



Emerging Markets Monthly Highlights

Uncertainty Looms After U.S. Elections

S&P Global
Ratings

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Nov. 13, 2024

This report does not constitute a rating action

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Emerging markets consist of:

Latin America: Argentina, Brazil, Chile, Colombia, Mexico, Peru.

Emerging Asia: India, Indonesia, Malaysia, Thailand, Philippines, Vietnam.

EMEA: Hungary, Poland, Saudi Arabia, South Africa, Türkiye.

Greater China: China, Hong Kong, Macau, Taiwan, and Red Chip companies (issuers headquartered in Greater China but incorporated elsewhere).

Key Takeaways



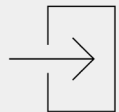
Following the U.S. elections, we are closely monitoring the potential impact of tighter financial conditions and a stronger dollar. Once the next administration takes office, potential policy changes may weigh on EM growth and heighten credit vulnerabilities.



EM currencies have depreciated sharply after the U.S. elections, especially in Central and Eastern European economies (CEEs) and Latin America (LatAm), driven mainly by concerns over the Fed's potentially slower pace of rate cuts and increased tariffs risks. This may delay rate cuts in some EMs due to heightened currency volatility.



The number of issuers rated 'CCC+' and lower has decreased to 13 as of September 2024 from 15 in Q2 2024. Risky credits tapped the market for refinancing purposes for the first time since November 2021. **Forecasted financial ratios point to a gradual deleveraging** and a pick-up in liquidity profiles and interest coverage ratios. **However, this will be to the detriment of capital expenditure in 2025-2026.**



Over the next 10 years, supportive demographics, technology, energy transition, and supply-chain shifts may enhance growth opportunities, despite challenges from evolving geopolitical tensions and disruptions.



Corporate spreads remained tight, preserving the solid bond market activity in EMs, especially for speculative-grade entities, while both benchmark and corporate yields ticked up on U.S. election uncertainty. With two months until the year-end, all EM regions have surpassed their 2016-2023 average issuance volumes, except for EM Asia.

U.S. Elections | Higher Uncertainty Ahead For EMs

U.S. 10-year Treasury yield (%)

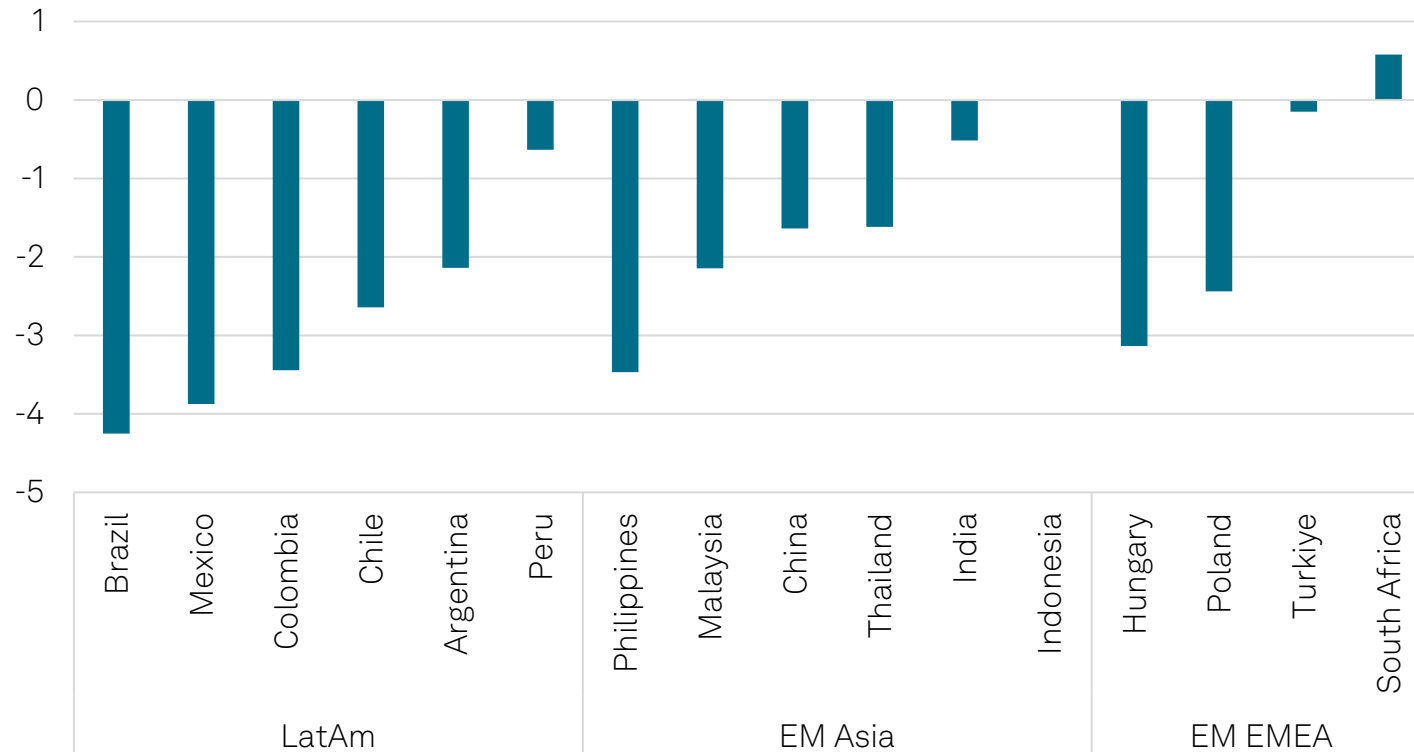


Source: Haver Analytics.

- **In the immediate aftermath of the U.S. elections, we are watching for the impact of a potential tightening in financial conditions and a stronger dollar on EMs.** The prospects of looser fiscal policy and more trade protectionism has increased short- and long-term U.S. interest rates, putting upward pressure on borrowing costs in EMs.
- **Once the next U.S. administration takes office, we will closely monitor details of trade and fiscal policy to assess its full impact on EMs.** The specific policies announced could either further amplify, or reverse, the recent tightening in financial conditions, with implications for EM growth and credit conditions.

U.S. Elections | Exchange-Rate Volatility

EM exchange rates



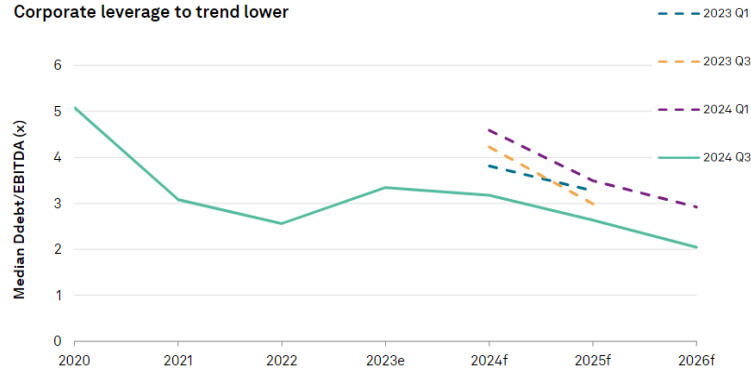
Note: Monthly % change against the dollar. Change since the end of October. Sources: Refinitiv and S&P Global Ratings.

- Following the U.S. election results, most EM currencies have weakened against the dollar.** This reflects market concerns about a potentially less dovish Fed, the heightened risk of new U.S. import tariffs, and, in some cases, geopolitical tensions. These shifts increase vulnerabilities for issuers heavily reliant on external financing.
- Currencies in CEE and LatAm have weakened the most.** For CEE, this is likely due to market concerns over geopolitical risks and potential U.S. tariffs on CEE and German goods, affecting regional value chains. These currency pressures may lead to a pause in interest-rate cuts, particularly in Hungary. In LatAm, currency declines stem from expectations of a potentially slower pace of U.S. rate cuts.

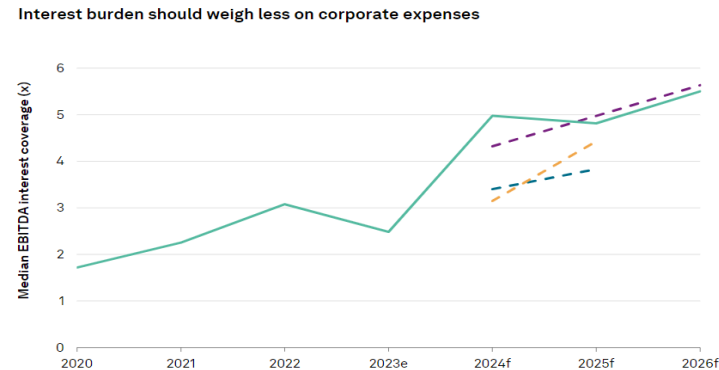
EM Risky Credits | Issuance Activity And Deleveraging Plans

Risky credits projections' vintages

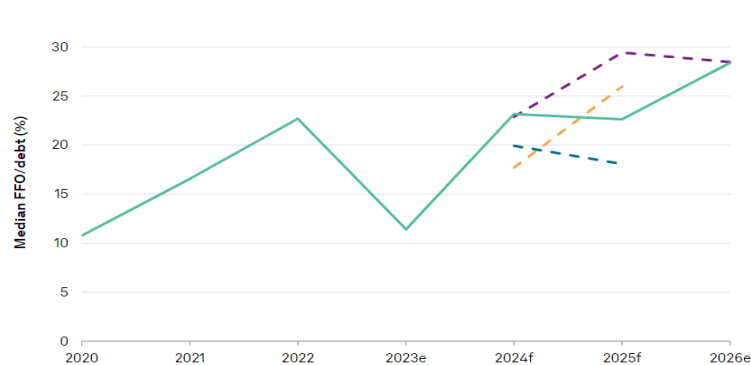
Corporate leverage to trend lower



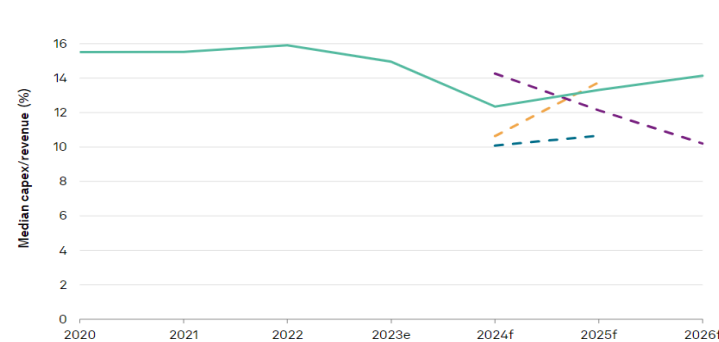
Interest burden should weigh less on corporate expenses



Liquidity to recover stepwise



A lower portion of revenues will be channeled to capex



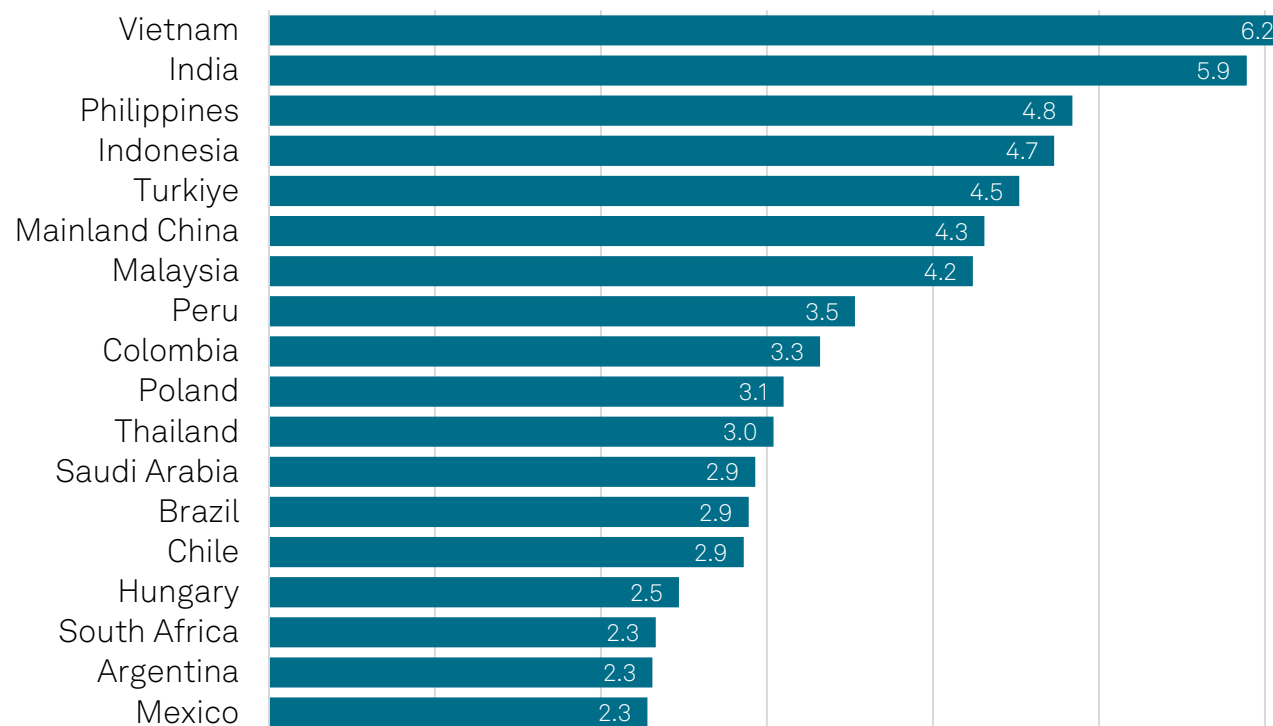
Data as of Oct. 22, 2024. Note: Blue dashed line represents financial forecasts as of Q1 2023; yellow dashed line as of Q3 2023; purple dashed line as of Q1 2024; and the green line the actual analytical estimates. Source: S&P Global Ratings Credit Research & Insights.

- **Financing conditions loosened further in the third quarter, spurring some ‘CCC+’ and lower rated issuance for the first time since November 2021.** Risky credits tapped the market for refinancing purposes and should be able to keep doing so if macroeconomic and political uncertainties and geopolitical risks do not worsen.
- **Forecasted financial ratios point to gradual deleveraging,** as EBITDA growth, triggered by sound revenues, is expected to overcome nominal debt (albeit to still to rise) and stronger liquidity profiles and interest coverage ratios. **But this will be to the detriment of capital expenditure in 2025-2026.**
- **The number of issuers rated ‘CCC+’ and lower has decreased to 13 as of September 2024 (of which, four have a negative outlook), or 9.6% of the speculative-grade entities.** For more information read [our recent article](#), published Oct. 30, 2024.

EM Growth | A Decisive Decade

Vietnam and India to top annual GDP growth over the next 10 years

Average annual GDP growth 2024–2035 (%)



Source: S&P Global Market Intelligence.

- In the latest Look Forward report, **Emerging Markets: A Decisive Decade**, our authors explore the factors and trends that will shape these vibrant economies.
- **Over the next 10 years, supportive demographics and technological developments could boost EMs' productivity and, consequently, economic growth.** Furthermore, the energy transition and supply-chain relocation will give these economies opportunities to take advantage of their abundant natural resources, ample workforce, and manufacturing capabilities.
- **Despite these opportunities, EMs will face an evolving geopolitical environment marked by unresolved conflicts and other persistent disruptions.**

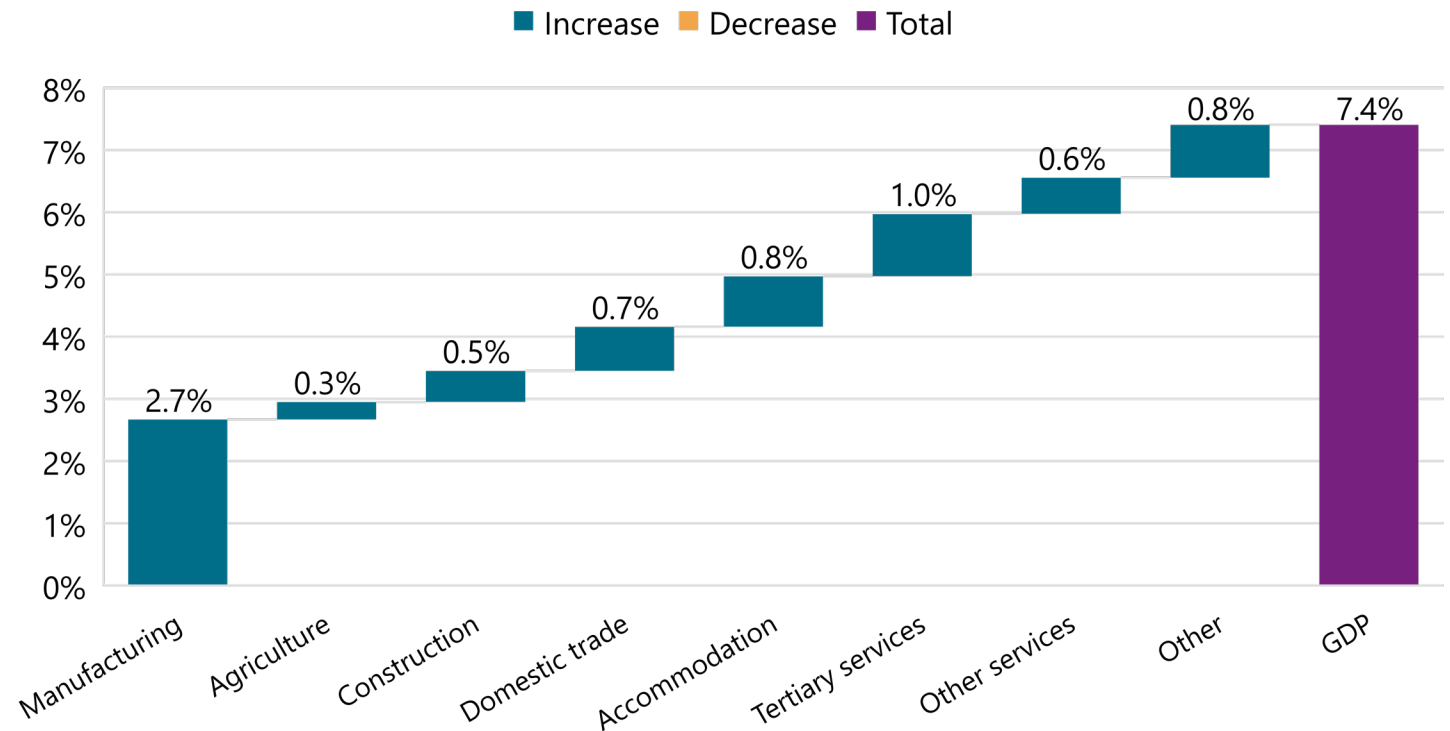
Regional Economic Highlights

EM Asia Economics | Electronics Sector Fuels Vietnam's Growth

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- **Strong electronics activity is supporting growth in Vietnam.** The economy has become a key player in the electronics supply chain for Asia. While production initially had mostly been related to smartphones, in recent years, it has diversified into semiconductor components and a wide range of consumer electronics.
- **Third-quarter growth surprised on the upside on strong electronics manufacturing performance as well as a recovery in other parts of the economy.** Real estate, finance, and consumption have recovered from weaker performance in early 2024. The strong growth momentum is likely to continue next year, but global trade frictions are a risk factor.

Vietnam's Q3 2024 growth by sector



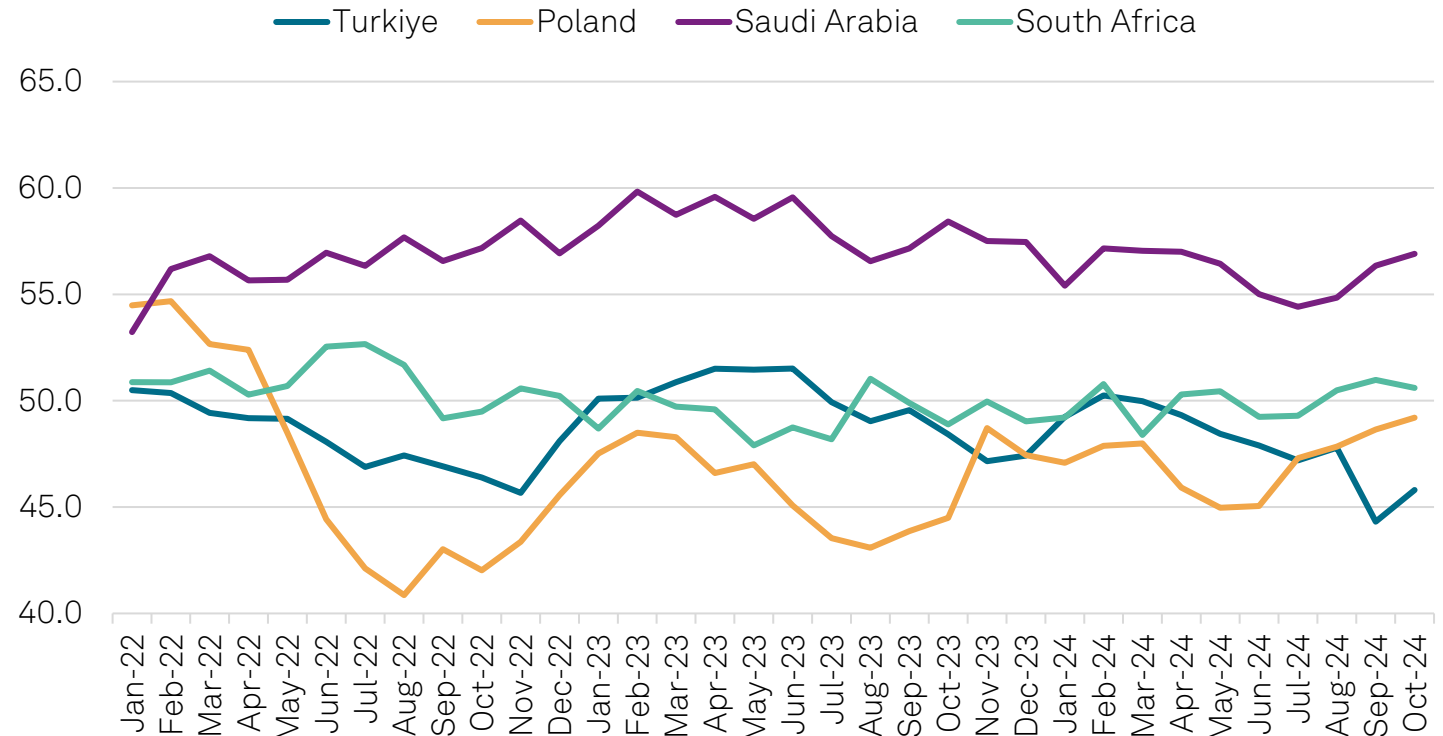
Note: Accommodation refers to food, accommodation and transport related services. Tertiary services includes infocomms, finance, and professional services. Other services include public administration, health, education, arts, and miscellaneous services. Sources: General Statistics Office and S&P Global Ratings.

EM EMEA Economics | PMIs Are Largely Favorable

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- **Poland's headline PMI has reached its two-year high.** PMIs indicate some improvement in external demand, despite export orders PMI remaining below 50. The index has been increasing over the last several months. Latest data on Poland's exports also indicate some improvement in external demand.
- **PMIs indicate deceleration in Turkiye; however, soft landing seems to be more likely.** We currently expect the economy to contract in sequential terms in Q3 due to weakening consumption and investment. However, present indicators point that contraction is likely to be limited, and we expect economy to start growing again in the first quarter of 2025.
- **PMIs point to solid Q4 GDP in South Africa and Saudi Arabia.** In Saudi Arabia, growth of non-oil sectors remains strong, while South Africa's household consumption is supported by introduction of two-pot retirement savings system.

EM EMEA Headline Purchasing Manager Indices (PMIs)



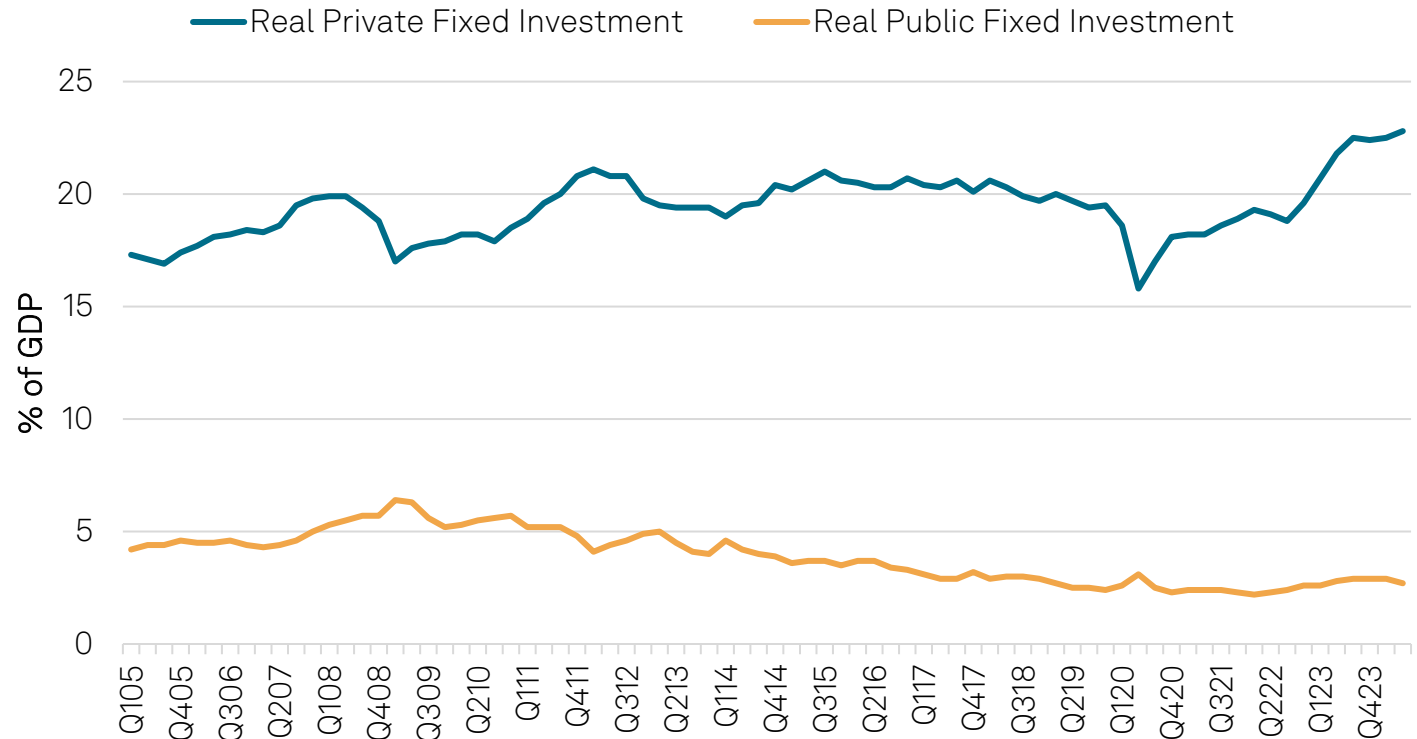
Sources: S&P Global Market Intelligence

LatAm Economics | Fixed Investment In Mexico Could Soften

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- **Uncertainty regarding trade and immigration policy by the incoming U.S. administration toward Mexico could delay investment decisions.** Private fixed investment has been very strong in Mexico in the last two years, driven by non-residential construction along the manufacturing hubs, as firms position themselves to potentially benefit from nearshoring. However, investment could soften until there is more visibility on the policies pursued by the next U.S. government.
- **During the Trump 2016-2020 administration (excluding the pandemic), private fixed investment in Mexico declined 4.5%.** This time may be different, as investors have experience managing some of the policies pursued by the first Trump administration. However, a degree of caution is likely among investors in the coming quarters.

Real fixed investment in Mexico



Macro-Credit Dashboards

GDP Summary | Most EMs Will Grow Below Trend In 2025

■ GDP growth below five-year average (2015-2019) ■ GDP growth above five-year average (2015-2019)

Country	Latest reading (y/y)	Period	Five-year avg	2020	2021	2022	2023	2024f	2025f	2026f	2027f
Argentina	-1.7	Q2	-0.2	-9.9	10.4	5.3	-1.6	-3.5	3.3	2.2	2.5
Brazil	3.3	Q2	-0.5	-3.6	5.1	3.1	2.9	2.8	1.8	2.1	2.2
Chile	1.6	Q2	2.0	-6.4	11.6	2.1	0.3	2.4	2.2	2.5	2.5
Colombia	2.1	Q2	2.4	-7.2	10.8	7.3	0.6	1.7	2.5	2.8	2.9
Mexico	1.5	Q3	1.6	-8.8	6.3	3.7	3.2	1.6	1.5	2.2	2.2
Peru	3.6	Q2	3.2	-11.1	13.6	2.7	-0.5	2.7	2.7	2.9	3.0
China	4.6	Q3	6.7	2.2	8.5	3.0	5.2	4.6	4.3	4.5	4.5
India	6.7	Q2	6.9	-5.8	9.1	7.0	8.2	6.8	6.9	7.0	7.0
Indonesia	4.9	Q3	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	4.9	4.9
Malaysia	5.3	Q3	4.9	-5.5	3.3	8.9	3.5	5.1	4.8	4.5	4.4
Philippines	5.2	Q3	6.6	-9.5	5.7	7.6	5.5	5.7	6.2	6.4	6.5
Thailand	2.3	Q2	3.4	-6.1	1.5	2.6	1.9	2.8	3.1	3.0	3.1
Vietnam	7.4	Q3	7.1	2.9	2.6	8.0	5.0	6.2	6.8	6.7	6.6
Hungary	-0.8	Q3	4.2	-4.7	7.2	4.6	-0.7	1.5	3.0	2.9	2.4
Poland	4.4	Q2	4.4	-2.0	6.8	5.5	0.2	3.0	3.4	2.9	2.8
Saudi Arabia	2.8	Q3	2.3	-4.3	3.9	8.7	-0.9	1.4	5.3	4.0	3.6
South Africa	0.3	Q2	1.0	-6.0	4.7	1.9	0.6	1.0	1.6	1.4	1.3
Türkiye	2.5	Q2	4.2	1.7	11.8	5.3	4.5	3.1	2.3	2.9	3.0

f--Forecast. y/y--Year on year. Sources: Haver Analytics and S&P Global Ratings.

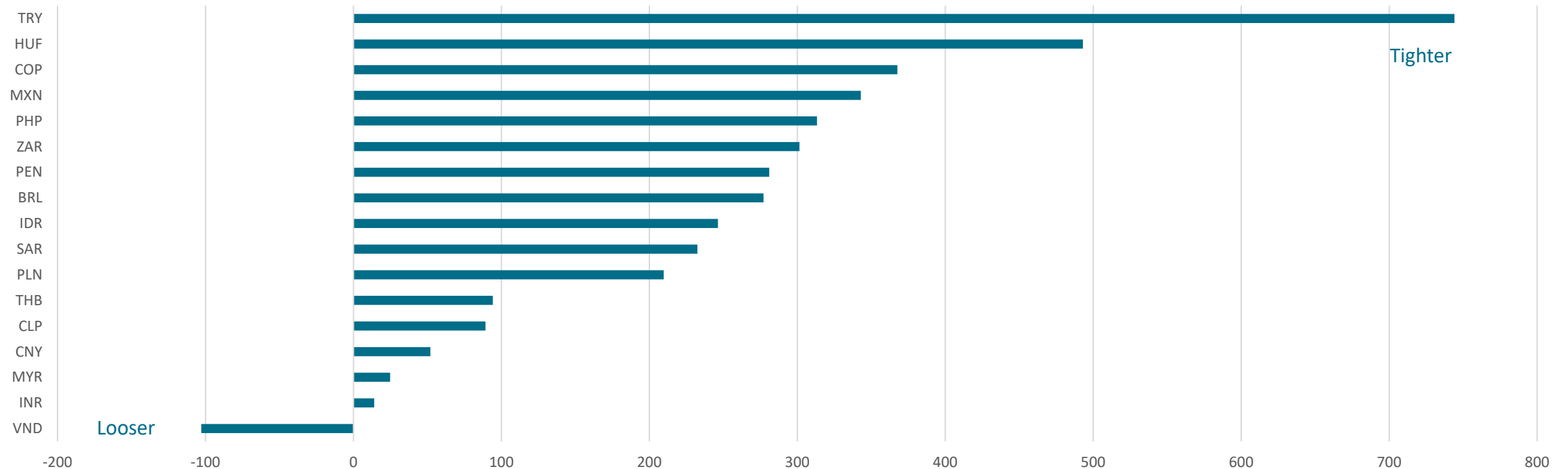
Monetary Policy/FX | Several EMs Followed The Fed With Rate Cuts

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	Sept. exchange rate chg.	YTD exchange rate chg.
Argentina	35.00%	No target	209.0%	500 bps cut	N/A	-2.0%	-18.4%
Brazil	11.25%	3.0% +/- 1.5%	4.8%	50 bps hike	Dec.11	-5.7%	-16.2%
Chile	5.25%	3.0% +/- 1.0%	4.7%	25 bps cut	Dec.19	-5.7%	-7.0%
Colombia	9.75%	3.0% +/- 1.0%	5.4%	50 bps cut	Dec.20	-5.6%	-13.4%
Mexico	10.50%	3.0% +/- 1.0%	4.8%	25 bps cut	Nov.14	-2.0%	-15.6%
Peru	5.00%	1.0% - 3.0%	2.0%	25 bps cut	Dec.12	-1.9%	-1.8%
China	1.50%	3.0%	0.4%	20 bps cut	N/A	-1.5%	-0.2%
India	6.50%	4.0 +/- 2.0%	5.5%	Hold	Dec.08	-0.4%	-1.2%
Indonesia	6.00%	2.5% +/- 1.0%	1.7%	Hold	Nov.20	-3.6%	-1.7%
Malaysia	3.00%	No target	1.8%	Hold	Jan.22	-6.5%	4.5%
Philippines	6.00%	3.0% +/- 1.0%	2.3%	25 bps cut	Dec.19	-4.1%	-4.6%
Thailand	2.25%	2.0% +/- 1.5%	0.8%	25 bps cut	Dec.18	-4.3%	1.4%
Vietnam	4.50%	4.0%	2.9%	Hold	N/A	-0.6%	-1.6%
Hungary	6.50%	3.0% +/- 1.0%	3.0%	Hold	Nov.19	-5.6%	-7.8%
Poland	5.75%	2.5% +/- 1.0%	5.0%	Hold	Dec.04	-4.7%	-1.8%
Saudi Arabia	5.25%	No target	1.7%	25 bps cut	N/A	0.0%	0.0%
South Africa	8.00%	3.0% - 6.0%	3.8%	Hold	Nov.21	-3.6%	4.7%
Türkiye	50.00%	5.0% +/- 2.0%	48.6%	Hold	Nov.21	-0.2%	-13.9%

Note: Red means inflation is above the target range/policy is tightening/exchange rate is weakening. Green means inflation is below the target range/policy is easing/exchange rate is strengthening. A positive number for the exchange-rate change means appreciation. Argentina's central bank no longer targets inflation, nor does it set the policy rate directly (it is set based on monetary aggregates targeting). For China, we use the PBOC's seven-day reverse repo. bps--Basis points. YTD--year to date. N/A--Not applicable. Sources: Haver Analytics and S&P Global Ratings.

Real Interest Rates | Still Restrictive Stance Despite Recent Rate Cuts

Deviation in current real benchmark interest rates from 10-year average (bps)



Data as of Oct. 31, 2024. Note: Real interest rates are deflated by CPI. In the cases where we didn't have 10 years of history, we used all the available data to calculate the average. We exclude Argentina. For China, we use the seven-day reverse repo rate. Sources: Haver Analytics and S&P Global Ratings.

EM Heat Map

	Saudi Arabia	Poland	Mexico	Peru	Chile	Malaysia	Philippines	Indonesia	China	South Africa	Thailand	India	Colombia	Brazil	Vietnam	Argentina	Türkiye
FC Sovereign Rating	A	A-	BBB	BBB-	A	A-	BBB+	BBB	A+	BB-	BBB+	BBB-	BB+	BB	BB+	CCC	BB-
Sovereign Outlook	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Negative	Stable	Stable	Stable	Stable
Sovereigns																	
Institutional	4	4	3	4	2	3	4	3	3	4	4	3	3	4	4	6	4
Economic	3	3	5	4	4	3	4	4	3	5	4	4	4	5	4	5	4
External	1	2	2	3	4	2	1	3	1	2	1	1	5	2	3	6	4
Fiscal (BDGT)	2	4	4	2	2	4	3	3	5	6	3	6	4	6	4	6	5
Fiscal (DBT)	1	3	4	3	2	5	4	4	4	6	3	6	4	6	3	5	4
Monetary	4	2	3	3	2	2	3	3	2	2	2	3	3	3	4	6	5
Financial institutions BICRA																	
Economic Risk	5	4	6	6	4	5	6	6	7	7	7	6	7	7	9	10	9
Industry Risk	4	5	3	3	3	3	5	6	5	5	6	5	5	5	8	7	9
Institutional Framework	I	H	I	L	I	I	H	H	H	I	VH	H	I	I	EH	H	VH
Derived Anchor	Bbb	bbb	bbb-	bbb-	bbb+	bbb	bbb-	bb+	bb+	bb+	bb	bbb-	bb+	bb+	b+	b+	b+
Eco. Risk Trend	Stable	Stable	Stable	Negative	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive
Eco. Imbalances	I	L	I	L	L	L	L	L	H	I	H	L	H	I	H	VH	VH
Credit Risk	I	I	I	VH	I	H	H	VH	VH	H	VH	VH	H	H	EH	EH	VH
Competitive Dynamics	I	H	I	I	L	I	I	H	H	I	H	H	I	H	VH	H	VH
Funding	I	L	L	I	L	L	I	I	VL	H	L	L	H	I	I	VH	VH
Nonfinancial corporates																	
Median Rating(Sep.30,2024)	A-	BB	BBB	BBB-	BBB	A-	BBB	BB	BBB+	BB-	BBB	BBB-	BB+	BB	BB-	CCC	BB-
Net Debt / EBITDA	2.86	1.66	2.76	2.25	3.49	2.22	3.31	2.51	3.30	2.04	2.90	2.18	2.05	1.85	3.18	1.99	1.82
ROC Adj.§	1	1	1	3	0	1	0	0	2	0	3	0	0	1	-1	-73	-38
EBITDA INT. COV.	7.13	8.27	4.21	6.52	5.32	9.24	5.96	5.42	6.47	4.94	8.76	5.94	3.80	3.45	5.13	2.98	2.75
FFO / Debt	31.6	42	40.6	38.1	26.6	25.9	25.3	33.1	15.4	44.3	28.4	37.2	51.2	55.4	27.1	29.1	38.5
NFC FC Debt % GDP*	8.6	12.7	11.8	20.2	33.6	18.0	6.6t	7.8	4.1	14.7	12.4	7.1	9.9	13.2		8.5	21.9
NFC Debt % of GDP*	42.1	36.8	19.8	42.9	94.4	90.5	43.6t	24.2	166.3	32.1	86.3	56.9	31.1	52.2		22.1	48.0

Sovereign--Each of the factors is assessed on a continuum spanning from '1' (strongest) to '6' (weakest). Based on "Sovereign Rating Methodology." Dec. 18, 2017.

Financial Institutions BICRA--The overall assessment of economic risk and industry risk, which ultimately leads to the classification of banking systems into BICRA groups, is determined by the number of "points" assigned to each risk score on the six-grade scale. The points range from '1' to '10', with one point corresponding to "very low risk" and '10' points corresponding "extremely high risk," based on "Banking Industry Country Risk Assessment Methodology and Assumptions," Dec. 9, 2021, and "Financial Institutions Rating Methodology," Dec. 9, 2021. VL--Very low. L--Low. I--Intermediate. H--High. VH--Very high. EH--Extremely high.

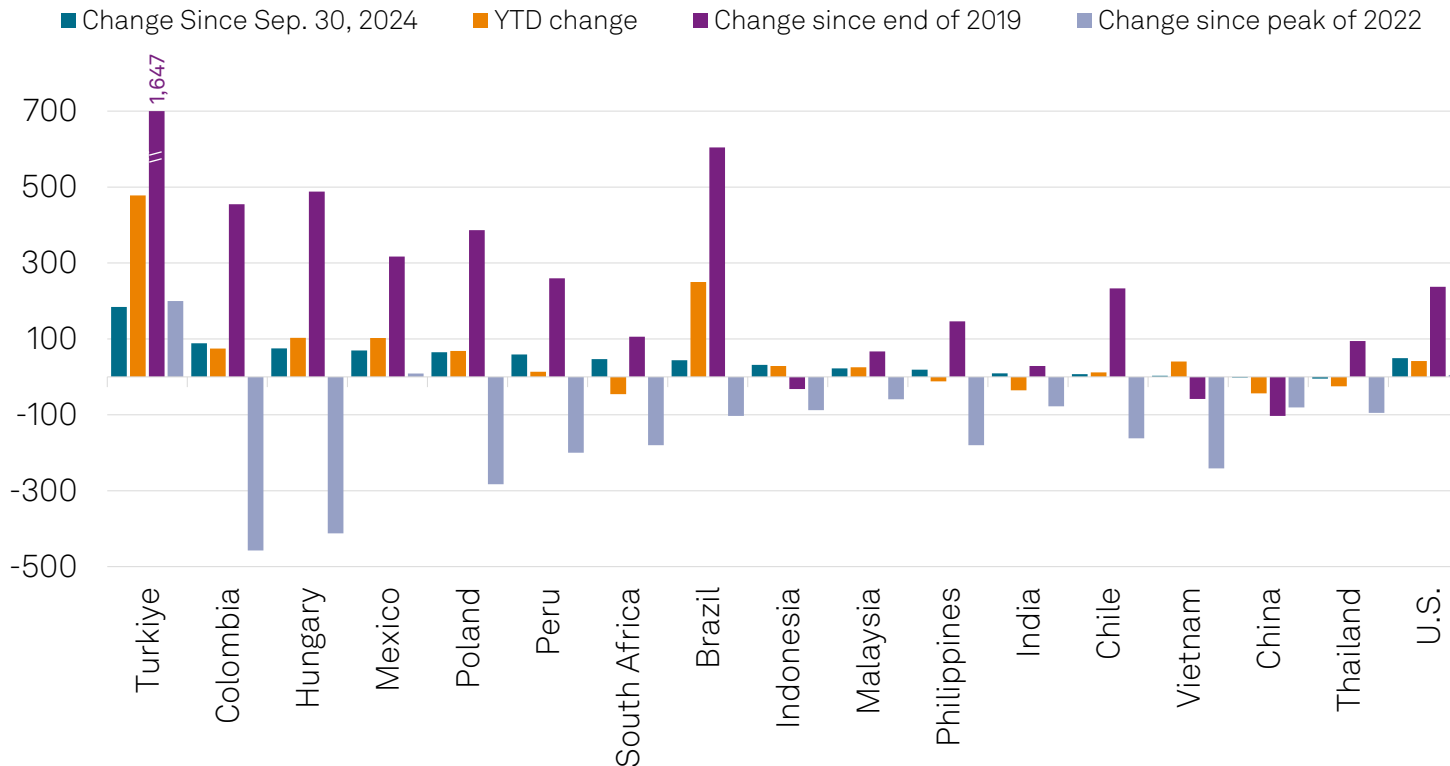
Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Jan. 4, 2024, by using table 17, with levels that go from minimal to highly leveraged. §We assess return on capital by using the median of our rated corporates in their respective countries, then we adjust for inflation, we then rank it based on our "Corporate Methodology," Jan. 4, 2024. *Nonfinancial corporates' debt and foreign currency denominated debt is based on IIF global debt monitor with data as of September 2024.

*IIF 4Q 2023. Sources: t-Bangko Sentral NG Pilipinas, Banco Central de Reserva del Peru, Superintendencia de Banca y Seguros y AFP (Peru); Corporate Variables Capital IQ 1Q 2024. S&P Global Ratings. Data for sovereigns and financial institutions as of Nov. 11, 2024.

Financing Conditions Highlights

EM Yields | Higher On U.S. Election Uncertainty

Change in local currency 10-year government bond yield versus U.S. 10-year T-note yield (bps)

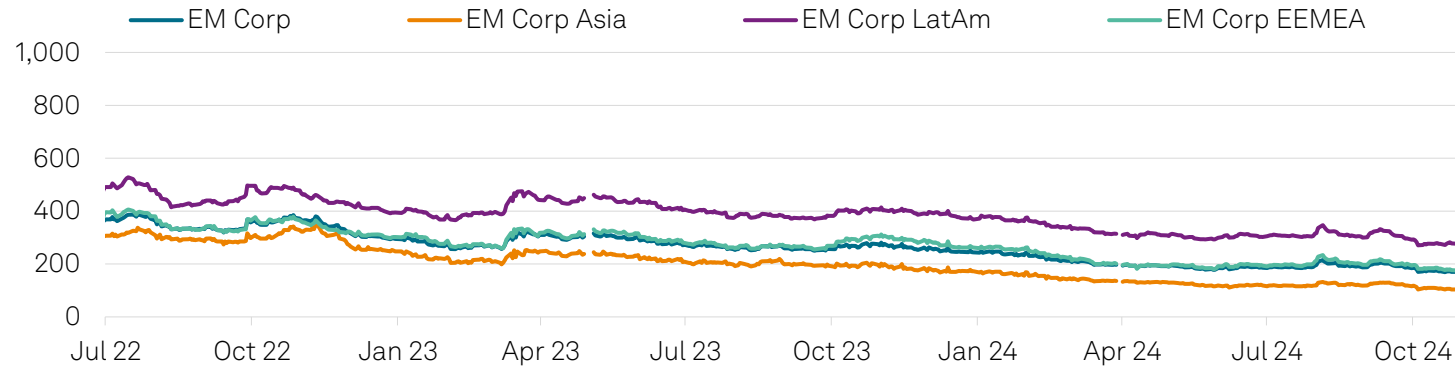


Data as of Oct. 31, 2024, and Thailand as of Oct. 29, 2024. Note: The selection of country is subject to data availability. Y-axis truncated at 700 bps for visualization purposes. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro, and Datastream.

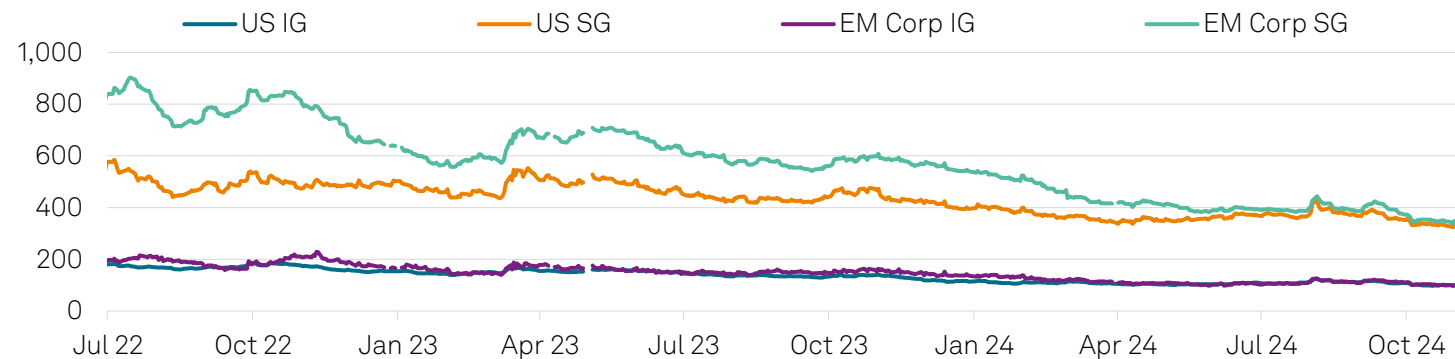
- **EM 10-year benchmark yields moved upwards**, except for China and Thailand. This was mainly the consequence of the stark climb of the U.S. 10-year benchmark, which rose by 50 bps in a month to 4.3% on heightened elections uncertainty. Most significant upward movements were in Türkiye (184 bps) as inflation expectations and pricing behavior hinder the disinflation process, Colombia (89 bps) displaying some turmoil from the mining sector, and Hungary (75 bps) slipped into technical recession in Q3 2024 given the industrial downturn, with domestic consumption unable to sufficiently offset the decline in global demand.
- **The Fed's easing signals potential monetary easing across EMs, likely aiding capital inflows and a further compression in yields.** However, mounting regional political and macroeconomic uncertainty, coupled with significant geopolitical risk, could translate into further bouts of market volatility, as was the case in August and in the last weeks.

EM Credit Spreads | Grinding Tight

EM spreads by region (bps)



U.S. and EM spreads (bps)



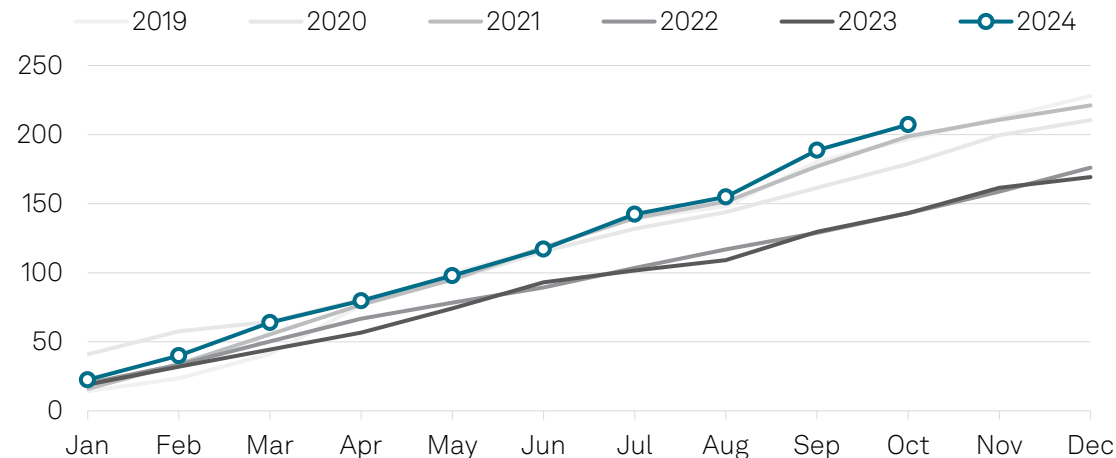
Data as of Oct. 31, 2024. bps--Basis points. IG--Investment-grade. SG--Speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate average spreads recorded 170 bps** in October, 14 bps lower than in September, as corporate yields rose by a lower amount than benchmarks: on average, investment-grade yields rose by 37 bps, while speculative-grade ones by 25 bps. Region-wise, EEMEA's spreads narrowed the most in the month.
- **Speculative-grade spreads fell again steeper than investment-grade ones.** The distance between U.S. and EM spreads remained minimal: EM investment-grade corporate spreads were 1 bps lower than U.S. ones, while EM speculative-grade corporate spreads were 20 bps higher than their U.S. counterparts (versus the four-year average of 174 bps), confirming market appetite for EM corporate debt.
- **Tight spreads buoyed speculative-grade issuance**, which posted its strongest monthly activity since January 2021, totalling \$7.4 billion, particularly among non-financial corporates, mainly located in LatAm. Most of the issuance was at the 'BB' rating level.

EM | Financial And Nonfinancial Corporate Issuance

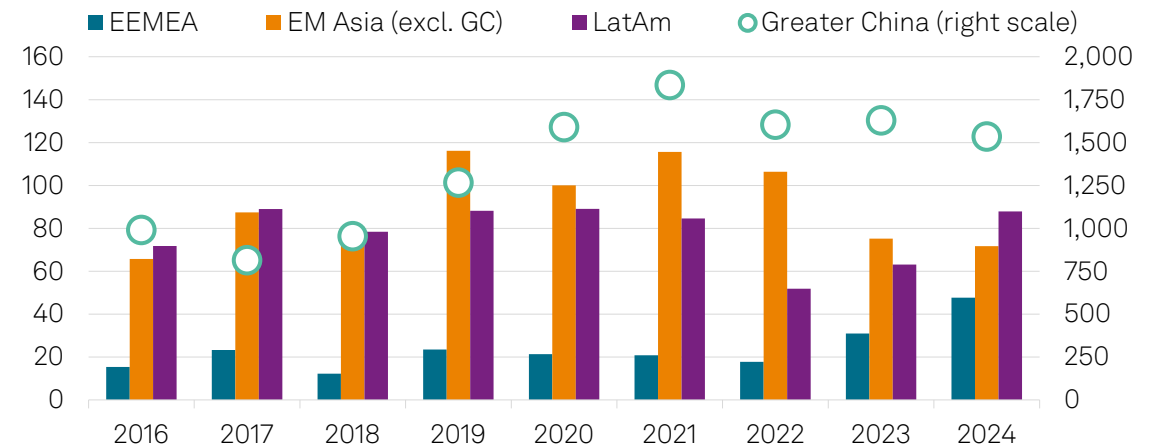
- **EM issuance in October decreased 14% from September's \$185 billion** with Greater China issuing \$140 billion, 7% lower than in the last month. Banks, real estate, capital goods did not meet their monthly averages, while brokerage and oil and gas displayed strong market activity.
- **Issuance excluding Greater China slowed, reaching \$19 billion**, down from \$34 billion one month ago, while still higher than October's 2022-2023. Mexico and Brazil took a breather, while Argentina, Colombia, Thailand, and Turkiye stayed strong. Banks and high tech disappointed, transportation surprised on the upside, led by airlines. Notably, LATAM Airlines Group (Chile; 'BB+') issued 5.5-year \$1.4 billion at 7.9%.
- **Cumulative corporate bond issuance was confirmed on record levels**, as issuers tapped the market to refinance their near-term maturities at a cheaper, yet still elevated, cost. Largely fixed-rate issuance, with a growing reliance on U.S. dollar issuance (outside Greater China) at 40% in 2024, versus 22% in the last two years. Region-wise, with two months to until the year-end, EEMEA's year-to-date issuance was 231% of its 2016-2023 average, followed by Greater China (115%), LatAm (114%), and EM Asia (77%).

EM cumulative corporate bond issuance (bil. \$)*



Includes not rated. *Excluding Greater China. Data as of Oct. 31, 2024. Sources: Refinitiv, S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. \$)



Data as of Oct. 31, 2024. Sources: Refinitiv, S&P Global Ratings Credit Research & Insights.

Top 20 EM Rated Issuance | By Debt Amount In The Past 90 Days

Rating date	Issuer	Economy	Sector	YTM (%)	Issuer credit rating	Debt amount (mil. \$)	Maturity year
16-Oct-24	Ecopetrol S.A.	Colombia	Oil and gas	7.8	BB+	1,746	2032
10-Sep-24	Fiemex	Mexico	Utility	7.3	BBB*	1,490	2041
1-Oct-24	LATAM Airlines Group S.A.	Chile	Transportation	7.9	BB-	1,400	2030
26-Sep-24	Niagara Energy S.A.C.	Peru	Utility	5.7	BBB-	1,200	2034
17-Sep-24	Comision Federal de Electricidad	Mexico	Utility	6.5	BBB	996	2034
5-Sep-24	Sociedad Química y Minera de Chile S.A.	Chile	CP&ES	5.6	BBB+	844	2034
2-Oct-24	Biocon Biologics Global	India	Healthcare	NA	BB*	792	2029
10-Sep-24	Inter-American Investment Corp.	Mexico	NBFI	3.7	AA+	749	2027
5-Sep-24	Centrais Eletricas Brasileiras	Brazil	Utility	6.7	BB	736	2035
28-Oct-24	Grupo Aeromexico S.A.B. de C.V.	Mexico	Transportation	8.6	B+	610	2031
3-Sep-24	BBVA Mexico S.A.	Mexico	Banks	5.3	BBB	599	2029
3-Sep-24	Banco de Credito del Peru	Peru	Banks	5.8	BBB-	598	2035
24-Sep-24	mBank S.A.	Poland	Banks	4.0	BBB	559	2030
17-Sep-24	Bank Polska Kasa Opieki S.A.	Poland	Banks	Reset	A-	553	2030
24-Sep-24	Shriram Finance Ltd.	India	NBFI	6.2	BB	500	2028
28-Oct-24	Grupo Aeromexico S.A.B. de C.V.	Mexico	Transportation	8.3	B+	500	2029
28-Aug-24	Khazanah Capital Ltd.	Malaysia	NBFI	4.8	A-*	500	2034
5-Sep-24	Banco de Credito e Inversiones	Chile	Banks	Reset	A-	500	3000
4-Sep-24	Pegasus Hava Tasimaciligi AS	Turkey	Transportation	8.0	B+	500	2031
4-Sep-24	YPF S.A.	Argentina	Oil and gas	8.8	CCC	500	2031

As of Nov. 6, 2024. *Refers to issue rating. Excludes sovereigns and Greater China entities. Foreign currency ratings. Green for investment-grade ratings, red for speculative-grade ratings. CP&ES--Chemicals, packaging, and environmental services. NBFI--Nonbank financial institutions. YTM--Yield-to-maturity. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

Ratings Summary

Ratings Summary | Sovereign Ratings In EM 18

On Oct. 15, 2024, we revised the outlook on Chile to stable from negative, reflecting improved fiscal trajectory.

On Nov. 1, 2024, we upgraded Turkiye to 'BB-' from 'B+' on reserve accumulation and disinflation.

Economy	Rating	Outlook	Five-year CDS spread	
			(Oct. 31)	(Sept. 30)
China	A+	Stable	64	60
Chile	A	Stable	59	55
Saudi Arabia	A	Positive	62	62
Malaysia	A-	Stable	41	38
Poland	A-	Stable	68	70
Philippines	BBB+	Stable	60	58
Thailand	BBB+	Stable	38	36
Indonesia	BBB	Stable	70	69
Mexico	BBB	Stable	127	120
Peru	BBB-	Stable	81	77
Hungary	BBB-	Stable	122	118
India	BBB-	Positive	49	50
Colombia	BB+	Negative	216	199
Vietnam	BB+	Stable	100	97
Brazil	BB	Stable	158	152
South Africa	BB-	Stable	190	176
Turkiye	BB-	Stable	265	266
Argentina	CCC	Stable	1,741	2,187

Data as of Oct. 31, 2024, and sovereign ratings as of Nov. 6, 2024. Foreign currency ratings. Red means speculative-grade rating and blue means investment-grade rating. China median rating includes China, Hong Kong, Macau, Taiwan.

Sources: S&P Global Ratings Credit Research & Insights and S&P Capital IQ.

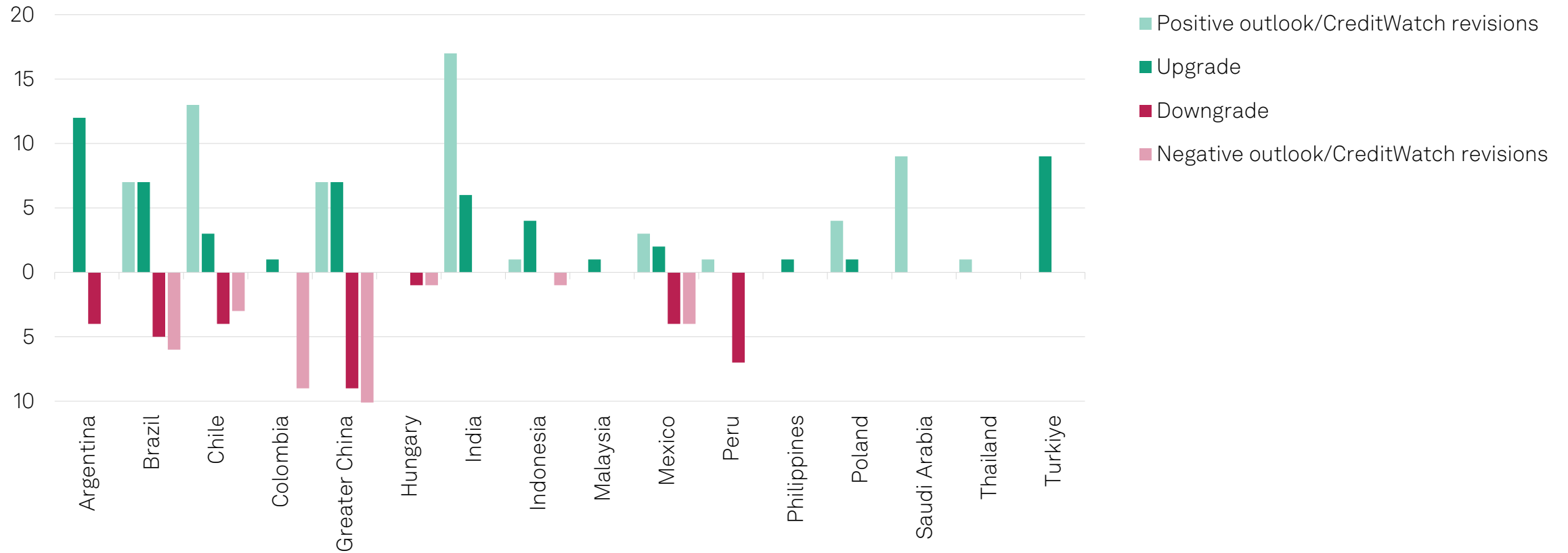
Top 20 EM Rating Actions | By Debt Amount In The Past 90 Days

Investment grade Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. \$)
20-Aug-24	Tata Motors Ltd. (Tata Sons Pte. Ltd.)	India	Automotive	BBB	BB+	Upgrade	5,023
22-Aug-24	Latam Airlines Group S.A.	Chile	Transportation	BB-	B+	Upgrade	2,250
8-Aug-24	Oi S.A.	Brazil	Telecommunications	CCC	CCC-	Upgrade	1,385
4-Sep-24	Rede D'Or Sao Luiz S.A.	Brazil	Health care	BB+	BB	Upgrade	1,350
16-Oct-24	Gerdau S.A. (Metalurgica Gerdau S.A.)	Brazil	Metals, mining and steel	BBB	BBB-	Upgrade	1,150
13-Sep-24	Bank Polska Kasa Opieki S.A.	Poland	Financial institution	A-	BBB+	Upgrade	1,025
20-Aug-24	Tata Steel Ltd. (Tata Sons Pte. Ltd.)	India	Metals, mining and steel	BBB	BBB-	Upgrade	1,000
22-Oct-24	Grupo Aeromexico S.A.P.I. de C.V.	Mexico	Transportation	B+	B	Upgrade	763
4-Oct-24	Telefonica Moviles Chile S.A. (Telefonica S.A.)	Chile	Telecommunications	BB+	BBB-	Downgrade	500

As of Oct. 31, 2024. Excludes sovereigns. Only includes rating actions where S&P Global Ratings rates debt. Includes rating actions on subsidiaries only if there was no rating action on the parent. Excludes Greater China and the red chip companies (issuers headquartered in Greater China but incorporated elsewhere) and includes only latest rating changes. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

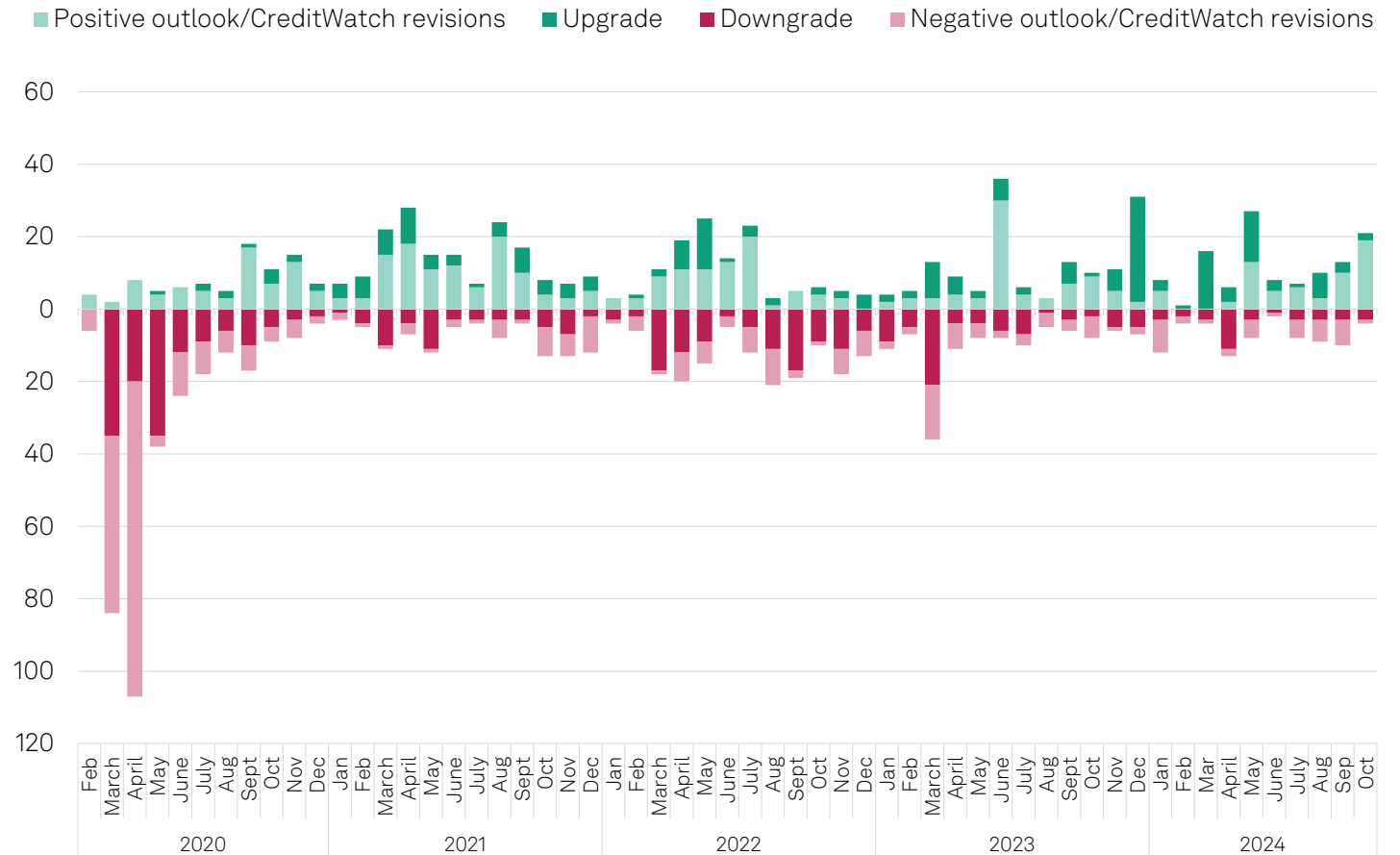
EM | Total Rating Actions By Economy In 2024



Data as of Oct 31, 2024. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Source: S&P Global Ratings Credit Research & Insights.

EM | Total Rating Actions By Month

- Two upgrades and 19 positive outlook revisions in October.** Thirteen of the latter were among Chilean entities (mainly financial institutions), which followed the outlook revision on the sovereign rating. Chilean financial institutions have remained resilient despite the country's challenging economic and political scenario since the social unrest of 2019. Gerdau (Brazil; MM&S) was upgraded to 'BBB' on sustained low leverage and sound liquidity, despite low prices in its main markets. The rating on Grupo Aeromexico (Mexico; transportation) was raised to 'B+' from 'B' due to its healthy credit metrics thanks to the containment of raw material inflation, passed through prices.
- Three downgrades in October, in line with September.** Azul (Brazil; transportation) was downgraded to 'CC' from 'CCC+' on a debt exchange announcement, following shrinking liquidity and challenging financial market conditions. Telefonica Moviles Chile was downgraded to speculative grade ('BB+' from 'BBB-'), as high competition in the Chilean telecom market, strategic business changes, and macro headwinds have eroded its revenue growth and EBITDA.

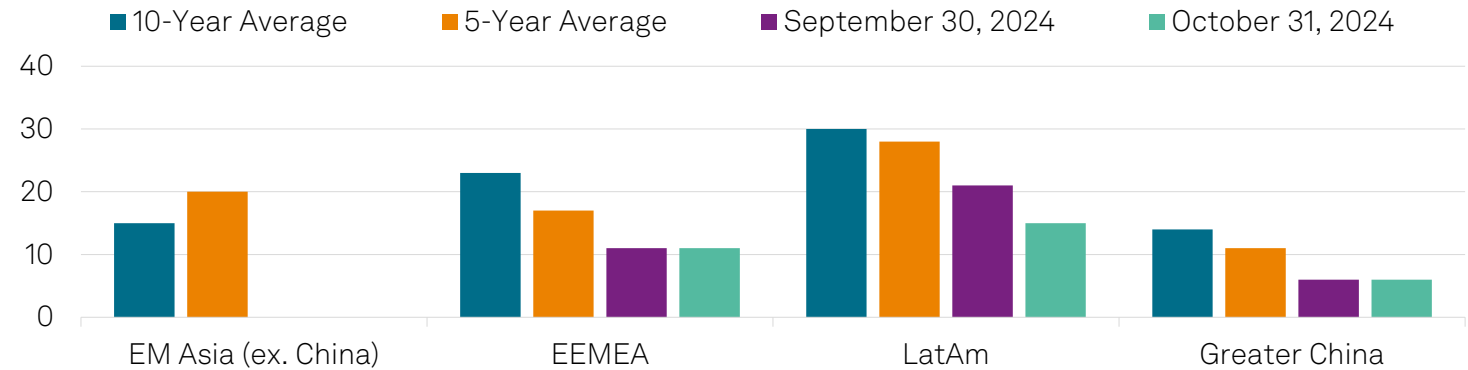


Data from Feb. 3, 2020, to Oct. 31, 2024. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Source: S&P Global Ratings Credit Research & Insights.

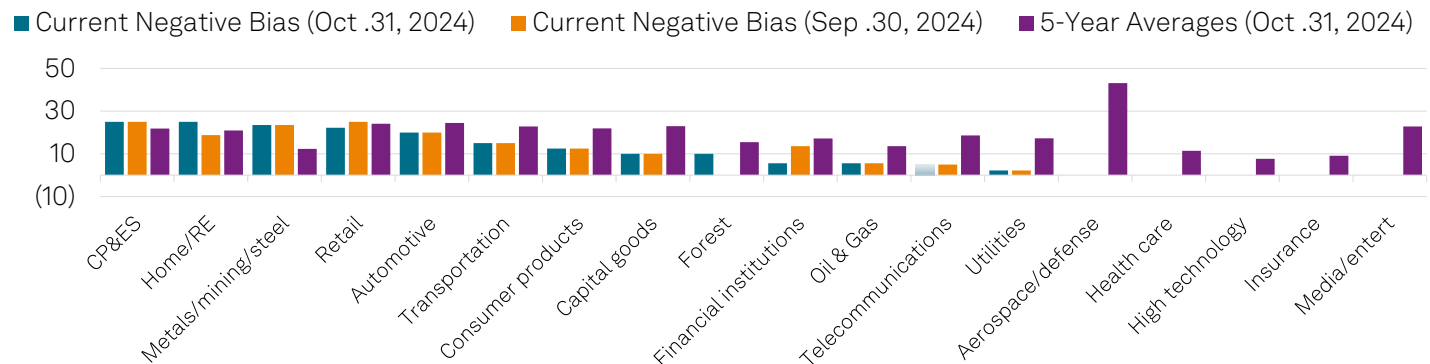
EM Downgrade Potential | Regional Negative Bias

- **LatAm’s negative bias decreased to 15% from 21% in September, following the outlook stabilizations on Chilean entities.** All regions’ downgrade potentials remained comfortably below their five- and 10-year averages.
- **Chemicals, packaging; metals, mining, and steel; and real estate** are the only three sectors (out of 18) **displaying a negative bias higher than the historical average.** During the month, the real estate sector’s negative bias increased following the outlook revision on Sun Hung Kai Properties (Greater China) to negative on weakening property development margins due to falling home prices in Hong Kong. The retail sector’s downgrade potential fell to 22% from 25%, as the outlook on Falabella (Chile) was revised to stable due to better-than-expected operating performance, owing to the rebound in retail consumption in Chile, and the appreciation of the Peruvian sol and Colombian peso against the Chilean peso.

LatAm has the highest downgrade potential (negative bias [%])



Negative bias by sector (%)



Data as of Oct. 31, 2024. Excludes sovereigns, and subsidiaries. Media/entert--Media and entertainment. Retail--Retail / restaurants. CP&ES--Chemicals, packaging, and environmental services. Home/RE--Homebuilders/real estate companies. Forest--Forest products and building materials. Negative bias--Percentage of issuers with a negative outlook or on CreditWatch negative. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | One Downgrade To 'CCC/CC' From 'B' So Far In 2024

■ Speculative grade

2024

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
17-Jul-24	Grupo Idesa S.A. de C.V.	Mexico	CP&ES	CCC+	B-	311

2023

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
13-Mar-23	Auna S.A.A.	Peru	Health care	CCC+	B	300
14-Mar-23	Guacolda Energia S.A.	Chile	Utilities	CC	B-	500
6-Jun-23	Unigel Participacoes S.A.	Brazil	CP&ES	CCC+	B+	420
15-Nov-23	Operadora de Servicios Mega S.A. de C.V. SOFOM E.R.	Mexico	Financial institutions	CCC+	B	500
1-Dec-23	Nitrogenmuvek Zrt.	Hungary	CP&ES	CCC+	B	219

Data as of Oct. 31, 2024. Includes sovereigns and Greater China and Red Chip companies. Debt volume includes subsidiaries and excludes zero debt. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Five Fallen Angels And Three Rising Stars In 2024 Year To Date

Fallen angels

Investment grade Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
26-Feb-24	Braskem S.A. (Odebrecht S.A.)	Brazil	CP&ES	BB+	BBB-	6,200
10-Apr-24	China Vanke Co. Ltd.	Greater China	Homebuilders/Real estate	BB+	BBB+	2,593
12-Apr-24	Longfor Group Holdings Ltd.	Greater China	Homebuilders/Real estate	BB+	BBB-	1,500
26-Apr-24	InterCorp Financial Services Inc.	Peru	Financial institutions	BB+	BBB-	1,600
4-Oct-24	Telefonica Moviles Chile S.A. (Telefonica S.A.)	Chile	Telecommunications	BB+	BBB-	500

Rising stars

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
13-Mar-24	Cemex S.A.B. de C.V.	Mexico	Forest products and building materials	BBB-	BB+	5,187
27-May-24	Empresa Nacional del Petroleo	Chile	Utilities	BBB-	BB+	2,440
20-Aug-24	Tata Motors Ltd. (Tata Sons Pte. Ltd.)	India	Automotive	BBB	BB+	5,023

Data as of Oct. 31, 2024. Includes sovereigns and Greater China and Red Chip. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | List Of Defaulters In 2024 Year To Date

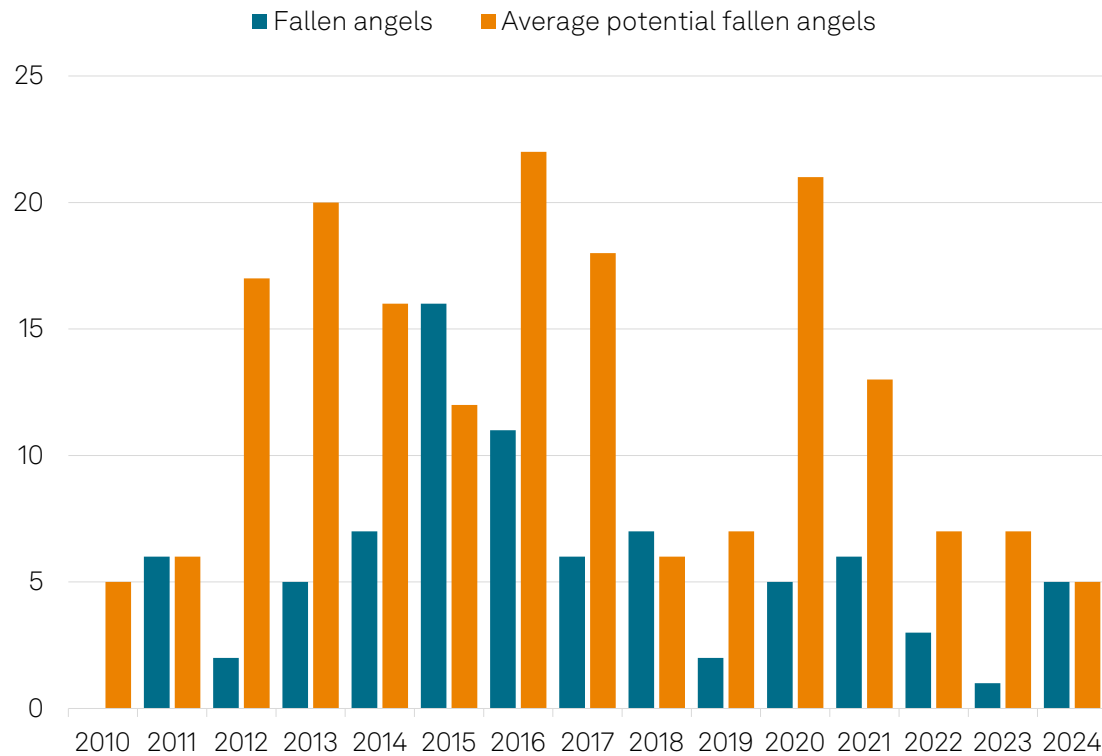
Default, selective default, not rated
 Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
26-Jan-24	Gol Linhas Aereas Inteligentes S.A.	Brazil	Transportation	D	CCC-	--
31-Jan-24	Enjoy S.A.	Chile	Media and entertainment	D	CCC-	--
14-Feb-24	CLISA-Compania Latinoamericana de Infraestructura & Servicios S.A.	Argentina	Capital goods	SD	CC	--
13-Mar-24	Argentina*	Argentina	Sovereign	SD	CCC-	153,334
1-Apr-24	Wom S.A.	Chile	Telecommunications	D	CCC	--
16-May-24	Credivalores - Crediservicios S.A.S.	Colombia	Financial institutions	D	NR	--
6-Aug-24	Grupo Idesa S.A. de C.V.	Mexico	CP&ES	SD	CC	--
27-Aug-24	CLISA-Compania Latinoamericana de Infraestructura & Servicios S.A. (B)	Argentina	Capital goods	SD	CC	--
11-Sep-24	Operadora de Servicios Mega, S.A. de C.V. SOFOM E.R.	Mexico	Financial institutions	SD	CC	--

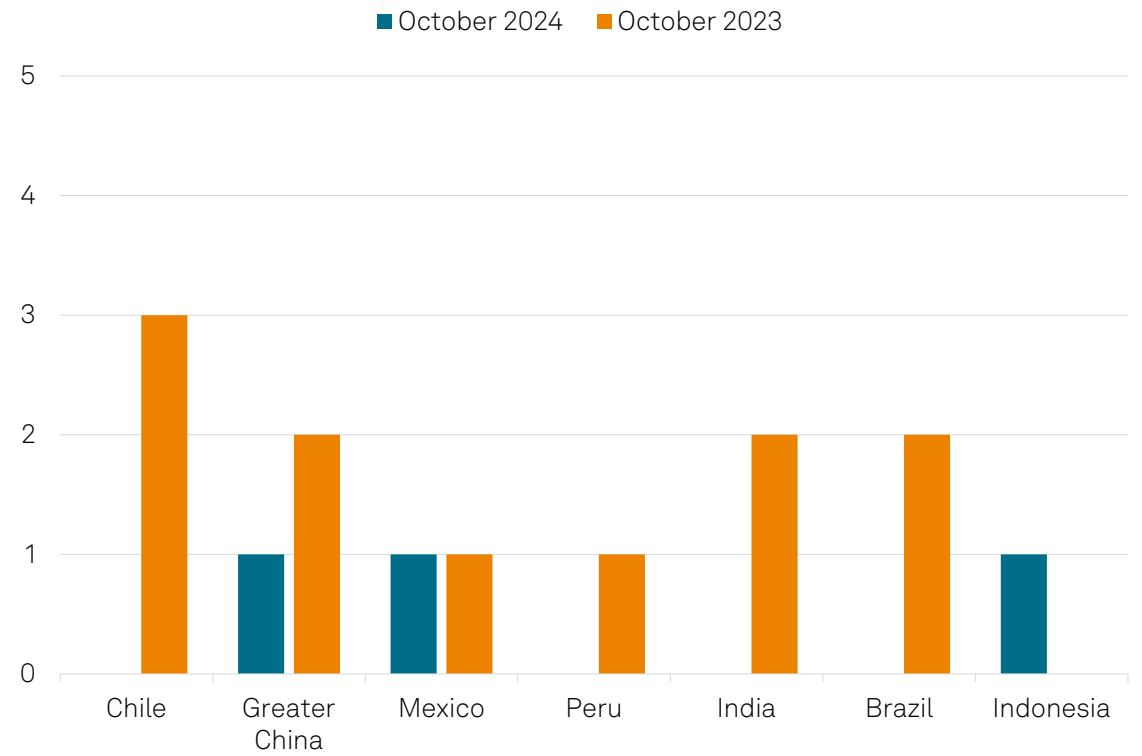
Data as of Oct. 31, 2024. Includes sovereigns, Greater China, and Red Chip companies. *Argentina reflects its local currency long-term default. Includes both rated and zero debt defaults. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels are down to five from seven in 2023



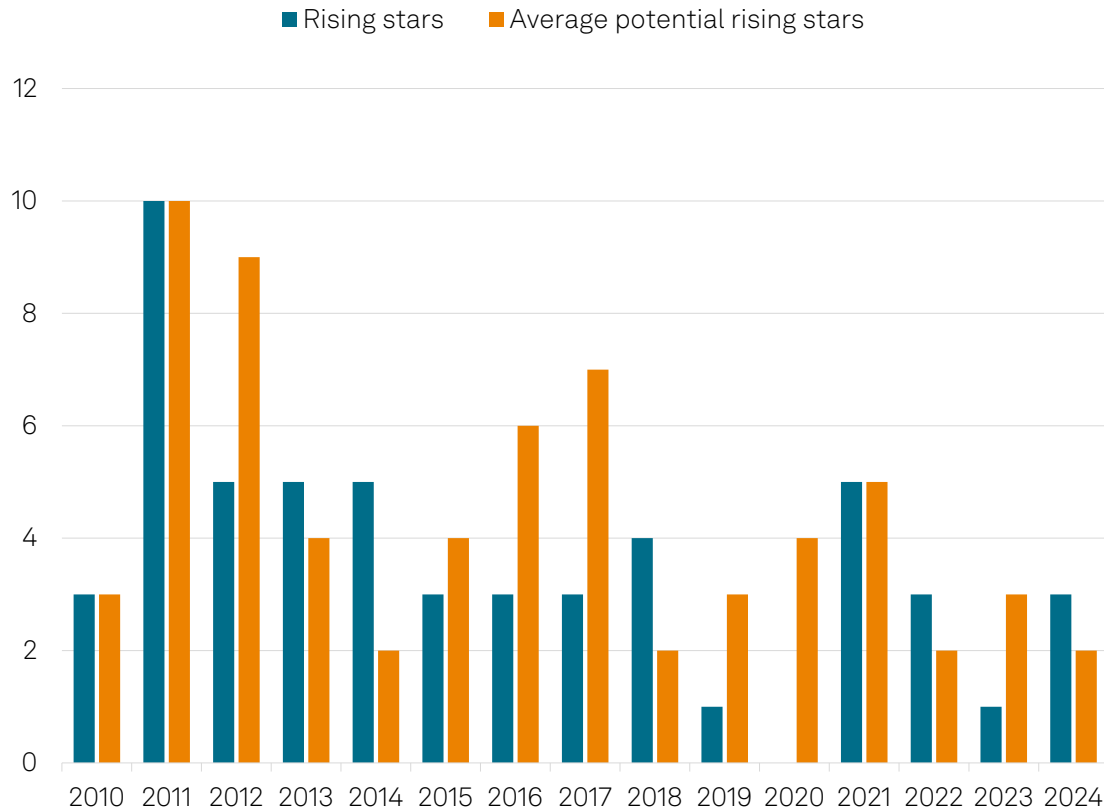
EM potential fallen angels split between LatAm and EM Asia



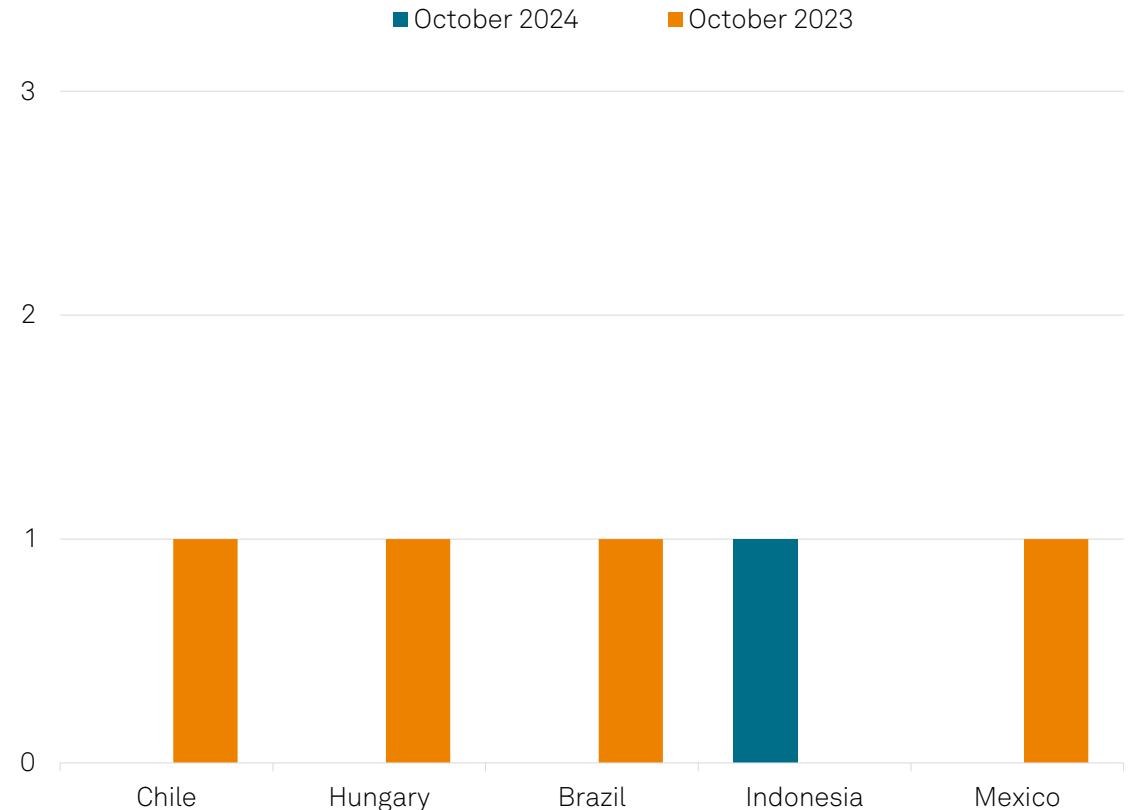
Data as of Oct. 31, 2024. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

Average potential rising stars at two, lower than in 2023



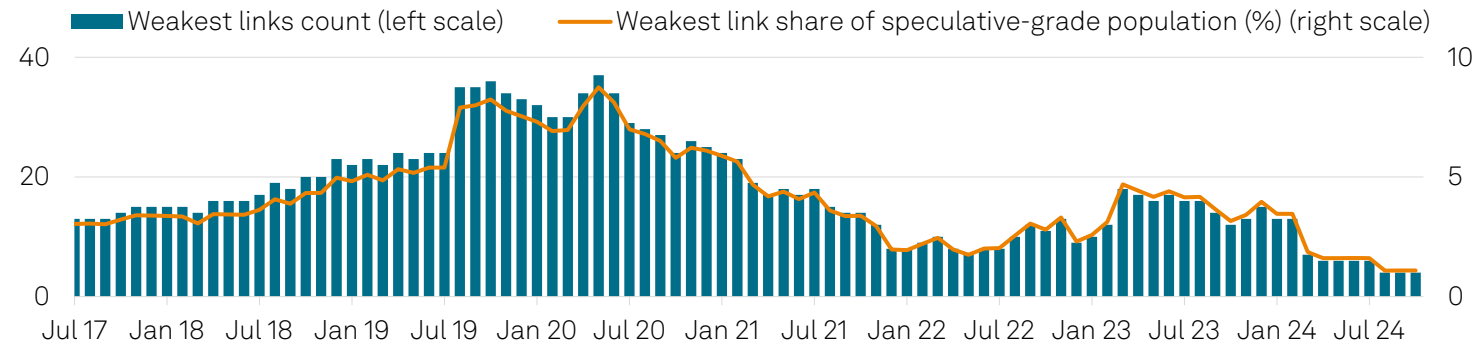
Potential rising star located in Indonesia



Data as of Oct. 31, 2024. Source: S&P Global Ratings Credit Research & Insights.

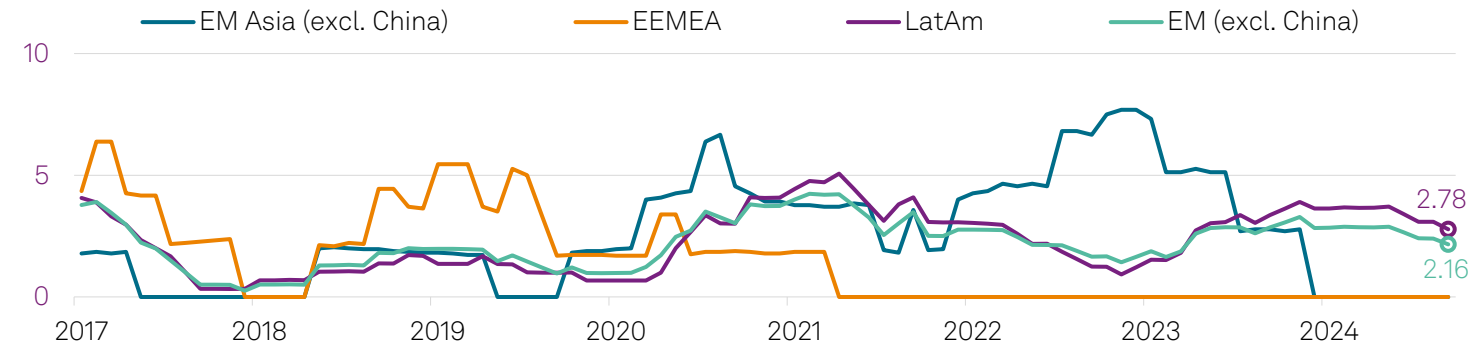
Rating Actions | Weakest Links And Defaults

EM weakest links remain constant at four in October



Data as of Oct. 31, 2024. Parent only. Weakest links are defined as issuers rated 'B-' or lower with negative outlooks or ratings on CreditWatch with negative implications. Source: S&P Global Ratings Credit Research & Insights.

Default rate this month (as of September 2024)



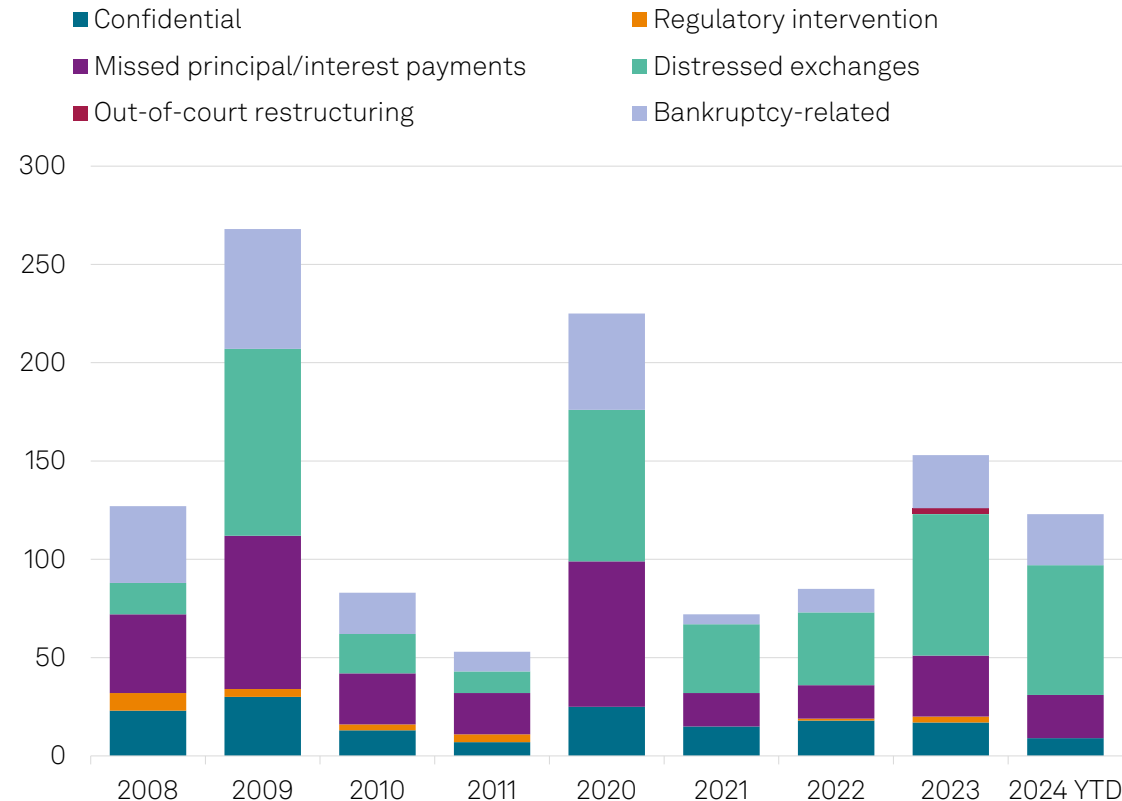
Excluding China. CreditPro data as of Sept. 30, 2024. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

- **Weakest links remained unchanged at four issuers** in October, representing 1.1% of the speculative-grade rated entities. Three of the weakest links are in Brazil, two of which are transportation companies.

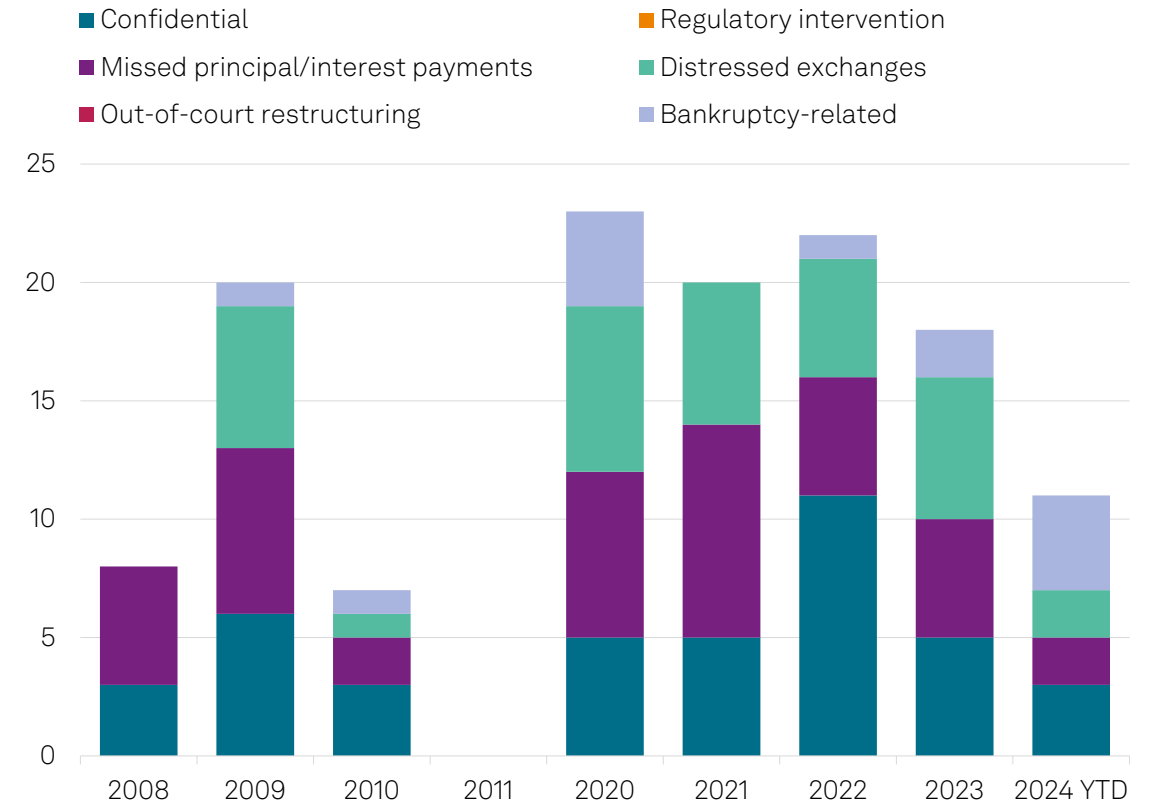
- **Default rates.** The September default rate (excluding China) was 2.2%, lower than in the previous month. Recently, the composite index has been mainly driven by LatAm, where all 2024 defaults took place so far. The pace of defaults in this region was 2.8% in September, decreasing from its 2023 peak of 3.9% (in November).

Rating Actions | Defaults

Year-end global corporate defaults by reason



Year-end EM 18 corporate defaults by reason



Data as of Oct. 31, 2024. YTD—Year to date. Data has been updated to reflect confidential issuers. Excludes sovereigns. Includes Greater China and Red Chip companies. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

Related Research And Contacts

Related Research

- [GCC Banking Sector Outlook 2025: Profitability And Asset Quality Boost Resilience](#), Nov. 13, 2024
- [Saudi Residential Real Estate: The Market Is Booming](#), Nov. 11, 2024
- [After Trump's Win, What's Next For The U.S. Economy?](#), Nov. 7, 2024
- [LatAm Financial Institutions Monitor Q4 2024: Asset Quality Pressures Persist](#), Nov. 7, 2024
- [China's Digital Renminbi May Curb Banking Income](#), Nov. 6, 2024
- [Will Nigerian Banks' Recapitalization Materially Strengthen Their Resilience?](#), Nov. 1, 2024
- [Asia To Gain From China's Corporate Shift, Say Panelists](#), Oct. 31, 2024
- [Risky Credits Emerging Markets: Issuance Activity And Deleveraging Plans](#), Oct. 30, 2024
- [CreditWeek: How Will Emerging Markets Shape Global Growth?](#), Oct. 24, 2024
- [Mexican Structured Finance Market Update: Spotting Opportunities Amid Economic Challenges](#), Oct. 24, 2024
- [Global Financing Conditions: Blockbuster Growth In 2024 With Tailwinds Heading Into 2025](#), Oct. 23, 2024
- [Global Emerging Markets: Bright Spots Emerge Amid A Shifting Trade Environment](#), Oct. 21, 2024
- [Look Forward – Emerging Markets: A Decisive Decade](#), Oct. 16, 2024
- [Emerging Markets Monthly Highlights: Navigating Risks Amid Fed Easing](#), Oct. 16, 2024

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