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For Immediate Release

EMTA SURVEY:
EMERGING MARKETS DEBT TRADING AT US$1.328 TRILLION IN THIRD QUARTER OF 2005

Brazilian Trading Accounts for 31% of Volumes

NEW YORK, November 21, 2005—Trading in Emerging Markets debt instruments stood at US$1.328 trillion in the third quarter of 2005, according to a report published today by EMTA, the Emerging Market debt industry's trade association. This represents a 1% decrease from the US$1.342 trillion EMTA reported in the third quarter of 2004 and a 3% decrease from US$1.363 trillion in the second quarter of 2005.

"Emerging Market debt spreads continued to tighten in the third quarter of 2005, even while investors began to display marginally higher levels of risk aversion towards the quarter's end," noted Tulio P. Vera, Managing Director and Global Head of Emerging Markets Debt Research at Merrill Lynch. Vera added, "The key driver of the market has remained a strong technical position, the result of still-ample global liquidity conditions and improving credit fundamentals, which are due to ongoing liability management and high oil prices."

Brazil Trading at US$407 Billion

EMTA Survey participants reported trading US$407 billion in Brazilian debt, making Brazilian instruments the most frequently traded. This compares to US$448 billion in the third quarter of 2004 (a 9% decline) and US$432 billion in the second quarter of 2005 (down 6%). Political speculation dominated the headlines in Brazil during much of the quarter.

Trading in the industry's benchmark, the Brazil 2040 bond, stood at US$144 billion, vs. US$81 billion in the third quarter of 2004 (up 77%) and US$182 billion in the second quarter of 2005 (down 21%). The 2040 bond alone accounted for 11% of total reported

Survey volumes, vs. a 13% share in the previous quarter. Brazil's C-Bond, formerly a leading industry benchmark, accounted for $10 billion in its last full quarter of trading before being redeemed in mid-October, as compared to US$60 billion a year earlier.

Brazilian instruments accounted for 31% of total reported volume. In the third quarter of 2004, Brazilian debt transactions had accounted for 33% of EMTA Survey volume.

Mexican Volumes at US$196 Billion

Mexican volumes stood at US$196 billion, off 35% vs. the US$303 billion reported by Survey participants in the third quarter of 2004 but 7% ahead of second quarter 2005 trading of US$183 billion. 77% of Mexican volumes involved local instruments, compared to 80% in the third quarter of 2004 and 74% in the second quarter of 2005. Mexican credits were the second most frequently traded instruments in the Survey, accounting for 15% of overall Survey volume (vs. 23% in the third quarter of 2004).

The third most frequently traded instruments were Turkish bonds, at US$95 billion (vs. US$61 billion in the third quarter of 2004 and US$126 billion in the second quarter of 2005). Transactions in Turkish assets equaled 7% of total trading, compared with a 5% share in the third quarter last year.

In fourth position were Argentine issues, at US$94 billion. This compares with US$38 billion in the third quarter of 2004 and US$59 billion in the second quarter of 2005, increases of 148% and 61%, respectively. Argentine trading accounted for 7% of Survey trades, its highest market share since the country's December 2001 debt default. Vera speculated that "Argentina's reappearance, after its restructuring and its reintroduction to industry indices, probably helped it reclaim much of its dormant volume away from Brazil."

Russian volumes, sixth overall, dropped to US$71 billion from US$106 billion in the third quarter of 2004 and from US$108 billion in the second quarter of 2005; and as a result Russian market share fell to its lowest level in six years at 5% of total volume. "As the country moves further into investment-grade territory and the narrow spreads become less and less appealing—and with the expected Ruble appreciation—many investors are moving from sovereign debt into other types of Russian exposure," Vera commented.

Eurobond Volume at US$635 Billion

Survey participants reported US$635 billion in Eurobond trades in the third quarter, vs. US$578 billion in the same quarter in 2004 and US$638 billion in the second quarter of 2005. Eurobonds accounted for a 48% share of reported Emerging Markets debt trading (vs. 43% in the third quarter of 2004 and 47% in the second quarter of 2005). The majority of Eurobond trades included sovereign issuances, amounting to 81% of Eurobond transactions. Brazilian issues were the most frequently traded Eurobonds, at US$263 billion, followed by those issued by Turkey (US$58 billion), Russia (US$57 billion), Venezuela (US$45 billion) and Mexico (US$35 billion).

Slightly below Eurobond transactions were local instrument trades, at US$628 billion (compared to US$656 billion in the third quarter of 2004 and US$653 billion in the second quarter of 2005). Local markets trades accounted for 47% of reported volumes, down from 49% a year ago. The most frequently traded local treasury instruments were those from Mexico (US$152 billion), Brazil (US$110 billion), Poland (US$78 billion), Argentina (US$48 billion) and Turkey (US$35 billion).

Options volumes stood at US$41 billion, vs. US$26 billion in the third quarter of 2004, and comprised 3% of trades. Brady Bonds, at US$20 billion (vs. US$79 billion in the third quarter of 2004), accounted for 2% of volume. Participants also reported US$4 billion in loan assignments (less than 1% of volume).

Improving Fundamentals Support Investor Interest

Going forward, Vera expects Emerging Markets debt to continue to attract attention from new investors as its general creditworthiness increases. "Clearly the asset class has become less risky, so in an environment still characterized by search for yield, there are bound to be inflows into a 'safer' asset class with higher relative yields than the alternatives," he affirmed.

EMTA's Survey includes secondary market trading activity in sovereign and corporate bonds, local instruments, Brady bonds, debt options, warrants and loans from over 90 Emerging Markets countries. The Survey's participants include 64 major dealers, banks and money management firms around the globe.

For a copy of EMTA's Third Quarter 2005 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 637-9105.

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NOTE TO EDITORS:
Founded in 1990, EMTA (formerly the Emerging Markets Traders Association) is a not-for-profit corporation dedicated to promoting the orderly development of fair, efficient and transparent trading markets for Emerging Markets instruments, and the integration of the Emerging Markets into the global financial marketplace. EMTA, with over 110 member firms worldwide, has published its Volume Surveys since 1992.