	577.0	233.1
5 31 95	Brazil	1194.3	737.5	1028.5	638.9	194.0	Private	112	7.0	1000.3	543.5	834.5	444.9

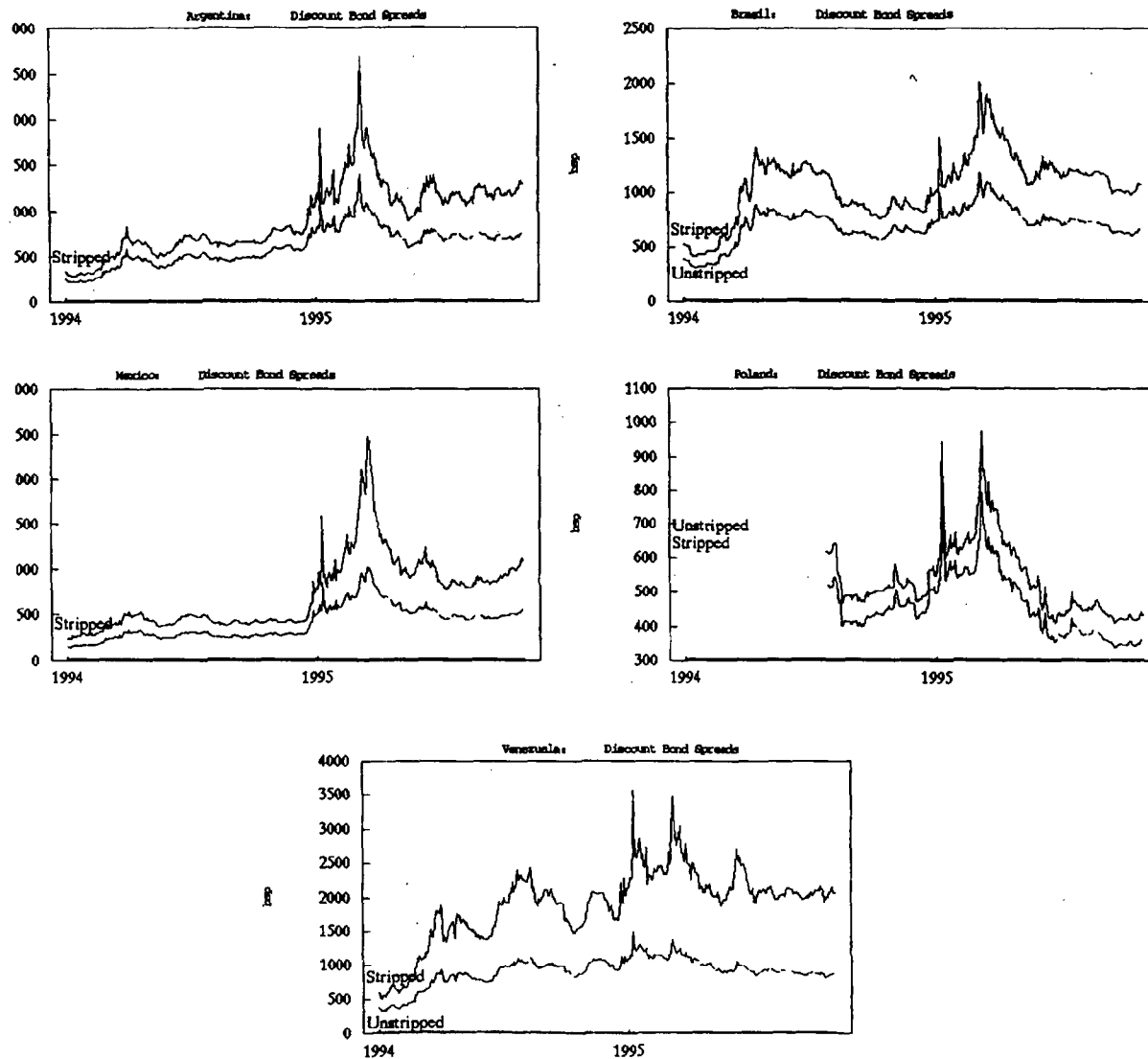
Eurobond Issuance date	Country	Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
		Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
6 1 95	Brazil	1160.3	725.3	1031.6	639.9	435.1	Private	20	1.0	725.2	290.2	596.5	204.8
6 1 95	Brazil	1160.3	725.3	1031.6	639.9	435.1	Private	50	1.0	725.2	290.2	596.5	204.8
6 2 95	Brazil	1147.1	713.0	994.6	622.6	546.0	Private	100	2.0	601.1	167.0	448.6	76.6
6 2 95	Brazil	1147.1	713.0	994.6	622.6	396.0	Private	150	2.0	751.1	317.0	598.6	226.6
6 5 95	Brazil	1140.7	706.7	965.3	608.5	450.6	Private	25	2.0	690.1	256.1	514.7	157.9
6 9 95	Brazil	1231.0	749.6	1056.9	649.5	374.0	Private	100	2.0	857.0	375.6	682.9	275.5
6 12 95	Brazil	1320.6	805.0	1151.8	693.0	457.6	Private	100	2.0	863.0	347.4	694.2	235.4
6 29 95	Brazil	1218.2	751.0	1077.2	660.3	524.6	Private	100	1.0	693.6	226.4	552.6	135.7
7 6 95	Brazil	1156.6	716.3	1027.7	638.5	409.2	Private	50	3.0	747.4	307.1	618.5	229.3
7 10 95	Brazil	1124.0	690.6	967.3	610.4	475.1	Private	100	2.0	648.9	215.5	492.2	135.3
7 11 95	Brazil	1144.0	700.1	973.4	612.6	424.2	Private	50	2.0	719.8	275.9	549.2	188.4
7 11 95	Brazil	1144.0	700.1	973.4	612.6	363.2	Private	50	2.0	780.8	336.9	610.2	249.4
7 17 95	Brazil	1150.8	716.2	980.3	619.1	493.5	Private	50	2.0	657.3	222.7	486.8	125.6
7 20 95	Brazil	1219.6	759.4	1032.2	647.2	493.3	Private	50	2.0	726.3	266.1	538.9	153.9
7 26 95	Brazil	1178.6	739.1	1033.6	648.1	471.4	Private	60	2.0	707.2	267.7	562.2	176.7
7 27 95	Brazil	1192.5	749.5	1051.9	656.8	387.9	Private	80	2.0	804.6	361.6	664.0	268.9
8 1 95	Brazil	1206.6	751.1	1044.8	652.5	153.0	Private	144.5	7.0	1053.6	598.1	891.8	499.5
8 14 95	Brazil	1155.0	723.4	970.5	624.4	450.4	Private	90	2.0	704.6	273.0	520.1	174.0
8 29 95	Brazil	1188.1	724.2	1005.0	634.9	281.2	Private	50	1.0	906.9	443.0	723.8	353.7
9 21 95	Brazil	991.0	621.2	837.3	555.2	296.4	Private	75	1.0	694.6	324.8	540.9	258.8
10 5 95	Brazil	1020.2	633.0	870.7	571.1	503.0	Private	80	2.0	517.2	130.0	367.7	68.1
10 10 95	Brazil	1003.3	624.5	844.3	558.3	257.2	Private	50	2.0	746.1	367.3	587.1	301.1
10 12 95	Brazil	1020.7	634.9	867.4	634.9	476.9	Private	150	3.0	543.8	158.0	390.5	158.0
10 19 95	Brazil	998.1	618.2	848.6	559.2	508.4	Private	55	1.0	489.7	109.8	340.2	50.8
10 24 95	Brazil	1009.9	631.4	857.5	564.2	307.0	Private	50	2.0	702.9	324.4	550.5	257.2
10 24 95	Brazil	1009.9	631.4	857.5	564.2	477.0	Private	75	2.0	532.9	154.4	380.5	87.2
10 25 95	Brazil	1015.9	631.4	860.7	564.5	394.0	Private	40	0.5	621.9	237.4	466.7	170.5
10 25 95	Brazil	1015.9	631.4	860.7	564.5	513.2	Private	40	1.0	502.7	118.2	347.5	51.3
11 14 95	Brazil	1214.0	706.8	1013.9	633.0	535.5	Private	50	1.0	678.5	171.3	478.4	97.5
11 14 95	Brazil	1214.0	706.8	1013.9	633.0	323.5	Private	50	1.0	890.5	383.3	690.4	309.5
11 14 95	Brazil	1214.0	706.8	1013.9	633.0	382.1	Private	70	3.0	831.9	324.7	631.8	250.9
11 27 95	Brazil	1137.9	668.6	944.4	603.3	355.6	Private	125	2.0	782.3	313.0	588.8	247.7
11 29 95	Brazil	1145.4	673.0	942.9	602.0	319.5	Private	100	2.0	825.9	353.5	623.4	282.5
11 29 95	Brazil	1145.4	673.0	942.9	602.0	387.5	Private	150	2.0	757.9	285.5	555.4	214.5
12 14 95	Brazil	1046.0	621.7	868.3	566.4	452.5	Private	25	1.0	593.5	169.2	415.8	113.9
12 15 95	Brazil	1061.4	628.9	888.4	575.7	547.7	Private	30	2.0	513.7	81.2	340.7	28.0
1 3 96	Brazil	966.5	580.2	832.4	532.8	427.0	Private	50	3.0	539.5	153.2	405.4	105.8
2 7 96	Brazil	784.5	499.8	653.9	453.4	345.7	Private	150	2.0	438.8	154.1	308.2	107.7
2 14 96	Brazil	706.1	455.7	582.5	417.2	434.6	Private	50	3.0	271.5	21.1	147.9	-17.4
2 21 96	Brazil	777.5	605.8	635.6	543.2	421.8	Private	200	3.0	355.7	184.0	213.8	121.4
2 21 96	Brazil	777.5	605.8	635.6	543.2	287.0	Private	50	1.0	490.5	318.8	348.6	256.2
3 14 96	Brazil	1020.8	640.8	861.1	561.9	330.3	Private	32	1.0	690.5	310.5	530.8	231.6

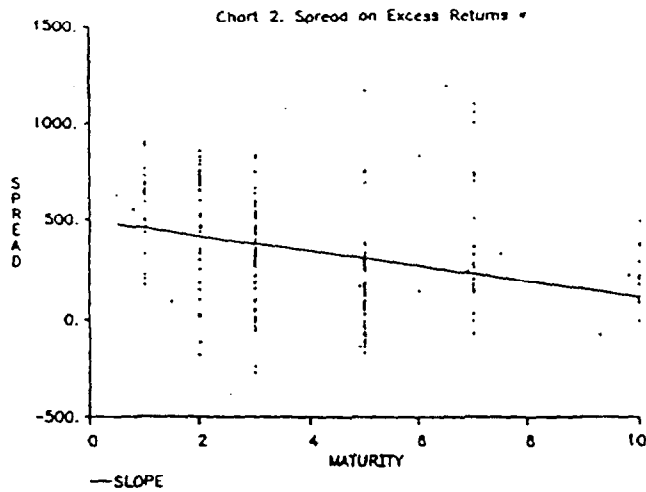
Eurobond		Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
Issuance date	Country	Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
		Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
1 14 93	Mexico	489.0	314.1	371.1	230.7	230.0	Public	125	5.0	259.0	84.1	141.1	0.7
1 25 93	Mexico	485.2	307.2	361.3	223.4	415.0	Private	225	5.0	70.2	-107.8	-53.7	-191.6
1 27 93	Mexico	485.2	307.2	361.3	223.4	550.0	Private	175	5.0	-64.8	-242.8	-188.7	-326.6
2 17 93	Mexico	517.2	323.0	368.0	226.6	445.0	Private	125	5.0	72.2	-122.0	-77.1	-218.4
2 24 93	Mexico	540.5	326.1	370.7	225.2	208.0	Sovereign	200	5.0	332.5	118.1	162.7	17.2
3 22 93	Mexico	498.6	303.0	375.3	226.6	350.0	Private	175	7.0	148.6	-47.0	25.3	-123.4
3 23 93	Mexico	498.6	303.0	375.3	226.6	450.0	Private	50	5.0	48.6	-147.0	-74.7	-223.4
3 25 93	Mexico	498.6	303.0	375.3	226.6	220.0	Public	150	7.0	278.6	83.0	155.3	6.6
3 31 93	Mexico	498.6	303.0	375.3	226.6	415.0	Private	300	10.0	83.6	-112.0	-39.7	-188.4
4 1 93	Mexico	498.6	303.0	375.3	226.6	370.0	Private	130	5.0	128.6	-67.0	5.3	-143.4
4 8 93	Mexico	456.2	278.2	377.3	226.3	290.0	Private	50	4.9	166.2	-11.8	87.3	-63.7
4 8 93	Mexico	456.2	278.2	377.3	226.3	290.0	Private	25	4.9	166.2	-11.8	87.3	-63.7
5 7 93	Mexico	511.3	310.0	370.1	223.7	337.5	Private	200	10.0	173.8	-27.5	32.6	-113.8
5 21 93	Mexico	511.3	310.0	370.1	223.7	183.0	Public	150	3.0	328.3	127.0	187.1	40.7
5 24 93	Mexico	511.3	310.0	370.1	223.7	183.0	Public	366	7.5	328.3	127.0	187.1	40.7
5 27 94	Mexico	488.6	300.1	352.8	215.4	370.0	Private	1000	5.0	118.6	-69.9	-17.2	-154.6
5 31 93	Mexico	488.6	300.1	352.8	215.4	209.0	Public	100	7.0	279.6	91.1	143.8	6.4
5 31 93	Mexico	488.6	300.1	352.8	215.4	175.0	Public	150	3.0	313.6	125.1	177.8	40.4
5 31 93	Mexico	488.6	300.1	352.8	215.4	215.0	Public	250	7.0	273.6	85.1	137.8	0.4
6 14 93	Mexico	452.3	279.4	333.8	204.1	521.0	Private	75	5.0	-68.8	-241.6	-187.3	-316.9
6 15 93	Mexico	452.3	279.4	333.8	204.1	435.0	Private	150	2.0	17.3	-155.6	-101.3	-230.9
6 18 93	Mexico	452.3	279.4	333.8	204.1	283.0	Private	750	5.0	169.3	-3.6	50.8	-78.9
6 23 93	Mexico	452.3	279.4	333.8	204.1	370.0	Private	90	5.0	82.3	-90.6	-36.3	-165.9
7 7 93	Mexico	436.1	267.2	327.5	199.2	344.5	Private	150	5.0	91.6	-77.3	-17.0	-145.3
7 12 93	Mexico	436.1	267.2	327.5	199.2	220.0	Private	100	3.0	216.1	47.2	107.5	-20.8
7 19 93	Mexico	436.1	267.2	327.5	199.2	232.0	Private	200	10.0	204.1	35.2	95.5	-32.8
7 22 93	Mexico	436.1	267.2	327.5	199.2	360.0	Private	100	5.0	76.1	-92.8	-32.5	-160.8
7 31 93	Mexico	436.1	267.2	327.5	199.2	232.0	Private	200	10.0	204.1	35.2	95.5	-32.8
8 3 93	Mexico	441.2	265.4	330.0	199.0	415.0	Private	100	2.0	26.2	-149.6	-85.0	-216.0
8 16 93	Mexico	441.2	265.4	330.0	199.0	311.0	Private	120	7.0	130.2	-45.6	19.0	-112.0
8 31 93	Mexico	449.5	266.0	323.5	194.0	401.1	Private	100	5.0	48.4	-135.1	-77.6	-207.1
9 16 93	Mexico	484.0	269.2	354.1	205.5	187.1	Public	100	5.0	297.0	82.1	167.1	18.4
10 6 93	Mexico	502.2	277.6	374.4	215.6	315.1	Private	100	3.0	187.1	-37.6	59.3	-99.5
10 6 93	Mexico	502.2	277.6	374.4	215.6	357.7	Private	150	7.0	144.5	-80.2	16.7	-142.1
10 7 93	Mexico	502.2	277.6	374.4	215.6	344.8	Private	75	5.0	157.4	-67.3	29.6	-129.2
10 14 93	Mexico	502.2	277.6	374.4	215.6	339.0	Private	100	5.0	163.2	-61.5	35.4	-123.4
10 21 93	Mexico	502.2	277.6	374.4	215.6	324.1	Private	100	5.0	178.1	-46.6	50.3	-108.5
10 26 93	Mexico	502.2	277.6	374.4	215.6	450.3	Private	75	5.0	51.9	-172.8	-75.9	-234.7
10 26 93	Mexico	502.2	277.6	374.4	215.6	298.1	Private	250	10.0	204.1	-20.6	76.3	-82.5
11 22 93	Mexico	432.4	240.9	310.6	181.3	49.0	Public	250	10.0	383.4	191.9	261.6	132.3
11 23 93	Mexico	432.4	240.9	310.6	181.3	427.9	Private	50	3.0	4.5	-187.0	-117.3	-246.6

Table 2: Spreads on Selected Brady and Eurobonds (with respect to U.S. Treasury instruments of comparable maturity)														6	
Eurobond Issuance date Country				Yield of Brady Bonds at Eurobond issuance date				Yield of Eurobonds at issuance date				Brady Bonds spread with respect to Eurobonds			
				Discount		Par		Yield (%)	Class	Amount (Mill US\$)	Maturity (Years)	Discount		Par	
				Stripped	Non-stripped	Stripped	Non-stripped					Stripped	Non-stripped	Stripped	Non-stripped
11 30 93	Mexico		432.4	240.9	310.6	181.3	670.0	Private	100	3.0	-237.6	-429.1	-359.4	-488.7	
12 2 93	Mexico		432.4	240.9	310.6	181.3	383.2	Private	65	5.0	49.2	-142.3	-72.6	-201.9	
12 16 93	Mexico		363.3	211.3	293.0	172.9	396.6	Private	60	5.0	-33.3	-185.3	-103.6	-223.8	
12 16 93	Mexico		363.3	211.3	293.0	172.9	501.0	Private	15	5.0	-137.7	-289.7	-208.0	-328.2	
12 16 93	Mexico		363.3	211.3	293.0	172.9	230.5	Private	100	7.0	132.8	-19.2	62.5	-57.7	
1 13 93	Mexico		265.7	168.1	182.7	131.4	343.8	Private	50	5.0	-78.1	-175.7	-161.2	-212.4	
1 20 94	Mexico		277.2	172.5	195.0	147.7	161.0	Public	1000	10.0	116.2	11.6	34.0	-13.3	
1 21 94	Mexico		283.2	172.5	206.1	147.7	291.3	Private	100	3.0	-8.1	-118.8	-85.2	-143.6	
2 8 94	Mexico		287.9	180.2	217.6	154.0	255.0	Private	250	7.0	32.9	-74.8	-37.4	-101.0	
2 24 94	Mexico		370.3	229.4	272.6	187.7	436.5	Private	175	7.0	-66.3	-207.1	-163.9	-248.8	
5 25 94	Mexico		387.8	250.1	329.3	218.1	334.0	Private	125	3.0	53.8	-83.9	-4.7	-115.9	
6 1 94	Mexico		403.1	260.3	351.8	231.5	79.0	Private	125	7.0	324.1	181.3	272.8	152.5	
6 30 94	Mexico		508.7	325.1	423.6	271.7	481.0	Private	150	7.0	27.7	-155.9	-57.4	-209.3	
7 27 94	Mexico		493.5	318.3	405.6	261.3	248.2	Private	265	6.9	245.3	70.1	157.4	13.1	
7 31 94	Mexico		448.2	288.0	401.3	260.3	227.0	Private	100	9.8	221.2	61.0	174.3	33.3	
8 17 94	Mexico		396.9	257.6	326.5	215.0	438.1	Private	160	5.0	-41.2	-180.5	-111.6	-223.1	
8 17 94	Mexico		396.9	257.6	326.5	215.0	515.3	Private	40	5.0	-118.4	-257.7	-188.8	-300.3	
9 6 94	Mexico		440.7	282.8	332.4	217.3	242.0	Private	300	7.0	198.7	40.8	90.4	-24.7	
9 29 94	Mexico		414.5	272.8	347.6	224.3	283.6	Private	50	5.0	130.9	-10.8	64.0	-59.3	
10 18 94	Mexico		411.9	272.9	357.1	229.8	150.0	Private	100	7.0	261.9	122.9	207.1	79.8	
11 22 94	Mexico		430.2	300.1	358.2	229.7	600.2	Private	65	5.0	-170.0	-300.2	-242.0	-370.5	
2 16 95	Mexico		1215.4	675.1	1189.9	612.7	27.0	Public	137	6.5	1188.4	648.1	1162.9	585.7	
6 8 95	Mexico		1125.0	566.5	988.4	528.9	373.0	Private	132.2	5.0	752.0	193.5	615.4	155.9	
9 8 95	Mexico		883.2	475.2	766.8	438.5	196.0	Private	130	5.0	687.2	279.2	570.8	242.5	
9 29 95	Mexico		917.3	487.7	774.6	443.8	194.0	Private	100	7.0	723.3	293.7	580.6	249.8	
1 8 96	Mexico		749.2	401.1	634.0	382.1	658.6	Private	125	3.0	90.6	-257.5	-24.6	-276.5	
1 10 96	Mexico		740.1	397.4	625.3	378.1	391.3	Private	100	3.0	348.8	6.1	234.0	-13.2	
1 29 96	Mexico		692.3	376.3	583.7	358.8	438.0	Sovereign	1000	5.0	254.3	-61.7	145.7	-79.2	
3 27 96	Mexico		713.1	399.6	616.5	370.5	210.0	Private	150	7.0	503.1	189.6	406.5	160.5	
2 28 93	Venezuela		1075.3	471.6	870.9	470.9	250.0	Public	125	6.0	825.3	221.6	620.9	220.9	
3 8 93	Venezuela		1116.4	462.4	955.2	498.4	482.0	Sovereign	150	3.0	634.4	-19.6	473.2	16.4	
5 11 93	Venezuela		735.4	357.1	655.6	378.5	470.0	Sovereign	150	3.0	265.4	-112.9	185.6	-91.6	
7 22 93	Venezuela		579.3	260.8	440.1	252.8	210.0	Public	500	10.0	369.3	50.8	230.1	42.8	
7 22 93	Venezuela		579.3	260.8	440.1	252.8	218.0	Public	250	7.0	361.3	42.8	222.1	34.8	
7 22 93	Venezuela		579.3	260.8	440.1	252.8	210.0	Public	250	5.0	369.3	50.8	230.1	42.8	
9 10 93	Venezuela		645.9	288.5	535.3	306.0	292.3	Sovereign	250	2.0	353.6	-3.8	243.0	13.7	
9 10 93	Venezuela		645.9	288.5	535.3	306.0	292.3	Sovereign	50	2.0	353.6	-3.8	243.0	13.7	
11 15 93	Venezuela		492.4	146.2	529.3	289.5	476.0	Private	75	3.0	16.4	-329.8	53.3	-186.5	
11 30 93	Venezuela		387.2	119.4	481.2	274.2	522.2	Private	30	4.9	-135.0	-402.8	-41.1	-248.0	
12 9 93	Venezuela		492.3	188.3	596.2	352.9	451.0	Private	50	3.0	41.3	-262.7	145.2	-98.1	
3 19 96	Venezuela		1647.5	780.8	1307.5	649.9	485.0	Private	20	5.0	1162.5	295.8	822.5	164.9	

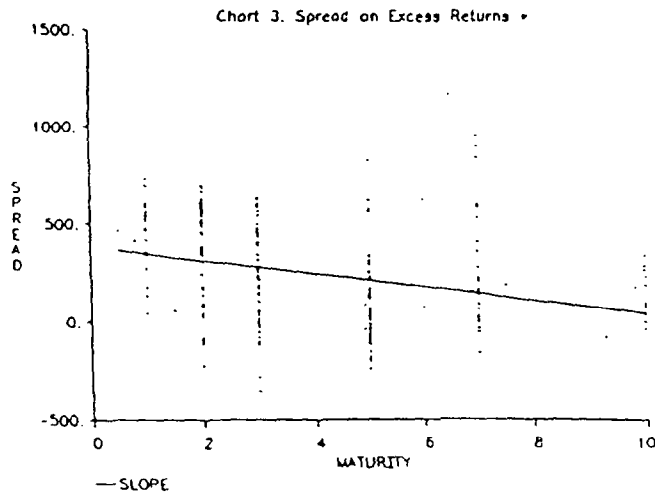
Source: DCBEL, Bloomberg, and Fund staff estimates.

Chart 1.





* Spread on excess returns of stripped *discount* Brady bonds with respect to Eurobonds (in basis points). Excess returns are defined with respect to U.S. Treasury instruments of comparable maturity. Maturity refers to the term to maturity of Eurobonds (Years).



* Spread on excess returns of stripped *par* Brady bonds with respect to Eurobonds (in basis points). Excess returns are defined with respect to U.S. Treasury instruments of comparable maturity. Maturity refers to the term to maturity of Eurobonds (Years).

APPENDIX I

The basic relationship estimated in this paper is:

$$(r_j^{Brady} - r^{Euro})_i = \alpha + \beta M_i^{Euro} + \epsilon_i$$

where i = Argentina, Brazil, Mexico, Venezuela, and j = stripped discount bonds, non-stripped discount bonds, stripped par bonds, non-stripped par bonds. The terms r^{Brady} and r^{Euro} are the yield spreads of Brady bonds and Eurobonds with respect to U.S. Treasury instrument yields with comparable maturity (expressed in basis points). Brady bonds' yields were selected to match the Eurobond date of issuance and country of issuance. M^{Euro} is the term to maturity of a Eurobond at the issuance date (expressed in years). The main results are summarized in the table below.

Regression Results of Excess Returns Spreads
onto Term to Maturity of Eurobonds

Brady Bonds	Constant	Slope	R2	F
Stripped discount	495.82 (32.17)	-37.91 (6.87)	0.09	24.87
Nonstripped discount	158.78 (21.61)	-20.06 (4.52)	0.06	15.81
Stripped par	380.66 (28.05)	-33.59 (6.11)	0.09	24.14
Nonstripped par	88.16 (19.75)	-17.32 (4.23)	0.06	13.92