



Emerging Markets Monthly Highlights

Window Opens For Monetary Easing

S&P Global
Ratings

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This report does not constitute a rating action

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Emerging Markets (EMs) consist of:

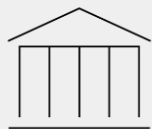
Latin America: Argentina, Brazil, Chile, Colombia, Peru, Mexico.

Emerging Asia: India, Indonesia, Malaysia, Thailand, Philippines, Vietnam.

EMEA: Hungary, Poland, Saudi Arabia, South Africa, Turkiye.

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

Key Takeaways



We now expect a 25-basis-point Federal Reserve rate cut in September after the July jobs report. Our soft-landing outlook remains unchanged, with the economy transitioning to below-trend growth. This provides central banks in emerging markets (EM) more room to ease rates.



Financing conditions remain benign for bond issuance, which was particularly the case in the unrated spectrum. Buoyed by tight spreads and refinancing needs, EM corporates have issued at a longer tenor, with respect to 2023. Geopolitical risks and softer global economic activity outlook may create grounds for future market volatility ahead.



In year-to-date 2024, 60% of EM defaults occurred among companies that had previously defaulted. Re-defaulters usually perform debt exchanges to gain time to overhaul their operations, but in some cases market conditions haven't improved as much or as fast as needed.



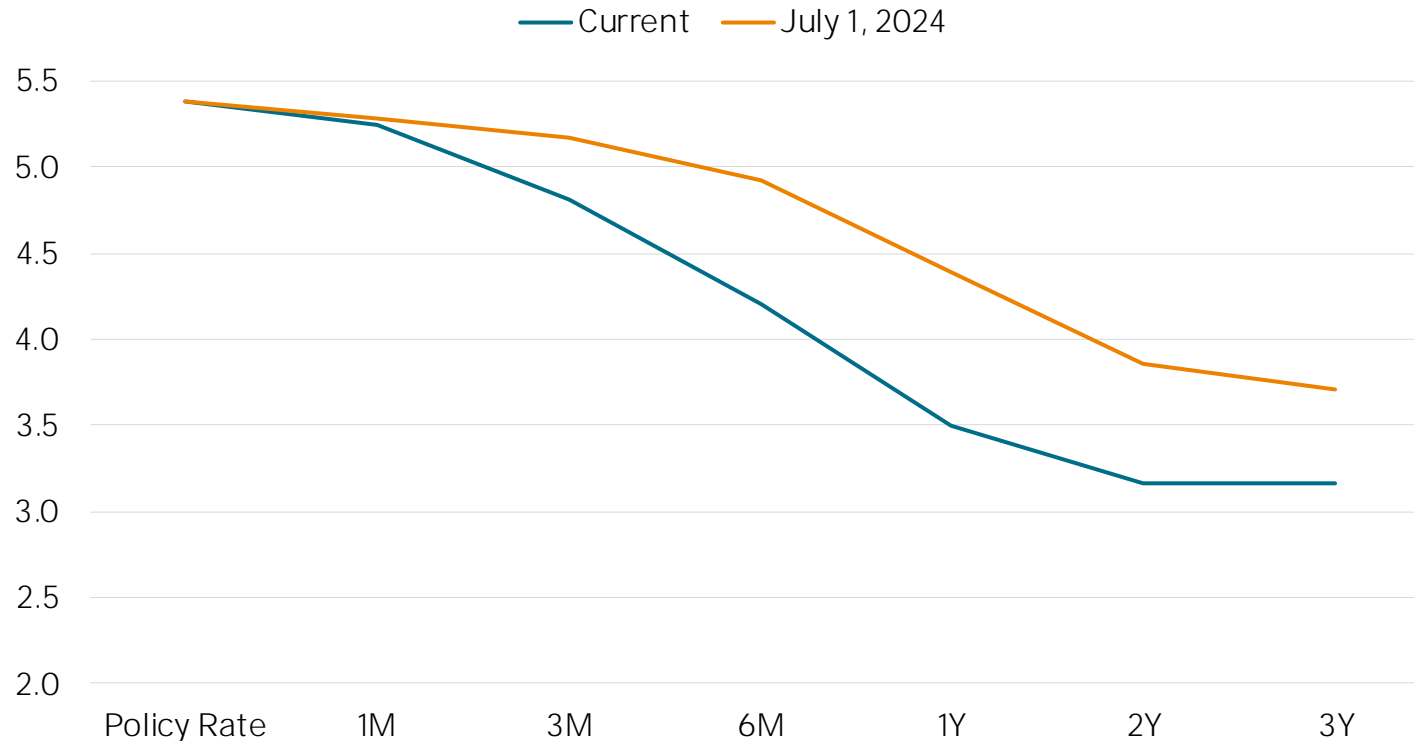
More emphasis in "soft infrastructure" can unlock greater growth in EM Asia. Economies in that region do well in areas like logistics tracking and shipping times, but the regulatory environment such as customs procedures can be smoother. Efficiency gains are especially relevant as the pandemic eroded budget capacity, which will constrain public infrastructure spending.



As emerging and frontier markets' economic development catches up with advanced economies, rising energy demand may delay net-zero goals if green technologies lag. Key barriers to energy transition include financing, infrastructure, and technology gaps, limited fiscal space, and small capital markets.

Market Turbulence | Fed Getting Closer To Cutting Rates

Market-Implied Fed Funds rate, %

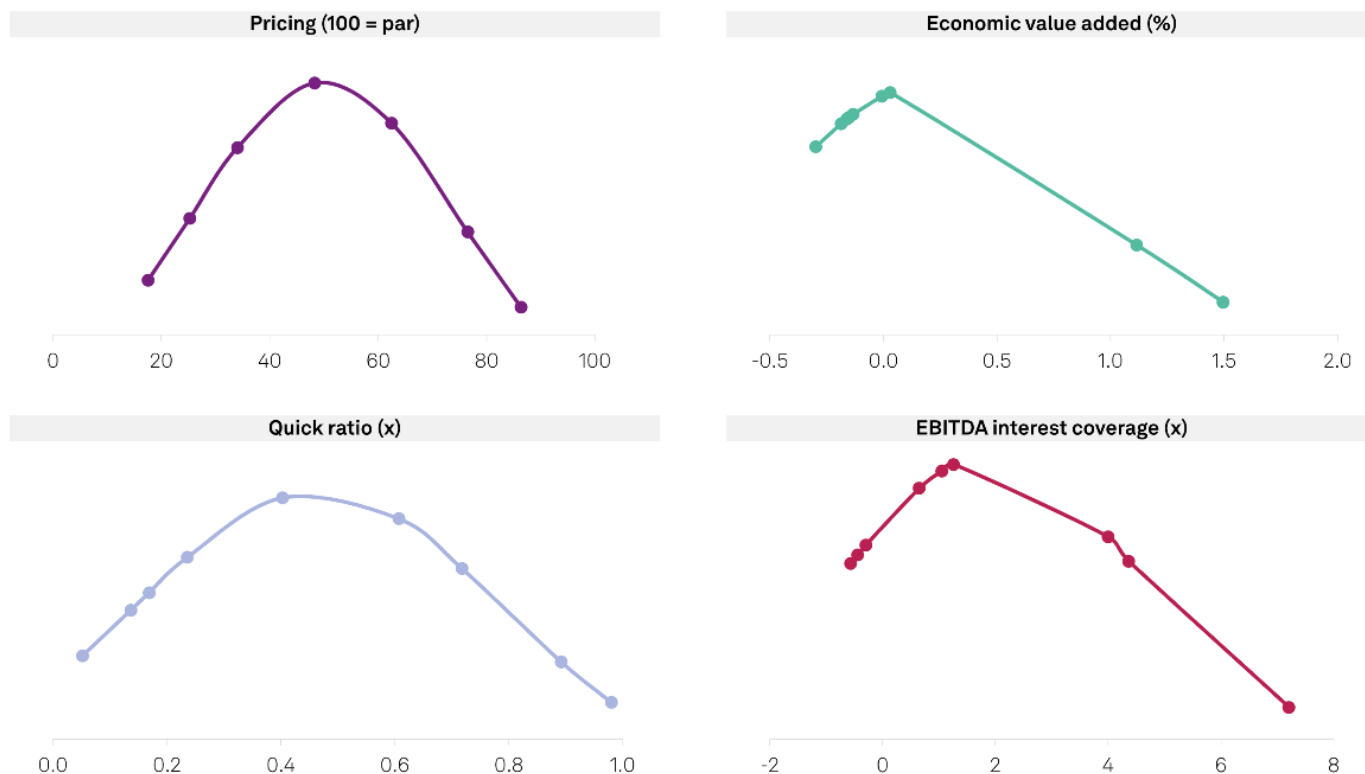


Sources: Haver Analytics and S&P Global Ratings.

- We now expect the Fed to start with a 25-basis-point rate cut in their September meeting, following the July jobs report that confirmed employment demand in the U.S. is cooling.
- Our baseline view remains that a soft-landing is underway in the U.S., as the economy shifts from above to below-trend growth. We think the recent loosening of the labor market indicates a normalization, as opposed to a view that the U.S. economy is about to slip into a recession. An expansion of the labor force, rather than a fall in employment, has spurred the rising unemployment rate up to now.
- The repricing in the Fed funds rate created more space for EM central banks to ease. Some EM Asian central banks that haven't started cutting rates may consider easing.
- A key risk for EMs is that further market turbulence tightens financial conditions, and consequently takes a toll on economic conditions.

EM Re-Defaulters' Business Overhaul Plans May Be Falling Short

Re-Defaulters' features



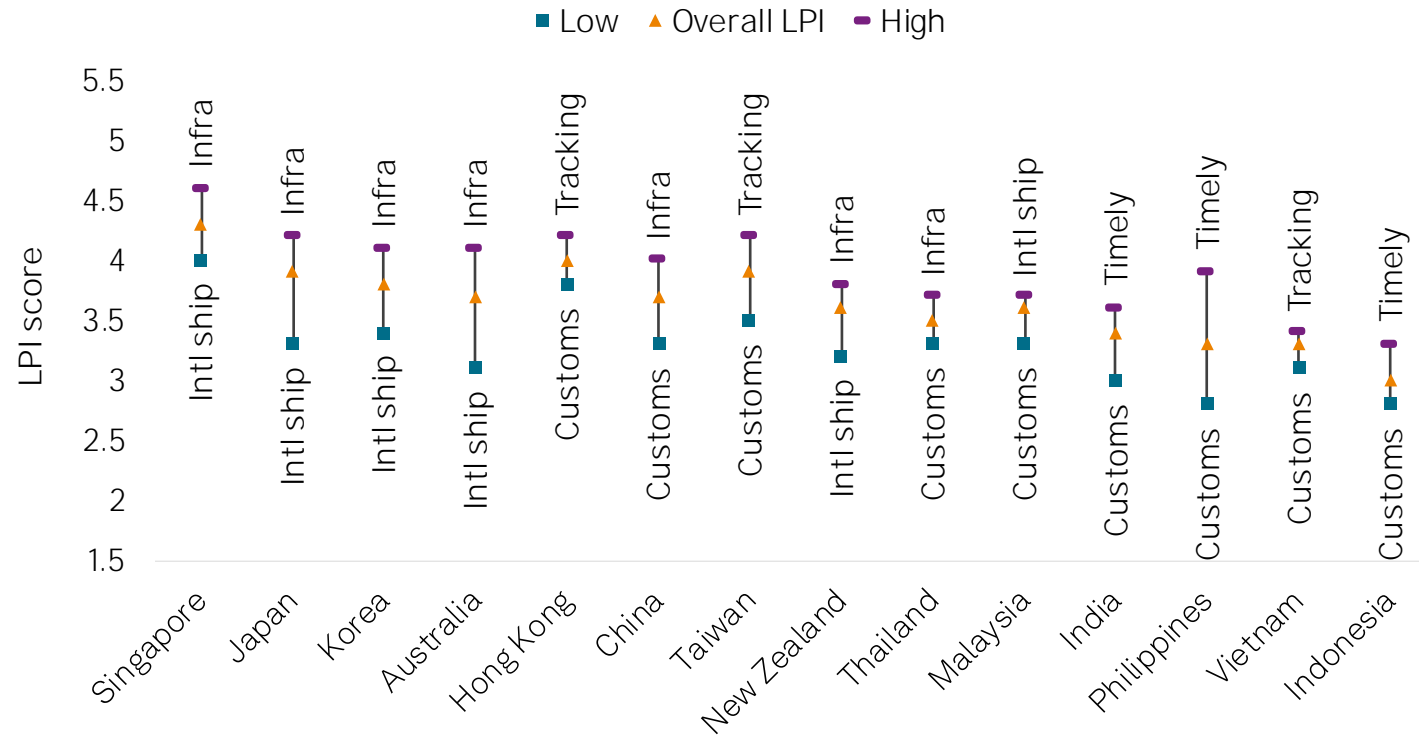
Data as of Jun.30, 2024. Note: Normalized distribution. Pricing one month before the default; EVA assumes a cost of equity at 10%, quarterly data has been annualized. EVA, Quick Ratio and EBITDA interest coverage are displayed as medians of the three quarters before the default date.

Source: S&P Global Ratings Credit Research & Insights.

- In 2024 year-to-date, 60% of EM defaults were among companies which had previously defaulted, up from 33% in 2023. Re-defaulters generally exhibit low economic value added and EBITDA interest coverage, signaling business underperformance and liquidity strains. These factors cause price discounts on its bonds.
- In the majority of cases, short of financing options, re-defaulters perform debt exchanges to gain time to turn around their operations, but conditions don't improve as much or as fast as needed. As a result, the profitability of re-defaulters doesn't pick up after the first default.
- A re-default can be prevented by improving operating performance, ambitious --yet sustainable--capital expenditure plan, and an operating structure resilient to multiple shocks in the medium run, with a strategic awareness of the pros and cons of the political landscape the issuer operates in (see our [recent article](#), published on July 24).

EM Asia Infrastructure | Efficiency Gains Needed To Fill Infrastructure Needs

Logistics Performance Index (LPI) sub-scores show potential improvement

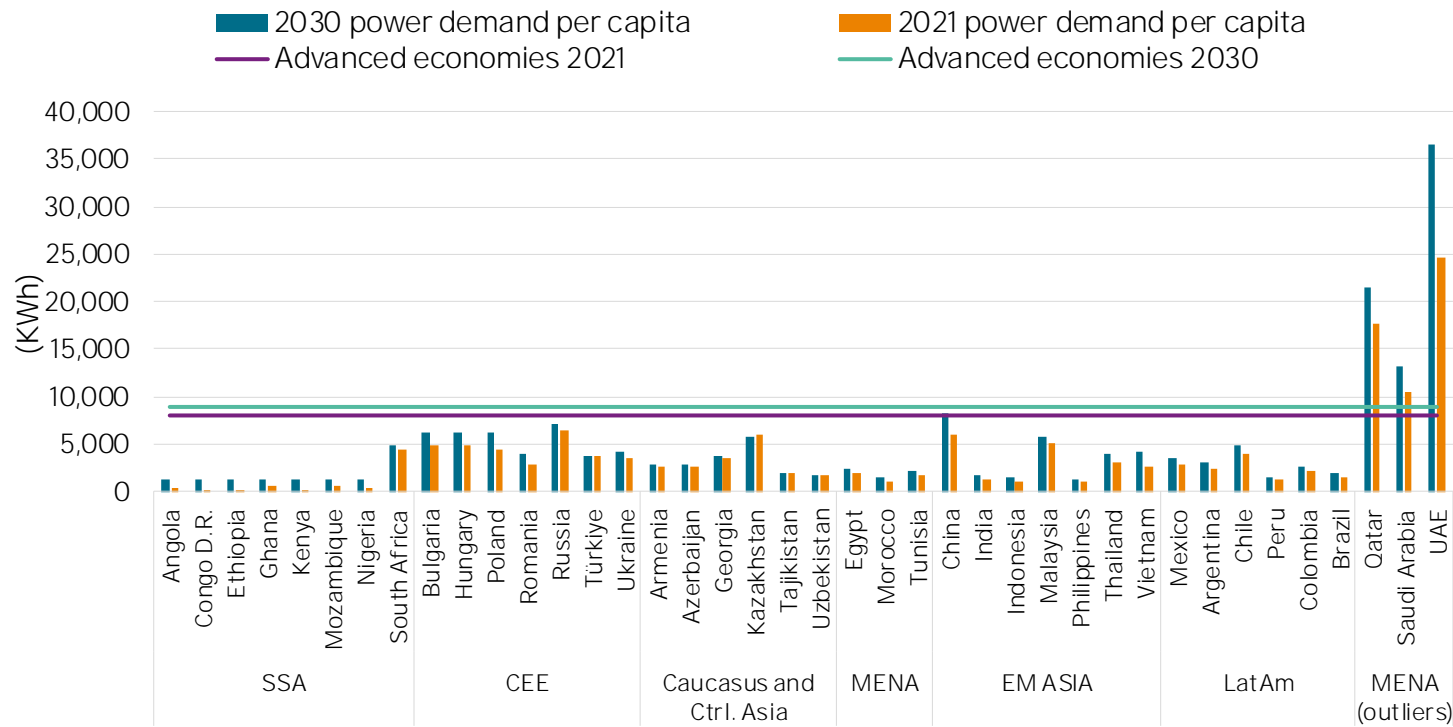


Source: World Bank.

- The region has focused on improving infrastructure over the past two decades. This has led to noticeable growth-supportive results. However, as economies continue to grow, further infrastructure deepening is required and there are some efficiency gaps in **“soft infrastructure”** areas such as the regulatory environment.
- Economies do well in areas like logistics tracking and shipping times, but the regulatory environment such as customs procedures can be smoother. World Bank LPI sub-scores are weakest in this category.
- Efficiency gains are especially relevant as the pandemic eroded budget capacity, which will constrain public infrastructure spending.
- Read more in [Paving The Way: Efficient Infrastructure Key To Emerging Asia's Growth](#), published on July 25.

EM Transition to Net Zero | Development Needs Explain Costs

Power demand growth as EFMs catch up is a key driver of high investment needs



- Decoupling of GDP growth from emissions growth has not yet happened in emerging and frontier markets (EFMs). We estimate that 6.3% of GDP (about \$2.6 trillion, or \$1.4 trillion excluding China) is required by 2030 for EFMs to achieve the committed share of renewables in electricity production.
- Financing is one of the impediments to the energy transition, especially in frontier economies, which we estimate would need to spend 4x more than emerging markets. But infrastructure and technology gaps, scarce resources to meet other basic needs, limited fiscal space, and small capital markets also play a role.
- Read more in [Development Needs Explain Transition Costs In Emerging Markets](#), published on July 24.

EFMs--Emerging and frontier markets. Note: Advanced economies include U.S., Japan, Australia, U.K., and EU-27 economies. Sources: S&P Global Commodity Insights, World Bank, S&P Global Ratings.

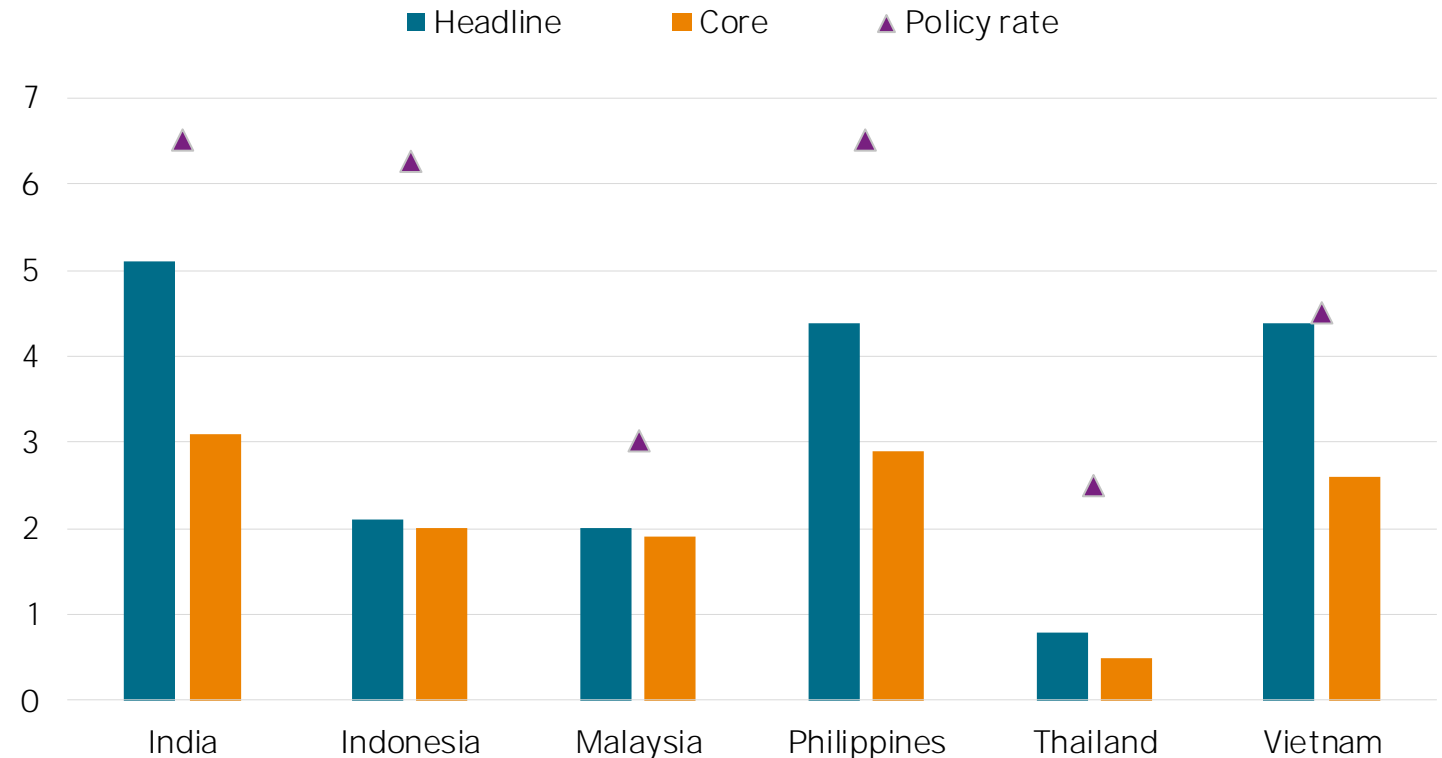
Regional Economic Highlights

EM Asia Economics | Poised For Easing

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- Inflation in EM Asia is contained for the most part. We have seen several months of steady inflation readings and ongoing deceleration, particularly in core inflation. While there are pockets of risk on food inflation, overall, the inflationary environment looks stable.
- Global energy prices have been declining, with Brent crude oil down nearly 7% over the month. This can change quickly, but for now represents limited push for energy-related inflation.
- As such, central banks have room to cut interest rates. However, they are not in a hurry as they are avoiding capital flow and exchange rate volatility and will likely only ease once U.S. policy interest rates begin easing.

Inflation is broadly contained, paving the way for monetary policy easing



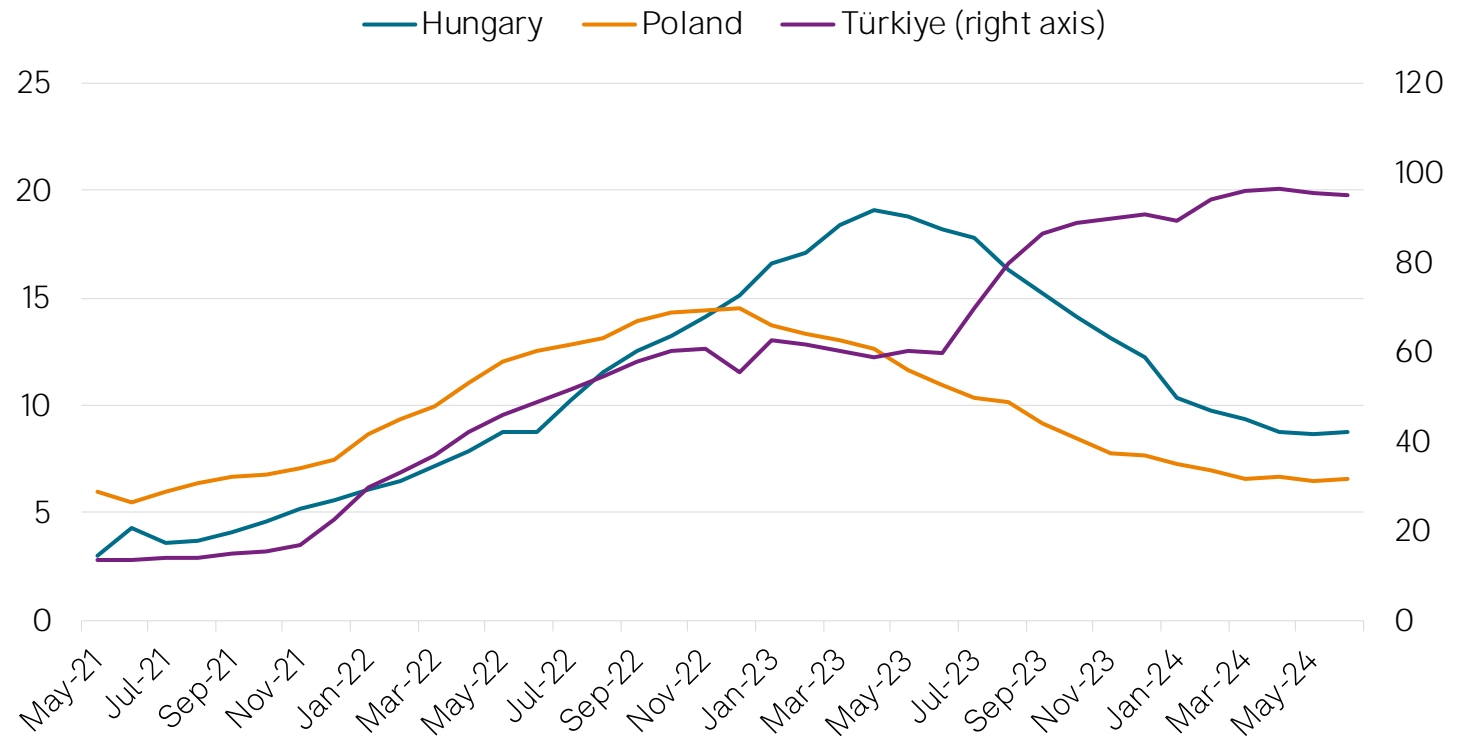
Sources: National statistical agencies and S&P Global Ratings.

EM EMEA Economics | All Eyes On Services Inflation

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- Services inflation is in the spotlight. Although latest headline inflation rates are broadly decreasing, services inflation remain very sticky across many EM EMEA economies.
- In Turkiye annual inflation has continued to moderate. In July, annual inflation has decreased from 71.6% to 61.8%, on the back of strong base effects. Monthly inflation has picked up to 3.2%, however, we expect it to decelerate next month, as the latest pick-up was fueled by temporary factors. We currently expect yearly inflation to be slightly above 40% in December, although strong momentum in services inflation poses risks to the outlook.
- In Hungary, yearly inflation has picked up due to strong monthly momentum in fuel and services inflation, as well as base effects. Taking into consideration recent Russian oil supply disruptions--energy inflation is subject to significant upward risks, depending on duration of ongoing developments.

Yearly services inflation (%)



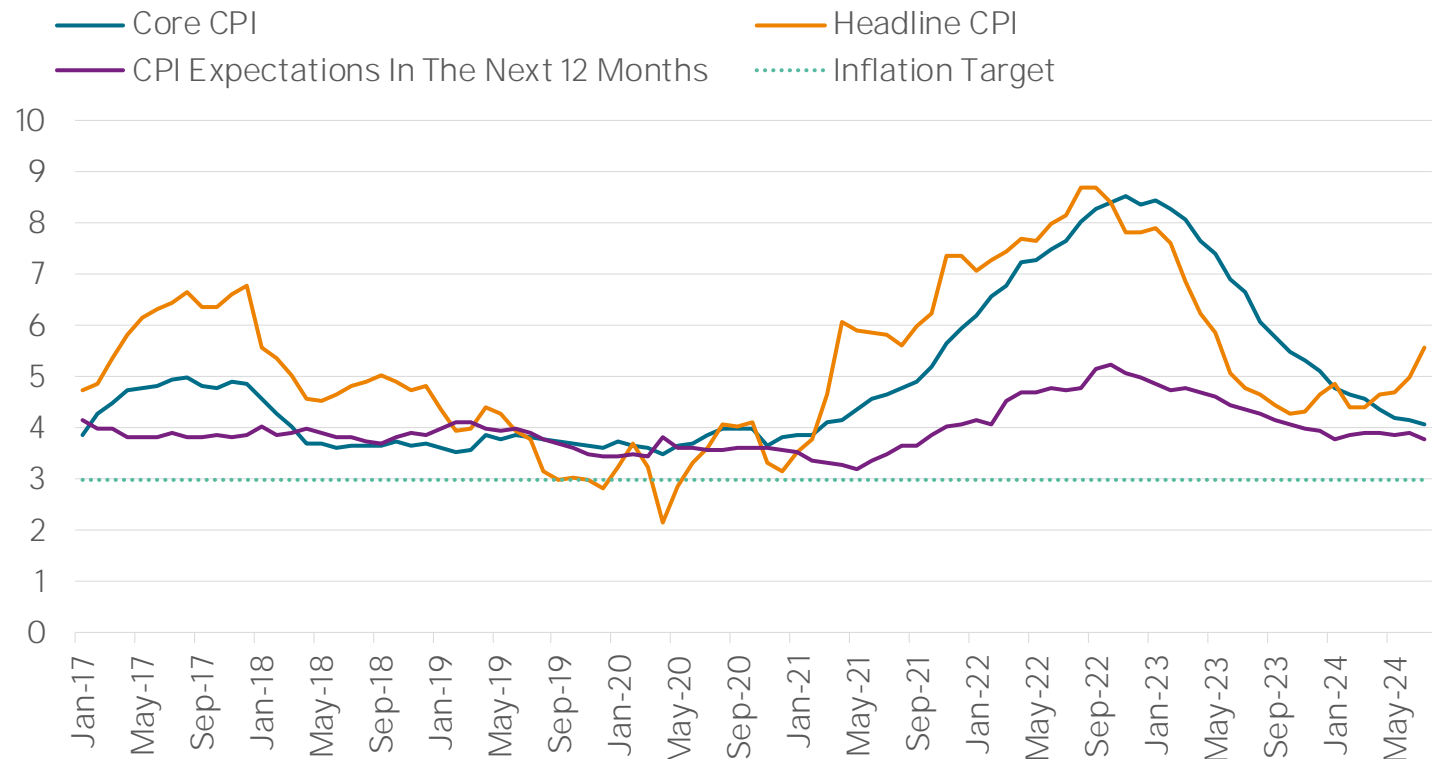
Sources: Refinitiv, Eurostat and S&P Global Ratings.

LatAm Economics | Is The Mexican Central Bank Too Dovish?

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- **Mexico's central bank cut rates by 25 bps to 10.75%**, in a divided decision. Two board members voted to keep rates unchanged. Observed and expected inflation remain above the central bank's 3% target (see chart). The good news is that core inflation continues to trend lower, although it's still above 4%.
- Growth concerns will likely play a larger role in upcoming interest rate decision. Second quarter economic activity data suggest a moderate slowdown in growth. Softer growth out of the U.S. is likely to contribute to a deceleration in Mexico's growth in the coming quarters.
- Re-pricing of Fed rates likely helped. As we now expect the Fed to cut rates in September, we believe it is very likely Mexico's central bank will also reduce its policy rate next month.

Mexico – Consumer Price Inflation, % year over year



Sources: Haver Analytics and S&P Global Ratings.

Macro-Credit Dashboards

GDP Summary | Most EMs Will Grow Faster In 2024 Than In 2023

■ GDP growth below five-year average (2015-2019)

■ GDP growth above five-year average (2015-2019)

Country	Latest Reading (y/y)	Period	5Y Avg	2020	2021	2022	2023	2024f	2025f	2026f	2027f
Argentina	-5.1	Q1	-0.2	-9.9	10.7	5.0	-1.6	-3.5	3.3	2.2	2.5
Brazil	2.5	Q1	-0.5	-3.6	5.1	3.1	2.9	2.0	2.0	2.1	2.2
Chile	2.3	Q1	2.0	-6.4	11.6	2.1	0.3	2.4	2.6	2.6	2.7
Colombia	0.7	Q1	2.4	-7.2	10.8	7.3	0.6	1.1	2.8	3.0	3.1
Mexico	2.2	Q2	1.6	-8.8	6.3	3.7	3.2	2.2	1.7	2.1	2.2
Peru	1.4	Q1	3.2	-11.1	13.6	2.7	-0.5	2.7	3.0	3.1	3.2
China	4.7	Q2	6.7	2.2	8.5	3.0	5.2	4.8	4.6	4.6	4.4
India	7.8	Q1	6.9	-5.8	9.1	7.0	8.2	6.8	6.9	7.0	7.0
Indonesia	5	Q2	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	4.9	4.9
Malaysia	5.8	Q2	4.9	-5.5	3.3	8.7	3.7	4.3	4.5	4.4	4.4
Philippines	6.3	Q2	6.6	-9.5	5.7	7.6	5.5	5.8	6.1	6.5	6.4
Thailand	1.5	Q1	3.4	-6.1	1.5	2.6	1.9	3.4	3.3	3.2	3.1
Vietnam	6.9	Q2	7.1	2.9	2.6	8.0	5.0	5.8	6.7	6.7	6.7
Hungary	1.5	Q2	4.1	-4.7	7.2	4.6	-0.7	2.3	3.1	2.9	2.5
Poland	3.2	Q2	4.4	-2.0	6.8	5.5	0.2	2.9	3.3	3.0	2.8
Saudi Arabia	-0.4	Q2	2.3	-4.3	3.9	8.7	-0.9	1.5	5.4	4.3	3.6
South Africa	0.5	Q1	1.0	-6.0	4.7	1.9	0.6	0.9	1.4	1.3	1.2
Turkiye	5.7	Q1	4.2	1.7	11.8	5.3	4.5	3.5	2.0	3.0	3.1

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

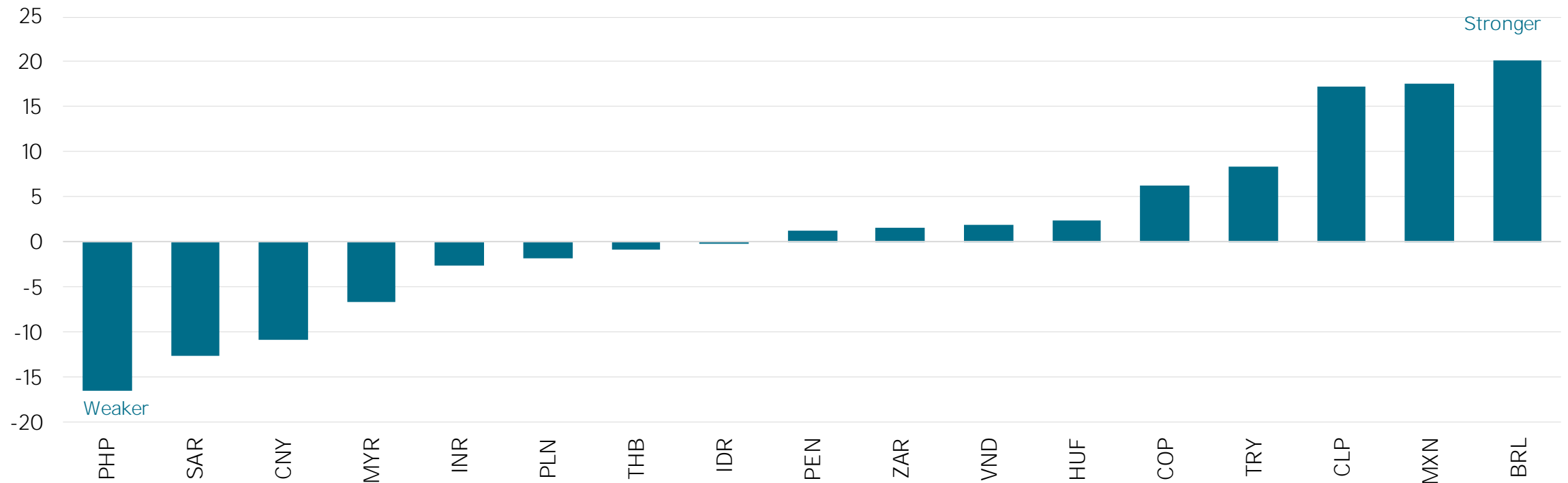
Monetary Policy/FX | Shifting Fed Expectations Opened Room For Cuts

Country	Policy Rate	Inflation Target	Latest Inflation Reading	Latest Rate Decision	Next Meeting	Jul. Exchange Rate Chg.	YTD Exchange Rate Chg.
Argentina	40.00%	No target	271.5%	Hold	N/A	-2.1%	-13.1%
Brazil	10.50%	3.0% +/- 1.5%	4.5%	Hold	Sep.18	-1.8%	-14.5%
Chile	5.75%	3.0% +/- 1.0%	4.6%	Hold	Sep.05	-0.6%	-7.5%
Colombia	10.75%	3.0% +/- 1.0%	6.9%	50 bps cut	Sep.30	1.7%	-6.5%
Mexico	10.75%	3.0% +/- 1.0%	5.6%	25 bps cut	Sep.26	-1.9%	-9.1%
Peru	5.50%	1.0% - 3.0%	2.1%	25 bps cut	Sep.12	3.0%	-0.4%
China	1.70%	3.0%	0.5%	10 bps cut	N/A	-0.1%	-0.7%
India	6.50%	4.0 +/- 2.0%	5.1%	Hold	Oct.06	-0.4%	-0.6%
Indonesia	6.25%	3.5% +/- 1.0%	2.1%	Hold	Aug.21	0.7%	-5.3%
Malaysia	3.00%	No target	2.0%	Hold	Sep.05	2.7%	0.0%
Philippines	6.50%	3.0% +/- 1.0%	4.4%	Hold	Aug.15	0.4%	-5.1%
Thailand	2.50%	2.5% +/- 1.5%	0.8%	Hold	Aug.21	3.0%	-4.2%
Vietnam	4.50%	4.0%	4.4%	Hold	N/A	0.8%	-3.9%
Hungary	6.75%	3.0% +/- 1.0%	4.1%	25 bps cut	Aug.27	1.2%	-5.0%
Poland	5.75%	2.5% +/- 1.0%	2.6%	Hold	Sep.06	1.3%	-0.9%
Saudi Arabia	6.00%	No target	1.5%	Hold	N/A	0.0%	-0.1%
South Africa	8.25%	3.0% - 6.0%	5.1%	Hold	Sep.19	0.4%	0.5%
Turkiye	50.00%	5.0% +/- 2.0%	61.8%	Hold	Aug.22	-1.0%	-10.8%

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 Effective Exchange Rates | Latin American Currencies Still Strong

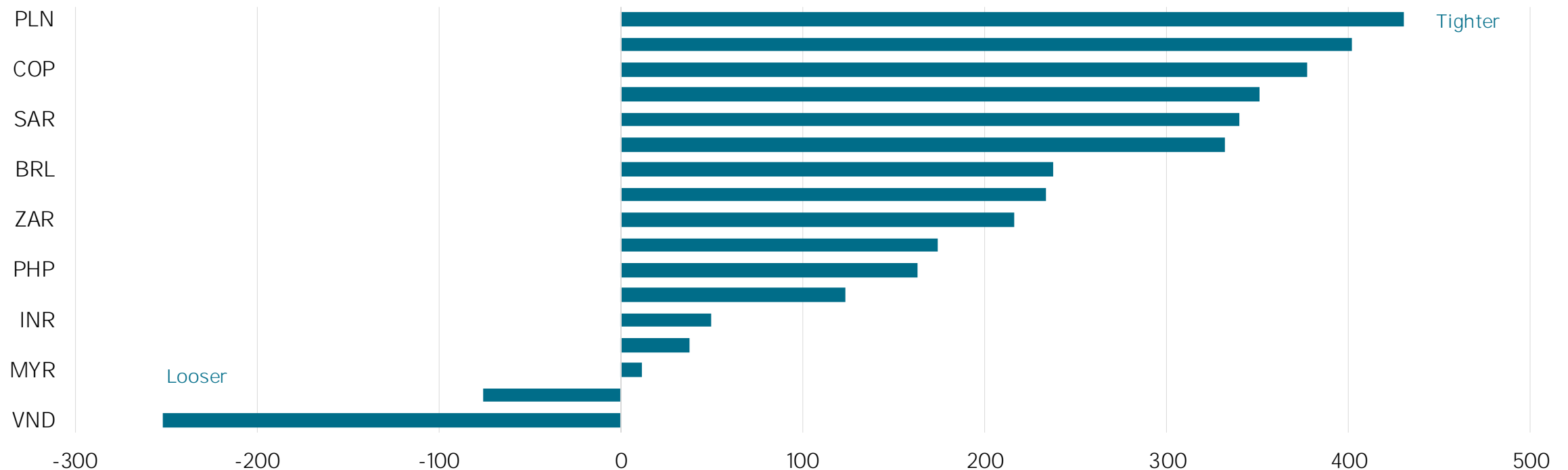
Broad real effective exchange rates (% change from 10-year average)



Data as of July 31, 2024. 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 July 31, 2024. Source: S&P Global Ratings, Haver Analytics, and J.P. Morgan.

Real Interest Rates | Restrictive Stance Will Stay In Place For Some Time

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



Data as of July 31, 2024. Note: Real interest rates are deflated by CPI. In the cases where we didn't have 10 years of history, we used all the available data to calculate the average. We exclude Argentina and Türkiye. For China, we use the seven-day reverse repo rate. Sources: Haver Analytics and S&P Global Ratings.

EM Heat Map

	Chile	Saudi Arabia	Poland	Peru	Malaysia	Mexico	China	Philippines	Indonesia	Thailand	India	Colombia	Brazil	South Africa	Vietnam	Turkiye	Argentina
FC Sovereign Rating	A	A	A-	BBB-	A-	BBB	A+	BBB+	BBB	BBB+	BBB-	BB+	BB	BB-	BB+	B+	CCC
Sovereign Outlook	Negative	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Negative	Stable	Stable	Stable	Positive	Stable
Sovereigns																	
Institutional	2	4	4	4	3	3	3	4	3	4	3	3	4	4	4	4	6
Economic	4	3	3	4	3	5	3	4	4	4	4	4	5	5	4	4	5
External	4	1	2	3	2	2	1	1	3	1	1	5	2	2	3	5	6
Fiscal (BDGT)	3	2	4	2	4	4	5	3	3	3	6	4	6	6	4	5	6
Fiscal (DBT)	2	1	3	3	5	4	4	4	4	3	6	4	6	6	3	5	5
Monetary	2	4	2	3	2	3	2	3	3	2	3	3	3	2	4	5	6
Financial Institutions BICRA																	
Economic Risk	4	5	4	6	5	6	7	6	6	7	6	7	7	7	9	9	10
Industry Risk	3	4	5	3	4	3	5	5	6	6	5	5	5	5	8	9	7
Institutional Framework	I	I	H	L	I	I	H	H	H	VH	H	I	I	I	EH	VH	H
Derived Anchor	bbb+	bbb	bbb	bbb-	bbb	bbb-	bb+	bbb-	bb+	bb	bbb-	bb+	bb+	bb+	b+	b+	b+
Eco. Risk Trend	Negative	Stable	Stable	Negative	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable
Eco. Imbalances	L	I	L	L	L	I	H	L	L	H	L	H	I	I	H	VH	VH
Credit Risk	I	I	I	VH	H	I	VH	H	VH	VH	VH	H	H	H	EH	VH	EH
Competitive Dynamics	L	I	H	I	H	I	H	I	H	H	H	I	H	I	VH	VH	H
Funding	L	I	L	I	L	L	VL	I	I	L	L	H	I	H	I	VH	VH
Nonfinancial corporates																	
Median Rating(July 31,2024)	BBB	A-	BB	BB+	A-	BBB	BBB+	BBB	BB	BBB	BBB-	BB+	BB	BB-	BB-	BB-	CCC
Net Debt / EBITDA	3.51	3.16	1.58	2.22	2.31	2.92	3.23	3.21	2.46	2.96	2.10	2.12	1.85	1.91	3.07	1.69	1.56
ROC Adj.\$	0.2	1.2	-2.0	2.5	0.7	1	2.2	-0.2	0.6	3.7	-1	-1.2	0.5	0.5	-0.4	-36.7	-66
EBITDA INT. COV.	5.52	7.33	8.17	6.18	9.27	3.83	6.69	6.50	5.43	9.20	5.96	3.84	3.41	5.20	5.19	2.83	3.18
FFO / Debt	26.6	30.9	45.3	38.2	25.3	38.4	16	25.2	33.3	27.3	38.5	49	55.5	46.3	26.3	42.8	40.3
NFC FC Debt % GDP*	33.6	8.6	12.7	20.2	18.0	11.8	4.1	6.6t	7.8	12.4	7.1	9.9	13.2	14.7		21.9	8.5
NFC Debt % of GDP*	94.4	42.1	36.8	42.9	90.5	19.8	166.3	43.6t	24.2	86.3	56.9	31.1	52.2	32.1		48.0	22.1

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.

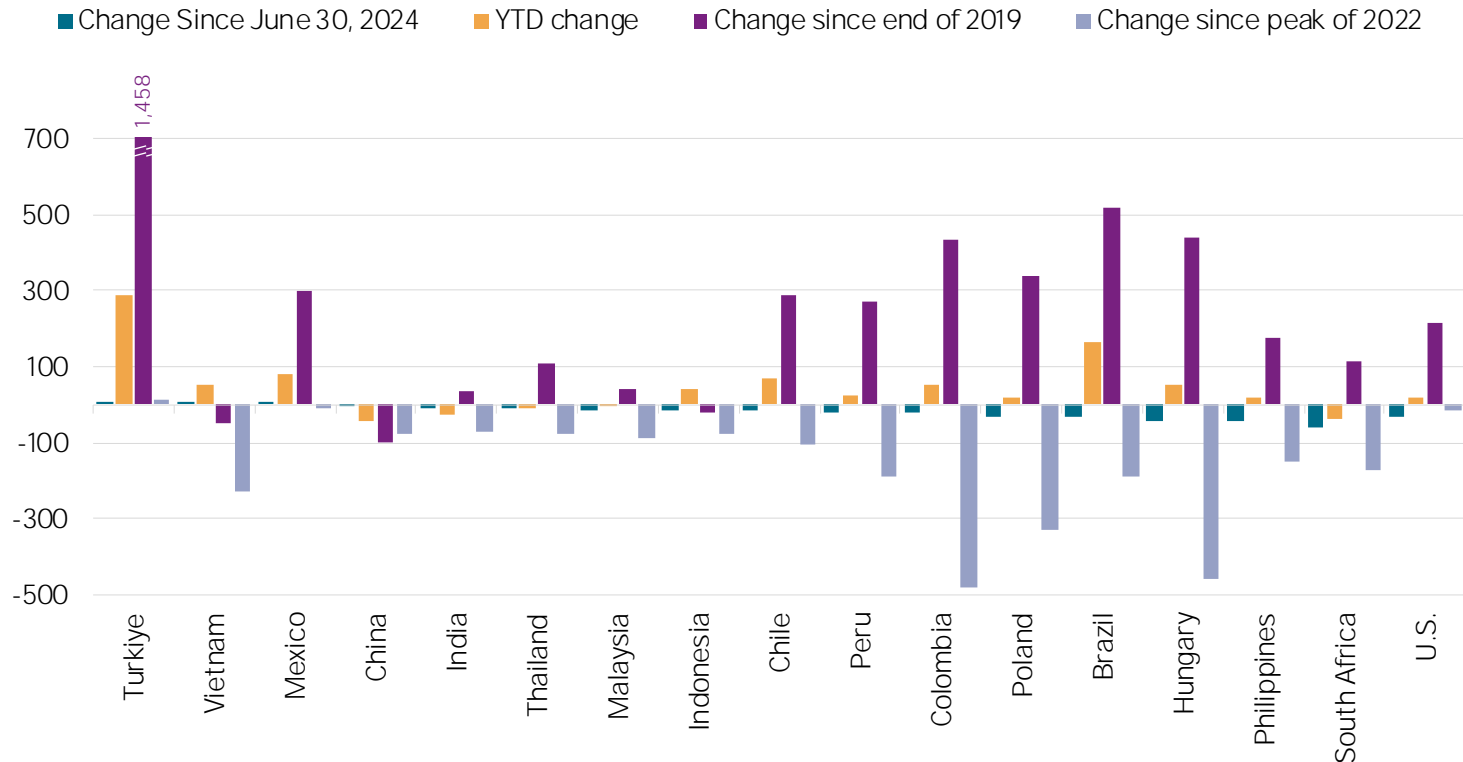
Nonfinancial Corporates--Ratios are derived from the median of rated corporates in their respective countries. We then rank them according to our "Corporate Methodology," Nov. 19, 2013, by using table 17, with levels that go from minimal to highly leveraged. \$We assess return on capital by using the 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 February 2023.

*IIF 4Q 2023. Sources: t-Bankgo Sental NG Pilipinas, Banco Central de Reserva del Peru, Superintendencia de Banca y Seguros y AFP (Peru); Corporate Variables Capital IQ 4Q 2023. S&P Global Ratings. Data for sovereigns and financial institutions as of August 08, 2024.

Financing Conditions Highlights

EM Yields | Trending Down In July

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

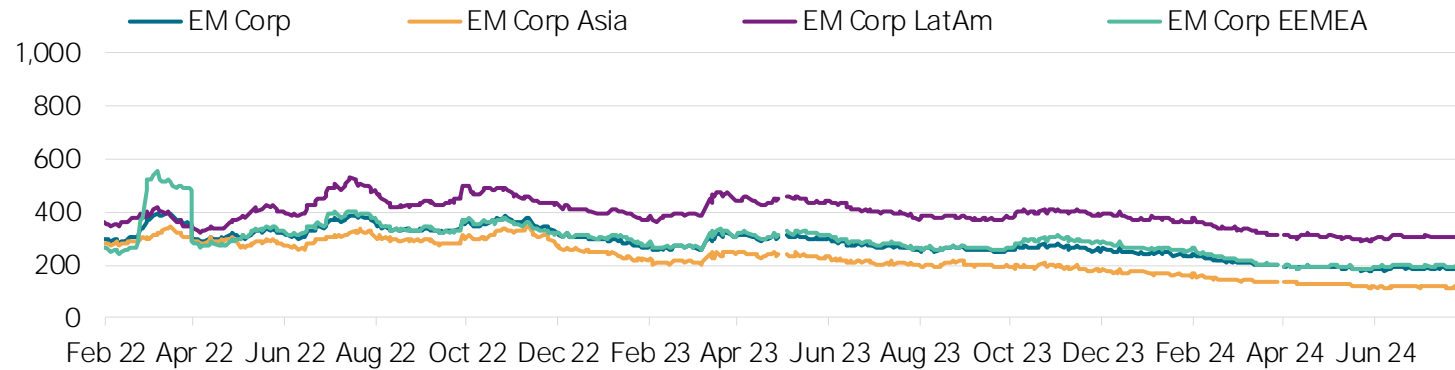


Data as of July 31, 2024. Note: The selection of country is subject to data availability. Y-axis truncated at 700 bps for visualization purposes. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro and Datastream.

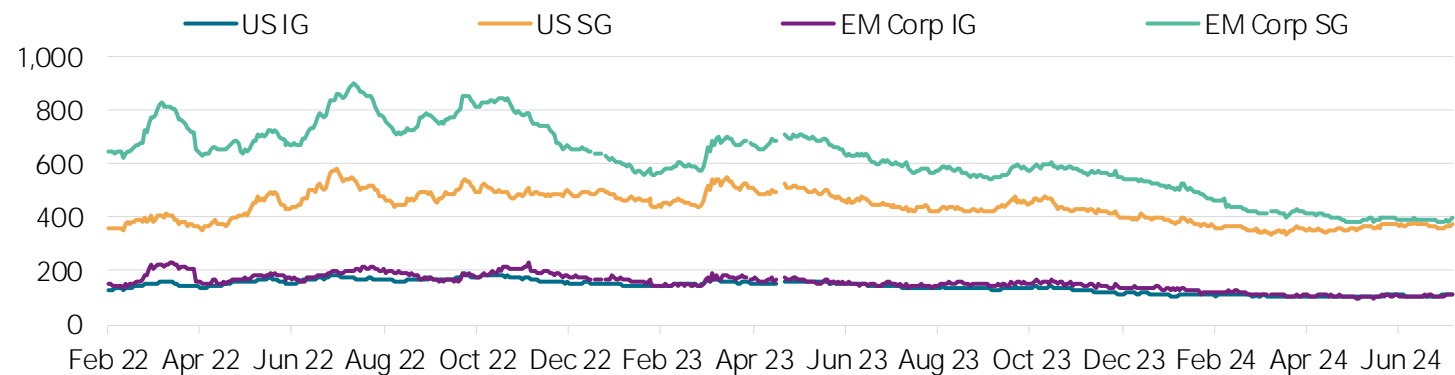
- EM benchmark yields softened in July across EM. Major monthly moves were recorded in South Africa (-58 bps, -130 bps over the last two months), as disinflation, combined with formation of coalition government contributed to an improved short to medium term outlook. The Philippines (-42 bps) de-escalated tensions in the South China Sea, while inflation pressures, mostly coming from rice prices, are still persistent. The National Bank of Hungary (-42 bps) lowered its base rate by another 25 bps, as inflation continued to trend down.
- 10-year government bond yields remain higher when compared with the beginning of the year, except for a handful of countries, mostly located in Asia. Geopolitical risk, in the form of two ongoing conflicts, political uncertainty, higher-for-longer U.S. interest rates, and their impact on economic activity may create grounds for future market volatility (as happened on August 5).

EM Credit Spreads | Lulled Tight

EM spreads by region (bps)



U.S. and EM spreads (bps)



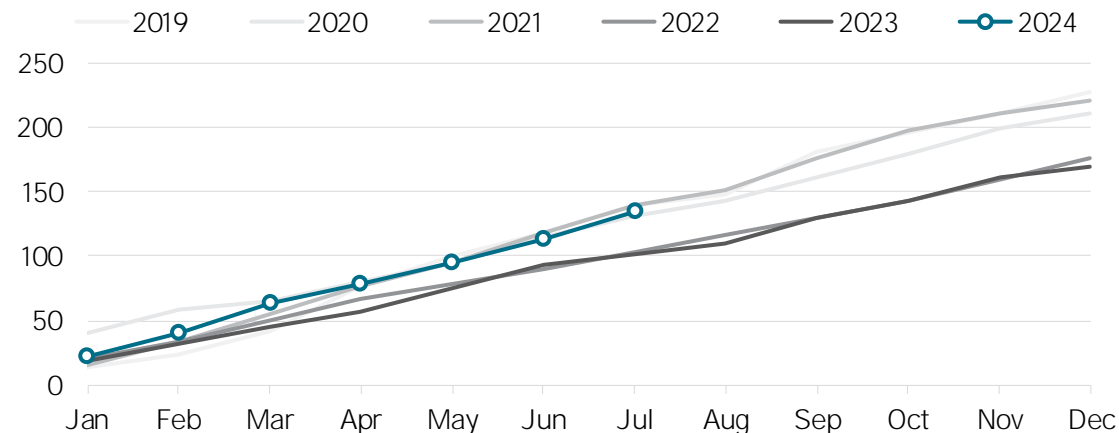
Data as of July 31 2024. bps--Basis points. IG--Investment-grade. SG--Speculative-grade.
Sources: Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis, S&P Global Ratings Credit Research & Insights.

- EM corporate spreads recorded 194 bps in July, up from 186 bps in June. The highest regional change concerned EM EMEA, where spreads grew by 15 bps with respect to the previous month, to 209 bps, still 100 bps lower than its 10-year average.
- This protracted window of favourable market conditions, probably coupled with the fear of a higher volatility ahead, kept EM bond markets active. Investment-grade issuance totalled \$1.7 billion within the month, mostly from nonfinancial corporates located in Greater China, although consistently below the YTD average of \$5.7 billion.
- Speculative grade issuance recorded \$1.4 billion, in line with the YTD monthly average. By volume, worth to mention Ulker Biskuvi Sanayi AS ('BB'; Turkiye; Consumer Products) issuing 7y \$550 million at 7.875% and Argentinian TGS ('CCC'; Utility) issuing 7y \$484 million at 8.5%.

EM | Financial And Nonfinancial Corporate Issuance

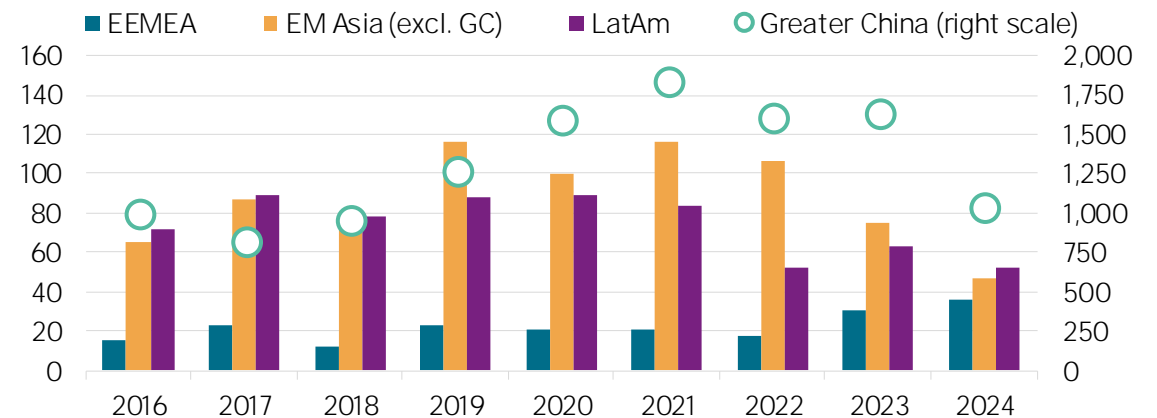
- EM issuance in July increased by 13% from its June level, notching \$164 billion. Greater China, which contributed 87% of the EM monthly issuance, displayed strong market activity from banks, insurance, high tech and utility; while NBFIs and transportation decreased with respect to June.
- Issuance excluding Greater China had a monthly 18% uptick in July, reaching \$21 billion. Issuance was particularly strong in Saudi Arabia, where Aramco (Oil and Gas) issued \$5.9 billion at average 5.6% and tenor > 10y, and Poland, with Bank Gospodarstwa Krajowego issuing \$3.5 billion at 6% and tenor >10y. Bond issuance was weak in Brazil and Mexico. Sector-wise, NBFIs were thriving, high tech and utility gasping.
- 98% of the monthly EM issuance was unrated, higher than the 10-year average of 92%, with refinancing at longer tenors as the primary corporate reason to tap the market. Indeed, in 2024 the short-term issuance has shifted to 3% of the overall issued volume from 21% in 2023, while long-term issuance reads 29% from 23% one year before.

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



Includes not rated. *Excluding Greater China. Data as of July 31, 2024. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

EM regional bond issuance (bil. \$)



GC--Greater China. Data as of July 31, 2024. Sources: Refinitiv and S&P Global Ratings Credit Research & Insights.

Ratings Summary

Ratings Summary | Sovereign Ratings In EM 18

■ Investment grade ■ Speculative grade

Economy	Rating	Outlook	Five-year CDS spread (June 31)	Five-year CDS spread (June 30)
China	A+	Stable	63	66
Chile	A	Negative	57	57
Saudi Arabia	A	Stable	57	56
Malaysia	A-	Stable	42	45
Poland	A-	Stable	67	69
Philippines	BBB+	Stable	65	70
Thailand	BBB+	Stable	42	45
Indonesia	BBB	Stable	74	78
Mexico	BBB	Stable	109	110
Peru	BBB-	Stable	75	77
Hungary	BBB-	Stable	119	122
India	BBB-	Positive	45	47
Colombia	BB+	Negative	186	195
Vietnam	BB+	Stable	111	116
Brazil	BB	Stable	158	169
South Africa	BB-	Stable	195	208
Turkiye	B+	Positive	264	285
Argentina	CCC	Stable	2,450	2,369

Data as of July 31, 2024, and sovereign ratings as of Aug. 5, 2024. Foreign currency ratings. Red means speculative grade rating and blue means investment-grade rating. China median rating includes China, Hong Kong, Macau, Taiwan. Sources: S&P Global Ratings Credit Research & Insights and S&P Capital IQ.

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

As Of July 31, 2024

Rating date	Issuer	Economy	Sector	Rating		Action type	Debt amount (mil. \$)
				To	From		
30-May-24	Tenaga Nasional Berhad	Malaysia	Utilities	A-	BBB+	Upgrade	3,500
28-May-24	Petroleos del Peru Petroperu S.A.	Peru	Oil & Gas	B	B+	Downgrade	3,000
27-May-24	Empresa Nacional del Petroleo	Chile	Utilities	BBB-	BB+	Upgrade	2,440
25-Jun-24	PT Medco Energi Internasional Tbk.	Indonesia	Oil & Gas	BB-	B+	Upgrade	2,259
23-May-24	Turk Telekom (Ojer Telekomunikasyon A.S.)	Turkiye	Telecommunications	BB-	B+	Upgrade	1,500
7-May-24	Delhi International Airport Ltd.	India	Transportation	BB-	B+	Upgrade	1,023
10-May-24	Turkcell Iletisim Hizmetleri A.S.	Turkiye	Telecommunications	BB-	B+	Upgrade	1,000
22-May-24	Koc Holding A.S.	Turkiye	Financial institutions	BB	BB-	Upgrade	750

Investment grade

Speculative grade

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 (issuers headquartered in Greater China but incorporated elsewhere) and includes only latest rating changes. 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

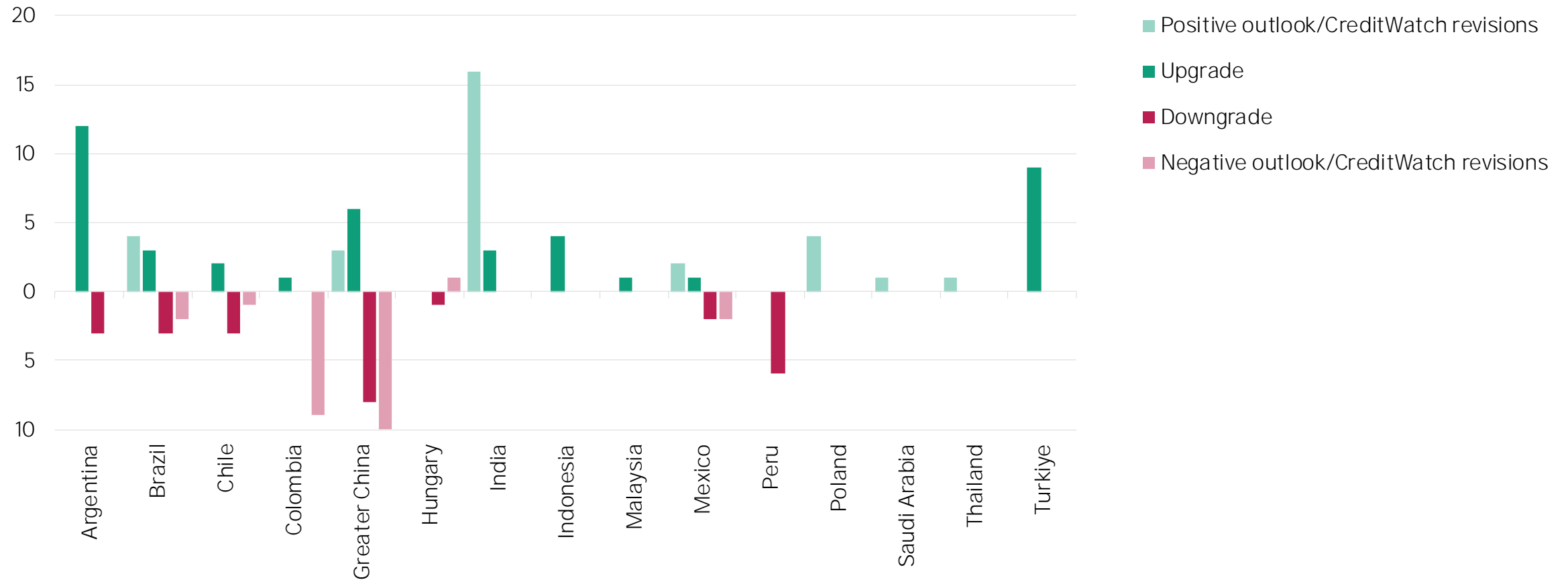
As Of July 31, 2024

■ Investment grade ■ Speculative grade

Rating date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. \$)
27-Jun-24	Ulker Biskuvi Sanayi A.S.	Turkiye	Consumer Products	BB	B	Upgrade	650
23-May-24	Mersin Uluslararası Liman İşletmeciliği A.S.	Turkiye	Transportation	BB-	B+	Upgrade	600
14-May-24	Ford Otomotiv Sanayi A.S. (Ford Motor Co.)	Turkiye	Automotive	BB	BB-	Upgrade	500
7-May-24	Operadora de Servicios Mega, S.A. de C.V. SOFOM, E.R.	Mexico	Financial institutions	CCC-	CCC+	Downgrade	500
7-May-24	GMR Hyderabad International Airport Ltd	India	Transportation	BB	BB-	Upgrade	350
29-Jul-24	CLISA-Compania Latinoamericana de Infraestructura & Servicios S.A.	Argentina	Capital Goods	CC	CCC-	Downgrade	335
26-Jul-24	Grupo IDESA, S.A. de C.V.	Mexico	Chemicals, Packaging & Environmental Services	CC	CCC+	Downgrade	311
28-May-24	Nitrogenmuvek Zrt.	Hungary	Chemicals, Packaging & Environmental Services	CCC	CCC+	Downgrade	217

Excludes sovereigns. Only includes rating actions where S&P Global Ratings rates debt. Includes rating actions on subsidiaries only if there was no rating action on the parent. Excludes Greater China and the red chip companies and includes only latest rating changes. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

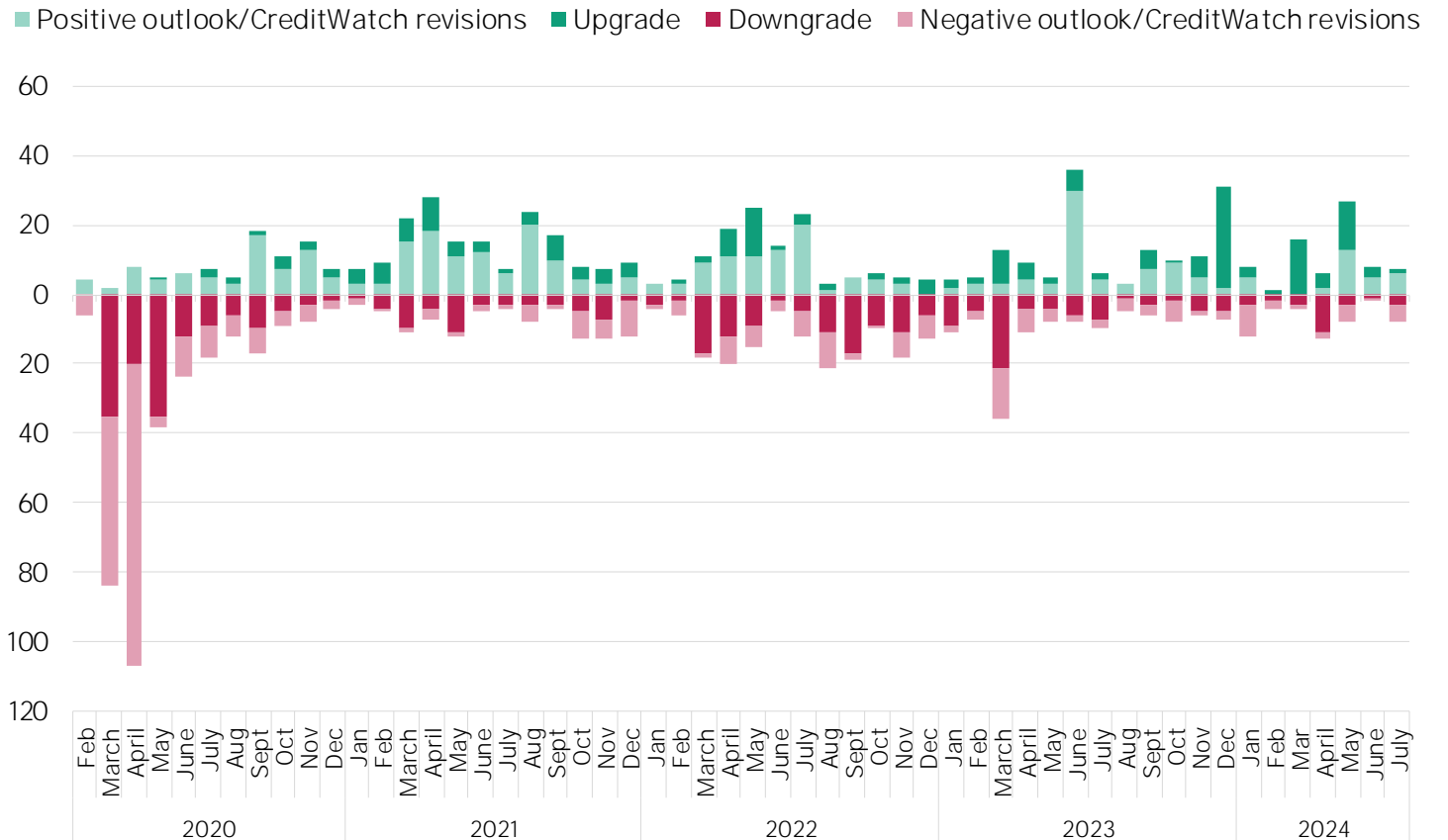
EM | Total Rating Actions By Economy In 2024



Data as of July 31, 2024. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. EMs consist of Argentina, Brazil, Chile, Greater China, Colombia, Hungary, Mexico, India, Indonesia, Malaysia, Thailand, Philippines, Poland, Peru, Vietnam, Saudi Arabia, South Africa, and Turkiye. Greater China--China, Hong Kong, Macau, Taiwan and Red Chip companies. Source: S&P Global Ratings Credit Research & Insights.

EM | Total Rating Actions By Month

- Three downgrades in July, up from one in June. Grupo IDESA, S.A. de C.V. (Mexico; CP&ES) was downgraded twice within the month to 'CC' from 'B-', following a cash tender offer on senior notes due in 2028, which culminated in a selective default as of August 6. Low prices and sagging demand had weakened the petrochemical producer's cashflow and coverage ratios. Moreover, CLISA (Argentina; capital goods), strained by the Argentine peso devaluation effect on its debt burden and by persistent inflation denting EBITDA margin, was downgraded to 'CC' from 'CCC-', as it entered into a 30-day grace period to make an interest payment on its senior secured note due 2027.
- One upgrade and six positive outlook/CW revisions were recorded in July, vs three and five in June, respectively. Three positive outlook/CW revisions were located in Brazil, while the consumer products sector (S.A. Usina Coruripe Acucar e Alcool, Almarai Company and GRUMA) represented 50% of the revisions on improved spending trends and progressive deleveraging.

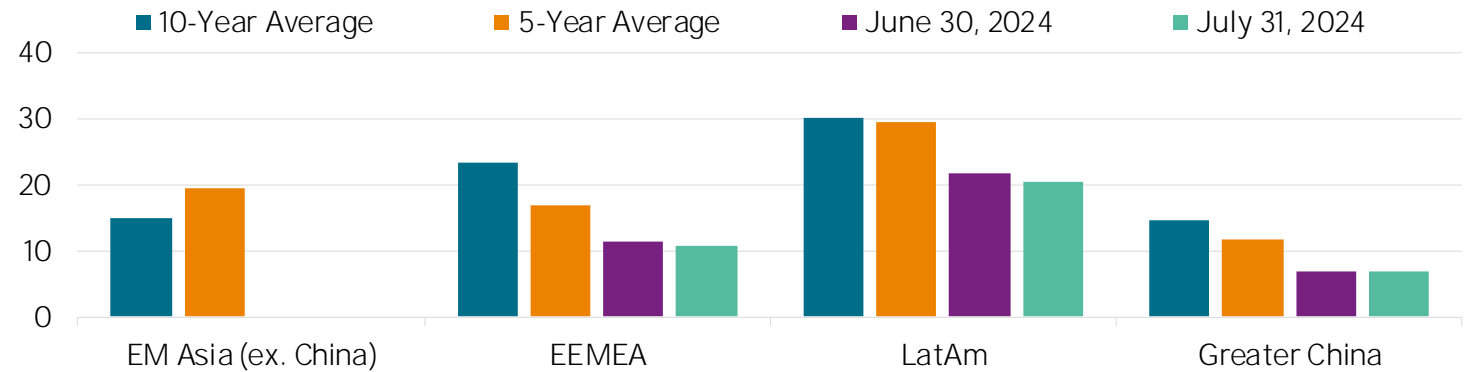


Data from Feb. 3, 2020, to July 31, 2024. Includes sovereigns and rating actions on subsidiaries only if there was no rating action on the parent. Source: S&P Global Ratings Credit Research & Insights.

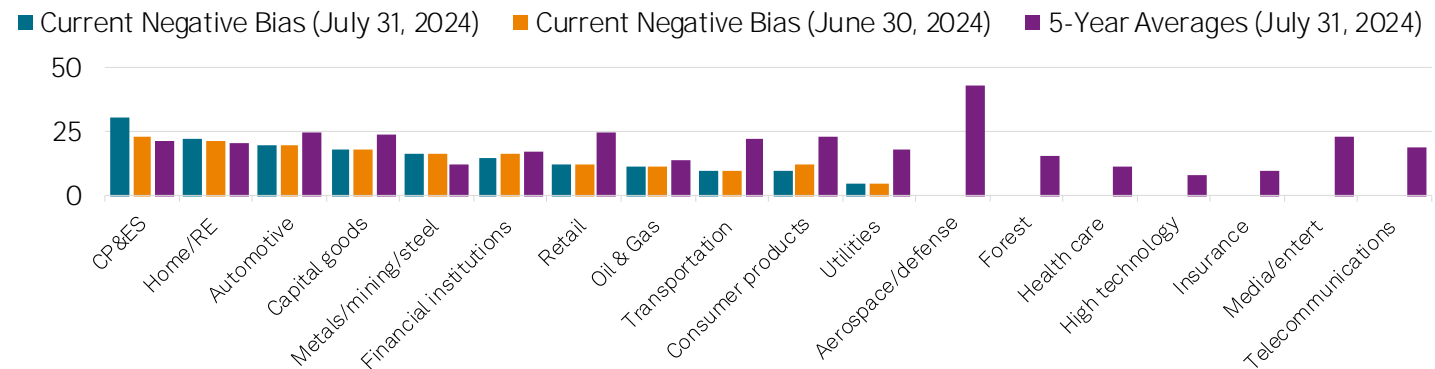
EM Downgrade Potential | Regional Negative Bias

- LatAm remains the region with the highest negative bias among EM with 20%, 2 ppt lower with respect to its June record, as four of the six monthly positive outlook/CW revisions in EM were within the region. Worth mentioning, Brazilian banks Banco Cooperativo Sicredi S.A.('BB') and Banco do Estado do Rio Grande do Sul S.A. ('BB-') were removed from the negative CW as we view credit losses from the recent unprecedented flood damage as manageable.
- Chemicals, packaging, and environmental services; metals, mining and steel; and homebuilders/real estate are the only three sectors (out of 18) displaying a negative bias higher than the historical average.

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



Negative bias by sector (%)



Data as of July 31, 2024. 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.

Rating Actions | One Downgrade To 'CCC/CC' From 'B' In 2024

■ 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	Chemicals, packaging, and environmental services	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	Chemicals, packaging, and environmental services	CCC+	B	219

Data as of July 31, 2024. Includes sovereigns, and Greater China and Red Chip companies. Debt volume includes subsidiaries and excludes zero debt. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Four Fallen Angels And Two Rising Stars In 2024 YTD

Investment grade Speculative grade

Fallen angels

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
26-Feb-24	Braskem S.A. (Odebrecht S.A.)	Brazil	Chemicals, packaging, and environmental services	BB+	BBB-	6,200
10-Apr-24	China Vanke Co. Ltd.	Greater China	Homebuilders/Real estate	BB+	BBB+	2,593
12-Apr-24	Longfor Group Holdings Ltd.	Greater China	Homebuilders/Real estate	BB+	BBB-	1,500
26-Apr-24	InterCorp Financial Services Inc.	Peru	Financial institutions	BB+	BBB-	1,600

Rising stars

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil. \$)
13-Mar-24	Cemex S.A.B. de C.V.	Mexico	Forest products and building materials	BBB-	BB+	5,187
27-May-24	Empresa Nacional del Petroleo	Chile	Utilities	BBB-	BB+	2,440

Data as of July 31, 2024. Includes sovereigns and Greater China and Red Chip. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | List Of Defaulters In 2024 Year-To-Date

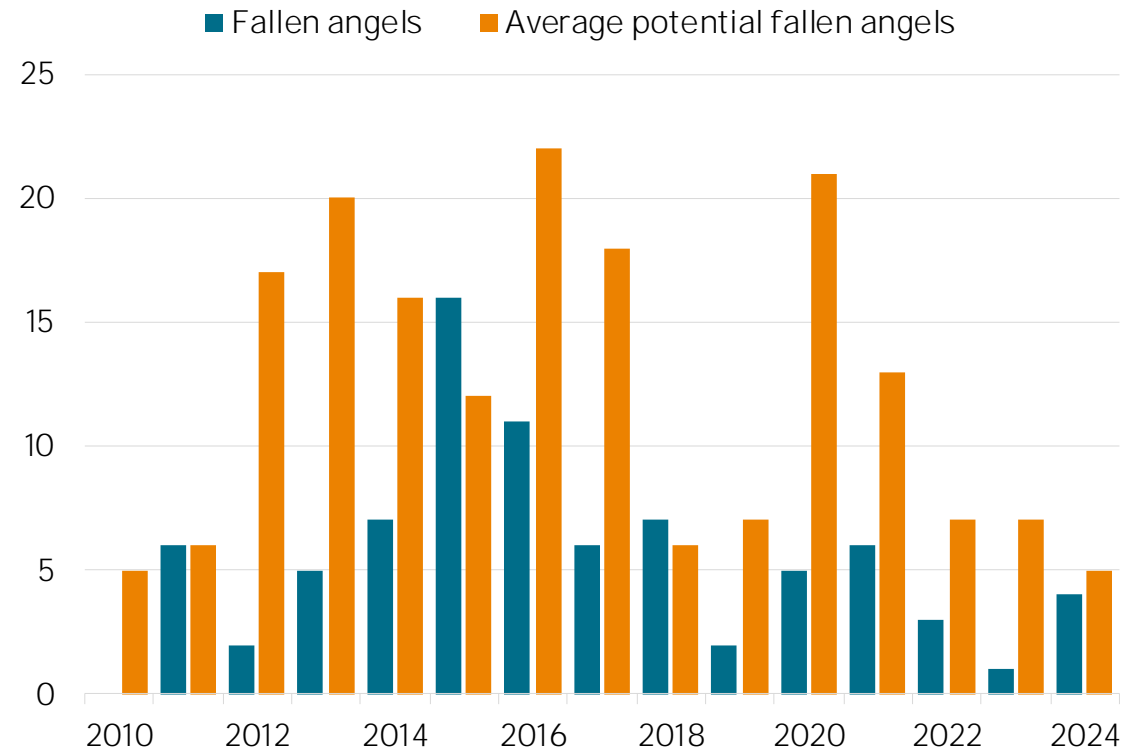
■ Default, selective default, not rated ■ Speculative grade

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-Compania Latinoamericana de Infraestructura & Servicios S.A.	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	--

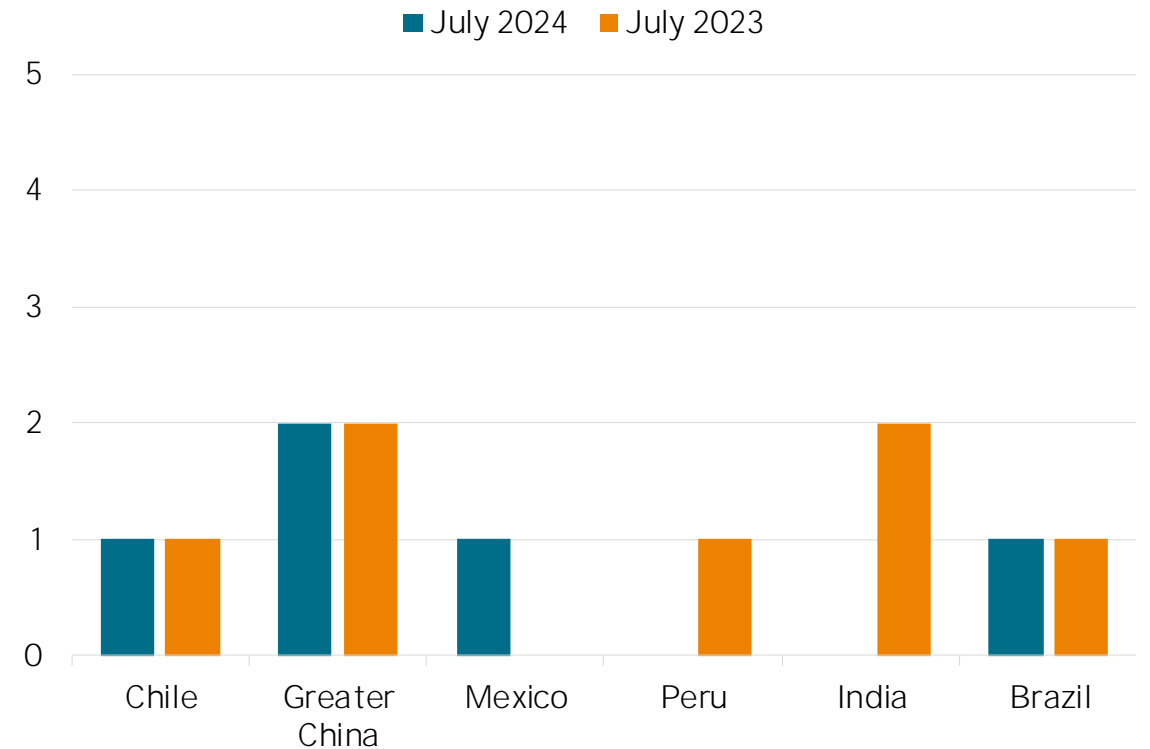
Data as of July 31, 2024. Includes sovereigns, Greater China, and Red Chip companies. *Argentina reflects its local currency long-term default. Includes both rated and zero debt defaults. Source: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Rating Actions | Fallen Angels And Potential Fallen Angels

Average potential fallen angels are down to five from seven in 2023



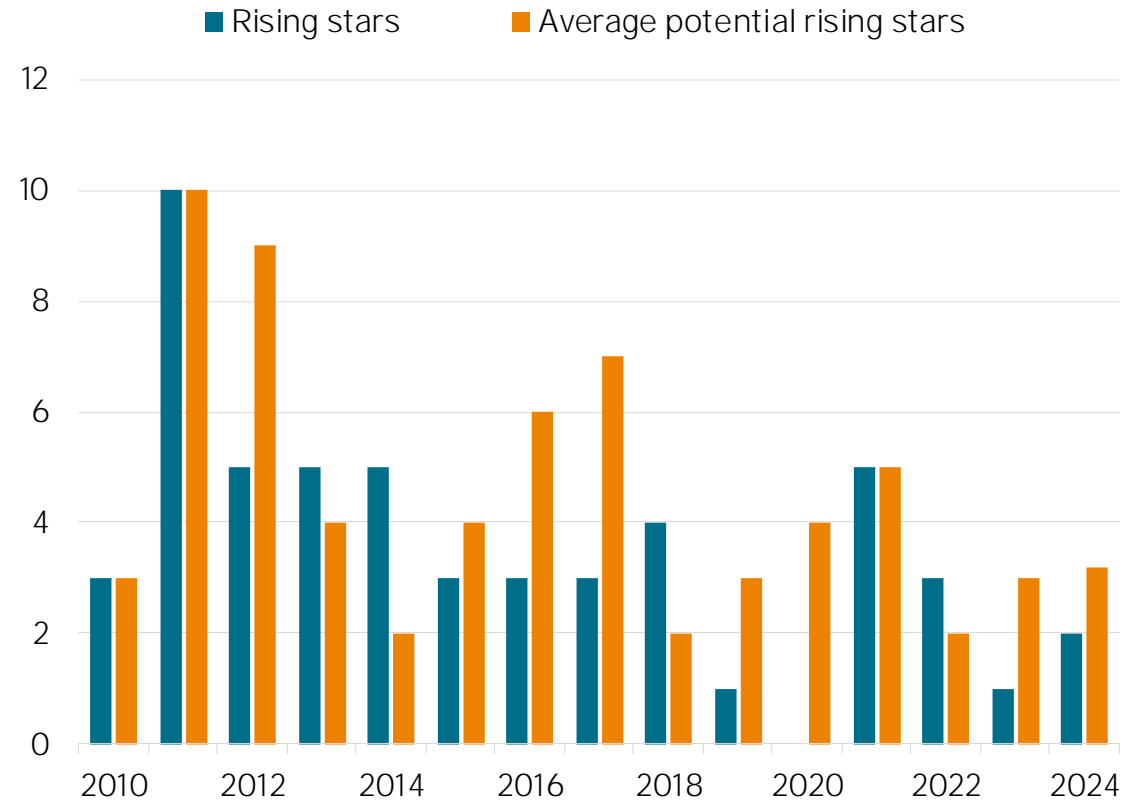
EM potential fallen angels mostly in LatAm



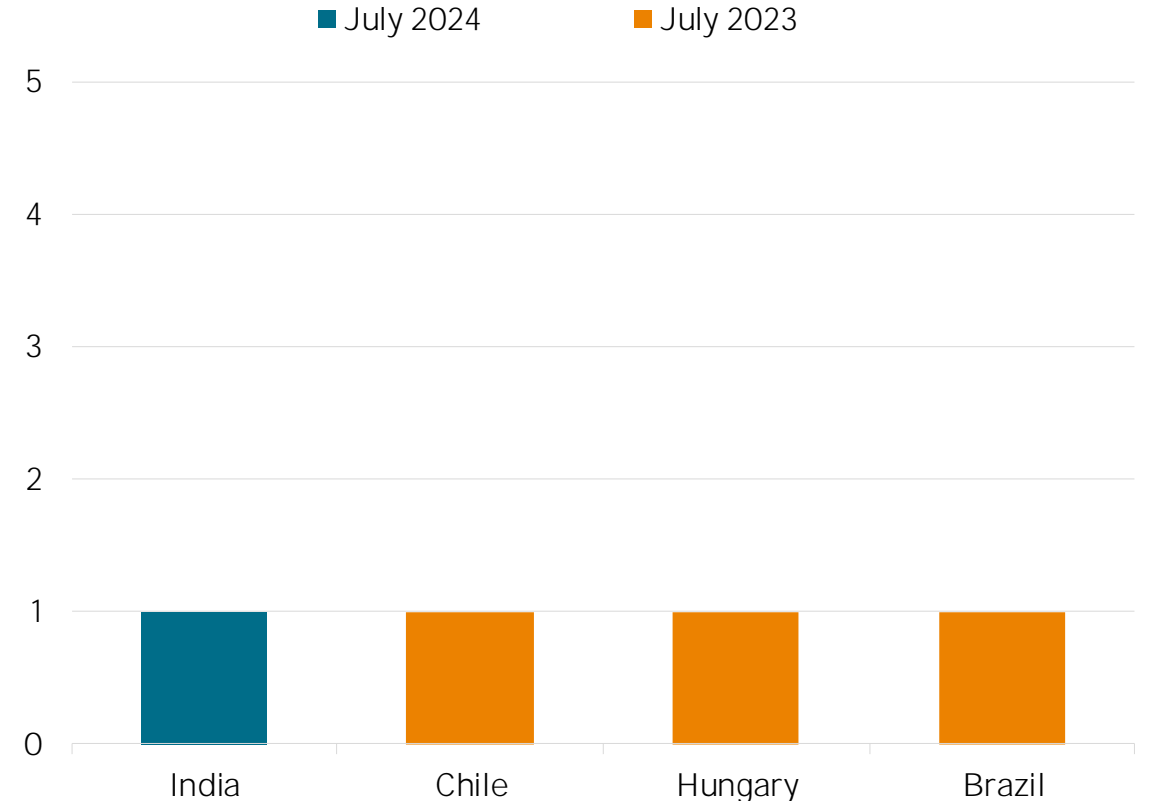
Data as of July 31, 2024. Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

Average potential rising stars at three, as in 2023



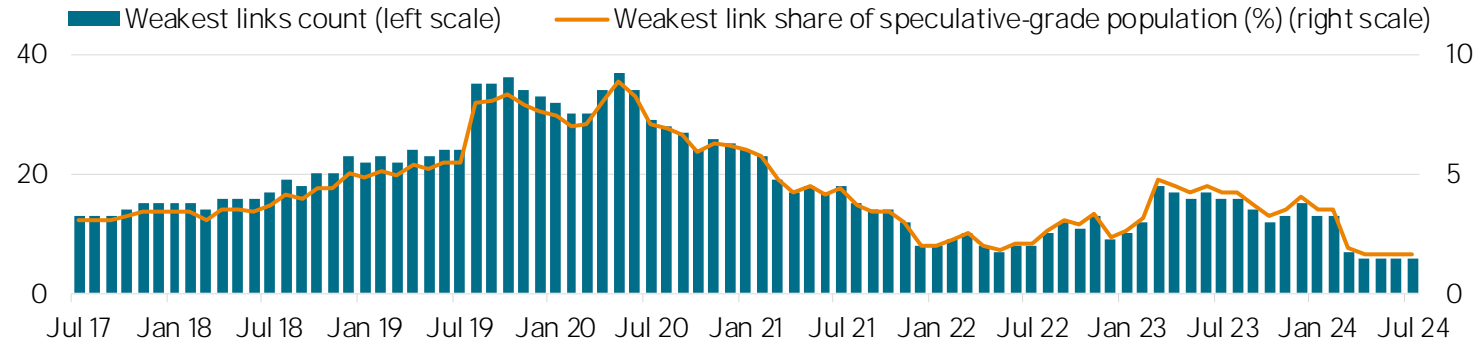
Current potential rising stars



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

Rating Actions | Weakest Links And Defaults

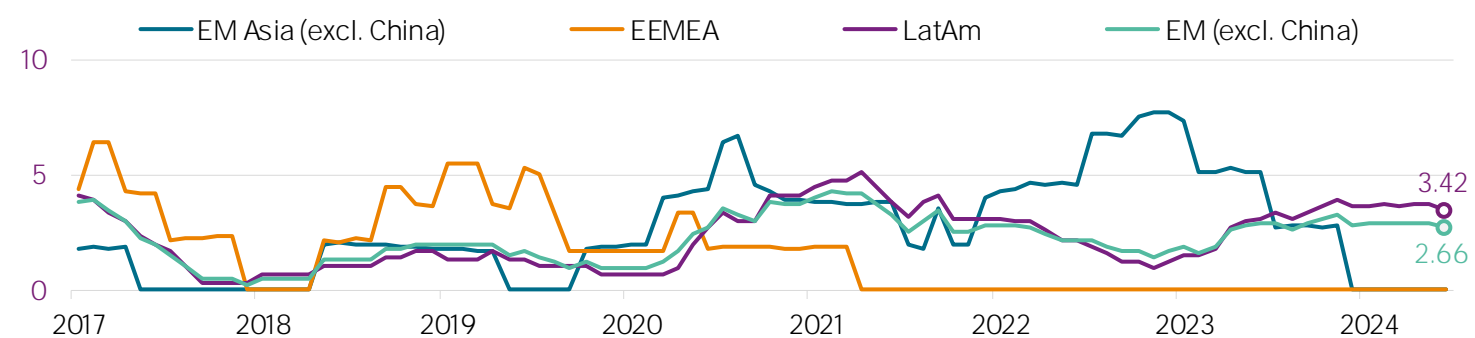
EM weakest links constant at six in July



Data as of July 31, 2024. 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.

- Weakest links remained stable at six issuers in July (1.6% of total speculative-grade issuers). Four of the weakest links were in LatAm.

Default rate this month (as of June 2024)

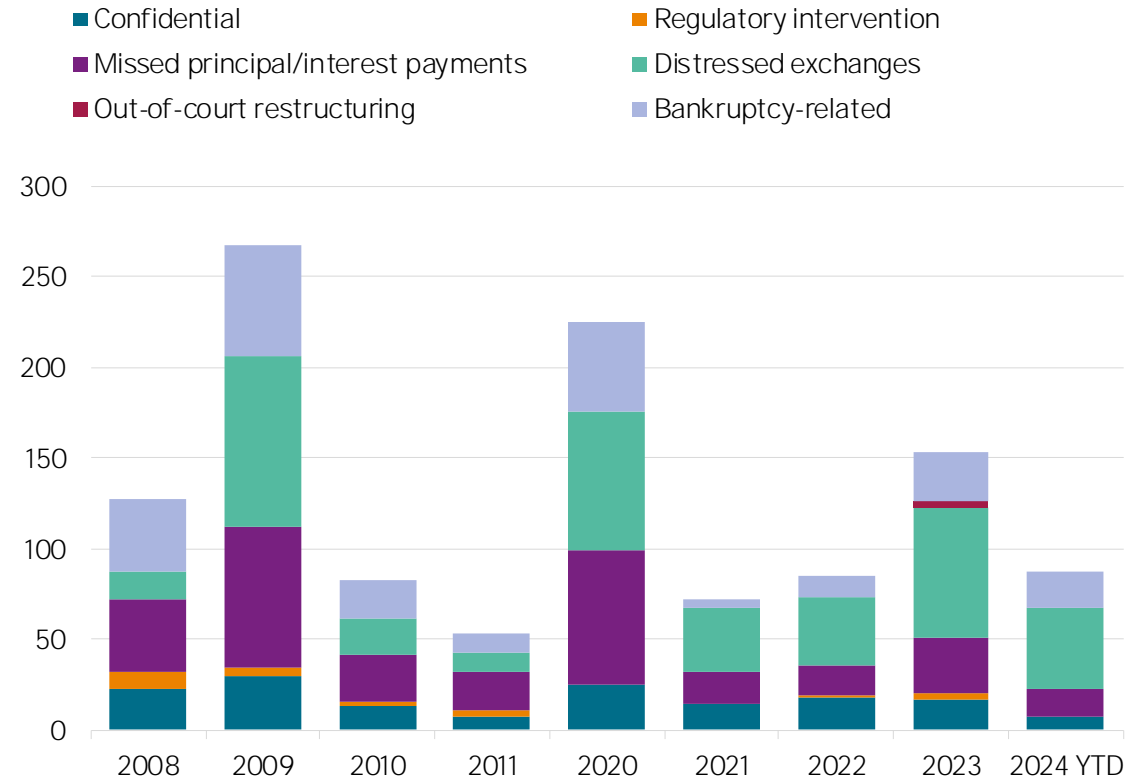


Excluding China. CreditPro data as of June 30, 2024. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

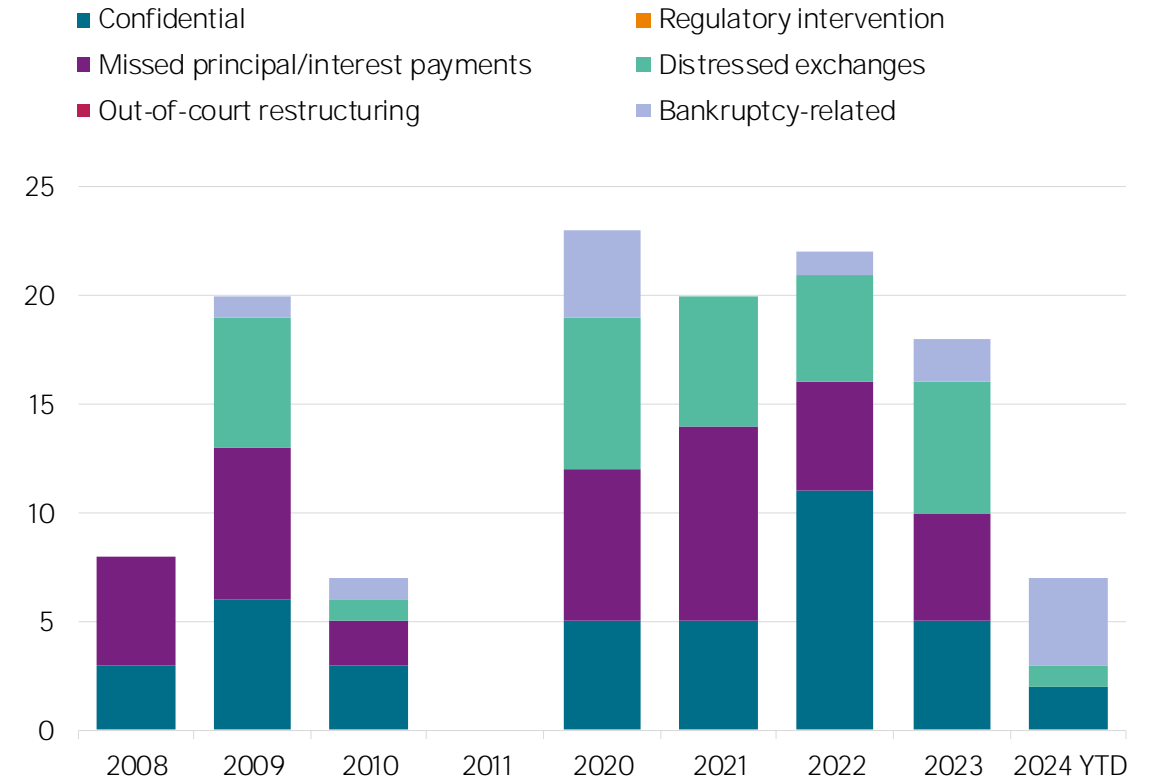
- Default rates. The June default rate (excluding China) decreased to 2.66%, from 2.89% in May. Recently, the composite index has been mainly driven by LatAm, where all 2024 defaults took place so far. The pace of defaults in this specific region was 3.42% in June, gradually decreasing from its 2023 peak of 3.92% in November.

Rating Actions | Defaults

Year-end global corporate defaults by reason



Year-end EM 18 corporate defaults by reason



Data as of July 31, 2024. YTD—Year-to-date. Data has been updated to reflect confidential issuers. Excludes sovereigns. Includes Greater China, and Red Chip companies. Sources: S&P Global Ratings Credit Research & Insights, S&P Global Market Intelligence's CreditPro®.

Related Research and Contacts

Related Research

- [A Cooling U.S. Labor Market Sets Up A September Start For Rate Cuts](#), Aug. 6, 2024
- [Digital Initiatives Could Triple India's Retail Lending By 2030](#), July 31, 2024
- [Industry Report Card: Latin American Regulated Utilities](#), July 31, 2024
- [Risky Credits: Corporate Ratings In Emerging Markets Stabilize](#), July 26, 2024
- [Paving The Way: Efficient Infrastructure Key To Emerging Asia's Growth](#), July 25, 2024
- [Is It Working? China's LGFV Debt De-Risk Program One Year On](#), July 25, 2024
- [Development Needs Explain Transition Costs In Emerging Markets](#), July 24, 2024
- [Inflation, China, And The EV Transition Risk Casts Long Shadow On North American Auto Suppliers](#), July 22, 2024
- [Emerging Market Re-Defaulters' Business Overhaul Plans May Be Falling Short](#), July 18, 2024
- [Emerging Markets Monthly Highlights: Blurring Long-Term Outlook](#), July 17, 2024

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