



# Emerging Markets Monthly Highlights

Increased Uncertainty Stemming From U.S. Trade Policy

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*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.

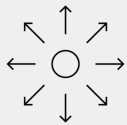
**EMEA:** Hungary, Poland, Saudi Arabia, South Africa, Türkiye.

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

# Key Takeaways



**Increased uncertainty surrounding U.S. trade policy may delay investment decisions and impact emerging markets (EM) linked to countries that have been targeted by U.S. tariffs.** EM central banks are likely to adopt a cautious approach to monetary policy normalization, as the U.S. dollar strength could exacerbate capital outflows if interest rates are cut too aggressively.



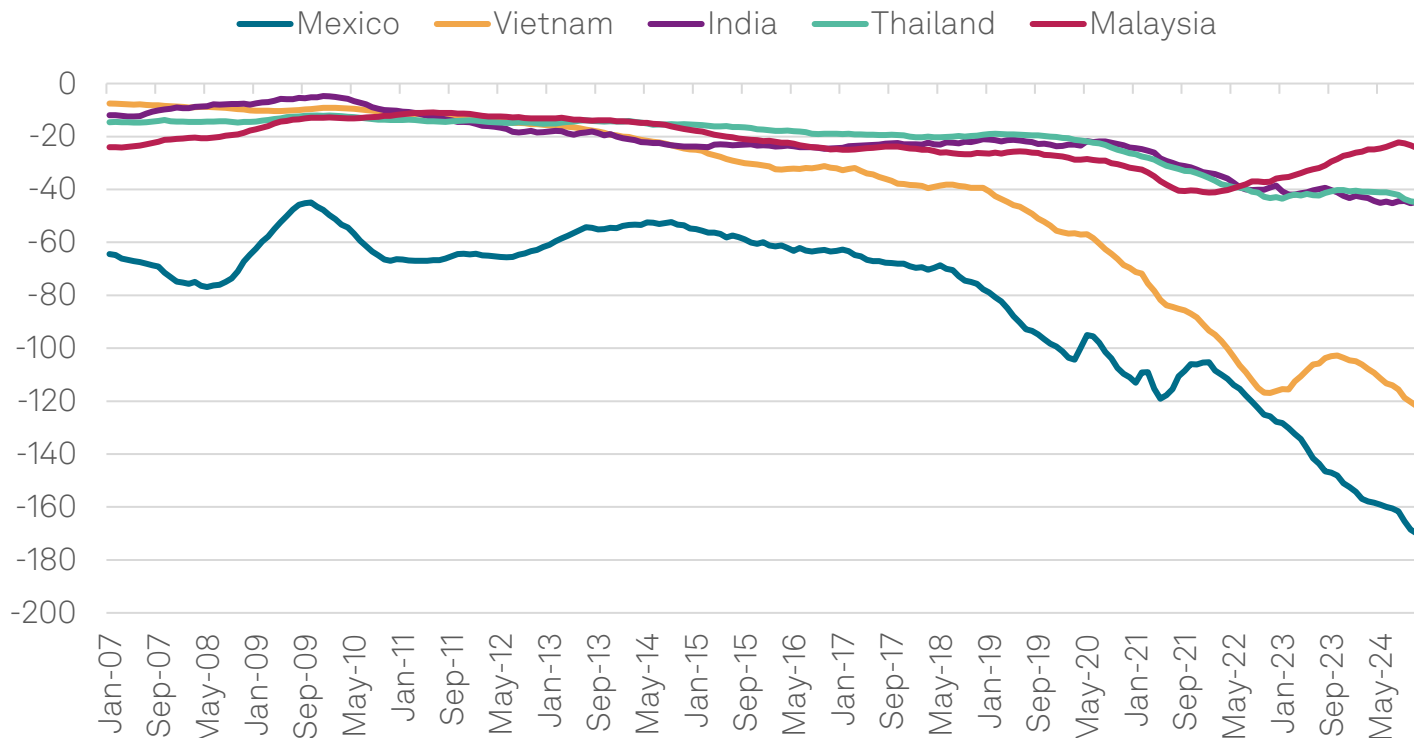
**The EM equity performance has been solid since the beginning of the year.** However, following the U.S. election, all regions have lost ground, except for Europe, the Middle East, and Africa (EM EMEA), which is less threatened by tariff threats than EM Asia and Latin America (LatAm). Together with exchange-rate movements, the equity performance will be a key determinant of portfolio flows in 2025.



**Benchmark yields retreated from their December widening.** Still tight corporate spreads fueled a strong speculative-grade issuance month. Market activity was particularly solid in EM EMEA. Mainly fixed-rate issuance was denominated in hard currency. Trade tariff threats remain the main downside risk to financing conditions in EMs.

# U.S. Trade Policy | Uncertainty Could Impact Trade, Investment, And Monetary Policy

Five largest U.S. trade deficits With EMs, excluding China (bil. \$)

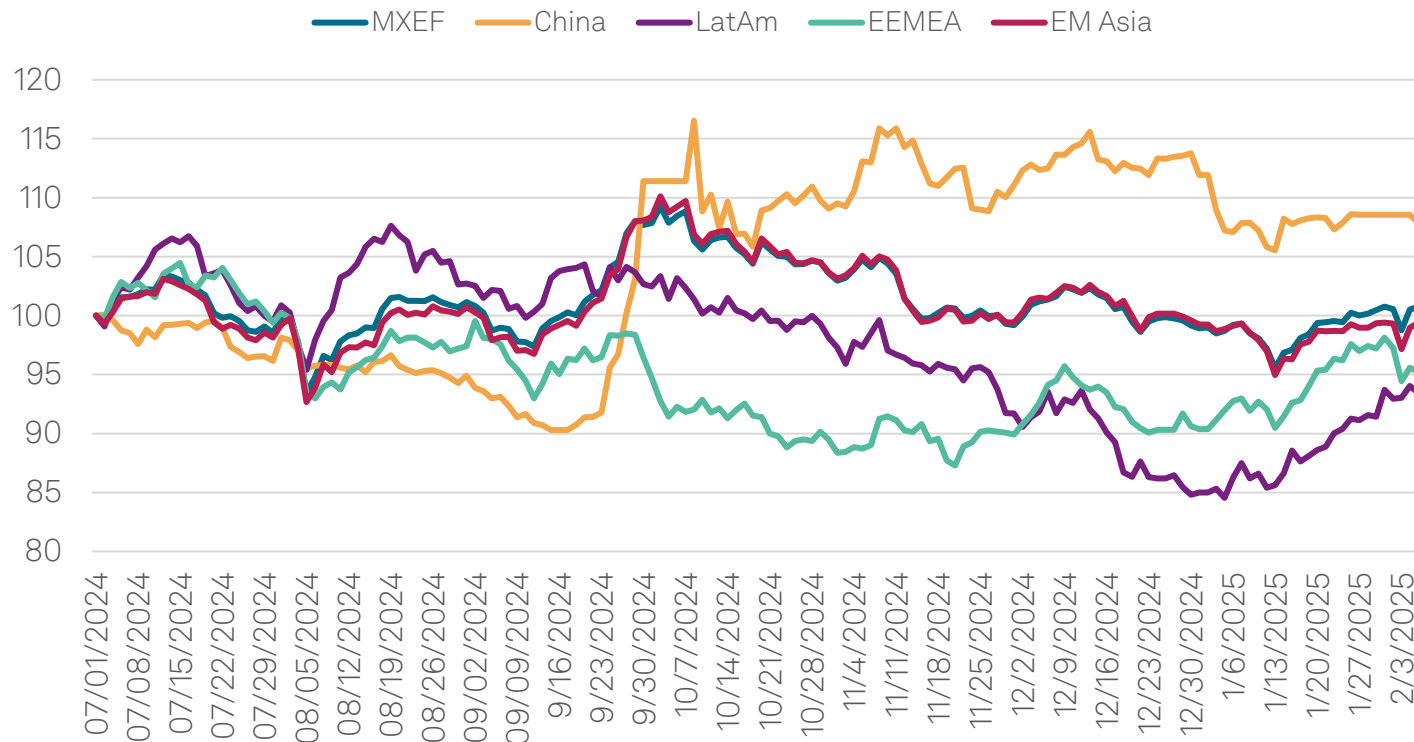


Note: Data for 12 months rolling. Sources: Haver Analytics and S&P Global Ratings.

- **Uncertainty over U.S. trade policy has increased following tariff-related announcements over the last few weeks, with potential implications for EMs.** Trade flows could be brought forward in anticipation of future tariff impositions.
- **Investment decisions could be delayed, until there is more visibility over U.S. trade policy.** This is especially the case in EMs with trade linkages to countries that have been targeted by U.S. tariffs, such as Mexico.
- **EM central banks are likely to be cautious in normalizing monetary policy.** The U.S. dollar strength, which is partly fuelled by trade policy uncertainty, could temper interest-rate cuts among EM central banks. Reducing interest rates too aggressively could amplify capital outflows from EMs.

# Equity Performance | A Delicate Balance

Regional price returns index (July 1, 2024 = 100)



Data as of Feb. 6, 2025. China: China Shanghai SE Composite; LatAm: MSCI EM Latin America Index; EEMEA: STOXX Emerging Europe USD; EM Asia: STOXX Emerging Asia. Vertical line represents the beginning of 2025. Sources: Shanghai Stock Exchange, STOXX, MSCI, CapitalIQ Pro and S&P Global Ratings.

- **EM equity performance has been solid since the year-start**, despite displaying some geographical discrepancy, as LatAm grew 12% and EMEA 8% while EM Asia moved sideways, and China lost 2%. However, since the U.S. election, all regions have lost ground, except for EMEA, which is currently the least concerned geography from trade tariffs threats compared to other EM regions.
- **Combined with a likely dollar appreciation in 2025**, equity performance will be key to watch in financial markets, **as disappointing trends may be conducive of capital outflows across EM regions**. If portfolio debt flows have been resilient so far, EMs are already recording net equity outflows, particularly from China.

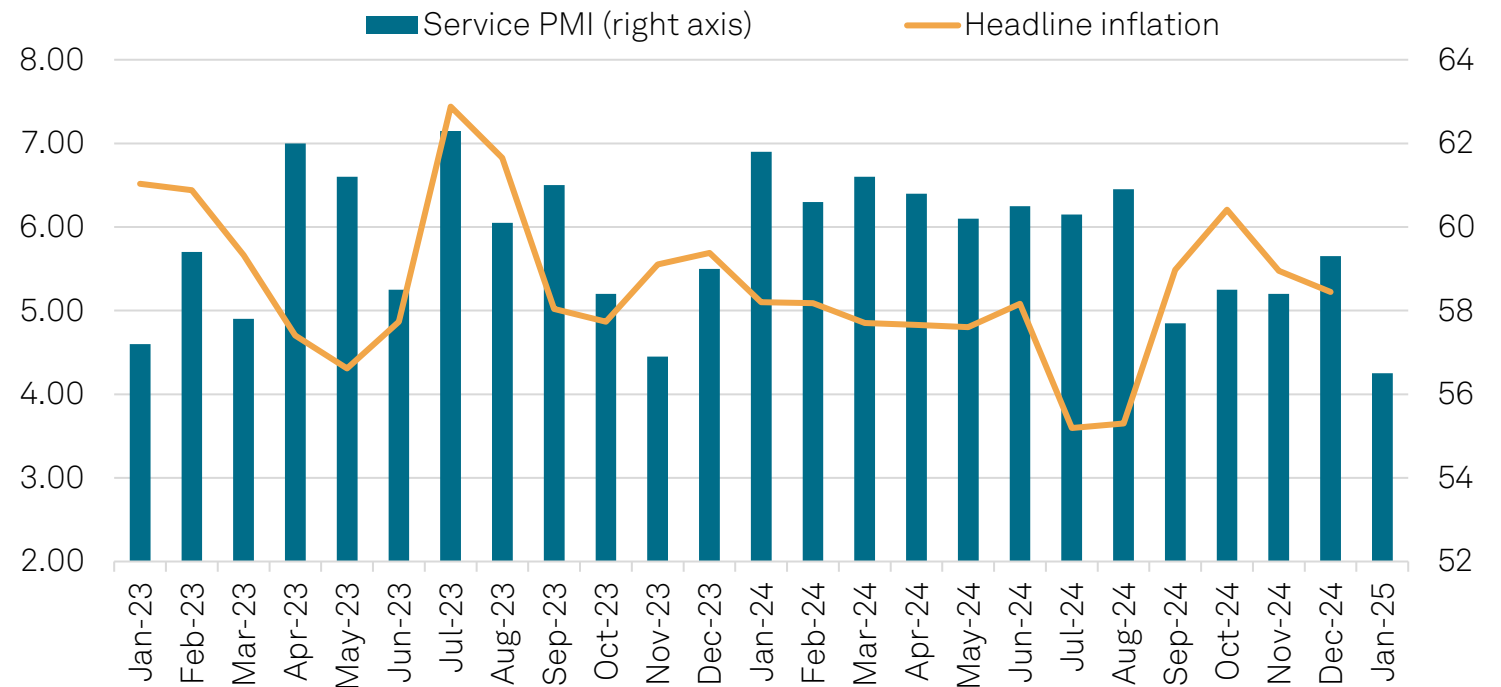
# Regional Economic Highlights

# EM Asia Economics | India's Central Bank Begins Easing

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- The Reserve Bank of India **cut the repo rate**, the main policy tool, from 6.5% to 6.25% at its February meeting.
- **Inflation has begun easing**, as food price inflation moderates. Food inflation is expected to ease further in the coming months, which will curb pressure on headline prices. Core inflation is stickier at around 3.6%.
- The cut comes amid **the noticeably slowing economic activity**. The recent budget sets the path for a **negative fiscal impulse** as the budgeted deficit is cut from 4.8% to 4.4%, paving the way for more monetary easing.

### Service Purchasing Managers' Indices (PMI) and headline inflation



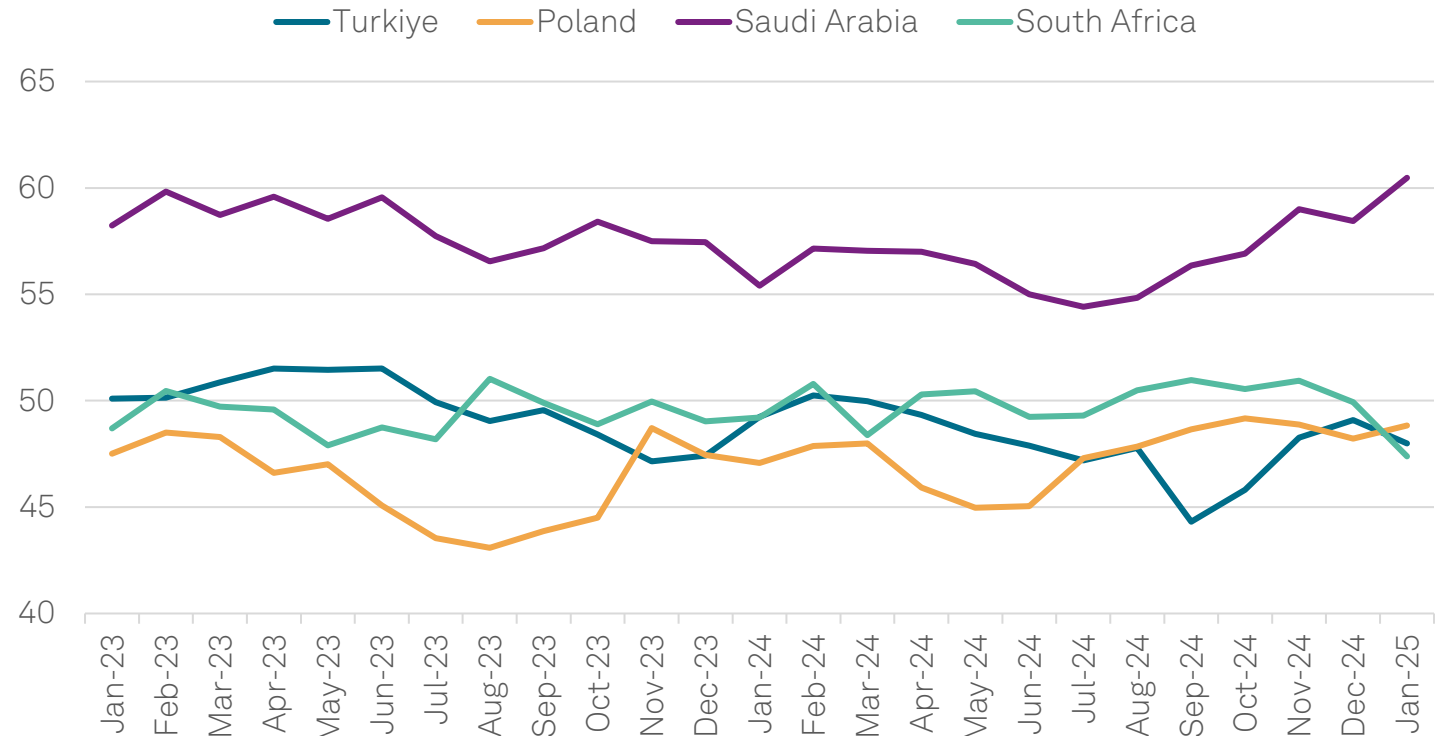
Data is year-over-year percentage. Sources: Ministry of Statistics and Programme Implementation and S&P Global Ratings.

# EM EMEA Economics | PMIs Are Improving

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- **Growth momentum is strong in Saudi Arabia.** Q4 flash estimate (4.4% year-on-year growth) reflects strong growth in both oil and non-oil sectors, with the latter likely caused by investments in gas production. Taking into consideration Vision 2030 related investments and a strong momentum in wage growth, we expect strong growth in non-oil sector to continue later in the year.
- **Turkiye seems to have rebounded after deceleration in Q2 and Q3.** High-frequency indicators point to sequential growth in Q4, while Q1 growth will be supported by the recent minimum wage increase.
- **Central and Eastern Europe (CEE) is still lagging.** Hungary's GDP flash estimates were particularly disappointing: Q4 growth is estimated at 0.4% year on year (0.5% overall growth for 2025).

## Purchasing Managers' Indices (PMI)



Sources: S&P Global Market Intelligence and S&P Global Ratings.

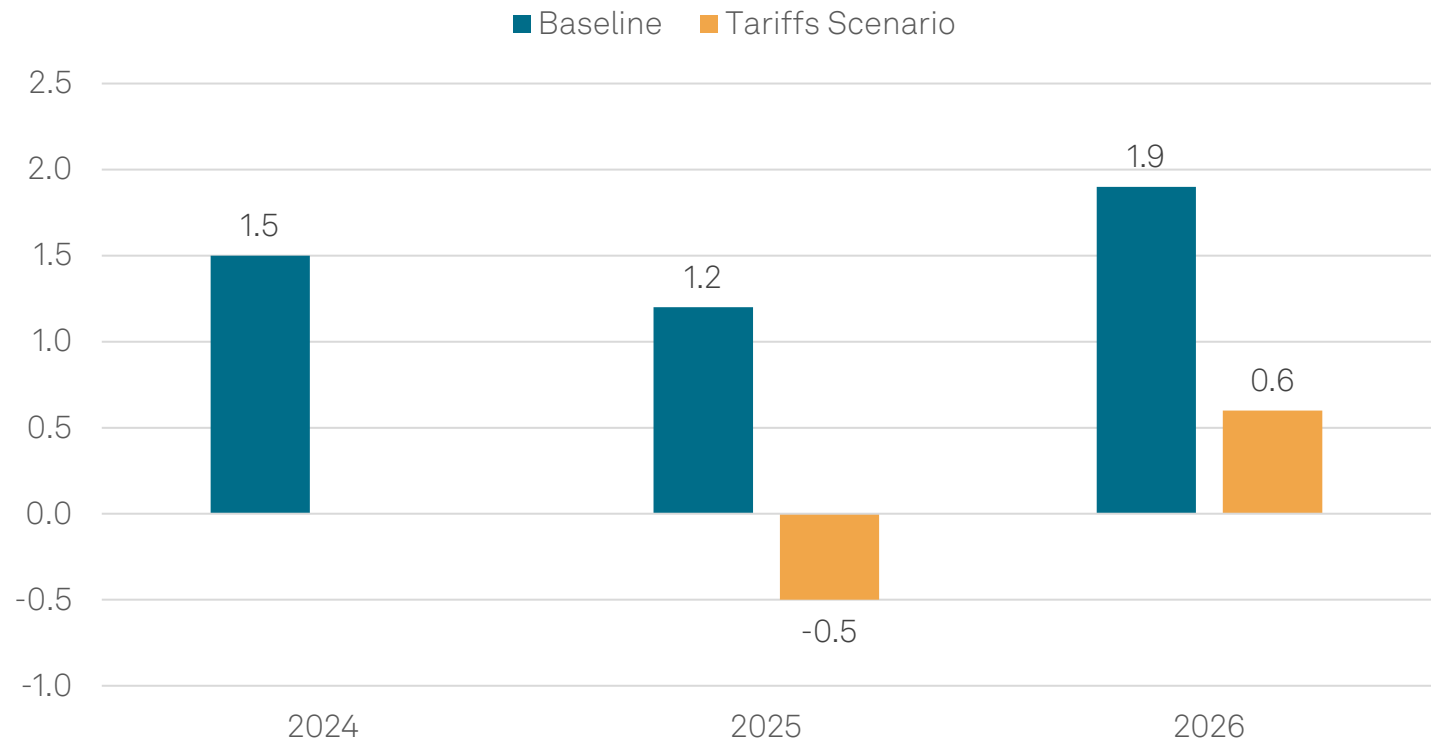


# LatAm Economics | Tariffs Would Deal A Significant Blow To Mexico

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- **Our view is that Mexican officials are likely to be pragmatic in their negotiations with U.S. officials.** Their objective would be to avoid tariffs or, if they materialize, to lessen their duration. However, if tariffs were to take effect and stay in place for some time (months or quarters, not weeks) the impact on the Mexican economy would be significant.
- **According to our estimate, in a scenario in which the U.S. imposes tariffs on Mexico, GDP would be 1.7% below our baseline in 2025.** Despite a recovery in the second half of next year as tariffs are removed, the GDP level would still be about 3.0% below our baseline in 2026. For more details, see [“Macro Effects Of Proposed U.S. Tariffs Are Negative All-Around”](#), and [“Which Sectors Would Be Most Vulnerable To U.S. Tariffs On Canada And Mexico?”](#).

Mexico's real GDP growth (year-over-year %)



Sources: Haver Analytics and S&P Global Ratings.

# 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	-2.8	4.0	2.8	2.4
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	0.6	Q4	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	5.4	Q4	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	5.0	Q4	5.0	-2.1	3.7	5.3	5.0	5.0	4.9	4.9	4.9
Malaysia	4.8	Q4	4.9	-5.5	3.3	8.9	3.5	5.5	4.9	4.5	4.5
Philippines	5.2	Q4	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	7.6	Q4	7.1	2.9	2.6	8.0	5.0	6.7	6.6	6.7	6.7
Hungary	0.4	Q4	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	4.4	Q4	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.

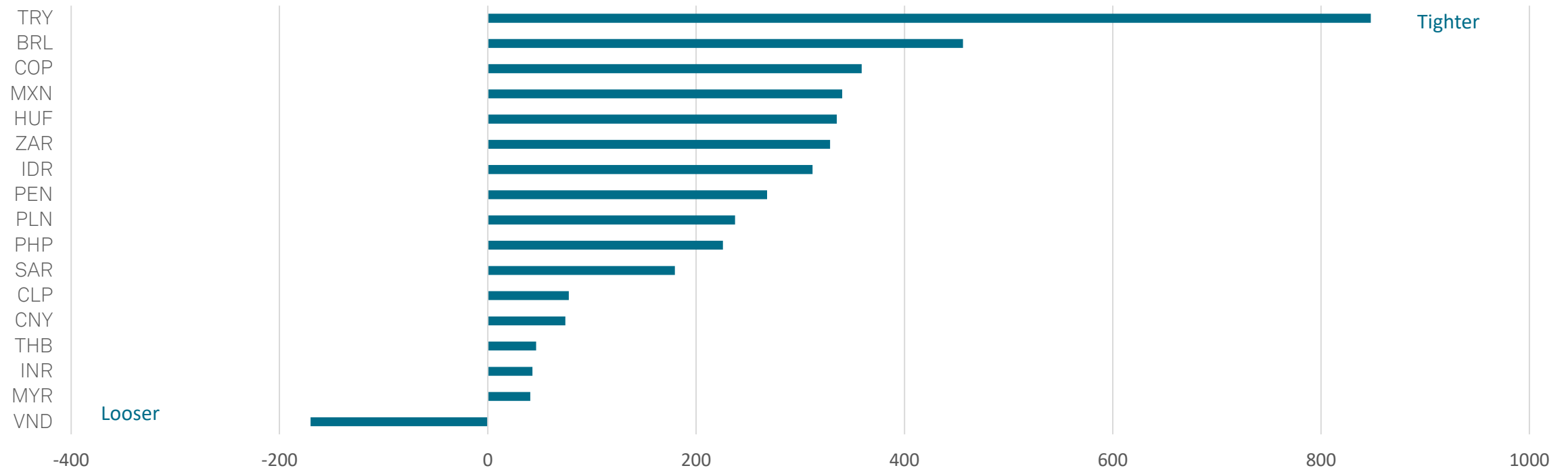
# Monetary Policy/FX | Brazil Remains The Outlier With Rate Hikes

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	Jan. exchange rate chg.	2024 exchange rate chg.
Argentina	29.00%	No target	117.8%	300 bps cut	N/A	-2.0%	-23.3%
Brazil	13.25%	3.0% +/- 1.5%	4.8%	100 bps hike	March 19	6.2%	-17.0%
Chile	5.00%	3.0% +/- 1.0%	4.5%	Hold	March 21	0.4%	-10.5%
Colombia	9.50%	3.0% +/- 1.0%	5.2%	Hold	March 31	5.7%	-8.3%
Mexico	9.50%	3.0% +/- 1.0%	3.6%	50 bps cut	March 27	0.9%	-17.9%
Peru	4.75%	1.0% - 3.0%	1.9%	25 bps cut	February 13	0.8%	-0.6%
China	1.50%	3.0%	0.1%	Hold	N/A	0.7%	-2.0%
India	6.25%	4.0 +/- 2.0%	5.2%	25 bps cut	April 9	-1.2%	-4.1%
Indonesia	5.75%	2.5% +/- 1.0%	0.8%	25 bps cut	February 19	-1.0%	-5.4%
Malaysia	3.00%	No target	1.7%	Hold	March 6	1.1%	3.9%
Philippines	5.75%	3.0% +/- 1.0%	2.9%	Hold	February 20	-0.6%	-4.8%
Thailand	2.25%	2.0% +/- 1.5%	1.3%	Hold	March 26	1.0%	1.7%
Vietnam	4.50%	4.0%	3.6%	Hold	N/A	0.0%	-1.9%
Hungary	6.50%	3.0% +/- 1.0%	5.5%	Hold	February 11	0.2%	-11.8%
Poland	5.75%	2.5% +/- 1.0%	4.7%	Hold	March 12	1.1%	-3.0%
Saudi Arabia	5.00%	No target	1.9%	Hold	N/A	0.0%	0.0%
South Africa	7.50%	3.0% - 6.0%	3.0%	25 bps cut	March 20	0.6%	0.0%
Turkiye	45.00%	5.0% +/- 2.0%	42.1%	250 bps cut	February 20	-1.3%	-17.7%

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 Jan. 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	Turkiye	Argentina
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
<b>Sovereigns</b>																	
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	5	6	3	4	5
Monetary	4	2	3	3	2	2	3	3	2	2	2	3	3	3	4	5	6
<b>Financial Institutions BICRA</b>																	
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	Positive
Eco. Imbalances	I	L	I	L	L	L	L	L	H	I	H	L	H	I	H	H	VH
Credit Risk	I	I	I	VH	I	H	H	VH	VH	H	VH	VH	H	H	EH	VH	VH
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	H
<b>Nonfinancial corporates</b>																	
Median Rating(Jan.31,2025)	A-	BB	BBB	BB	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	42.9	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.

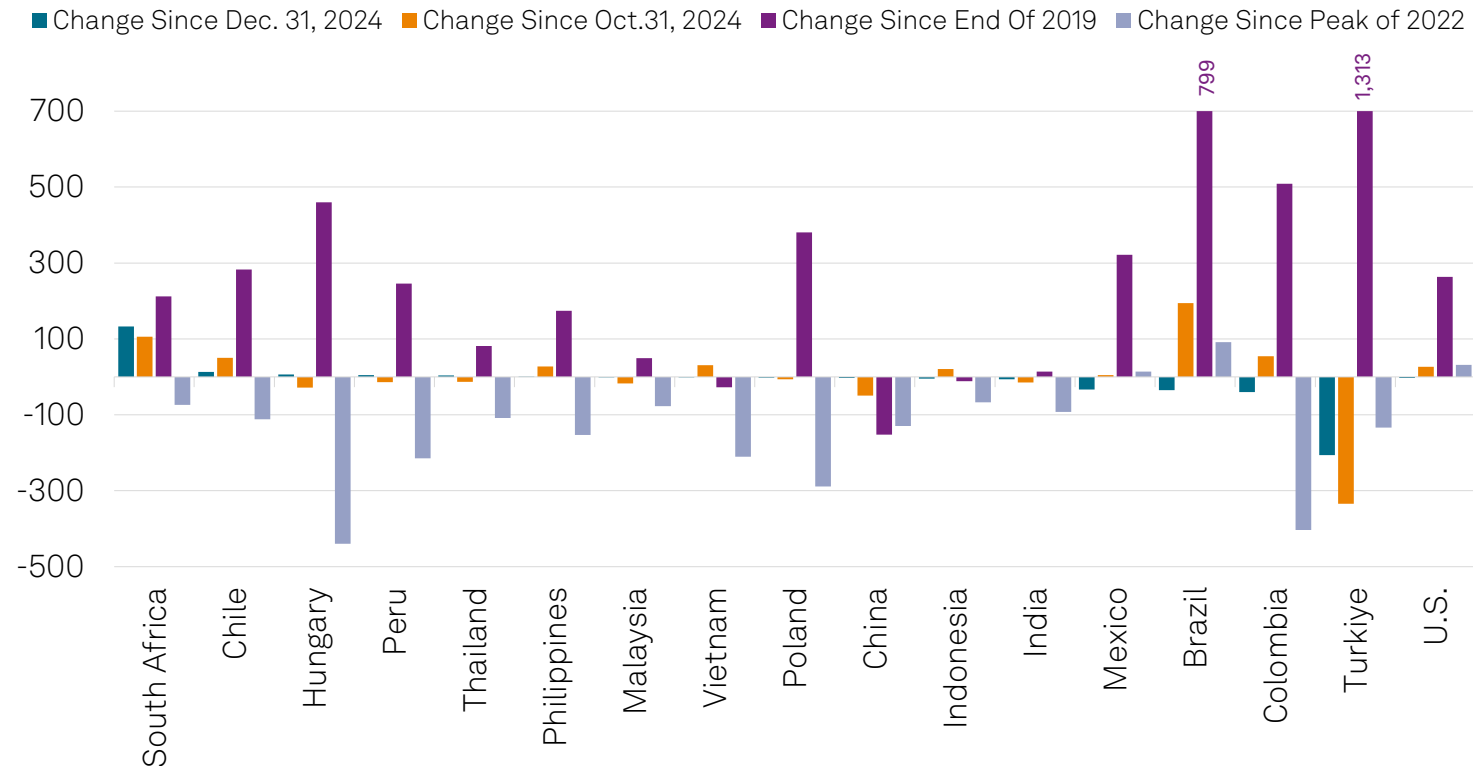
\*IIF 3Q 2024. Sources: t-Bangko Sentral NG Pilipinas, Banco Central de Reserva del Peru, Superintendencia de Banca y Seguros y AFP (Peru); Corporate Variables Capital IQ 1Q 2024. S&P Global Ratings. Data for sovereigns and financial institutions as of Feb. 10, 2025.

# Financing Conditions Highlights



# EM Yields | Milder After December's Rise

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

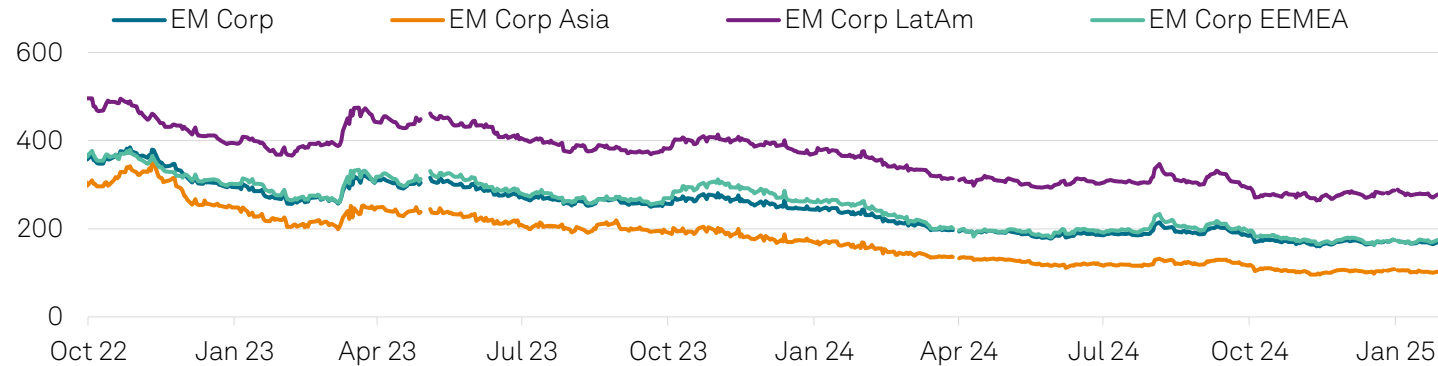


Data as of Jan. 31, 2025. Note: The selection of country is subject to data availability. Y-axis truncated at 700 bps for visualization purposes. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro, and Datastream.

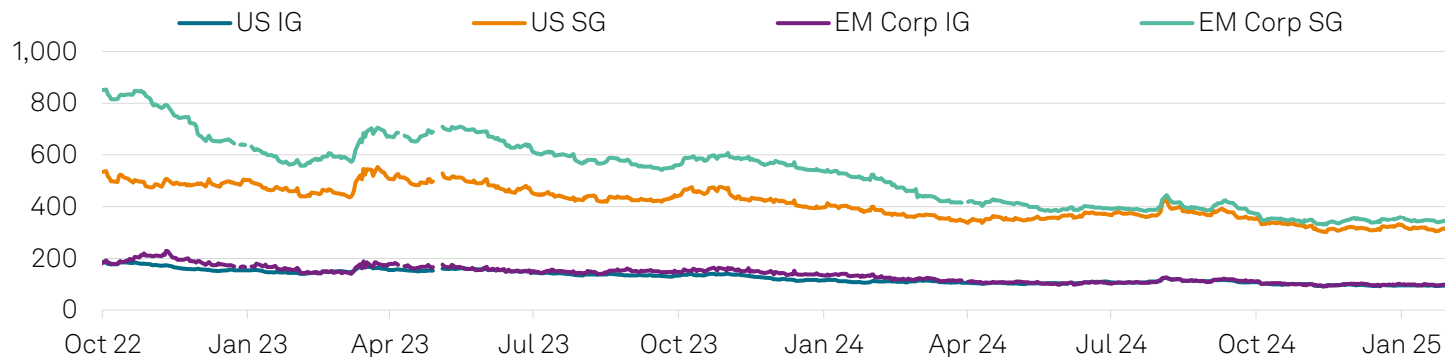
- **EM benchmark yields were generally down in the month**, except for South Africa's 10-year yield, rising 133 bps, following resumed power cuts by Eskom and some turmoil after President Trump's declarations on the recent land expropriation act. Turkiye's yields plummeted by 207 bps following the key interest rate cut of its central bank. Moreover, Mexico (-33 bps), Brazil (-35 bps) and Colombia (-40 bps) recovered some of their December government bond yields' increases.
- **Trade tariff threats represent the main source of downward risk for EMs**, along with an uncertain path for the Fed's monetary easing, which may lead to worsening financing conditions across EMs in 2025.

# EM Credit Spreads | Tight For How Long?

## EM spreads by region (bps)



## U.S. and EM spreads (bps)



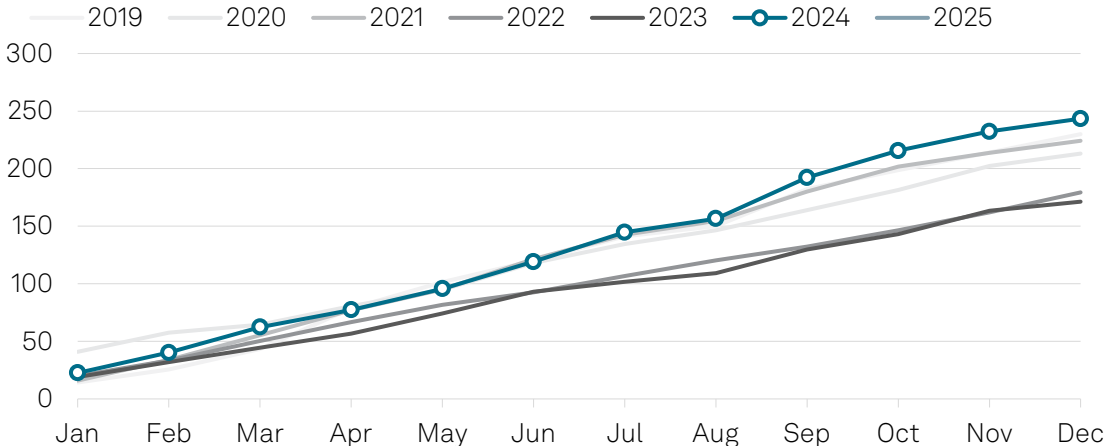
Data as of Jan. 31, 2025. bps--basis points. IG--investment-grade. SG--speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate spreads hit 169 bps** in January, 5 bps lower than in previous month, with LatAm corporates still displaying the highest risk premium across regions with 280 bps, versus 172 bps in EEMEA and 102 bps in EM Asia.
- **Corporate spreads remained tight across the rating categories.** The distance between the U.S. and EM investment-grade spreads remained constant at 4 bps, while the gap between U.S. and EM speculative-grade corporate spreads widened to 38 bps, as U.S. corporate spreads decreased by 17 bps in the month, versus only 9 bps for EMs.
- **This contributed to a strong monthly bond issuance** especially at the lowest end of the rating spectrum: with \$6.3 billion, speculative-grade issuance overcame the 2022 volume of \$4 billion, mainly among 'BB' rated issues in LatAm.

# EM | Financial And Nonfinancial Corporate Issuance

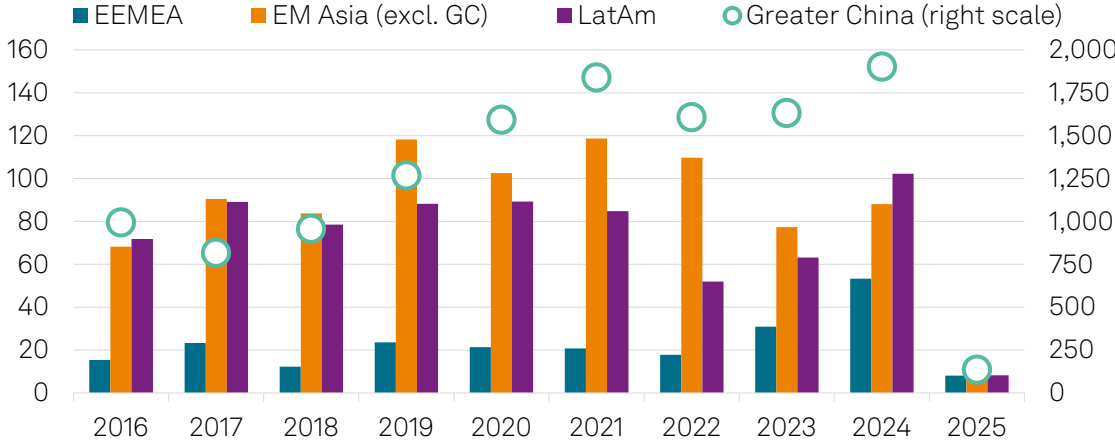
- **EM issuance in January totalled \$157 billion, 3% higher than in the previous month, yet 12% lower than in January 2024**, with Greater China contributing \$133 billion, representing 85% of the overall issuance volume. In Greater China, banks and brokerage started the year on the back foot, while the transportation and oil and gas sectors were solid.
- **Issuance excluding those in Greater China increased to \$23 billion** from \$11 billion in December and broadly in line with the January 2024 volumes. Nonbank financial institutions (NBFIs), banks, and telecom roared, while transportation lagged. Region-wise, EEMEA posted a strong market activity along with Argentina, while Brazil recorded the worst monthly amount since March 2020.
- **Hard currency issuance dominated the scene.** Outside Greater China, 73% of the monthly issuance was denominated in U.S. dollars, up from 41% as of Q4 2024. Increasingly fixed rate issuance (87% versus 74% in Q4 2024), with an average coupon at 6.3% and a 7.4-year tenor.

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



Includes not rated. \*Excluding Greater China. Data as of Jan. 31, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. \$)



Data as of Jan. 31, 2025. Sources: Refinitiv and 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
18-Nov-24	Perusahaan Penerbit SBSN	Indonesia	NBFI	5.0	BBB*	1,100	2030
8-Jan-25	YPF S.A.	Argentina	NBFI	8.5	CCC	1,084	2034
6-Jan-25	Export-Import Bank of India	India	Banks	5.6	BBB-	992	2035
18-Nov-24	Perusahaan Penerbit SBSN	Indonesia	NBFI	5.3	BBB*	900	2034
18-Nov-24	Perusahaan Penerbit SBSN	Indonesia	NBFI	5.7	BBB*	750	2054
22-Jan-25	OTP Bank Nyrt.	Hungary	Banks	7.3	BBB-	750	2035
8-Jan-25	Codelco	Chile	Metals, mining, and steel	6.3	BBB+	750	2035
8-Jan-25	Codelco	Chile	Metals, mining, and steel	6.8	BBB+	750	2055
14-Jan-25	BSF Sukuk Co. Ltd.	Saudi Arabia	NBFI	5.5	A-*	750	2030
14-Jan-25	Banco Bradesco S.A.	Brazil	Banks	6.7	BB	744	2030
30-Jan-25	Compania de Minas Buenaventura	Peru	Metals, mining, and steel	7.1	BB-	640	2032
28-Jan-25	GeoPark Ltd.	Colombia	Oil and gas	8.8	B+	550	2030
16-Jan-25	El Puerto de Liverpool S.A.B. de C.V.	Mexico	Retail	6.3	BBB	500	2032
16-Jan-25	El Puerto de Liverpool S.A.B. de C.V.	Mexico	Retail	6.7	BBB	500	2037
16-Jan-25	Turkcell	Turkiye	Telecommunications	7.5	BB	500	2030
16-Jan-25	Turkcell	Turkiye	Telecommunications	7.7	BB	500	2032
4-Dec-24	Gruma S.A.B. de C.V.	Mexico	Consumer products	5.4	BBB	500	2034
14-Jan-25	Tata Capital Ltd.	India	NBFI	5.4	BBB-	400	2028
16-Jan-25	IIFL Finance Ltd.	India	NBFI	8.8	B+	325	2028
16-Jan-25	AmBank (M) Berhad	Malaysia	Banks	5.3	BBB+	300	2030

As of Feb. 6, 2025. \*Refers to issue level rating. 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.

# Ratings Summary

# Ratings Summary | Sovereign Ratings In EM 18

■ Investment grade ■ Speculative grade

Economy	Rating	Outlook	Five-year CDS spread (Jan. 31)	Five-year CDS spread (Dec. 31)
China	A+	Stable	57	66
Chile	A	Stable	60	65
Saudi Arabia	A	Positive	62	65
Malaysia	A-	Stable	47	48
Poland	A-	Stable	68	69
Philippines	BBB+	Positive	65	68
Thailand	BBB+	Stable	43	44
Indonesia	BBB	Stable	77	79
Mexico	BBB	Stable	134	142
Peru	BBB-	Stable	83	87
Hungary	BBB-	Stable	120	125
India	BBB-	Positive	50	50
Colombia	BB+	Negative	201	216
Vietnam	BB+	Stable	99	103
Brazil	BB	Stable	178	216
South Africa	BB-	Positive	193	191
Turkiye	BB-	Stable	252	260
Argentina	CCC	Stable	1,014	1,152

Data as of Jan. 31, 2025, and sovereign ratings as of Feb. 5, 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.

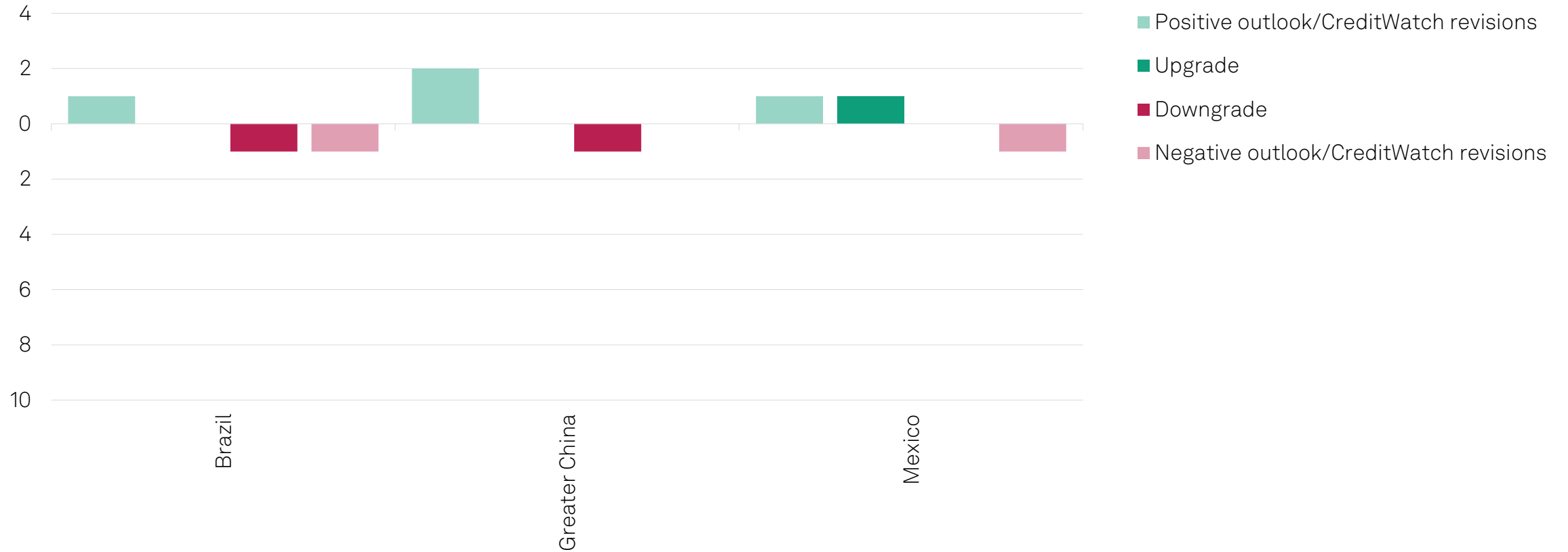
# Top 7 EM Rating Actions | By Debt Amount In The Past 90 Days

Investment grade      Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. \$)
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
19-Nov-24	Koc Holding A.S.	Turkiye	Financial institutions	BB+	BB	Upgrade	750
7-Nov-24	Mersin Uluslararası Liman İşletmeciliği A.S.	Turkiye	Transportation	BB	BB-	Upgrade	600
17-Jan-25	KUO S.A.B. de C.V.	Mexico	Consumer products	BB	BB-	Upgrade	450
4-Dec-24	Nitrogenmuvek Zrt.	Hungary	CP&ES	CCC-	CCC	Downgrade	209
5-Dec-24	PT Gajah Tunggal Tbk.	Indonesia	Automotive	B	B-	Upgrade	175

As of Jan. 31, 2025. 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. CP&ES—chemicals, packaging, and environmental services. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

# EM | Total Rating Actions By Economy In 2025 Year To Date

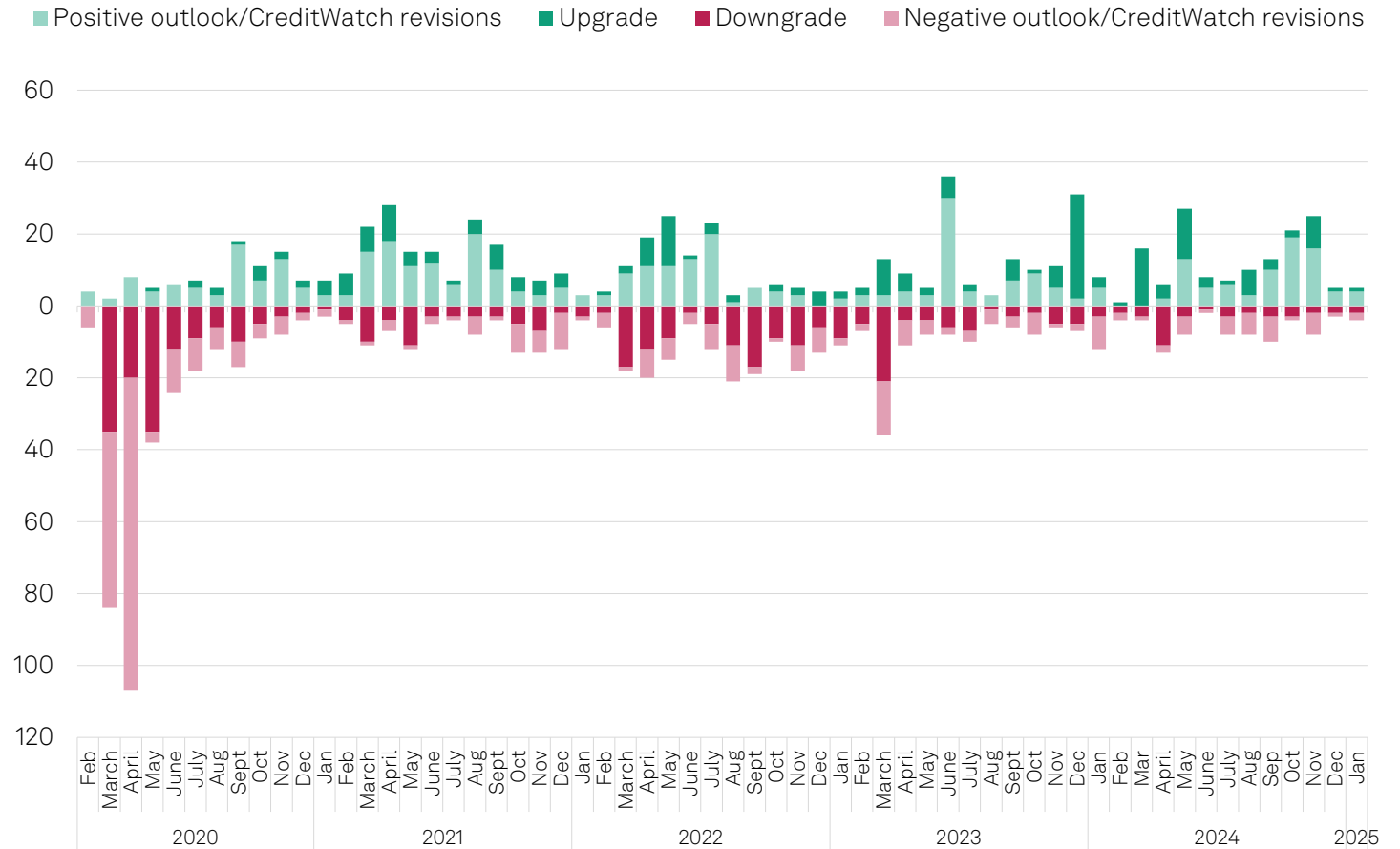


Data as of Jan. 31, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from positive to stable and from stable to negative. Source: S&P Global Ratings Credit Research & Insights.



# EM | Total Rating Actions By Month

- One upgrade and four positive outlook revisions in January (the same as in December).** KUO S.A.B. de C.V. (Mexico; consumer products) was upgraded to 'BB-' following the sale of its aftermarket business, as the company will use the proceeds for debt prepayment, dividend distribution, and to strengthen its cash position. Two of the three positive outlook revisions were in Greater China; Zhejiang Geely Holding Group Co. Ltd. (automotive) shifted from its potential fallen angel status ('BBB-' with negative outlook) to 'BBB-' with stable outlook, as better economies of scale in EVs and more stringent cost control will improve its profitability.
- Two downgrades in December.** Azul S.A. (Brazil; transportation) defaulted on a distressed debt exchange of its 2028, 2029, 2030, and convertible notes. China Vanke Co. Ltd. (real estate) downgraded to 'B-' from 'B+' as pressure on its liquidity rose, the wall of maturities approaches amid limited cash access (the company's cash could be trapped in presale escrow bank accounts).

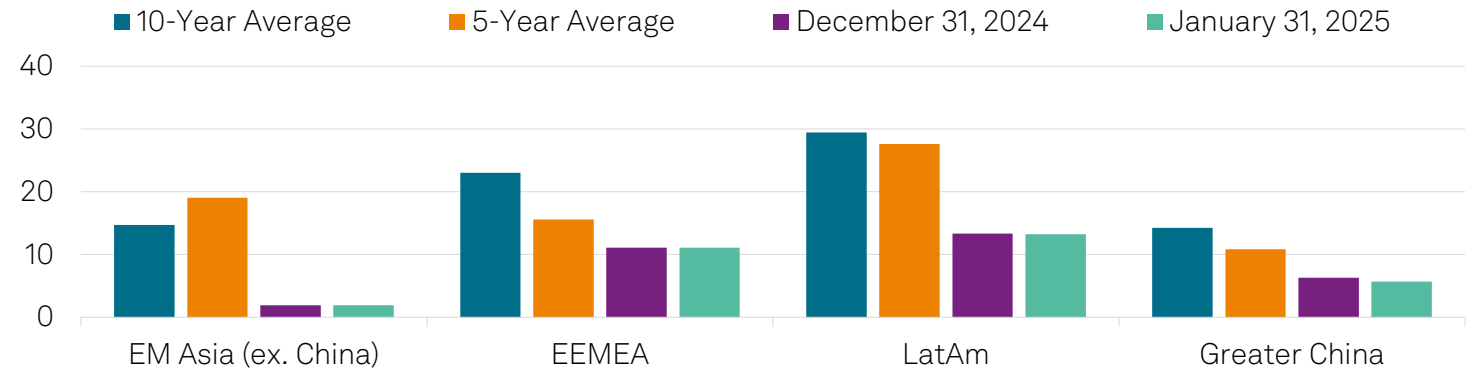


Data from Feb. 3, 2020, to Jan. 31, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from positive to stable and from stable to negative. Source: S&P Global Ratings Credit Research & Insights.

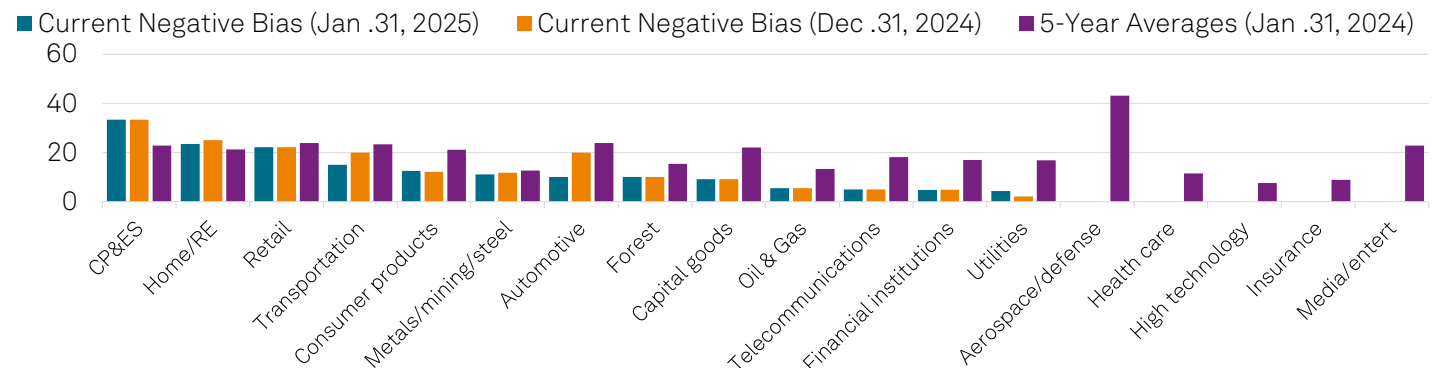
# EM Downgrade Potential | Regional Negative Bias

- Regional downgrade potentials were unchanged in the month**, with LatAm displaying the highest negative bias at 13% similar to last month. Within the region, negative outlook revisions on Infraestructura Energetica Nova S.A.P.I. de C.V. (Mexico; utility) and Reizen S.A. (Brazil; consumer products) were counterbalanced by the positive outlook revisions on Vinte Viviendas Integrales S.A.B. de C.V. (Mexico; real estate) and Ambipar Participacoes e Empreendimentos S.A. (Brazil; utility). All regional negative biases remained well below their historical 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 [%])



Negative bias by sector (%)



Data as of Jan. 31, 2025. 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.

# Rating Actions | No Downgrade To 'CCC/CC' From 'B' Year To Date

■ 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 Jan. 31, 2025. 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 | No Fallen Angels And Rising Stars 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/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 Jan. 31, 2025. Includes sovereigns and Greater China and Red Chip. Forest--Forest products and building materials. Source: S&P Global Ratings Credit Research & Insights.

# Rating Actions | One Defaulter In 2025 Year To Date

■ Default, selective default, not rated ■ Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
29-Jan-25	Azul S.A.	Brazil	Transportation	D	CC	-

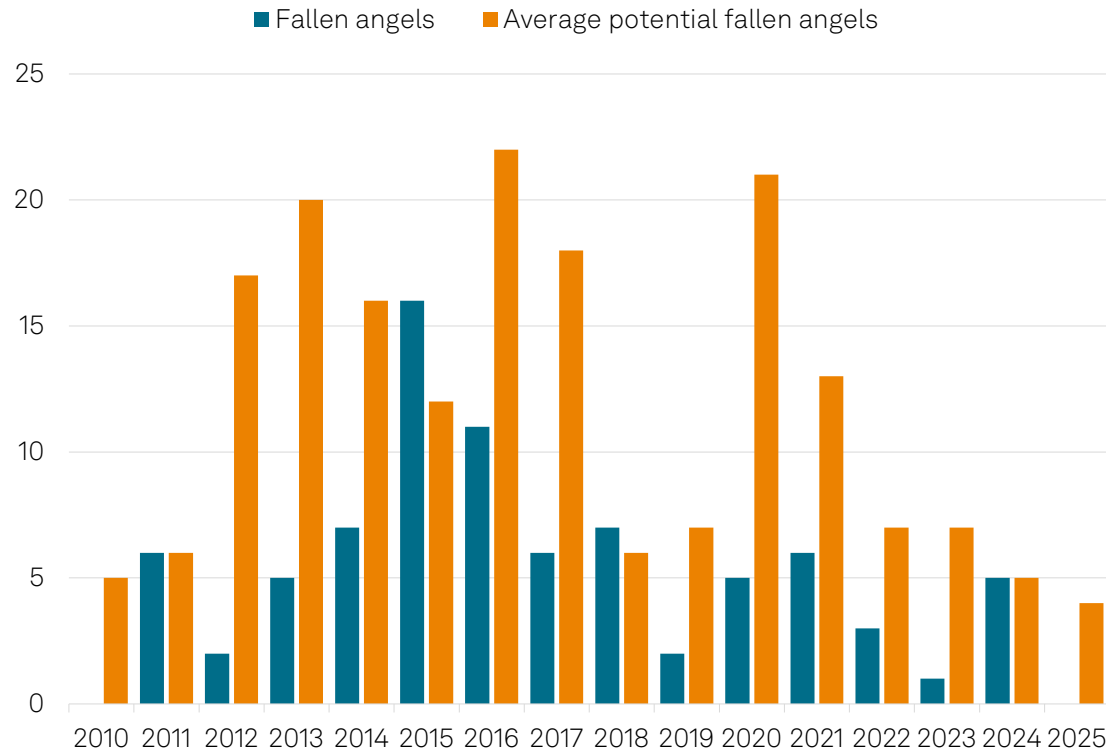
## 2024

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	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 (B)	Argentina	Capital goods	SD	CC	--
11-Sep-24	Operadora de Servicios Mega	Mexico	Financial institutions	SD	CC	--

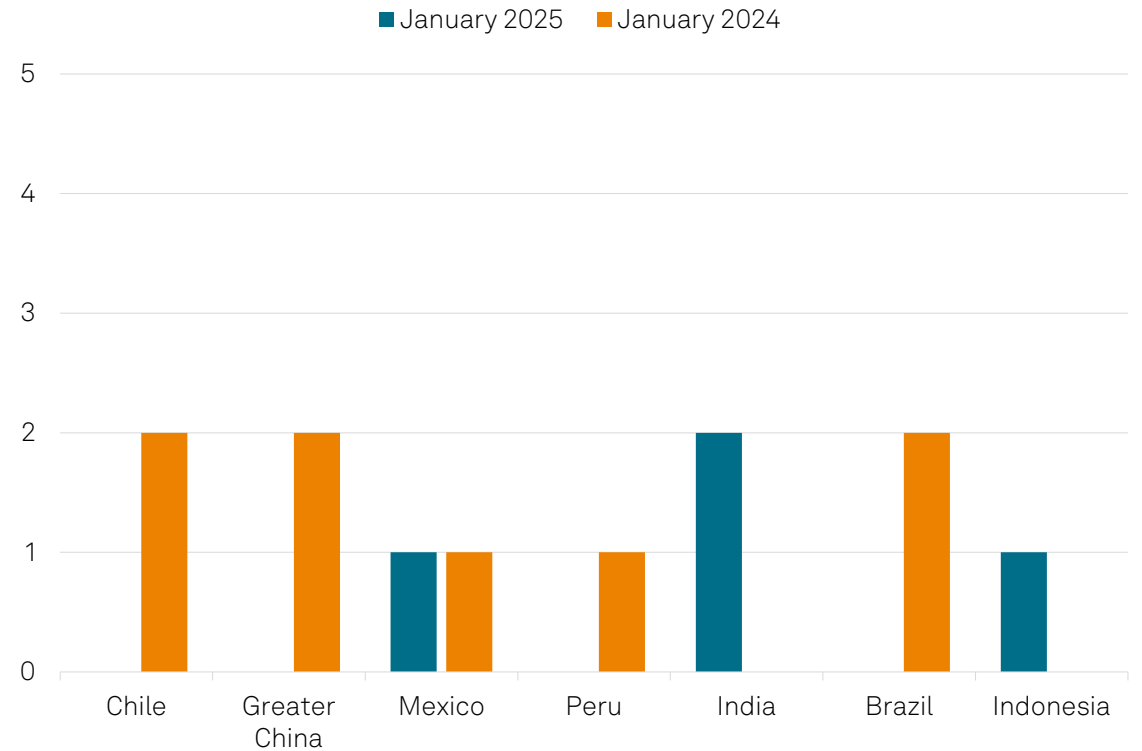
Data as of Jan. 31, 2025. Includes sovereigns, excludes confidentials. Greater China, and Red Chip companies. Includes both rated and zero debt defaults. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

# Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels at four year to date



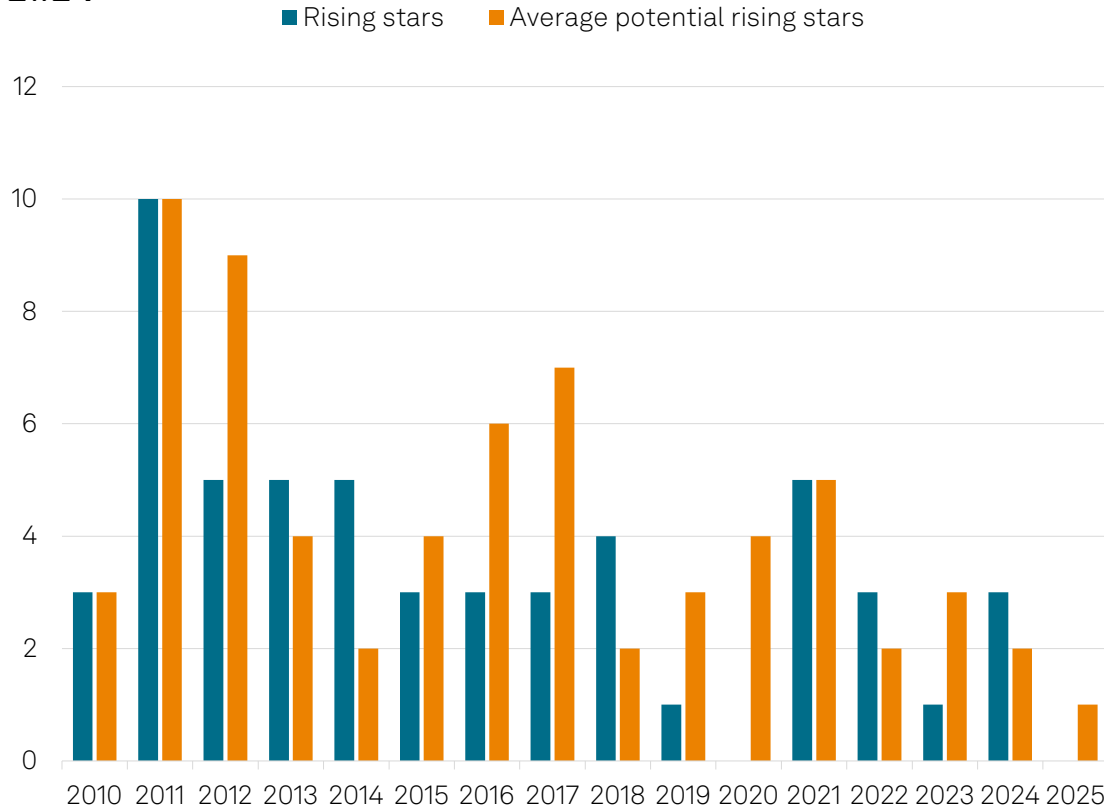
EM potential fallen angels mostly located in EM Asia



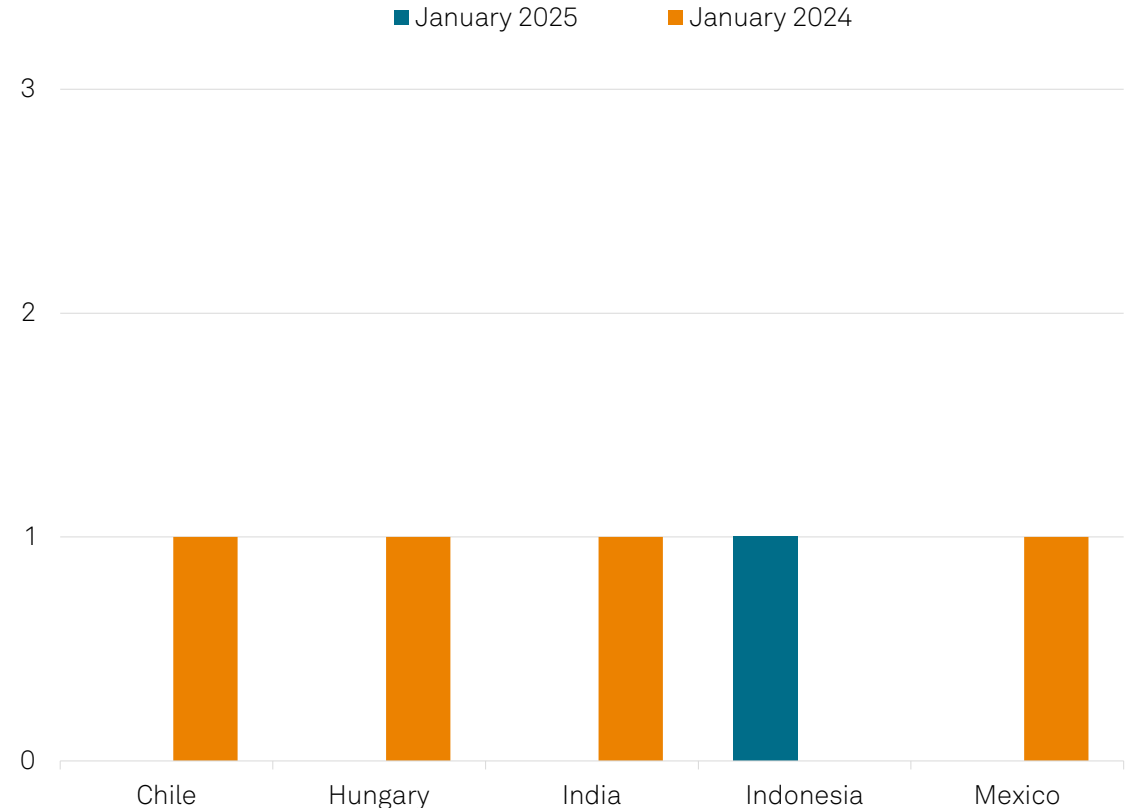
Data as of Jan. 31, 2025. Source: S&P Global Ratings Credit Research & Insights.

# Rating Actions | Rising Stars And Potential Rising Stars

One average potential rising star, one unit lower than in 2024



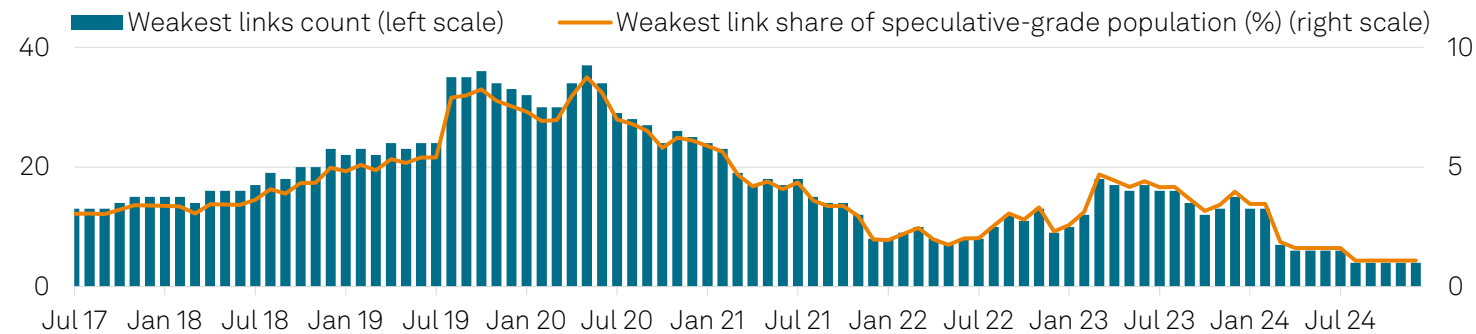
One potential rising star in Indonesia



Data as of Jan. 31, 2025. Source: S&P Global Ratings Credit Research & Insights.

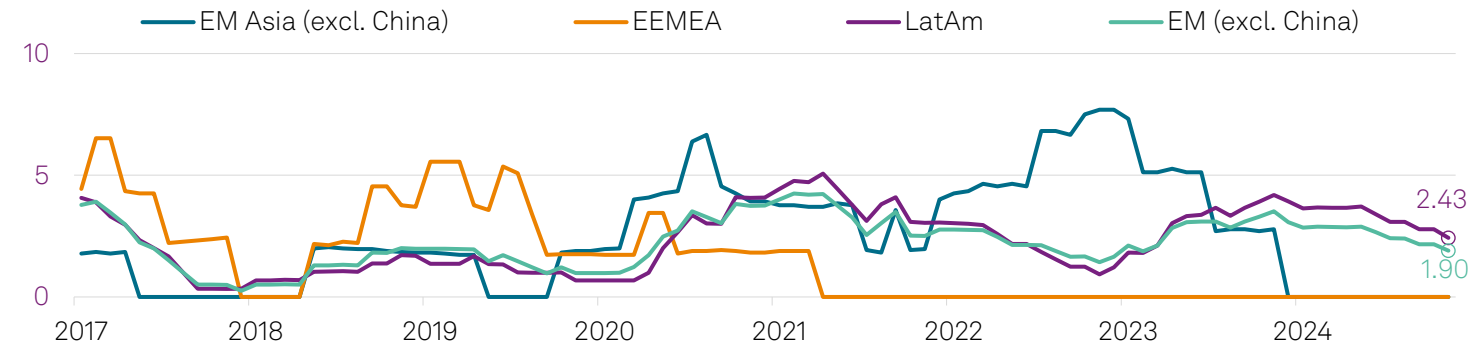
# Rating Actions | Weakest Links And Defaults

## EM weakest links remained at four in January



Data as of Jan. 31, 2025. 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 December 2024)



Excluding China. CreditPro data as of Dec. 31, 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®.

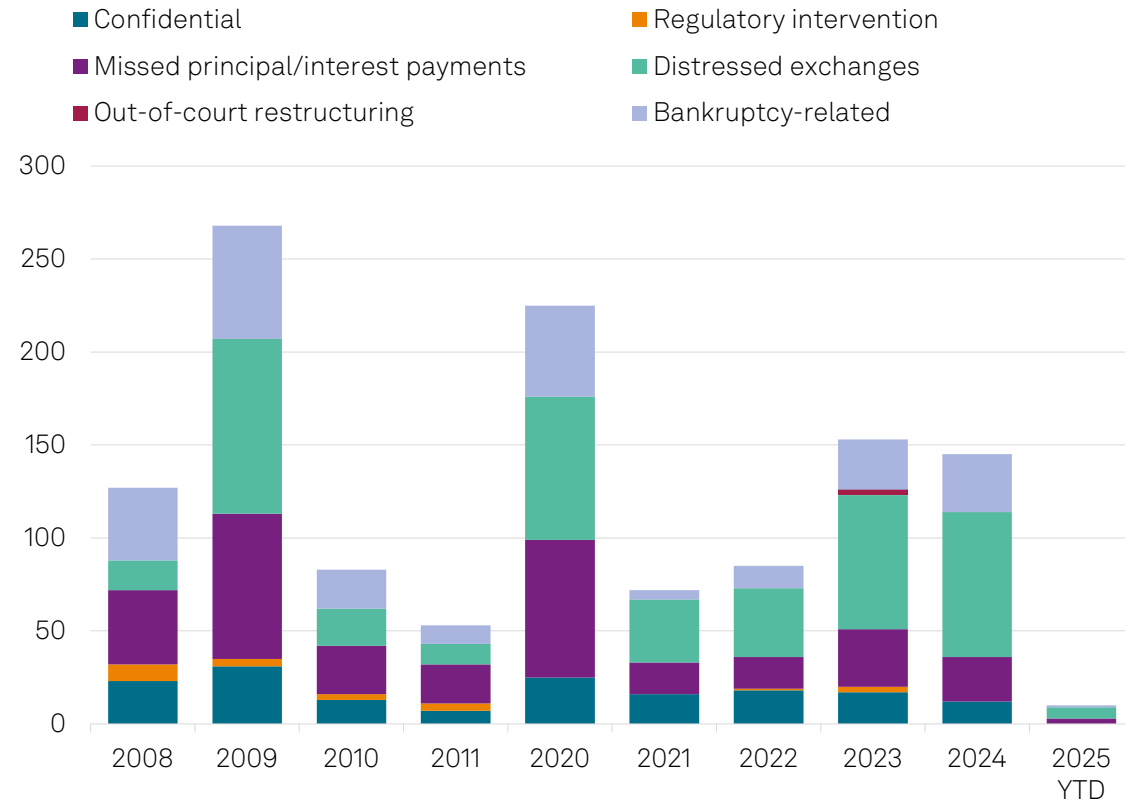
- **Weakest links remained stable at four issuers** in January for the sixth consecutive month, representing 1.1% of the speculative-grade rated entities. Two of the weakest links were in Brazil, one each for Greater China and Hungary.

- **Default rates.** The December default rate (excluding China) remained constant at 1.9%,. During 2024 and at present, the composite index has been mainly driven by LatAm, where all nine EM defaults have taken place since 2024. The pace of defaults in this region was 2.43% in December, decreasing from its 2023 peak of 4.2% (attained in November).

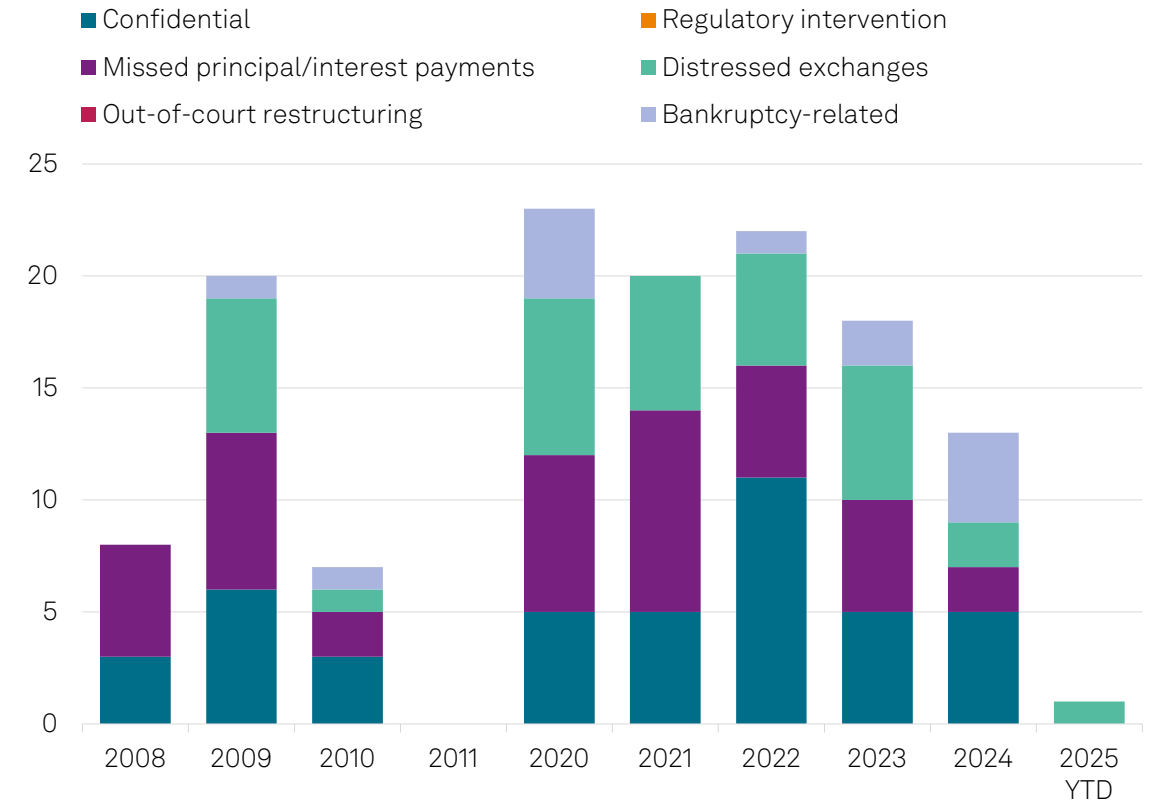


# Rating Actions | Defaults

## Year-end global corporate defaults by reason



## Year-end EM 18 corporate defaults by reason



Data as of Jan. 31, 2025. 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®.

# Related Research And Contacts

# Related Research

- [Impact Of U.S. Tariffs On China's Auto Sector: Watch For Second-Order Effects](#), Feb. 11, 2025
- [China's DeepSeek Triggers Cycle Of Disruption](#), Feb. 10, 2025
- [Macro Effects Of Proposed U.S. Tariffs Are Negative All-Around](#), Feb. 6, 2025
- [Brazil's High Interest Rates Prompt Cosan S.A. And Raizen S.A. To Shift Focus To Their Debt Burdens](#), Feb. 4, 2025
- [A 25% Tariff Would Create New Trade Challenges For Mexican Corporations](#), Feb. 3, 2025
- [Which Sectors Would Be Most Vulnerable To U.S. Tariffs On Canada And Mexico?](#), Jan. 30, 2025
- [CEMAC's Scarce External Financing Options Heighten Domestic Funding Uncertainty](#), Jan. 29, 2025
- [Saudi Capital Markets Brief: Rising Issuance Levels Are Just The Start](#), Jan. 22, 2025
- [Surging Secondary Sales To Stabilize China Property In 2025](#), Jan. 22, 2025
- [GCC Telcos' International Expansion: What, Why, How?](#), Jan. 21, 2025
- [Latin America Structured Finance Outlook 2025: Opportunities And Challenges](#), Jan. 17, 2025
- [Local And Regional Government Outlook 2025: Funding Needs And Capex In Emerging Markets Will Mean More Borrowing](#), Jan. 16, 2025
- [Emerging Markets Monthly Highlights: U.S. Policy Uncertainty Guides Market Stance](#), Jan. 15, 2025

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