

# Emerging Markets Monthly Highlights

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## Recovery Losing Momentum, Volatility Looms

Oct. 15, 2020



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**S&P Global**  
Ratings

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S&P Global Ratings acknowledges a high degree of uncertainty about the evolution of the coronavirus pandemic. The consensus among health experts is that the pandemic may now be at, or near, its peak in some regions, but will remain a threat until a vaccine or effective treatment is widely available by around mid-2021 somewhat more positive than our previous assumption/disclaimer which mentioned that this “may not occur until the second half of 2021”. We are using this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: [www.spglobal.com/ratings](http://www.spglobal.com/ratings)). As the situation evolves, we will update our assumptions and estimates accordingly.

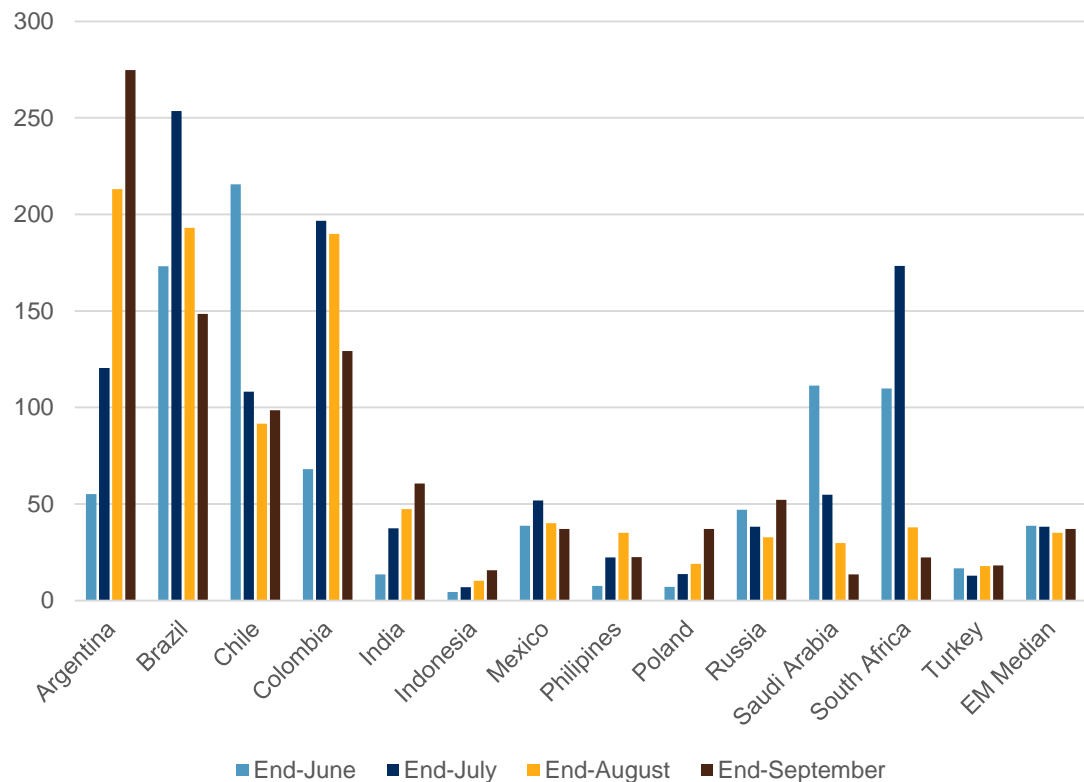
# Key Takeaways

- Recovery is underway, but losing steam. High-frequency data, such as business surveys and mobility indicators, suggest the recovery's momentum has slowed in September in several emerging markets (EMs). If the current resurgence in coronavirus cases in EMs and developed markets (DM) intensifies as the winter approaches in the northern hemisphere, it can potentially disrupt the economic recovery. Furthermore, the expected phase-out of stimulus in several EMs could also slow the recovery.
- The upcoming U.S. election could generate volatility. The stakes are high with two very different potential outcomes in November, with implications on key issues that impact investor appetite towards EM assets. One of these is the future of U.S.-China relations under the next U.S. president, and more generally the U.S. position towards globalization, from which many EMs have benefited. Furthermore, the uncertainty over a potentially disputed electoral outcome, with a plausible scenario in which the result is disputed and unknown for a prolonged period of time, could increase volatility in financial markets, lowering appetite for riskier EM assets.
- Corporations are highly vulnerable to a slower and longer economic recovery. The response to the crisis by corporations has included higher debt, lower capex, and layoffs. Some of the weakest corporations restructured their debt. This means that in the event of a slower-than-expected economic recovery, many corporations will have less room to implement cost-cutting measures, as well as issuing more debt without a significant increase in cost. Our ratings' negative bias remains historically high across key EMs, which reflects vulnerability to weaker conditions.



# EM COVID-19 Status | Not Entirely Under Control Yet

New Cases Per Million Inhabitants (Seven-Day Moving Average)

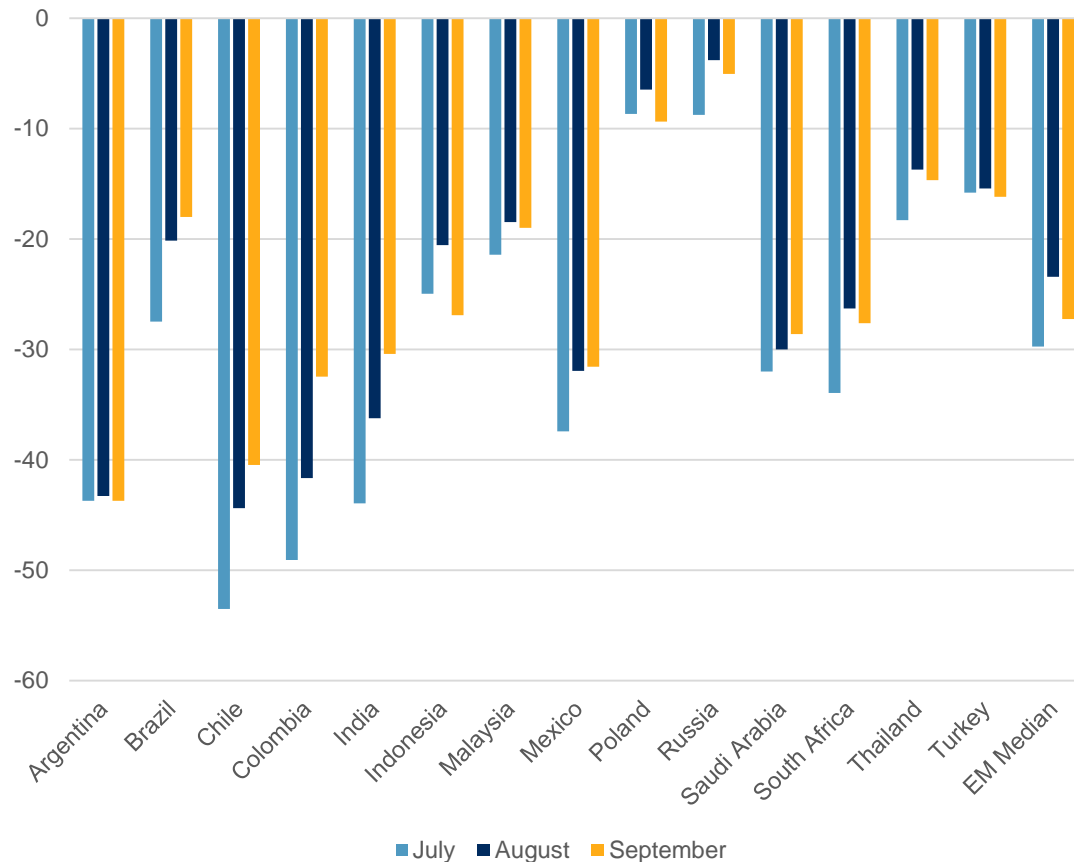


- Long first waves, and in some cases second waves: In countries, such as Argentina, new daily COVID-19 cases have yet to stabilize since the beginning of the pandemic, continuing to rise during September. In other countries, in which the spread of the virus was getting under control, a resurgence has occurred, such as in Poland and Russia.
- An emerging risk is the potential resurgence of COVID-19 cases during the winter in the northern hemisphere in EMs and DMs, which could combine with the influenza season. Additional measures to tame the pandemic could disrupt the ongoing economic recovery in EMs, both directly (for the affected countries), and indirectly because this can result in another sharp drop in global demand, trade, and commodity prices.

Source: Bloomberg, Oxford Economics, S&P Global Ratings. Notes: we use 2019 population estimates to calculate per capita numbers. EM Median refers to EM 16 excluding China.

# Third-Quarter Recovery Update | A Setback For Several EMs In September

Mobility Index (Seven-Day Moving Average, End Of Month)



- Economic recovery has stalled towards the end of the third quarter. Mobility indicators suggest activity slowed in several EMs in September, especially in EM-EMEA and several Asian economies.
- Our mobility index, constructed from Google Mobility data, suggests that mobility in the median EM was still about 27% below the pre-pandemic level, a wider gap than that of 23% at the end of August. However, the September reading is a much narrower gap than that of about 60% in April.

Source: Google LLC "Google COVID-19 Community Mobility Reports", S&P Global Ratings. Notes: the index is an equally-weighted index of retail & recreation, transit, and workplaces. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020.. EM Median refers to the median of the countries in the chart

# EMs | Fragile And Uneven Recovery, Virus Resurgence Looms

## Top EM Risks

The COVID-19 outbreak and risk of policy missteps prevail



Debt overhang increases vulnerability to weaker economic conditions



Economic spillovers from U.S.-China strategic confrontation



Increasing income disparities and poverty spur social unrest



Volatile financing conditions could limit market access

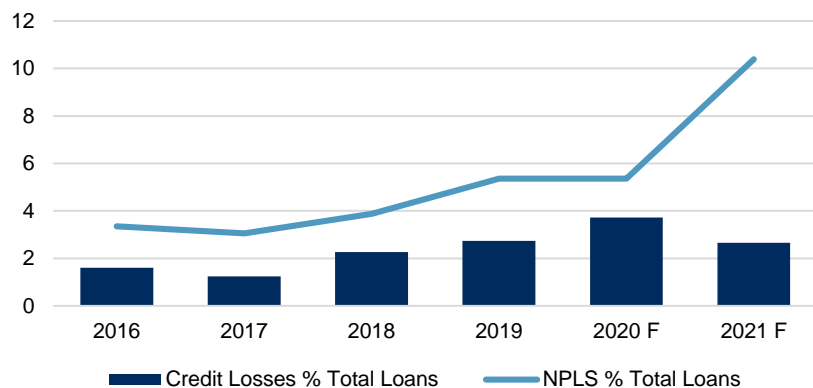


- Overall: Credit conditions in EMs continue showing a gradual improvement, stemming from supportive financing conditions, the gradual economic recovery, and the likelihood that a COVID-19 vaccine will be available soon.
- Risks: A key developing risk is the phase out of borrower relief measures and fiscal stimulus. As they are lifted, some of the pandemic's consequences will surface. People are learning to live with the virus, which raises questions about a potential resurgence in cases over the coming months. Furthermore, during the winter, COVID-19 will coincide with the influenza season, potential setting back the victory over the pandemic.
- Credit: Negative rating actions have plateaued, but lower rating levels and negative outlooks reflect higher leverage and vulnerability to further shocks. A slower economic recovery or failure to deliver a vaccine within an expected time frame could lead to further downgrades.

Source: "Credit Conditions Emerging Markets: Fragile And Uneven Recovery, Virus Resurgence Looms," Sept 29, 2020. S&P Global Ratings.

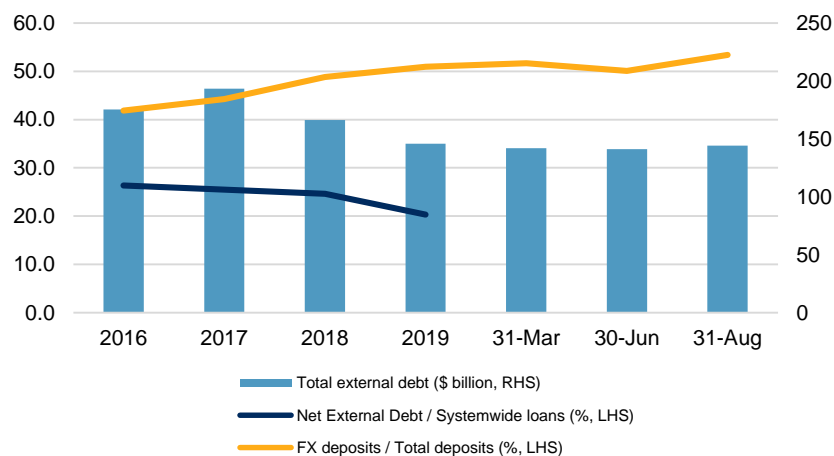
# The Next 24 Months Will Be Very Challenging For Turkish Banks

## Asset Quality Will Deteriorate And Credit Losses Will Spike

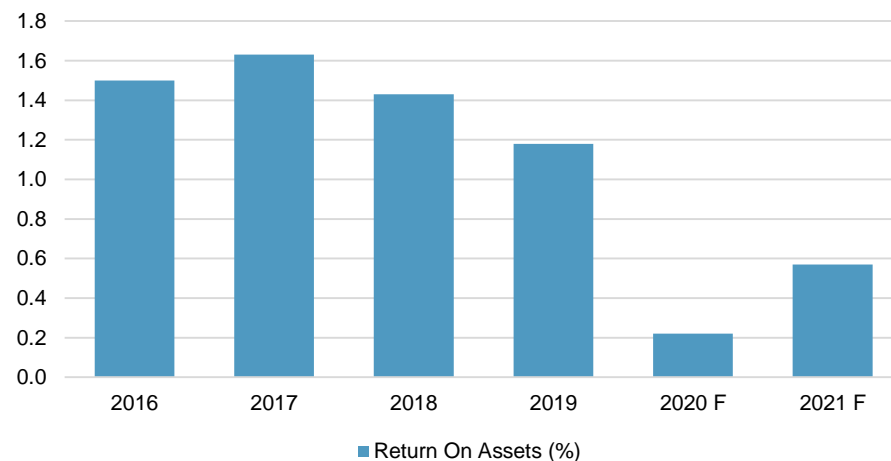


- We expect asset quality indicators to erode in 2020-2021. Problematic assets to rise above 20% of total loans.
- External funding and the increasing dollarization of deposits are sources of risks and likely to lift funding costs.
- Higher cost of risk and funding will weigh on profitability, which is expected to plummet in 2020 and remain low in 2021.
- Regulatory forbearance is significant (for example, the calculation of capital adequacy ratios doesn't take into account the depreciation of the Turkish lira, the decline in the value of securities, or the risk weights on foreign currency sovereign bonds were reduced to 0% compared with 50% previously).
- Public banks are more exposed because of the rapid lending growth, while small banks are also vulnerable because of their limited profitability.

## External Funding And Deposit Dollarization Are Sources Of Risks



## Profitability Will Decline Substantially



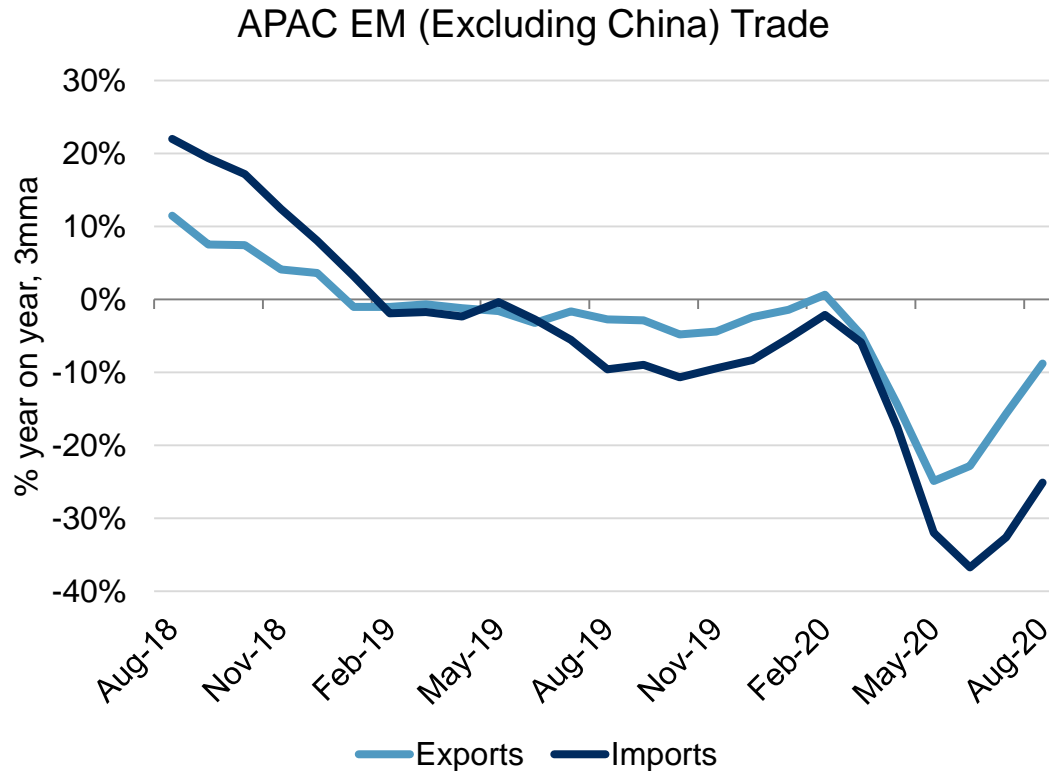
# Regional Economic Highlights



# APAC EM Economics | Tenuous Recovery Underway

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Trade Recovering, But Sluggish Imports Point To Weak Domestic Activity



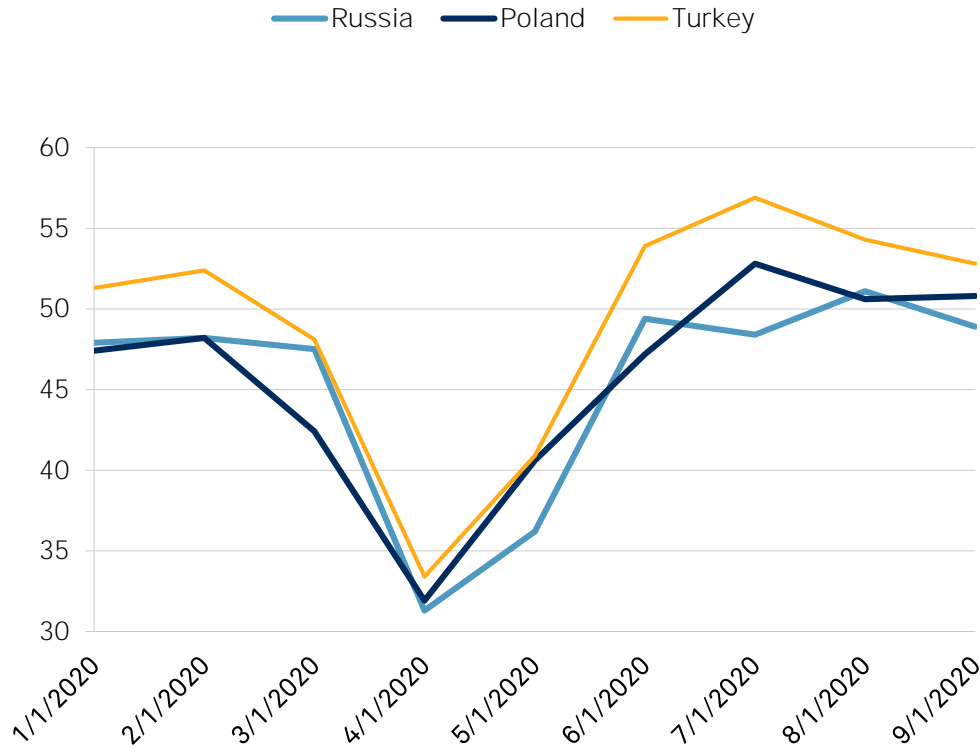
Sources: CEIC and S&P Global Economics

- High frequency data point to a tentative recovery. Trade data, and manufacturing, and consumption indicators are pointing to a modest recovery in economic activity in APAC EM. We are not on solid ground yet. September data show a moderating recovery in parts of the region. Exports are recovering faster than imports, partly because of stronger recovery in external activity than in local demand.
- Extent of economic damage will become apparent as policy support tapers. Various fiscal and monetary policy measures, including loan moratoriums, are set to gradually unwind over the next few months. This could lead to more business closures and labor market disruptions.

# EMEA EM Economics | Headwinds From The Second Wave, Divergent Policies

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## Manufacturing PMI



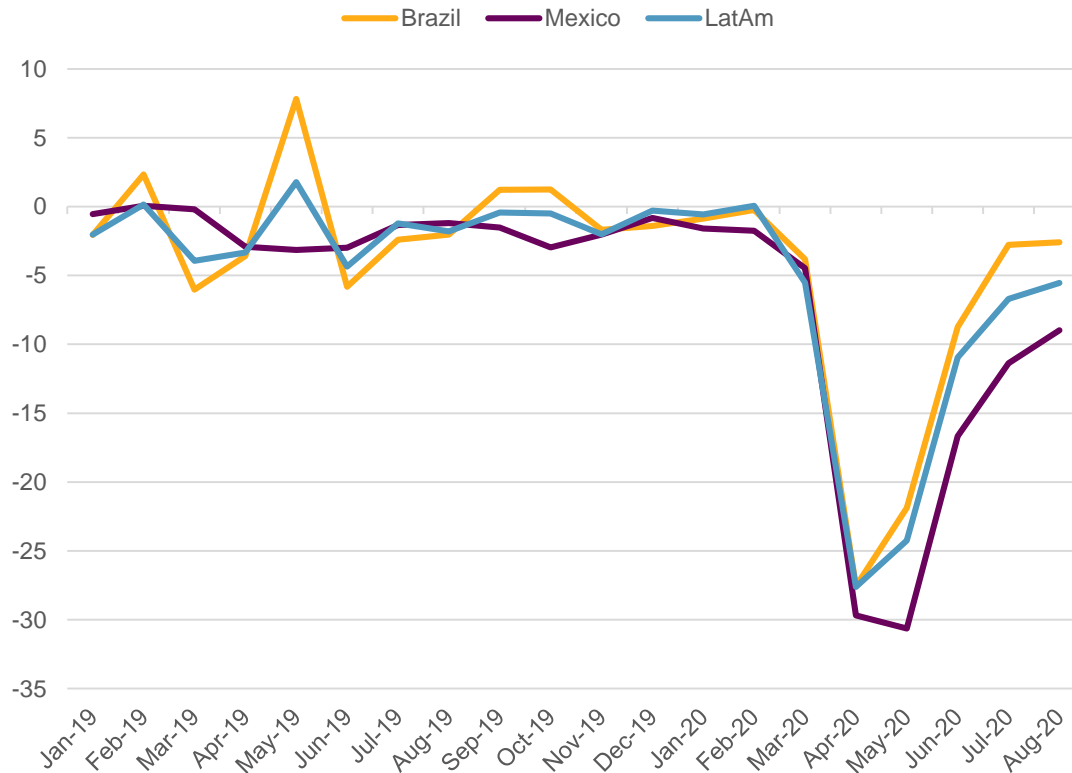
Source: Markit, Bloomberg, S&P Global Ratings.

- Growth momentum has slowed in some economies. Emerging Europe was ahead of many other key EMs in terms of getting back to pre-COVID-19 level of activity, but the recovery is now confronting the second wave of infections. In Turkey, domestic demand is cooling as monetary policy has tightened and credit growth moderated. Continued pressures on the lira could ultimately force the central bank to raise interest rates further.
- Policy support varies. The rapid deployment of fiscal and monetary support in Poland prevented a steeper drop in GDP, and the EU Recovery Fund should support investment and job creation starting in mid-2021. The temporary relaxation of the fiscal rule into 2021 should allow Russia to avoid a fiscal cliff; however, overall fiscal support to the economy remains relatively modest.

# LatAm Economics | Upcoming Removal Of Stimulus Could Undercut Brazil's Recovery

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Industrial Production, % Change Year Over Year



Source: Haver Analytics, S&P Global Ratings. Notes: LatAm refers to a GDP PPP Weighted index of Argentina, Brazil, Chile, Colombia, and Mexico. Colombia's August data was not available at the time of publication; therefore, an average of the other countries during that month was used to substitute that value.

- Recovery underway, but not without potential setbacks: High frequency data shows that GDP in most Latin American economies will grow in the 30%-40% quarterly annualized range in the third quarter, following an about 45% plunge in the previous quarter. The Brazilian economy is leading the pack in terms of recovery, partly thanks to sizeable stimulus, but which will expire at the end of this year. This could act as a drag on growth momentum next year, especially if labor market dynamics remain weak.
- After COVID-19 fades, we expect the Latin American countries to continue facing the same structural economic challenges as before the pandemic, especially regarding weak investment and low productivity. This means the region will likely converge to its traditionally low GDP growth rates.

# Macro-Credit Dashboards

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# GDP Summary | A Likely Uneven Recovery Owing To A Second-Quarter Slump

Country	Latest reading (y/y)	Period	5Y Avg	2019	2020f	2021f	2022f
Argentina	-19.1	Q2	-0.3	-2.1	-12.5	4.8	3.3
Brazil	-11.4	Q2	-0.6	1.1	-5.8	3.5	3.0
Chile	-14.1	Q2	2.1	1.0	-6.5	5.5	3.6
Colombia	-15.7	Q2	2.4	3.3	-8.0	5.5	4.6
Mexico	-18.7	Q2	2.1	-0.3	-10.4	3.7	2.6
China	3.2	Q2	6.7	6.1	2.1	6.9	4.8
India	-23.9	Q2	6.9	4.2	-9.0	10.0	6.0
Indonesia	-5.3	Q2	5.0	5.0	-1.1	6.3	5.8
Malaysia	-17.1	Q2	4.9	4.3	-5.0	8.4	6.2
Philippines	-16.5	Q2	6.4	6.0	-9.5	9.6	7.6
Thailand	-12.2	Q2	3.4	2.4	-7.2	6.2	4.4
Poland	-8.0	Q2	4.2	4.2	-3.4	4.5	3.6
Russia	-8.0	Q2	0.8	1.3	-3.5	2.9	2.7
Saudi Arabia	-7.0	Q2	1.6	0.3	-4.5	2.2	2.7
South Africa	-17.1	Q2	0.8	0.2	-8.2	5.0	2.3
Turkey	-9.9	Q2	4.1	0.9	-2.5	4.0	3.3

Source: Haver Analytics, S&P Global Ratings.

Note: Red means GDP growth is below five-year average (2015-2019). Blue means the opposite. F— Forecast.

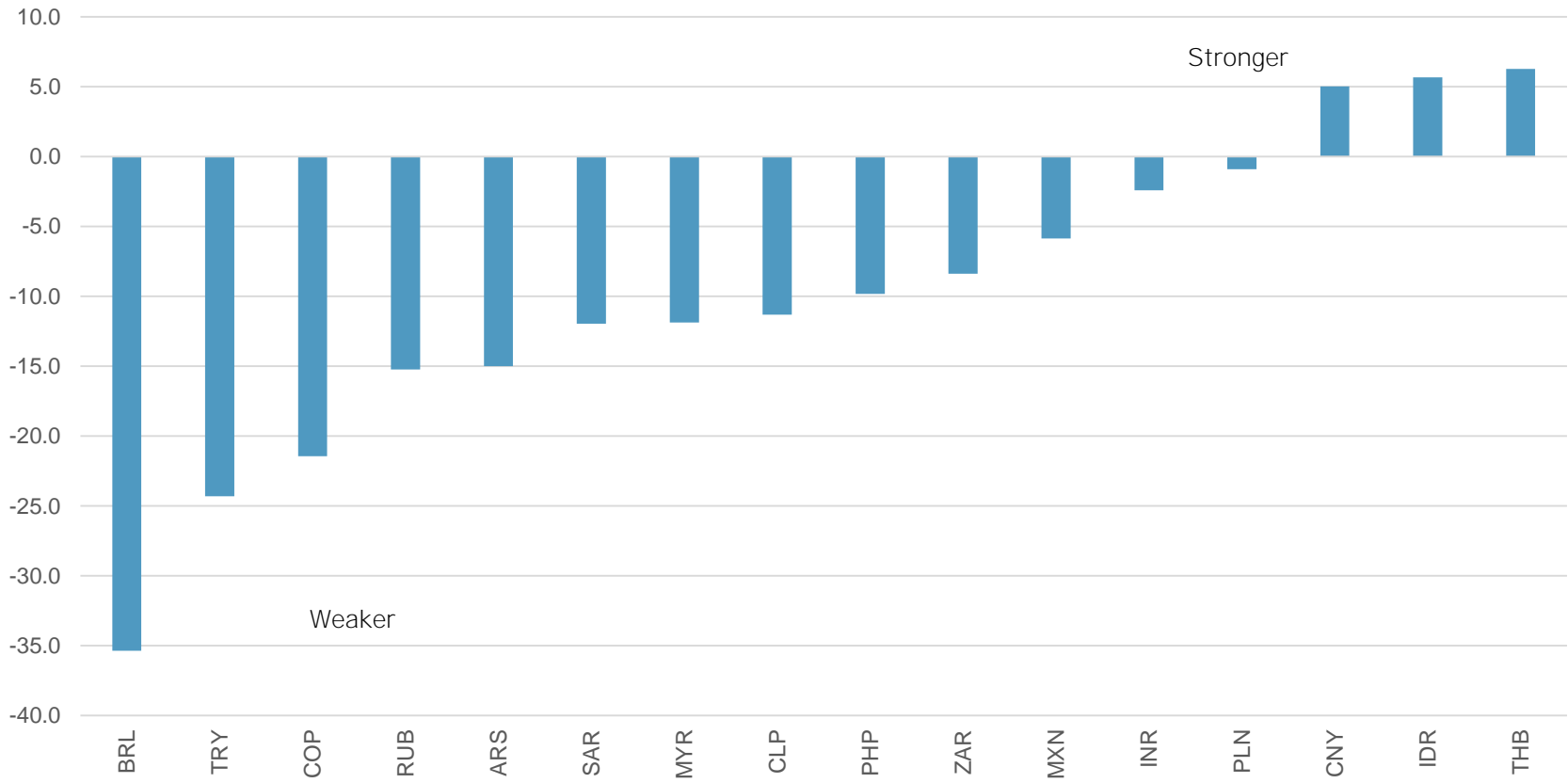
# Monetary Policy/FX | Most Central Banks Are Done With Rate Cuts

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	September exchange rate chg.	YTD exchange rate chg.
Argentina	38.00%	No Target	40.7%	N/A	N/A	-2.6%	-21.4%
Brazil	2.00%	4% +/-1.5%	3.1%	Hold	Oct. 28	-2.1%	-28.2%
Chile	0.50%	3% +/-1%	3.1%	Hold	Oct. 15	-1.0%	-4.0%
Colombia	1.75%	3% +/-1%	2.0%	25 bps cut	Oct. 30	-2.3%	-14.4%
Mexico	4.25%	3% +/-1%	4.0%	25 bps cut	Nov. 12	-1.0%	-14.5%
China	2.20%	3%	2.4%	Hold	N/A	0.9%	2.5%
India	4.00%	4% +/-2%	7.3%	Hold	Dec. 04	-0.2%	-3.4%
Indonesia	4.00%	3.5% +/-1%	1.4%	Hold	Oct. 13	-2.1%	-6.8%
Malaysia	1.75%	No Target	-1.4%	Hold	Nov. 03	0.2%	-1.6%
Philippines	2.25%	3% +/-1%	2.3%	Hold	Nov. 19	0.0%	4.5%
Thailand	0.50%	2.5% +/-1.5%	-0.7%	Hold	Nov. 18	-1.8%	-5.4%
Poland	0.10%	2.5% +/-1%	2.9%	Hold	Nov. 04	-4.7%	-1.8%
Russia	4.25%	4.00%	3.7%	Hold	Oct. 23	-4.6%	-20.2%
Saudi Arabia	1.00%	3% +/-1%	6.1%	Hold	N/A	0.0%	0.0%
South Africa	3.50%	3%-6%	3.0%	Hold	Nov. 19	1.2%	-16.3%
Turkey	10.25%	5% +/-2%	11.7%	200 bps hike	Oct. 22	-4.8%	-22.9%

Source: Bloomberg, Haver Analytics, S&P Global Ratings. Note: Red means inflation is above the target range, policy is tightening, and the exchange rate is weakening. Blue means the opposite. 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. YTD is as of September 30.

# Real Effective Exchange Rates | The Turkish Lira Weakened The Most Last Month

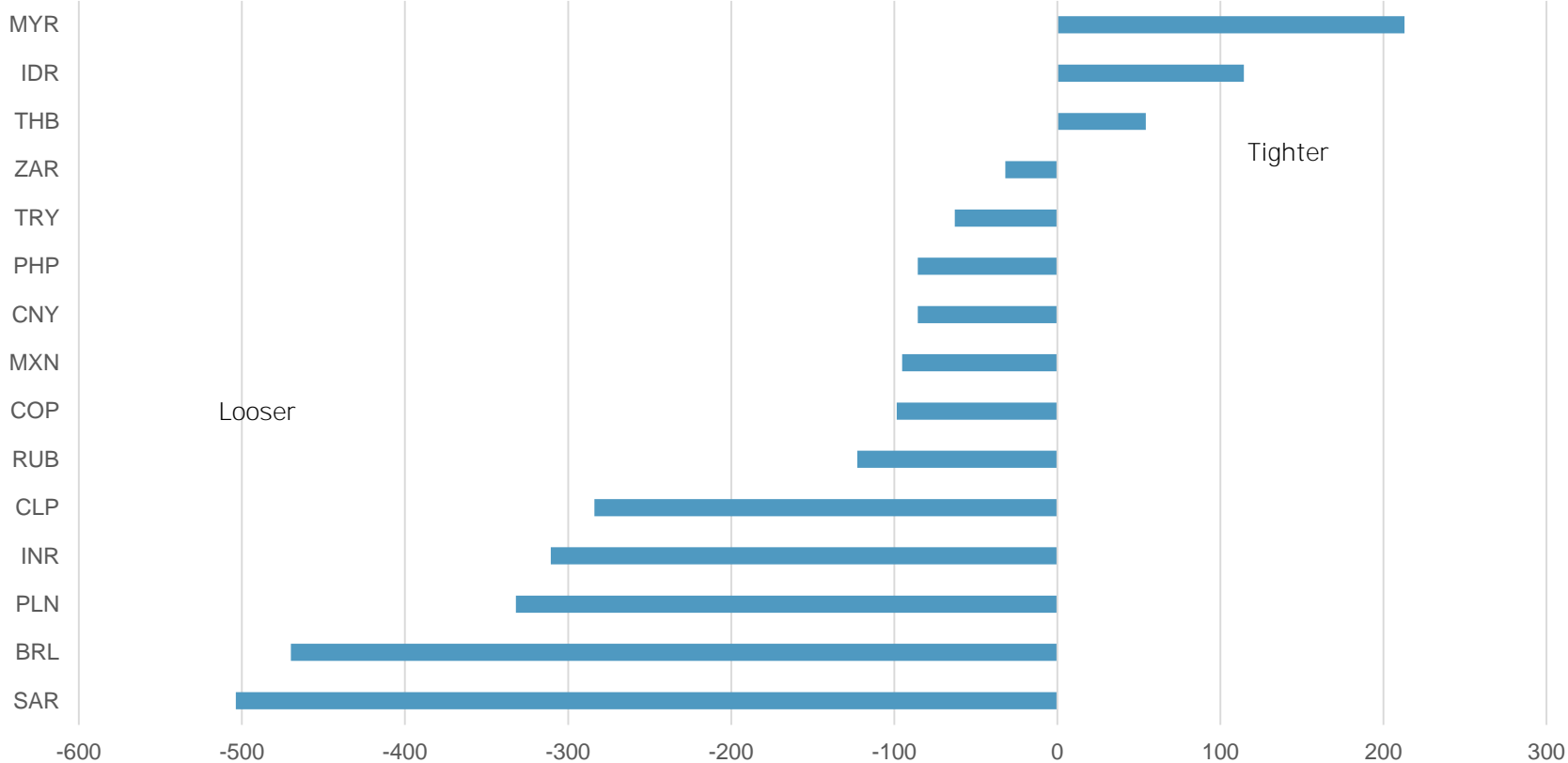
Broad Real Effective Exchange Rates, % Change From 10-Year Average



Source: S&P Global Ratings, Haver Analytics, J.P. Morgan. Note: Data is computed on 10 years of the monthly average data of the J.P. Morgan Real Broad Effective Exchange Rate Index (PPI-deflated). Data as of September 30.

# Real Interest Rates | Very Low Real Rates In Most Cases

Deviation In Current Real Benchmark Interest Rates From 10-Year Average, Bps



Source: Haver Analytics, S&P Global Ratings. 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. Data as of September 30.



# EM Heat Map

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## Emerging Markets Risk Profile

### Sovereign Ratings (October 13, '20)

	Argentina	Brazil	Chile	Colombia	Mexico	China	India	Indonesia	Malaysia	Philippines	Thailand	Poland	Russia	Saudi Arabia	South Africa	Turkey
FC Sovereign Rating	CCC+	BB-	A+	BBB-	BBB	A+	BBB-	BBB	A-	BBB+	BBB+	A-	BBB-	A-	BB-	B+
Sovereign Outlook	Stable	Stable	Negative	Negative	Negative	Stable	Stable	Negative	Negative	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Institutional	6	4	2	3	3	3	3	3	3	4	4	4	5	4	4	5
Economic	5	5	4	4	5	3	4	4	4	4	4	4	5	4	5	4
External	6	3	4	6	2	1	1	4	2	1	1	2	1	1	3	6
Fiscal (BDGT)	6	5	2	3	3	4	6	3	3	3	3	4	4	5	6	4
Fiscal (DBT)	5	5	1	4	4	2	6	3	5	3	3	2	1	1	6	4
Monetary	6	3	2	3	3	3	3	3	2	3	2	2	3	4	2	4

### Financial Institutions (October 13, '20)

Economic Risk	10	7	4	7	6	7	7	6	5	6	7	4	8	5	7	8
Industry Risk	7	5	3	5	3	5	5	6	3	5	4	5	7	3	5	9
Institutional Framework	High	Int.	Low	High	Int.	High	High	High	Int.	High	Int.	Int.	Very High	Low	Int.	Very High
Derived Anchor	b+	bb+	bbb+	bb+	bbb-	bb+	bb+	bb+	bbb	bbb-	bb+	bbb	bb-	bbb	bb+	b+
Eco. Risk Trend	Stable	Stable	Negative	Stable	Stable	Stable	Stable	Negative	Stable	Stable	Stable	Negative	Stable	Stable	Negative	Negative
Eco. Imbalances	H	H	Lw	H	VLw	H	H	Lw	Lw	Lw	Lw	Lw	H	Int	H	VH
Credit Risk	EH	H	Int	H	H	VH	VH	VH	H	H	EH	Int	VH	Int	H	VH
Competitive Dynamics	H	H	Int	Int	Int	H	H	H	Int	Int	H	H	H	Int	Int	VH
Funding	VH	Int	Lw	Int	Lw	VLw	Lw	Int	Lw	Int	Lw	Int	H	Lw	H	VH

### Non-Financial Corporates (Rated)

Median Rating (Sept. 30, 2020)	CCC	BB-	BBB	BBB-	BBB-	BBB	BB+	B+	BBB+	BBB	BBB+	BBB-	BB+	BBB+	BB-	BB-
Net Debt / EBITDA	2.3	3.1	2.5	2.6	2.7	6.2	3.8	3.4	1.9	2.2	3.5	3.3	2.0	4.6	2.5	2.0
ROCA Adj.°	-23.3	8.5	5.8	8.8	6.4	3.8	5.7	5.6	7.0	10.7	8.2	4.2	9.0	7.3	6.6	-2.2
EBITDA INT. COV.	4.3	3.8	6.5	5.3	5.1	2.7	3.1	3.4	7.7	7.0	5.2	7.7	5.2	5.4	4.7	5.8
FFO / DEBT	28.0	19.6	26.7	22.0	22.6	7.3	12.6	17.8	39.0	38.2	23.0	23.4	31.6	12.3	27.2	31.6
NFC FC Debt % GDP*	11.6	14.9	32.4	8.6	17.3	6.3	6.3	7.7	11.5	5.8t	7.1	13.4	12.5	9.9	15.2	36.5
NFC Debt % of GDP*	15.6	42.9	103.3	33.6	26.4	156.7	44.2	22.9	68.1	45.7t	47.6	43.8	46.0	45.5	40.2	67.3

#### Color Coding

Sovereign--Each of the factors is assessed on a continuum spanning from '1' (strongest) to '6' (weakest). Based on "Sovereign Rating Methodology," Dec. 23, 2014.

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 to "extremely high risk," based on "Banking Industry Country Risk Assessment Methodology and Assumptions," Nov. 9, 2011, and "Banks Rating Methodology and Assumptions," Nov. 9, 2011.

Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Nov. 19, 2013 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," Nov. 19, 2013. \*Nonfinancial corporates' debt and foreign currency denominated debt is based on IIF global debt monitor with data as of March 2020.

t - Source: Bangko Sentral NG Pilipinas; S&P Global Ratings.

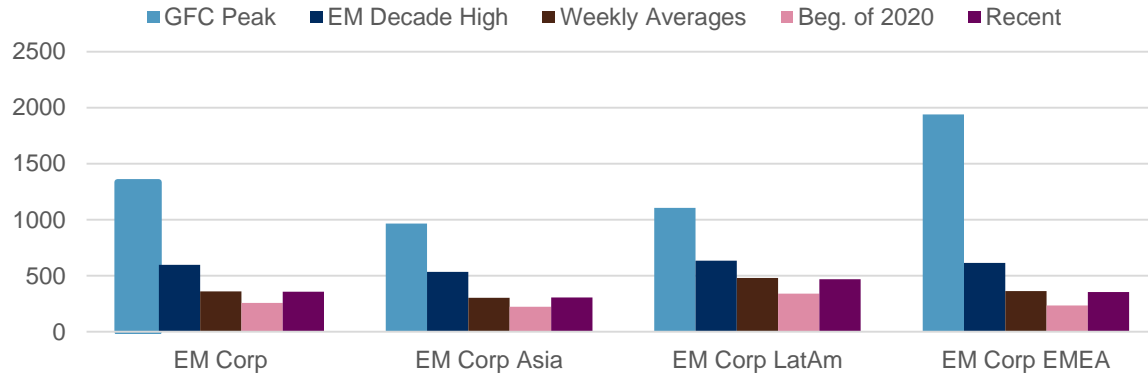
Source: S&P Global Ratings.

# Financing Conditions

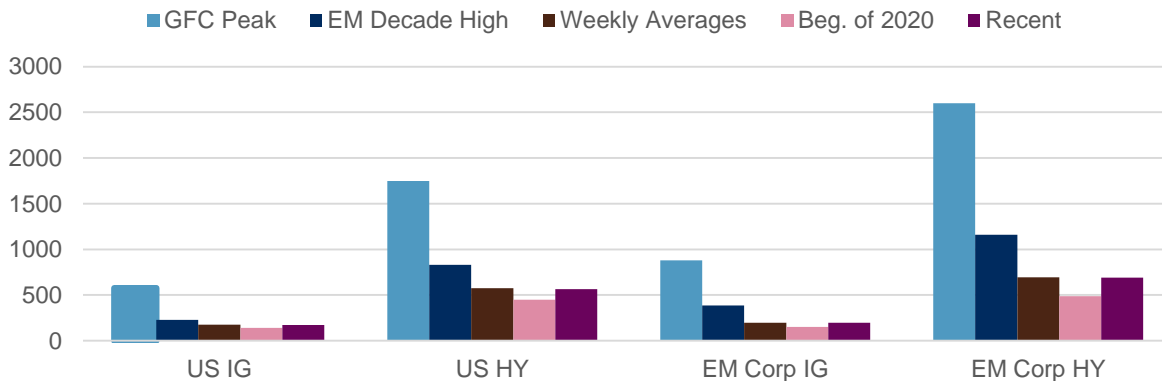
## Highlights

# EM Financing | Spreads Levels Remain Relatively Low

**EM Spreads By Region (Levels [Bps])**



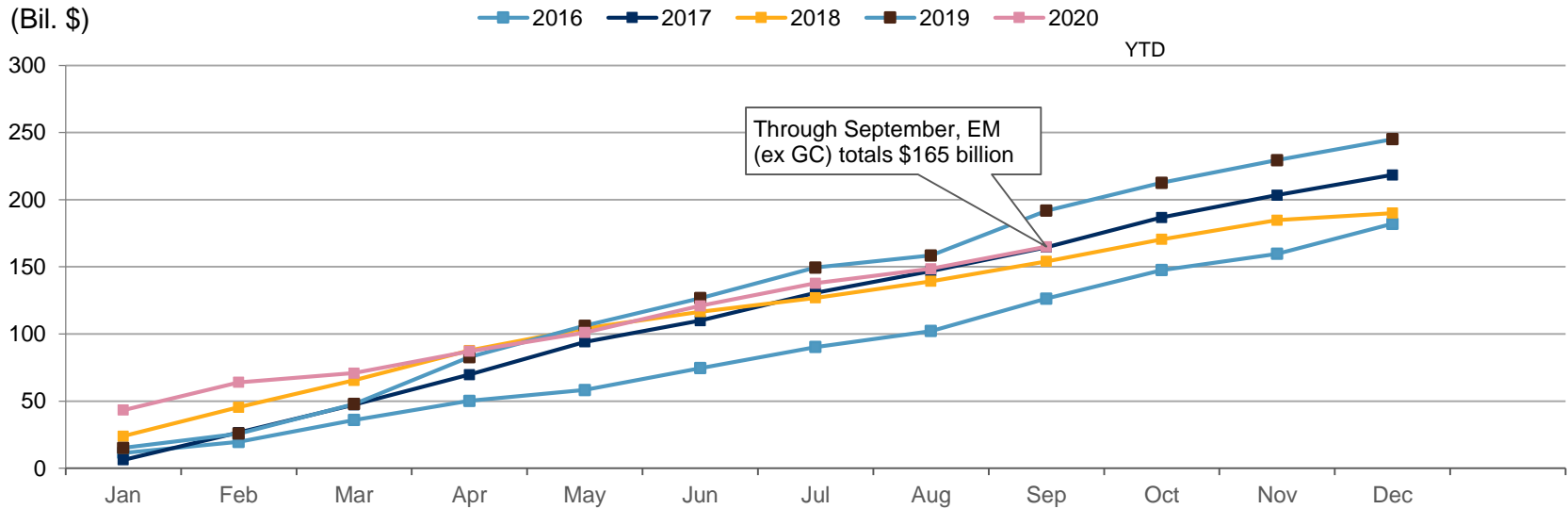
**U.S. And EM Spreads (Levels [Bps])**



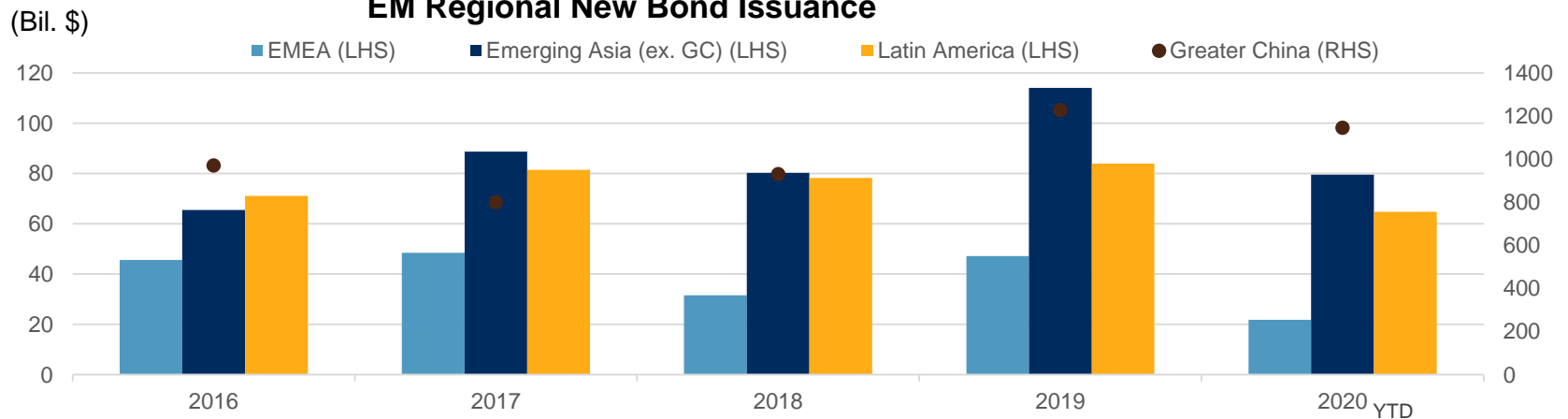
- Spreads Levels Remain Low Relatively.  
EM September credit spreads remained roughly the same as those in August, at almost half of the decade highs seen in March across most regions, but still higher than those at the beginning of 2020.
- Persistent Risk Aversion. Although spreads are lower than the during the word time of the pandemic, risk aversion persists, especially for speculative-grade issuers. The latter continue to see pricing pressure with elevated business and financial risks stemming from lower revenues due to COVID-19 and capital market volatility (and higher default risk).

Note: Data as of Sept. 30, 2020 for EM and Oct. 7 for the U.S. Source: S&P Global Ratings Research, Thomson Reuters, ICE Data Indices, Federal Reserve Bank of St. Louis.

## EM Cumulative Corporate New Bond Issuance\*

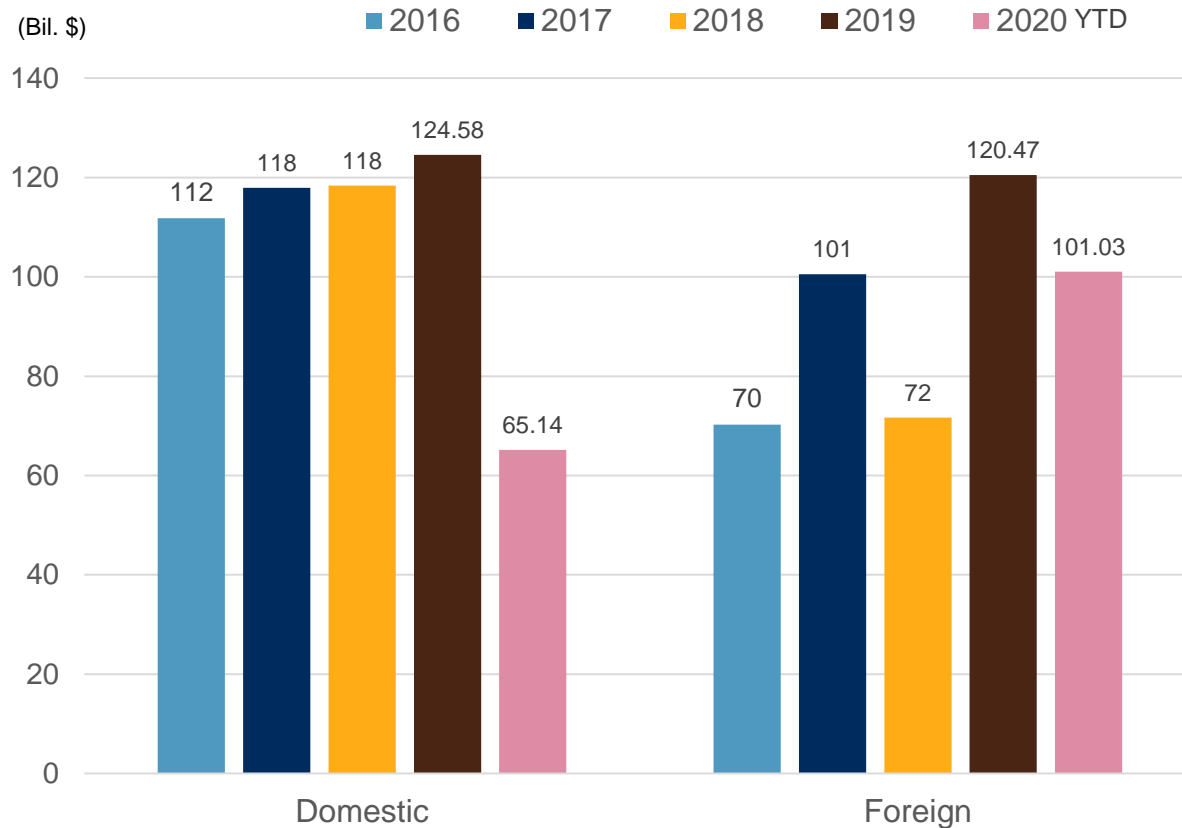


## EM Regional New Bond Issuance



# EM Corporate Issuance| By Market

## EM New Issuance By Market\*



\*Excluding Greater China. Data as of Sept. 30, 2020. Source: S&P Global Ratings Research, Thomson Reuters.

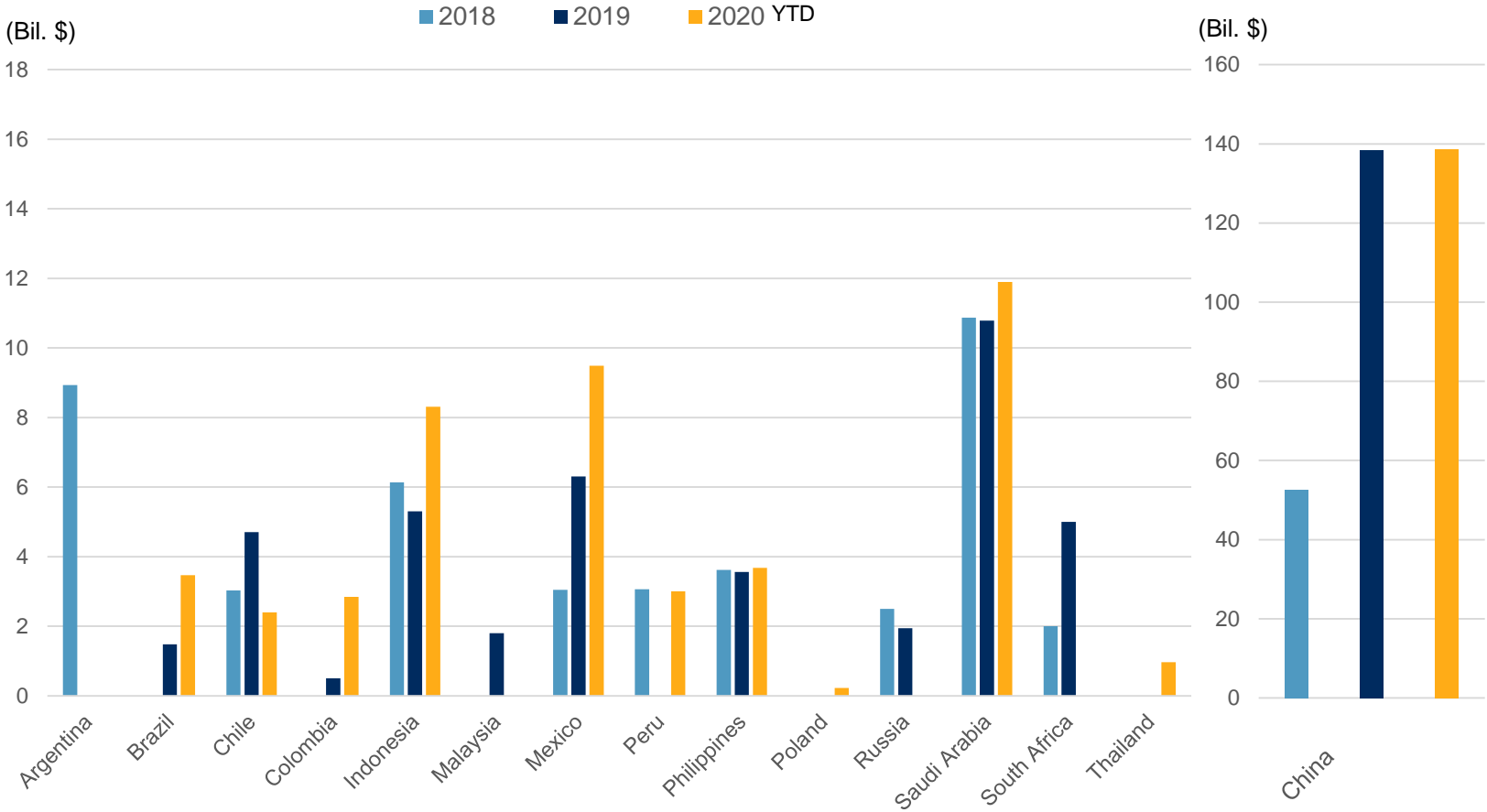
- EM Domestic Issuance.  
Excluding Greater China, the pandemic-driven volatility curbed domestic issuance. Rising global infections and tensions between the U.S. and China remain consistent risks that are driving volatility, which the fiscal and monetary support measures have partly compensated.
- Foreign Markets.  
YTD foreign bond issuances among EM (excluding Greater China) firms have recovered, recovering to about the same pace as in 2019.

# Issuance | Sovereign Top Deals By Debt Amount In The Past 90 Days

Issue date	Issuer	Market place	S&P issue- rating	S&P sovereign rating (as of Oct. 14, 2020)	Security description	Currency	Issuance (mil. \$)
14-Sep-20	Mexico	U.S. public	BBB	BBB	1.350% sr notes due '27	EUR	875
13-Aug-20	Thailand	Thailand private	NR	BBB+	1.585% sr unsec notes due '35	THB	644
2-Jul-20	Indonesia Republic	Foreign public	BBB	BBB	1.130% fxd/straight bond due '23	JPY	472
13-Aug-20	Thailand	Thailand private	NR	BBB+	1.585% sr unsec notes due '35	THB	322
2-Jul-20	Indonesia Republic	Foreign public	BBB	BBB	1.350% fxd/straight bond due '25	JPY	226
2-Jul-20	Indonesia Republic	Foreign public	BBB	BBB	1.590% fxd/straight bond due '30	JPY	125
2-Jul-20	Indonesia Republic	Foreign public	BBB	BBB	1.480% fxd/straight bond due '27	JPY	94
2-Jul-20	Indonesia Republic	Foreign public	BBB	BBB	1.800% fxd/straight bond due '40	JPY	14

Data as of Sept. 30, 2020 (last 90 days); includes local/ foreign currencies. EM excludes China. Blue means investment-grade rating, and grey means NR (not rated).  
Source: S&P Global Ratings Research.

# Issuance | EM Sovereign Debt



Note: data as of Sept. 30 for 2020; includes local/foreign currencies. China includes mainland China and Hong Kong. Source: S&P Global Ratings Research.



# Issuance | EM (excluding China) Financial And Non-Financial Top 20 Deals For The Past 90 Days

Issue date	Maturity date	Issuer	Country	Sector	Market place	S&P issue rating	Security description	Currency	Issuance (Mil. \$)
12-Aug-20	19-Aug-50	Axiata SPV5 (Labuan) Ltd	Malaysia	Finance company	Euro public	BBB+	3.064% gtd medium-term nts due '50	US	1,000
27-Aug-20	3-Sep-26	Deutsche Bank SA	Brazil	Banks	Euro public	BBB-	Fix/flt bond due '26	EUR	883
29-Sep-20	2-Oct-50	Fresnillo PLC	Mexico	Metals, mining & steel	U.S. private	BBB	4.250% sr unsec nts due '50	US	833
28-Jul-20	4-Aug-27	Adani Ports & SE Zone Ltd	India	Transportation	U.S. private	BBB-	4.200% senior notes due '27	US	750
25-Aug-20	1-Sep-32	Coca-Cola FEMSA SAB de CV	Mexico	Consumer products	U.S. public	A-	1.850% gtd global nts due '32	US	702
10-Sep-20	17-Sep-30	Saudi Elec Global Sukuk Co	Saudi Arabia	Utility	Euro public	NR	2.413% Islamic finance due '30	US	650
10-Sep-20	17-Sep-25	Saudi Elec Global Sukuk Co	Saudi Arabia	Utility	Euro public	NR	1.740% Islamic finance due '25	US	650
2-Jul-20	9-Jul-30	JGSH Philippines Ltd	Philippines	Finance company	Euro public	NR	4.125% gtd sr unsec nts due '30	US	600
6-Jul-20	13-Jan-26	BDO Unibank Inc	Philippines	Banks	Euro public	NR	2.125% medium-term nts due '26	US	597
30-Jul-20	6-Aug-50	Industrias Penoles SAB de CV	Mexico	Metals, mining & steel	U.S. private	BBB	4.750% global notes due '50	US	500
12-Aug-20	19-Aug-30	Axiata SPV2 Bhd	Malaysia	Finance company	Euro public	BBB+	2.163% Islamic finance due '30	US	500
11-Aug-20	18-Aug-50	Empresa de los Ferrocarriles	Chile	Transportation	U.S. private	A+	3.068% global notes due '50	US	500
9-Jul-20	14-Jul-47	Oleoducto Central SA	Colombia	Integrated oil & gas	U.S. private	BBB-	4.000% global notes due '47	US	496
7-Jul-20	15-Jan-26	Metro Bk & Tr Co	Philippines	Banks	Euro public	NR	2.125% medium-term nts due '26	US	495
23-Jul-20	30-Jul-30	Manila Water Co Inc	Philippines	Utility	Euro public	NR	4.375% sr unsec nts due '30	US	495
24-Sep-20	1-Oct-25	Mail.Ru Group Ltd	Russian Federation	Media & entertainment	Euro public	NR	1.625% convertible bds due '25	US	400
7-Oct-20	15-Oct-25	Export Import Bank of Thailand	Thailand	Banks	Euro public	NR	1.457% medium-term nts due '25	US	350
7-Oct-20	15-Oct-25	Export Import Bank of Thailand	Thailand	Banks	Euro public	NR	1.457% sr med term nts due '25	US	350
23-Jul-20	30-Jul-27	Megaworld Corp	Philippines	Homebuilders/real estate	Euro public	NR	4.125% sr unsecurd nts due '27	US	345
21-Jul-20	11-Aug-60	MayBank	Malaysia	Banks	Euro public	NR	Zero cpn medium-term nts due '60	US	300

# EM Financial And Non-Financial Top Deals Coming Due In October And November

Issue date	Maturity date	Issuer	Country	Sector	Market place	S&P issue rating	Security description	Currency	Issuance (mil. \$)
30-Sep-10	7-Oct-20	Banco de Chile	Chile	Banks	EURO/144A	A+	4.125% senior notes due '20	US	496
30-Sep-10	7-Oct-20	Gold Fields Holding Co(BVI)Ltd	Brazil	Metals, mining & steel	EURO/144A	BBB-	4.875% gtd sr notes due '20	US	993
14-Oct-09	8-Oct-20	Odebrecht Realizacoes Imobilia	Brazil	Homebuilders/real estate	EURO/144A	BBB-	7.250% senior notes due '20	US	491
5-Oct-17	10-Oct-20	Woolworths Holdings Ltd	South Africa	Retail/restaurants	Euro public	NR	Flt rt gtd MTN due '20	SAR	37
9-Oct-15	12-Oct-20	Calgro M3 Developments Pty Ltd	South Africa	Homebuilders/real estate	Euro private	NR	Flt rt sr bonds due '20	SAR	5
14-Oct-10	14-Oct-20	Ixe Banco SA	Mexico	Banks	U.S. public	NR	Sub notes due '20	US	120
16-Oct-18	18-Oct-20	DKT OOO	Russian Federation	Banks	Foreign private	NR	4.800% senior bonds due '20	WON	4
14-Oct-10	19-Oct-20	Reliance Industrial Invests & India	India	Broker	EURO/144A	BBB	4.500% gtd sr notes due '20	US	995
10-Oct-13	19-Oct-20	Home Credit and Finance Bank	Russian Federation	Banks	Euro private	NR	10.500% subord bonds due '20	US	200
8-Sep-10	23-Oct-20	Telemar Norte Leste SA	Brazil	Telecommunications	EURO/144A	BBB-	5.500% sr unsec nts due '20	US	1,000
18-Oct-13	28-Oct-20	MMC Finance Ltd	Russian Federation	Finance company	EURO/144A	BBB-	5.550% guaranteed bds due '20	US	1,000
23-Oct-13	28-Oct-20	JBS SA	Brazil	Consumer products	EURO/144A	B+	7.750% gtd sr unsec nts due '20	US	1,000
29-Oct-10	29-Oct-20	Banco ABC Brasil SA	Brazil	Banks	U.S. public	NR	7.875% subord bonds due '20	US	300
30-Oct-09	30-Oct-20	Majapahit Holding BV	Indonesia	Finance company	EURO/144A	BB-	7.875% notes due '20	US	1,250
22-Oct-14	30-Oct-20	Central Termica Loma de Lata	Argentina	Utility	Euro public	NR	6.250% fxd/straight bd due '20	US	30
7-Sep-15	31-Oct-20	Firststrand Bank Ltd	South Africa	Banks	Euro public	NR	Flt rt sr bonds due '20	SAR	1
25-Oct-17	2-Nov-20	MayBank	Malaysia	Banks	Foreign public	NR	4.500% sr med term nts due '20	CY	75
27-Oct-10	3-Nov-20	Banco Bonsucesso SA	Brazil	Banks	EURO/144A	NR	9.250% subord debt due '20	US	123
27-Oct-15	3-Nov-20	Indonesia Eximbank	Indonesia	Banks	Euro public	NR	4.135% medium-term nts due '20	SG	36
28-Oct-10	4-Nov-20	Codelco	Chile	Metals, mining & steel	EURO/144A	A	3.750% sr unsec nts due '20	US	982
29-Oct-15	5-Nov-20	NAFINSA	Mexico	Banks	EURO/144A	BBB+	3.375% senior notes due '20	US	499
27-Apr-15	6-Nov-20	Reliance Commun Ltd	India	Telecommunications	Euro public	NR	6.500% Sr Secured nts due '20	US	300
27-Oct-15	6-Nov-20	Export-Import Bank of India	India	Banks	Euro private	NR	2.130% medium-term nts due '20	US	43
27-Oct-15	6-Nov-20	Export-Import Bank of India	India	Banks	Euro private	NR	2.920% medium-term nts due '20	AU	118
11-Oct-17	10-Nov-20	Tanner Servicios Financieros	Chile	Broker	Foreign public	NR	1.375% sr unsec nts due '20	SFR	103
8-Nov-10	16-Nov-20	ICICI Bank Ltd	India	Banks	EURO/144A	BBB-	5.750% sr unsec nts due '20	US	995
12-Nov-15	19-Nov-20	Axiata SPV2 Bhd	Malaysia	Finance company	Euro Public	BBB	3.466% Islamic finance due '20	US	500
29-Nov-19	28-Nov-20	Ayudhya Capital Auto Lease PCL	Thailand	Financial institution	Malaysia Private	NR	1.610% sr unsec nts due '20	BA	17
18-May-16	30-Nov-20	Banco Hipotecario SA	Argentina	Banks	EURO/144A	B-	9.750% fxd/straight bd due '20	US	160

# Ratings Summary

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**S&P Global**  
Ratings

# Ratings Summary | Sovereigns In September

Country	Rating	Outlook	5-year CDS spread	Median rating financials (OLCW)	Median rating non-financials (OLCW)
Argentina	CCC+	Stable	1059		CCC
Brazil	BB-	Stable	245		BB-
Chile	A+	Negative	68		BBB
China	A+	Stable	49	A	BBB
Colombia	BBB-	Negative	149		BBB-
India	BBB-	Stable	103		BB+
Indonesia	BBB	Negative	115		B+
Malaysia	A-	Negative	55		BBB+
Mexico	BBB	Negative	150	BBB-	BBB-
Philippines	BBB+	Stable	55		BBB
Poland	A-	Stable	57	A-	BBB-
Russia	BBB-	Stable	125	BB-	BB+
Saudi Arabia	A-	Stable	92	BBB	BBB+
South Africa	BB-	Stable	315		BB-
Thailand	BBB+	Stable	49	A-	BBB+
Turkey	B+	Stable	530		BB-

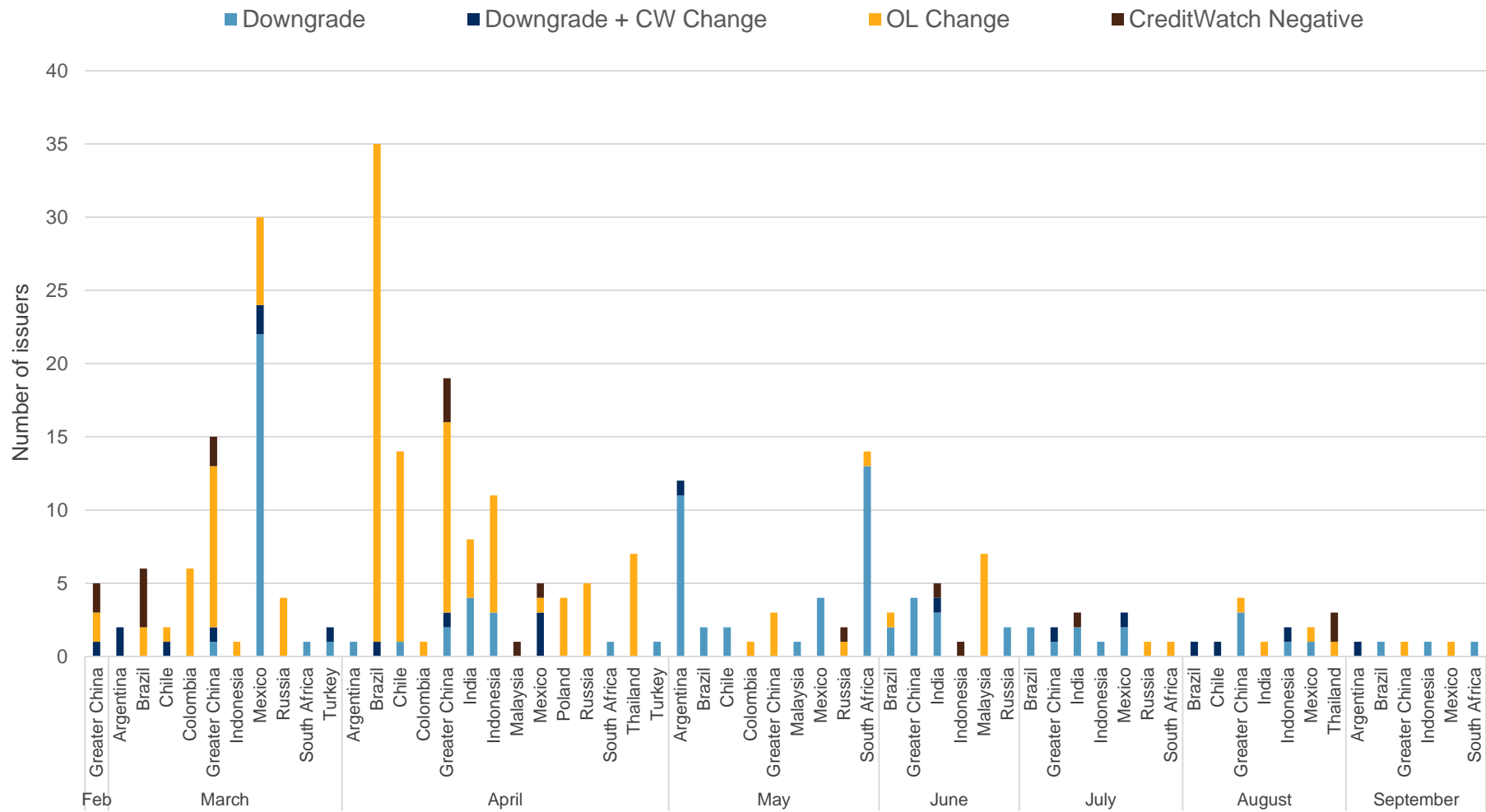
Note: Foreign currency ratings. NM indicates not meaningful. Red means speculative-grade rating, and blue means investment-grade rating. Data as of Sept. 30, 2020. Source: S&P Global Ratings Research, S&P Capital IQ. CDS Spread is as of Sept. 30, 2020. China median rating includes China, Hong Kong, Macau, Taiwan, and Red Chip companies.

# Rating Actions | Top 15 By Debt Amount In The Past 90 Days

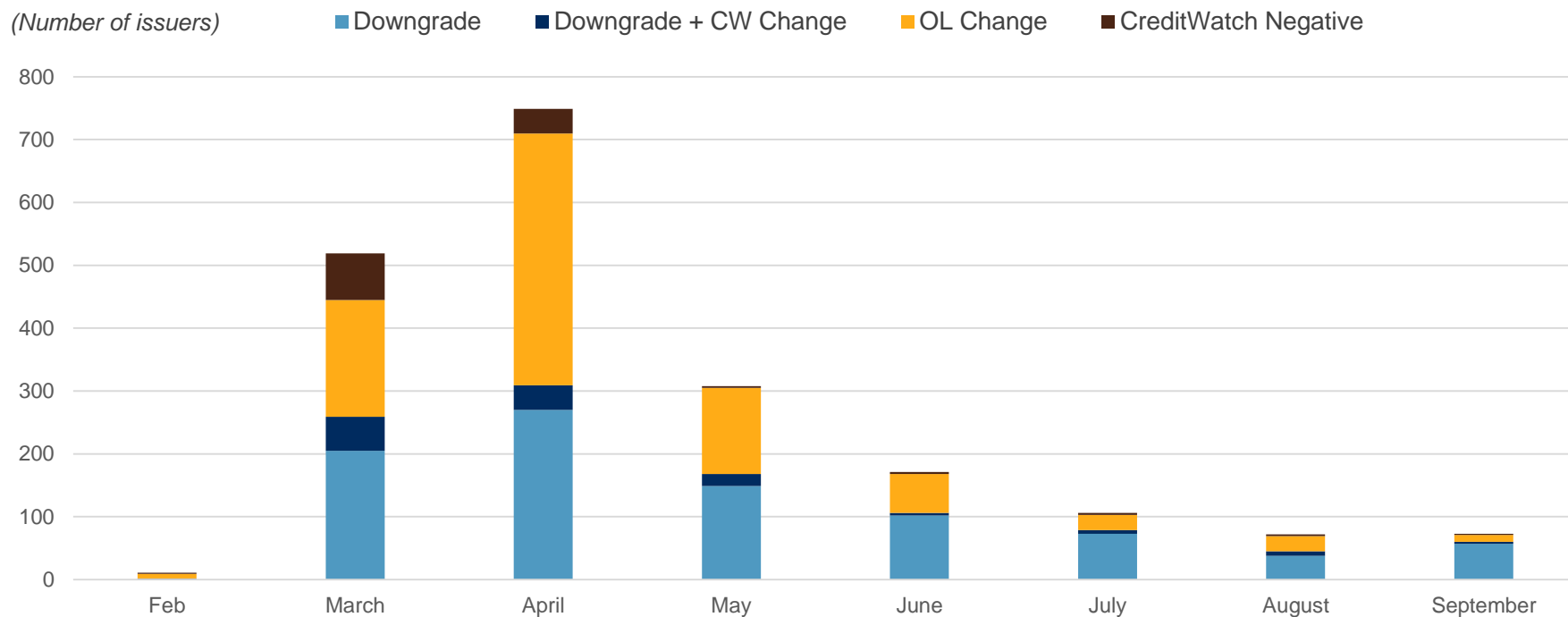
Rating date	Issuer	Country	Sector	Rating to	Rating from	Action type	Debt amount (mil. \$)
27-Mar-20	America Movil S.A.B. de C.V.	Mexico	Telecommunications	BBB+	A-	Downgrade	22,120
27-Mar-20	Instituto Para La Proteccion al Ahorro Bancario (United Mexican States)	Mexico	Financial institutions	BBB	BBB+	Downgrade	18,347
31-Mar-20	Corporacion Nacional del Cobre de Chile	Chile	Metals, mining & steel	A	A+	Downgrade	17,543
27-Mar-20	Comision Federal De Electricidad (CFE) (United Mexican States)	Mexico	Utility	BBB	BBB+	Downgrade	6,897
2-Apr-20	Tata Motors Ltd. (Tata Sons Pte. Ltd.)	India	Automotive	B	B+	Downgrade	5,468
10-Sep-20	Alfa S.A.B. de C.V.	Mexico	Diversified	BBB-	BBB	Downgrade	4,658
8-Jul-20	Braskem S.A. (Odebrecht S.A.)	Brazil	Chemicals, packaging & environmental services	BB+	BBB-	Downgrade	4,150
20-May-20	Empresas Copec S.A. (E-Copec) (AntarChile S.A.)	Chile	Diversified	BBB-	BBB	Downgrade	3,900
18-Sep-20	YPF S.A	Argentina	Oil & gas exploration & production	CCC-	CCC+	Downgrade	2,961
14-Apr-20	Tata Steel Ltd. (Tata Sons Pte. Ltd.)	India	Metals, mining & steel	B+	BB-	Downgrade	2,300
27-Mar-20	Banco Mercantil del Norte, S.A. Institucion de Banca Multiple Grupo Financiero Banorte (Grupo Financiero Banorte S.A.B. de C.V. y Subsidiarias)	Mexico	Bank	BBB	BBB+	Downgrade	2,120
27-Mar-20	Unifin Financiera, S.A.B. de C.V.	Mexico	Finance company	BB-	BB	Downgrade	1,850
26-Jun-20	Shriram Transport Finance Company Limited	India	Finance company	BB-	BB	Downgrade	1,803
27-Mar-20	Banco Inbursa S.A. Institucion de Banca Multiple Grupo Financiero Inbursa (Grupo Financiero Inbursa)	Mexico	Bank	BBB	BBB+	Downgrade	1,750
12-May-20	MTN Group Ltd.	South Africa	Telecommunications	BB-	BB	Downgrade	1,750

Data as of Sept. 30, 2020, excludes sovereigns, Greater China and the Red Chip companies and includes only latest rating changes. Source: S&P Global Ratings Research.

# EM | Virus- And Oil-Related Rating Actions By Country



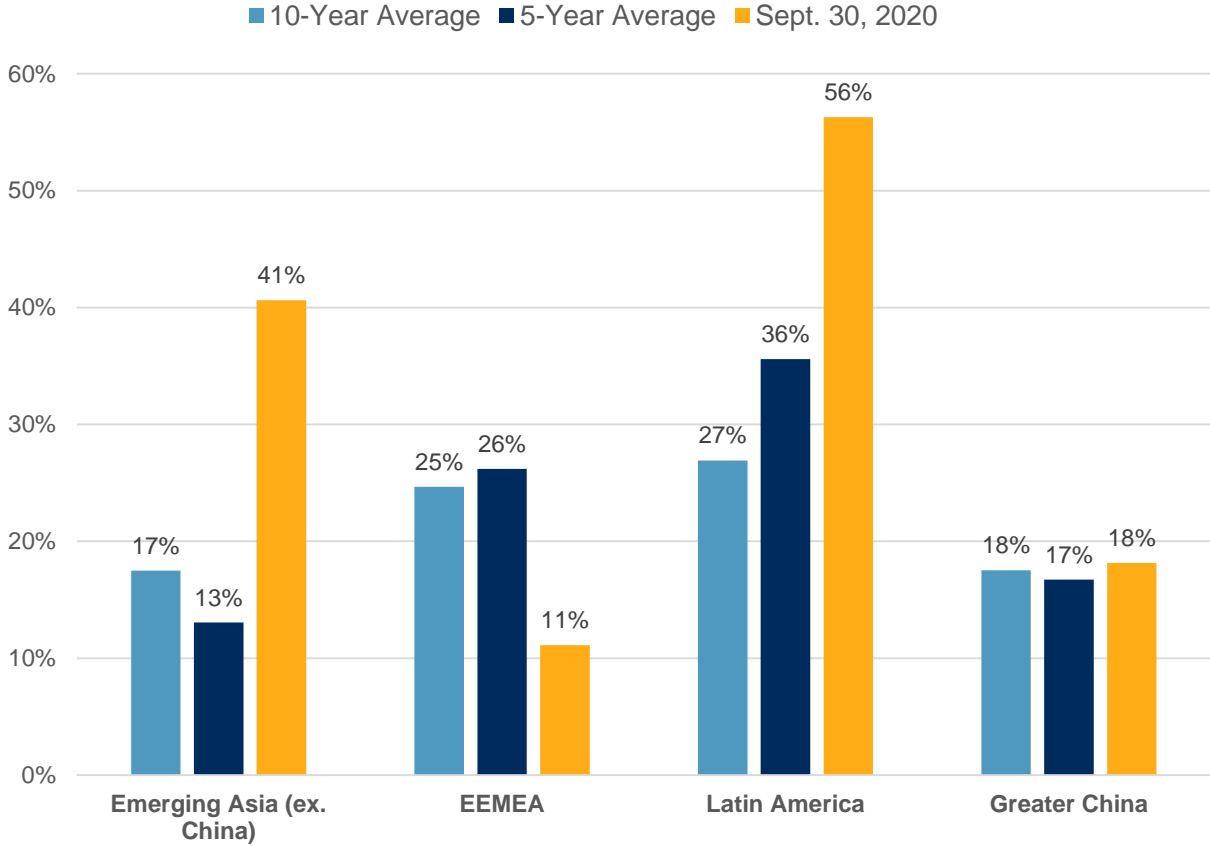
# EM | Virus- And Oil-Related Rating Actions By Month



- Sovereign. No EM sovereign downgrades in September.
- Downgrades dominate rating actions as prior negative outlooks are resolved. Coronavirus- and oil-related downgrades across EMs in September were higher than in August, but lower than any other month since the pandemic hit, though remain above February's level.
- Rating actions related to COVID-19 and oil have slowed considerably. September trend consisted of downgrades resolving earlier outlook revisions /CreditWatch listings, resulting in stable credit quality, although at riskier levels.

# Downgrade Potential | Regional Negative Bias

## EM Downgrade Potential Differentiated Across Region



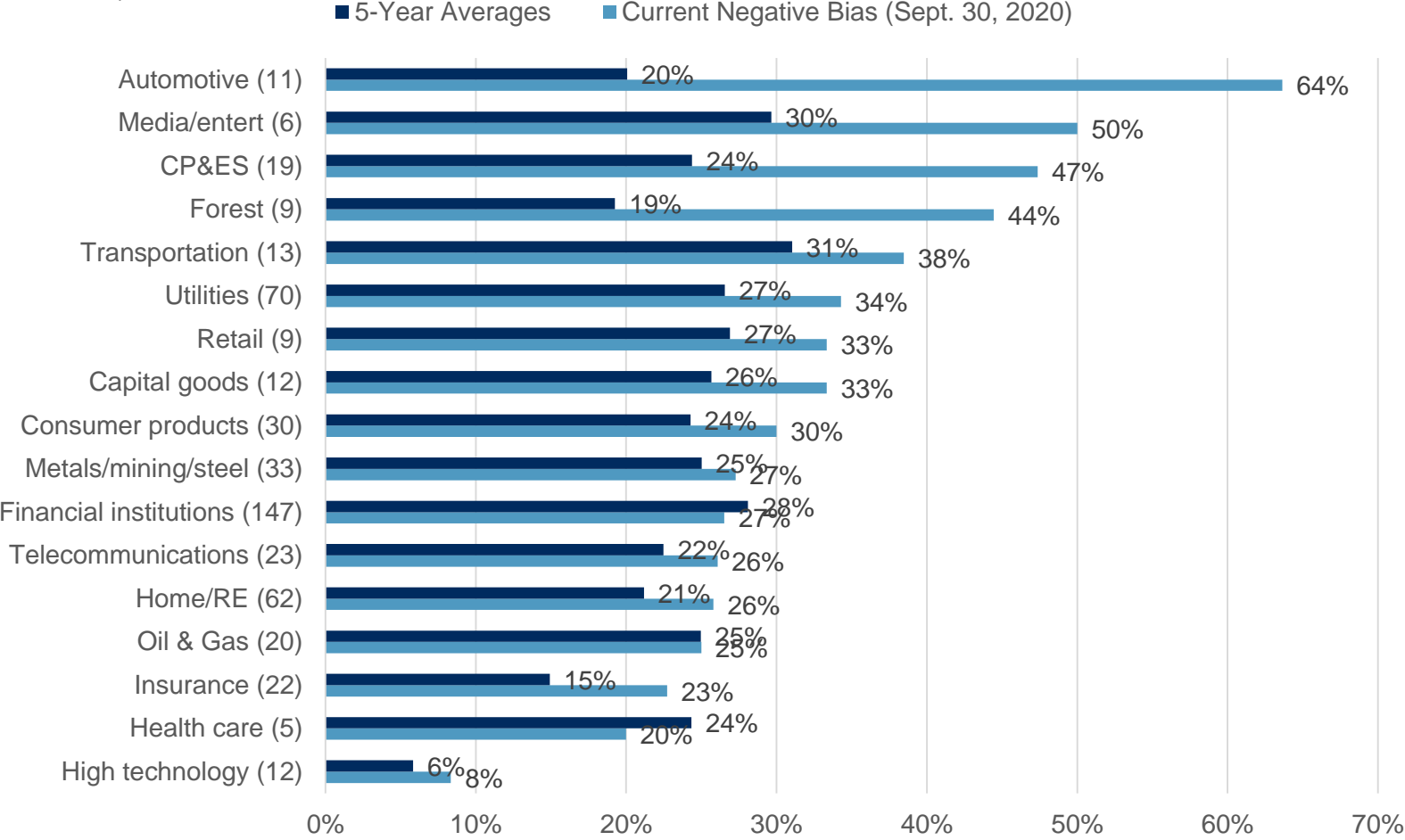
- Downgrade potential remains elevated for Latin America and Emerging Asia (excluding China). Downgrade potential was higher than both the 5-year and 10-year averages in September.
- EEMEA. Downgrade potential in September was below historical averages.
- Greater China fell to 18% in September from 19% in August, approaching both historical averages, given the COVID-19 recovery, particularly as some of the impacts on business and financial risks may have materialized.

Data as of Sept. 30, 2020, and exclude sovereigns. Source: S&P Global Ratings Research. Latin America: Argentina, Brazil, Chile, Colombia, Mexico. Emerging Asia: India, Indonesia, Malaysia, Thailand, the Philippines. EEMEA: Poland, Russia, Saudi Arabia, South Africa, Turkey. Greater China: China, Hong Kong, Macau, Taiwan, and Red Chip companies.



# EM Downgrade Potential | By Sector

Automotive And Media/Entertainment Sectors Continue To Lead Downgrade Potentials In September



Data as of Sept. 30, 2020 and include sectors with more than five issuers only; excludes sovereigns. Source: S&P Global Ratings Research. EMs consist of Argentina, Brazil, Chile, China, Colombia, Mexico, India, Indonesia, Malaysia, Thailand, Philippines, Poland, Russia, Saudi Arabia, South Africa, and Turkey. Greater China --- China, Hong Kong, Macau, Taiwan, and Red Chip companies.

# Rating Actions | Rating Changes From 'B-' To 'CCC'/Fallen Angels

Rating date	Issuer	Country	Sector	Rating To	Rating From	Debt amount (Mil. \$)
13-Jan-20	Empresa Distribuidora Y Comercializadora Norte S.A.	Argentina	Utility	CCC+	B-	300
16-Mar-20	Banco Hipotecario S.A.	Argentina	Bank	CCC	B-	350
17-Mar-20	IRSA Inversiones y Representaciones S.A. (Cresud S.A.C.I.F. y A.)	Argentina	Homebuilders/Real Estate Co.	CCC+	B-	431
19-Mar-20	PT MNC Investama Tbk.	Indonesia	Media & Entertainment	CCC	B-	231
6-Apr-20	Grupo Kaltex, S.A. de C.V.	Mexico	Consumer Products	CCC	B-	320
8-Apr-20	Pearl Holding III Limited	China	Automotive	CCC+	B-	175
8-Apr-20	GCL New Energy Holdings Limited (GCL-Poly Energy Holdings Limited)	Bermuda	Utility	CCC	B-	500
9-Apr-20	PT Gajah Tunggal Tbk.	Indonesia	Automotive	CCC+	B-	250
13-Apr-20	Compania de Transporte de Energia Electrica en Alta Tension TRANSENER S.A.	Argentina	Utility	CCC+	B-	99
27-Apr-20	CAR Inc.	Cayman Islands	Transportation	CCC	B-	557
29-Apr-20	Aeropuertos Argentina 2000 S.A.	Argentina	Utility	CC	B-	400
30-Apr-20	PT Alam Sutera Realty Tbk.	Indonesia	Homebuilders/Real Estate Co.	CCC+	B-	545
8-May-20	Pampa Energia S.A.	Argentina	Utility	CCC+	B-	1,550
8-May-20	YPF S.A.	Argentina	Oil & Gas Exploration & Production	CCC+	B-	1,969
8-May-20	Banco De Galicia Y Buenos Aires S.A.U.	Argentina	Bank	CCC+	B-	250
8-May-20	Telecom Argentina S.A.	Argentina	Telecommunications	CCC+	B-	400
8-May-20	Transportadora de Gas del Sur S.A. (TGS) (Compania De Inversiones de Energia S.A.)	Argentina	Utility	CCC+	B-	500
8-May-20	Compania General de Combustibles S.A.	Argentina	Oil & Gas Exploration & Production	CCC+	B-	300
8-May-20	CAPEX S.A.	Argentina	Utility	CCC+	B-	300
8-May-20	AES Argentina Generacion S.A (AES Corp. (The))	Argentina	Utility	CCC+	B-	300
18-Jun-20	Oi S.A.	Brazil	Telecommunications	CC	B-	1,654
19-Jun-20	PT Modernland Realty Tbk.	Indonesia	Homebuilders/Real Estate Co.	CCC	B-	390

## Fallen Angels

Rating date	Issuer	Country	Sector	Rating To	Rating From	Debt amount (Mil. \$)
15-Jun-20	Embraer S.A.	Brazil	Aerospace & Defense	BB+	BBB-	500
26-Jun-20	Axis Bank Ltd.	India	Bank	BB+	BBB-	1,095
8-Jul-20	Braskem S.A. (Odebrecht S.A.)	Brazil	Chemicals, Packaging & Environmental Services	BB+	BBB-	4,150
14-Jul-20	Zijin Mining Group Company Limited	China	Metals, Mining & Steel	BB+	BBB-	350

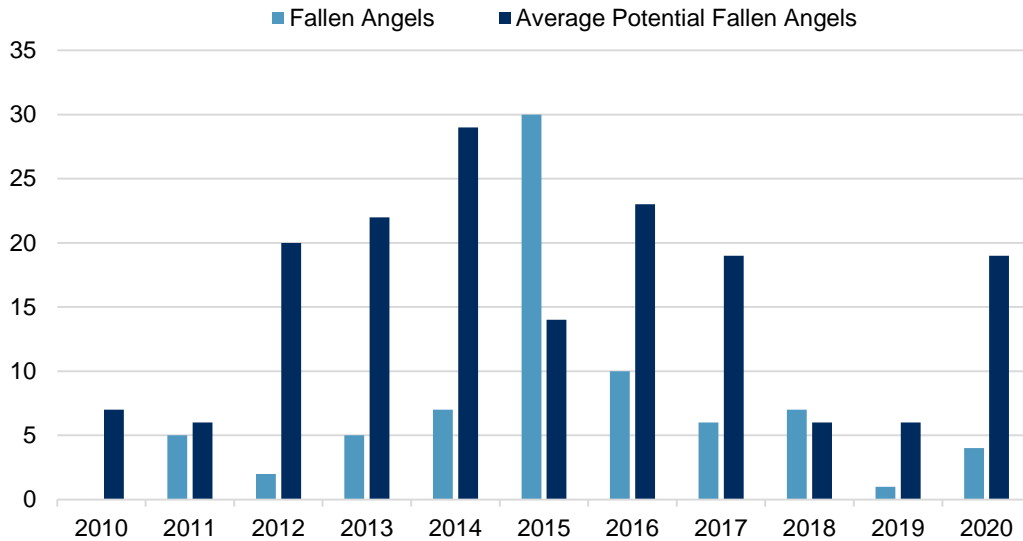
# Rating Actions | List Of Defaulters YTD

Rating date	Issuer	Country	Sector	Rating to	Rating from	Action type	Debt amount (Mil. \$)
14-Jan-20	Qinghai Provincial Investment Group Co. Ltd.	China	Metals, mining & steel	D	CCC-	Downgrade	850
21-Jan-20	Panda Green Energy Group Ltd.	Bermuda	Utility	SD	CC	Downgrade	350
21-Jan-20	Republic of Argentina	Argentina	Sovereign	SD	CCC-	Downgrade	137,602
21-Feb-20	Tunghsu Group Co. Ltd.,	China	High technology	SD	CCC-	Downgrade	390
27-Mar-20	Yida China Holdings Ltd.	Cayman Islands	Homebuilders/real estate	SD	CC	Downgrade	300
7-Apr-20	Republic of Argentina	Argentina	Sovereign	SD	CCC-	Downgrade	139,092
10-Apr-20	Vestel Elektronik Sanayi Ve Ticaret A.S.	Turkey	High technology	SD	CCC+	Downgrade	-
24-Apr-20	Enjoy S.A.	Chile	Media & entertainment	D	B-	Downgrade	300
11-May-20	Yihua Enterprise (Group) Co. Ltd.	China	Consumer products	SD	CCC	Downgrade	-
19-May-20	Aeropuertos Argentina 2000 S.A.	Argentina	Utility	SD	CC	Downgrade	750
27-May-20	Latam Airlines Group S.A.	Chile	Transportation	D	CCC-	Downgrade	1,800
2-Jun-20	Grupo Famsa, S.A.B. de C.V.	Mexico	Retail/restaurants	SD	CCC-	Downgrade	81
1-Jul-20	Grupo Aeromexico, S.A.B. de C.V.	Mexico	Transportation	D	B-	Downgrade	-
1-Jul-20	Grupo Posadas, S. A. B. de C. V.	Mexico	Media & entertainment	D	CC	Downgrade	400
8-Jul-20	PT Modernland Realty Tbk.	Indonesia	Homebuilders/real estate	SD	CCC-	Downgrade	390

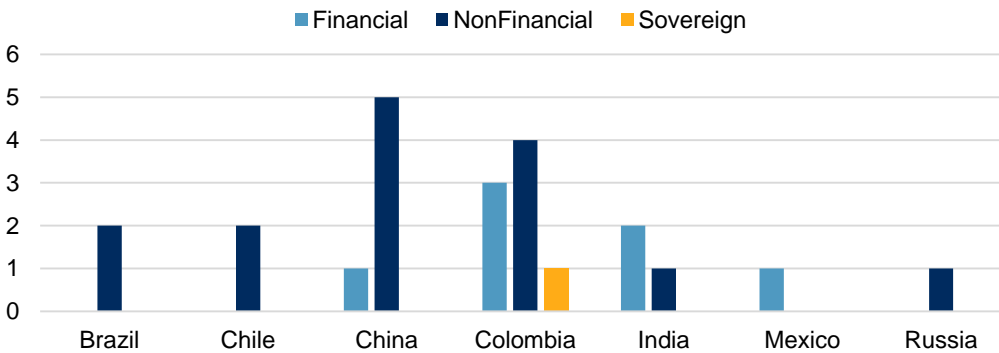
Data as of Sept. 30, 2020. Includes both rated and zero debt defaults. Includes sovereigns, Greater China, and Red Chip companies. Excludes five confidential issuers. D – Default; SD – Selective Default. Source: S&P Global Ratings Research, S&P Global Market Intelligence's CreditPro®.

# Rating Actions | Fallen Angels And Potential Fallen Angels

Potential Fallen Angels Are High Levels In EMs With Four Fallen Angels In 2020



For Potential Fallen Angels, Direct Revenue Impact Due To COVID-19 Or Oil Price Dislocations On Issuers Keeps Recovery Slow



- Four Fallen Angels In September.

Four Fallen Angels in EM through September, with two in Brazil, one in Greater China, and one in India.

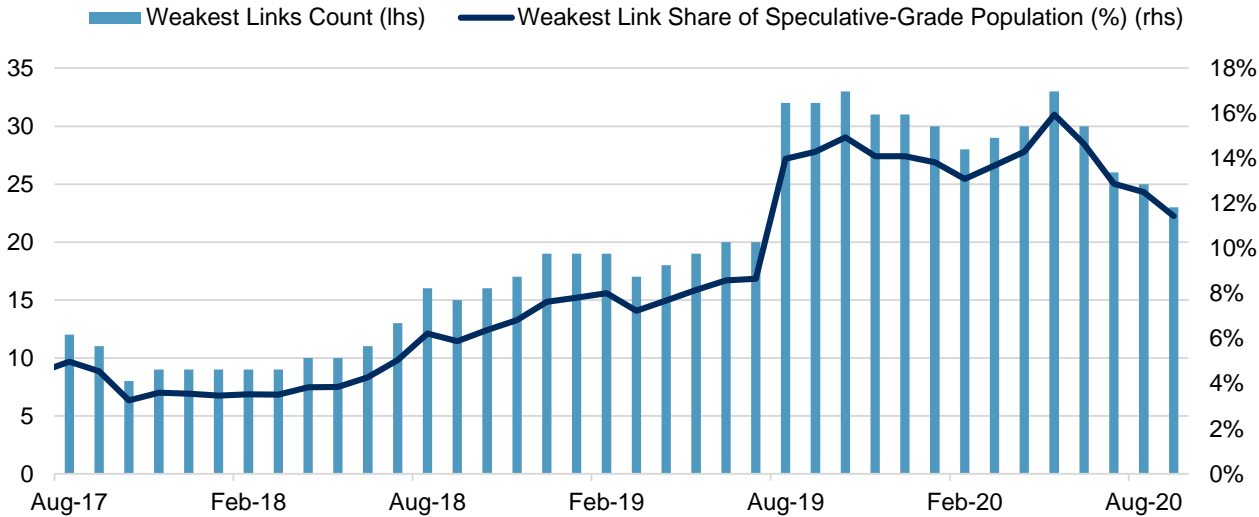
- 23 EM Potential Fallen Angels So Far 2020.

Credit trends in the 'BBB' rating category continue to stabilize as supportive capital market conditions provide some relief to the rapid rise in the number of Fallen Angels in the spring. There was a single addition in August, the lowest since April. The share of potential Fallen Angels on CreditWatch negative also fell further to 11%, suggesting less immediate downgrade risk than a few months earlier.

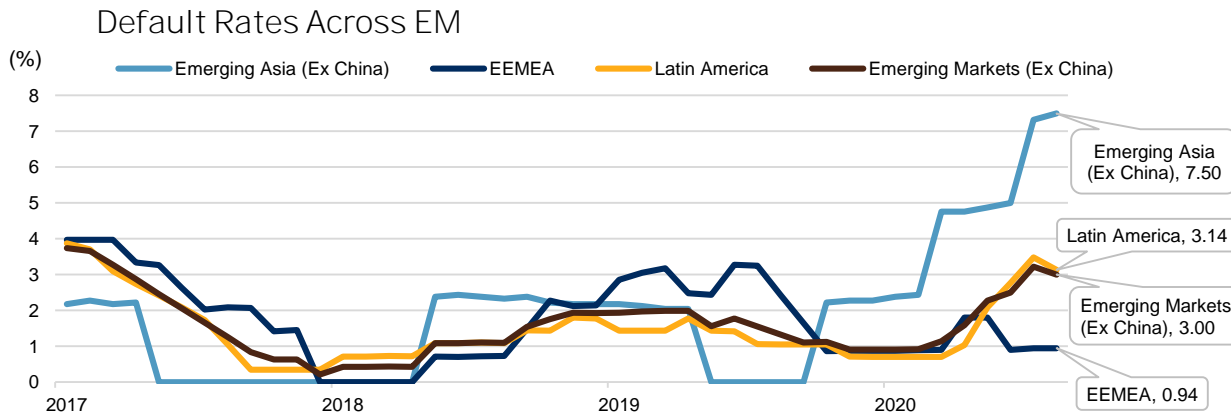
- For more information, see ['BBB' Pulse: Potential Fallen Angels Remain Stable In August, With Five Outlook Revisions To Stable And Just One Downgrade'](#) published Sept. 28, 2020.

# Rating Actions | Weakest Links And Default Rates

Weakest Links Ebb Off Record Highs But Remain Elevated; Signal Higher Default Rates



Data as of Sept. 30, 2020 (OLCW). Source: S&P Global Ratings Research.



CreditPro data as of Aug. 31, 2020. Source: S&P Global Ratings Research, S&P Global Market Intelligence's CreditPro®.

- Weakest Links.  
EM saw weakest links at 23 issuers (11% of the speculative-grade rated issuers) in September, down from 25 in August. Weakest links are issuers rated 'B-' and below on negative outlook or CreditWatch with negative implications; they typically default at rate of 8x that of speculative-grade issuers more broadly.
- EM Default Rates.  
Overall EM (excluding China) default rate dipped in August after rising since the start of the year.
- For more information, see [The Travel And Entertainment Business Faces Elevated Default Risk Despite Easing Market Pressures](#) published Oct. 12, 2020.

# Related Research

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**S&P Global**  
Ratings

# EMs | Related Research

- Sovereign Risk Indicators, Oct. 12, 2020
- China's Cyclical Capital Goods Makers Brace for Downturn, Oct. 11, 2020
- COVID-19 Impact: Key Takeaways From Our Articles, Oct. 7, 2020
- [Slides] Global Credit Conditions: The K-Shaped Recovery, Oct. 7, 2020
- Global Credit Conditions: The K-Shaped Recovery, Oct. 6 2020
- Economic Research: A Double-Digit Rebound Has Begun, But It's No Time to Celebrate, Oct. 6 2020
- Sovereign Ratings Score Snapshot, Oct. 2, 2020
- Emerging Market: A Tenuous And Varied Recovery Path, Sept. 29, 2020
- Credit Conditions Emerging Markets: Fragile And Uneven Recovery, Virus Resurgence Looms, Sept. 29, 2020
- Credit Conditions North America: Potholes On The Road To Recovery; Sept. 29, 2020
- Credit Conditions Asia-Pacific: Recovery Roads Diverge; Sept. 29, 2020
- Credit Conditions Europe: III-Prepared For Winter; Sept. 29, 2020
- Banking Industry Risk Assessment Update: September 2020; Sept. 25, 2020
- Economic Research: Latin America's Pre-COVID-19 Growth Challenges Won't Go Away Post-Pandemic; Sept. 24, 2020
- Economic Research: Asia-Pacific Recovery: The Hard Work Begins; Sept. 23, 2020
- Coronavirus Impact: Key Takeaways From Our Articles, Sept. 23, 2020

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