Emerging Markets Monthly Highlights

U.S. Tariffs Cast A Cloud Over Economic Growth

S&P Global
Ratings

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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).

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Key Takeaways

Emerging markets (EMs) in Asia and Mexico are among the most directly exposed to U.S. tariffs due to their strong export links. Although there's a 90-day pause on higher tariffs, trade policy risks remain elevated. Most EMs have opted for negotiation over retaliation, unlike China.
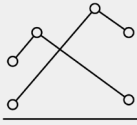
While direct tariff exposure is limited for many EMs, the indirect effect through weaker global growth driven by slower demand in the U.S., China, and EU could depress commodity prices, reduce EM exports, dampen investment prospects, and pressure external balances in more vulnerable economies.
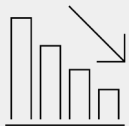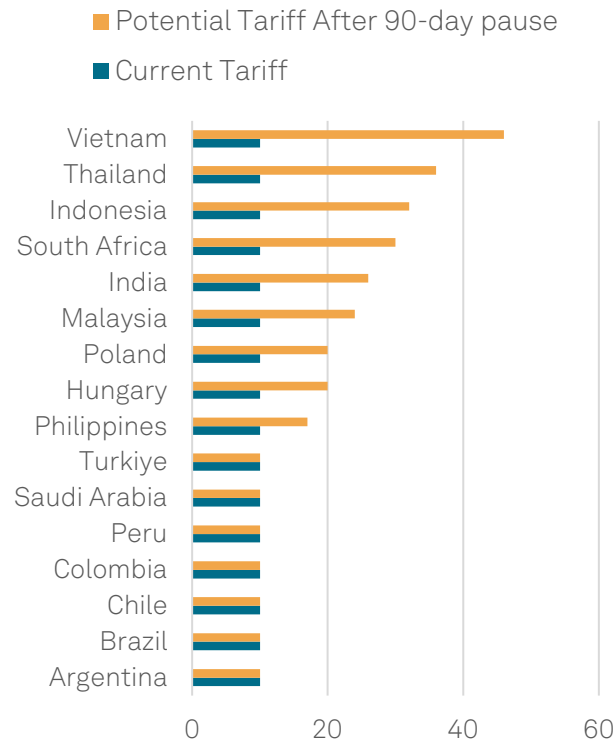
EM credit conditions will deteriorate amid rising U.S. protectionism, as weakened market sentiment dents investment. We expect investment in key EMs to remain subdued until there is greater clarity on the trade policy's effect on growth, inflation, and interest rates.

Trump's tariff announcements impacted corporate yields more than sovereign benchmarks with corporate spreads widening from tight levels across regions, amid net portfolio outflows in the month. Speculative-grade borrowing costs rose the most: more than 100 basis points since the end of February, with primary markets set in a selective mode towards the low end of the rated spectrum. In March, market activity was strong in Greater China (brokerage) and Malaysia (nonbank financial institutions [NBFIs]).

U.S. Tariffs | EMs In Asia And Mexico Among The Most Directly Exposed

U.S. current and potential tariffs (%)

Legend:
- Potential Tariff After 90-day pause (orange)
- Current Tariff (teal)

Countries (top to bottom): Vietnam, Thailand, Indonesia, South Africa, India, Malaysia, Poland, Hungary, Philippines, Turkiye, Saudi Arabia, Peru, Colombia, Chile, Brazil, Argentina

X-axis: 0, 20, 40, 60

Goods exports to the U.S. (% of GDP)

Countries (top to bottom): Vietnam, Malaysia, Thailand, Hungary, Chile, Colombia, South Africa, Peru, Philippines, India, Indonesia, Brazil, Poland, Turkiye, Saudi Arabia, Argentina

X-axis: 0, 10, 20, 30, 40
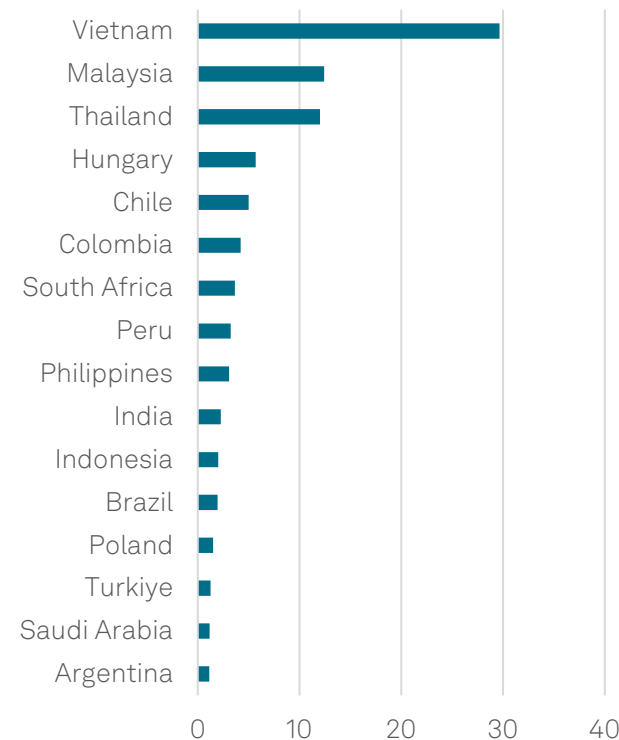
- **Uncertainty over U.S. trade policy remains high, despite the recent 90-day pause on higher tariffs.** The 10% U.S. tariff currently in place for most countries will have the largest impact on Asian EMs, given their large export exposure to the U.S.

- **Mexico's exposure to tariffs is also high, even if it's not subject to the U.S. 10% tariff.** This is because after adding the 25% tariffs on steel, aluminum, autos, and non-USMCA covered goods, the effective tariff on goods going to the U.S. is close to 10% as well.

- **We don't expect major retaliatory actions in most EMs, except for China.** The immediate response by most EMs has been to negotiate lower tariffs with the U.S. government.

Sources: Haver Analytics and S&P Global Ratings.

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U.S. Tariffs | Indirect Pressures Via Weaker Global Demand

Exports to the U.S. and China (% of GDP)

Legend: ■ US ■ China
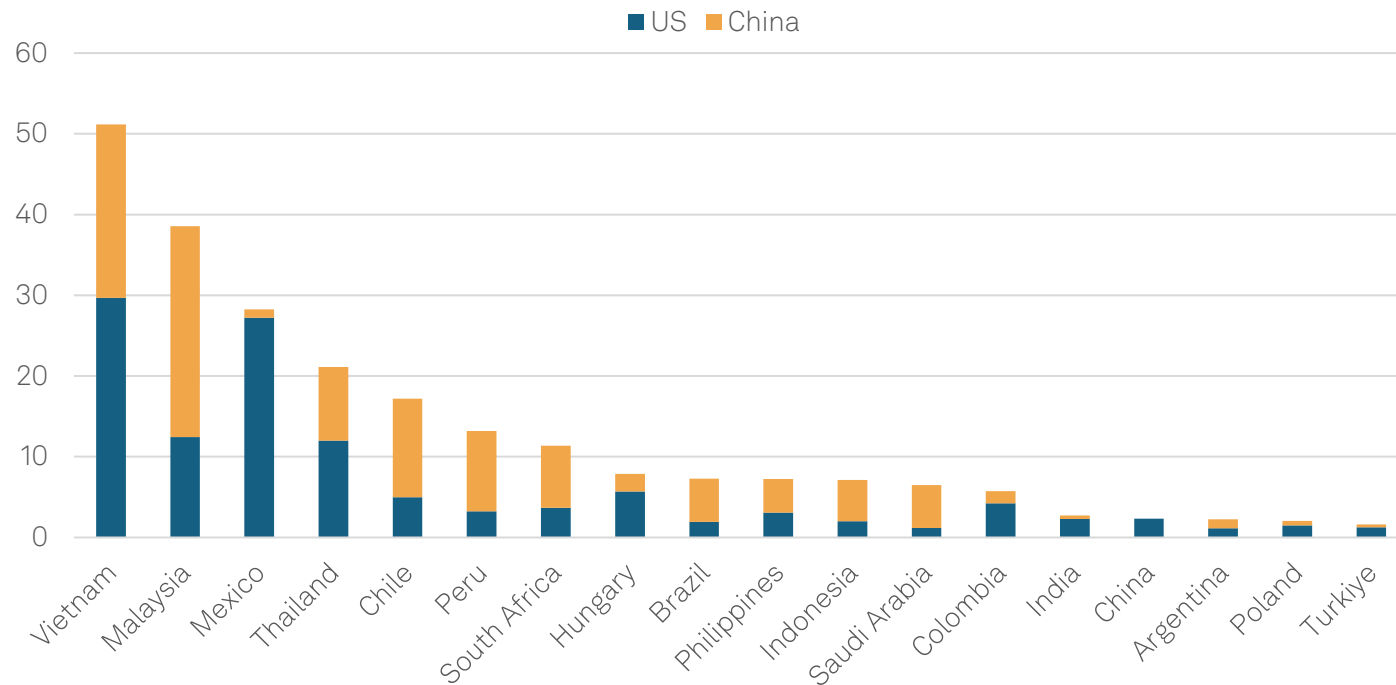
- **Except for Mexico and Asian EMs, direct tariff effects are limited, but a broader global slowdown could have significant spillovers for EMs.** Prolonged tariffs on China would disrupt trade and weigh on global growth, while a U.S. slowdown could dampen demand in the EU and China, further weakening EMs' export and investment prospects.

- **EMs most exposed to demand in the U.S. and China may face softer growth and weaker external balances,** as slower global activity puts pressure on exports, commodity prices, and heightens competition from Chinese goods.

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Credit Conditions | The Tariff Storm

Top EM risks	Risk level*	Risk trend**
Increasing protectionism leads to an escalated trade conflict	Very high	Unchanged
U.S. unilateralism drives geopolitical fragmentation and undermines credit fundamentals	High	Worsening
Volatile market conditions trigger a risk-off environment, restricting market access for EM issuers	High	Unchanged
China's economy: Falling exports, sticky property weakness, and subdued domestic confidence risk sharper slowdown	High	Unchanged
U.S.'s shifting stance toward development assistance	Elevated	Unchanged
Structural risks		
Climate change and more frequent natura disasters.	Elevated	Worsening

*__Risk levels__ may be classified as moderate, elevated, high, or very high. They are evaluated by considering both the likelihood and systemic impact of such an event occurring over the next one to two years. Typically, these risks are not factored into our base case rating assumptions unless the risk level is very high. **__Risk trend__ reflects our current view about whether the risk level could increase or decrease over the next 12 months. Source: S&P Global Ratings.

- **EM credit conditions will deteriorate amid increasing trade protectionism in the U.S.** The ensuing uncertainty has already weakened market sentiment. We anticipate that investment in key EMs will be subdued until there is greater clarity regarding the effects of protectionism on economic growth, inflation, and interest rates.

- **EMs will likely be hurt by trade-flow dislocation, despite the announced pause in tariffs.** If tariffs on China remain indefinitely, the EMs that export goods to the U.S. and use Chinese intermediate inputs will have to rethink their models. There is a material risk that many sectors could become unprofitable and cease operating.

- See "Global Credit Conditions Special Update: Ongoing Reshuffling."

Regional Economic Highlights

EM Asia Economics | Trade Flows Steady Ahead Of Tariffs

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- **Trade flows have grown strongly in EM Asia ahead of U.S. tariffs**. Part of the reason for that is that the trade cycle was riding a sustained upturn.

- The trade cycle would have peaked later this year on slowing global demand, but **the slowdown will likely be brought forward** given U.S. tariffs.

- **Temporary exemptions from tariffs for electronics products are particularly important for EM Asia**--including China--such products account for about 27% of the region's exports to the U.S.

EM Asia trade flow growth (year-over-year [%])
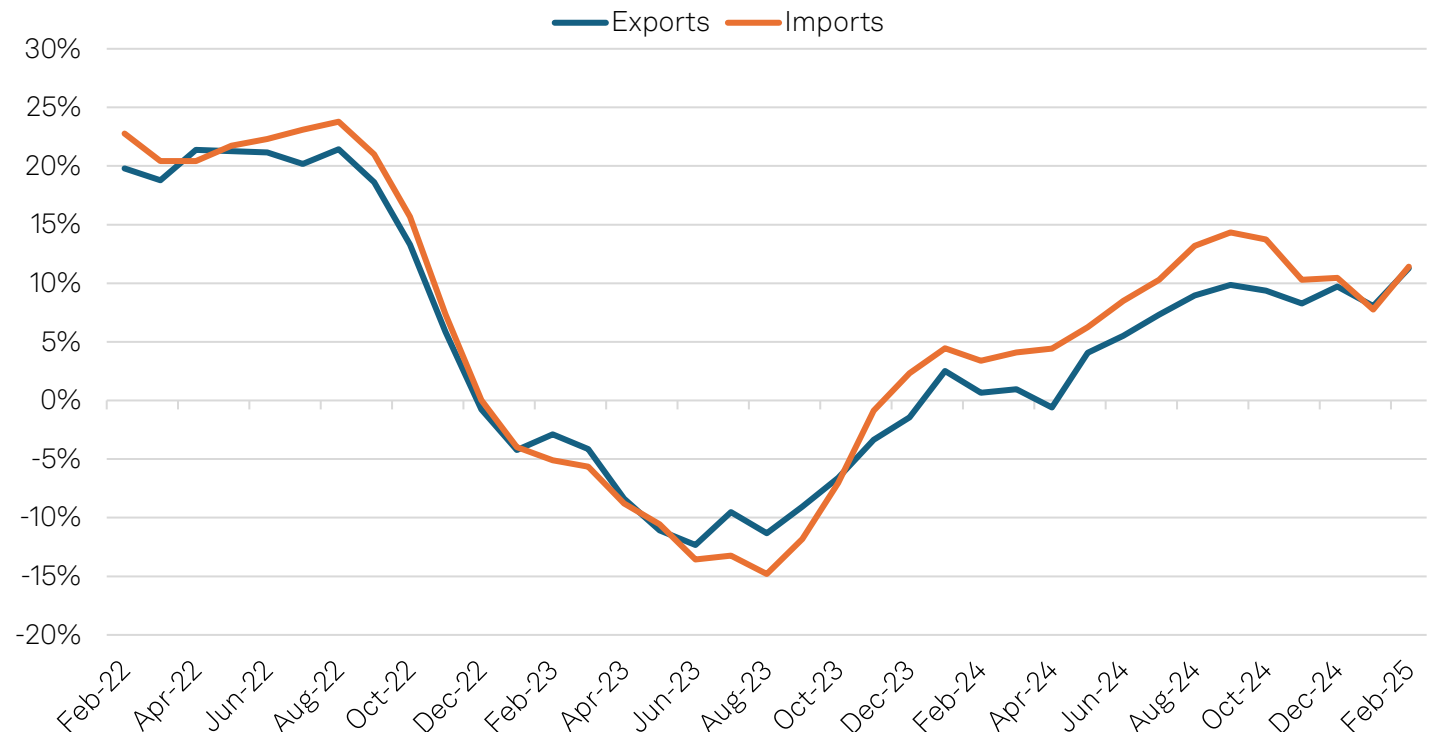
Note: Countries included are Indonesia, the Philippines, Malaysia, Thailand, and Vietnam. Sources: CEIC data and S&P Global Ratings

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EM EMEA Economics | Exchange Rates Are Volatile

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- **Announcement of tariffs and global risk-off sparked volatility across several EM exchange rates, including in EM EMEA.** Economies, which were also subject to internal volatility or are generally sensitive to global developments, came under more pressure.

- **The South African rand has depreciated sharply,** following the announcement of reciprocal tariffs, which were postponed. Even though significant share of South African exports to the U.S. are currently tariff-exempt (around 50% of total), potential second-round effects in--the form of lower global growth and therefore downward pressure on commodity prices--may exert significant pressure on exports (as commodity exports account for around 60% of total exports).

- **The Turkish lira came under significant pressure in light of protests.** Nevertheless, despite some weakening in March, it has remained broadly stable due to the central bank's interventions.

Exchange rates against the U.S. dollar (Index, January 2024 = 100)
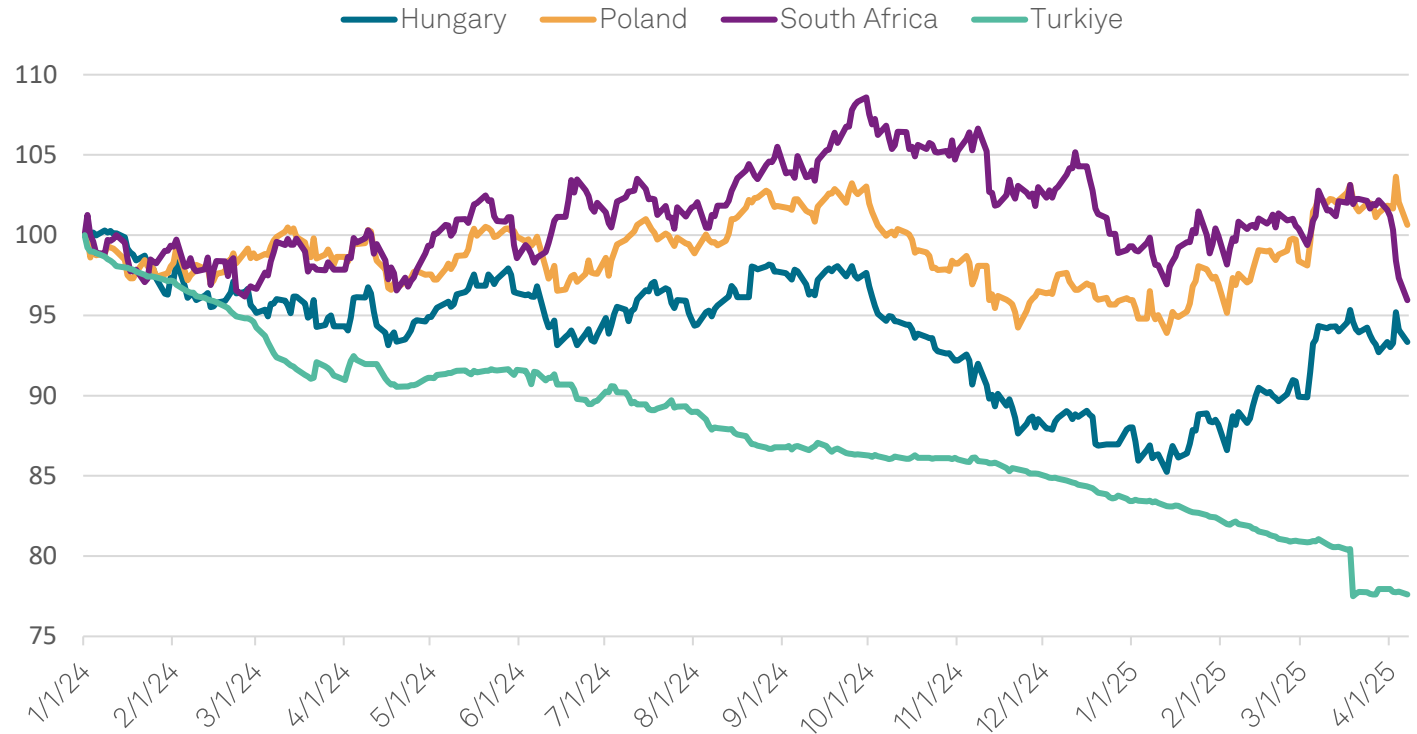
Sources: Refinitiv and S&P Global Ratings.

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LatAm Economics | Significant Monetary Policy Space Available

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- **Recent trade tensions have increased the likelihood of more aggressive monetary policy easing in most of LatAm.** This is because exchange rates have remained relatively stable, while downside risks to domestic demand have risen.

- **The current restrictive monetary policy stance of most central banks gives ample space to ease policy.** In most of the region, real interest rates are significantly above neutral, and if economic expectations deteriorate further, they could provide ample monetary stimulus in a short period of time.

- **Brazil remains the exception, and we don't see much space for rate cuts this year.** The Brazilian central bank continues to increase interest rates due to rising inflation expectations.

One-year real ex ante interest rate (%)
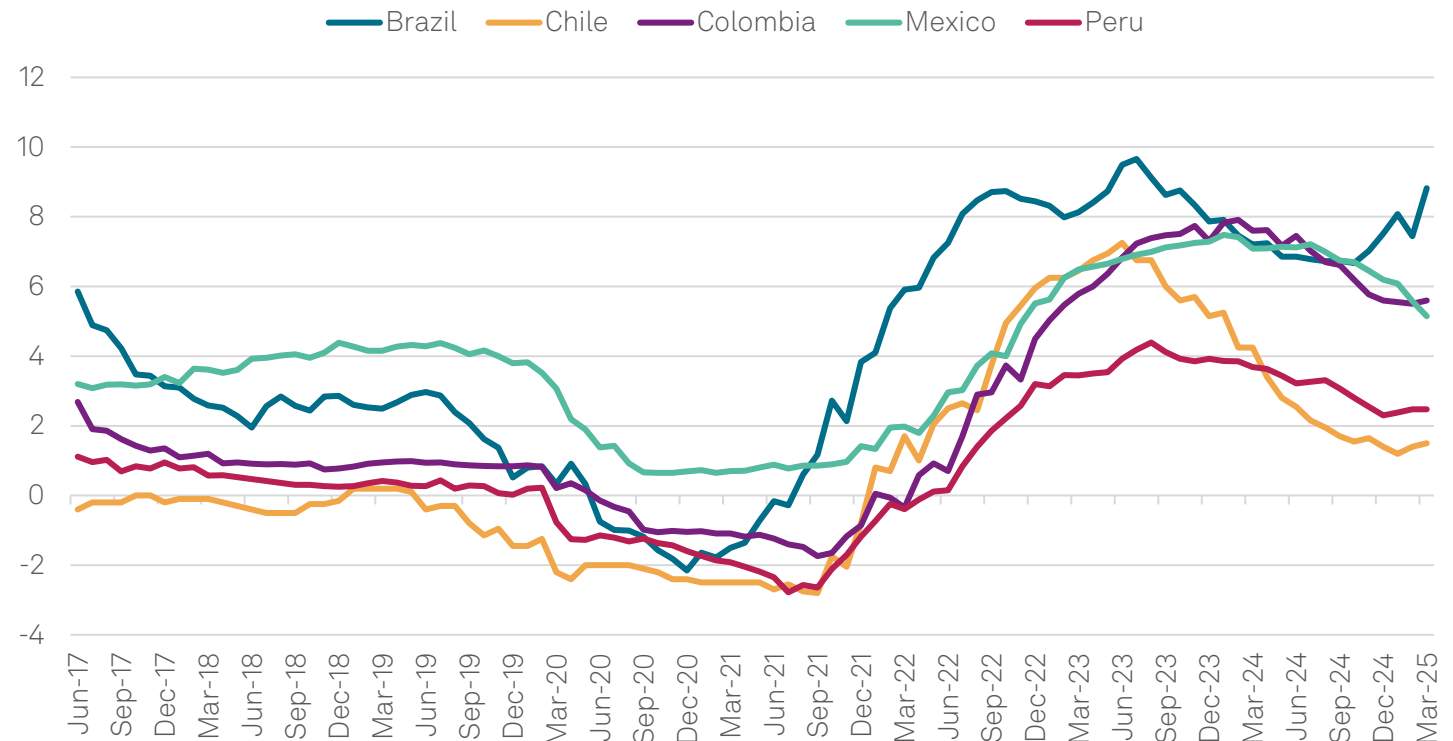
Sources: Haver Analytics and S&P Global Ratings.

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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	2021	2022	2023	2024	2025f	2026f	2027f	2028f
Argentina	2.1	Q4	-0.2	10.4	5.3	-1.6	-1.7	4.8	2.8	2.7	2.5
Brazil	3.6	Q4	-0.5	5.1	3.1	3.2	2.9	1.9	2.0	2.1	2.2
Chile	4.0	Q4	2.0	11.3	2.2	0.5	2.6	2.2	2.3	2.4	2.5
Colombia	2.3	Q4	2.4	10.8	7.3	0.7	1.7	2.5	2.8	2.9	2.9
Mexico	0.5	Q4	1.6	6.3	3.7	3.3	1.2	0.2	1.7	2.2	2.3
Peru	4.2	Q4	3.2	13.4	2.8	-0.4	3.3	2.7	2.7	2.9	2.9
China	5.4	Q4	6.7	8.5	3.0	5.2	5.0	4.1	3.8	4.4	4.5
India	6.2	Q4	6.9	9.7	7.6	9.2	6.5	6.5	6.8	7.0	6.8
Indonesia	5.0	Q4	5.0	3.7	5.3	5.0	5.0	4.8	4.9	5.0	4.9
Malaysia	5.0	Q4	4.9	3.3	8.9	3.5	5.1	4.5	4.4	4.5	4.5
Philippines	5.3	Q4	6.6	5.7	7.6	5.5	5.6	6.0	6.1	6.6	6.5
Thailand	3.2	Q4	3.4	1.5	2.6	1.9	2.5	2.9	3.0	3.1	3.1
Vietnam	6.9	Q1	7.1	2.6	8.0	5.0	7.1	6.6	6.7	6.8	6.8
Hungary	0.4	Q4	4.2	7.2	4.6	-0.7	0.6	2.0	2.5	2.4	2.4
Poland	3.9	Q4	4.4	6.8	5.5	0.2	2.8	3.3	3.1	2.8	2.8
Saudi Arabia	4.5	Q4	2.3	3.9	8.7	-0.9	1.3	4.0	4.6	3.7	3.6
South Africa	0.9	Q4	1.0	4.7	1.9	0.7	0.6	1.6	1.5	1.4	1.4
Turkiye	3.0	Q4	4.2	11.8	5.3	4.5	3.2	3.0	3.1	3.3	3.2

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

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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	March exchange rate change	YTD exchange rate change
Argentina	29.00%	No target	66.9%	Hold	N/A	-0.9%	-3.9%
Brazil	14.25%	3.0% +/- 1.5%	5.1%	100 bps Hike	May 7	1.9%	7.8%
Chile	5.00%	3.0% +/- 1.0%	4.9%	Hold	April 29	0.5%	4.9%
Colombia	9.50%	3.0% +/- 1.0%	5.1%	Hold	April 30	-1.7%	5.2%
Mexico	9.00%	3.0% +/- 1.0%	3.8%	50 bps cut	May 15	0.3%	1.7%
Peru	4.75%	1.0% - 3.0%	1.3%	Hold	N/A	0.4%	2.2%
China	1.50%	3.0%	-0.7%	Hold	N/A	0.4%	0.6%
India	6.00%	4.0 +/- 2.0%	3.6%	25 bps cut	June 6	2.1%	0.0%
Indonesia	5.75%	2.5% +/- 1.0%	1.0%	Hold	April 23	0.1%	-2.5%
Malaysia	3.00%	No target	1.5%	Hold	May 8	0.7%	0.8%
Philippines	5.50%	3.0% +/- 1.0%	1.8%	25 bps cut	June 19	0.9%	1.1%
Thailand	2.00%	2.0% +/- 1.5%	0.8%	Hold	April 30	0.5%	0.2%
Vietnam	4.50%	4.0%	3.1%	Hold	N/A	-0.4%	-2.0%
Hungary	6.50%	3.0% +/- 1.0%	4.7%	Hold	May 13	3.8%	6.0%
Poland	5.75%	2.5% +/- 1.0%	4.9%	Hold	May 7	3.5%	6.1%
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	May 29	1.2%	2.3%
Turkiye	42.50%	5.0% +/- 2.0%	38.1%	250 bps cut	April 17	-3.7%	-6.6%

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)
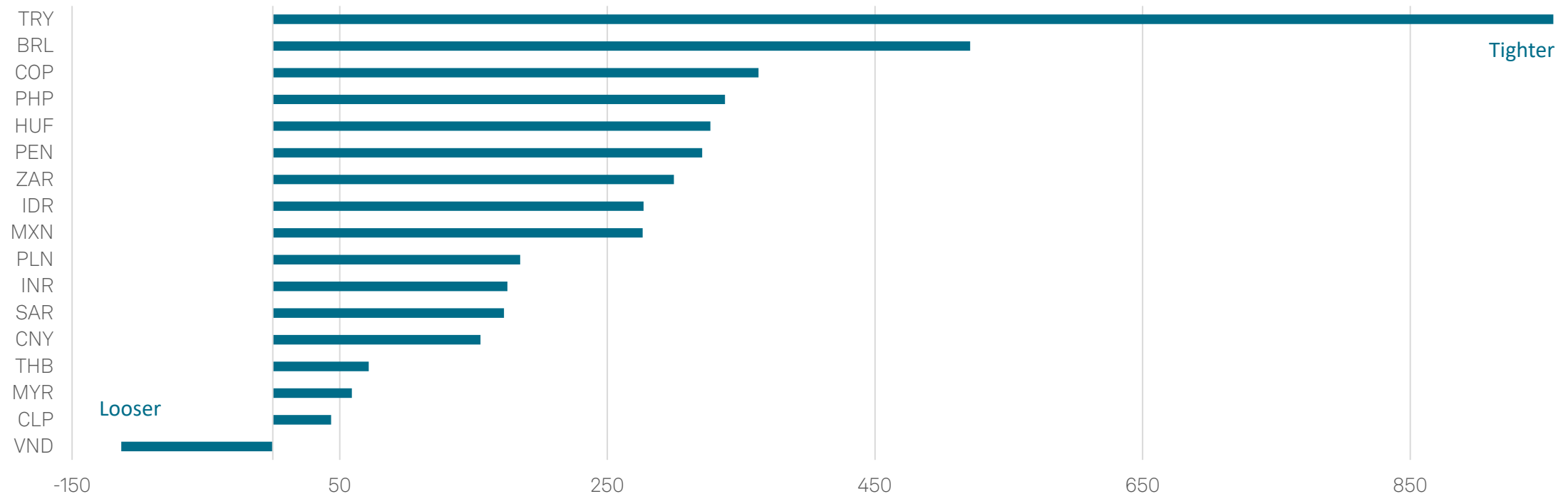
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EM Heat Map

	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	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Positive	Stable	Positive	Negative	Stable	Stable	Stable	Stable
Sovereigns																	
Institutional	3	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)	4	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	3	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	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		VH	VH	H
Funding	I	L	L	I	L	L	I	I	VL	I	L	L	H	I	I	VH	H
Nonfinancial corporates																	
Median Rating (Mar. 31,2025)	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 INT. COV.	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.
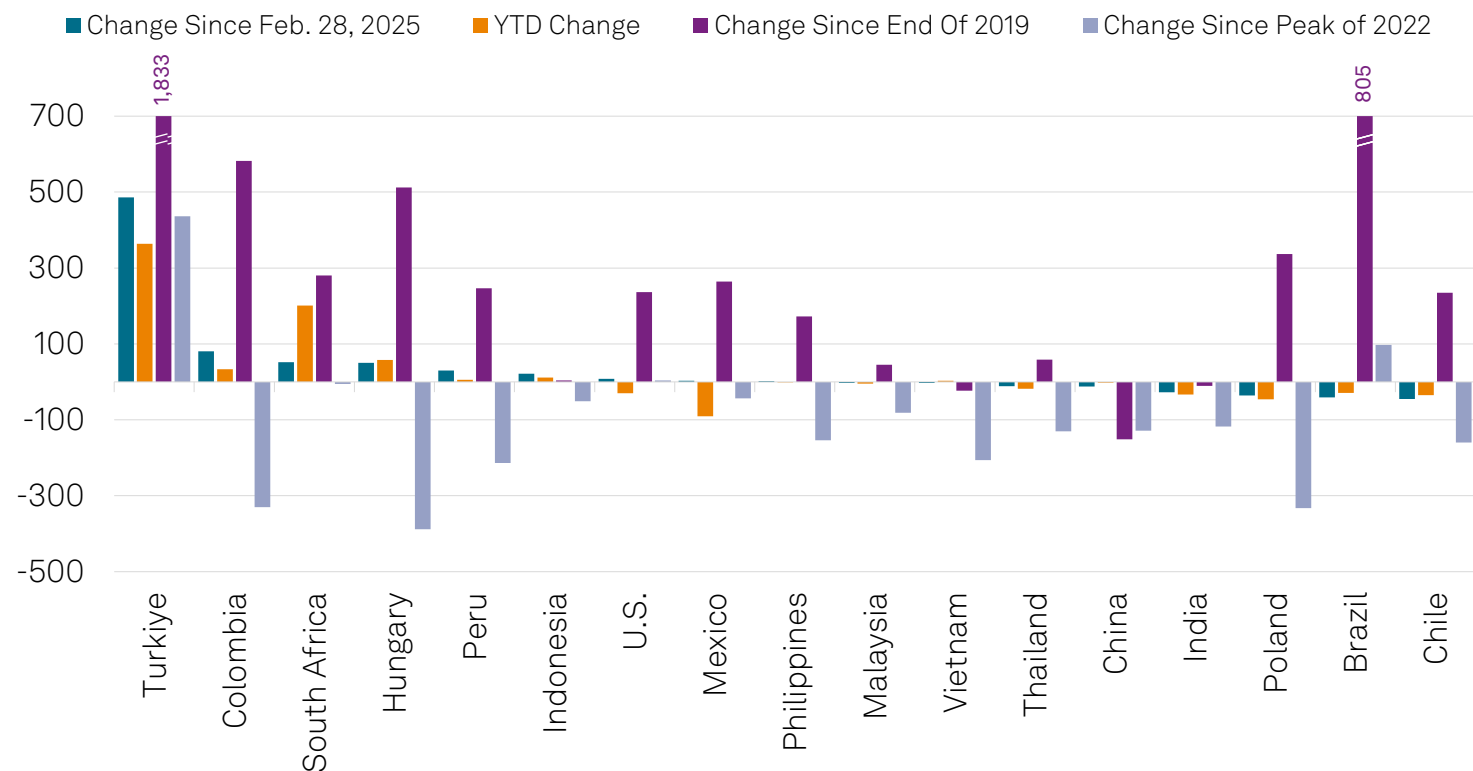
Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Jan. 4, 2024, by using table 17, with levels that go from minimal to highly leveraged. §We assess return on capital by using the median 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-Bangko Sental 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 Apr. 10, 2025.

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Financing Conditions Highlights

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EM Yields | Taking Divergent Directions

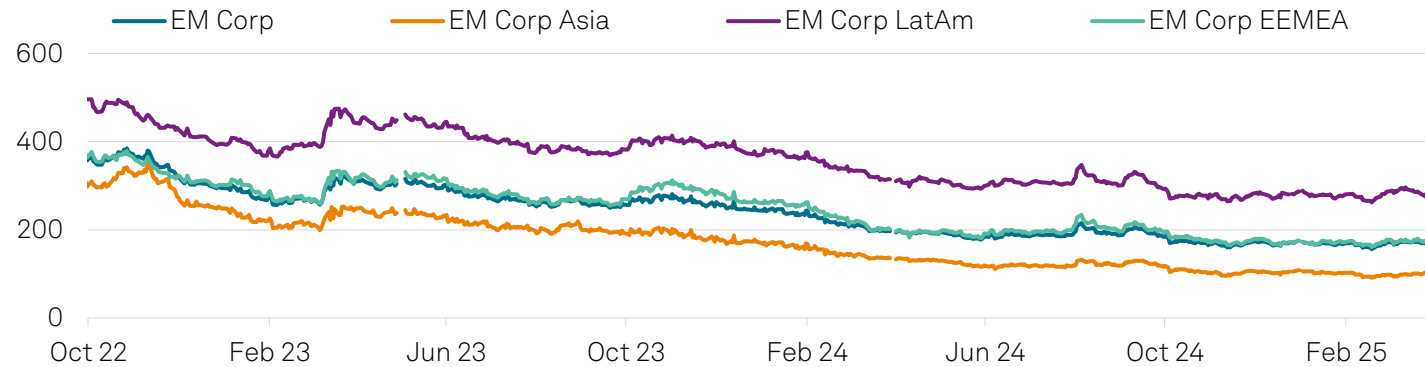## Change in local currency 10-year government bond yield versus U.S. 10-year T-note yield (bps)

Legend: ■ Change Since Feb. 28, 2025 ■ YTD Change ■ Change Since End Of 2019 ■ Change Since Peak of 2022

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

Annotations: Turkiye "1,833" on purple bar; Brazil "805" on purple bar.

Data as of April 9, 2025, Philippines as of April 8,2025 Thailand as of March 26, 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 displayed heterogeneous movements.** Turkiye's benchmark jumped 486 bps since end of February, as the detention of Istanbul's mayor Ekrem Imamoglu on March 19 triggered market volatility and weakness in the lira. Colombia's 10-year yield rose 81 bps on souring relationship between President Petro and Congress amid high economic policy uncertainty. South African benchmark rose around 50 bps due to reciprocal tariff fears, along with the potential loss of duty-free access under the African Growth and Opportunity Act. Conversely, Chile and Brazil, both at the low-end of U.S. tariffs announced on April 2, saw their 10-year yields mildening by more than 40 bps.

- **Trade tariffs continue to represent the main source of downward risk for EMs**, along with the uncertain path for the Fed's monetary easing, which will impact local central banks' strategy. Given March portfolio outflows in EMs, risks to financing conditions are on the downside for the months ahead.

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EM Credit Spreads | Widening From Tight Levels On Tariff Turmoil

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
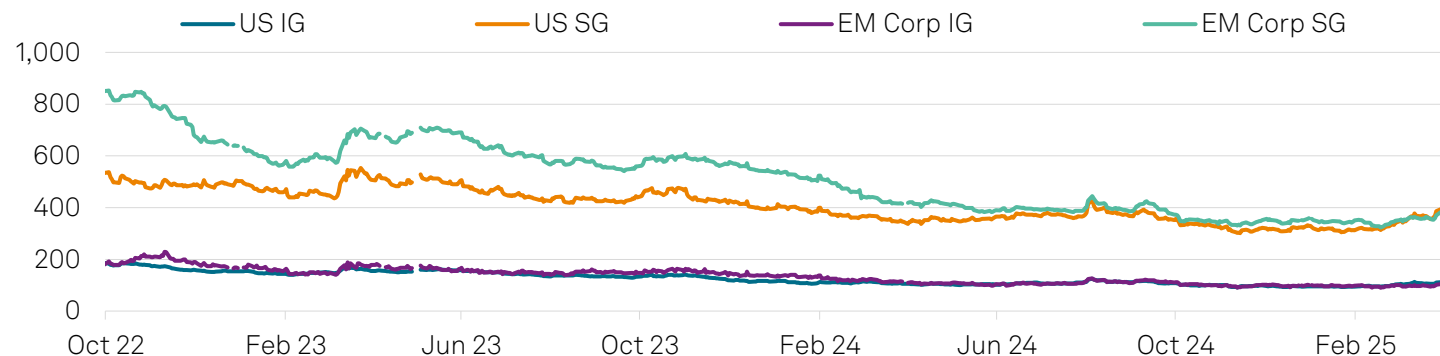
Data as of April 8, 2025. IG--investment-grade. SG--speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate spreads hit 218 bps on April 8, 47 bps higher than at the end of February.** LatAm's spread rose the most across regions with a 67-bps increase to 353. Less impacted region was EEMEA, with a 38-bps rise. The upward movement was driven by the heightened market uncertainty stemming from the Trump administration's "Liberation Day" announcements.

- **Market turmoil impacted speculative-grade (SG) spreads more severely** with a 127-bps widening since February, compared to 19 bps for investment-grade corporates. Spread movement were almost entirely driven by the rise in corporate yields, with SG effective yield touching 8.6% as of April 8th from 7.5% as of February end.

- **As a result, primary market were more selective about SG issuance.** After a gloomy February, only two speculative-grade Indian NBFIs tapped the market in March: Muthoot Finance with a four-year $250 million at 6.4% and IIFL Finance Ltd. with a 3.4-year $100 million at 8.8%.

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EM | Financial And Nonfinancial Corporate Issuance

- **EM issuance in March totaled $197 billion, 23% higher than in February, but 12% lower than in March 2024.** Greater China contributed to the increase with $176 billion: brokerage, capital goods, real estate, and utility issuers roared; banks' issuance was 20% lower than in February.

- **Issuance outside Greater China totaled $20.2 billion in March,** relatively constant with respect to the previous month and 9% lower than in March 2024. Issuance in LatAm lagged, while it skyrocketed in Malaysia, with Petronas Capital Ltd. (NBFI) issuing 15-year $5 billion at 5.4%. Strong volumes were also recorded in Indonesia and Poland. Financial institutions posted a solid month, while consumer products, high tech, metals, mining and steel and transportation suffered.

- **Market activity displayed regional discrepancy in Q1 2025.** For the first three months, EEMEA has already tapped 74% of its 2016-2024 average annual issuance thanks to Saudi Arabia's strong issuance, followed by Greater China (32%), EM Asia (30%), and LatAm (22%). Outside Greater China, 57% of issuance was denominated in U.S. dollars, versus 41% in Q4 2024 and largely fixed-rate (84% versus 74%).

EM cumulative corporate bond issuance (bil. $)*
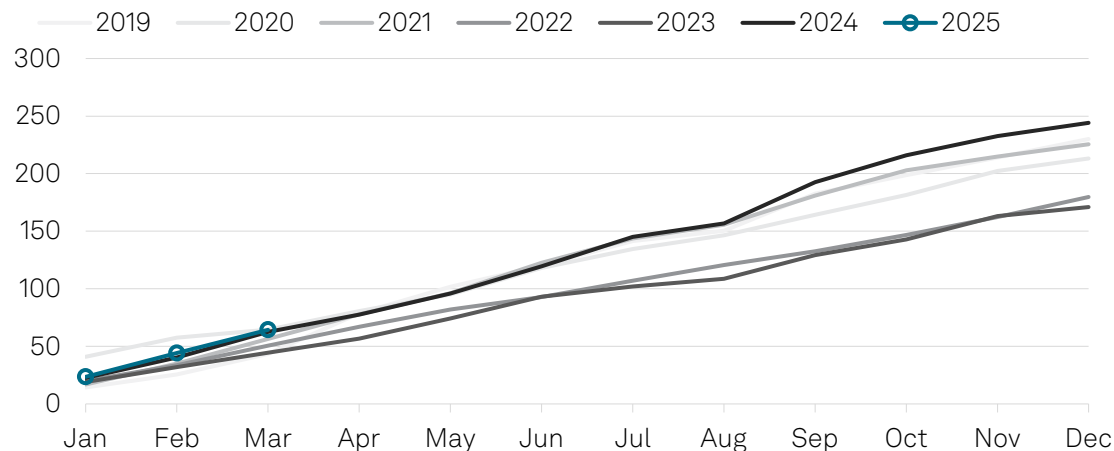
Includes not rated. *Excluding Greater China. Data as of March 31, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. $)
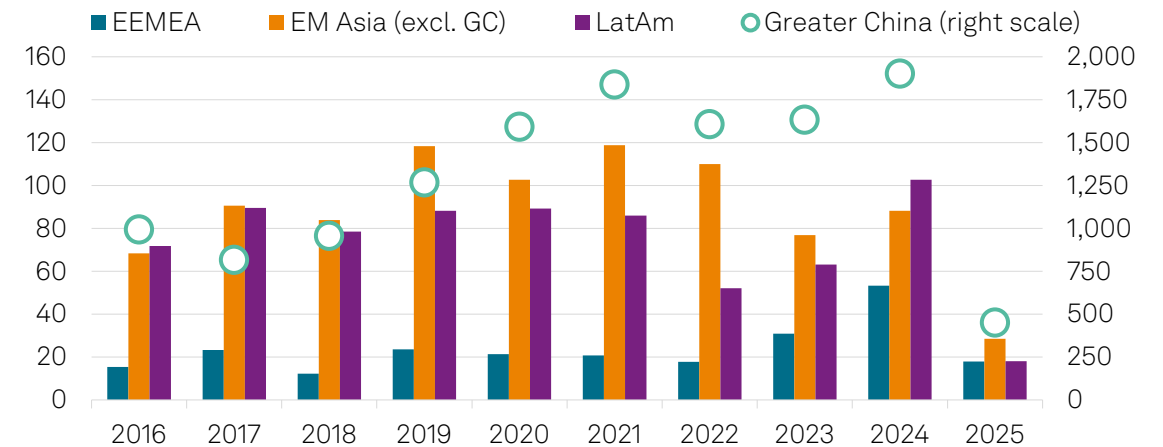
Data as of March 31, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

S&P Global
Ratings

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

■ Investment grade ■ Speculative grade

Rating date	Issuer	Economy	Sector	YTM (%)	Issuer credit rating	Debt amount (mil. $)	Maturity year
26-Mar-25	Petronas Capital Ltd.	Malaysia	NBFI	5.3	A-*	1,800	2035
26-Mar-25	Petronas Capital Ltd.	Malaysia	NBFI	5.8	A-*	1,600	2055
26-Mar-25	Petronas Capital Ltd.	Malaysia	NBFI	5.0	A-*	1,600	2031
8-Jan-25	YPF S.A.	Argentina	Oil and gas	8.5	B-	1,084	2034
25-Mar-25	Inter-American Investment Corp.	Latin America	NBFI	4.3	AA+	998	2030
5-Feb-25	Minera Mexico S.A.B. 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
18-Mar-25	PT Bank Mandiri (Persero) Tbk	Indonesia	Banks	5.1	BBB	795	2028
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	NBFI	5.5	A-*	750	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	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
27-Mar-25	Bank of the Philippine Islands	Philippines	Banks	5.2	BBB+	500	2030
20-Mar-25	Muthoot Finance Ltd.	India	NBFI	6.6	BB+	250	2029

As of March 31, 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

On March 14,2025, S&P Global Ratings raised its sovereign local and foreign currency long term rating on Saudi Arabia to 'A+' from 'A', reflecting the ongoing social and economic transformation in the country, underpinned by improving governance effectiveness and institutional settings, including deepening domestic capital markets.

🟩 Investment grade   🟥 Speculative grade

Economy	Rating	Outlook	Five-year CDS spread (March 31)	Five-year CDS spread (Feb. 28)
China	A+	Stable	52	48
Saudi Arabia	A+	Stable	72	61
Chile	A	Stable	62	55
Malaysia	A-	Stable	54	48
Poland	A-	Stable	70	67
Philippines	BBB+	Positive	77	69
Thailand	BBB+	Stable	54	44
Indonesia	BBB	Stable	96	79
Mexico	BBB	Stable	136	121
Peru	BBB-	Stable	91	81
Hungary	BBB-	Negative	125	116
India	BBB-	Positive	53	46
Colombia	BB+	Negative	226	190
Vietnam	BB+	Stable	110	97
Brazil	BB	Stable	185	180
South Africa	BB-	Positive	227	195
Turkiye	BB-	Stable	316	255
Argentina	CCC	Stable	1,095	1,092

Data as of March 31, 2025, and sovereign ratings as of April 14, 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.

Ratings Summary | Credit Rating Distribution In EM 18

66% IG   34% SG

Legend: ■ 31-Dec-24   ■ 31-Mar-25

Y-axis: % of Issuers (0% to 50%)
X-axis categories: AA, A, BBB, BB, B, CCC/CC
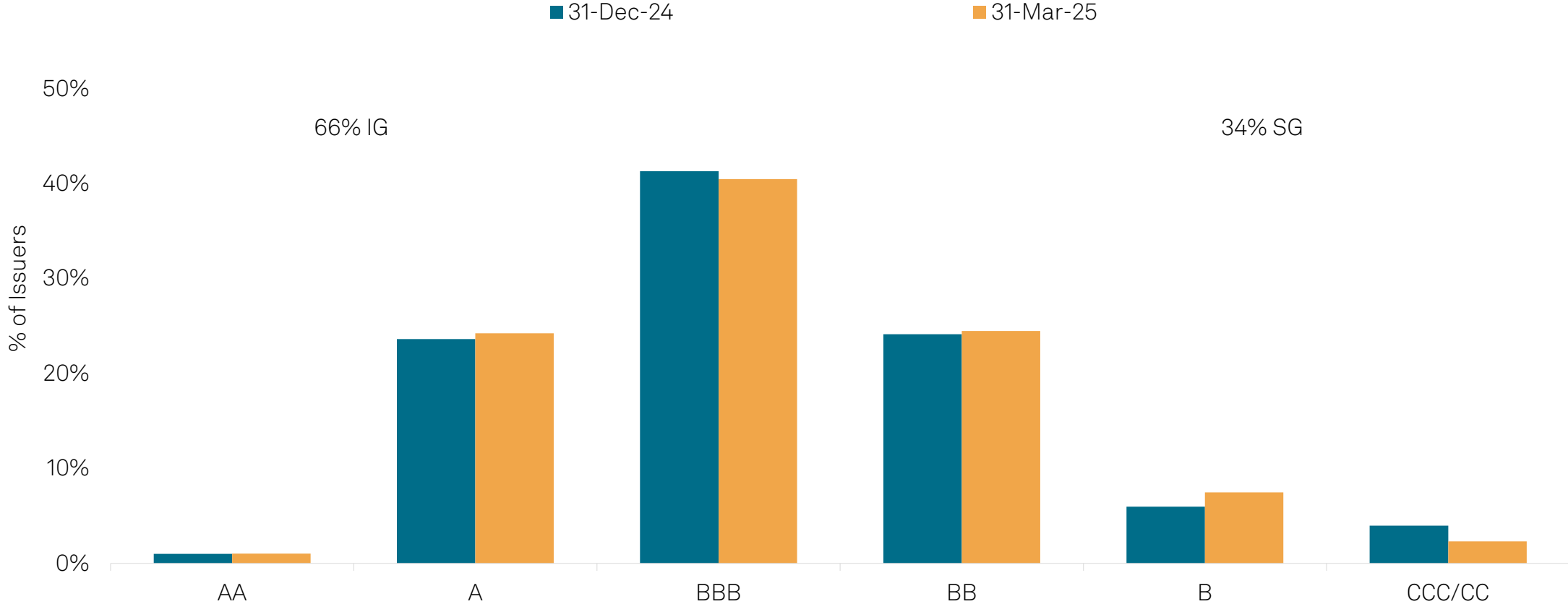
Parent only. Includes Red Chip companies (issuers headquartered in Greater China but incorporated elsewhere) excluding the sovereign. Data as of March 31, 2025. Source: S&P Global Ratings Credit Research & Insights.

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

🟩 Investment grade   🟥 Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. $)
18-Mar-25	Saudi Electric Co.	Saudi Arabia	Utilities	A+	A	Upgrade	6,400
6-Feb-25	YPF S.A	Argentina	Oil and gas	B-	CCC	Upgrade	3,420
18-Mar-25	Saudi National Bank	Saudi Arabia	NBFI	A	A-	Upgrade	3,196
28-Feb-25	Latam Airlines Group S.A.	Chile	Transportation	BB	BB-	Upgrade	2,950
27-Feb-25	mBank S.A.	Poland	NBFI	BBB+	BBB	Upgrade	1,837
17-Mar-25	Shriram Finance Ltd.	India	NBFI	BB+	BB	Upgrade	1,725
6-Feb-25	Pampa Energia S.A.	Argentina	Utilities	B-	CCC	Upgrade	1,460
17-Mar-25	Muthoot Finance Ltd.	India	NBFI	BB+	BB	Upgrade	1,150
25-Mar-25	Arcelik A.S.	Turkiye	Consumer products	BB-	BB	Downgrade	878
6-Feb-25	Aeropuertos Argentina 2000 S.A.	Argentina	Transportation	B-	CCC	Upgrade	750

As of March 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. NBFI—Nonbank financial institutions. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

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

■ Investment grade　　■ Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. $)
6-Feb-25	Banco De Galicia Y Buenos Aires S.A.U.	Argentina	NBFI	B-	CCC	Upgrade	575
25-Mar-25	Grupo de Inversiones Suramericana S.A.	Colombia	Diversified	BB	BB+	Downgrade	550
21-Feb-25	PT Cikarang Listrindo	Indonesia	Utilities	BBB-	BB+	Upgrade	550
18-Mar-25	Saudi Basic Industries Corp.	Saudi Arabia	CP&ES	A+	A	Upgrade	500
6-Feb-25	Transportadora de Gas del Sur 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
17-Mar-25	Sammaan Capital Ltd.	India	NBFI	B+	B	Upgrade	350
6-Feb-25	CLISA	Argentina	Capital goods	CCC+	CCC	Upgrade	335
6-Feb-25	Compania General de Combustibles S.A.	Argentina	Oil and gas	CCC+	CCC	Upgrade	285

As of March 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. NBFI—Nonbank financial institutions. 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
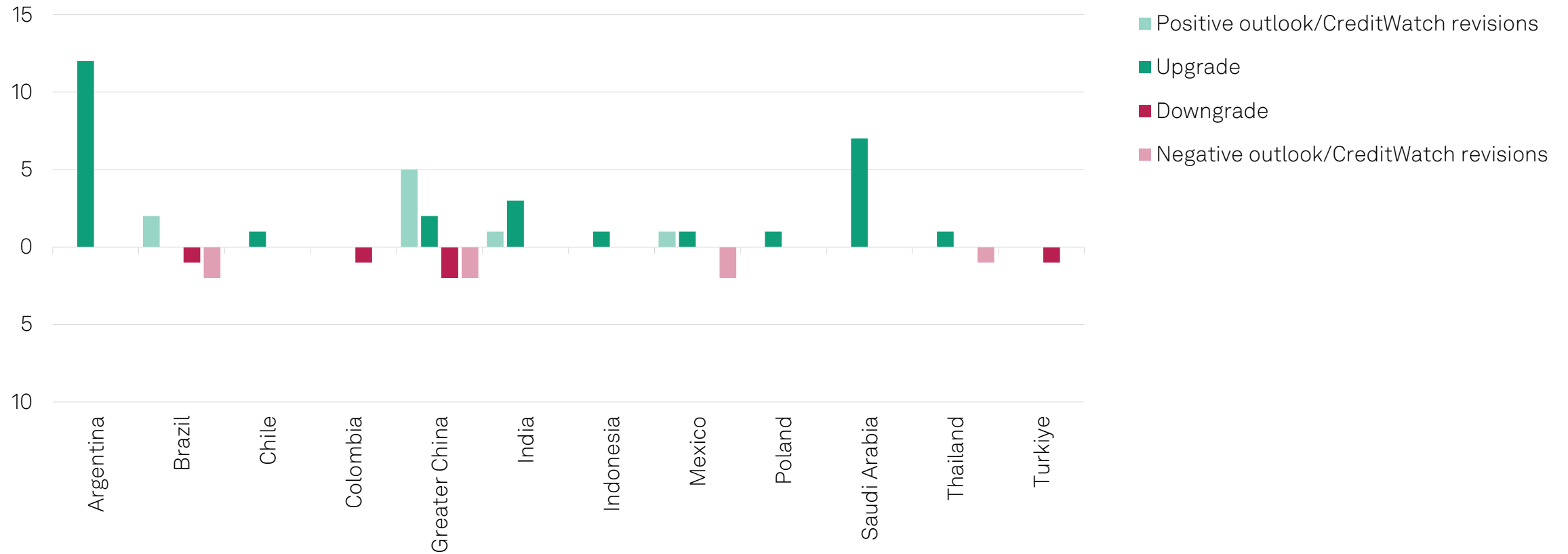
Legend:
- Positive outlook/CreditWatch revisions
- Upgrade
- Downgrade
- Negative outlook/CreditWatch revisions

Data as of March 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.

S&P Global
Ratings

EM | Total Rating Actions By Month

- **March recorded 13 upgrades, down from 15 in February.** Six upgrades were in Saudi Arabia, triggered by the similar sovereign rating action. Three Indian speculative-grade financial institutions were also upgraded, as India's oversight of large nonbank finance companies has improved after changes to the regulatory framework. This has led to more financial stability and growth of these companies. Out of the 13 upgrades, nine were among financial institutions.

- **Three downgrades were recorded in March, all among speculative-grade entities.** Longfor Group Holdings Ltd. (Greater China; real estate) to 'BB' from 'BB+' on weakening property sales, Grupo de Inversiones Suramericana S.A. (Colombia; diversified) to 'BB' from 'BB+' on delayed leverage reduction with the spin-off of Grupo Argos; and Turkiye Arcelik A.S. (consumer products) to 'BB-' from 'BB' on weaker profitability, high staff costs and pricing pressure from European competition.
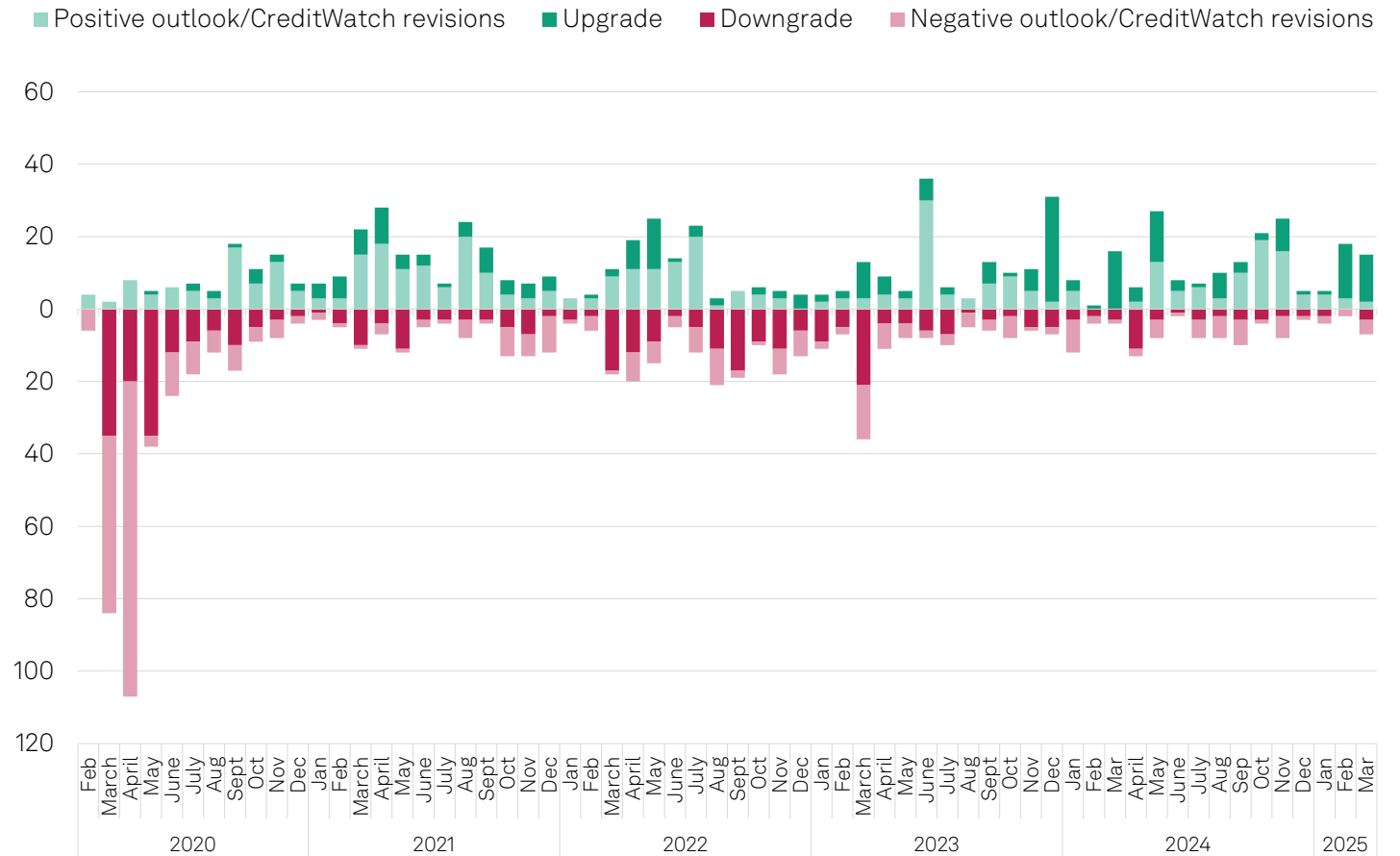
Data from Feb. 3, 2020, to March 31, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch 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 substantially unchanged in the month,** with LatAm's negative bias at 14%, the highest among EM regions. EEMEA's downgrade potential decreased to 9% from 11%, following the outlook stabilization on Arcelik with its downgrade. All regional downgrade potentials remained well below their historical averages.

- **CP&ES and forest products are the only two sectors (out of 18) displaying a negative bias higher than the five-year average.**

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

Legend: ■ 10-Year Average ■ 5-Year Average ■ February 28, 2025 ■ March 31, 2025

Negative bias by sector (%)

Legend: ■ Current Negative Bias (Mar. 31, 2025) ■ Current Negative Bias (Feb. 28, 2025) ■ 5-Year Averages (Mar. 31, 2025)
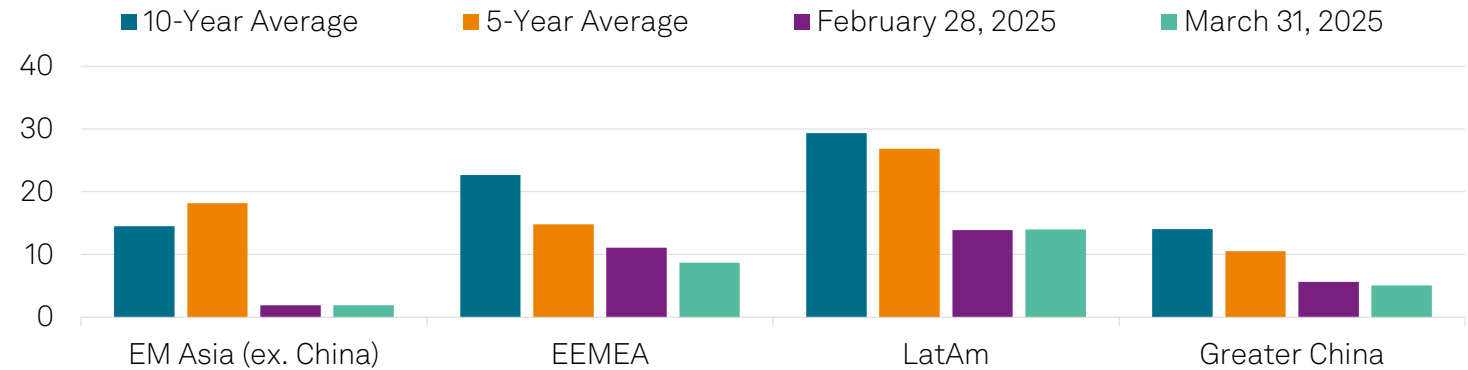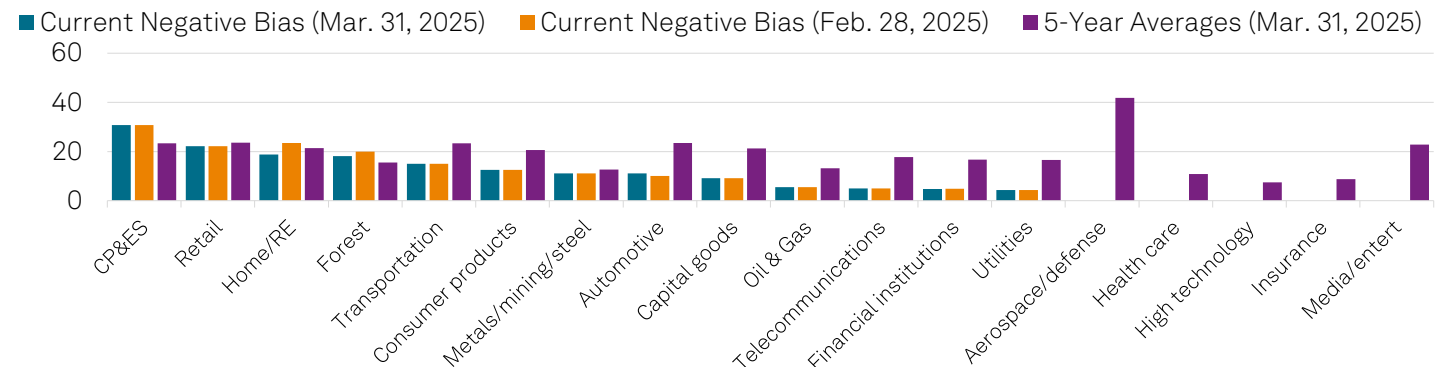
Data as of March 31, 2025. Excludes sovereigns, and subsidiaries. Media/entert--Media and entertainment. Retail--Retail / restaurants. CP&ES--Chemicals, packaging, and environmental services. Home/RE--Homebuilders/real estate companies. Forest--Forest products and building materials. Negative bias--Percentage of issuers with a negative outlook or on CreditWatch negative. Source: S&P Global Ratings Credit Research & Insights.

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Ratings

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 March 31, 2025. Includes sovereigns and Greater China and Red Chip companies. Debt volume includes subsidiaries and excludes zero debt. CP&ES--Chemicals, packaging, and environmental services. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | One Rising Star Year To Date

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.	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 Mar. 31, 2025. Includes sovereigns and Greater China and Red Chip. Forest--Forest products and building materials. Source: S&P Global Ratings Credit Research & Insights.

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Ratings

Rating Actions | Two Defaults 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 March 31, 2025. Includes sovereigns, excludes confidentials. Includes Greater China, and Red Chip companies. Includes both rated and zero debt defaults. *Refers to local-currency rating. CP&ES---Chemicals, packaging, and environmental services. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

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Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels at four year to date

Legend: Fallen angels, Average potential fallen angels
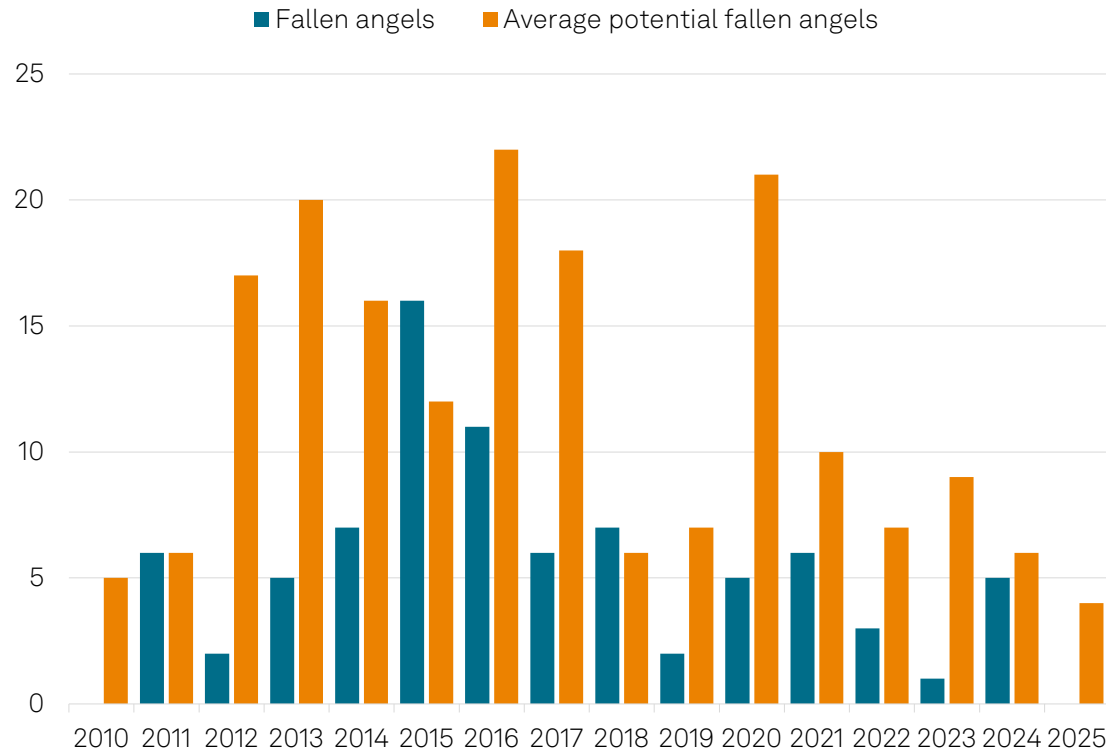
EM potential fallen angels mostly located in EM Asia

Legend: March 2025, March 2024
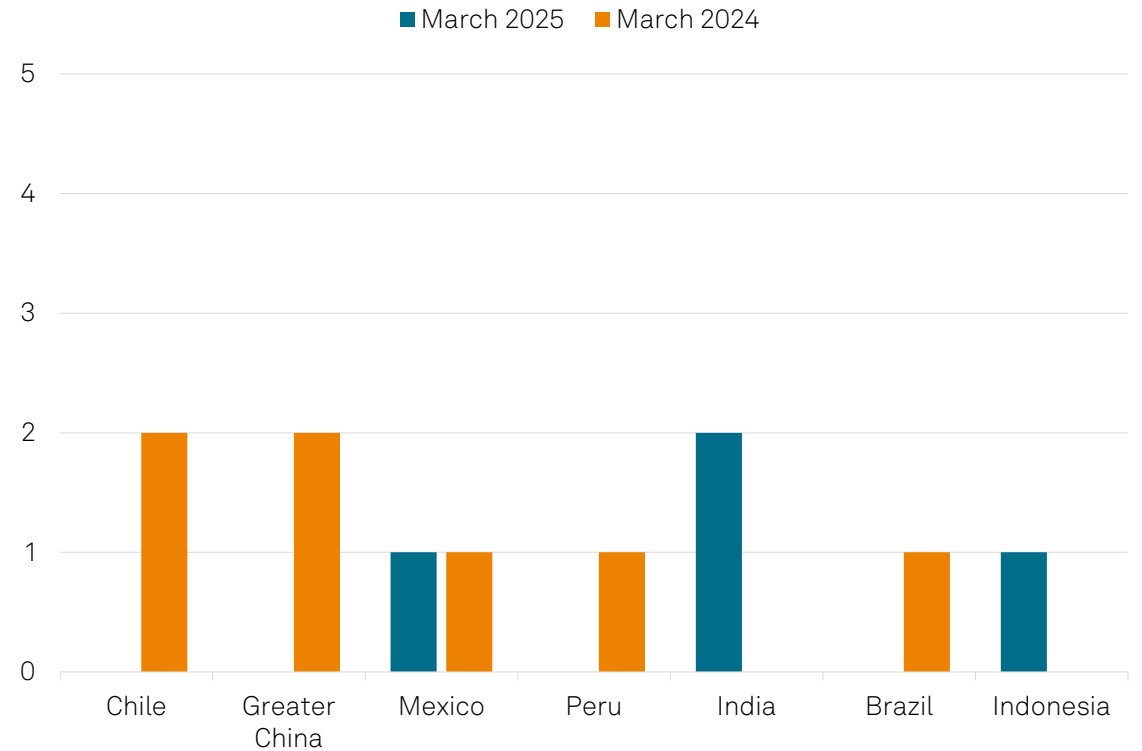
Data as of March 31, 2025. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

One average potential rising star year to date

■ Rising stars ■ Average potential rising stars
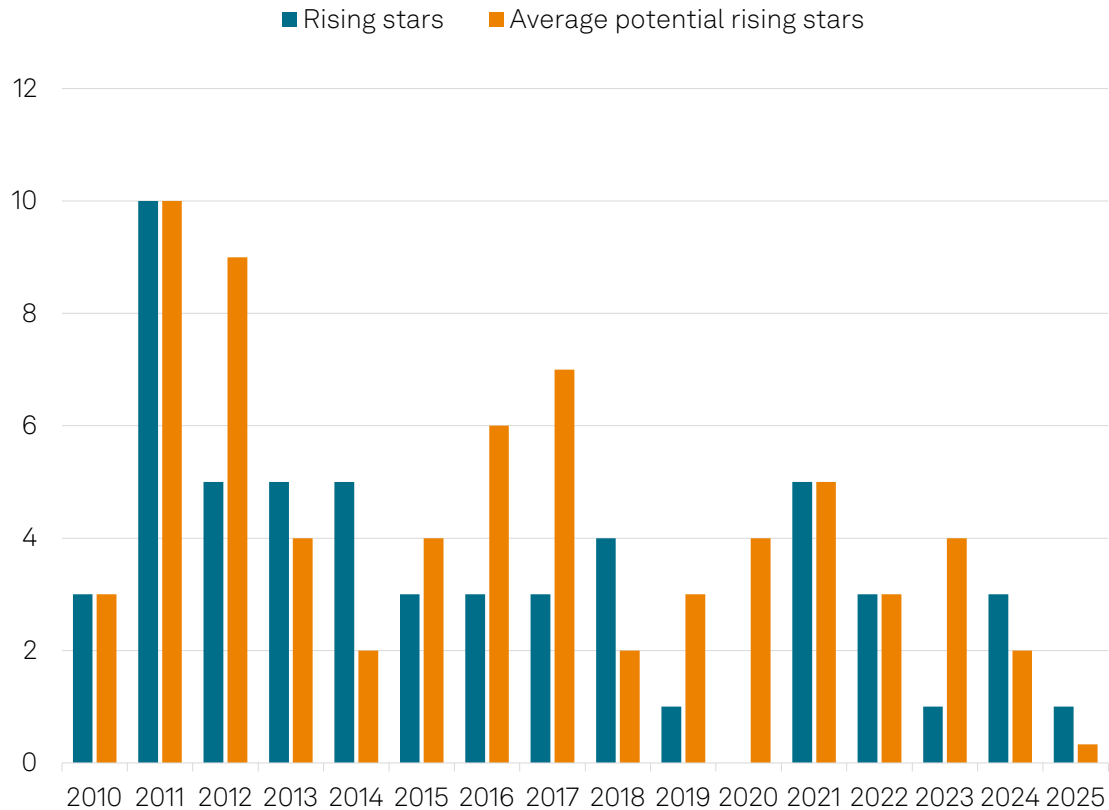
No potential rising star as of March 2025
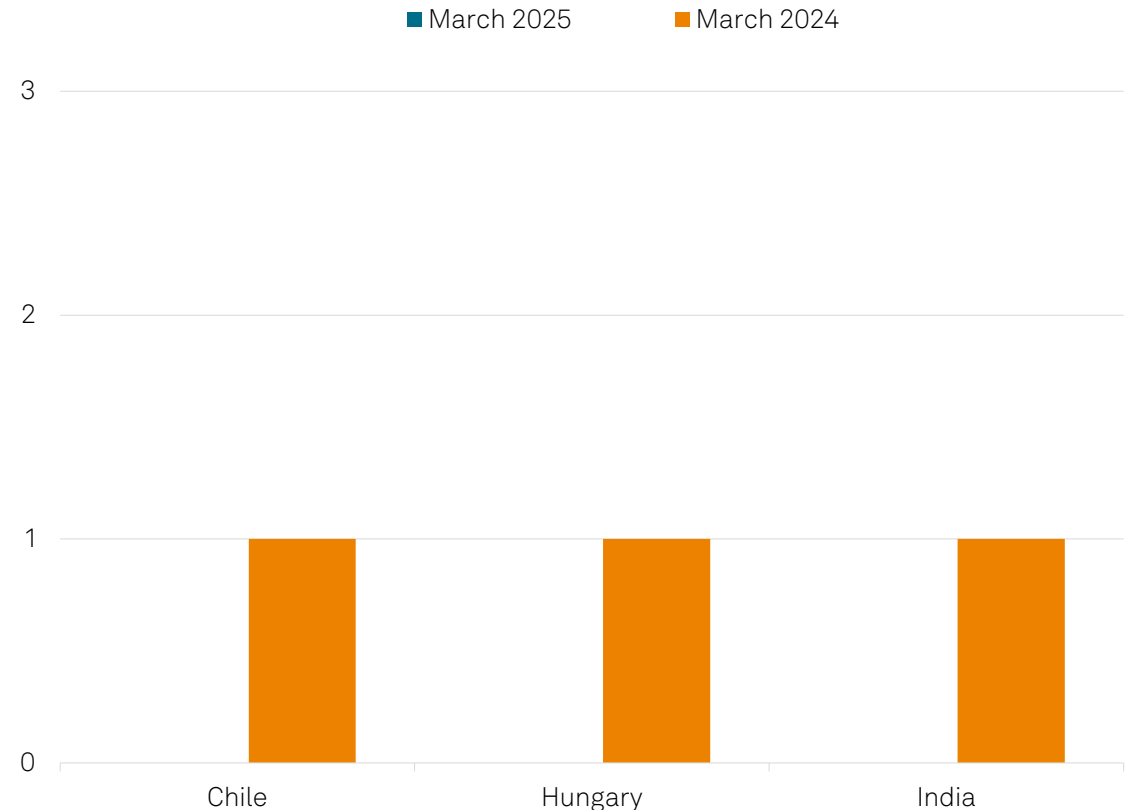
■ March 2025 ■ March 2024

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

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Ratings

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Rating Actions | Weakest Links And Defaults

EM weakest links declined by one to three in March

■ Weakest links count (left scale) — Weakest link share of speculative-grade population (%) (right scale)
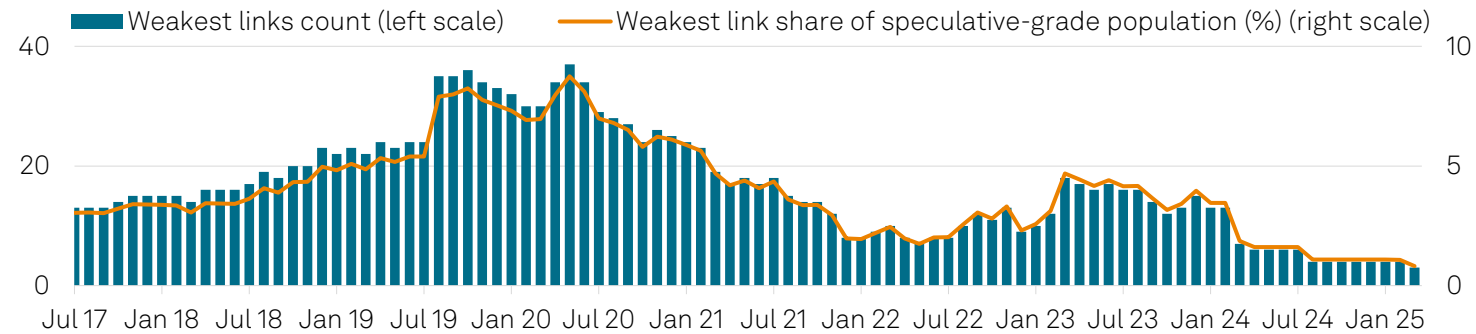
Data as of March 31, 2025. Parent only. Weakest links are defined as issuers rated 'B−' or lower with negative outlooks or ratings on CreditWatch with negative implications. Source: S&P Global Ratings Credit Research & Insights.

Default rate this month (as of February 2025)

— EM Asia (excl. China) — EEMEA — LatAm — EM (excl. China)
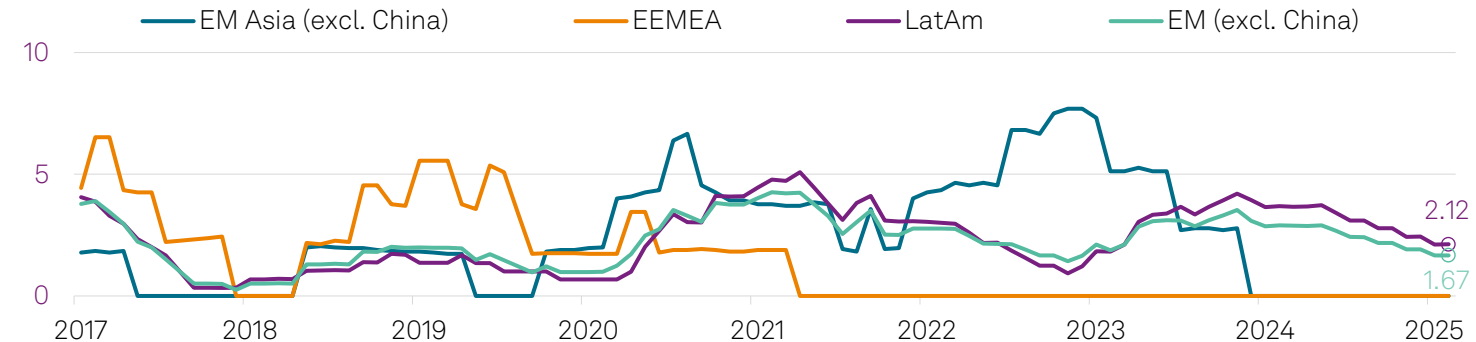
Excluding China. CreditPro data as of Feb. 28, 2025. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

- **Weakest links decreased to three issuers** in March from four in the past seven months. We placed China Vanke Co. Ltd. (real estate) on CreditWatch developing on management changes and evolving liquidity situation. Weakest links represented 0.8% of the speculative-grade rated entities. Two of the weakest links were in Brazil, and one in Hungary.

- **Default rates.** The February default rate (excluding China) was 1.67%, the same as in the previous month. LatAm's default rate was muted as well at 2.12%, representing the region where all defaults have occurred since 2024.

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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
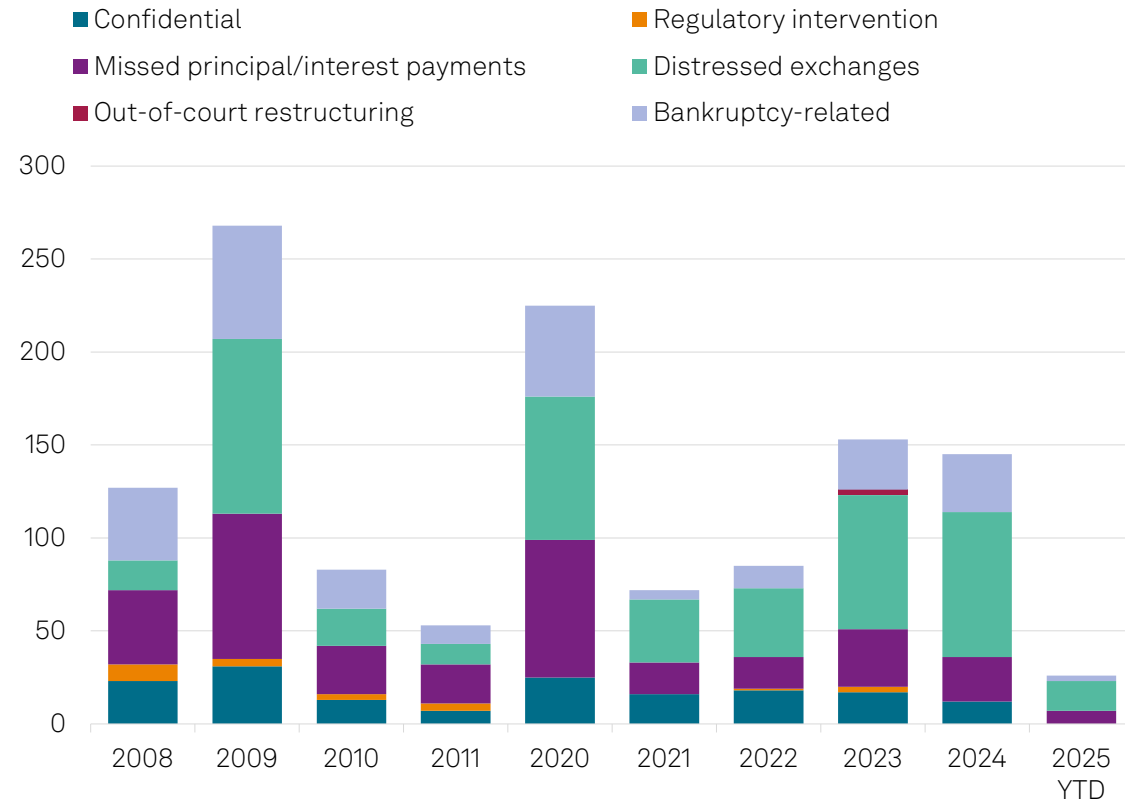
Year-end EM 18 corporate defaults by reason

- ■ Confidential
- ■ Missed principal/interest payments
- ■ Out-of-court restructuring
- ■ Regulatory intervention
- ■ Distressed exchanges
- ■ Bankruptcy-related
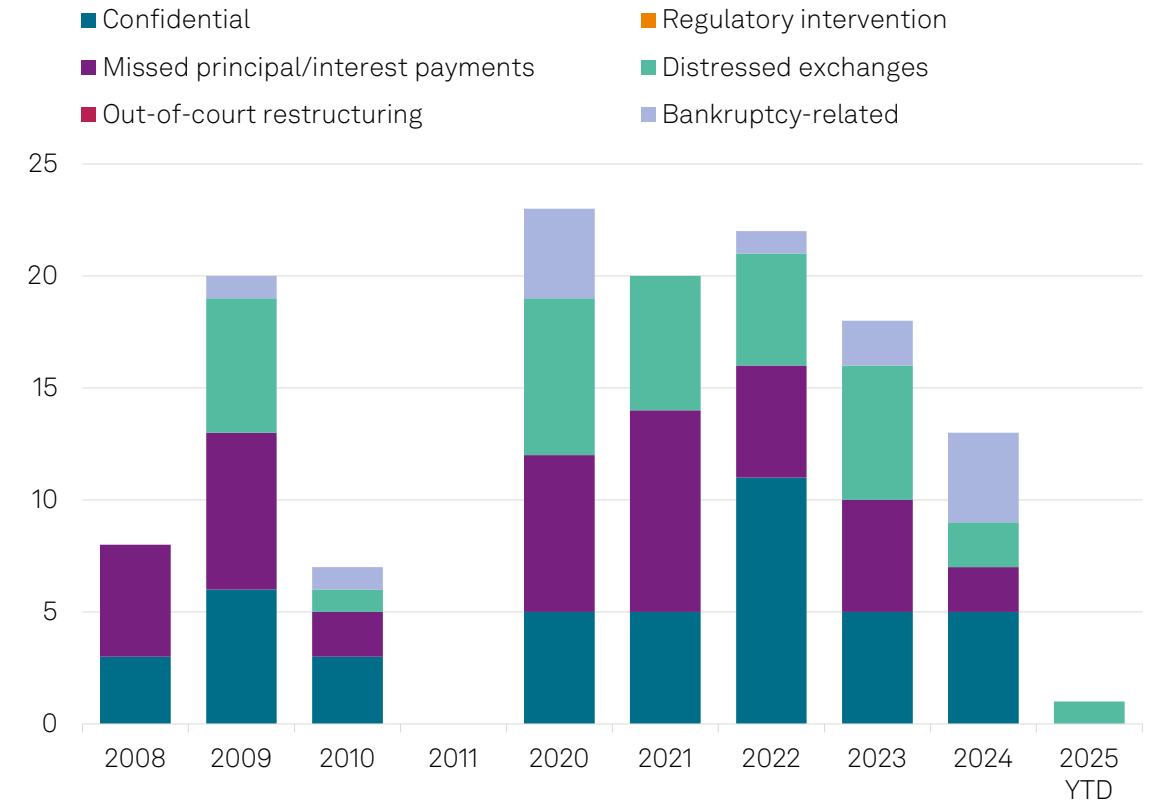
Data as of March 31, 2025. Data has been updated to reflect confidential issuers. Excludes sovereigns. Includes Greater China and Red Chip companies. YTD—Year to date.
Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

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Related Research
And Contacts

Related Research

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- Global Credit Conditions Special Update: Ongoing Reshuffling, April 11, 2025

- Financial Inclusion In Emerging And Frontier Markets: Technology Is Delivering For Banks And Societies, April 8, 2025

- China's Bad Loans Could Exceed 6% In A Tariff-Related Downside, April 3, 2025

- "Liberation Day" Tariffs Announcements: First Take On What It Means For U.S. And Global Outlook, April 3, 2025

- Indonesia: Funding At Home Eases Risks From Abroad, April 1, 2025

- India: Firms Protected By Growth, Funding, Credit Strength, April 1, 2025

- WAEMU Sovereigns Can Weather Mounting Global Geopolitical And Trade Risks, March 31, 2025

- Credit Conditions Emerging Markets Q2 2025: The Tariff Storm, March 26, 2025

- Asia-Pacific Economies Likely To Be Hit By U.S. Trade Tariffs, March 26, 2025

- Economic Outlook Emerging Markets Q2 2025: Trade Policy Unknowns Dampen Investment, March 25, 2025

- Credit Cycle Indicator Q2 2025: Macro Headwinds Could Hinder Credit Recovery, March 20, 2025

- Vietnam On Fast Track, Watch Out For Tariff Bumps, Say Panelists, March 18, 2025

- Emerging Markets Monthly Highlights: U.S. Policy Shifts Dampen Investor Sentiment, March 12, 2025

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