

# Emerging Markets Monthly Highlights

U.S. Policy Shifts Dampen Investor Sentiment

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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).

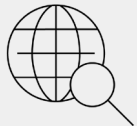
# Key Takeaways



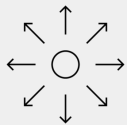
**High unpredictability in U.S. trade policy and rising concerns over U.S. growth** increase downside risks for emerging market (EM) economies. While more tariff announcements are expected in the coming weeks, the uncertainty alone is likely to dampen investment.



**The macroeconomic impact of U.S. tariffs on aluminum and steel imports starting March 12 on most economies is likely to be limited, although certain sectors and firms will be affected.** Aluminum prices rose in February due to pre-tariff stockpiling; however, we expect the rise in prices to be temporary.



**Reciprocal tariffs are expected to take effect on April 2.** Asian EMs, with trade surpluses and wider tariff differentials with the U.S. face greater risk, while most of Latin America (LatAm) and EM Europe, the Middle East, and Africa (EMEA) are less exposed due to trade deficits and smaller tariff gaps.



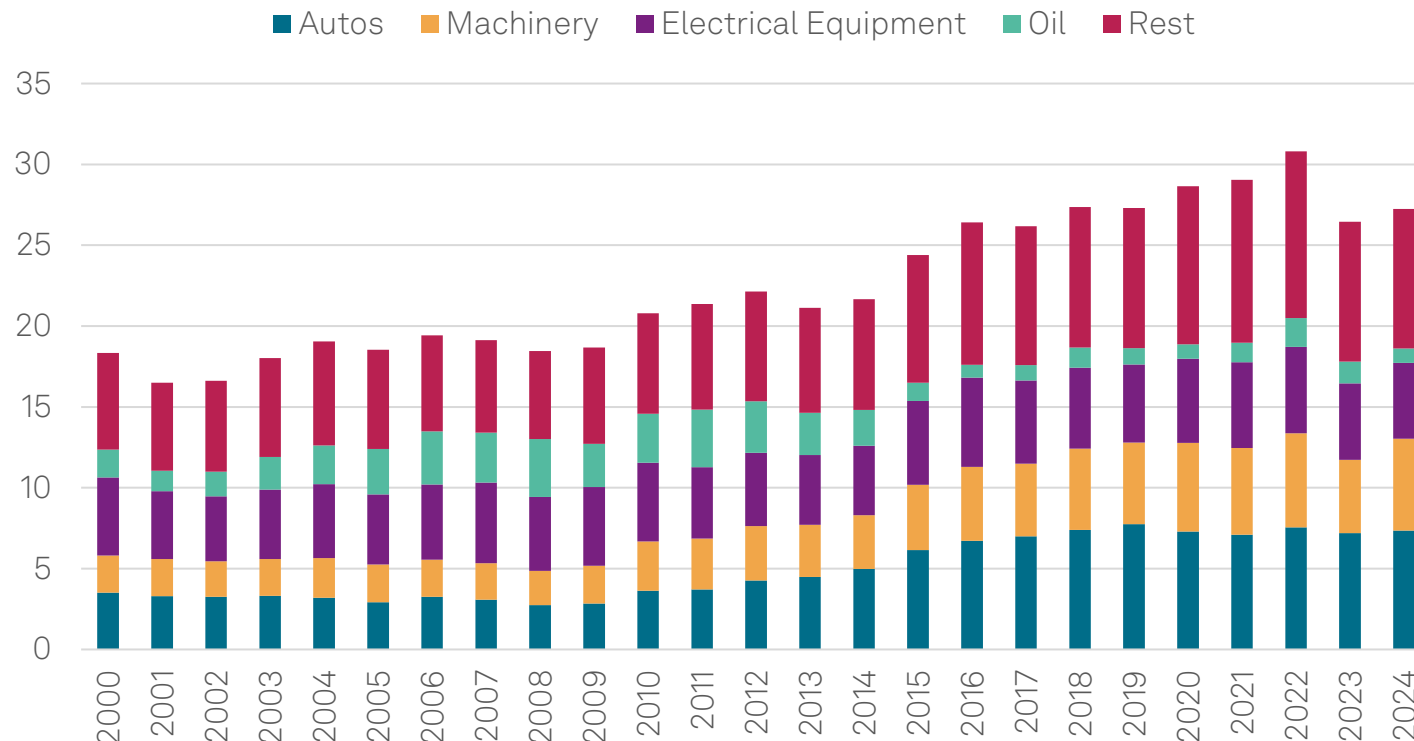
**Risky credits kept on refinancing their upcoming maturities, buoyed by tight spreads and anticipating potential future market turmoil,** given ample U.S. policy uncertainty and the limited space for further monetary easing by local central banks. Rated maturity wall looks manageable, peaking in 2027 with \$3.6 billion, mostly in LatAm.



**Benchmark yields diverged as financial risk becomes idiosyncratic.** Corporate spreads were relatively stable in the month contributing to solid--although decelerating bond issuance--mainly unrated. Market activity was strong in Saudi Arabia, Mexico, and Thailand, and anemic in Brazil. Trade tariffs, in the form of recent impositions and threats, represent the main source of downward risk for financing conditions.

# Trade Policy | Tariffs On Mexico Delayed, But Uncertainty Will Remain High

Mexico – goods exports to the U.S. by type (% of GDP)

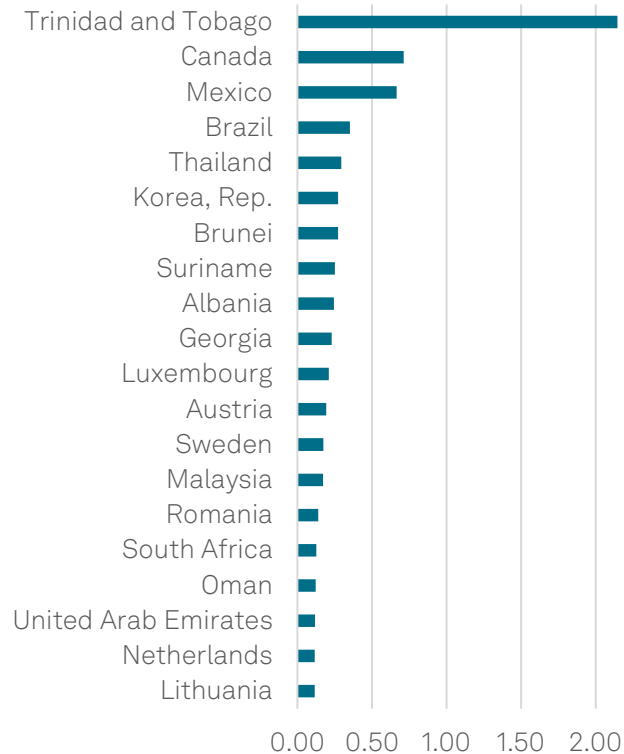


Sources: Haver Analytics and S&P Global Ratings.

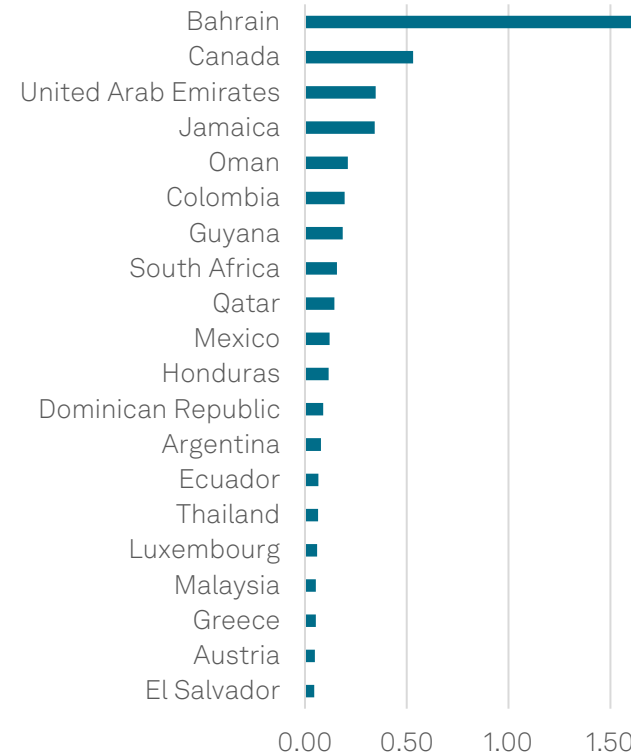
- **The recent delay of tariffs on Mexico underscores the erratic nature of U.S. trade policy, putting pressure on markets.** More tariffs may follow on April 2 as Trump plans global reciprocal measures.
- **A potential negative impact of trade policy on the U.S. economy would increase downside risk for EM economies.** This is especially the case in EMs with strong trade linkages to the U.S., such as those in LatAm.
- **Fed policy expectations are in flux, with potential implications on EM interest rates and foreign exchange (FX).** Markets are pricing in more Fed rate cuts amid U.S. growth concerns, weakening the U.S. dollar against EM FX.

# Steel And Aluminum Tariffs | Effect Is Likely To Be Contained In EMs

Largest iron and steel exporters to U.S. in 2023 (% of GDP)



Largest aluminum exporters to U.S. in 2023 (% of GDP)

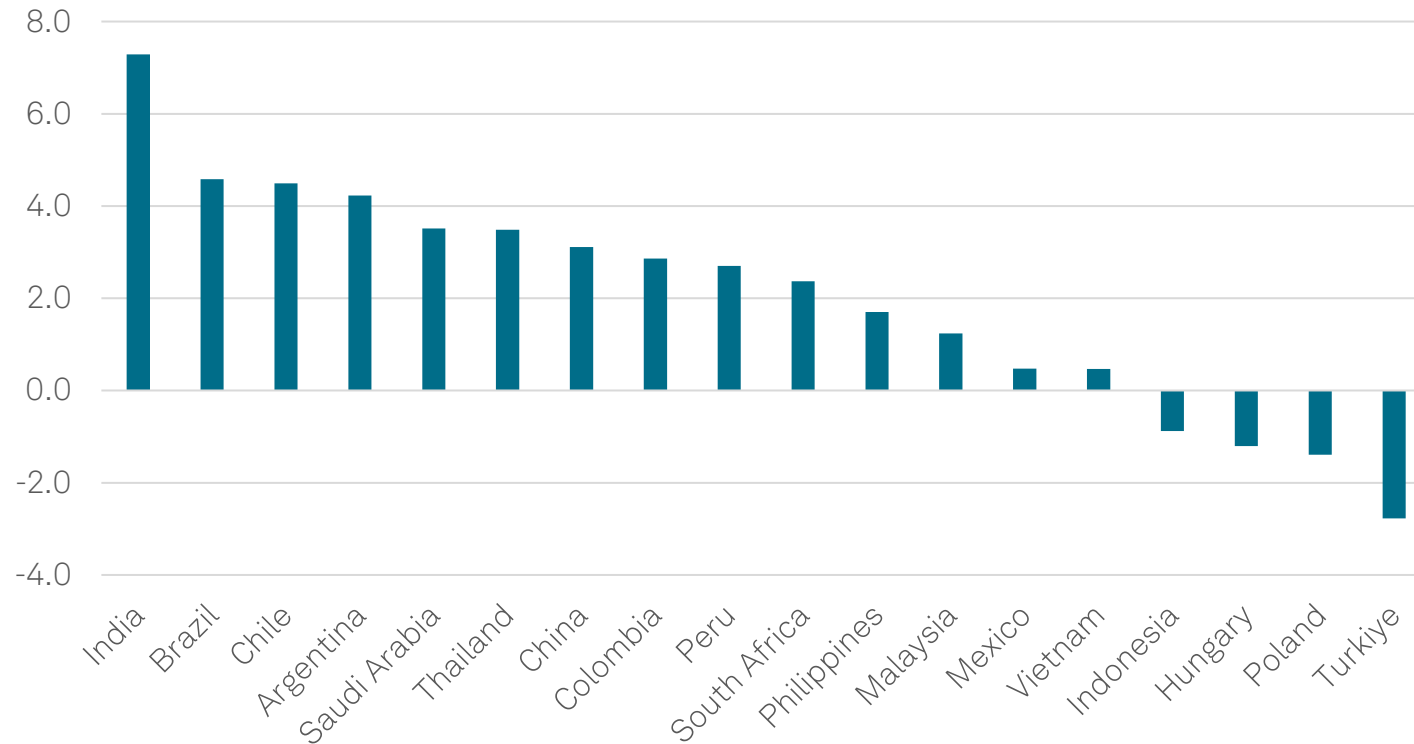


- **U.S. 25% import tax on aluminum and steel imports became effective on March 12.** Tariffs have also been expanded on some of derivative products from these metals.
- **With a few exceptions, the macroeconomic effect on EM economies is likely to be contained,** as the largest aluminum and steel exporters to the U.S. have export shares below 0.5% of their GDP. However, some sectors and corporations will be affected.
- **Prices for aluminum have increased by 3%-4% in February,** as U.S. importers are stocking up metals before tariffs will go into force. However, the rise in prices is likely to be temporary.

Note: Largest exporters with regard to their respective trade volumes in relative terms. Sources: UN Comtrade and S&P Global Ratings.

# Reciprocal Tariffs | Asian EMs Face Higher Risks

Trade-weighted tariff differential with the U.S.

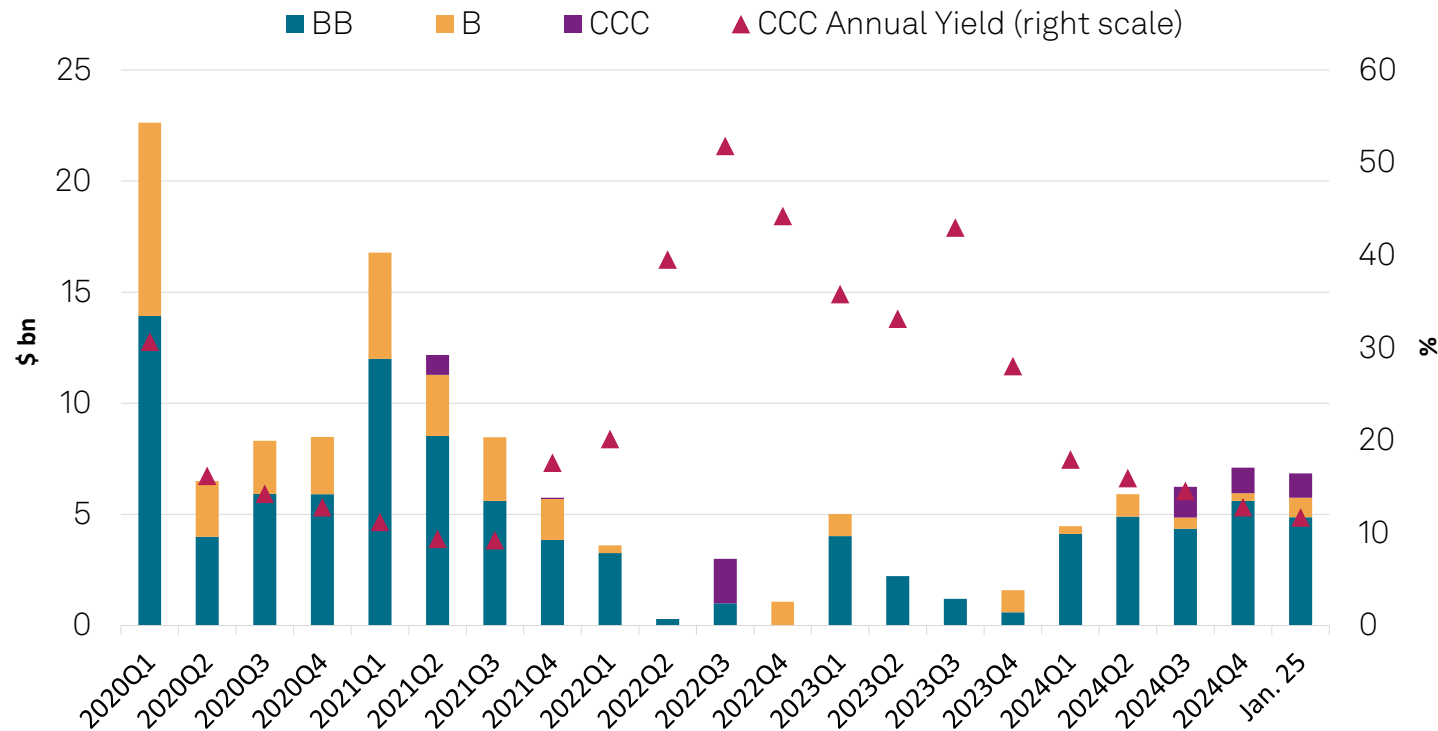


Note: Data as of 2023. Tariff rates are trade-weighted MFN rates based on six-digit level HS categories. Sources: WTO, S&P Global Connect, and S&P Global Ratings.

- **U.S. reciprocal tariffs are expected to be announced on April 2nd.** The goal is to “correct longstanding imbalances in international trade and ensure fairness across the board”.
- **Asian EMs have wider tariff differential and trade surpluses with the U.S.,** making them more vulnerable to potential scrutiny and "reciprocal tariff action" (see [Asia-Pacific Economies Likely to Be Hit by U.S. Trade Tariffs](#)).
- **In LatAm and EM EMEA, the risks are more limited,** as these countries—except for Mexico—have trade deficits with the U.S. and relatively small tariff differentials, with some even being negative.

# Risky Credits | Refinancing Ahead Of Further Market Volatility

EM quarterly speculative-grade issuance



Data as of Jan. 31, 2025. Sources: S&P Global Ratings Credit Research & Insights. CCC annual yield taken from IHS iBoxx USD corporate indexes.

- **The 'CCC+' and lower rated issuers kept on refinancing their upcoming maturities**, buoyed by tight spreads and anticipating potential future market turmoil, given ample U.S. policy uncertainty and the limited space for further monetary easing by local central banks.
- **Two entities were added to the count of issuers rated 'CCC+' and lower as of January 2025**, representing 10.8% of all speculative-grade rated entities. Three of the 15 risky credits displayed a negative outlook.
- **Rated maturity wall looks manageable, peaking in 2027 with \$3.6 billion, mostly in LatAm.** The telecom sector displayed the highest concentration of upcoming debt.
- For additional info, please refer to the article [EM Risky Credits: Refinancing Ahead Of Further Market Volatility](#) published on Feb. 28, 2025.

# Regional Economic Highlights

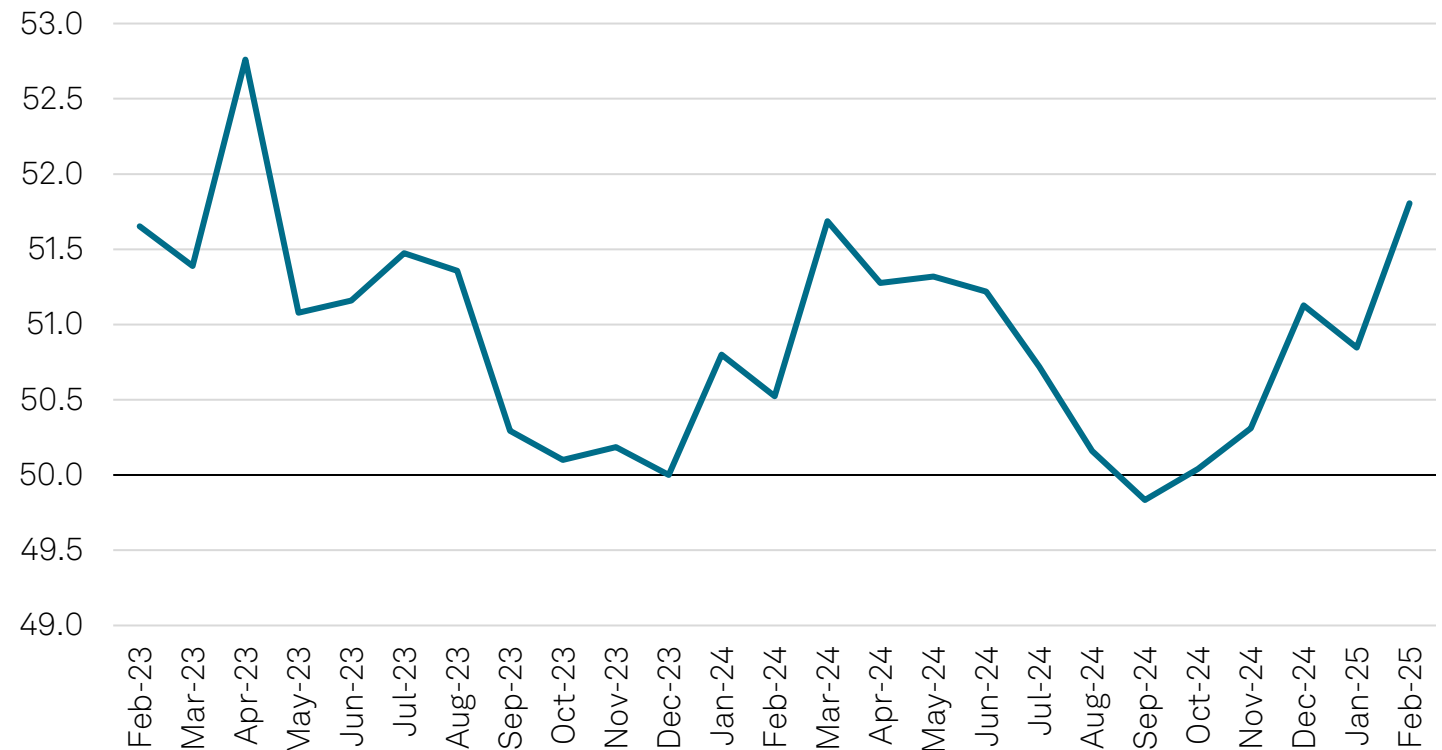


# EM Asia Economics | Manufacturing Activity Picked Up

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- **Manufacturing activity in EM Asia has yet to feel the pinch of trade and tariff uncertainties.** Part of the reason is inventory building, as distributors stock up on supplies ahead of tariffs coming into play.
- **However, the manufacturing outlook is still challenging.** Potentially lower global demand and higher trade frictions will rein in manufacturing activity.
- While domestic activity in the region remains broadly resilient, it will not be enough to drive strong manufacturing.

### EM Asia: Purchasing Managers' Indices (PMI)



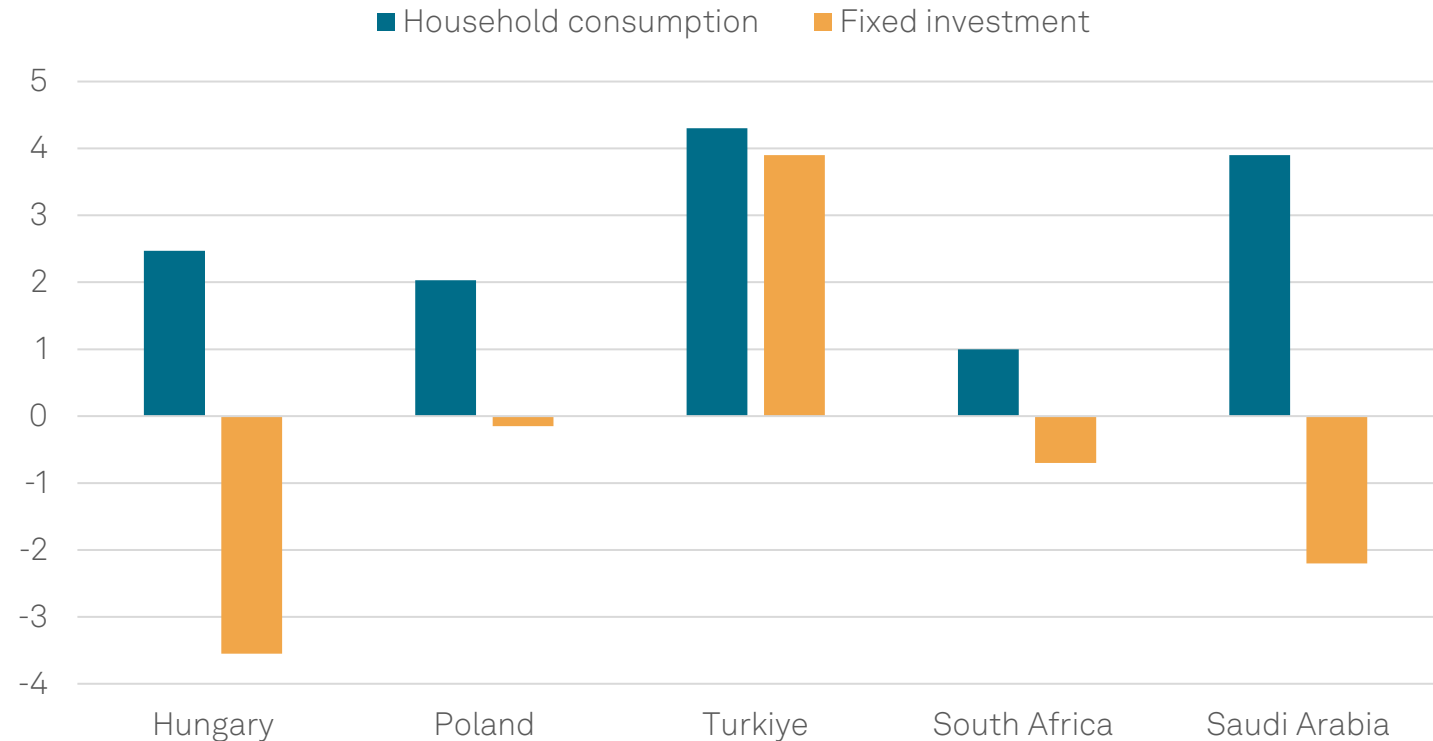
Note: Chart shows simple average across EM Southeast Asia economies. Source: S&P Global.

# EM EMEA Economics | Domestic Demand Mostly Strong In Q4

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- **EM EMEA household consumption growth has been strong in Q4** amid decreasing interest rates and growing real wages. Growth in 2025 is expected to continue, particularly in Central and Eastern Europe (CEE) and Saudi Arabia, due to continuing growth in disposable incomes and, in case of the latter, increasing spending on Vision 2030 projects.
- **Nevertheless, investment growth is lagging in CEE.** That likely reflects high interest rates and broadly weak investment outlook in Europe, whereas Hungary is affected more by adverse trends in the German car sector and freeze of some of its EU funds.
- **GDP print was strong in Q4 in Turkiye.** However, high--but decreasing--interest rates, as well as the expected winding down of post-earthquake construction efforts will likely dent fixed investment in 2025.

Q4 growth of domestic demand components (year-on-year, %)



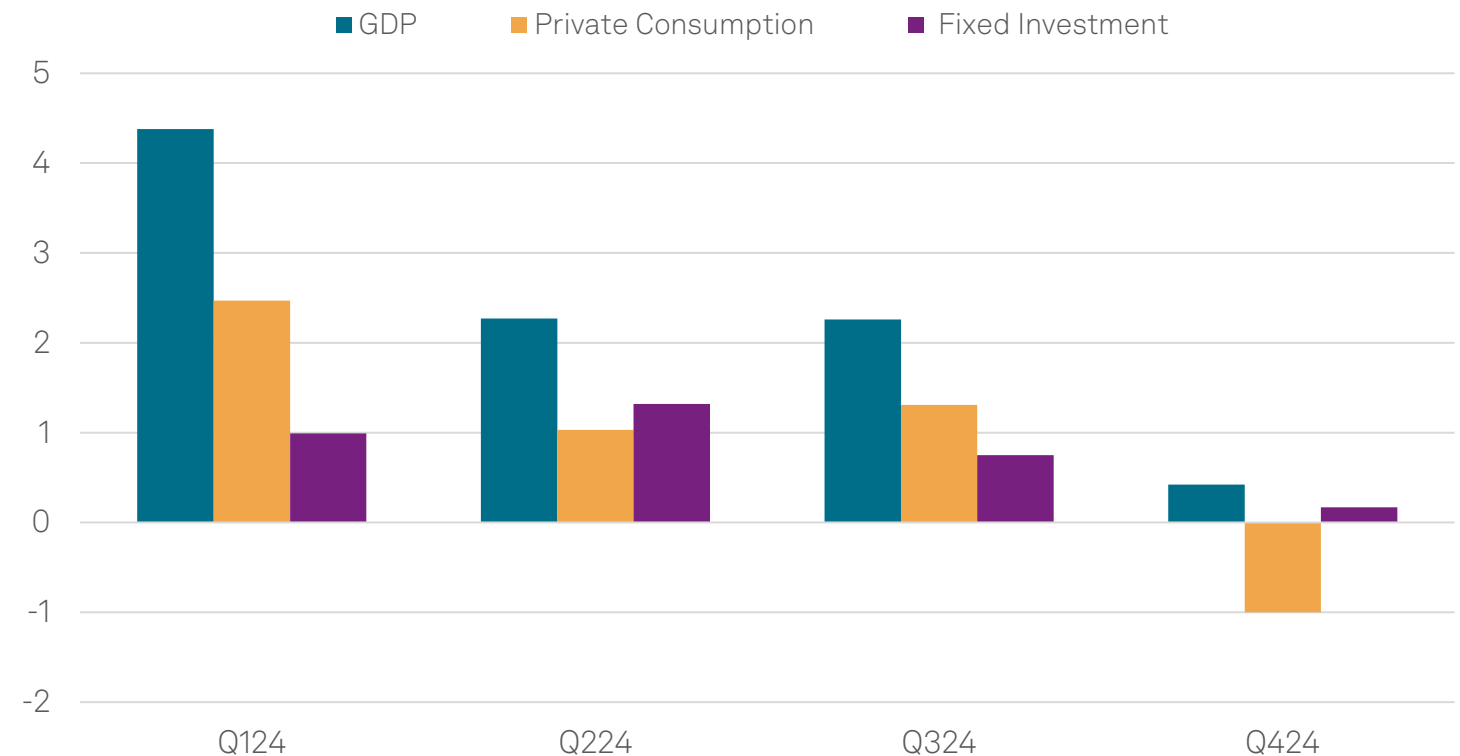
Sources: National Statistical Agencies and S&P Global Ratings.

# LatAm Economics | Brazil's Economic Slowdown Is Underway

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- **The Brazilian economy is showing clear signs of softer growth.** The Q4 GDP report showed growth of just 0.2% quarter on quarter during that period, down from above 2% in the previous three quarters of 2024.
- **Tight monetary policy is taking a toll on domestic demand.** High real interest rates in Brazil, as the central bank continues its efforts to bring inflation expectations back to its 3% target, are weakening both private consumption and fixed investment (see chart).
- **We project growth to slow to 1.9% in 2025,** from 3.4% in 2024, partly due to our view that real interest rates will remain high throughout this year. We anticipate Brazil's central bank policy rate to rise to 14.75% at the end of 2025, from 13.25% currently.

Brazil: Real GDP growth, quarter-on-quarter %



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	5Y 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	Q4	-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	Q4	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	Q4	3.2	-11.0	13.6	2.7	-0.5	3.3	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	Q4	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	Q4	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	Q4	4.4	-2.0	6.8	5.5	0.2	2.8	3.1	2.9	2.8
Saudi Arabia	2.8	Q4	2.3	-4.3	3.9	8.7	-0.9	0.8	4.7	4.0	3.7
South Africa	0.3	Q4	1.0	-6.0	4.7	1.9	0.6	1.0	1.6	1.4	1.3
Turkiye	2.1	Q4	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.

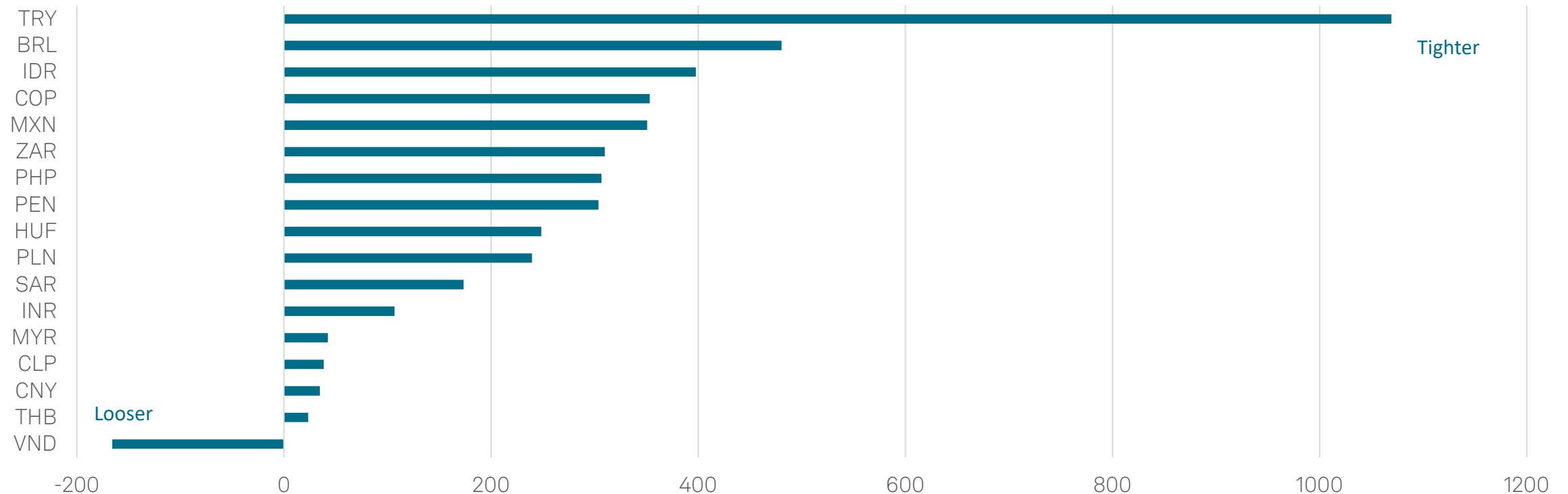
# Monetary Policy/FX | Brazil Continues To Be The Outlier With Rate Hikes

Country	Policy Rate	Inflation Target	Latest Inflation Reading	Latest Rate Decision	Next Meeting	Jan. Exchange Rate Chg.	YTD Exchange Rate Chg.
Argentina	29.00%	No target	84.5%	Hold	N/A	-1.0%	-3.0%
Brazil	13.25%	3.0% +/- 1.5%	4.6%	Hold	Mar.19	-0.3%	5.9%
Chile	5.00%	3.0% +/- 1.0%	4.7%	Hold	Mar.21	3.9%	4.3%
Colombia	9.50%	3.0% +/- 1.0%	5.2%	Hold	Mar.31	1.2%	7.0%
Mexico	9.50%	3.0% +/- 1.0%	3.6%	50 bps cut	Mar.27	0.5%	1.4%
Peru	4.75%	1.0% - 3.0%	1.5%	Hold	N/A	1.0%	1.8%
China	1.50%	3.0%	0.5%	Hold	N/A	-0.4%	0.3%
India	6.25%	4.0 +/- 2.0%	4.3%	25 bps cut	Apr.09	-0.9%	-2.0%
Indonesia	5.75%	2.5% +/- 1.0%	-0.1%	Hold	Mar.19	-1.6%	-2.5%
Malaysia	3.00%	No target	1.7%	Hold	May.08	-1.0%	0.1%
Philippines	5.75%	3.0% +/- 1.0%	2.1%	Hold	Apr.03	0.8%	0.2%
Thailand	2.00%	2.0% +/- 1.5%	1.1%	25 bps cut	Mar.26	-1.3%	-0.3%
Vietnam	4.50%	4.0%	2.9%	Hold	N/A	-1.6%	-1.6%
Hungary	6.50%	3.0% +/- 1.0%	5.5%	Hold	Mar.11	2.0%	2.2%
Poland	5.75%	2.5% +/- 1.0%	5.3%	Hold	Mar.12	1.5%	2.5%
Saudi Arabia	5.00%	No target	2.0%	Hold	N/A	0.0%	0.0%
South Africa	7.50%	3.0% - 6.0%	3.2%	Hold	Mar.20	0.5%	1.1%
Turkiye	42.50%	5.0% +/- 2.0%	39.1%	250 bps cut	Mar.17	-1.7%	-3.0%

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 Feb. 28, 2025. 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+
Economic risk trend	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Positive
Economic 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 (Feb. 28, 2025)	A-	BB	BBB-	BB	BBB	A-	BBB	BB	BBB+	BB-	BBB	BBB-	BB+	BB	BB-	BB	B-
Net debt / EBITDA	2.72	1.76	2.89	2.08	3.69	2.31	3.26	2.51	3.34	1.93	2.89	2.06	2.10	1.84	3.15	1.94	1.81
ROC adj.§	1	0	1	4	0	1	0	1	2	1	2	0	0	1	-1	-39	-72
EBITDA interest coverage	6.81	8.30	4.04	6.21	5.39	8.66	5.85	5.60	6.46	4.74	8.59	5.75	3.56	3.29	4.98	2.75	3.26
FFO/debt	34.1	41.3	38.8	41.7	25.3	26.2	25.7	32.5	14.9	42.8	27.7	41.3	49.8	55.3	27.6	38.1	32.6
NFC FC debt % GDP*	8.5	12.4	12.9	20.0	34.2	16.0	6.4t	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	42.1t	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.

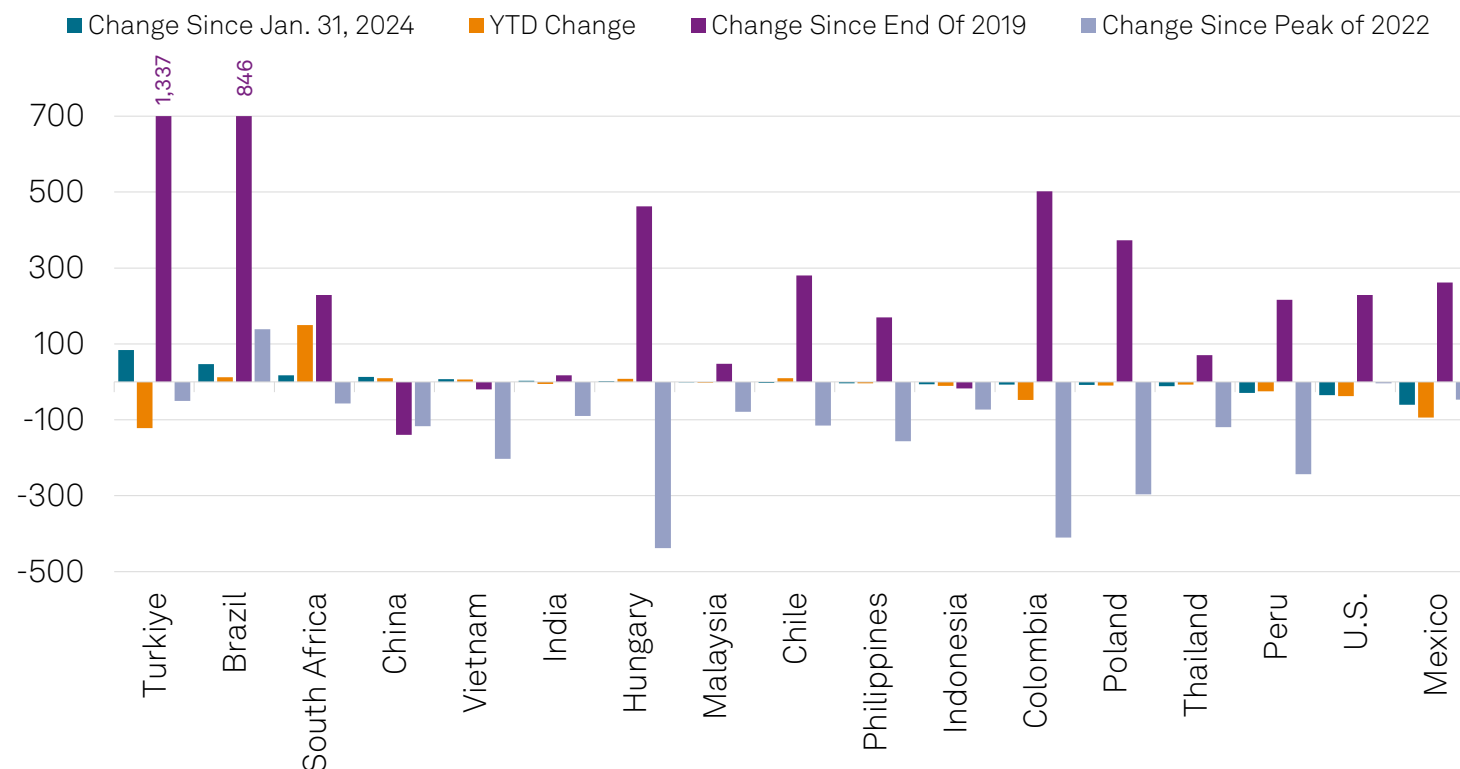
**Nonfinancial Corporates**--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Jan. 4, 2024, by using table 17, with levels that go from minimal to highly leveraged. §We assess return on capital by using the 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-Bankgo Sentral NG Pilipinas, Banco Central de Reserva del Peru, Superintendencia de Banca y Seguros y AFP (Peru); Corporate Variables Capital IQ 2Q 2024. S&P Global Ratings. Data for sovereigns and financial institutions as of March 10, 2025.

# Financing Conditions Highlights

# EM Yields | Mixed Movements From Benchmarks

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

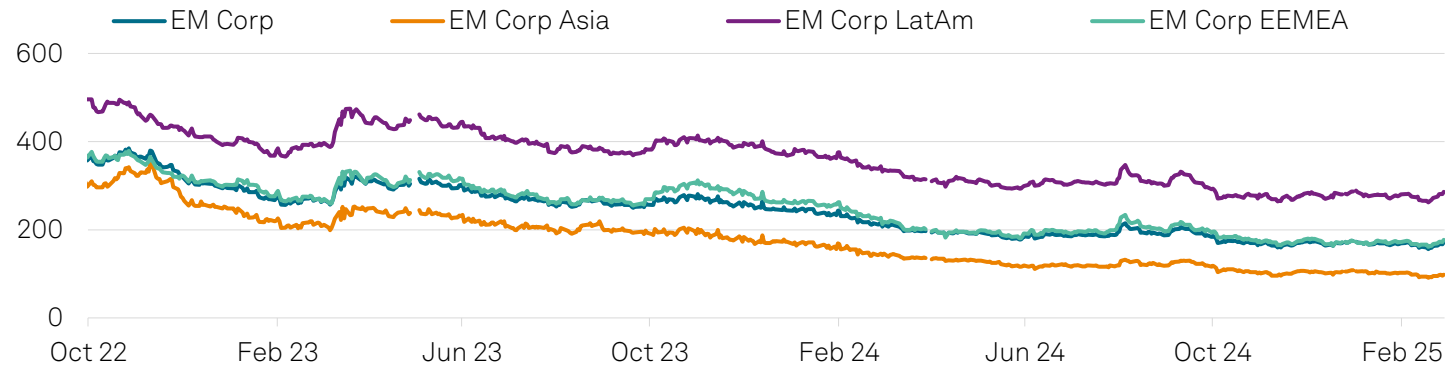


Data as of Feb. 28, 2025. Note: The selection of country is subject to data availability. Y-axis truncated at 700 bps for visualization purposes. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro, and Datastream.

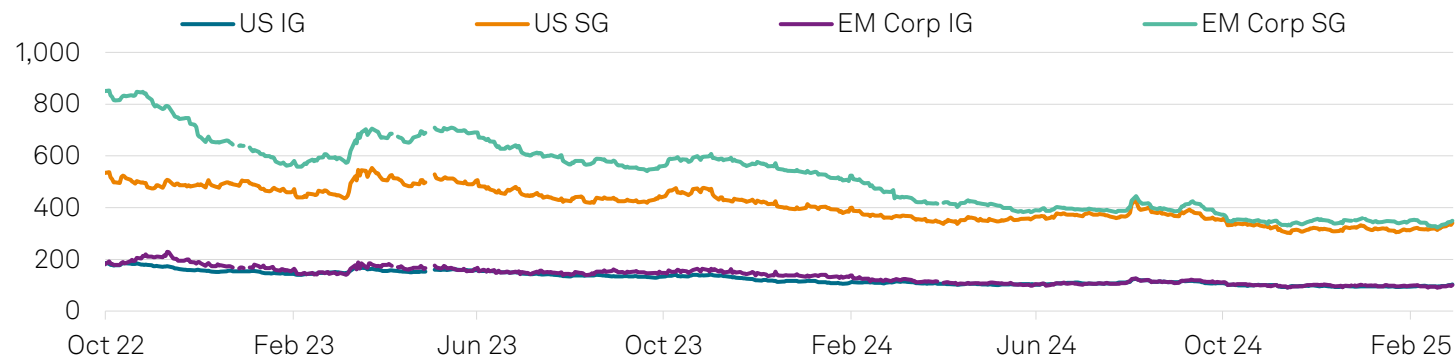
- **EM benchmark yields diverged as financial risk becomes idiosyncratic.** Turkiye’s benchmark rose 84 bps , following January’s accelerating inflation print (up 5% month over month), similar to what happened in Brazil, which has to cope as well with significant public debt costs. Brazilian 10-year benchmark was up 47 bps. On the other hand, Mexican 10-year yield was down 61 bps in February, as Bank of Mexico cut its policy rate by 50 bps, given the domestic economy's weakness and a continued decline in inflation.
- **Trade tariffs, both in the form of recent impositions and 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 together with exchange rate depreciations.

# EM Credit Spreads | Closing The Month On An Upward Note

## EM spreads by region (bps)



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



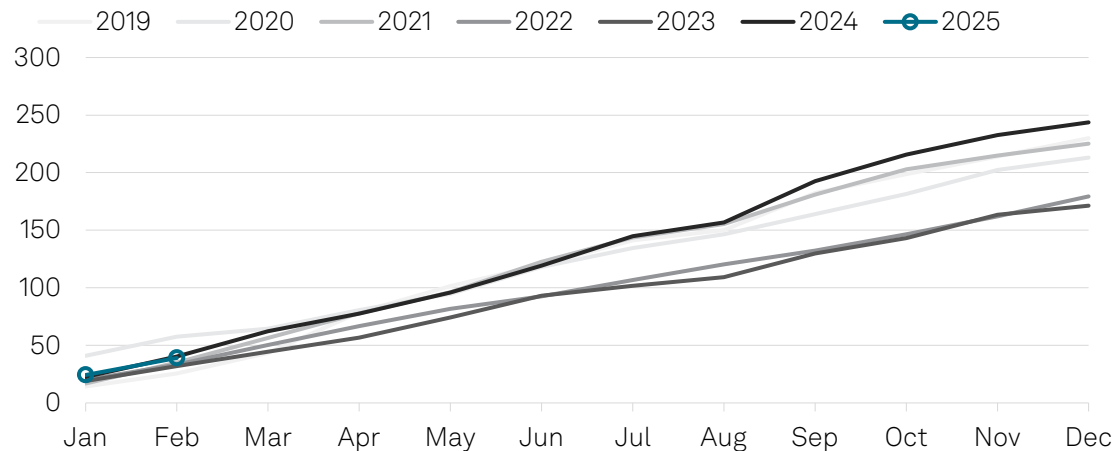
Data as of Feb. 28, 2025. bps--basis points. IG--investment-grade. SG--speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate spreads hit 171 bps** in February, 2 bps higher than in the previous month, with LatAm corporations still displaying the highest risk premium across regions. EM Asia was the only region recording a decrease in its corporate spreads, ending at 98 bps.
- **Corporate spreads moved more in the U.S. than EM across rating categories.** EM speculative-grade corporate spreads were relatively stable in the month, while they widened 30 bps in the U.S. The discrepancy is at its tightest level since March 2020, signalling U.S. policy uncertainty uplifted more domestic risk premia than EM ones, for the moment.
- **This contributed to a solid, although decelerating monthly bond issuance.** Mainly unrated, with no speculative-grade rated issuance, and contained investment grade issuance, the latter at \$1.8 billion in the month versus average monthly \$6.4 billion in 2024.

# EM | Financial And Nonfinancial Corporate Issuance

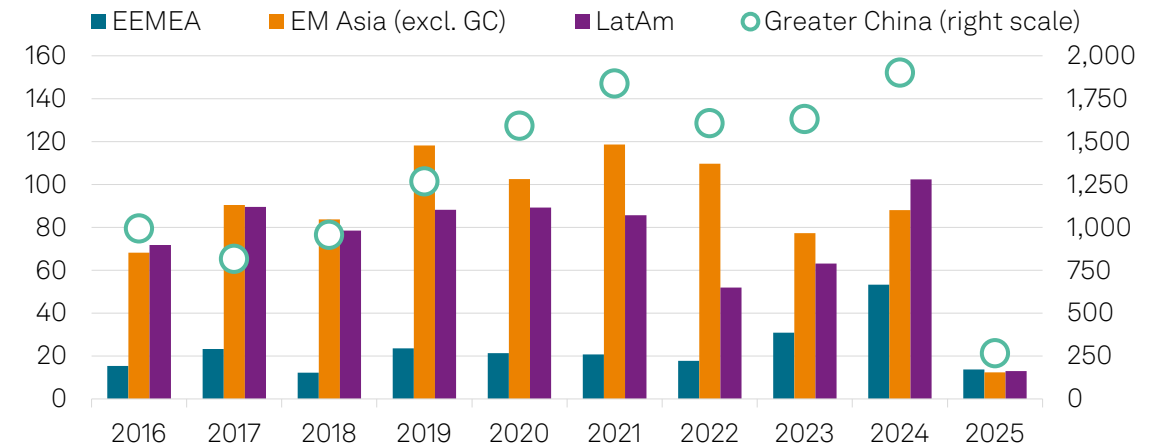
- **EM issuance in February totalled \$146 billion, 7% lower than in January, yet 57% and 32% higher than in February 2024 and 2023, respectively.** Greater China contributed \$131 billion, with strong banking activity while non-financials took a breather, especially transportation.
- **Issuance, excluding in Greater China, decreased to \$15 billion** from \$24 billion in January and 16% lower than in February 2024 volumes. Banks lagged, together with nonbank financial institutions, oil and gas, and telecoms. High technology was strong as Saudi Electricity Sukuk Programme Company tapped 7.3-year \$2.7 billion at a 5.4% coupon. Together with Saudi Arabia, Mexico and Thailand posted a strong month; Brazil and Malaysia suffered.
- **Hard-currency issuance continues to be prominent, concomitantly with Brazil's anemic international issuance.** Outside Greater China, 62% of the monthly issuance was denominated in U.S. dollars, broadly in line with January's 70% and markedly up from 41% as of Q4 2024. Fixed-rate issuance dominates (86% versus 74% in Q4 2024).

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



Includes not rated. \*Excluding Greater China. Data as of Feb. 28, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

## EM regional bond issuance (bil. \$)



Data as of Feb. 28, 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 (%)	Investment grade		Speculative grade	
					Issuer credit rating	Debt amount (mil. \$)	Maturity year	
8-Jan-25	YPF S.A.	Argentina	Oil and gas	8.5	B-	1,084	2034	
5-Feb-25	Minera Mexico S.A. de C.V.	Mexico	Metals, mining, and steel	5.7	BBB+	994	2032	
6-Jan-25	Export-Import Bank of India	India	Banks	5.6	BBB-	992	2035	
22-Jan-25	OTP Bank Nyrt.	Hungary	Banks	7.3	BBB-	750	2035	
8-Jan-25	Codelco	Chile	Metals, mining, and steel	6.8	BBB+	750	2055	
8-Jan-25	Codelco	Chile	Metals, mining, and steel	6.3	BBB+	750	2035	
14-Jan-25	BSF Sukuk Co. Ltd.	Saudi Arabia	Finance company	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	
4-Dec-24	Gruma S.A.B. de C.V.	Mexico	Consumer products	5.4	BBB	500	2034	
16-Jan-25	Turkcell	Turkiye	Telecommunications	7.7	BB	500	2032	
16-Jan-25	Turkcell	Turkiye	Telecommunications	7.5	BB	500	2030	
16-Jan-25	El Puerto de Liverpool S.A.B. de C.V.	Mexico	Retail	6.7	BBB	500	2037	
16-Jan-25	El Puerto de Liverpool S.A.B. de C.V.	Mexico	Retail	6.3	BBB	500	2032	
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	
4-Dec-24	Gruma S.A.B. de C.V.	Mexico	Consumer products	5.8	BBB	300	2054	
11-Feb-25	Banco de Credito e Inversiones	Chile	Banks	1.3	A-	137	2030	

As of Feb. 28, 2025. \*Refers to issue level rating. Excludes sovereigns and Greater China entities. Foreign currency 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 (Feb. 28)	Five-year CDS spread (Jan. 31)
China	A+	Stable	48	57
Chile	A	Stable	55	60
Saudi Arabia	A	Positive	61	62
Malaysia	A-	Stable	48	47
Poland	A-	Stable	67	68
Philippines	BBB+	Positive	69	65
Thailand	BBB+	Stable	44	43
Indonesia	BBB	Stable	79	77
Mexico	BBB	Stable	121	134
Peru	BBB-	Stable	81	83
Hungary	BBB-	Stable	116	120
India	BBB-	Positive	46	50
Colombia	BB+	Negative	190	201
Vietnam	BB+	Stable	97	99
Brazil	BB	Stable	180	178
South Africa	BB-	Positive	195	193
Turkiye	BB-	Stable	255	252
Argentina	CCC	Stable	1092	1014

Data as of Feb. 28, 2025, and sovereign ratings as of Feb. 5, 2025. Foreign currency ratings. China median rating includes China, Hong Kong, Macau, Taiwan. Sources: S&P Global Ratings Credit Research & Insights and S&P Capital IQ.



# Top 14 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. \$)
6-Feb-25	YPF S.A	Argentina	Oil and gas	B-	CCC	Upgrade	3,420
28-Feb-25	Latam Airlines Group S.A.	Chile	Transportation	BB	BB-	Upgrade	2,950
27-Feb-25	mBank S.A. (Commerzbank AG)	Poland	Financial institution	BBB+	BBB	Upgrade	1,837
6-Feb-25	Pampa Energia S.A.	Argentina	Utilities	B-	CCC	Upgrade	1,460
6-Feb-25	Aeropuertos Argentina 2000 S.A.	Argentina	Transportation	B-	CCC	Upgrade	750
6-Feb-25	Banco De Galicia Y Buenos Aires S.A.U.	Argentina	Financial institution	B-	CCC	Upgrade	575
21-Feb-25	PT Cikarang Listrindo	Indonesia	Utilities	BBB-	BB+	Upgrade	550

As of Feb. 28, 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. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

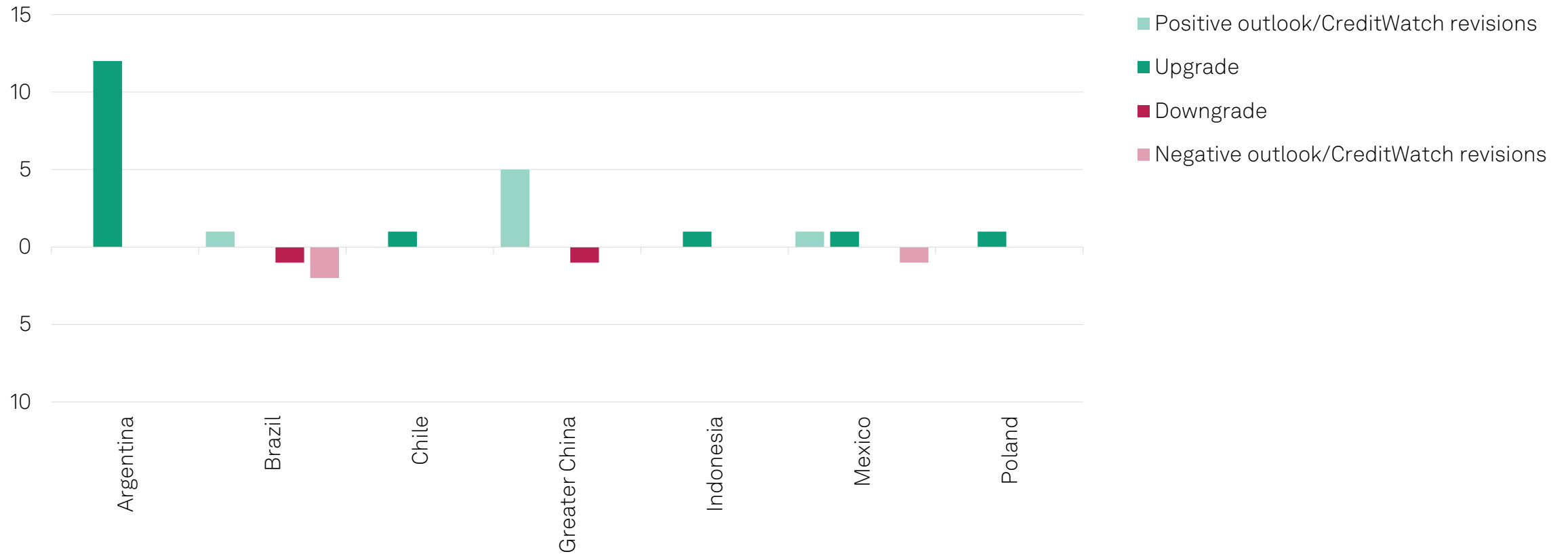
# Top 14 EM Rating Actions | By Debt Amount In The Past 90 Days

■ Investment grade
 ■ Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. \$)
6-Feb-25	Transportadora de Gas del Sur S.A. (TGS) (Compania de Inversiones de Energia S.A.)	Argentina	Utilities	B-	CCC	Upgrade	490
17-Jan-25	KUO S.A.B. de C.V.	Mexico	Consumer products	BB	BB-	Upgrade	450
6-Feb-25	Telecom Argentina S.A.	Argentina	Telecommunications	B-	CCC	Upgrade	400
6-Feb-25	CLISA-Compania Latinoamericana de Infraestructura & Servicios S.A.	Argentina	Capital goods	CCC+	CCC	Upgrade	335
6-Feb-25	Compania General de Combustibles S.A.	Argentina	Oil and gas	CCC+	CCC	Upgrade	285
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 Feb. 28, 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®.

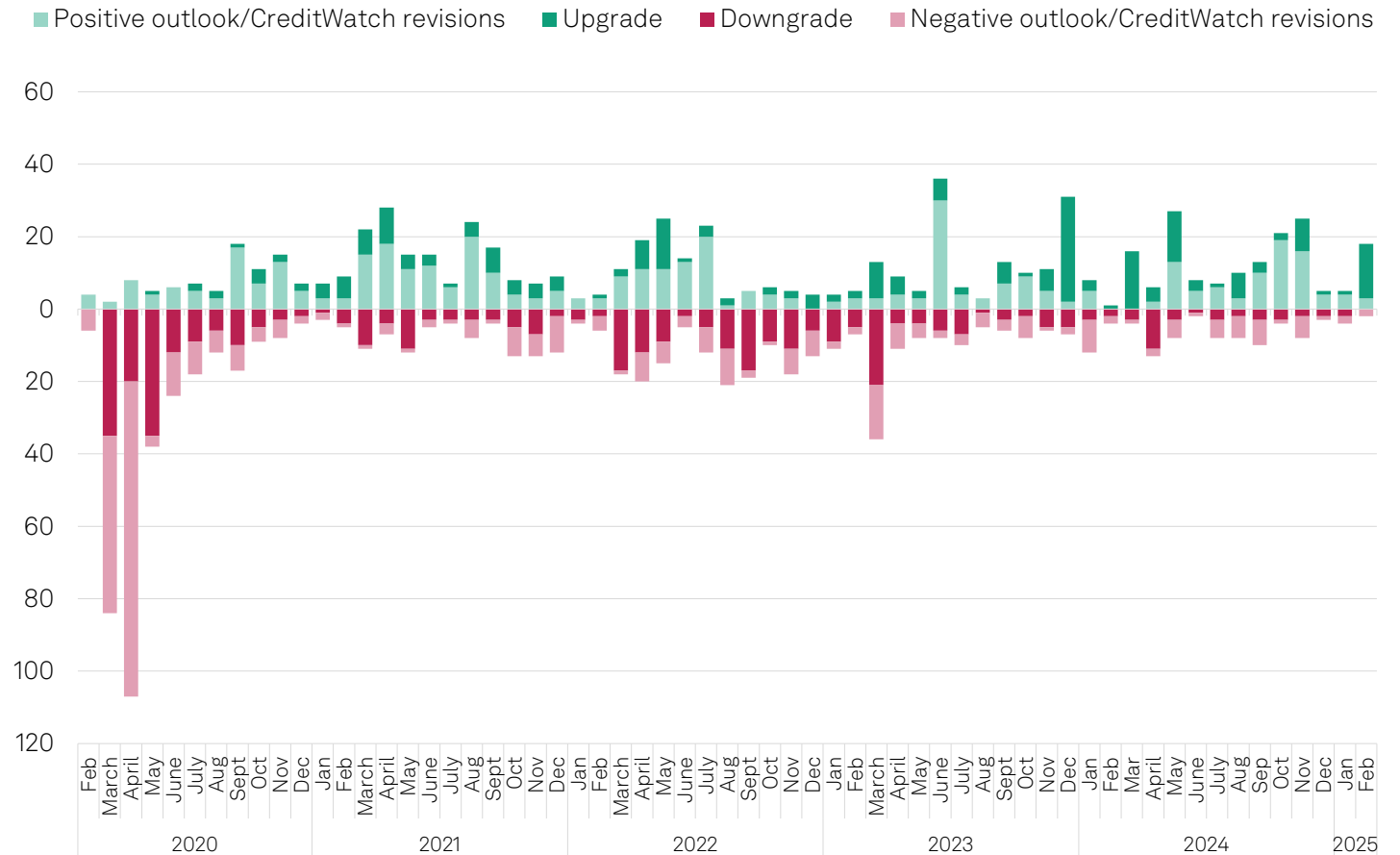
# EM | Total Rating Actions By Economy In 2025 Year To Date



Data as of Feb. 28, 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

- February recorded 15 upgrade and three positive outlook revisions.** Twelve upgrades were in Argentina, as we revised upward our transfer and convertibility (T&C) assessment to 'B-' from 'CCC' based on the perception of modestly diminishing risk of the sovereign interfering with the ability of domestic entities to access, convert, and transfer money abroad. Remaining upgrades were the rising star PT Cikarang Listrindo (Indonesia; utility) on easing refinancing risk thanks to proactive management, strong financial performance, and steady cashflow; Latam Airlines (Brazil; transportation) to 'BB' from 'BB-' on very strong results in 2024 and expected resilient air traffic demand in South America, with lean cost structure to support stronger credit metrics through 2026. mBank S.A. (Poland) was upgraded to 'BBB+' to 'BBB' reflecting improved earnings stability and growing capital cushion.
- No downgrades were recorded in February.**

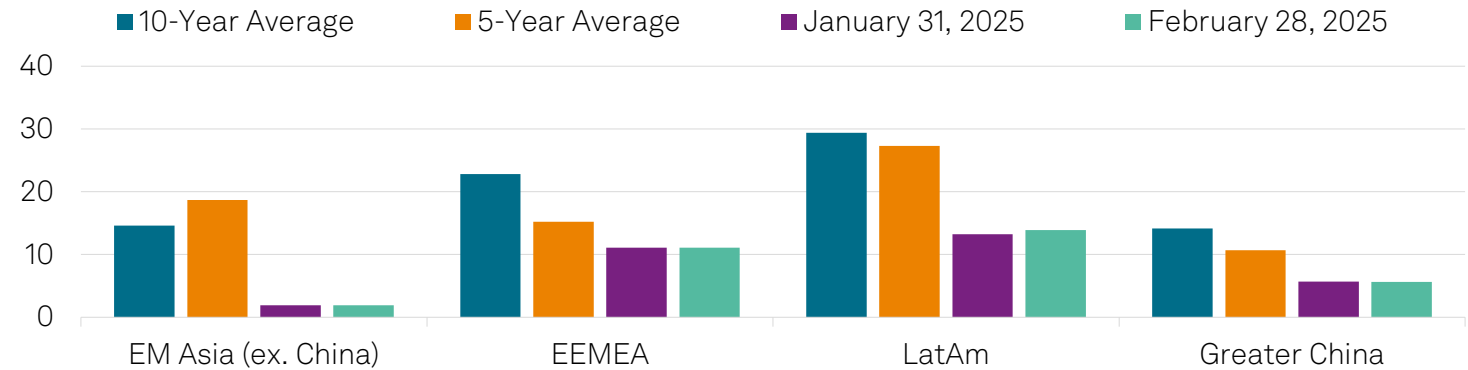


Data from Feb. 3, 2020, to Feb. 28, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from positive to stable and from stable to negative. Source: S&P Global Ratings Credit Research & Insights.

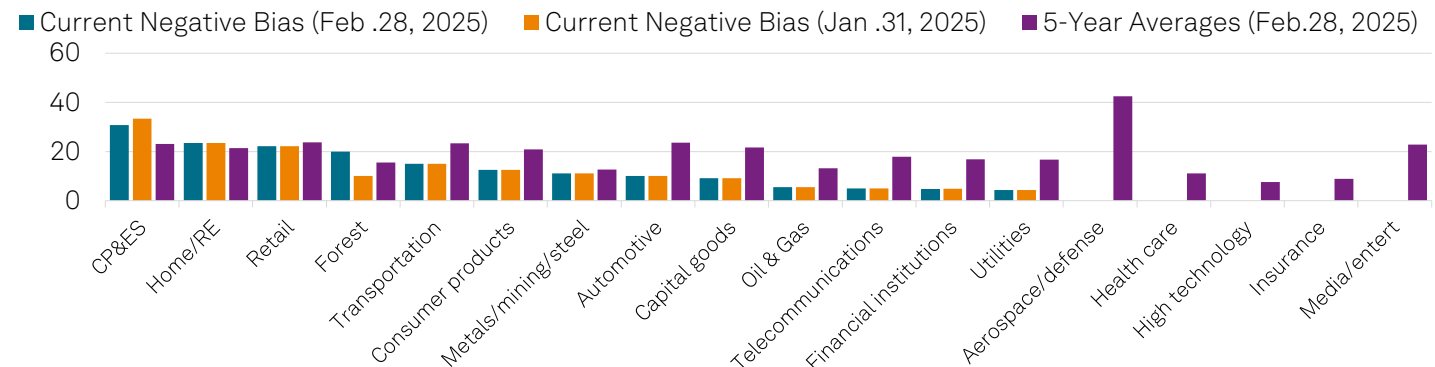
# EM Downgrade Potential | Regional Negative Bias

- Regional downgrade potentials were substantially unchanged in the month**, with LatAm's negative bias edging up to 14% from 13% following the outlook assignment on Latam Airlines to stable in conjunction with its recent upgrade. LatAm still displayed the highest negative bias among EM regions. All regional downgrade potentials remained well below their historical averages.
- CP&ES, real estate and forest are the only three sectors (out of 18) displaying a negative bias higher than the five-year average.** The latter sector faced an increase in its downgrade potential, as the outlook on Empresas CMPC S.A. (Chile) was revised to negative on slower-than-expected deleveraging, as we see tighter rating headroom amid low pulp prices in 2025.

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



Negative bias by sector (%)



Data as of Feb. 28, 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 Feb. 28, 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 | One Rising Star Year To Date

Investment grade Speculative grade

## Fallen angels

2024

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. \$)
21-Feb-25	PT Cikarang Listrindo	Indonesia	Utilities	BBB-	BB+	550

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 Feb. 28, 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 | Two Defaulters 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	-
17-Feb-25	Argentina*	Argentina	Sovereign	SD	CCC	152,444

## 2024

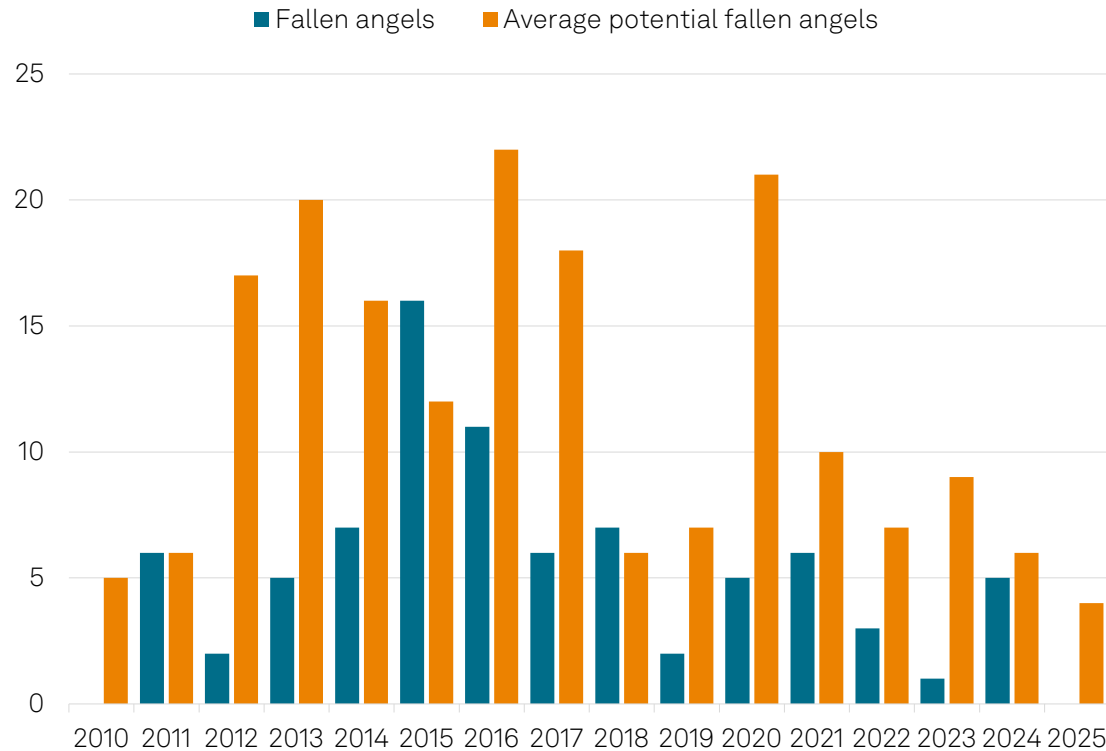
Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
26-Jan-24	Gol Linhas Aereas Inteligentes S.A.	Brazil	Transportation	D	CCC-	--
31-Jan-24	Enjoy S.A.	Chile	Media and entertainment	D	CCC-	--
14-Feb-24	CLISA	Argentina	Capital goods	SD	CC	--
13-Mar-24	Argentina*	Argentina	Sovereign	SD	CCC-	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 Feb. 28, 2025. Includes sovereigns, excludes confidentials. Includes Greater China, and Red Chip companies. Includes both rated and zero debt defaults. \*Refers to local-currency rating. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

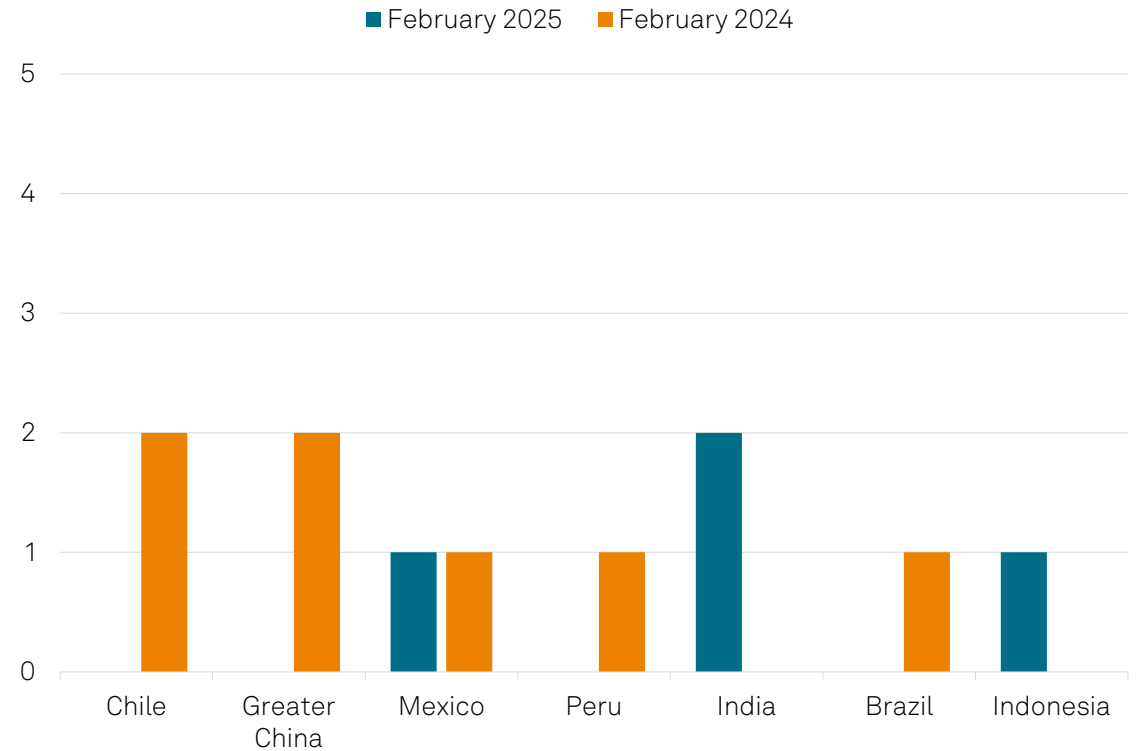


# Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels at four year to date



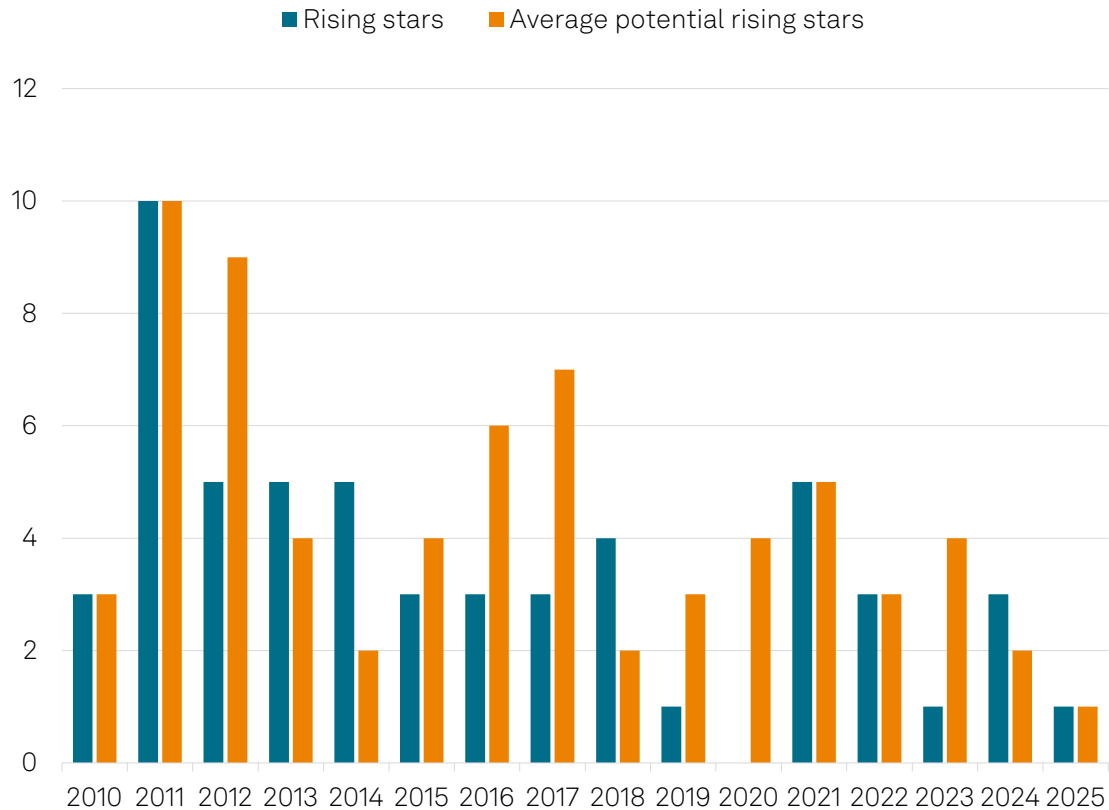
EM potential fallen angels mostly located in EM Asia



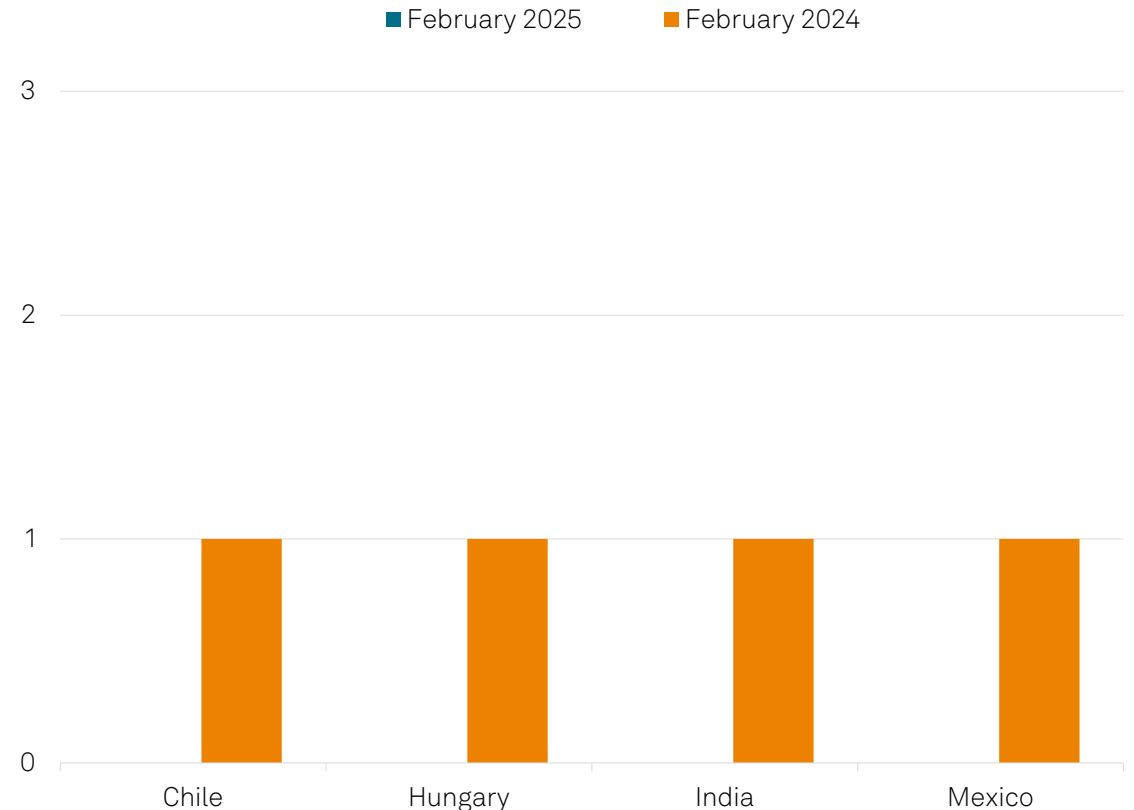
Data as of Feb. 28, 2025. Source: S&P Global Ratings Credit Research & Insights.

# Rating Actions | Rising Stars And Potential Rising Stars

One average potential rising star



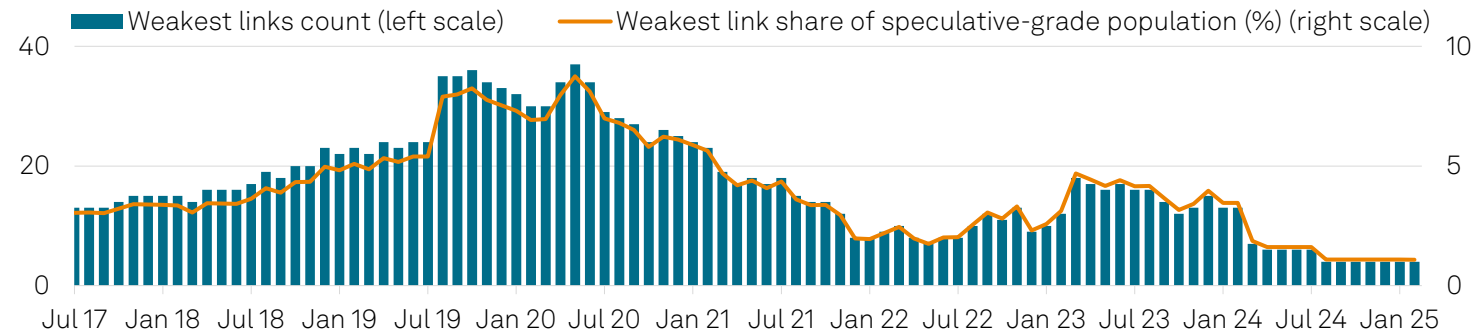
No rising star as of February 2025



Data as of Feb. 28, 2025. Source: S&P Global Ratings Credit Research & Insights.

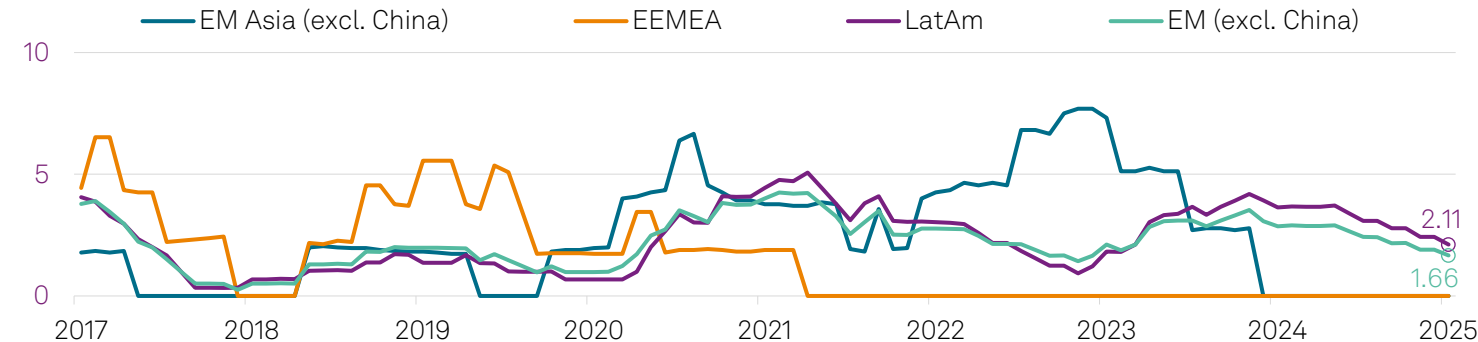
# Rating Actions | Weakest Links And Defaults

## EM weakest links remained at four in February



Data as of Feb. 28, 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 January 2025)



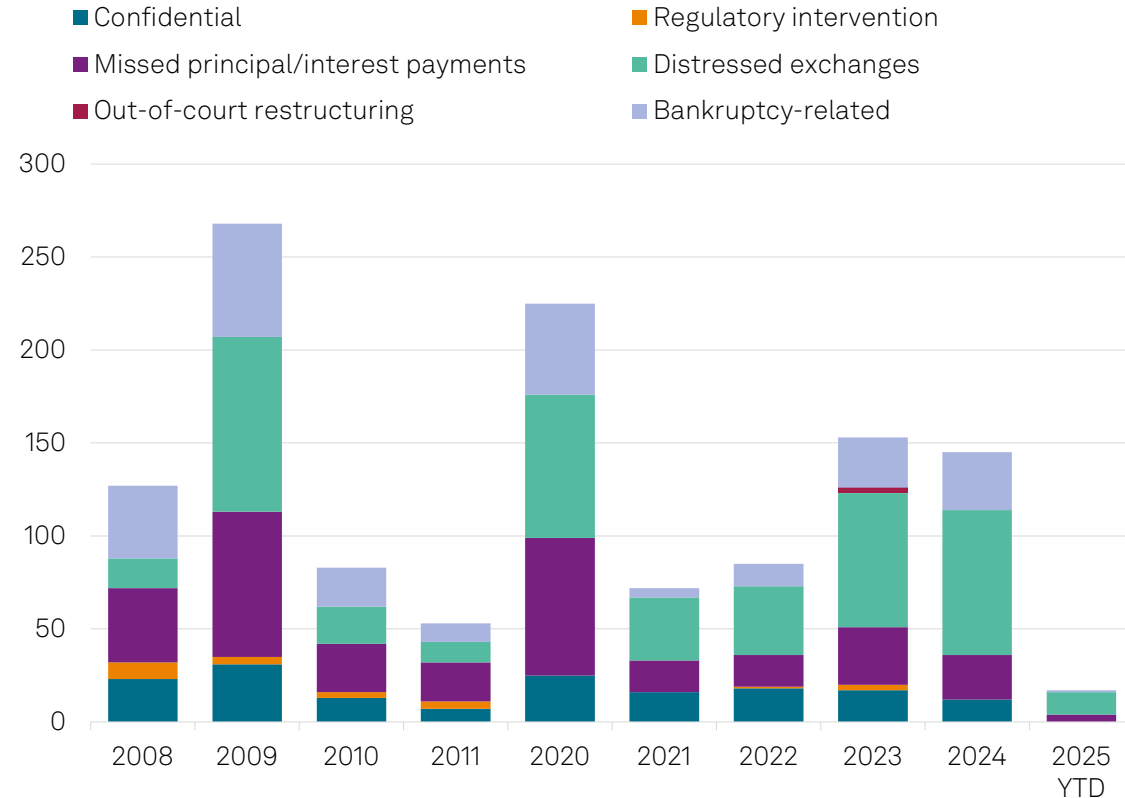
Excluding China. CreditPro data as of Jan. 31, 2025. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

- **Weakest links stable at four issuers** in February for the seventh 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.

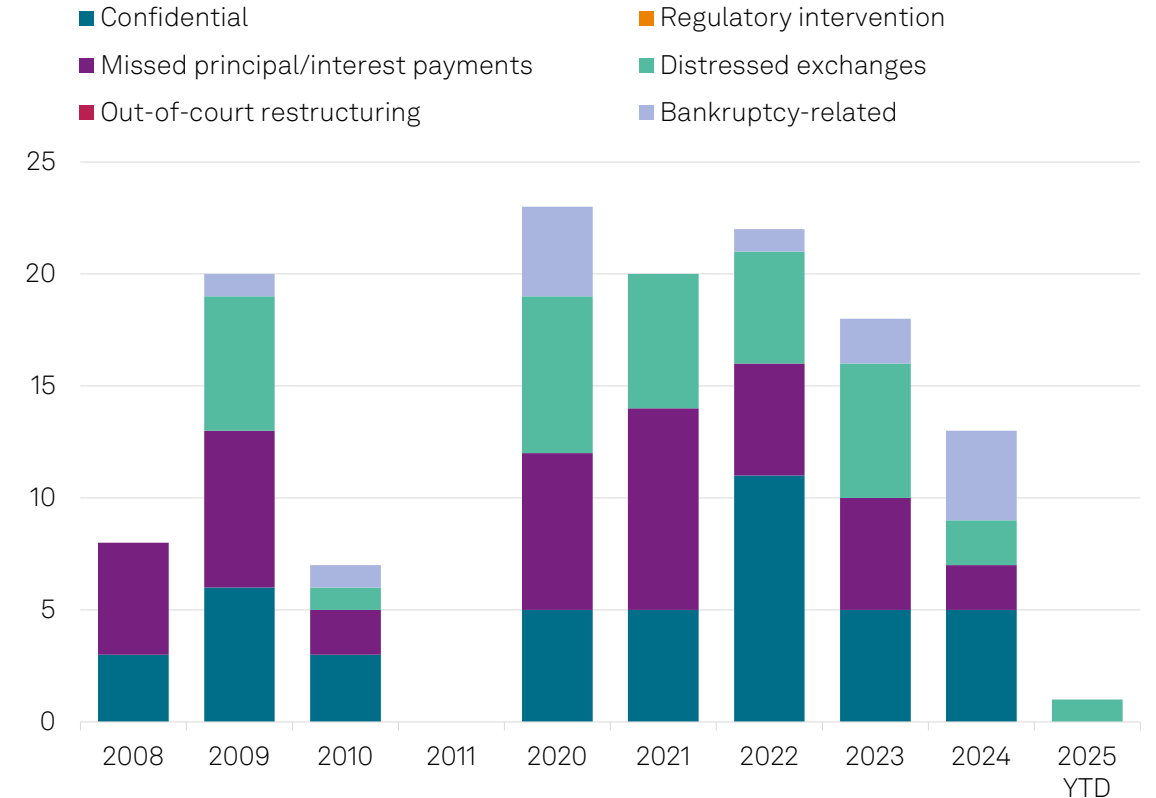
- **Default rates.** The January default rate (excluding China) decreased to 1.66% from 1.90%. LatAm default rate decreased as well to 2.11% from 2.43%, despite the regional concentration of defaults since 2024.

# Rating Actions | Defaults

## Year-end global corporate defaults by reason



## Year-end EM 18 corporate defaults by reason



Data as of Feb. 28, 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

- [How A Hypothetical Russia-Ukraine Ceasefire Could Affect United Arab Emirates Banks](#), Mar. 10, 2025
- [Indian Steelmakers Face Harsher Downside Scenarios On U.S. – Tariff Effect](#), Mar. 5, 2025
- [Growth Prospects Strained After The U.S. Takes The Tariff Plunge](#), Mar. 5, 2025
- [Emerging Market Risky Credits: Refinancing Ahead Of Further Market Volatility](#), Feb. 28, 2025
- [LatAm Credit Outlook 2025: Tariffs, Interest Rates, And Commodity Prices Keep Entities On Their Toes](#), Feb. 27, 2025
- [How U.S. Tariffs Could Hit Rated Mexican Entities Across Sectors](#), Feb. 27, 2025
- [Credit Quality, Consolidation, And The Impact Of Macroeconomic Conditions On Brazil’s Internet Service Providers](#), Feb. 26, 2025
- [Vietnam: Many Growth Drivers, Some Roadblocks](#), Feb. 25, 2025
- [Africa 2024 Credit Ratings Review: Positive Sovereign Momentum Trickled Down To Financial Services](#), Feb. 24, 2025
- [Asia-Pacific Economies Likely To Be Hit By U.S. Trade Tariffs](#), Feb. 24, 2025
- [Understanding The Decoupling Of Copper Prices And GDP Growth In Chile And Peru](#), Feb. 24, 2025
- [Interest Rate Forecasts For Key Emerging Markets Revised Following Recent Change To The U.S. Rate Forecast](#), Feb. 18, 2025
- [Emerging Markets Monthly Highlights: Increased Uncertainty Stemming From U.S. Trade Policy](#), Feb. 12, 2025

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