

iBoxx USD Emerging Markets Monthly Commentary

Contributor

Catalina Zota
Director
Fixed Income Product
Management
elena.zota@spglobal.com

November 2024 Commentary

Market Overview

The S&P 500® had its best month of the year in November, up 5.73% to 6,032.98, breaking the 6,000 mark during a post-U.S election rally. Unlike the stock market enthusiasm fueled by Consumer Discretionary and the Financials sectors, U.S Treasury yields (as measured by the iBoxx USD Treasuries) fell 8 bps to 4.31% for the month. The Conference Board Consumer Confidence Index increased 2.1 points in November,¹ citing confidence in the labor and stock markets, as well as overall better economic prospects with a new U.S. presidency. Against this positive economic backdrop, the newly elected president warned BRICS+ countries with 100% tariffs unless a promise was made to not create their own currency and move away from the dollar. Additionally, USMCA members—Mexico and Canada—face potential tariff increases of 25% over ongoing border issues. All these countries are major steel, oil, consumer goods and precious metals producers. The latest U.S. inflation (CPI) reading in October was 2.6%.² According to a macroeconomic analysis by Yale University, applying these tariffs would mean a loss in average disposable income of USD 1,900 to USD 7,600 (in 2023 dollars).³

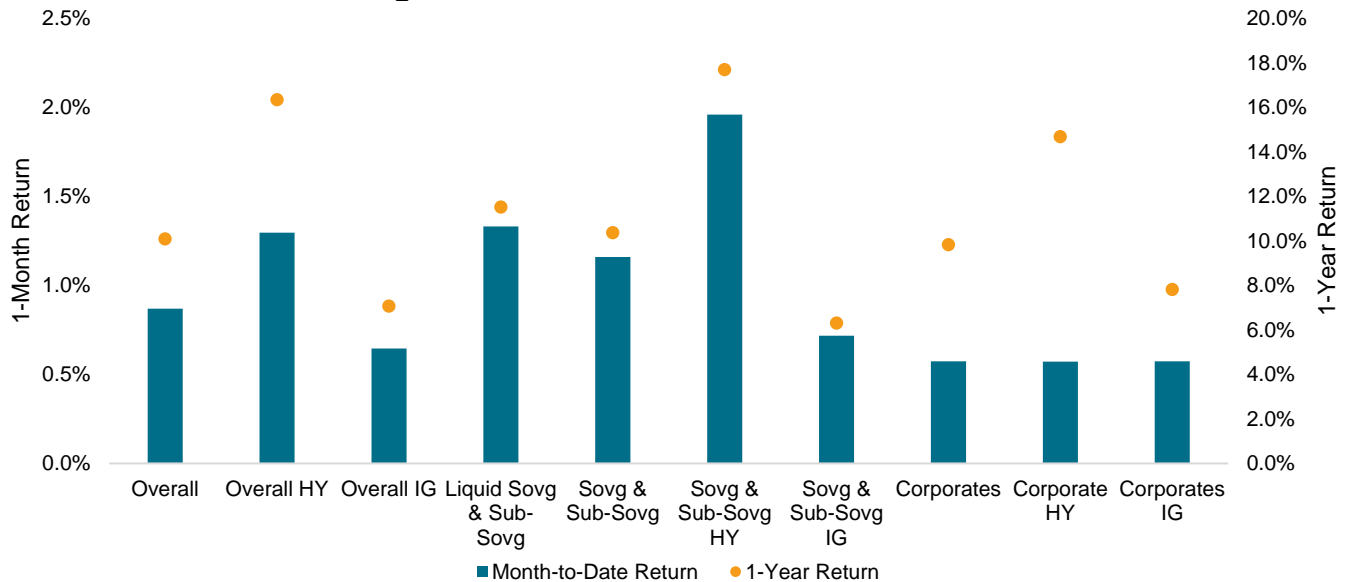
Annual inflation for the eurozone was up 2.3%⁴ in November, fueled by price increases in services and food prices, while the unemployment rate came in at 6.3%⁵ for October. Meanwhile, the HSBC India Manufacturing PMI decreased to 56.5⁶ in November due to deceleration in new orders and higher inflationary pressures.

Sign up to receive our latest research, education, and commentary at
on.spdji.com/SignUp.

iBoxx USD Emerging Markets Broad Indices

November 2024 Performance

Exhibit 1: Recent and Long-Term Index Performance



Please refer to the Appendix at the end of this document for the abbreviated index names.

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Fueled by a change in the U.S economic outlook, all of our iBoxx USD Emerging Market Indices turned positive in November 2024. High yield indices led their investment grade counterparts, specifically the Sovg & Sub-Sovg HY, which was up 1.96% and 80 bps higher than the Sovg & Sub-Sovg benchmark. This outperformance was influenced by Latin American bonds, particularly in Argentina, El Salvador, Colombia and Peru. The Liquid Sovg & Sub-Sovg outperformed its broader benchmark by 17 bps. Overall HY outperformed Overall IG by 65 bps, while Corporates HY had a similar return as Corporates IG at 0.57%. Notably, the one-year return for the Sovg & Sub-Sovg HY was the highest across all tracked indices at 17.71%.

Yields declined in 8 out of the 10 tracked economies, with South Korea registering a notable decrease of 13 bps compared to the previous month. Despite having the lowest yield among the 10 indices at 4.78%, South Korea posted a YTD return of 5.01%. Türkiye, China and Brazil reported the highest YTD returns, at 7.94%, 7.04% and 6.64%, respectively. After the overall decrease in yields, Mexico, Brazil and Türkiye remained the highest yielding countries in November, with yields of 7.07%, 6.99% and 6.81%, respectively.

Exhibit 2: Top 10 Markets Performance

Market	Weight (%)	Delta from Last Month				November 2024			
		Δ Yield	Δ Duration	1-Month Return (%)	YTD Return (%)	Yield	Duration	1-Month Return (%)	YTD Return (%)
China	14.95	-0.10	-0.07	1.00	0.54	5.28	2.95	0.51	7.04
Mexico	7.76	-0.03	-0.01	2.96	0.86	7.07	7.07	0.81	5.94
Saudi Arabia	7.58	-0.07	0.04	3.12	0.93	5.44	6.87	0.92	2.91
UAE	6.82	0.00	-0.07	2.18	0.42	5.28	5.82	0.41	3.91
South Korea	6.79	-0.13	0.06	1.56	0.75	4.78	2.63	0.72	5.01
Brazil	5.97	-0.03	0.04	1.77	0.55	6.81	5.07	0.52	6.64
Türkiye	5.09	-0.08	-0.20	2.04	1.04	6.99	3.95	0.98	7.94
Indonesia	4.86	0.01	0.03	2.42	0.31	5.41	7.02	0.30	3.10
Chile	3.36	-0.01	0.10	3.30	0.64	5.73	7.66	0.61	5.41
Qatar	2.86	0.00	0.02	2.38	0.39	5.07	6.93	0.38	3.49

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024. Index performance based on total return in USD. Δ Yield refers to change in semiannual yield for the month in percent. Delta Duration refers to change in semiannual modified duration for the month. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

iBoxx USD Emerging Markets Sovereigns & Sub-Sovereigns

November 2024 Performance

The Liquid Sovereigns and Sub-Sovereigns outperformed the benchmark in the 5-7 year and 10+ year categories by 19 bps and 10 bps, respectively. High Yield beat Investment Grade by 124 bps and the Sovereigns & Sub-Sovereigns benchmark by 80 bps. The outperformance of the High Yield index was attributed to the 10+ year bonds issued by Argentina, El Salvador, Dominican Republic, Egypt and Türkiye. The 10+ Year CCC return of 11.67%—the highest within the group—was attributed to provincial and sovereign bonds from Argentina, as well as sovereign bonds from Ecuador, El Salvador and Pakistan. Within Investment Grade, A rated bonds surpassed the IG benchmark by 22 bps, influenced by issuers from Chile, China, Poland and Saudi Arabia. Overall, longer-dated bonds exhibited stronger performance compared to their shorter-dated counterparts.

Exhibit 3: Rating and Maturity Monthly Index Performance

Rating	0-1 Year (%)	1-3 Year (%)	3-5 Year (%)	5-7 Year (%)	7-10 Year (%)	10+ Year (%)	Overall (%)
Investment Grade	0.41	0.31	0.38	0.49	0.75	1.13	0.72
AA	0.41	0.44	0.56	0.30	0.92	0.55	0.53
A	0.40	0.32	0.44	0.86	0.98	1.66	0.94
BBB	0.41	0.14	0.17	0.35	0.49	1.05	0.67
High Yield	0.49	0.57	0.86	2.00	0.83	4.02	1.96
BB	0.50	0.46	0.49	0.30	0.40	0.97	0.60
B	0.44	0.61	0.82	1.07	1.26	1.39	0.96
CCC	0.98	0.98	3.04	5.81	7.81	11.67	8.45
Sovereigns & Sub-Sovereigns	0.44	0.40	0.56	1.15	0.77	2.05	1.16
Liquid Sovereigns & Sub-Sovereigns	-	0.37	0.55	1.34	0.70	2.15	1.33

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

November 2024 Rebalancing

Post-rebalancing as of Dec. 2, 2024, the iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns Index had a yield of 6.26%, a duration of 6.48 years and an OAS of 201.99 bps.

The liquid index posted a yield of 6.41%, a duration of 7.18 years and an OAS of 217.19 bps (see Exhibit 4).

Exhibit 4: Rebalancing Impact

Date	Yield (%)	Duration (Years)	OAS (bps)
iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns			
Nov. 30, 2024	6.24	6.45	200.83
Dec. 2, 2024	6.26	6.48	201.99
iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns			
Nov. 30, 2024	6.39	7.14	216.19
Dec. 2, 2024	6.41	7.18	217.66

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024, and Dec. 2, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

iBoxx USD Emerging Markets Corporates

November 2024 Performance

The Corporates index experienced a gain of 0.57% this month, with both the high yield and investment grade segments contributing equally to its return. Notably, the YTD return for Corporates HY bonds outperformed both the Corporates benchmark and Corporates IG bonds, achieving an impressive 12.17% compared to 7.51% for the Corporates index and 5.58% for Corporates IG. This outperformance in the high yield segment may have been attributed to companies in the Oil & Gas, Chemicals and Utilities sectors, particularly by issuers from countries such as Brazil, Peru, Argentina, South Africa and China.

In November, Non-Financials led Financials by 25 bps, driven in part by the Telecommunications, Basic Materials and Consumer Goods sectors. In terms of yield, Non-Financials surpassed Financials by 34 bps. The highest yielding sectors within Non-Financials for November included Health Care at 6.87%, Energy at 6.84% and Basic Materials at 6.43%. Despite its smaller market capitalization, the Real Estate sector (within Financials) boasted the highest yield among the tracked sectors at 7.98%. This was largely influenced by short-dated high yield Chinese bonds issued by companies such as GLP China Holdings, Wanda Properties Global and Longfor Group Holdings.

Exhibit 5: Corporate Indices Performance

Sector or Rating	Market Cap (USD Millions)	Yield (%)	Duration (Years)	Returns (%)		
				1-Month	QTD	YTD
Financials	416,807	5.91	2.25	0.41	0.19	7.50
Core Financials	244,726	5.71	2.26	0.45	0.12	6.45
Financial Services	131,131	5.65	2.06	0.56	0.48	6.72
Real Estate	40,950	7.98	2.83	-0.28	-0.31	16.29
Non-Financials	798,081	6.25	4.96	0.66	-0.50	7.44
Basic Materials	135,830	6.43	5.01	0.89	-0.32	8.70
Consumer Goods	71,723	5.83	3.63	0.78	-0.25	6.77
Consumer Services	43,532	6.14	5.67	0.40	-0.81	6.50
Energy	215,104	6.84	6.08	0.84	-0.43	7.92
Health Care	2,465	6.87	3.19	-0.81	-2.74	5.65
Industrials	86,193	6.15	3.79	0.22	-0.60	6.69
Technology	62,859	5.27	5.40	0.59	-1.09	6.36
Telecommunications	41,571	5.93	4.62	0.98	0.28	9.83
Utilities	138,804	5.98	4.32	0.41	-0.68	6.40
Investment Grade	810,584	5.47	4.35	0.57	-0.59	5.58
High Yield	404,304	8.17	3.41	0.57	0.41	12.17
Overall	1,214,888	6.24	4.03	0.57	-0.26	7.51

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Consistent with its Sovereign & Sub-Sovereign counterpart, the Corporates index for the 10+ year maturity segment beat the benchmark by 35 bps, leading all other maturity groups. Within investment grade, AA bonds outperformed A by 12 bps, largely influenced by 10+ year corporate bonds issued by companies from the UAE, South Korea and Qatar. Notable outperformance was seen in the CC 0-1 year and 1-3 year bonds, up 1.96% and 2.59% in November, respectively. This was influenced by Energy and Real Estate bonds issued by Chinese and Ukrainian companies. The outlier for high yield was a single C rated senior unsecured bond maturing in 2029 (XS2905417601) issued by a Chinese Real Estate company.

Exhibit 6: Rating and Maturity Performance

Rating	0-1 Year (%)	1-3 Year (%)	3-5 Year (%)	5-7 Year (%)	7-10 Year (%)	10+ Year (%)	Overall (%)
Investment Grade	0.45	0.43	0.52	0.57	0.68	0.94	0.57
AA	0.43	0.51	0.61	0.70	0.46	1.35	0.74
A	0.44	0.45	0.52	0.85	0.61	1.17	0.62
BBB	0.47	0.41	0.51	0.36	0.73	0.67	0.51
High Yield	0.75	0.39	0.43	0.79	0.58	0.84	0.57
BB	0.54	0.31	0.31	0.62	0.51	0.85	0.48
B	0.95	0.43	0.70	1.51	0.80	0.77	0.78
CCC	2.56	0.63	0.65	0.15	1.74		0.82
CC	1.96	2.59					2.45
C			-15.85				-15.85
Overall	0.53	0.42	0.48	0.66	0.65	0.92	0.57

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

November 2024 Rebalancing

As of Dec. 2, 2024, the iBoxx USD Emerging Markets Corporates had a yield of 6.25%, a duration of 4.05 and an OAS of 203.62.

Exhibit 7: Rebalancing Impact

Date	Yield (%)	Duration (Years)	OAS (bps)
Nov. 30, 2024	6.23	4.03	203.7
Dec. 2, 2024	6.25	4.05	203.62

Source: S&P Dow Jones Indices LLC. Data as of Nov. 30, 2024, and Dec. 2, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Appendix

iBoxx USD Emerging Market Indices Overview

The iBoxx USD Emerging Markets Broad Overall Index measures the performance of USD-denominated bonds issued by entities domiciled in emerging markets. To qualify for the index, bonds must have a minimum notional amount of USD 250 million and no minimum time to maturity is required. As of Nov. 30, 2024, the index had 2,990 bonds covering sovereigns, sub-sovereigns, corporates and covered bonds, and had a market value of USD 2.50 trillion.

The iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns Index is one of the headline indices within the iBoxx USD Emerging Markets Broad Overall Series. The index is a market-capitalization-weighted benchmark covering sovereign and sub-sovereign entities domiciled in emerging markets. As of Nov. 30, 2024, the index included 982 bonds from 181 issuers and had a market value of USD 1.27 trillion. The index serves as the underlying benchmark for the iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns Index.

The iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns Index measures the performance of USD-denominated sovereign and sub-sovereign bonds issued by emerging markets entities. The index rules select only bonds with at least USD 1 billion in notional amount outstanding and one year to maturity. Within the emerging markets, the index focuses on economies whose gross national income (GNI) per capita is below two times the World Bank high income GNI cut-off. Gulf Cooperation Council (GCC) countries are also eligible for the index regardless of their GNI. A country cap is applied and reviewed annually in December, and the current cap is 7.5%. The index is designed to be used as part of the iBoxx tradable ecosystem.

The iBoxx USD Emerging Markets Broad Corporates Index is a headline index within the iBoxx USD Emerging Markets Broad Overall Series. The index is a market-capitalization-weighted benchmark that covers corporate and covered bonds issued by emerging markets issuers. As of Nov. 30, 2024, the index included 2,008 bonds from 1,020 issuers and had a market value of USD 1.23 trillion.

Abbreviated Index Names

Please note the following abbreviated index names used throughout this paper:

- Overall: iBoxx USD Emerging Markets Broad Overall
- Overall HY: iBoxx USD Emerging Markets Broad High Yield
- Overall IG: iBoxx USD Emerging Markets Broad Investment Grade
- Sovg & Sub-Sovg: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns

- Liquid Sovg & Sub-Sovg: iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns
- Sovg & Sub-Sovg HY: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns High Yield
- Sovg & Sub-Sovg IG: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns Investment Grade
- Corporates: iBoxx USD Emerging Markets Broad Corporates
- Corporates HY: iBoxx USD Emerging Markets Broad Corporates High Yield
- Corporates IG: iBoxx USD Emerging Markets Broad Corporates Investment Grade

References:

1. The Conference Board
<https://www.conference-board.org/topics/consumer-confidence/press/CCI-Nov-2024>
2. CPI
<https://www.bls.gov/news.release/cpi.nr0.htm>
3. Yale: The Budget Lab
<https://budgetlab.yale.edu/research/fiscal-macroeconomic-and-price-estimates-tariffs-under-both-non-retaliation-and-retaliation>
4. Eurostat inflation
<https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-29112024-ap>
5. Eurostat unemployment rate
<https://ec.europa.eu/eurostat/web/products-euro-indicators/w/3-02122024-ap>
6. HSBC India Manufacturing PMI-November -2024
<https://www.pmi.spglobal.com/Public/Home/PressRelease/25dad0adf9ab4a0d9ffa8871efaecc52>

General Disclaimer

© 2024 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US 500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, DIVIDEND MONARCHS, BUYBACK ARISTOCRATS, SELECT SECTOR, S&P MAESTRO, S&P PRISM, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, MBX, MCDX, PRIMEX, HHPI and SOVX are trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.