NEWS
LOANS/PEOPLE

Latin American borrowers are turning in increasing numbers to syndicated loans for funding, as the bond market becomes more expensive — and increasingly volatile. **By Karen Schwartz**

Loans pick up

A sharp price swing in the bond market since the US Federal Reserve began mulling the normalization of monetary policy is pushing Latin American firms to turn increasingly to bank loans for funding. The trend is likely to pick up in the remainder of the year, bankers say.

September and October were busy months for deals and several were sizable. Mexican state-owned oil company **Pemex** launched a $1.25 billion three-year revolver in early October, while Argentinian steel-maker **Ternium** advanced a five-year, $800 million term loan.

Transactions also increased in complexity: Colombian packaging maker **Grupo Phoenix** closed a five-year, $190 million multi-currency senior secured term loan in early October. The deal, through joint lead arrangers Credit Suisse and JPMorgan, has tranches in US dollars, Colombian pesos and Mexican pesos and pays 400 basis points over Libor.

Bankers now expect a pick-up in activity to year-end and into 2014.

There are still several deals in the pipeline for this year – one banker estimates some $3 billion to $4 billion in further supply from Colombia and the Caribbean before the end of the year.

With European banks returning to lend, and increasingly difficult and costly funding options in the bond market (see page 6), loans are becoming a better option for some borrowers. In recent years, bonds have made up around 70% of the region's debt financing, estimates a second banker – where historically it had been closer to evenly split.

"It eventually comes back, especially if we do get into this rising rate environment," he says.

PEOPLE: EBX shuffles continue

Eike Batista's struggling OGX Petróleo e Gás Participações replaced chief executive Luiz Carneiro in October with Paulo Amaral, the chief financial officer, who now holds both roles. In September, José Gustavo de Souza Costa departed as chief executive of EBX-owned Colombian coal miner CCX, after close to a year in the job.

The moves come as EBX continues selling assets in an attempt to save core businesses. OGX was on track to become LatAm's largest corporate defaulter at the end of October after missing a coupon payment October 1. The oil company is negotiating with holders of $3.6 billion in international bonds and potential outside equity investors. It is looking to work out some combination of a distressed debt exchange and equity investment to ramp up production at its functioning well, and generate sustainable cashflow. Angra Partners was added to an advisory team already including Blackstone and Lazard.

Elsewhere, Venezuelan oil minister **Rafael Ramírez** became vice-president for the economy, a job previously held by Nelson Merentes, the finance minister.

Bank of America named **Alexandre Bettamio**, its Brazil chief executive, to head its Latin America business, in a newly-created position. **Juan Pablo Galán** replaced Gloria Velásquez as CEO of Colombian brokerage **Alianza Valores**. Peruvian financial holding company **Credicorp** named **Fernando Dasso** as chief financial officer.

Ricardo Cano opened Gateway Capital Advisors, a Miami-based specialist advisory shop. Credit analyst **Robert Schmieder**, who left HSBC earlier this year, joined **BBVA**.

Multilateral lender **International Finance Corporation** (IFC) named **Irene Arias** as director for Latin America and the Caribbean. US-based Duke Energy International named **Diego Hollweck** president of **Duke Energy Chile**.

Chilean natural gas supplier **Gasco** hired Empresa Nacional del Petroleo's **Ricardo Cruzat** as CEO.

JPMorgan hired **Sergio Rozenblit** as head of trade for Brazil and UBS's Brazil wealth management head **Edinardo Figueiredo**, as head of its Brazil private bank. LF

Pemex launched a $1.25 billion loan in October as bank lending markets picked up

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