Emerging Markets Monthly Highlights

U.S. Policy Uncertainty Guides Market Stance

S&P Global
Ratings

Credit Research

Luca Rossi

Jose Perez Gorozpe

Economic Research

Valerijs Rezvijs

Elijah Oliveros-Rosen

Vishrut Rana

Harumi Hasegawa

Jan. 15, 2025

This report does not constitute a rating action

Contents

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).

S&P Global
Ratings

Key Takeaways

Inflation eased in most emerging markets (EMs) in 2024, though the median remains above most central bank targets. Food inflation dropped, except in India and some Sub-Saharan Africa's economies. Energy prices rose in Latin America (LatAm) due to subsidy cuts in some cases, but declined in Asia and in Europe, the Middle East, and Africa (EMEA).

Most EM currencies depreciated in 2024, particularly in Q4, driven by rising U.S. inflation expectations and the potential for less Fed rate cuts. LatAm currencies were most affected, while idiosyncratic factors hit EM EMEA. The 2025 outlook remains cloudy given uncertainties over U.S. rates and trade policies, as well as downside risks to growth.

EM central banks remain cautious amid U.S. trade and fiscal policy uncertainty, scaling back rate-cut expectations. The Fed's policy remains critical, as it could intensify capital outflows from EMs that ease rates too aggressively. Brazil diverges, hiking rates by 225 basis points (bps) since September 2024 due to fiscal concerns.

EM rating performance pointed to credit resilience in 2024, given the low number of downgrades from the historical perspective and positive sovereign ratings/outlook revisions. While supported by the U.S. soft landing, credit conditions face challenges from U.S. protectionism in 2025.

The amount of rated bond issuance in EMs was higher in 2024 than in the past three years. Largely fixed-rate issuance, with a growing reliance on hard currency. However, benchmark and corporate yields rose in December and are 55 bps higher than in September 2024, mirroring the substantial geopolitical and policy uncertainty surrounding EM markets.

Inflation | Heading Lower, But Not Out Of The Woods Yet

Median inflation in EMs by components (year-over-year %)


Legend: Headline inflation — Energy — Food
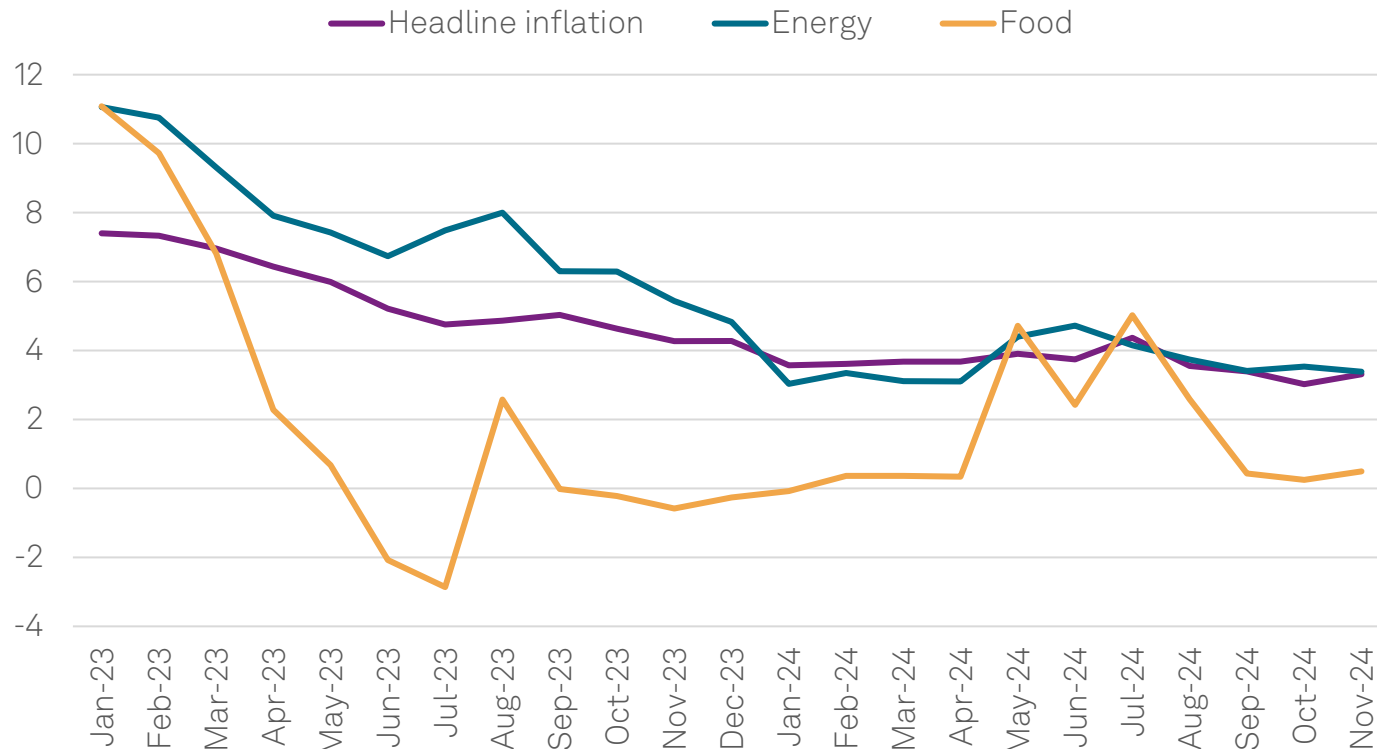
EMs consist of Argentina, Brazil, Chile, China, Colombia, India, Indonesia, Malaysia, Mexico, Philippines, Poland, Hungary, Saudi Arabia, South Africa, Thailand, Turkiye, Peru, and Vietnam. Energy inflation component excludes Vietnam. Sources: Haver Analytics, IHS Markit, and S&P Global.

- **Headline inflation eased in most EMs in 2024, but the EM median of 3.6% (as of November 2024) remained above the target of most central banks.** A stronger dollar, driven in part by U.S. trade policy uncertainty, will continue to be a key challenge. However, Indonesia, the Philippines, South Africa, Thailand, and Peru have brought inflation back to target levels.

- **Food inflation has decreased across most EMs, except in India and Sub-Saharan Africa,** where weather shocks drove higher prices for vegetables and cereals.

- **Energy prices eased in Asia and EMEA but rose in LatAm,** especially in the second half of 2024, due to subsidy cuts in Chile, Mexico, and Argentina.

S&P Global
Ratings

Exchange Rate | Depreciations Across The Board

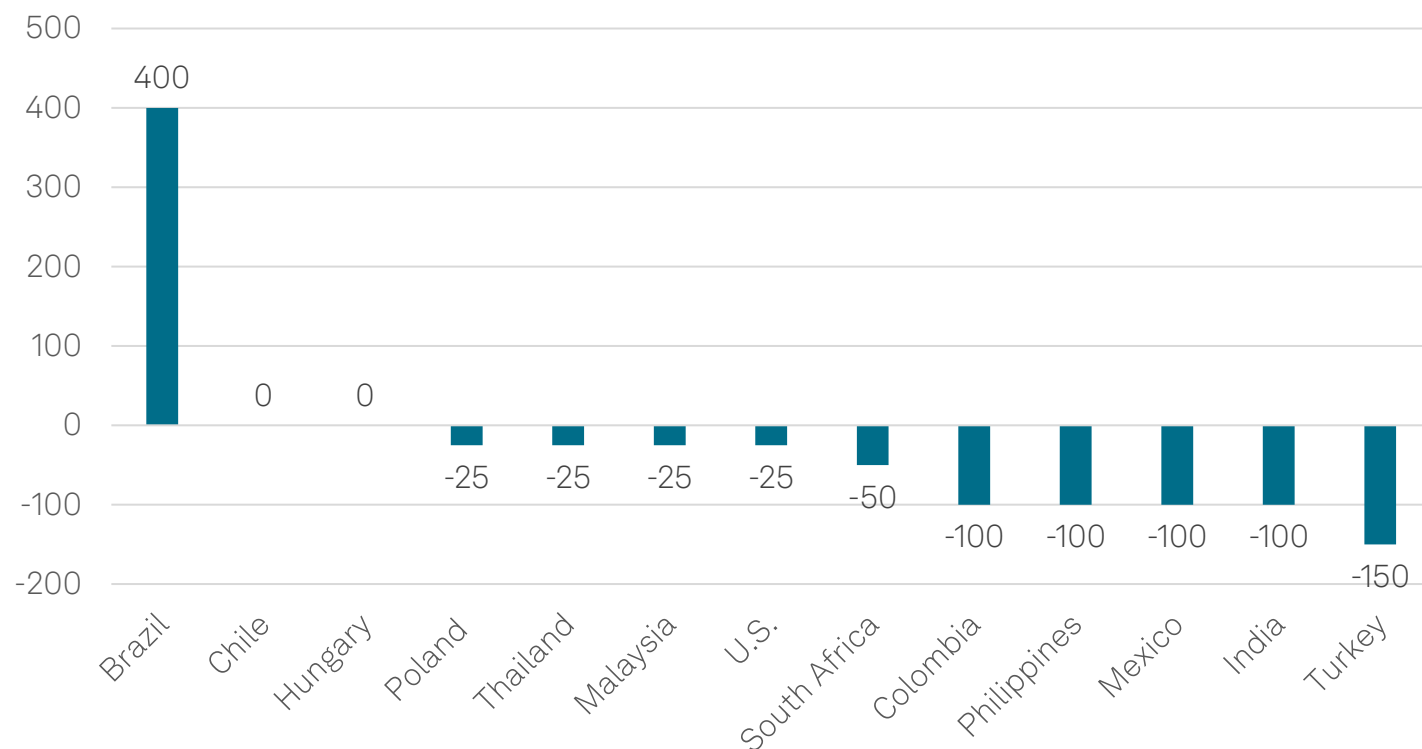## EM currencies against U.S. dollar in 2024 (%)
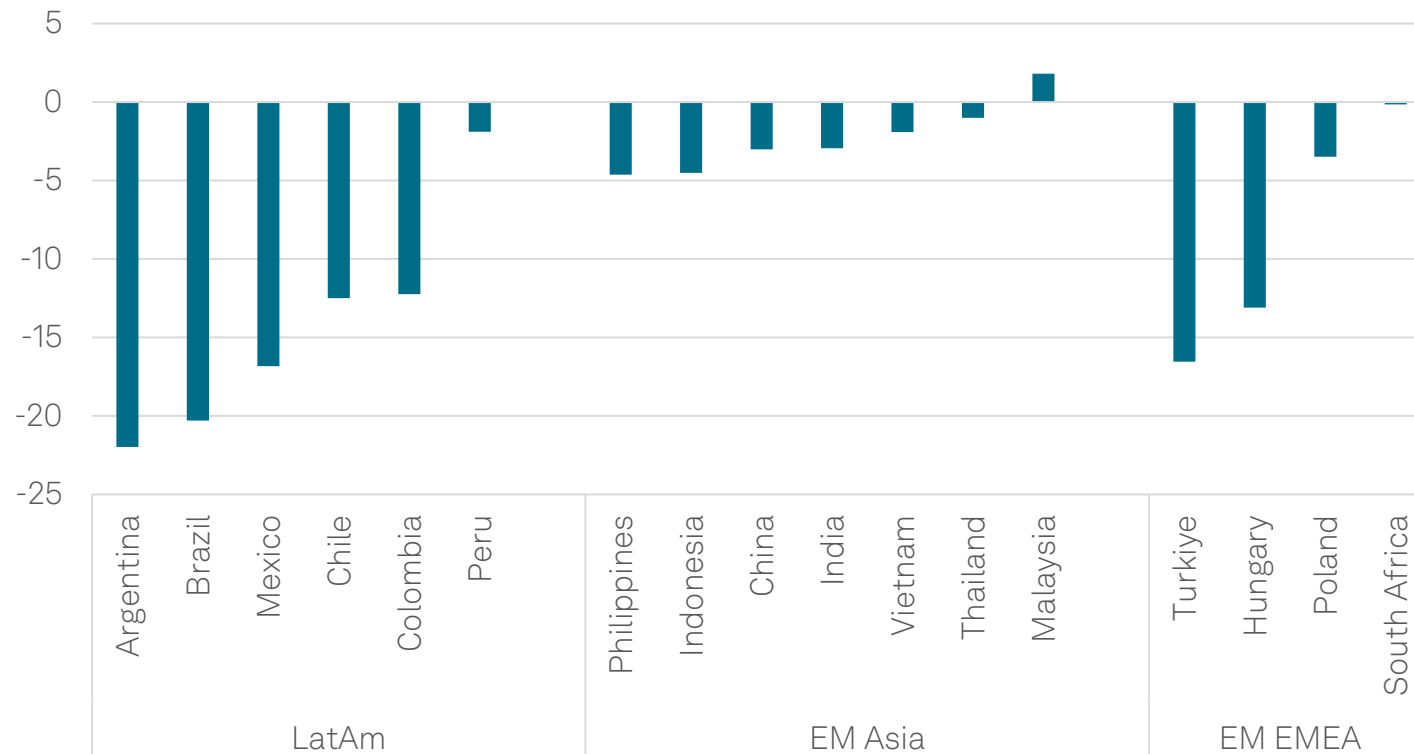
Source: Refinitiv and S&P Global Ratings.

- **Most EM currencies have depreciated in 2024.** This mostly occurred in Q4, following the rise of markets' expectations of higher inflation in the U.S. and the Fed's tighter-than-expected monetary stance.

- **LatAm currencies have depreciated the most in 2025**, given their historical sensitivity to Fed developments. Other notable depreciations were in EM EMEA, mostly due to idiosyncratic developments.

- **The EM exchange rate outlook for 2025 remains highly uncertain.** Risk of the Fed's tighter-than-expected stance is still present and may possibly exert further pressure on EM currencies in 2025. Uncertainty with regards to trade and global growth outlook is another source of risk, particularly for commodity-exporting EMs and those with weaker macroeconomic fundamentals.

Monetary Policy | Central Banks Will Be Cautious In 2025

Cumulative market-implied policy rate change in 2025 (bps)

Bar chart showing cumulative market-implied policy rate change in 2025 (bps):
- Brazil: 400
- Chile: 0
- Hungary: 0
- Poland: -25
- Thailand: -25
- Malaysia: -25
- U.S.: -25
- South Africa: -50
- Colombia: -100
- Philippines: -100
- Mexico: -100
- India: -100
- Turkey: -150

Note: we round down market-implied policy rates to the nearest 25 bps, to show fully priced-in rate changes. As of Jan. 10, 2025. Sources: WITS, S&P Global Ratings
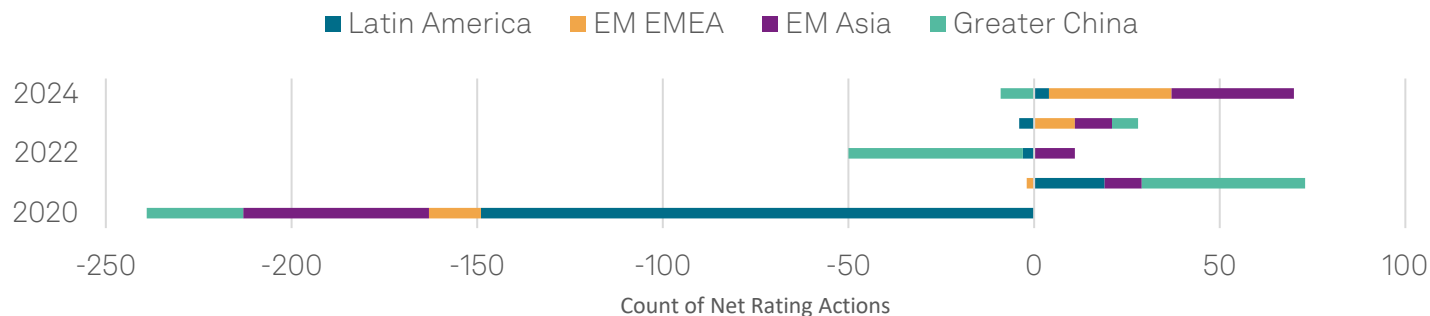
- **Uncertainty over trade and fiscal policy in the U.S. will keep most EM central banks cautious in the coming months.** Market-implied pricing of benchmark interest rates have pared back expectations for cuts over the last month.

- **The evolution of Fed policy will continue to be key for most EM central bank decisions.** This is especially because of the U.S. dollar's strength and uncertainty over global growth, which could amplify capital outflows from EMs that reduce interest rates too aggressively.

- **Monetary policy in Brazil is likely to continue moving in the opposite direction from those of other EMs.** Rising inflation expectations, which have been influenced by uncertainty over fiscal policy prompted the central bank to hike its reference rate by a cumulative of 225 bps since September 2024. The central bank has also signaled that it will continue tightening policy in at least its two next meetings.

S&P Global
Ratings

Credit | Low Number Of Downgrades Points To Rating Resilience

EM rating positive trend continued in 2024

Legend: Downgrade · OL/CW NEG · OL/CW POS · Upgrade · Net

Number of rating actions
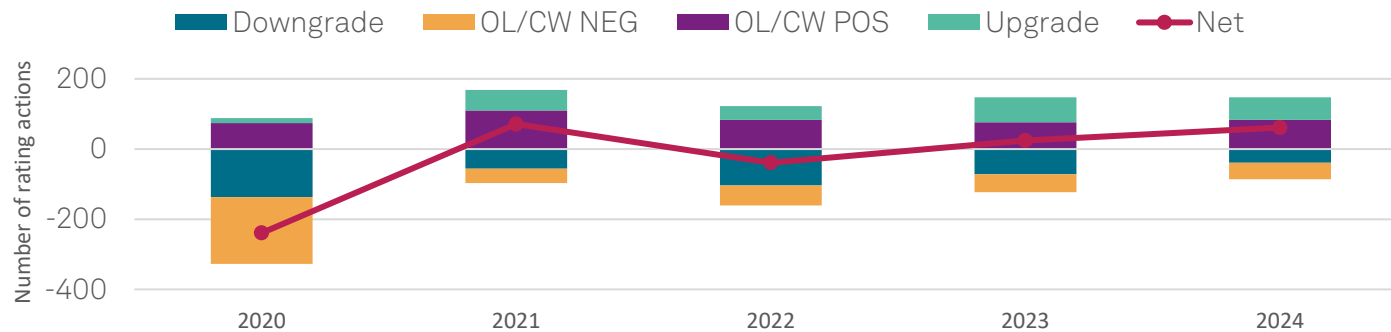
EM Asia and EEMEA displayed strong rating performance

Legend: Latin America · EM EMEA · EM Asia · Greater China

Count of Net Rating Actions

Data as of Dec. 31, 2024. Net rating actions = Upgrade + OL/CW POS – Downgrade – OL/CW NEG
Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **The upgrades outnumbered downgrades in 2024,** particularly among the speculative-grade entities, with utility and transportation leading the tally, the latter buoyed by strong travel demand. From the historical perspective, the past year had fewer downgrades: 39, versus the five-year average of 82.

- **Many corporate rating actions followed sovereign credit revisions,** with EM Asia and EM EMEA's positive-to-negative rating action ratio at 9x and 8x in the year. LatAm displayed the highest number of both positive and negative rating/outlook movements.

- **The U.S. soft landing contributed to supportive credit conditions in 2024,** with improved financing conditions amid a gradual borrowing cost easing. Corporations' operating results were steady, while investment remained cautious. The balance of risk, however, has worsened for EMs, as U.S. protectionism could hinder trade, tightening financing conditions and strengthening the dollar.

Regional Economic Highlights

EM Asia Economics | Inflation Low But Ticking Higher

Vishrut Rana
Singapore
+65-6216-1008
vishrut.rana
@spglobal.com

- **Inflation has been broadly controlled in EM Asia** since the mid-2024. India has the highest inflation rate in the region, followed by the Philippines. However, the trends in inflation are similar across economies.

- The contained inflation is giving central banks a balancing task. Capital outflow pressures are strong, resulting in weakening exchange rates. Central banks are unwilling to ease policy and worsen capital outflows.

- On the other hand, **there has been an uptick in core inflation in recent months.** The trend of declining inflation has stopped.

Inflation rates (year-over-year %)
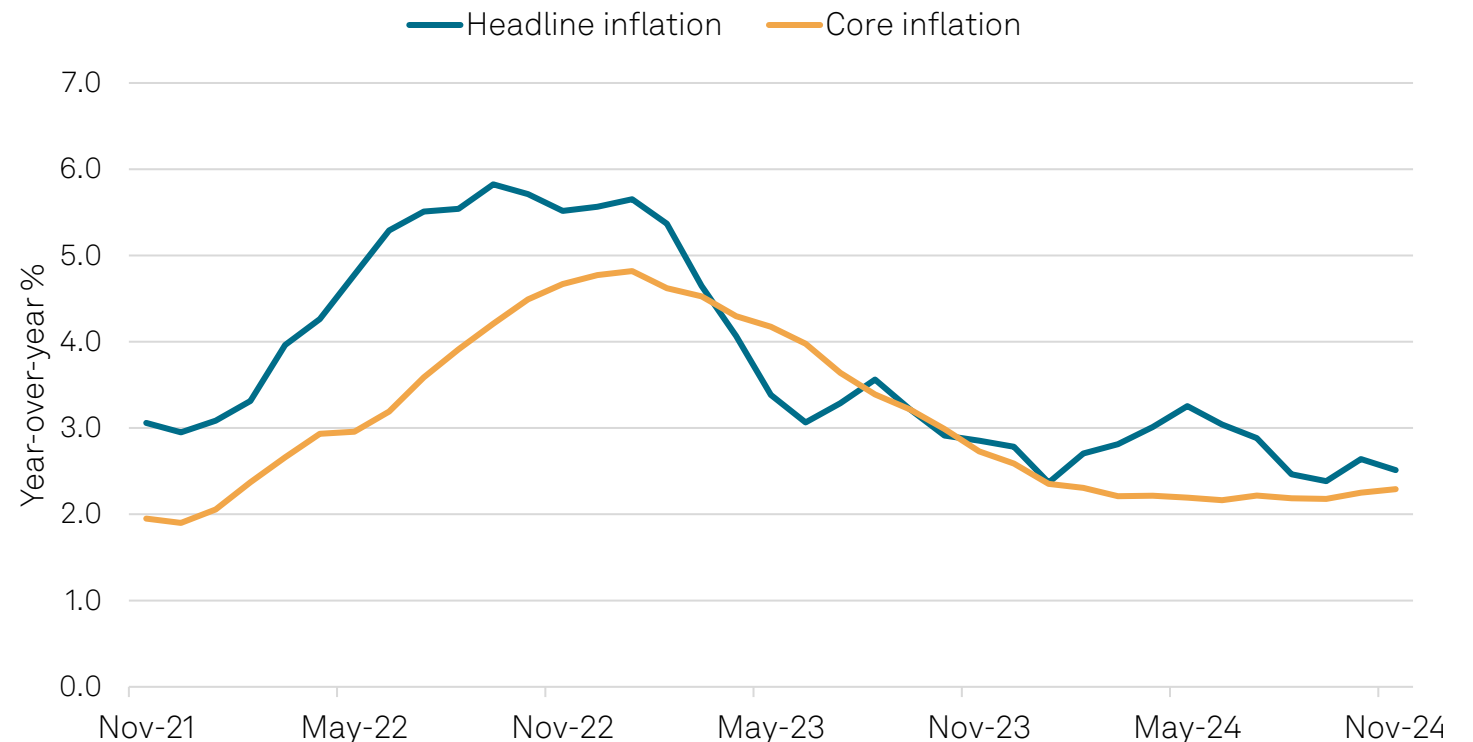
Note: Countries included are India, Indonesia, Thailand, Malaysia, the Philippines, and Vietnam. Sources: CEIC data and S&P Global.

S&P Global
Ratings

EM EMEA Economics | Inflation Outlook More Complicated

Valerijs Rezvijs
London
+44-7929-651386
valerijs.rezvijs
@spglobal.com

- **Turkiye's inflation rate in December surprised on the downside.** Turkiye has recorded 1.0% month-on-month inflation in December, down from 2.2% in November. Deceleration was largely broad based; however, monthly inflation will likely pick up in Q1, since the government will introduce 30% minimum-wage hike in January. Services inflation is expected to be particularly persistent due to historically-high correlation between services inflation and wage growth.

- **The expiration of the gas transit deal between Russia and Ukraine will affect several countries in Central and Easter Europe (CEE).** Even though import volumes are likely to remain broadly stable (due to alternative import sources), landlocked CEEs, such as Hungary, Slovakia, and Czechia, are likely to experience higher energy inflation over the next few months, due to increased import costs. That, together with persistent services inflation, makes it possible that for these economies, average inflation in 2025 will be above that of 2024.

Inflation rates (month-on-month %)
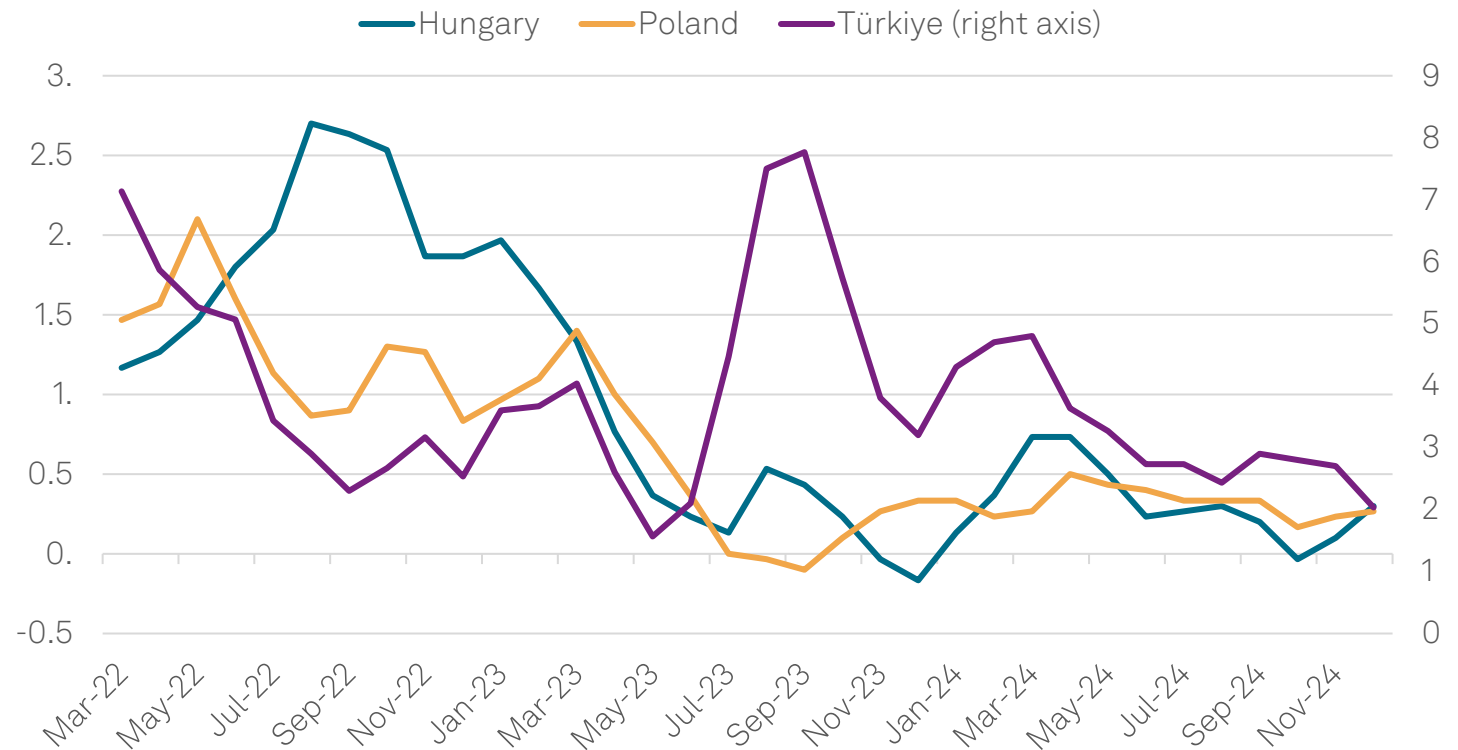
Note: Three-month moving averages. Sources: National Statistical Agencies and S&P Global Ratings.

S&P Global
Ratings

LatAm Economics | Resilience In Domestic Demand Will Be Tested

Elijah Oliveros-Rosen
New York
+1-212-438-2228
elijah.oliveros
@spglobal.com

- **Domestic demand was the main driver of GDP growth in LatAm in 2024.** Brazil was the outperformer among the major economies in the region (see chart), helped by ongoing loose fiscal policy. Argentina was the underperformer; however, a notable recovery took place in the second half of 2024, which we expect will continue into 2025.

- **Restrictive monetary policy will remain a headwind to domestic demand in 2025.** If recent re-pricing of interest-rate expectations materializes, policy rates will remain above neutral across most of the region, which could weigh on fixed investment.

- **Uncertainty over U.S. policy could also lower consumer and business confidence.** Business and households could also remain cautious in their spending patterns, until there is more clarity over specific policies, such as those related to trade, under the incoming U.S. administration.

Real domestic demand (four-quarter moving average, year-over-year %)

Sources: Haver Analytics and S&P Global Ratings.

S&P Global
Ratings

11
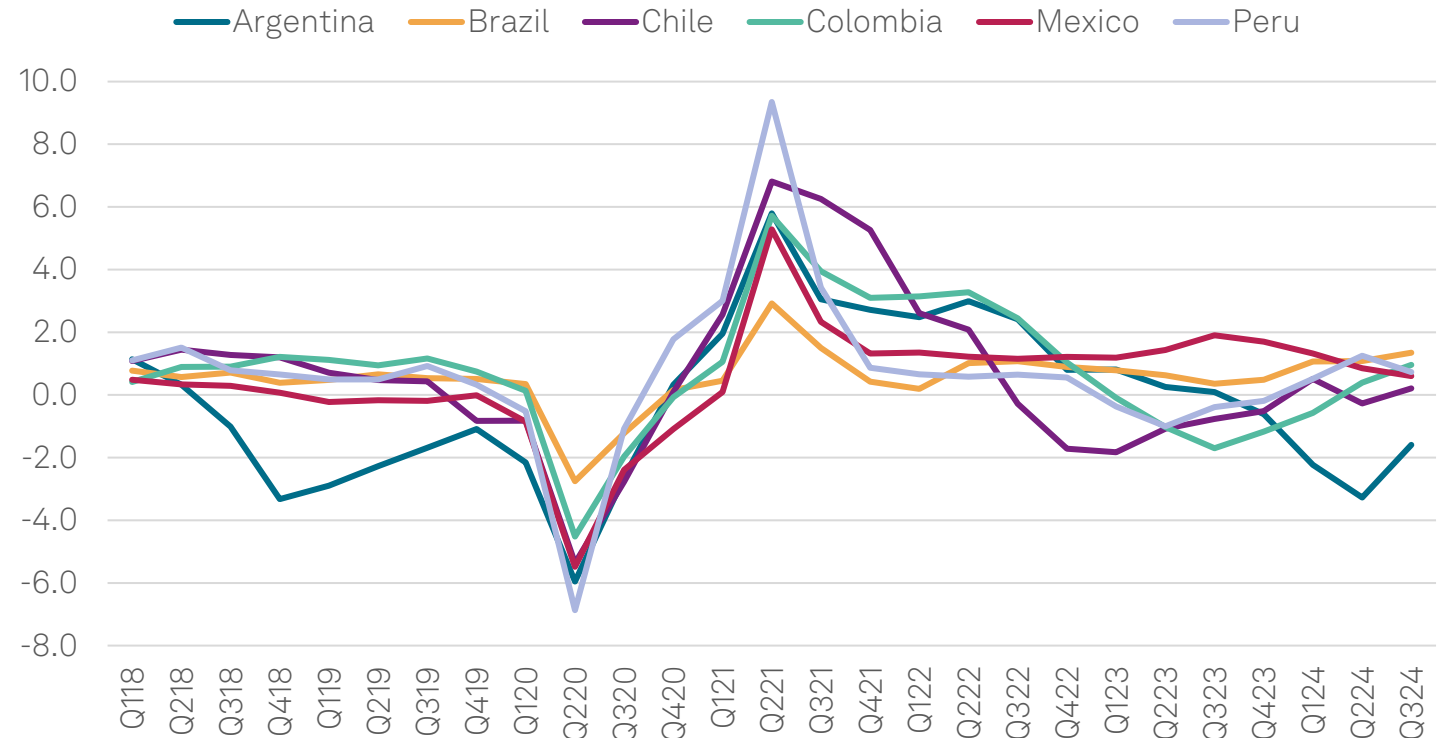
Macro-Credit Dashboards

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	-2.1	Q3	-0.2	-9.9	10.4	5.3	-1.6	-3.5	3.8	2.5	2.5
Brazil	4.0	Q3	-0.5	-3.6	5.1	3.1	2.9	3.1	1.9	2.1	2.2
Chile	2.3	Q3	2.0	-6.4	11.6	2.1	0.3	2.4	2.2	2.4	2.5
Colombia	2.0	Q3	2.4	-7.2	10.8	7.3	0.6	1.7	2.5	2.8	2.9
Mexico	1.6	Q3	1.6	-8.8	6.3	3.7	3.2	1.5	1.2	1.9	2.2
Peru	3.8	Q3	3.2	-11.0	13.6	2.7	-0.5	3.1	2.7	2.7	2.9
China	4.6	Q3	6.7	2.2	8.5	3.0	5.2	4.8	4.1	3.8	4.3
India	5.4	Q3	6.9	-5.8	9.1	7.0	8.2	6.8	6.7	6.8	7.0
Indonesia	4.9	Q3	5.0	-2.1	3.7	5.3	5.0	5.0	4.9	4.9	4.9
Malaysia	5.3	Q3	4.9	-5.5	3.3	8.9	3.5	5.5	4.9	4.5	4.5
Philippines	5.2	Q3	6.6	-9.5	5.7	7.6	5.5	5.5	6.0	6.2	6.5
Thailand	3.0	Q3	3.4	-6.1	1.5	2.6	1.9	2.8	3.1	3.0	3.1
Vietnam	7.9	Q4	7.1	2.9	2.6	8.0	5.0	6.7	6.6	6.7	6.7
Hungary	-0.8	Q3	4.2	-4.7	7.2	4.6	-0.7	1.0	2.6	2.8	2.4
Poland	1.6	Q3	4.4	-2.0	6.8	5.5	0.2	2.8	3.1	2.9	2.8
Saudi Arabia	2.8	Q3	2.3	-4.3	3.9	8.7	-0.9	0.8	4.7	4.0	3.7
South Africa	0.3	Q3	1.0	-6.0	4.7	1.9	0.6	1.0	1.6	1.4	1.3
Turkiye	2.1	Q3	4.2	1.7	11.8	5.3	4.5	3.1	2.3	3.1	3.0

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

Monetary Policy/FX | Brazil Continues To Be The Outlier With Rate Hikes

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	Dec. exchange rate chg.	YTD exchange rate chg.
Argentina	32.00%	No target	166.0%	300 bps cut	N/A	-2.0%	-21.7%
Brazil	12.25%	3.0% +/- 1.5%	4.9%	100 bps hike	Jan. 29	-2.2%	-21.8%
Chile	5.00%	3.0% +/- 1.0%	4.5%	25 bps cut	Jan. 28	-1.5%	-10.8%
Colombia	9.50%	3.0% +/- 1.0%	5.2%	25 bps cut	Jan. 31	-0.1%	-13.3%
Mexico	10.00%	3.0% +/- 1.0%	4.2%	25 bps cut	Feb. 6	-2.2%	-18.6%
Peru	4.75%	1.0% - 3.0%	2.0%	25 bps cut	Feb. 13	0.0%	-1.4%
China	1.50%	3.0%	0.1%	Hold	N/A	-0.8%	-2.7%
India	6.50%	4.0 +/- 2.0%	5.5%	Hold	Feb. 8	-1.3%	-2.9%
Indonesia	6.00%	2.5% +/- 1.0%	1.6%	Hold	Jan. 15	-1.9%	-4.4%
Malaysia	3.00%	No target	1.8%	Hold	Jan. 22	-0.7%	2.7%
Philippines	5.75%	3.0% +/- 1.0%	2.9%	25 bps cut	Feb. 20	1.2%	-4.2%
Thailand	2.25%	2.0% +/- 1.5%	1.2%	Hold	March 26	0.9%	0.7%
Vietnam	4.50%	4.0%	2.9%	Hold	N/A	-0.3%	-1.9%
Hungary	6.50%	3.0% +/- 1.0%	3.7%	Hold	Jan. 14	-0.6%	-12.0%
Poland	5.75%	2.5% +/- 1.0%	4.7%	Hold	Jan. 16	-0.6%	-4.1%
Saudi Arabia	5.00%	No target	2.0%	25 bps cut	N/A	0.0%	0.0%
South Africa	7.75%	3.0% - 6.0%	2.9%	Hold	Jan. 30	-3.6%	-0.7%
Turkiye	47.50%	5.0% +/- 2.0%	44.4%	250 bps cut	Jan. 23	-2.0%	-16.6%

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 | Policy Remains Restrictive In Most EMs

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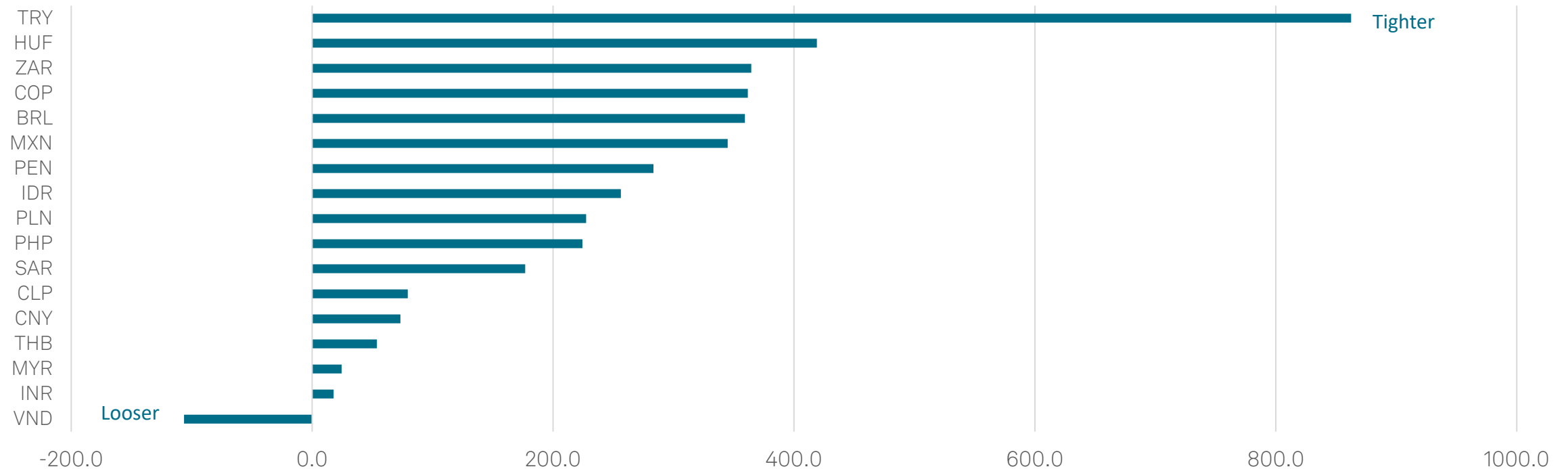
Data as of Dec. 31, 2024. Note: Real interest rates are deflated by CPI. In the cases where we didn't have 10 years of history, we used all the available data to calculate the average. We exclude Argentina. For China, we use the seven-day reverse repo rate. Sources: Haver Analytics and S&P Global Ratings.

S&P Global
Ratings

15

EM Heat Map

	Saudi Arabia	Poland	Mexico	Peru	Chile	Malaysia	Philippines	Indonesia	China	South Africa	Thailand	India	Colombia	Brazil	Vietnam	Turkiye	Argentina
Sovereigns																	
FC Sovereign Rating	A	A-	BBB	BBB-	A	A-	BBB+	BBB	A+	BB-	BBB+	BBB-	BB+	BB	BB+	BB-	CCC
Sovereign Outlook	Positive	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Positive	Stable	Positive	Negative	Stable	Stable	Stable	Stable
Institutional	4	4	3	4	2	3	3	3	3	4	4	3	3	4	4	4	6
Economic	3	3	5	4	4	3	4	4	3	5	4	4	4	5	4	4	5
External	1	2	2	3	4	2	1	3	1	2	1	1	5	2	3	4	6
Fiscal (BDGT)	2	5	4	2	2	4	3	3	5	6	3	6	4	6	4	5	6
Fiscal (DBT)	1	3	4	3	2	5	4	4	4	6	3	6	4	6	3	4	5
Monetary	4	2	3	3	2	2	3	3	2	2	2	3	3	3	4	5	6
Financial institutions BICRA																	
Economic Risk	5	4	6	6	4	5	6	6	7	7	7	6	7	7	9	8	10
Industry Risk	4	5	3	3	3	3	5	6	5	4	6	5	5	5	8	9	7
Institutional Framework	I	H	I	I	I	I	H	H	H	I	VH	H	I	I	EH	VH	H
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	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Eco. Imbalances	I	L	I	L	L	L	L	L	H	I	H	L	H	H	H	H	VH
Credit Risk	I	I	I	VH	I	H	H	VH	VH	H	VH	VH	H	H	EH	VH	EH
Competitive Dynamics	I	H	I	L	L	I	I	H	H	I	H	H	I	H	VH	VH	H
Funding	I	L	L	I	L	L	I	I	VL	I	L	L	H	I	I	VH	VH
Nonfinancial corporates																	
Median Rating(Dec.31,2024)	A-	BB	BBB	BBB-	BBB	A-	BBB	BB	BBB+	BB-	BBB	BBB-	BB+	BB	BB-	BB-	CCC
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	1.82	1.99
ROC Adj.§	1	1	1	3	0	1	0	0	2	0	3	0	0	1	-1	-38	-73
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	2.75	2.98
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	38.5	29.1
NFC FC Debt % GDP*	8.5	12.4	12.9	20.0	34.2	16.0	6.6t	7.2	3.5	14.0	11.8	6.7	10.6	14.0		27.1	8.2
NFC Debt % of GDP*	45.8	35.9	20.9	43.4	95.9	86.9	43.6t	24.5	142.4	32.7	83.9	55.2	29.6	53.7		40.7	25.9

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.
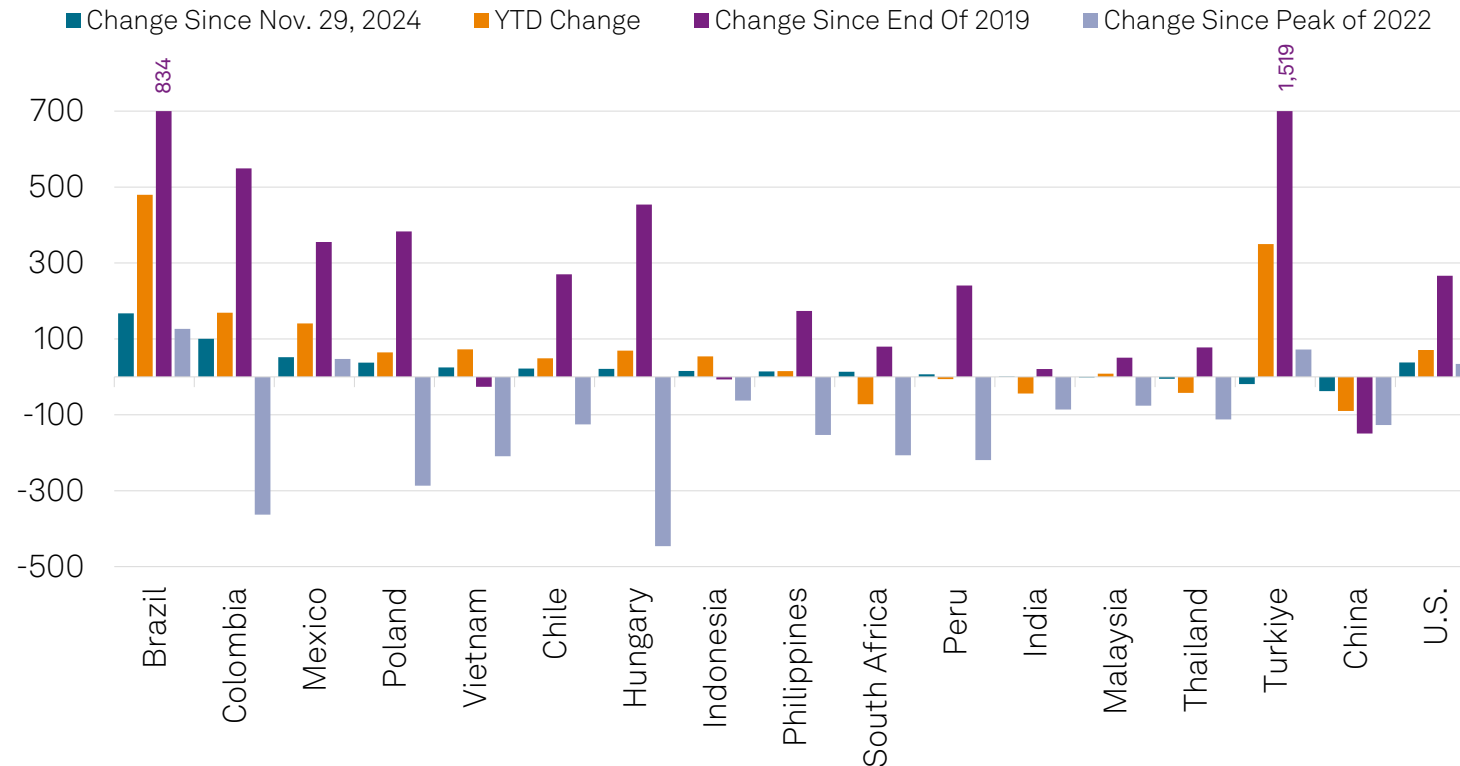
Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Jan. 4, 2024, by using table 17, with levels that go from minimal to highly leveraged. §We assess return on capital by using the median 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 3Q 2024. Sources: t-Bangko Sental 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 Jan. 9, 2025.

S&P Global
Ratings

Financing Conditions Highlights

EM Yields | Soaring In LatAm

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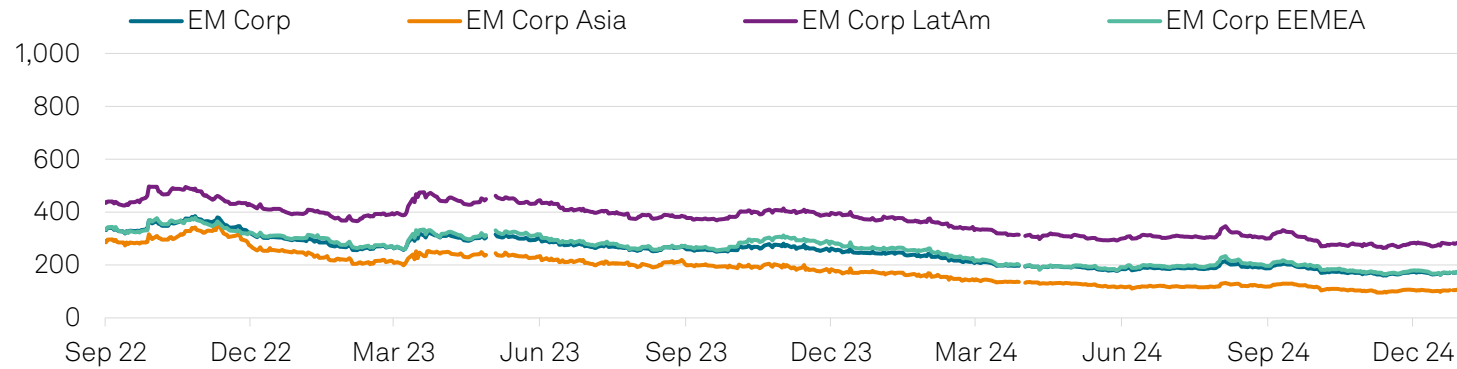

Legend: Change Since Nov. 29, 2024 ■ YTD Change ■ Change Since End Of 2019 ■ Change Since Peak of 2022

Brazil: 834, Turkiye: 1,519

Countries (x-axis): Brazil, Colombia, Mexico, Poland, Vietnam, Chile, Hungary, Indonesia, Philippines, South Africa, Peru, India, Malaysia, Thailand, Turkiye, China, U.S.

Data as of Dec. 31, 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 benchmark yields rose markedly in December.** Brazilian 10-year yield was 167 bps up in a month, as Banco Central do Brasil increased policy rates by 100 bps to curb inflation, while inadequate fiscal consolidation and U.S. trade contributed to a significant depreciation of the Brazilian real. Colombia's upward dynamics (+100 bps) were indicative of tightening financing conditions from a global perspective and of fiscal uncertainty and the risk of the government failing to abide by the fiscal rule. Conversely, yields softened in China (down 37 bps) because weak economic growth prospects drove investors toward the bond market.

- **Potential protectionist measures could boost U.S. inflation,** which would halt the Fed's monetary easing, worsening financing conditions for EMs, shrinking the space for their central banks to continue cutting interest rates.

S&P Global
Ratings

EM Credit Spreads | Tight For How Long?

EM spreads by region (bps)

Legend: EM Corp — EM Corp Asia — EM Corp LatAm — EM Corp EEMEA

U.S. and EM spreads (bps)

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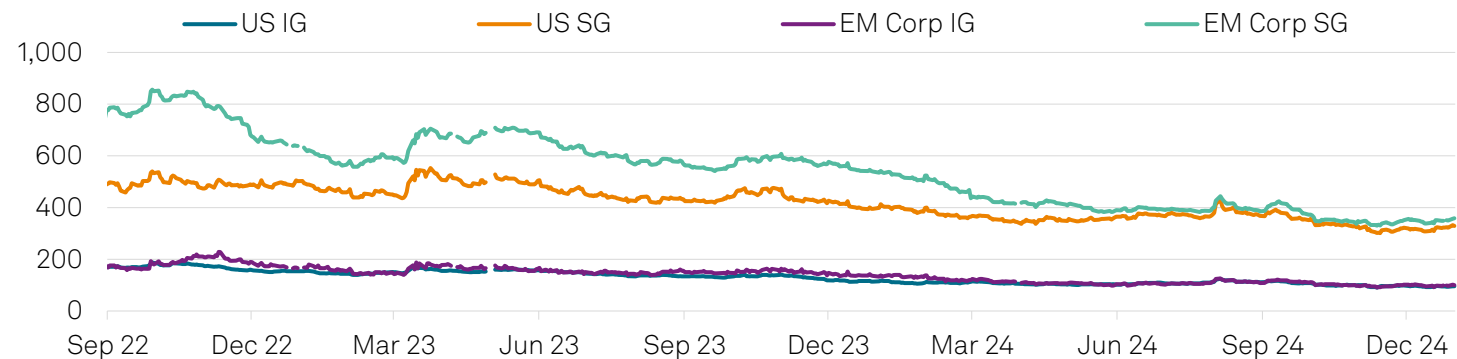
Data as of Dec. 31, 2024. bps--Basis points. IG--Investment-grade. SG--Speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate spreads hit 174 bps** in December, broadly stable with respect to the previous month. In 2024, spreads declined by 69 bps, with the deepest compression (85 bps) in LatAm and EM EMEA, corroborating a stellar issuance volume for the year.

- **Tight spreads mask the simultaneous rise of corporate and benchmark yields over the last months (55 bps since September 24),** mirroring the substantial geopolitical and policy uncertainty surrounding EM markets.

- **Corporate spreads remained tight across the rating categories.** Despite sensibly widening in December, the distance between the U.S. and EM spreads narrowed considerably in 2024: EM investment-grade corporate spreads were 4 bps higher than the U.S. ones (versus 18 bps as of December 23), and EM speculative-grade corporate spreads were 30 bps higher than their U.S. counterparts (versus 136 bps), close to pre-pandemic levels.

EM | Financial And Nonfinancial Corporate Issuance

- **2024 marked the highest investment- and speculative-grade issuances for the past three years**. Largely fixed-rate issuance, with a growing reliance on hard currency. Outside China, corporations have issued at an average 6% coupon with a 7.6-year tenor (versus 4.9% and 8.3-year between 2019 and 2023). Region-wise, EEMEA's year-to-date issuance was 257% of its 2016-2023 average, followed by Greater China (142%), LatAm (127%), and EM Asia (90%).

- **EM issuance in December totaled $142 billion, 32% lower than in the previous month** with Greater China contributing $133 billion, 94% of the overall issuance volume. Banks and capital goods ended a record year for market activity, while real estate and M&E disappointed.

- **Issuance excluding Greater China slowed to $9 billion** from $12 billion in November, marking the lowest monthly record in the year. Despite decelerating in the past two months, 2024 represented the highest year for bond issuance, with banks, utilities and high tech leading. Real estate and telecom entities issued less than in the past five years, reflecting their sensitivity to high interest rates.

EM cumulative corporate bond issuance (bil. $)*
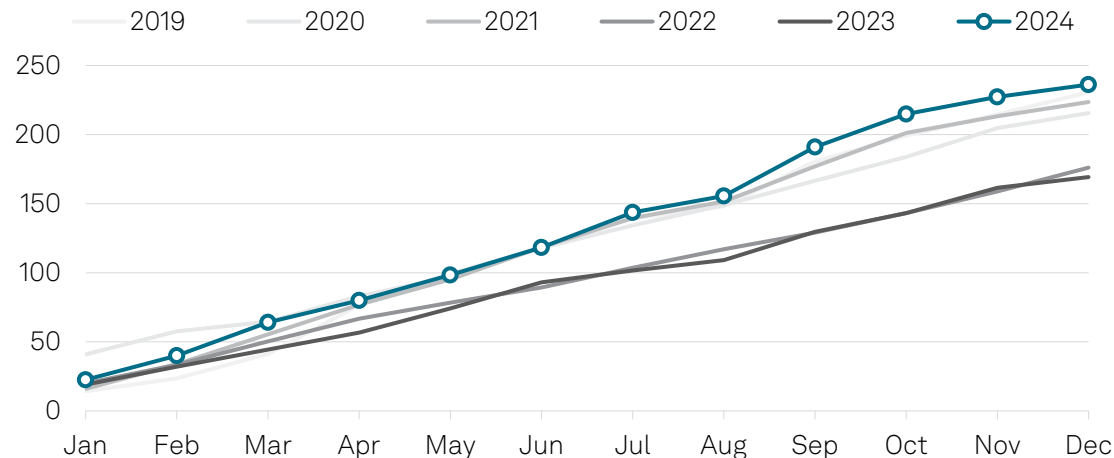
Includes not rated. *Excluding Greater China. Data as of Dec. 31, 2024. Sources: Refinitiv, S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. $)
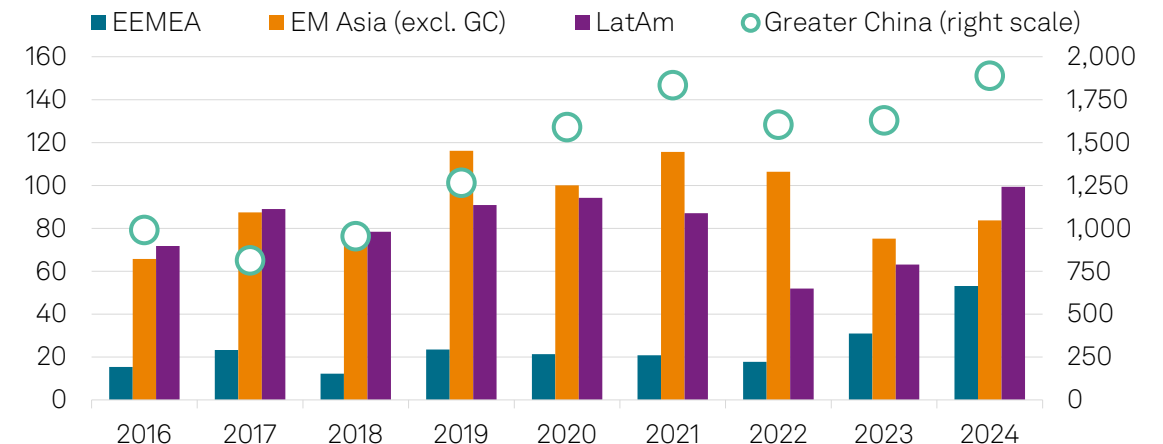
Data as of Dec. 31, 2024. Sources: Refinitiv, S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

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
6-Jan-25	Export-Import Bank of India	India	Banks	5.6	BBB-	992	2035
28-Oct-24	Grupo Aeromexico S.A.B. de C.V.	Mexico	Transportation	8.6	B+	610	2031
4-Dec-24	Gruma S.A.B. de C.V.	Mexico	Consumer products	5.4	BBB	500	2034
28-Oct-24	Grupo Aeromexico S.A.B. de C.V.	Mexico	Transportation	8.3	B+	500	2029
17-Oct-24	Banco BTG Pactual S.A.	Brazil	NBFI	5.9	BB	497	2030
9-Oct-24	YPF Energia Electrica S.A.	Argentina	Utility	8.2	CCC	413	2032
16-Oct-24	Muthoot Finance Ltd.	India	NBFI	6.4	BB	400	2029
4-Dec-24	Gruma S.A.B. de C.V.	Mexico	Consumer products	5.8	BBB	300	2054
18-Oct-24	Edenor S.A.	Argentina	Utility	10.4	CCC	97	2030

As of Jan. 8, 2025. Excludes sovereigns and Greater China entities. Foreign currency ratings. Green for investment-grade ratings, red for speculative-grade ratings. NBFI—Nonbank financial institutions. YTM--Yield-to-maturity. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

Ratings Summary

Ratings Summary | Sovereign Ratings In EM 18

■ Investment grade ■ Speculative grade

Economy	Rating	Outlook	Five-year CDS spread (Dec. 31)	Five-year CDS spread (Nov. 30)
China	A+	Stable	66	65
Chile	A	Stable	65	55
Saudi Arabia	A	Positive	65	60
Malaysia	A-	Stable	48	46
Poland	A-	Stable	69	67
Philippines	BBB+	Positive	68	65
Thailand	BBB+	Stable	44	40
Indonesia	BBB	Stable	79	75
Mexico	BBB	Stable	142	123
Peru	BBB-	Stable	87	78
Hungary	BBB-	Stable	125	122
India	BBB-	Positive	50	49
Colombia	BB+	Negative	216	193
Vietnam	BB+	Stable	103	102
Brazil	BB	Stable	216	163
South Africa	BB-	Positive	191	183
Turkiye	BB-	Stable	260	253
Argentina	CCC	Stable	1152	1243

Data as of Dec. 31, 2024, and sovereign ratings as of Jan. 8, 2025. 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.

Ratings Summary | Credit Rating Distribution In EM 18
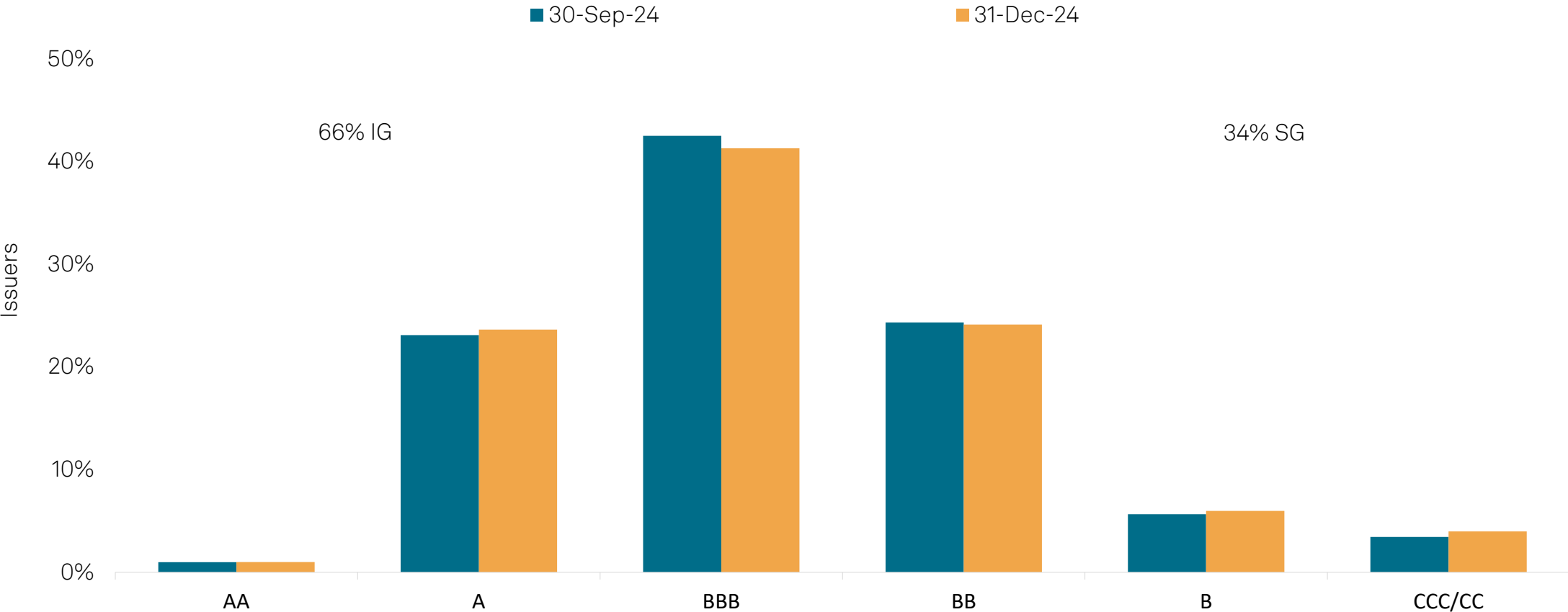
Parent Only. Includes Red Chip companies (issuers headquartered in Greater China but incorporated elsewhere) excluding the sovereign. Data as of Dec. 31, 2024. Source: S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

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

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. $)
16-Oct-24	Gerdau S.A. (Metalurgica Gerdau S.A.)	Brazil	MM&S	BBB	BBB-	Upgrade	1,150
14-Nov-24	Turkcell Iletisim Hizmetleri A.S.	Turkiye	Telecommunications	BB	BB-	Upgrade	1,000
14-Nov-24	Turk Telekom (Ojer Telekomunikasyon A.S.)	Turkiye	Telecommunications	BB	BB-	Upgrade	1,000
22-Oct-24	Grupo Aeromexico S.A.P.I. de C.V.	Mexico	Transportation	B+	B	Upgrade	763
19-Nov-24	Koc Holding A.S.	Turkiye	Financial Institutions	BB+	BB	Upgrade	750
7-Nov-24	Mersin Uluslararasi Liman Isletmeciligi A.S.	Turkiye	Transportation	BB	BB-	Upgrade	600
4-Oct-24	Telefonica Moviles Chile S.A. (Telefonica S.A.)	Chile	Telecommunications	BB+	BBB-	Downgrade	500
4-Dec-24	Nitrogenmuvek Zrt.	Hungary	CPE&S	CCC-	CCC	Downgrade	209
5-Dec-24	PT Gajah Tunggal Tbk.	Indonesia	Automotive	B	B-	Upgrade	175

As of Dec. 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 and includes only latest rating changes. MM&S—mining, metals, and steel. CP&ES—chemicals, packaging, and environmental services. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

S&P Global
Ratings

EM | Total Rating Actions By Economy In 2024
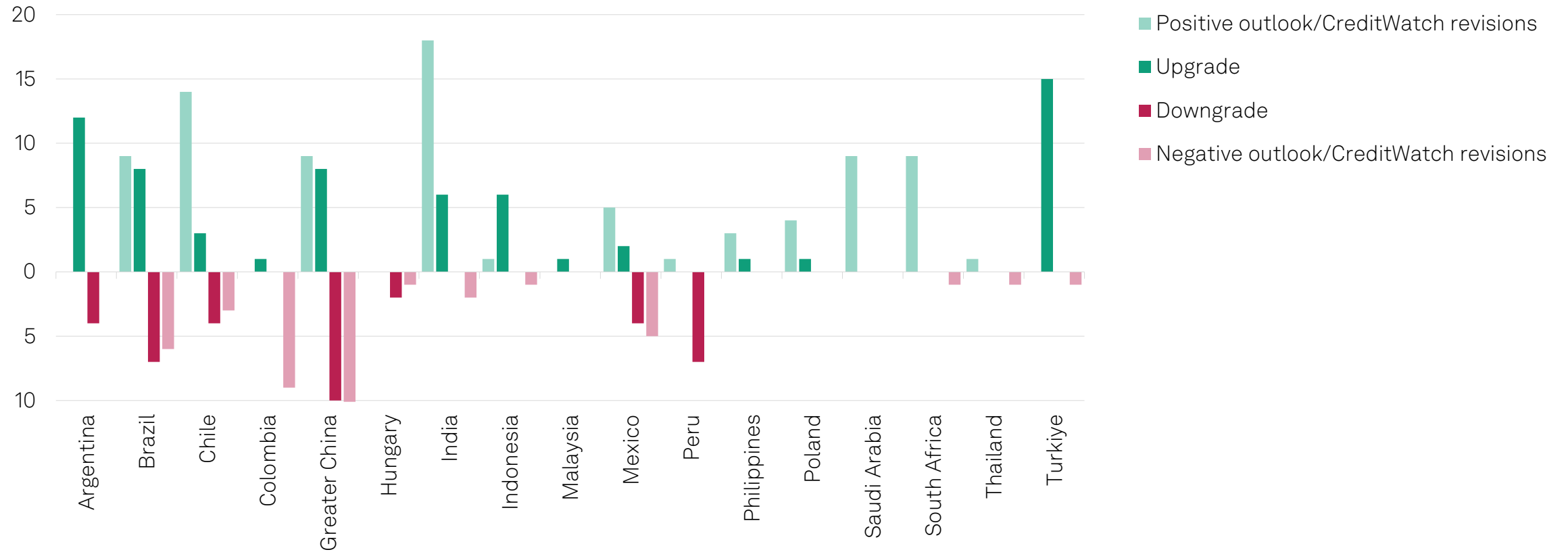
Legend:
- Positive outlook/CreditWatch revisions
- Upgrade
- Downgrade
- Negative outlook/CreditWatch revisions

Data as of Dec. 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.

S&P Global
Ratings

EM | Total Rating Actions By Month

- **One upgrade and four positive outlook revisions in December (versus 9 and 16, respectively, in November).** PT Gajah Tunggal Tbk. (Indonesia; automotive) was upgraded to 'B-' as its refinancing risk has eased after securing a IDR4.4 trillion committed syndicated loan. Three of the four positive outlooks pertained to investment-grade companies, while the one on BRF S.A. (Brazil; consumer products) was revised to positive, as gains in productivity from favorable fundamentals for poultry prices and cost-efficiency initiatives controlled leverage.

- **Two downgrades in December.** Nitrogenmuvek Zrt.'s (Hungary; CP&ES) downgrade to 'CCC-' from 'CCC' reflects the greater likelihood that the company will arrange a debt restructuring over the next six months because of upcoming maturities. Companhia Siderurgica Nacional (Brazil; MM&S) was downgraded to 'BB-' on elevated leverage, exacerbated by new issuances and the Brazilian real's depreciation amid volatility in iron prices and uncertainties over China's economic growth.
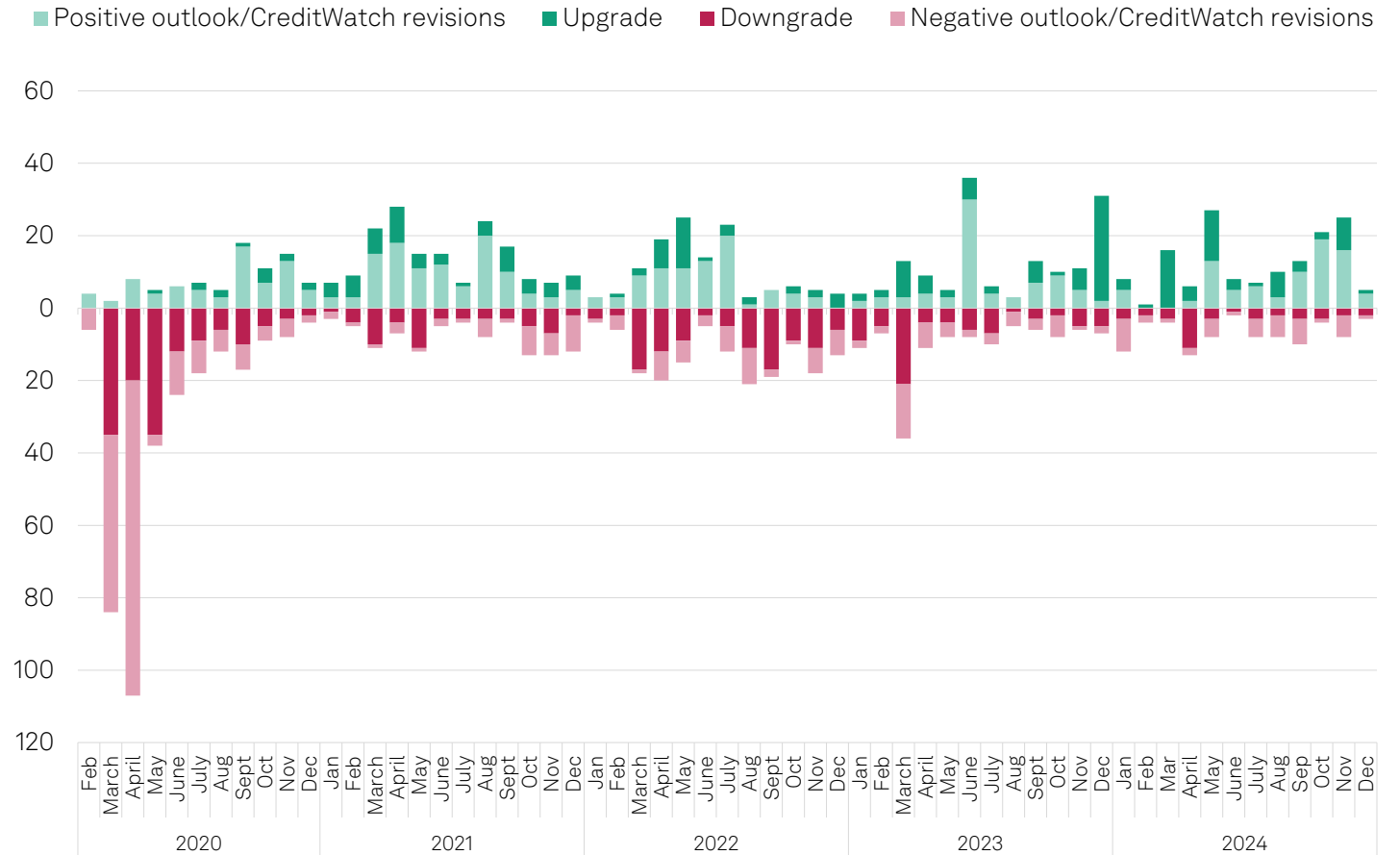
Data from Feb. 3, 2020, to Dec. 31, 2024. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent.
Source: S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

EM Downgrade Potential | Regional Negative Bias

- **No major changes in the regional downgrade potential, with LatAm displaying the highest negative bias at 13%,** slightly down from 15% las month. The outlook on Molibdenos y Metales S.A. (Chile; MM&S) was revised to stable from negative on stabilized molybdenum prices, resulting in higher profitability and working capital inflows. Same rating action on Banamex (Mexico; bank), as we expect stable asset quality and funding structure in the next 24 months, following the corporate and wealth management transfer to Citi Mexico. All other regions' downgrade potentials remained comfortably below their five- and 10-year averages.

- **CP&ES and Home/RE are the only sectors (out of 18) displaying a negative bias higher than the historical average.**

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

Legend: ■ 10-Year Average ■ 5-Year Average ■ November 30, 2024 ■ December 31, 2024

Negative bias by sector (%)

Legend: ■ Current Negative Bias (Dec .31, 2024) ■ Current Negative Bias (Nov .30, 2024) ■ 5-Year Averages (Dec .31, 2024)
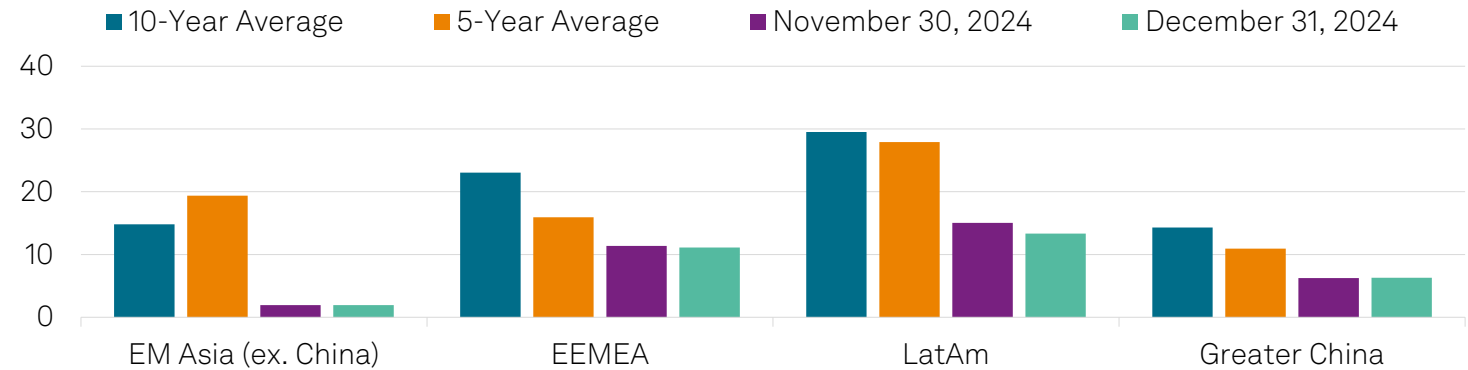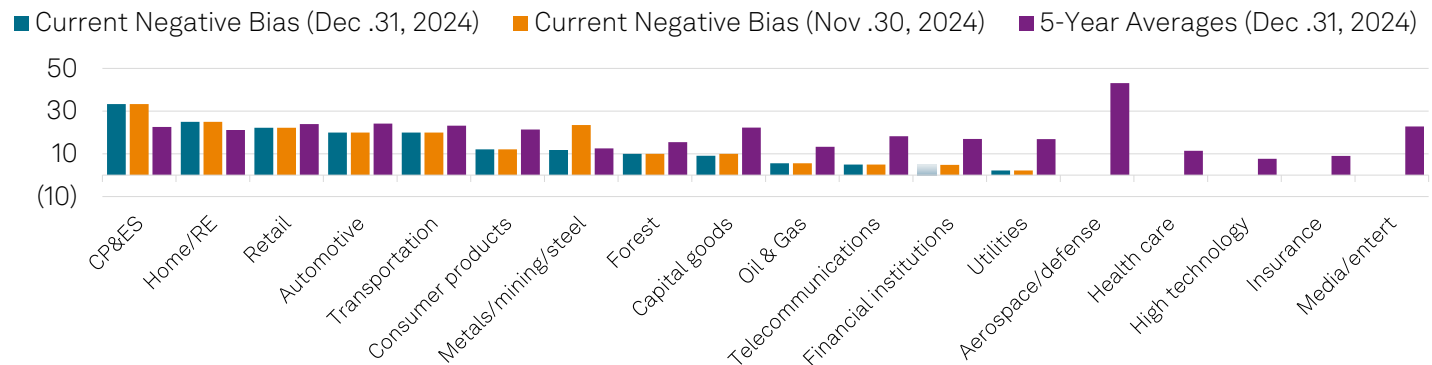
Data as of Dec. 31, 2024. Excludes sovereigns, and subsidiaries. Media/entert--Media and entertainment. Retail--Retail / restaurants. CP&ES--Chemicals, packaging, and environmental services. Home/RE--Homebuilders/real estate companies. Forest--Forest products and building materials. MM&S – Metals, Mining And Steel. Negative bias--Percentage of issuers with a negative outlook or on CreditWatch negative. Source: S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

Rating Actions | One Downgrade To 'CCC/CC' From 'B' 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 Dec. 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.

S&P Global
Ratings

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

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/RE		BB+	BBB+	2,593
12-Apr-24	Longfor Group Holdings Ltd.	Greater China	Homebuilders/RE		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		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 Dec. 31, 2024. Includes sovereigns and Greater China and Red Chip. Forest--Forest products and building materials. Source: S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

Rating Actions | List Of Defaulters In 2024

	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 Dec. 31, 2024. Includes sovereigns, Excludes confidentials. 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®.

S&P Global
Ratings

Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels down to five from seven in 2023
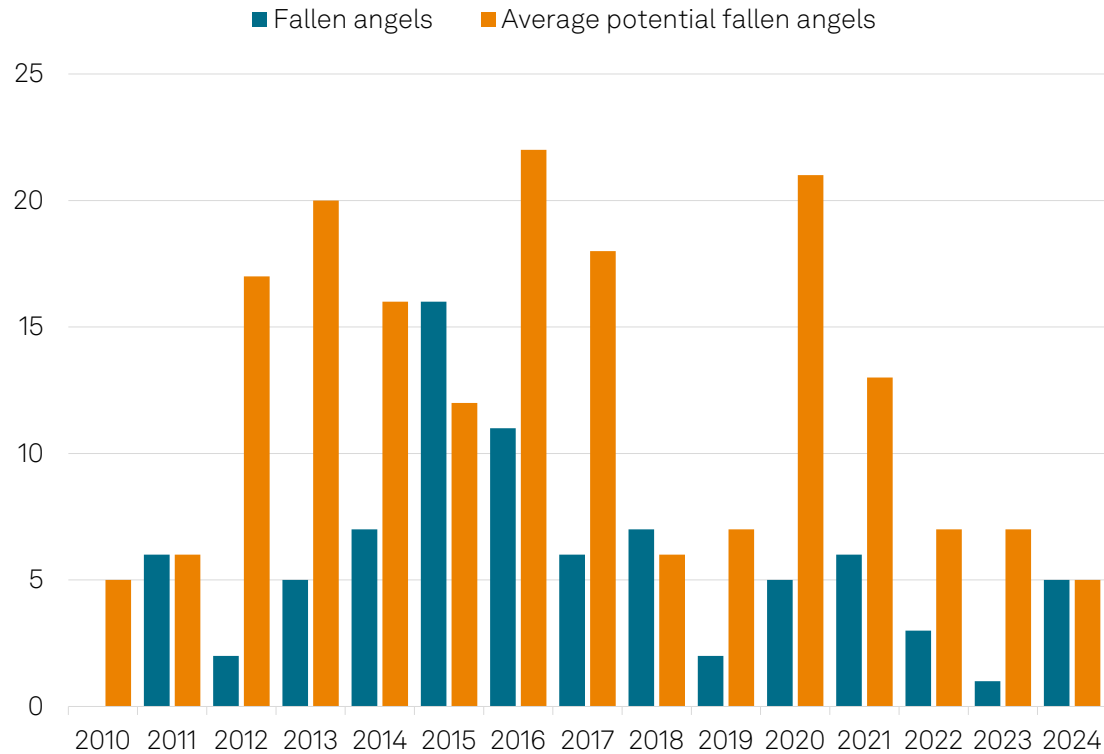
EM potential fallen angels mostly located in EM Asia
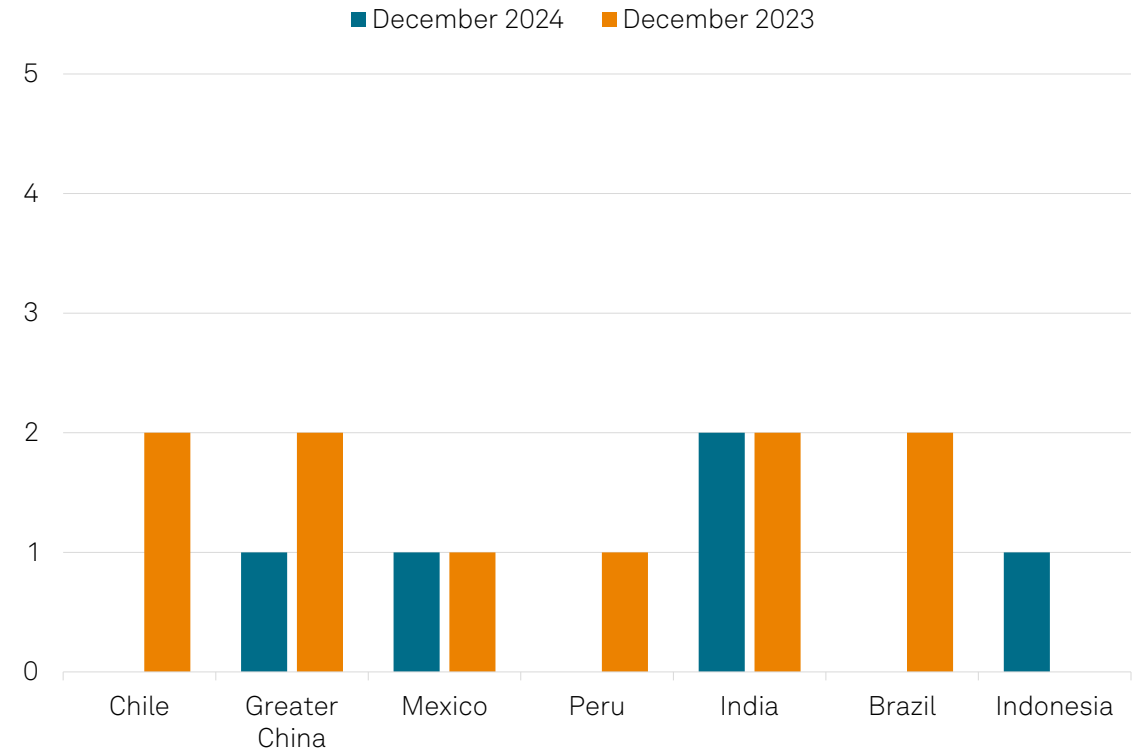
Data as of Dec. 31, 2024. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

Average potential rising stars at two, lower than in 2023

■ Rising stars   ■ Average potential rising stars
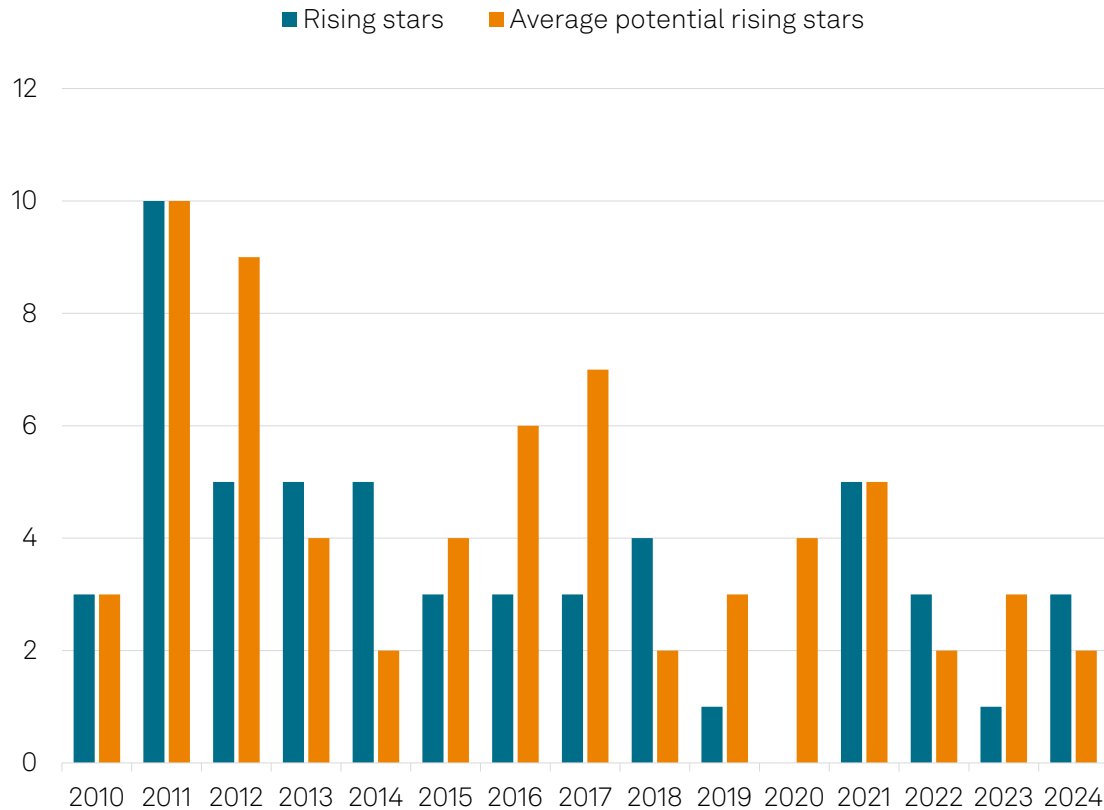
One potential rising star in Indonesia

■ December 2024   ■ December 2023

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

S&P Global
Ratings

Rating Actions | Weakest Links And Defaults

EM weakest links remained at four in December
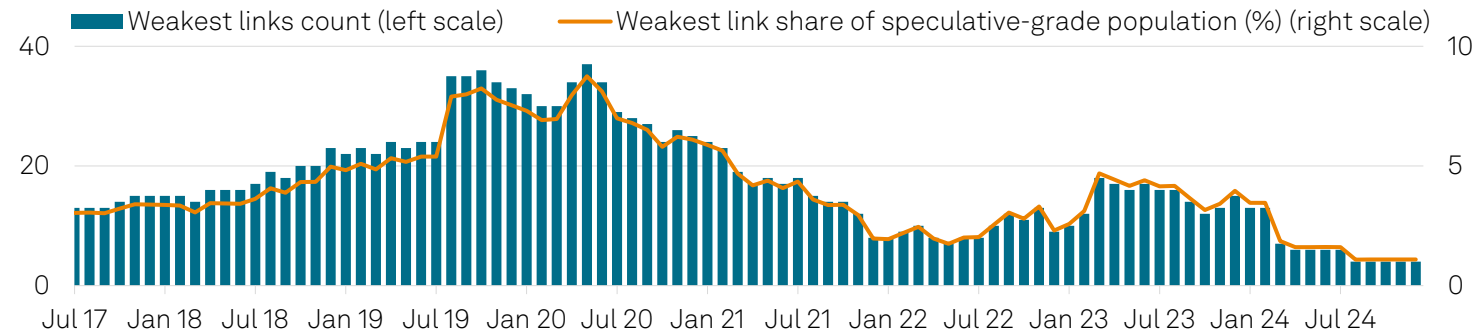
Data as of Dec. 31, 2024. Parent only. Weakest links are defined as issuers rated 'B−' or lower with negative outlooks or ratings on CreditWatch with negative implications. Source: S&P Global Ratings Credit Research & Insights.

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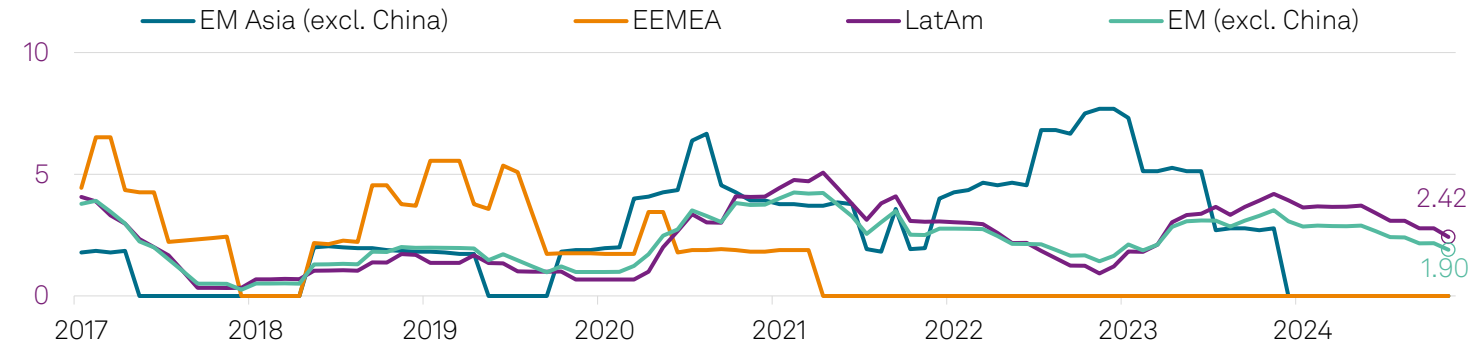
Excluding China. CreditPro data as of Nov. 30, 2024. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

- **Weakest links remained stable at four issuers** in December for the fifth consecutive month, representing 1.1% of the speculative-grade rated entities. Three of the weakest links were in Brazil, two of which were transportation companies.

- **Default rates.** The November default rate (excluding China) was 1.9%, down from 2.1% in October. Throughout the year, the composite index has been mainly driven by LatAm, where all eight of 2024 defaults took place so far, lower than 13 in 2023. The pace of defaults in this region was 2.4% in November, decreasing from the 2023 peak of 4.2% (attained in November).

S&P Global
Ratings

Rating Actions | Defaults

Year-end global corporate defaults by reason

- ■ Confidential
- ■ Missed principal/interest payments
- ■ Out-of-court restructuring
- ■ Regulatory intervention
- ■ Distressed exchanges
- ■ Bankruptcy-related
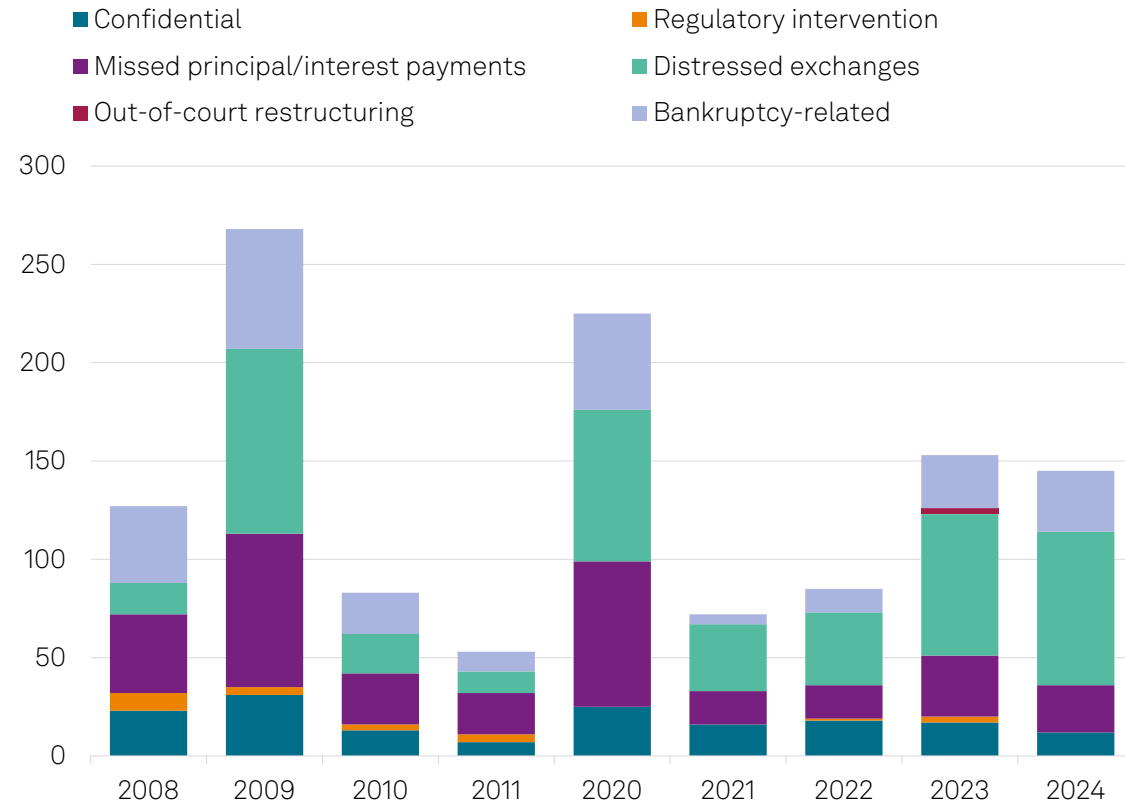
Year-end EM 18 corporate defaults by reason

- ■ Confidential
- ■ Missed principal/interest payments
- ■ Out-of-court restructuring
- ■ Regulatory intervention
- ■ Distressed exchanges
- ■ Bankruptcy-related
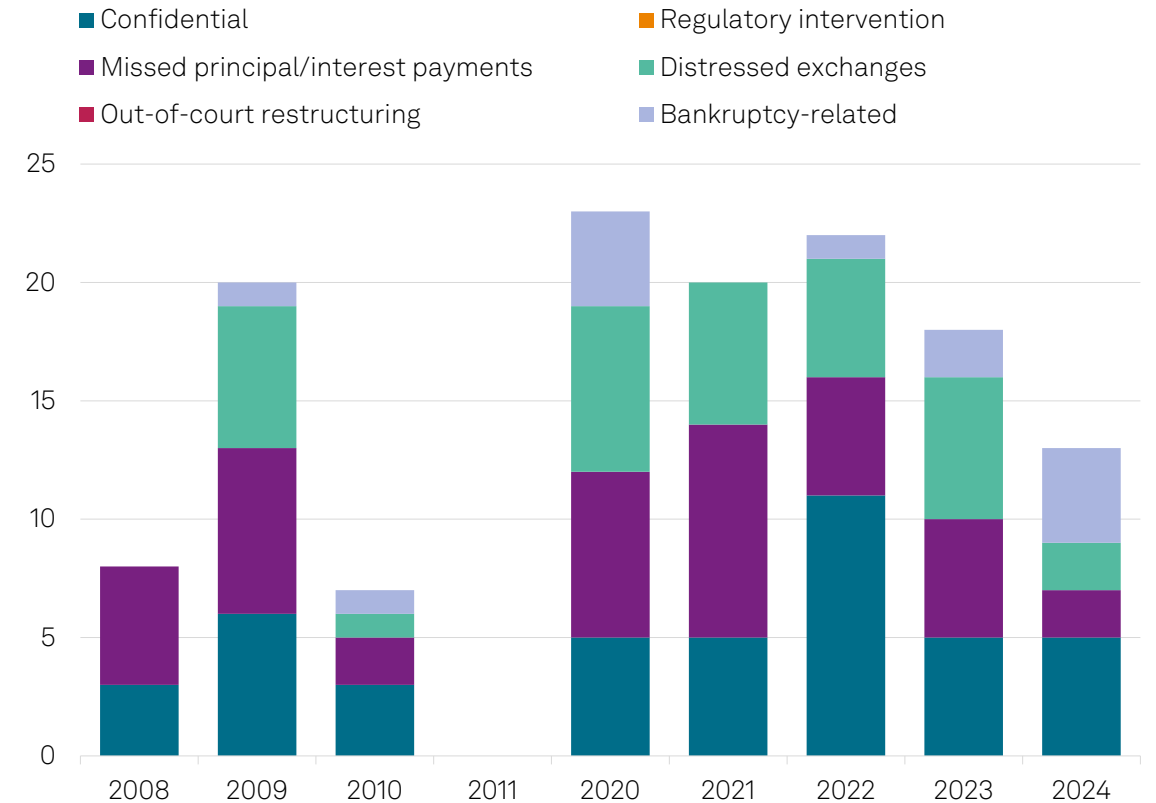
Data as of Dec. 31, 2024. Data has been updated to reflect confidential issuers. Excludes sovereigns. Includes Greater China and Red Chip companies. YTD—Year to date.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

S&P Global
Ratings

Related Research
And Contacts

S&P Global
Ratings

Related Research

- Credit Cycle Indicator Q1 2025: The Recovery Could Be More Elusive For Some, Jan. 15, 2025

- Sukuk Market: Strong Performance Set To Continue In 2025, Jan. 13, 2025

- How Banks In Selected Emerging Markets In EMEA Will Cope With Lower Rates, Jan. 13, 2025

- Latin American Electric Utility Regulatory Framework: Signs Of Increased Political Interference, Jan. 9, 2025

- Saudi Corporates Brief: Rated Companies Can Absorb Fuel Price Hike, Jan. 9, 2025

- China Structured Finance Outlook 2025: A Few Sectors Take Off Amid Overall Stagnant Issuance, Jan. 9, 2025

- United Arab Emirates Banking Sector 2025 Outlook: Balancing Growth And Risks Amid Economic Expansion, Jan. 8, 2025

- Essential Economics - 2024: Faster Growth Despite Headwinds, 2025: Trade Reorientation, Dec. 13, 2024

- Sheinbaum's Agenda And Looming Changes In U.S. And Mexico Relations, Dec. 11, 2024

- 2023 Annual Mexican Structured Finance Default And Rating Transition Study, Dec. 11, 2024

- Emerging Markets Monthly Highlights: Rising Protectionism Will Challenge Resilience, Dec. 11, 2024

- Credit Conditions Emerging Markets Q1 2025: The Tariff Trials, Dec. 3, 2024

- Economic Outlook Emerging Markets Q1 2025: Trade Uncertainty Threatens Growth, Nov. 26, 2024

Contacts

Economic Research

Elijah Oliveros-Rosen

EM Chief Economist
New York
elijah.oliveros@spglobal.com
+1-212-438-2228

Vishrut Rana

Senior Economist, EM Asia
Singapore
vishrut.rana@spglobal.com
+65-6216-1008

Valerijs Rezvijs

Economist, EM EMEA
London
valerijs.rezvijs@spglobal.com
+44-7929-651386

Harumi Hasegawa

Economist, Latin America
Boston
harumi.hasegawa@spglobal.com
+1-617-335-7594

Credit Research

Jose Perez Gorozpe

Head of Credit Research EM
Madrid
jose.perez-gorozpe@spglobal.com
+34-630-154020

Luca Rossi

Associate Director, Lead EM Credit Research
Paris
luca.rossi@spglobal.com
+33-625-189258

Research Support

Nivedita Daiya   Bhavika Bajaj

S&P Global
Ratings

spglobal.com/ratings

S&P Global
Ratings