Emerging Markets Monthly Highlights

Global Tensions, Local Resilience

S&P Global Ratings

Credit Research
Luca Rossi
Stefan Bauerschafer
Jose Perez Gorozpe

Economic Research
Harumi Hasegawa
Valerijs Rezvijs
Elijah Oliveros-Rosen
Vishrut Rana

June 11, 2025

This report does not constitute a rating action

Contents

Emerging markets consist of:

Latin America: Argentina, Brazil, Chile, Colombia, Mexico, Peru.
Emerging Asia: India, Indonesia, Malaysia, Thailand, Philippines, Vietnam.
EMEA: Egypt, Nigeria, 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

A weaker U.S. dollar will support disinflation across Emerging Markets (EMs), with the median EM currency up 7% year-to-date. Lower prices for imported goods in local currency, alongside subdued oil prices, will be main drivers of slower inflation in several EMs. This gives EM central banks more space to lower interest rates after years of significant monetary tightening.

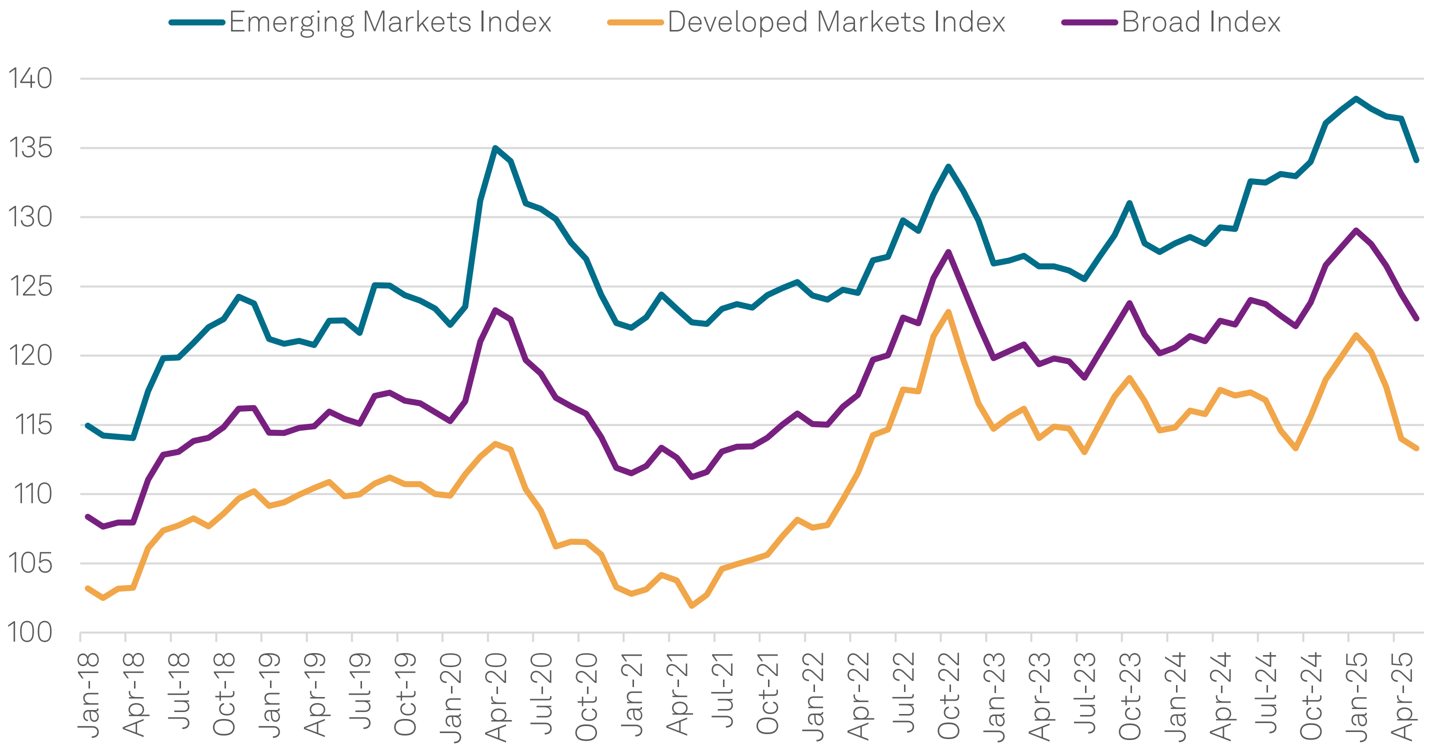
EM-U.S. benchmark spreads narrowed across most emerging markets, as the recent rise in U.S. 10-year government yields did not prompt similar moves in EM counterparts—potentially signaling robust investor appetite toward developing economies. However, a historical analysis shows this is not without precedent.

Number of risky credits drops amid market slowdown. Following the upward revision of Argentina's transfer and convertibility assessment, the number of 'CCC+' and lower rated issuers in EMs fell to nine from 15. This pool of entities did not issue debt in February-April 2025, indicating the sharp rise in borrowing costs triggered by the tariff-related market turmoil, as well as a manageable maturity schedule.

EM benchmarks and corporate yields narrowed in May, while the number of defaults accelerated, with three Brazilian issuers defaulting in the month, bringing the EM year-to-date count to four. Market activity rose notably in Saudi Arabia (Aramco) and Colombia (Grupo Nutresa). However, issuance was sluggish in Brazil, Mexico, and Malaysia, and it decreased in Greater China, which posted a 25% decrease from April.

U.S. Dollar Weakness | Eases Pressure On EM Inflation And Rate Forecast

U.S. trade-weighted dollar index (2006 = 100)



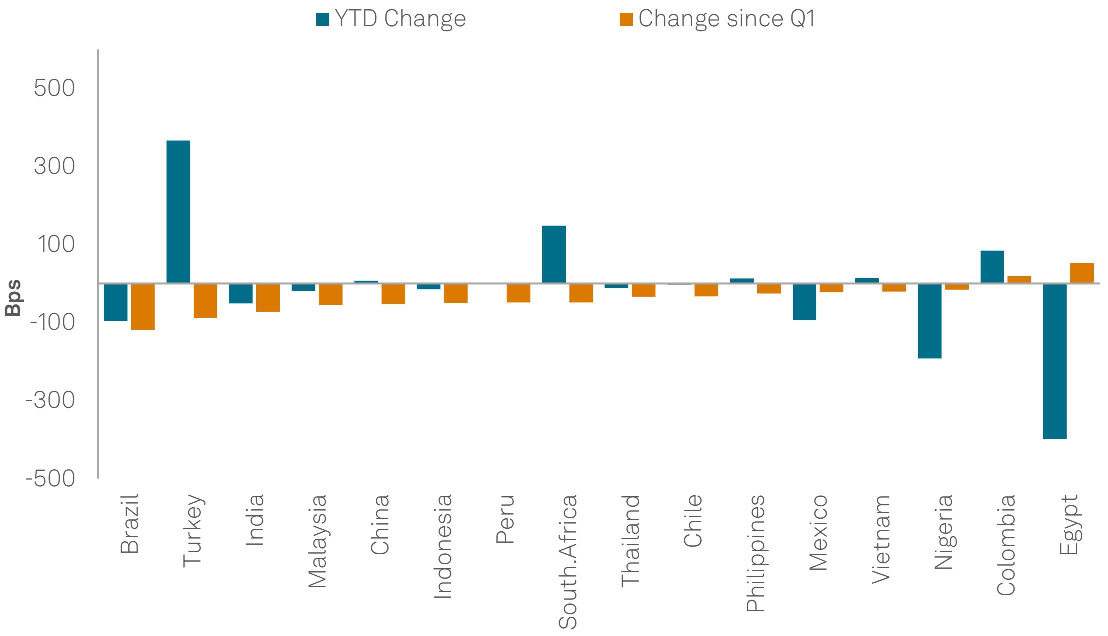
Sources: FRB

- **Ongoing broad U.S. dollar weakness will help lower inflation in EMs.** The median EM currency has strengthened 7% against the U.S. dollar so far this year. Cheaper imported goods in local currency and low oil prices will mainly drive lower inflation in EMs.
- **EM central banks have more space to cut interest rates.** Most EM central banks are in the process of slowly bringing interest rates closer to neutral levels, following significant tightening in the last few years. If the U.S. dollar remains weak, we think central banks may be more comfortable in accelerating monetary policy normalization or even going below neutral in cases in which economic growth is weakening.

EM Yields | Divergence Between EM And U.S. Benchmarks

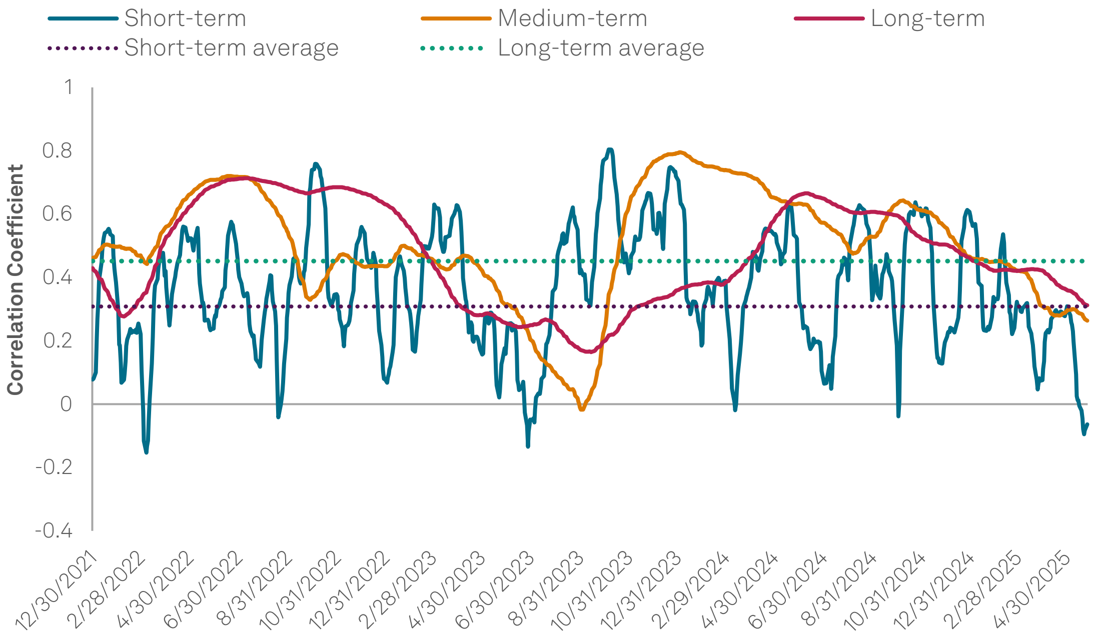
- **EM-U.S. benchmark spreads decreased for most EMs,** as recent U.S. government 10-year increases did not trigger analogous movements from EM counterparts, perhaps signaling a change in investors' risk perception toward developing economies.
- **A historical perspective shows this is not unprecedented.** While the current correlation between U.S. and EM 10-year bond yields—both long- and short-term—sits below its average, short-term correlation has turned negative five times over the past four years. The most recent instance was in October 2024, amid market volatility ahead of the U.S. political elections.

EM 10-year benchmark spreads with U.S.



Data as of June 6, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

Average EM-U.S. 10-year benchmarks rolling correlation

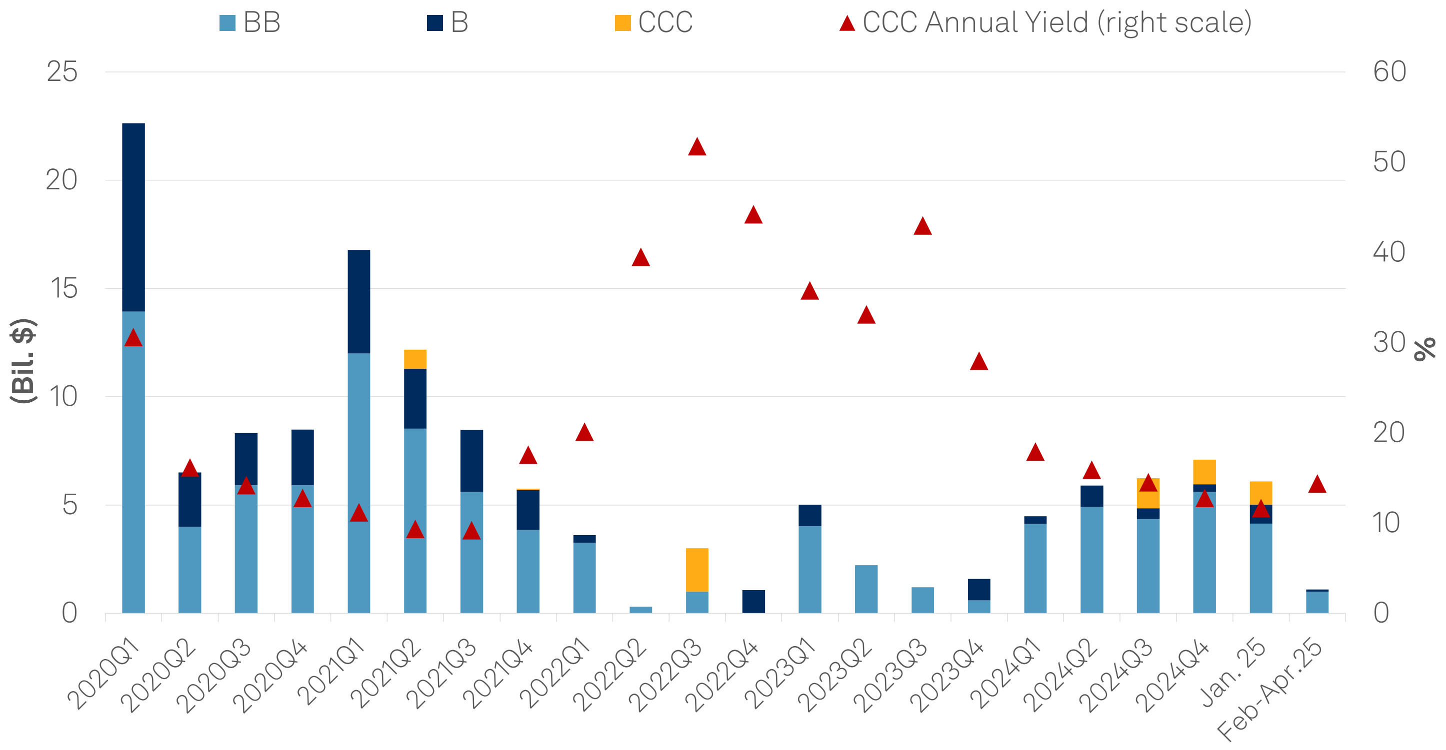


The rolling correlation window is defined as 21 trading days (~1 months), 126 trading days (~6 months) and 252 trading days (~1 years). We classify these windows as short-term, medium-term and long-term, respectively. The shown time series is a simple average over individual EM country's rolling correlation with the US 10-year yields.

Data as of June 6, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

Risky Credits | Number Drops Amid Market Slowdown

Emerging markets quarterly speculative grade issuance



Data as of April 30, 2025. Source: S&P Global Ratings Credit Research & Insights. CCC annual yield taken from IHS iBoxx USD corporate indexes.

- **The number of 'CCC+' and lower rated issuers fell to nine as of April 2025**, representing 6.5% of speculative-grade issuers, from 15 in January following our upward revision of Argentina's transfer and convertibility assessment. However, the pace of defaults accelerated in May, with three issuers in Brazil.
- **No 'CCC+' and lower rated issuance was recorded in February to April 2025,** as tariff-related market turmoil triggered a sharp rise in borrowing costs, particularly for speculative-grade rated companies.
- **Rated 'B-' and lower debt maturity wall peaks in 2027,** with $3.8 billion, mostly in Latin America. Telecom and transport have the highest concentration of upcoming debt.
- For additional info, please refer to *"EM Risky Credits: Number Drops Amid Market Slowdown,"* published May 28, 2025.

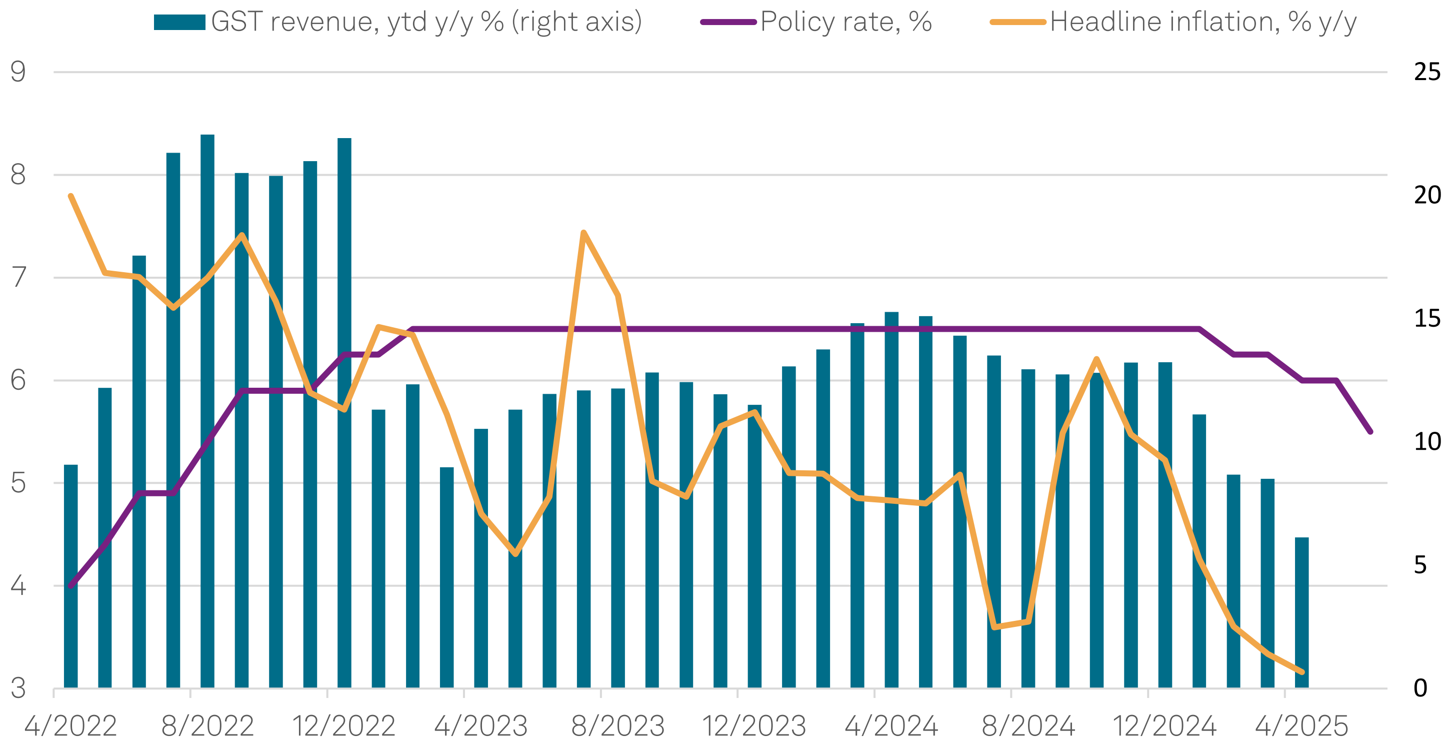
Regional Economic Highlights

EM Asia Economics | India's Central Bank Eases To Spur Activity

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

- **The Reserve Bank of India (RBI) cut interest rates by 50 basis points** at its latest monetary policy meeting.
- **Inflation has been easing noticeably in recent months,** helped by falling global energy prices, low food inflation, and steady core inflation. Experts forecast an above-normal monsoon season, which should help keep food inflation low. **This gives the RBI room to lower interest rates.**
- Economic activity has been softening in recent months. Goods and Service Tax revenue growth, a proxy for consumer activity, has slowed over the year. **Accommodative monetary policy should help boost demand.**

Inflation, policy rates, and activity



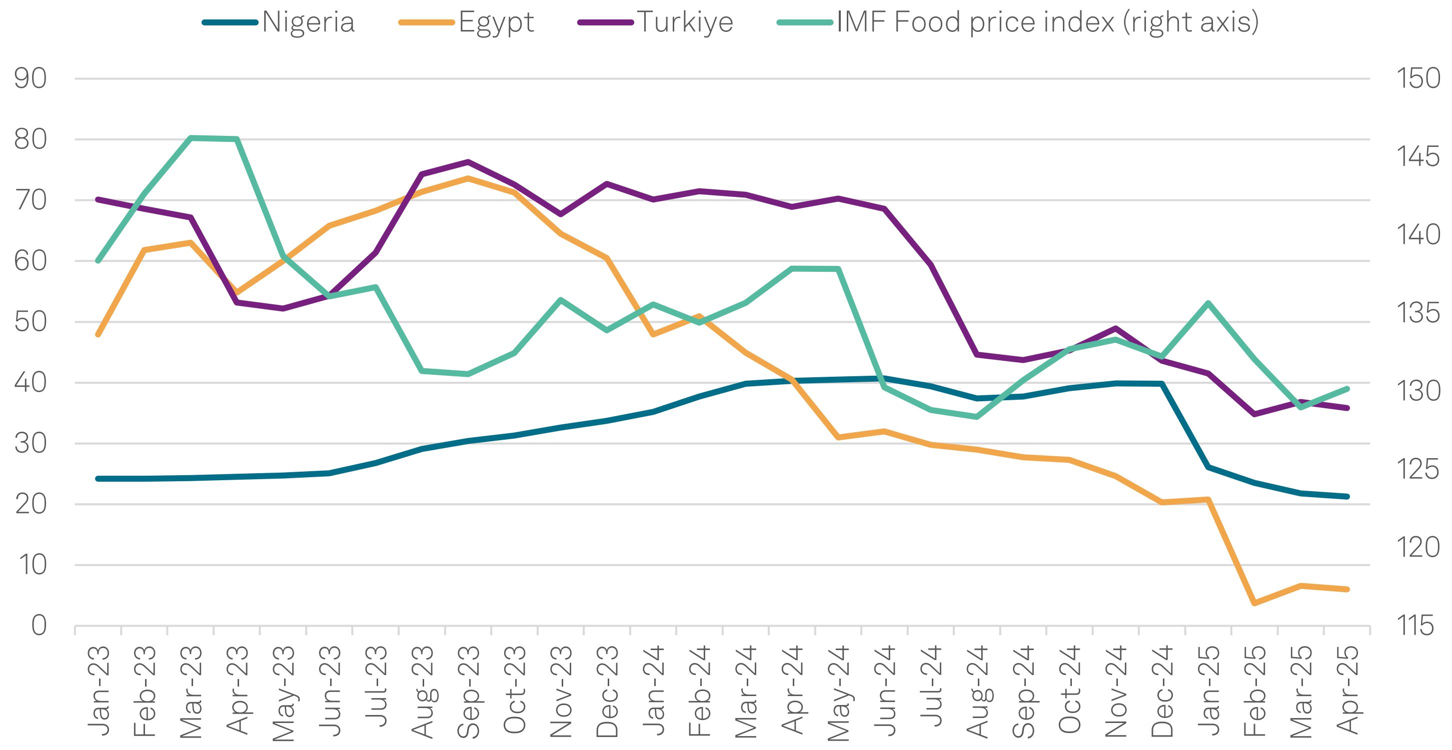
Y/y—Year-on-year. Source: Reserve Bank of India, Ministry of Statistics and Programme Implementation, and Controller General of Accounts.

EM EMEA Economics | Food Inflation Is Decreasing

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

- **Food inflation in key EM EMEA economies has been decreasing over the last several months.** Nevertheless, annual food inflation remains high broadly across EM EMEA, particularly in Africa.
- **International food price developments support weaker food inflation,** especially decreases in wheat and rice prices. Despite some pick up in prices in mid-2024, wheat and rice S&P GSCI price indices are now down by 13% and 18% year-on-year, respectively.
- **Exchange rate and energy price dynamics also support food disinflation via lower import prices**. Lower transportation costs (via lower energy prices) and strengthening/stable exchange rates (except Turkiye) are pushing down prices for imported food.

Food inflation (year-on-year, %) and IMF Food Price Index



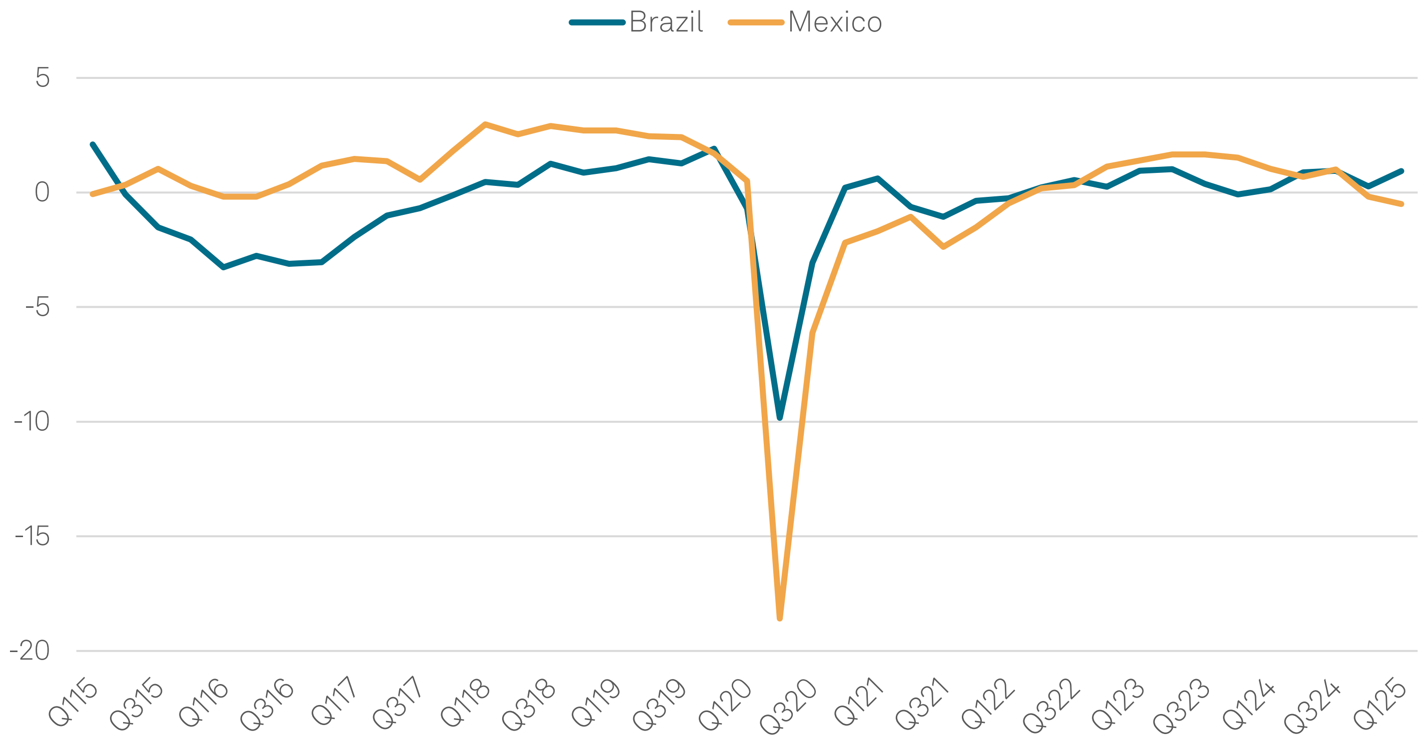
Sources: National Statistical Sources, IMF and S&P Global Ratings.

LatAm Economics | Brazil And Mexico Diverging Since Early 2025

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

- **Brazil's first-quarter 2025 GDP was slightly higher than we expected,** accelerating to 1.4% quarter-over-quarter (q/q) from 0.1% q/q in fourth-quarter 2024. The main growth driver was a very large expansion in agriculture output due to a good harvest. In addition, domestic demand held up better than expected to very high real interest rates.
- **Brazil's growth further widened the positive output gap, challenging the central bank's efforts to re-anchor inflation expectations.** According to the latest central bank survey, inflation expectations for the end of 2025 are at 5.5%, well above the central bank's 3% target.
- **In contrast, Mexico's economy is running below potential, encouraging the central bank to continue cutting interest rates.** Mexico's central bank has cut rates by 150 bps so far this year, and we expect more easing in the coming months.

Output gap, % of GDP



Note: the output gap was calculated with an HP filter. Sources: Haver Analytics, S&P Global Ratings.

S&P Global
Ratings

Macro-Credit Dashboards

S&P Global
Ratings

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	2.9	Q1	-0.5	5.1	3.1	3.2	2.9	1.8	1.7	2.1	2.2
Chile	2.3	Q1	2.0	11.5	2.2	0.6	2.4	2.0	2.1	2.3	2.5
Colombia	2.7	Q1	2.4	10.8	7.3	0.7	1.7	2.3	2.6	2.9	2.9
Mexico	0.8	Q1	1.6	6.3	3.7	3.3	1.2	-0.2	1.5	2.2	2.3
Peru	3.9	Q1	3.2	13.4	2.8	-0.4	3.3	2.5	2.5	2.8	2.9
China	5.4	Q1	6.7	8.5	3.0	5.2	5.0	3.5	3.0	4.3	4.5
India	7.4	Q1	6.9	9.7	7.6	9.2	6.5	6.3	6.5	7.0	6.8
Indonesia	4.9	Q1	5.0	3.7	5.3	5.0	5.0	4.6	4.7	5.0	4.9
Malaysia	4.4	Q1	4.9	3.3	8.9	3.5	5.1	3.9	3.8	4.5	4.5
Philippines	5.4	Q1	6.6	5.7	7.6	5.5	5.7	5.7	5.9	6.4	6.5
Thailand	3.1	Q1	3.4	1.5	2.6	1.9	2.5	2.3	2.6	3.1	3.1
Vietnam	6.9	Q1	7.1	2.6	8.0	5.0	7.1	5.6	6.0	6.5	6.6
Egypt	4.3	Q4	4.8	3.3	6.7	3.8	2.4	3.5	4.0	4.3	4.6
Nigeria	4.4	Q4	1.2	3.6	3.3	2.9	3.4	3.0	3.2	3.4	3.5
Saudi Arabia	3.4	Q1	2.5	6.6	12.0	0.6	1.8	3.5	4.2	3.5	3.4
South Africa	0.8	Q1	1.0	4.7	1.9	0.7	0.6	1.3	1.4	1.6	1.6
Turkiye	2.0	Q1	4.2	11.8	5.3	4.5	3.2	2.7	2.9	3.3	3.2

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

S&P Global Ratings

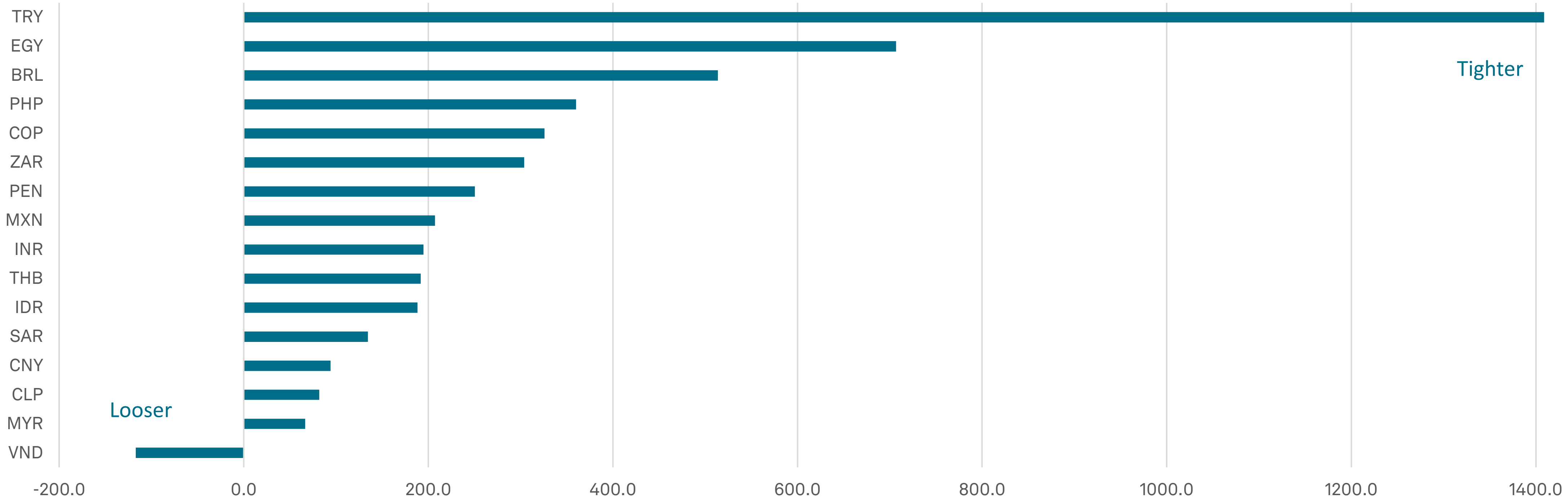
Monetary Policy/FX | Several Central Banks Cut Rates Last Month

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	May exchange rate change	YTD exchange rate change
Argentina	29.00%	No target	47.3%	Hold	N/A	-2.0%	-13.6%
Brazil	14.75%	3.0% +/- 1.5%	5.5%	50 bps hike	June 18	-0.8%	8.5%
Chile	5.00%	3.0% +/- 1.0%	4.4%	Hold	June 17	0.9%	5.8%
Colombia	9.25%	3.0% +/- 1.0%	5.2%	25 bps cut	June 27	2.2%	7.4%
Mexico	8.50%	3.0% +/- 1.0%	3.9%	50 bps cut	June 26	1.2%	7.2%
Peru	4.50%	1.0% - 3.0%	1.7%	25 bps cut	N/A	1.2%	3.9%
China	1.40%	3%	-0.1%	10 bps cut	N/A	1.0%	1.5%
India	5.50%	4.0 +/- 2.0%	3.2%	25 bps cut	June 6	-0.5%	0.2%
Indonesia	5.50%	2.5% +/- 1.0%	1.6%	50 bps cut	June 18	2.3%	-0.9%
Malaysia	3.00%	No Target	1.4%	Hold	July 9	1.9%	5.4%
Philippines	5.50%	3.0% +/- 1.0%	1.3%	25 bps cut	June 19	1.0%	4.1%
Thailand	1.75%	2.0% +/- 1.0%	-0.6%	25 bps cut	June 25	2.5%	4.3%
Vietnam	4.50%	4%	3.2%	Hold	N/A	-0.1%	-2.6%
Egypt	24.00%	5.0% +/- 2.0%	16.8%	100 bps cut	July 10	2.2%	2.3%
Nigeria	27.50%	6%-9%	23.7%	Hold	July 22	0.7%	-3.2%
Saudi Arabia	5.00%	No Target	2.3%	Hold	N/A	0.0%	0.0%
South Africa	7.25%	3.0% - 6.0%	2.8%	25 bps cut	July 31	4.4%	4.8%
Turkiye	46.00%	5.0% +/- 2.0%	35.4%	350 bps hike	June 19	-1.8%	-9.7%

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). Egypt's inflation target is 7.0% +/- 2.0% for 2026Q4 and 5.0% +/- 2.0% for 2028Q4. 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 | Significant Amount Of Space To Cut Rates Across EMs

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



Data as of May 31, 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	Mexico	Peru	Chile	Malaysia	Philippines	Indonesia	China	South Africa	Thailand	India	Colombia	Brazil	Vietnam	Turkiye	Egypt	Nigeria	Argentina
	FC Sovereign Rating	A+	BBB	BBB-	A	A-	BBB+	BBB	A+	BB-	BBB+	BBB-	BB+	BB	BB+	BB-	B-	B-	CCC
	Sovereign Outlook	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Positive	Stable	Positive	Negative	Stable	Stable	Stable	Stable	Stable	Stable
Sovereigns	Institutional	3	3	4	2	3	3	3	3	4	4	3	3	4	4	4	5	5	6
	Economic	3	5	4	4	3	4	4	3	5	4	4	4	5	4	4	5	6	5
	External	1	2	3	4	2	1	3	1	2	1	1	5	2	3	4	6	5	6
	Fiscal (BDGT)	4	4	2	2	4	3	3	5	6	3	6	4	6	4	5	6	6	6
	Fiscal (DBT)	1	4	3	2	5	4	4	4	6	3	6	5	6	3	4	6	5	5
	Monetary	3	3	3	2	2	3	3	2	2	2	3	3	3	4	5	4	5	6
Financial institutions BICRA	Economic Risk	5	6	6	4	5	6	6	7	7	7	6	7	7	9	8	10	10	10
	Industry Risk	4	3	3	3	3	5	6	5	4	6	5	5	5	8	9	8	9	7
	Institutional Framework	I	I	I	I	I	H	H	H	I	VH	H	I	I	EH	VH	EH	EH	H
	Derived Anchor	bbb	bbb-	bbb-	bbb+	bbb	bbb-	bb+	bb+	bb+	bb	bbb-	bb+	bb+	b+	b+	b	b	b+
	Eco. Risk Trend	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive
	Eco. Imbalances	I	I	L	L	L	L	L	H	I	H	L	H	I	H	H	VH	H	VH
	Credit Risk	I	I	VH	I	H	H	VH	VH	H	VH	VH	H	H	EH	VH	VH	EH	VH
	Competitive Dynamics	I	I	L	L	I	I	H	H	I	H	H	I	H	VH	VH	H	H	H
	Funding	I	L	I	L	L	I	I	VL	I	L	L	H	I	I	VH	H	VH	H
Nonfinancial corporates	Median Rating (May 30, 2025)	A-	BBB	BB-	BBB	A-	BBB	BB+	BBB+	BB-	BBB	BBB-	BB+	BB	BB-	BB	B-	B-	B-
	Net Debt / EBITDA	2.72	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	1.80	1.60	1.81
	ROC Adj.§	1	1	4	0	1	0	1	2	1	2	0	0	1	-1	-39	-96	-97	-72
	EBITDA int. cov.	6.81	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	4.76	5.50	3.26
	FFO / Debt	34.1	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	40.91	43.58	32.6
	NFC FC Debt % GDP*	10.3	14.0	20.0	33.5	16.1	6.4	7.3	3.2	14.0	11.4	6.1	10.5	14.1		27.0			8.0
	NFC Debt % of GDP*	48.4	22.8	43.0	90.2	83.7	49.8	23.7	141.6	31.0	80.9	50.4	28.5	54.4		36.4	4.5		18.3

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.

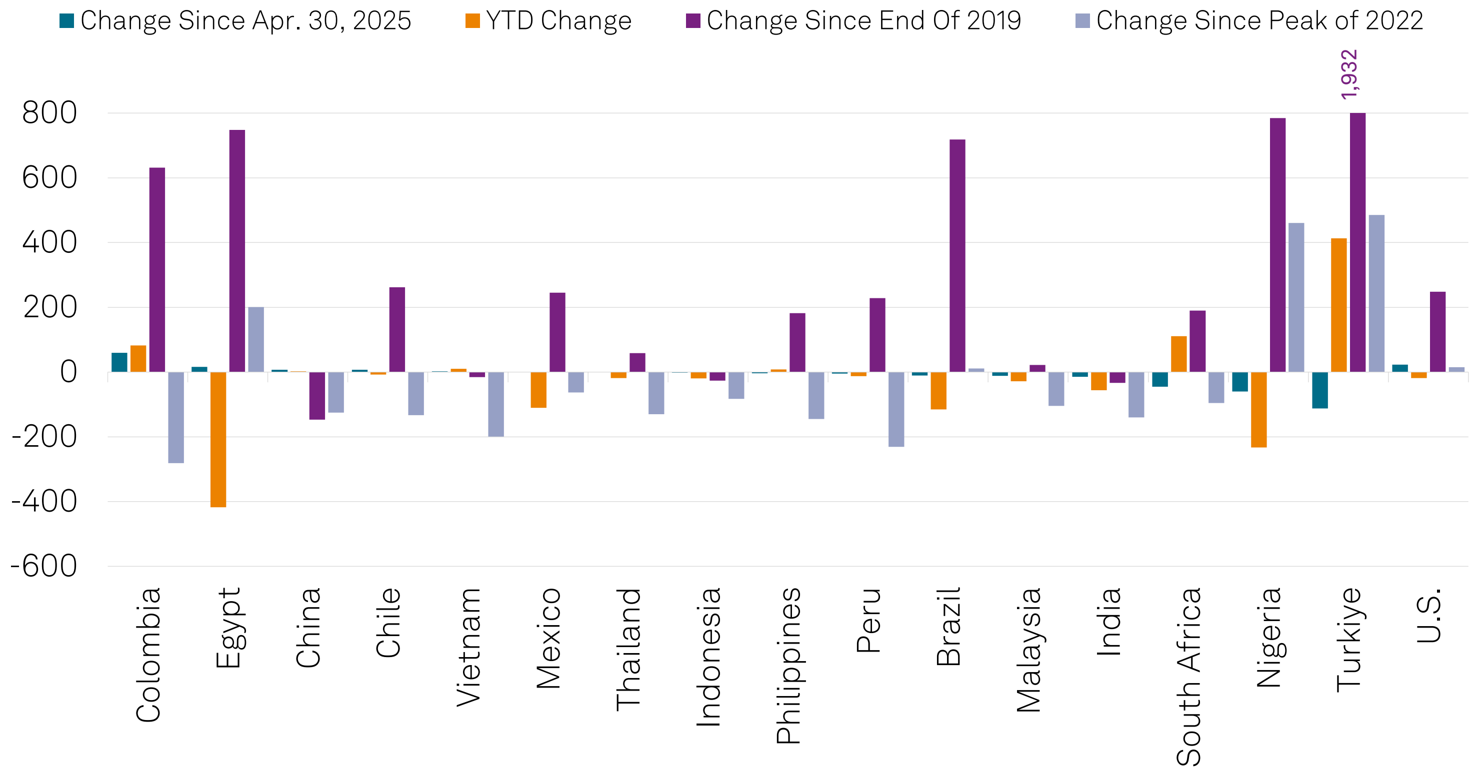
Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our “Corporate Methodology,” Jan. 4, 2024, by using table 17, with levels that go from minimal to highly leveraged. §We assess return on capital by using the median 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 May 2025.

*IIF 1Q 2025. Sources: Bangko Sental NG Pilipinas (Philippines), Central Bank of Egypt (Egypt); Corporate Variables Capital IQ 2Q 2024. S&P Global Ratings. Data for sovereigns and financial institutions as of June. 09, 2025.

Financing Conditions Highlights

EM Yields | Relative Stability

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

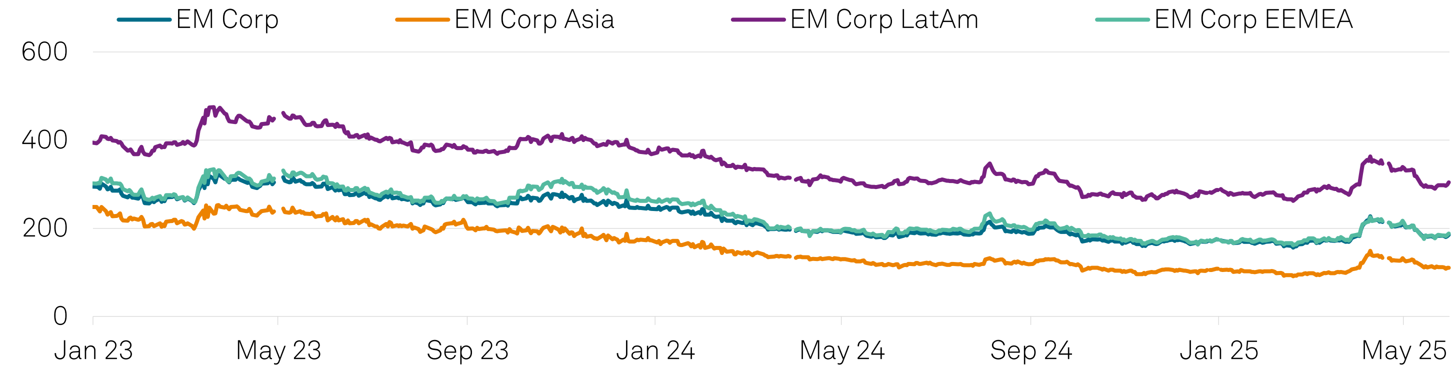


Data as of May 30, 2025, Indonesia as of May 28, 2025, Thailand as of May 26, 2025. Note: The selection of country is subject to data availability. Y-axis truncated at 800 bps for visualization purposes. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro, and Datastream.

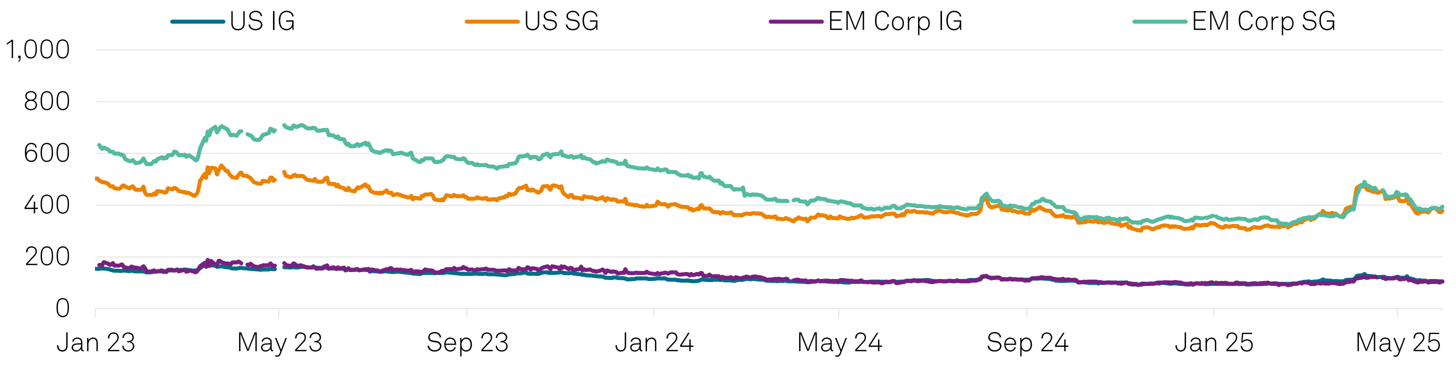
- **EM benchmark yields narrowed in May for nine of 16 EM countries,** with only five tightening. Colombia's (+60 bps) 10-year yields surged, as April's inflation reading surprised on the upside (5.2%) following rises in utilities and transportation services. Colombia's central bank revised upward its inflation prediction for 2025 to 4.4% from 4.1%, against its target of 3.0%. Turkiye (-112 bps) led among countries experiencing softening yields, recovering from the abrupt increase in April, while defensive monetary policy continues to weigh on private consumption. Nigeria saw yields dip 60 bps, as food inflation moderated, external position improved, and local currency stabilized. The local central bank's Purchasing Managers Index signaled in May the sixth consecutive month of economic expansion.
- **Tariffs continue to represent the main source of downside risk for EMs**, along with a global growth slowdown and the uncertain path for the Federal Reserve's monetary easing, which will affect local central banks' strategies and exchange-rate paths.

EM Credit Spreads | Speculative-Grade Almost Recovered What It Lost In April

EM spreads by region (bps)



U.S. and EM spreads (bps)



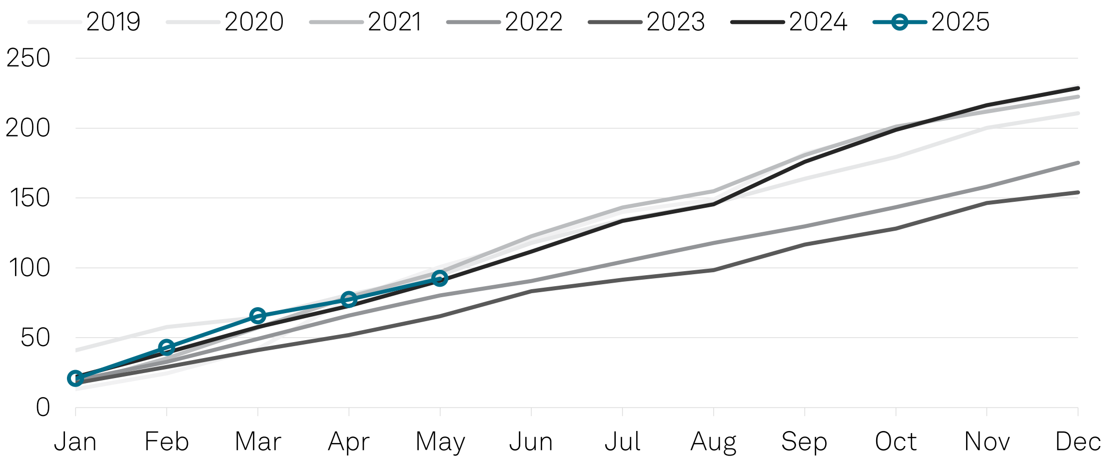
Data as of May 30, 2025. IG--investment-grade. SG--speculative-grade. Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- **EM corporate spreads closed May at 185 bps, 27 bps lower than April.** LatAm's spread, despite still representing the widest level across regions, dipped the most (35 bps) to reach 304 bps. Spreads remain roughly 10 bps higher year-to-date.
- **The pause in U.S. tariff implementation brought some relief,** as speculative-grade (SG) spreads decreased by 57 bps (from the 68 bps rise over last month). The spread movement was mainly driven by lower corporate yields, with SG effective yield touching 7.8%, from 8.3% as of the end of April. Investment-grade spreads tightened less (17 bps), in line with their U.S. counterpart.
- **Consequently, rated issuance slightly increased this month** to $4.7 billion from $2.4 billion, particularly from investment-grade. Only two EM speculative-grade issues ('BB') were recorded in the primary bond market, for a combined $1 billion, with an average 6% coupon and 4.6-year tenor.

EM | Financial And Nonfinancial Corporate Issuance

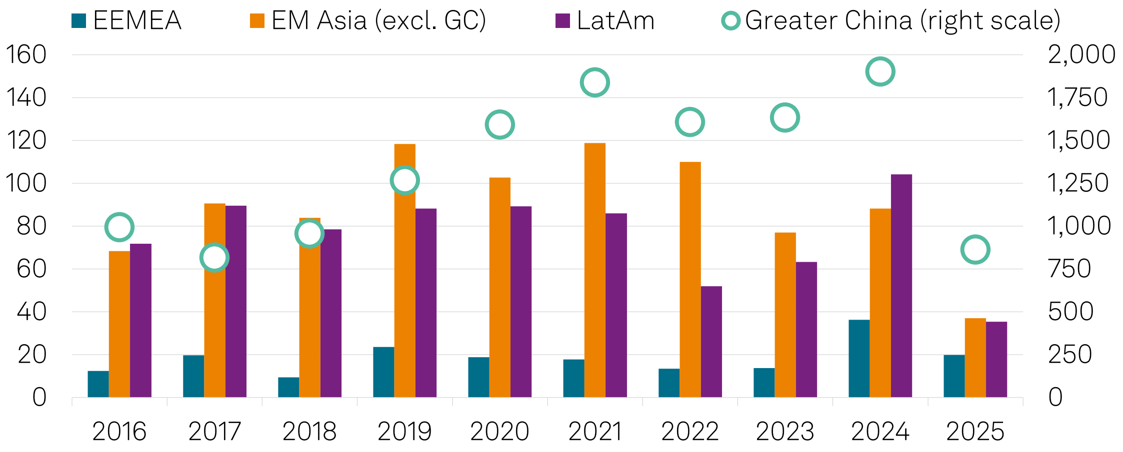
- **EM issuance in May totaled $189 billion, 22% lower than in April, but 25% higher than in May 2024.** Greater China's bond issuance volume was entirely responsible for the aggregate drop, falling to $174 billion. Banks posted their strongest monthly activity since November 2021, while nonfinancial corporates market activity was below 2025 monthly average levels, especially for real estate, transport, and utilities.
- **Issuance outside Greater China rose this month to $15 billion, 27% higher than last month,** while consistently lower than January and February volumes. While issuance was weak in Brazil, Mexico, and Malaysia, it picked up in Argentina and Colombia (Colombia-based food product producer Grupo Nutresa issued 7.5-year $2 billion notes at 8.5%). Saudi Arabia had very strong activity, as Saudi Aramco (oil and gas) tapped the primary market with a three-tranche bond for a cumulative value of $5 billion at average 5.6% and 17-year tenor.
- **Market activity underlines regional discrepancies.** Five months into the year, EEMEA has already tapped 109% of its 2016-2024 average annual issuance thanks to Saudi Arabia's strong issuance, followed by Greater China (62%), LatAm (44%), and EM Asia (39%).

EM cumulative corporate bond issuance (bil. $)*



Includes not rated. *Excluding Greater China. Data as of May 30, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. $)



Data as of May 30, 2025. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

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
25-Mar-25	Inter-American Investment Corp.	Latin America	NBFI	4.3	AA+	998	2030
18-Mar-25	PT Bank Mandiri (Persero) Tbk	Indonesia	Banks	5.1	BBB	795	2028
23-Apr-25	Banco de Credito del Peru S.A.	Peru	Banks	6.5	BBB-	750	2035
8-May-25	Caixa Economica Federal	Brazil	Banks	5.9	BB	693	2030
13-Mar-25	Seplat Energy PLC	Nigeria	Oil & gas	9.1	B	650	2030
30-Apr-25	Celulosa Arauco y Constitucion S.A.	Chile	Forest	6.2	BBB-	500	2032
20-May-25	Alinma Sukuk Ltd.	Saudi Arabia	Financial institution	Reset	A-*	500	NA
30-Apr-25	Bancomext	Mexico	Banks	6.0	BBB	498	2030
1-May-25	Coca-Cola Femsa S.A.B. de C.V.	Mexico	Consumer products	5.2	A-	498	2035
27-Mar-25	Bank of the Philippine Islands	Philippines	Banks	5.2	BBB+	497	2030
11-Mar-25	AES Andes S.A.	Chile	Utility	6.3	BBB-	400	2032
5-Mar-25	PT Cikarang Listrindo Tbk	Indonesia	Utility	5.7	BBB-	350	2035
27-Mar-25	Bank of the Philippine Islands	Philippines	Banks	5.7	BBB+	299	2035
20-Mar-25	Muthoot Finance Ltd.	India	NBFI	6.6	BB+	248	2029
12-May-25	Banco Santander Chile S.A.	Chile	Banks	1.2	A-	166	2030
20-May-25	Scotiabank Chile S.A.	Chile	Banks	1.2	A	127	2031
4-Mar-25	IIFL Finance Ltd.	India	NBFI	8.4	B+	100	2028

As of May 30, 2025. *Refers to issue level rating. Excludes sovereigns and Greater China entities. Foreign currency ratings. NBFI--Nonbank financial institutions. MM&S – metals, mining and steel. YTM--Yield-to-maturity. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

Ratings Summary

S&P Global
Ratings

Ratings Summary | Sovereign Ratings In EM 18

Investment-grade   Speculative-grade

Economy	Rating	Outlook	Five-year CDS spread (May 30)	Five-year CDS spread (April 30)
China	A+	Stable	52	62
Saudi Arabia	A+	Stable	73	83
Chile	A	Stable	59	71
Malaysia	A-	Stable	49	63
Philippines	BBB+	Positive	61	78
Thailand	BBB+	Stable	49	62
Indonesia	BBB	Stable	79	98
Mexico	BBB	Stable	119	139
Peru	BBB-	Stable	85	102
India	BBB-	Positive	43	65
Colombia	BB+	Negative	229	265
Vietnam	BB+	Stable	99	120
Brazil	BB	Stable	160	180
South Africa	BB-	Positive	205	242
Turkiye	BB-	Stable	320	361
Egypt	B-	Stable	544	688
Nigeria	B-	Stable	590	647
Argentina	CCC	Stable	823	920

Data as of May 31, 2025, and sovereign ratings as of June 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 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. $)
27-May-25	Braskem S.A. (Odebrecht S.A.)	Brazil	Chemicals, packaging & environmental services	BB	BB+	Downgrade	$ 7,050
18-Mar-25	Saudi Electric Co. (Kingdom of Saudi Arabia)	Saudi Arabia	Utilities	A+	A	Upgrade	$ 6,400
18-Mar-25	Saudi National Bank	Saudi Arabia	Financial institutions	A	A-	Upgrade	$ 3,196
17-Mar-25	Shriram Finance Ltd.	India	Financial institutions	BB+	BB	Upgrade	$ 1,725
7-Apr-25	Alfa S.A.B. de C.V.	Mexico	Consumer products	BBB	BBB-	Upgrade	$ 1,600
17-Mar-25	Muthoot Finance Ltd.	India	Finance co.	BB+	BB	Upgrade	$ 1,150
24-Apr-25	Delhi International Airport Ltd.	India	Transportation	BB	BB-	Upgrade	$ 1,023
20-May-25	Oi S.A.	Brazil	Telecommunications	SD	CCC	Downgrade	$ 880

As of May 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®.

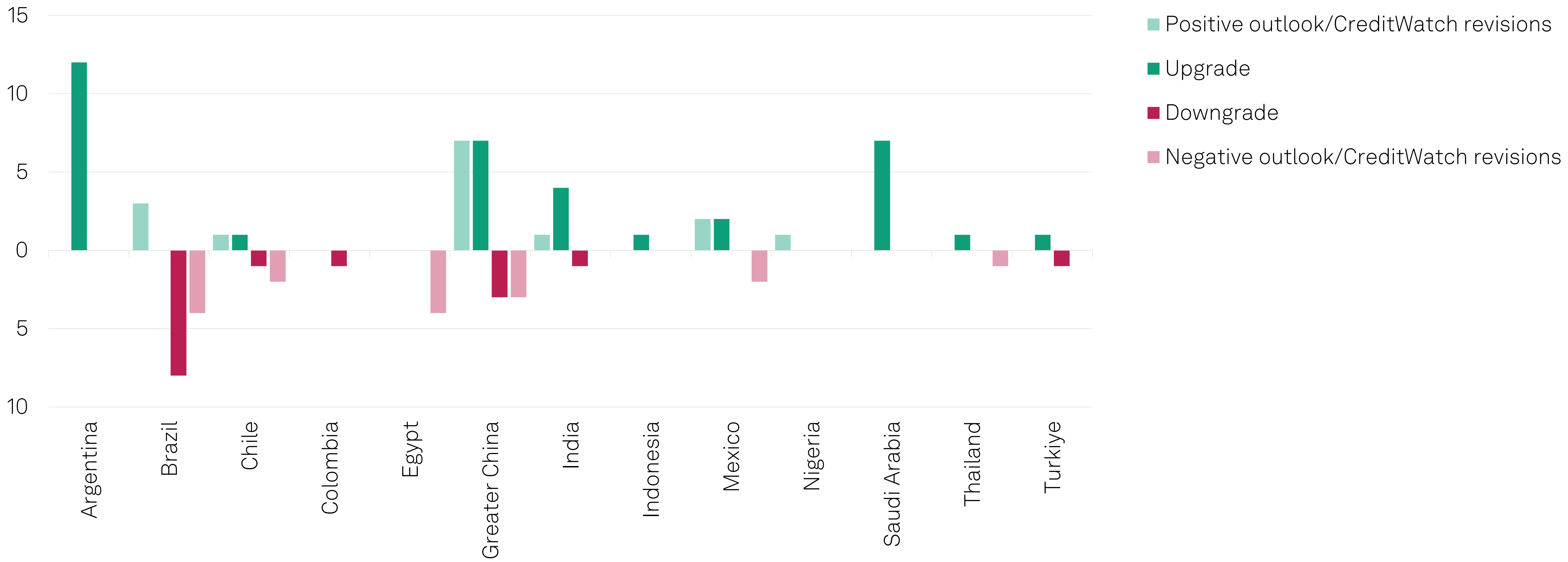
Top 16 EM Rating Actions | By Debt Amount In The Past 90 Days

Investment-grade | Speculative-grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. $)
25-Mar-25	Arcelik A.S.	Turkiye	Consumer products	BB-	BB	Downgrade	$ 878
25-Mar-25	Grupo de Inversiones Suramericana S.A.	Colombia	Diversified	BB	BB+	Downgrade	$ 550
22-May-25	Telefonica Moviles Chile S.A. (Telefonica S.A.)	Chile	Telecommunications	BB	BB+	Downgrade	$ 500
18-Mar-25	Saudi Basic Industries Corp.	Saudi Arabia	Chemicals, packaging & environmental services	A+	A	Upgrade	$ 500
21-May-25	TAV Havalimanlari Holding AS (Aeroports de Paris)	Turkiye	Transportation	BB	BB-	Upgrade	$ 400
17-Mar-25	Sammaan Capital Ltd.	India	Finance co.	B+	B	Upgrade	$ 350
19-May-25	Investimentos e Participacoes em Infraestrutura S.A. – Invepar	Brazil	Transportation	D	CC	Downgrade	$ 55
18-Mar-25	Saudi Telecom Co.	Saudi Arabia	Telecommunications	A+	A	Upgrade	$ 3

As of May 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

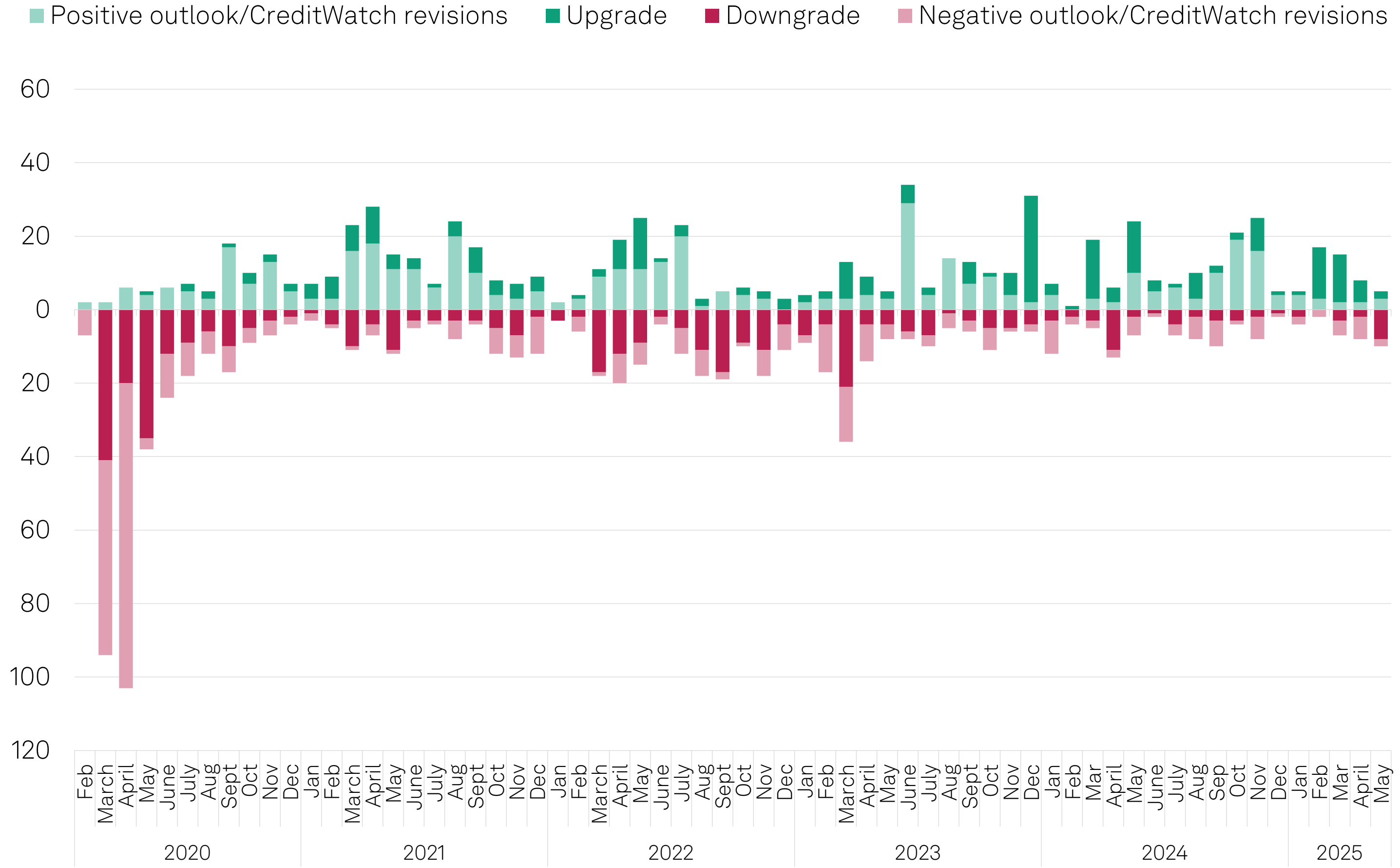


Data as of May 31, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch revisions 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

- **May had eight downgrades, up from two in April**. Six downgrades were in Brazil, including three defaults: Invepar (transport) on a judicial protection approval that we considered a debt standstill, Oi S.A. (telecom) on a missed interest payment, and Azul S.A. (transport) on a filed voluntary bankruptcy protection under Chapter 11 after reporting considerable cash burn in the first quarter. We also downgraded ANI Technologies (India; high tech) to 'CCC+' from 'B-', with a negative outlook, due to operational losses that eroded cash flow and fierce competition in the Indian ride-hailing industry.

- **Upgrades shifted to two from three the previous month.** We upgraded Taiwan Shin Kong Commercial Bank Co. Ltd. (Greater China) two notches to 'BBB+' from 'BBB-', reflecting the positive impact of the Taishin FHC merger on capitalization and asset quality. We upgraded TAV Havalimanlari Holding AS (Turkiye; transport) to 'BB' from 'BB-' on favorable traffic growth prospects and the Antalya Airport's debt refinancing, alleviating TAV's liquidity pressures.

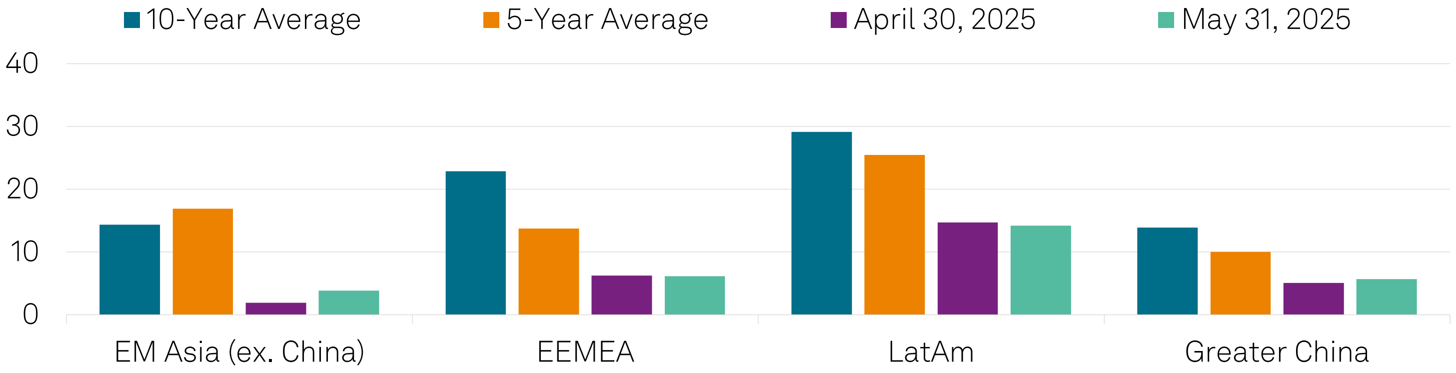


Data from Feb. 3, 2020, to May 31, 2025. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Positive outlook/CreditWatch revisions encompass both outlook and CreditWatch shifts from negative to stable and from stable to positive. Negative outlook/CreditWatch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

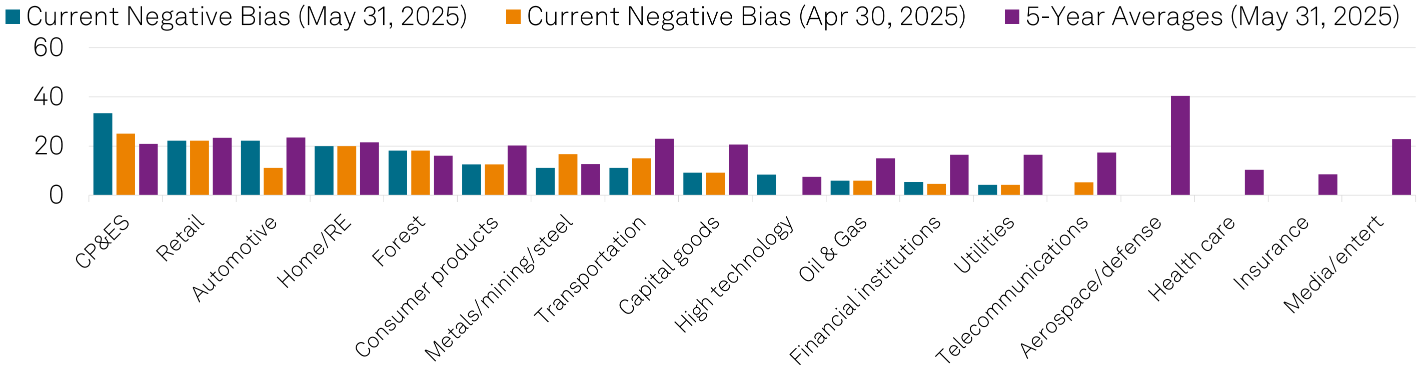
EM Downgrade Potential | Regional Negative Bias

- **Regional downgrade potential inched downward in LatAm to 14%,** still representing the highest negative bias across the region. In addition to the outlook stabilizations following previously mentioned defaults, we revised the outlook on Industrias Penoles S. A. B. de C. V. (Mexico; MM&S) to stable from negative on stronger EBITDA, supported by higher prices on precious metals. We revised the outlook on Unigel Participacoes S.A. (Brazil; CP&ES) to negative on liquidity pressures stemming from weak industry conditions, and we assigned a 'BB' rating on Grupo Cibest S.A. (Colombia; bank) with a negative outlook, reflecting that on the sovereign rating. **All regional downgrade potentials remained below their five-year and 10-year averages.**
- **CP&ES, forest, and high technology are the only three sectors of 18 displaying a negative bias higher than their five-year average.**

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



Negative bias by sector (%)



Data as of May 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
31-Jul-24	Ecobank Nigeria Ltd. (Ecobank Transnational Inc.)	Nigeria	Financial institutions	CCC	B-	600

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 May 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

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.	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 May 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 | Five Defaults Year To Date

Default, selective default, not rated

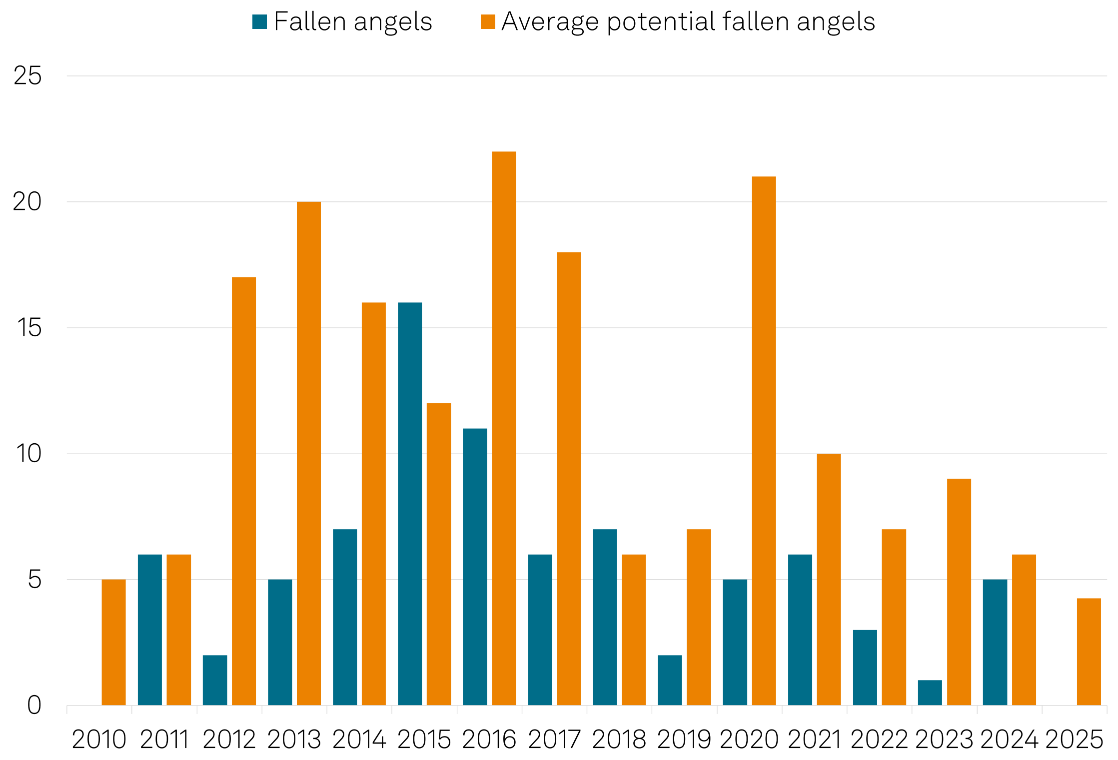
Speculative-grade

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
19-May-25	Investimentos e Participacoes em Infraestrutura S.A. - Invepar	Brazil	Transportation	D	CC	-
20-May-25	Oi S.A.	Brazil	Telecommunications	SD	CCC	-
28-May-25	Azul S.A.	Brazil	Transportation	D	CCC-	-

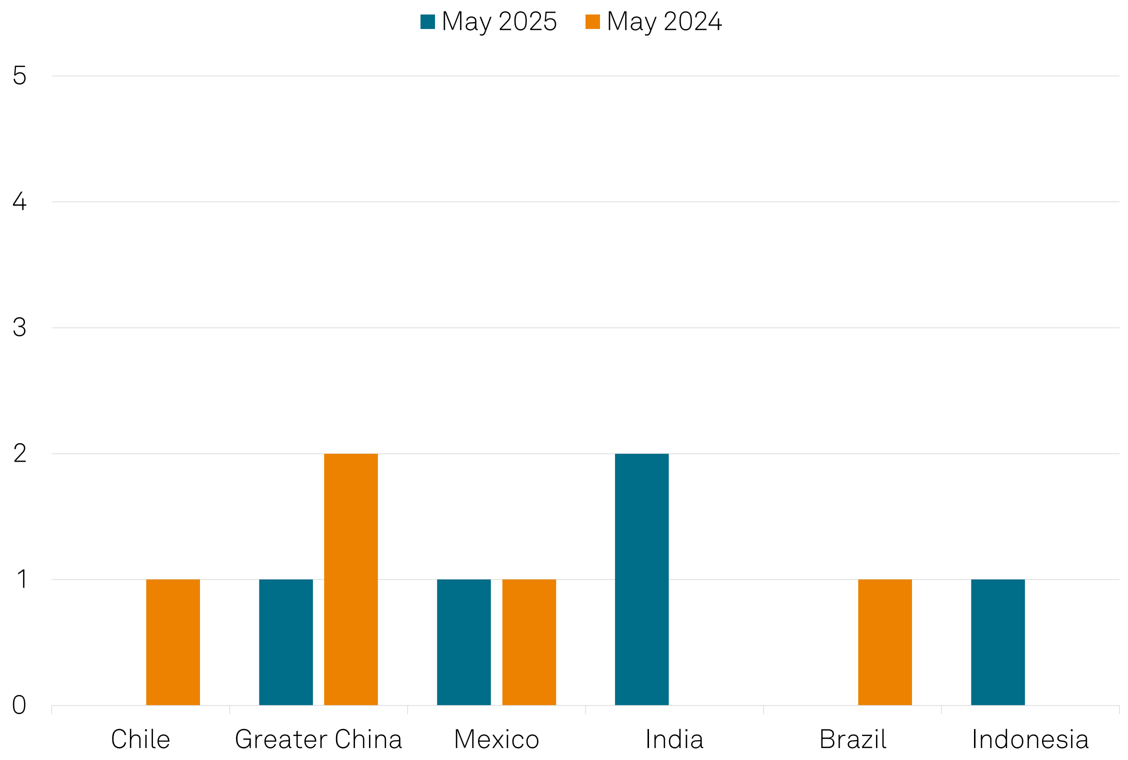
Data as of May 31, 2025. Includes sovereigns, excludes confidentials. Includes Greater China and Red Chip companies. Includes both rated and zero debt defaults. *Refers to local currency rating. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels at four versus six in 2024



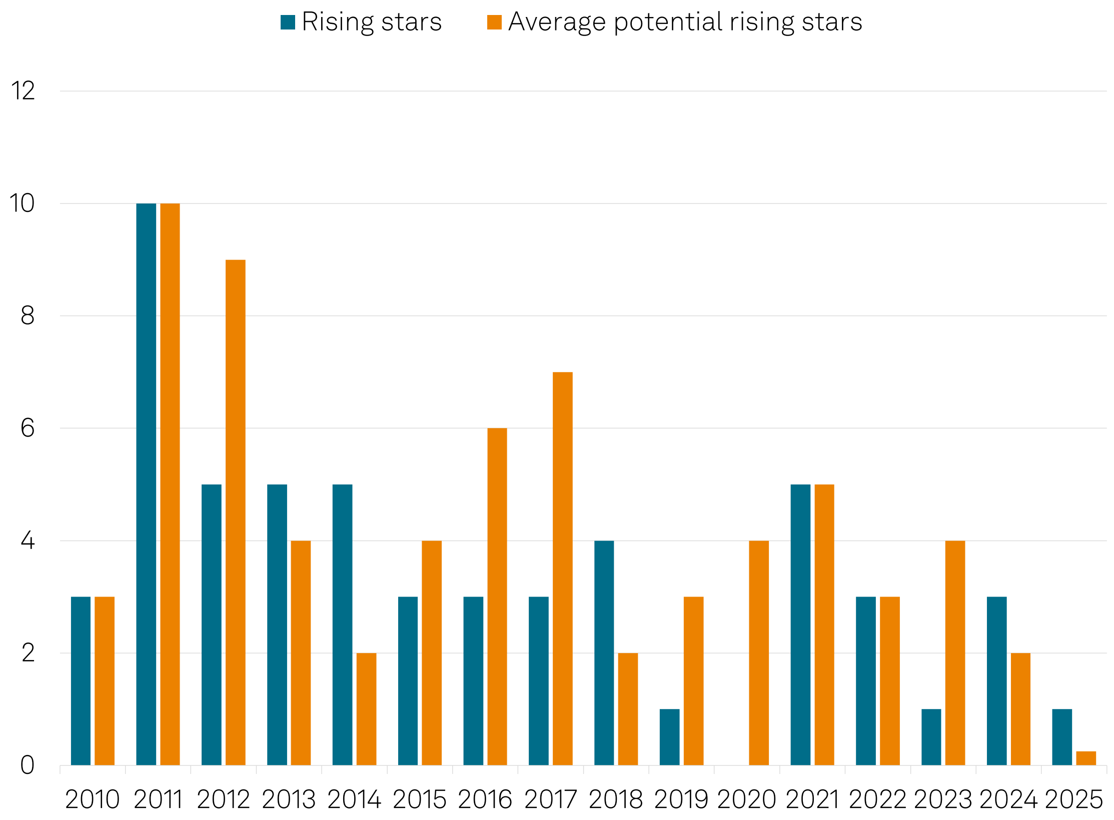
EM potential fallen angels mostly located in EM Asia



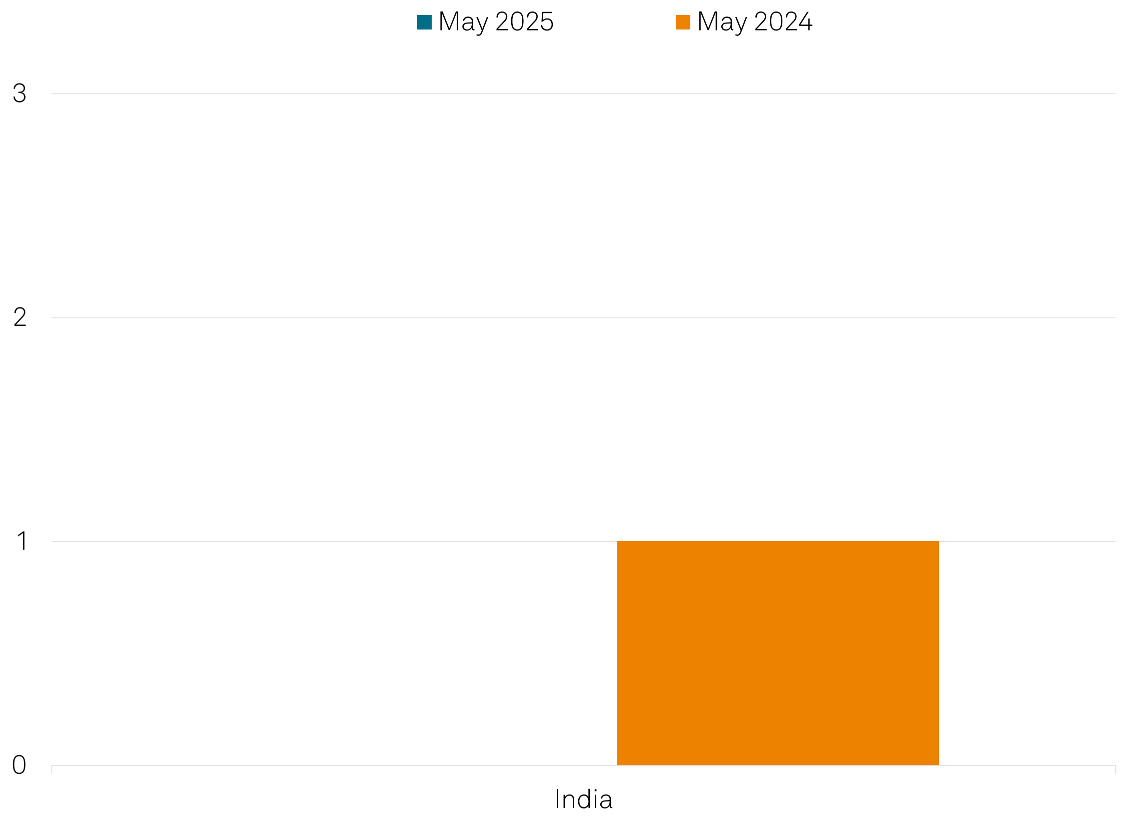
Data as of May 31, 2025. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

Lower potential rising stars compared to 2024



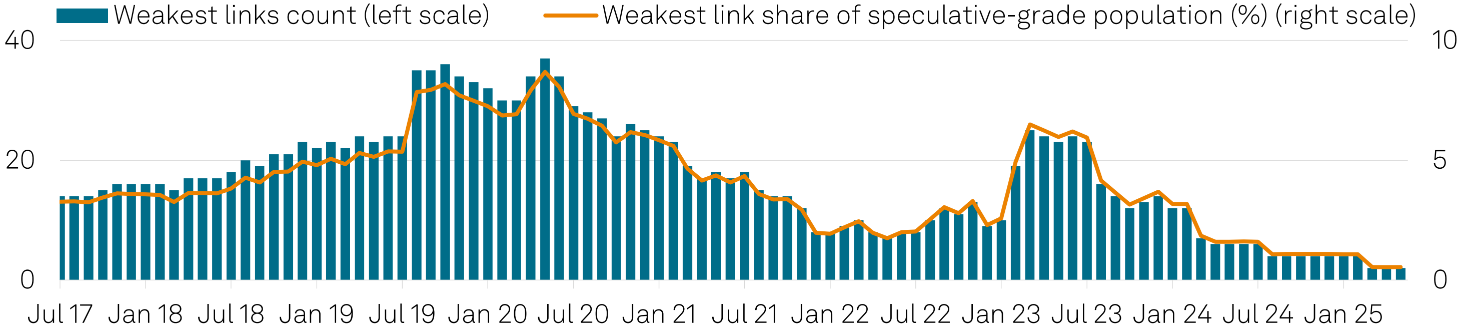
No potential rising star as of May 2025



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

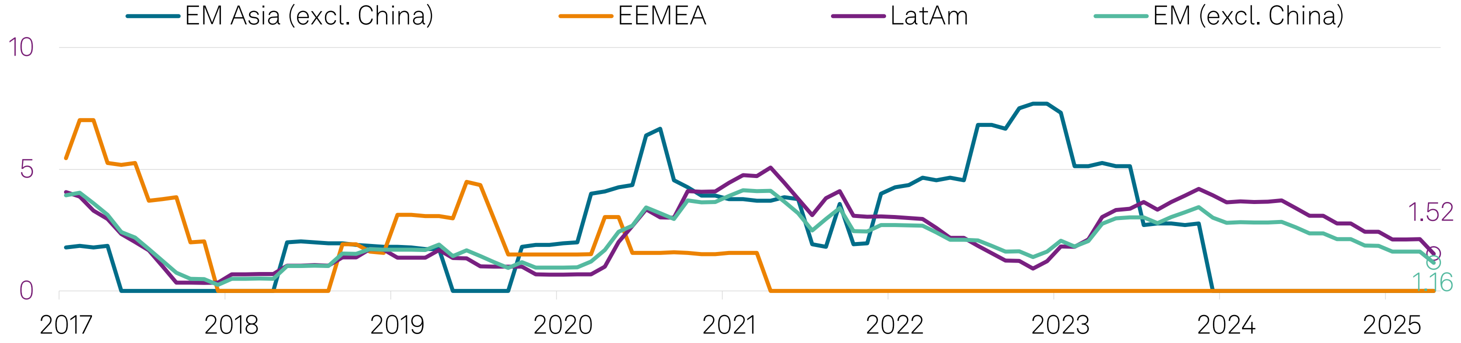
Rating Actions | Weakest Links And Defaults

EM weakest links at two as of May 2025



Data as of May 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 April 2025)



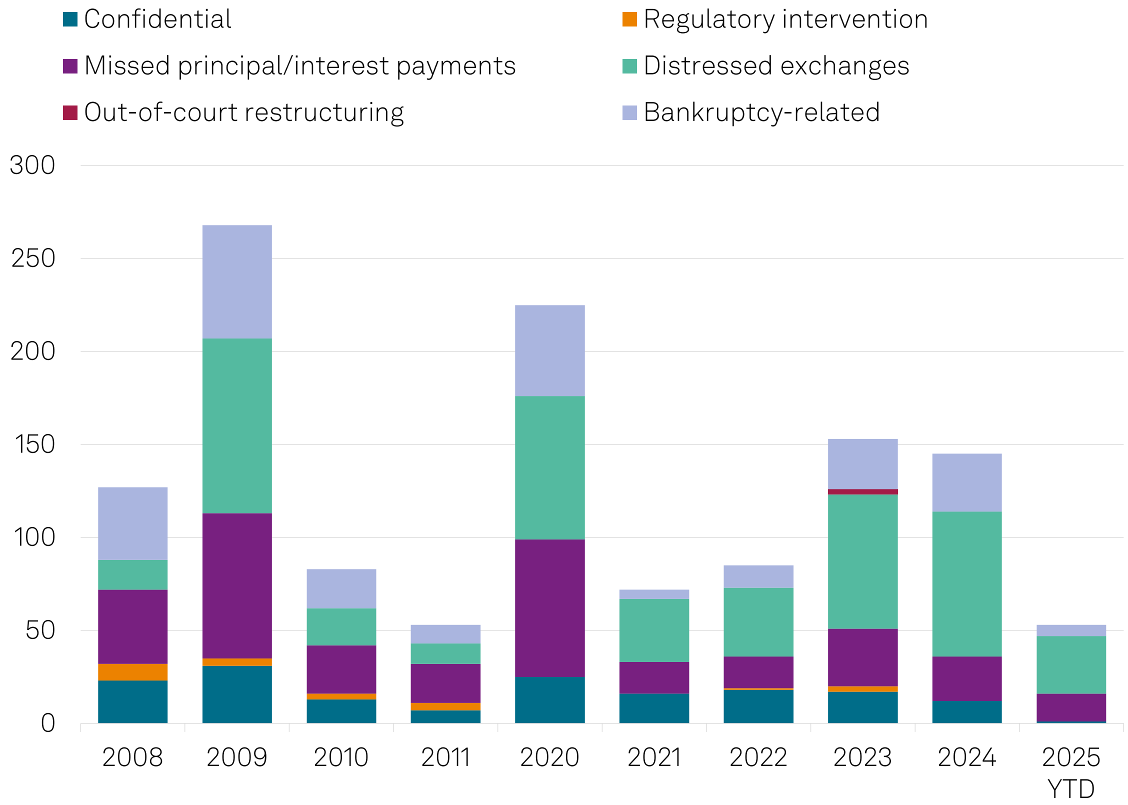
Excluding China. CreditPro data as of April 30, 2025. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

- **Only two weakest links** as of May, or 0.5% of the speculative-grade rated entities. The two issuers are Unigel Participacoes S.A.. ('CCC+'; Brazil; CP&ES) and ANI Technologies Private Ltd. ('CCC'; India; high technology).

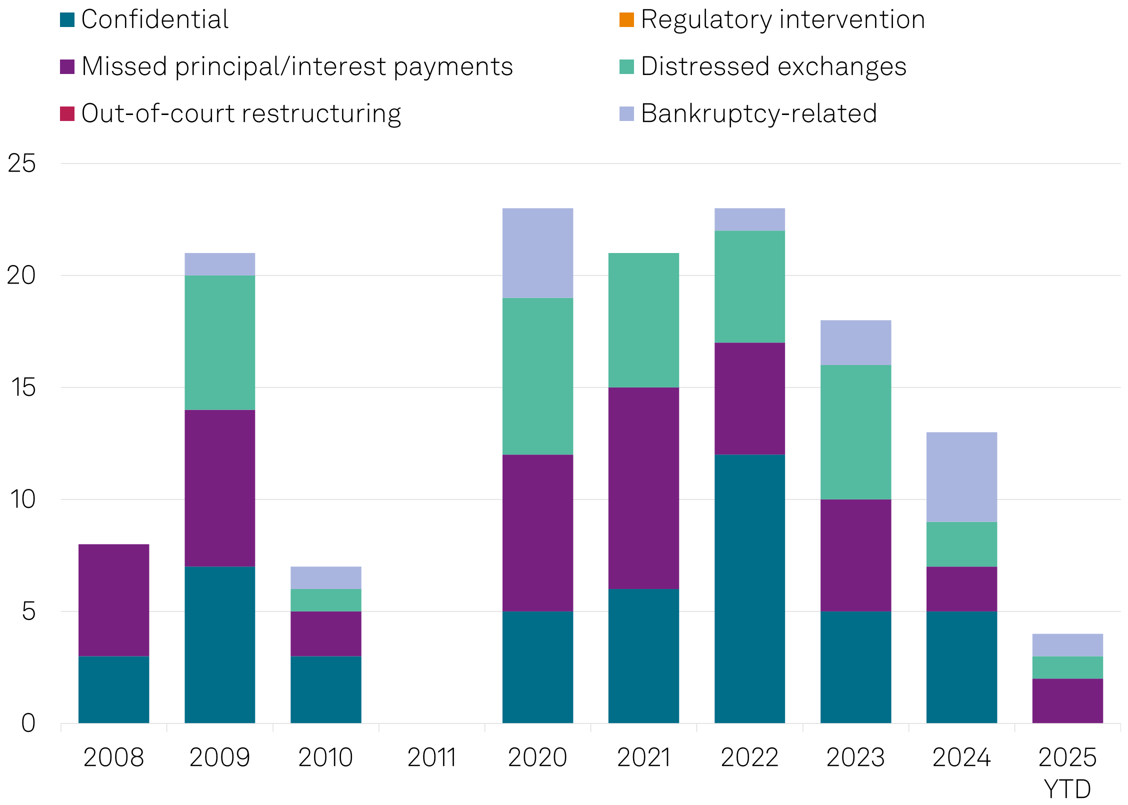
- **Default rates.** The April default rate (excluding China) dropped to 1.16% from 1.61% in March. LatAm's default rate also decreased to 1.52% from 2.13%. The region comprises all EM defaults since 2024, and has recently displayed a default acceleration, with three Brazilian companies defaulting in May.

Rating Actions | Defaults

Year-end global corporate defaults by reason



Year-end EM 18 corporate defaults by reason



Data as of May 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

- Policy Brief: China Aims To Put Market Back At Center Of Economy, June 9, 2025
- India Renewables: Doubling Down On Growth, June 4, 2025
- Brazilian Infrastructure Credit Quality Can Withstand Rising Debt Service Amid High Interest Rates, June 3, 2025
- Key Trends In The South African Insurance Industry, June 3, 2025
- Emerging Market Risky Credits Number Drops Amid Market Slowdown, May 28, 2025
- Scenario Analysis: Why China ABS and RMBS Ratings Could Be Resilient To Tariff Risks, May 28, 2025
- 2024 Annual Emerging And Frontier Markets Corporate Default And Rating Transition Study, May 23, 2025
- Ten Charts That Matter For Asia-Pacific Trade, May 20, 2025
- Global Credit-Conditions Special Update: U.S.-China Tariff De-Escalation Brings Some Temporary Relief, May 15, 2025
- Rated Mexican Corporates Can Manage Economic Uncertainty And Industry Volatility, May 15, 2025
- Emerging Markets Monthly Highlights: Shifting Trade Winds Provide A Breather, May 15, 2025

Contacts

Economic Research

Elijah Oliveros-Rosen

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

Vishrut Rana

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

Valerijs Rezvijs

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

Harumi Hasegawa

Economist, Latin America
Boston
harumi.hasegawa@spglobal.com
+1-609-426-7461

Credit Research

Jose Perez Gorozpe

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

Luca Rossi

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

Research Support

Nivedita Daiya

Bhavika Bajaj

spglobal.com/ratings

S&P Global
Ratings