Emerging Markets Monthly Highlights

Subdued Growth, High Risks In 2024

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S&P Global Ratings

This report does not constitute a rating action.

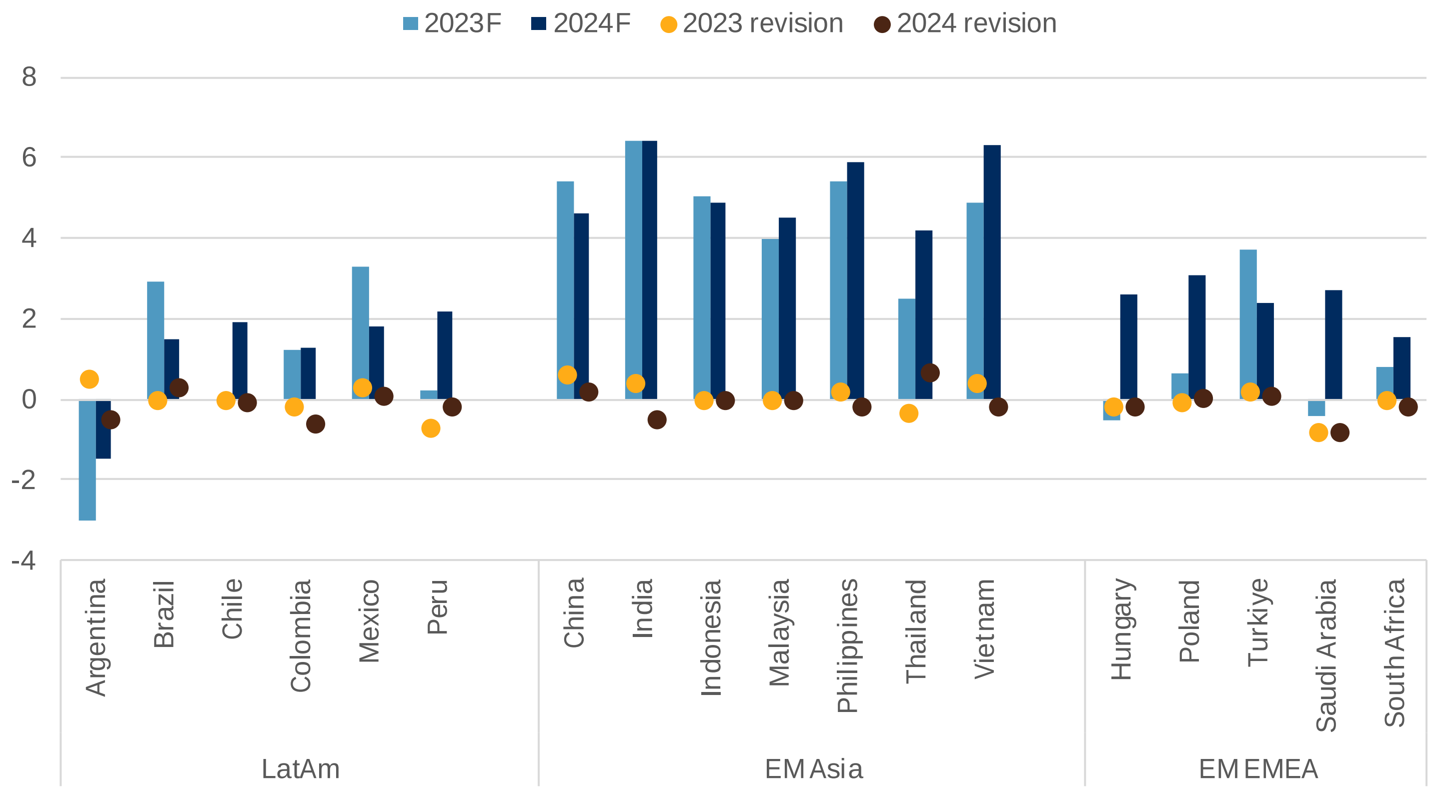
Contents

Key Takeaways

- We expect most emerging markets (EMs) to grow below trend next year. Subdued external demand from the U.S., Europe and China, as well as tight monetary policy will restrain growth. However, most of EM Asia will see growth close to trend thanks to steady domestic demand. Disinflation will continue in the coming quarters, and EM central banks will be in easing mode by the end of 2024. The trajectory of the Federal Reserve's monetary policy will influence the magnitude and timing of interest rate cuts in EMs.
- The balance of risks for EM credit conditions remains on the downside, given an extended period of high interest rates, the potential for further inflationary pressures, and weaker-than-expected growth in the largest economies. Debt refinancing will likely complicate the picture, as the global maturity wall is building up with considerable peaks in 2025. Credit quality across key EMs will likely be strained as risks unfold.
- Uncertainty across commodity markets will remain high in light of recent OPEC+ oil production cuts, geopolitical risks, and weather hazards. OPEC+ economies announced an additional round of oil production cuts until April 2024, and they have indicated a possibility of more cuts in the future if downward dynamics in oil prices continue. At the same time, the food price outlook remains uncertain, as natural hazards continue to affect food production in South America and South Asia.

EM Forecast | Challenging Global Conditions Will Constrain Growth

EM GDP growth forecasts (%)



Source: S&P Global Ratings.

– Subdued external demand from the U.S., Europe and China, as well as tight monetary policy will keep growth below trend in most EMs in 2024. Our 2024 real GDP growth forecast for EMs (excluding China) is broadly unchanged at 3.8% (compared with our forecast in September), down from the 10-year pre-pandemic average of 4.7%. However, we increased GDP growth forecast for China from our previous projections due to better-than-expected Q3 growth and a series of new stimulus measures. We now forecast China's growth of 5.4% in 2023 (from 4.8%) and 4.6% in 2024 (from 4.4%).

– Disinflation will continue in the coming quarters. The main drivers remain the moderating food and energy prices. However, risks around food prices are high. The start of El Niño climate pattern has been officially declared in several countries and is already affecting harvests, especially in South America where there have been substantial floods. At the same time, energy prices remain subject to numerous geopolitical risks.

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EM Credit Conditions | Not Getting Easier

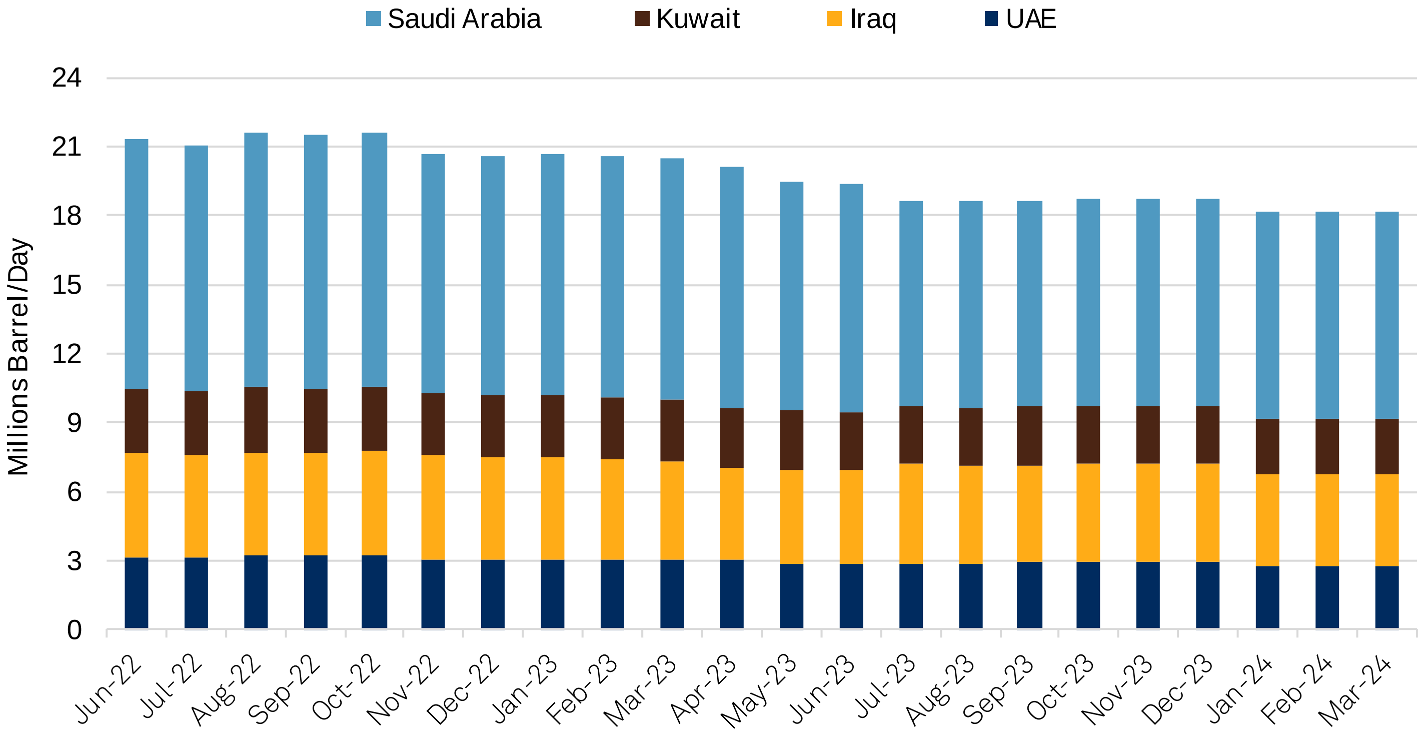
Top EM risks	Risk level*	Risk trend**
Higher interest rates amid increasing refinancing risks	High	Unchanged
A sharper-than-expected downturn in advanced economies impedes global trade	High	Unchanged
Weakening economy and increasing financing costs squeeze corporate fundamentals.	High	Unchanged
Geopolitical tensions and difficult domestic socio-political conditions erode credit fundamentals.	High	Unchanged
China's economy: Deepening property sector woes, weak confidence, and high debt levels to weaken growth momentum.	High	Unchanged
Secular Risks		
Climate change and rising adaptation costs.	Elevated	Worsening

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

- Credit conditions in EMs will likely deteriorate in 2024, as major economies slow down (the U.S., China, and the eurozone), the effects of rapid monetary tightening surface, and debt maturities pile up.
- The balance of risks for EM credit conditions remains on the downside, given an extended period of high interest rates, the potential for further inflationary pressures, and weaker-than-expected growth in the largest economies. Debt refinancing will likely complicate the picture, as the global maturity wall is building up with considerable peaks in 2025.
- EMs face difficult political dynamics, which have been exacerbated by the pandemic and geopolitical conflicts. Thirty emerging and frontier economies will hold elections next year.
- Read more at: Credit Conditions Emerging Markets Q1 2024: Not Getting Easier

Oil Prices | Production Cuts Across OPEC+ Economies

Gulf economies will continue with further oil production cuts



Note: Numbers from November 2023 onwards are based on the latest announcements by OPEC+ members. Sources: Reuters OPEC Survey, OPEC and S&P Global Ratings.

- Following recent decreases in oil prices, OPEC+ members announced production cuts. Among the largest Gulf oil exporters, Saudi Arabia will maintain the previously imposed 1 million b/d production cut, together with the UAE (a 163,000 b/d cut), Iraq (223,000 b/d), and Kuwait (135,000 b/d). In addition, Russia has announced a cut of 500,000 b/d. These measures have been announced to last from January 1 until the end of March 2024.
- However, weak global demand may keep oil prices at relatively subdued levels ($70 -$80 per barrel). That makes an extension (or also increase) of previously-announced oil production cuts possible.
- The food price outlook is also uncertain. El Niño influences food production in South America and Asia, while Panama Canal disruptions affect agricultural exports.

Regional Economic Highlights

EM Asia Economics | External Balances Shifting On Lower Energy Prices

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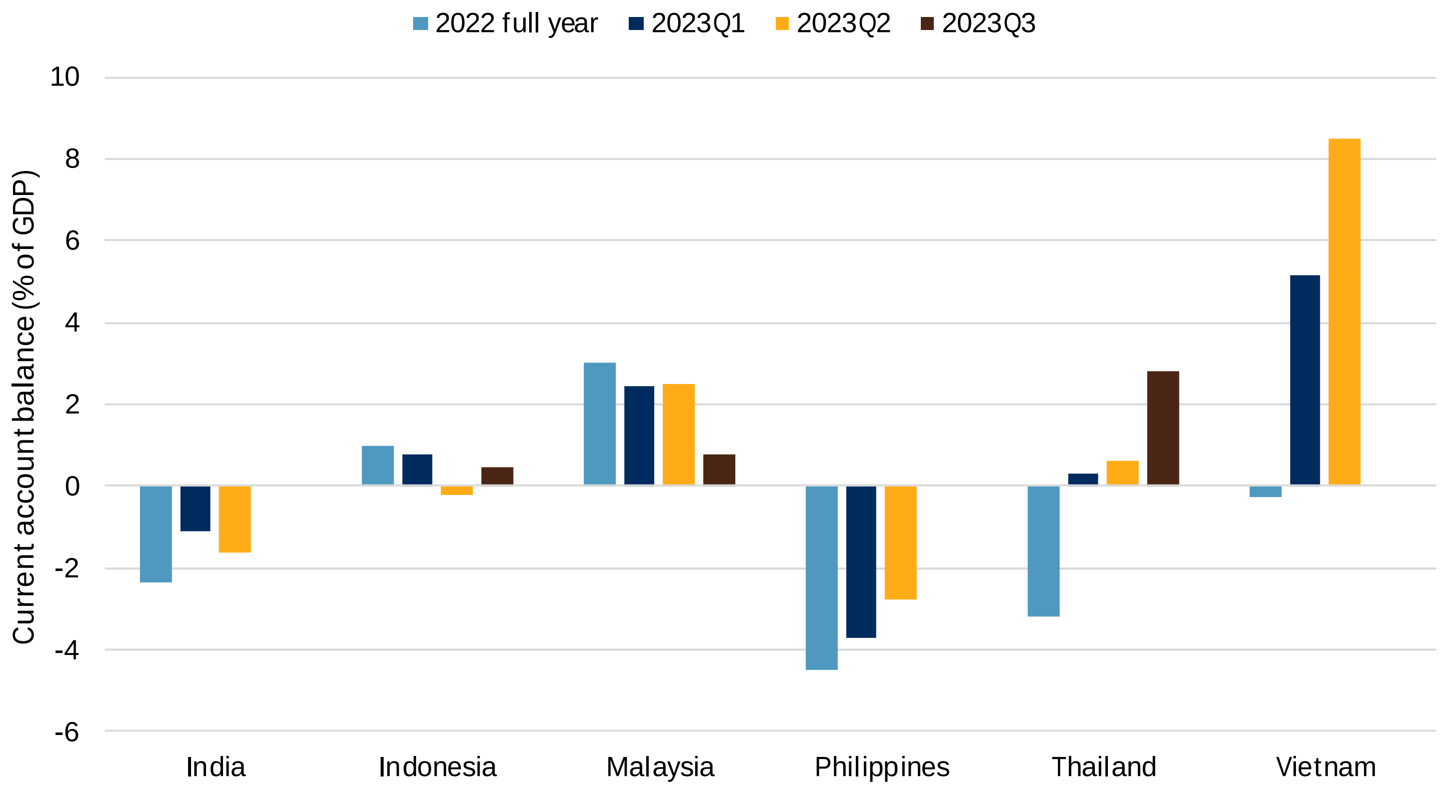
Current account balances improving for energy importers



Sources: CEIC data and S&P Global Ratings.

- **EM Asia's external balances are likely to remain** stable in 2024 barring energy price shocks on lower energy prices, recovering tourism, and stable net international trade.
- **Current accounts for the region's energy** importers (Thailand, India, Vietnam, and the Philippines) are improving amid lower energy prices. In 2022, Brent crude prices averaged slightly over $100 per barrel, while this year prices averaged $82 per barrel.
- Malaysia and Indonesia are net energy exporters and have experienced a milder current account boost.

EM EMEA Economics | Growth Dynamics Are Changing

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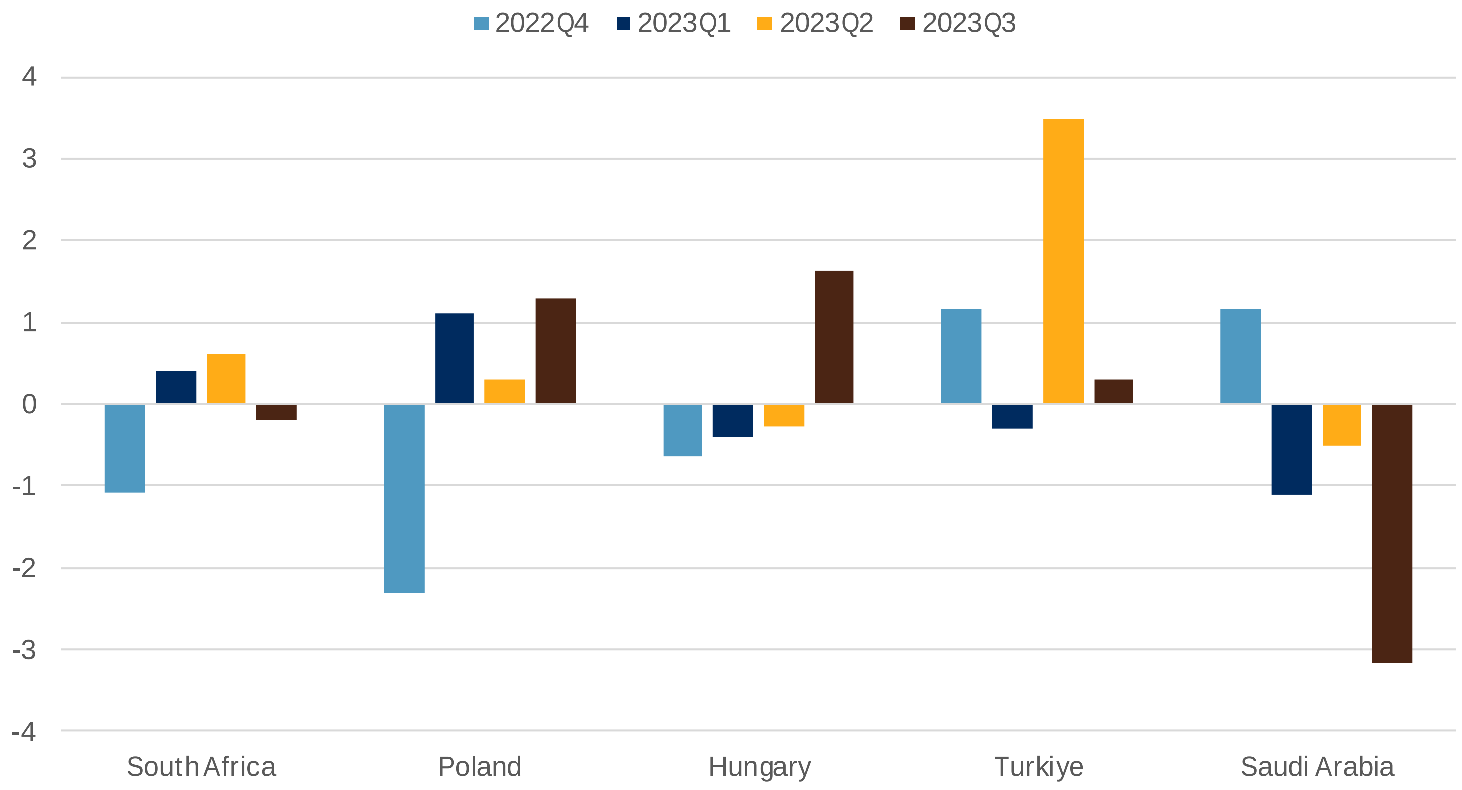
GDP growth rates (quarter on quarter, %)



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

- Q3 confirmed that recession is over in Central Eastern Europe, although the recovery is likely to be slow. Poland and Hungary have recorded a rebound in Q3 on the back of household consumption. As real incomes rise, we expect the trend to continue, although high frequency indicators point to a slow recovery. The external front, particularly Germany, remains a substantial risk to our outlook.
- GDP growth in Turkiye appeared to be positive in Q3, but deceleration is ongoing. GDP has expanded mostly thanks to strong growth in fixed investment (5.4% quarter on quarter). However, some of the factors that underpinned strong investment growth in Q3 (investment front-loading, relaxation of some macroprudential rules) are likely to have a one-off effect; therefore, economy is expected to contract in Q4 (in sequential terms).
- Economic growth in Saudi Arabia has fallen given oil production cuts and we expect GDP growth to be negative this year.

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LatAm Economics | More Interest Rate Cuts Firmly Priced In

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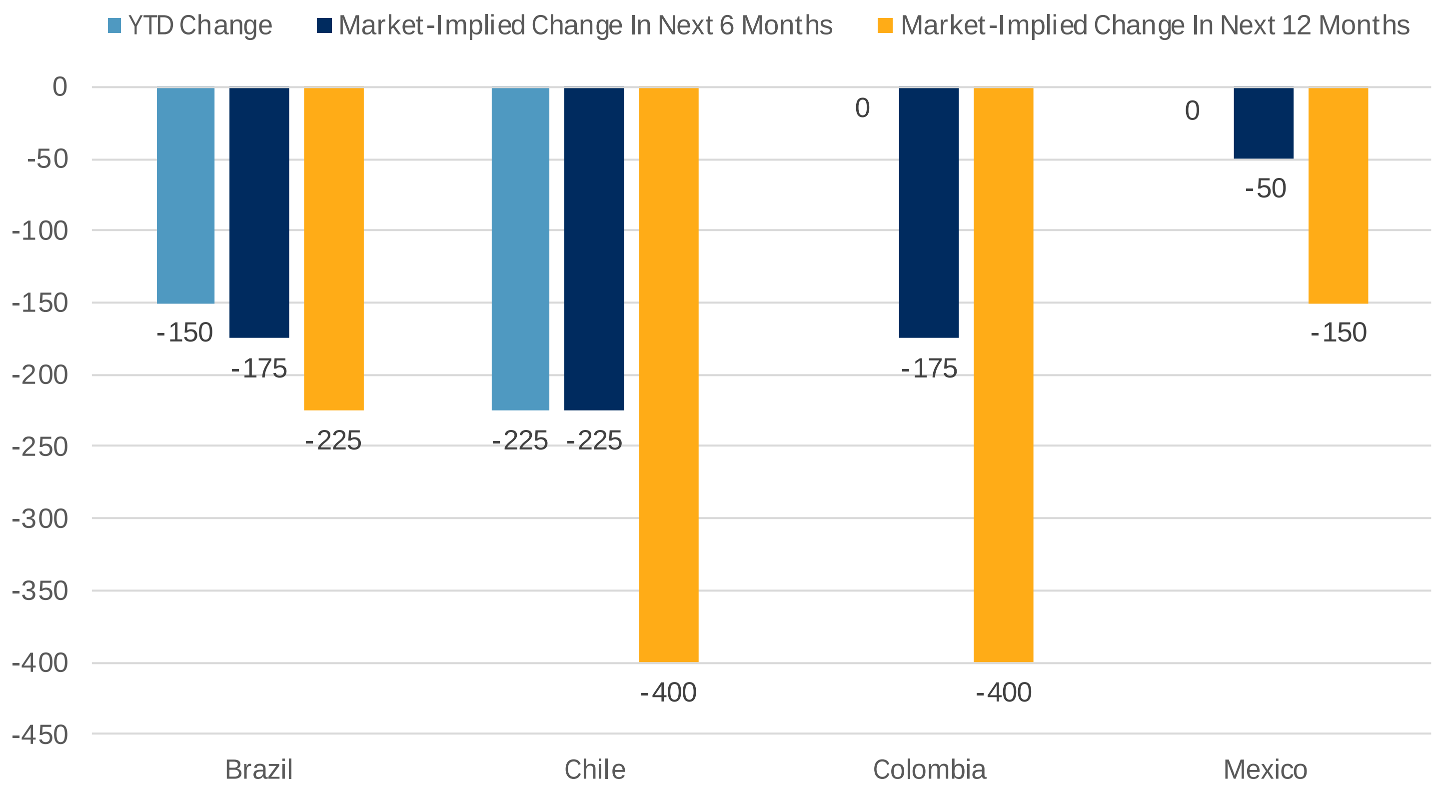
Central bank policy rates*



Year-to-date changes and market-implied changes (basis points). Note: market-implied changes are based on interest rate swaps. Sources: Haver Analytics and S&P Global Ratings.

– **Shifting expectations about the Fed's policy** will influence the magnitude of interest-rate cuts by the central banks in the region. The market sentiment has shifted toward pricing in earlier, and greater, interest-rate cuts by the Fed in recent weeks, which has increased the magnitude of priced-in rate cuts across LatAm. In most cases, we think market expectations have gone too dovish.

– We expect the central banks of Brazil and Chile to continue reducing interest rates in the coming months, and those in Colombia and Mexico to start early next year. The process of disinflation continues across the region, with Brazil leading and Colombia lagging.

Macro-Credit
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GDP Summary | Most EMs Will Grow Below Trend In 2024

Country	Latest reading (y/y)	Period	Five-year avg	2020	2021	2022	2023f	2024f	2025f	2026f
Argentina	-4.9	Q2	-0.2	-9.9	10.7	5.0	-3.0	-1.5	2.3	2.1
Brazil	2.0	Q3	-0.5	-3.6	5.3	3.0	2.9	1.5	1.9	2.0
Chile	0.6	Q3	2.0	-6.4	11.9	2.5	0.0	1.9	2.7	2.9
Colombia	-0.3	Q3	2.4	-7.3	11.0	7.3	1.2	1.3	2.8	3.0
Mexico	3.3	Q3	1.6	-8.8	6.1	3.9	3.3	1.8	2.0	2.1
Peru	-1.0	Q3	3.2	-11.1	13.5	2.7	0.2	2.2	2.8	3.0
China	4.9	Q3	6.7	2.2	8.5	3.0	5.4	4.6	4.8	4.6
India	7.6	Q3	6.9	-5.8	9.1	7.2	6.4	6.4	6.9	7.0
Indonesia	4.9	Q3	5.0	-2.1	3.7	5.3	5.0	4.9	5.0	5.1
Malaysia	3.3	Q3	4.9	-5.5	3.3	8.7	4.0	4.5	4.5	4.4
Vietnam	5.3	Q3	7.1	2.9	2.6	8.0	4.9	6.3	6.8	6.8
Philippines	5.9	Q3	6.6	-9.5	5.7	7.6	5.4	5.9	6.2	6.4
Thailand	1.5	Q3	3.4	-6.1	1.5	2.6	2.5	4.2	3.0	3.2
Poland	0.9	Q3	4.4	-2.0	6.8	5.5	0.6	3.1	3.0	2.9
Saudi Arabia	-4.5	Q3	2.1	-4.3	3.9	8.7	-0.4	2.7	3.7	3.0
South Africa	-0.7	Q3	1.0	-6.0	4.7	1.9	0.8	1.5	1.6	1.6
Turkiye	5.9	Q3	4.2	1.7	11.8	5.3	3.7	2.4	2.7	3.0
Hungary	-0.4	Q3	4.1	-4.7	7.2	4.6	-0.5	2.6	2.8	2.7

Note: Red means GDP growth is below five-year average (2015-2019). Blue means the opposite. F—Forecast. Data does not yet incorporate several historical revisions done when second quarter GDP was released, those will be updated in the next release. Sources: Haver Analytics and S&P Global Ratings.

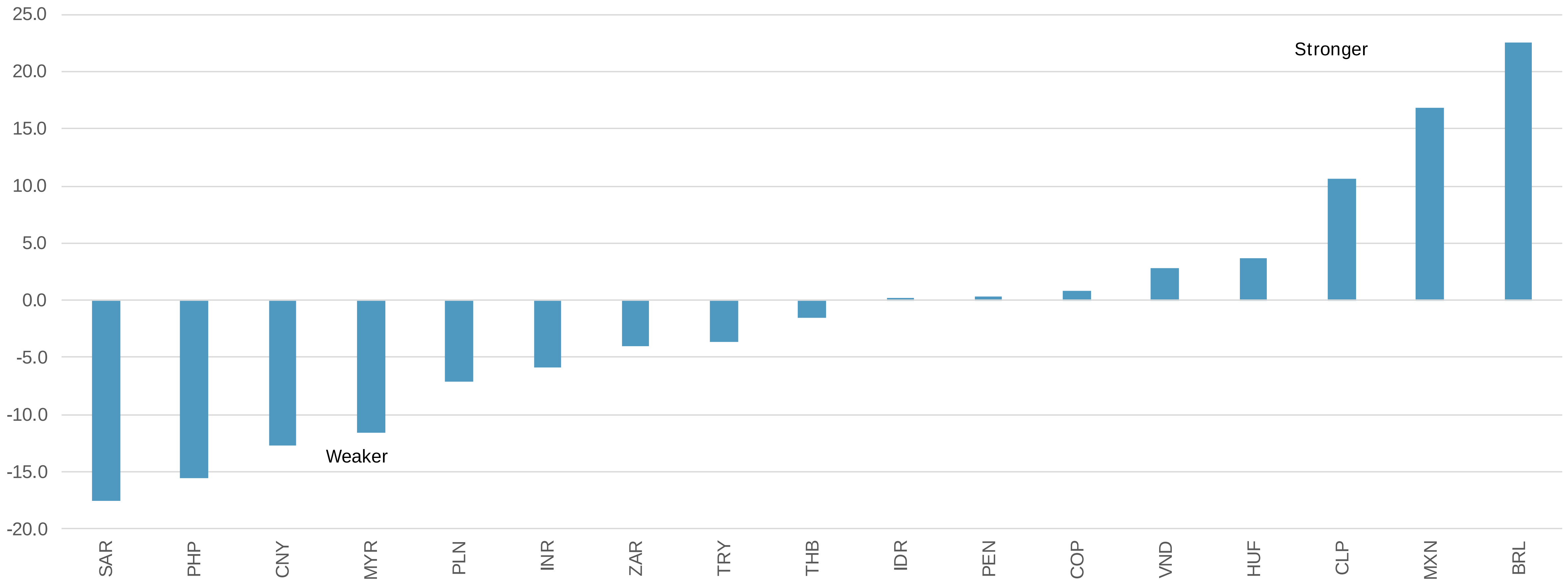
Monetary Policy/FX | A Mix Of Interest Rate Cuts And Hikes Last Month

Country	Policy rate	Inflation target	Latest inflation reading	Latest rate decision	Next meeting	Nov. exchange rate chg.	YTD exchange rate chg.
Argentina	133.00%	No target	142.7%	1,500 bps hike	N/A	-2.9%	-50.9%
Brazil	12.25%	3.25% +/- 1.5%	4.8%	50 bps cut	Dec. 13	2.5%	5.7%
Chile	9.00%	3.0% +/- 1.0%	4.8%	50 bps cut	Dec. 19	4.9%	-1.4%
Colombia	13.25%	3.0% +/- 1.0%	10.2%	Hold	Dec. 26	2.0%	20.8%
Mexico	11.25%	3.0% +/- 1.0%	4.3%	25 bps cut	Dec. 14	3.9%	12.2%
Peru	7.00%	1.0% - 3.0%	3.6%	25 bps cut	Dec. 14	2.7%	2.1%
China	1.80%	3%	-0.2%	N/A	N/A	1.1%	-1.9%
India	6.50%	4.0 +/- 2.0%	4.9%	Hold	Feb. 8	-0.2%	-0.8%
Indonesia	6.00%	3.5% +/- 1.0%	2.9%	Hold	Dec. 21	2.4%	0.4%
Malaysia	3.00%	No target	1.8%	Hold	Jan. 24	2.3%	-5.5%
Philippines	6.50%	3.0% +/- 1.0%	4.1%	Hold	Dec. 14	2.3%	0.4%
Thailand	2.50%	2.5% +/- 1.5%	-0.4%	Hold	Feb. 7	2.2%	-1.5%
Vietnam	4.50%	4%	3.4%	50 bps cut	N/A	1.3%	-2.8%
Hungary	11.50%	3.0% +/- 1.0%	7.9%	75 bps cut	Dec. 19	3.7%	7.4%
Poland	5.75%	2.5% +/- 1.0%	6.6%	Hold	Jan. 9	5.6%	9.9%
Saudi Arabia	6.00%	No target	1.6%	Hold	N/A	0.0%	0.2%
South Africa	8.25%	3.0% - 6.0%	5.5%	Hold	Jan. 25	-1.1%	-10.2%
Turkiye	40.00%	5.0% +/- 2.0%	62.0%	500 bps hike	Dec. 21	-1.9%	-35.1%

Note: Red means inflation is above the target range, policy is tightening, and 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. Sources: Haver Analytics and S&P Global Ratings.

Real Effective Exchange Rates | LatAm Currencies Still Very Strong

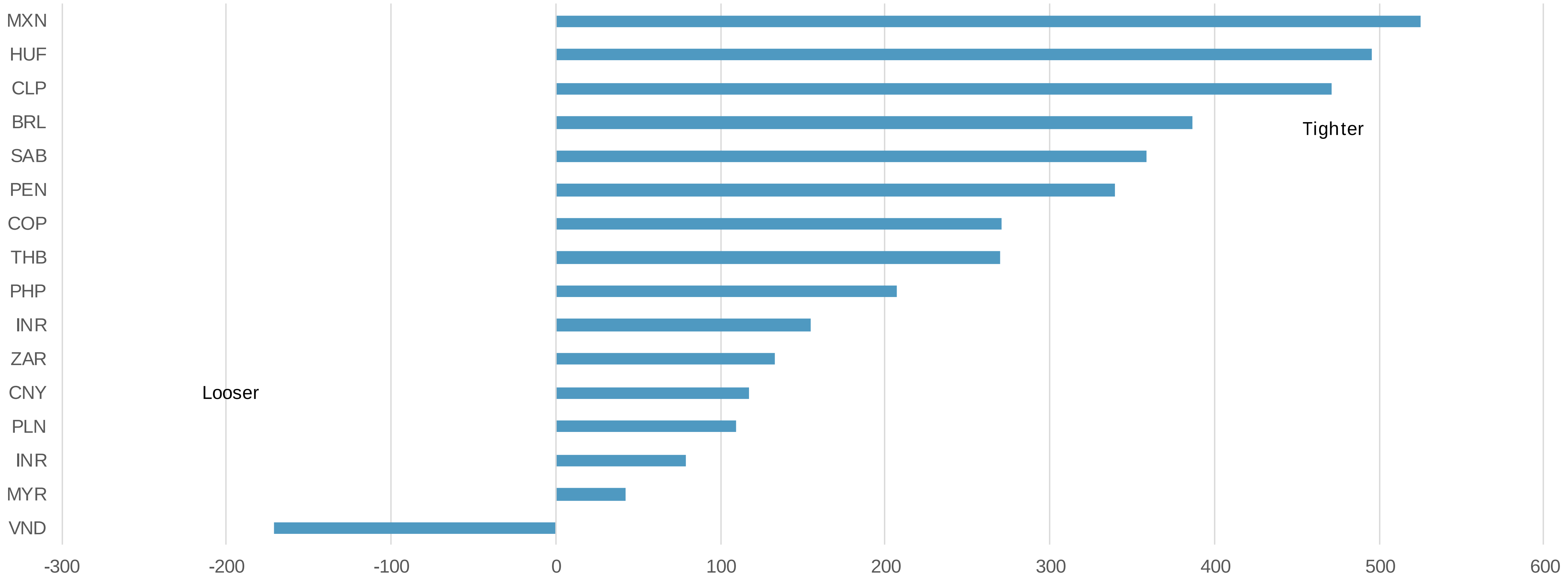
Broad real effective exchange rates



Percent change from 10-year average. 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 Nov. 30, 2023. Sources: S&P Global Ratings, Haver Analytics, and J.P. Morgan.

Real Interest Rates | Real Rates Still The Most Restrictive In LatAm

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



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 Nov. 30, 2023. Source: 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	Negative	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Positive	Negative
Sovereigns	Institutional	2	4	4	4	3	3	3	4	3	4	3	3	4	4	4	5	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	6	6
	Fiscal (BDGT)	3	1	4	2	4	3	4	3	3	3	6	4	6	6	4	5	6
	Fiscal (DBT)	2	1	2	3	5	4	4	4	4	3	6	4	6	6	4	5	5
	Monetary	2	4	2	3	2	3	3	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	3	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	Stable	Stable
	Eco. Imbalances	L	I	L	VL	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	L	L	I	L	L	VL	I	I	L	L	H	I	H	I	VH	VH
Nonfinancial corporates	Median Rating (Nov 30, 2023)	BBB	A-	BB	BB	BBB+	BBB-	BBB+	BBB	BB-	BBB	BBB-	BB+	BB-	BB-	BB-	B	CCC-
	Net Debt / EBITDA	3.52	3.06	1.59	2.28	2.39	2.91	3.15	3.24	2.49	2.72	2.33	1.95	1.95	2.12	2.76	1.74	1.94
	ROC Adj.§	-1.8	1.0	-6.1	0.1	0.4	0.8	2.3	-1.5	0.4	2.5	-2.9	-3.3	0.8	1.1	1.4	-25.4	-50.1
	EBITDA INT. COV.	6.70	8.94	9.48	7.01	9.91	4.46	6.60	7.08	5.91	10.97	5.83	5.25	3.36	6.18	5.50	4.61	4.07
	FFO / Debt	28.7	28.6	45.8	38.8	25.7	37.6	16.4	26.3	33.7	26.3	37.6	44.6	53.1	44	27.8	43	45.3
	NFC FC Debt % GDP*	34.8	9.8	13.7	9.7	13.4	15.1	4.8	10.8t	8.5	13.0	7.3	12.8	14.1	14.3		30.3	5.0
	NFC Debt % of GDP*	101.9	56.6	39.6	27.3	61.4	23.2	159.2	47.8t	25.5	54.9	54.5	32.0	55.1	33.3		73	17.8

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.

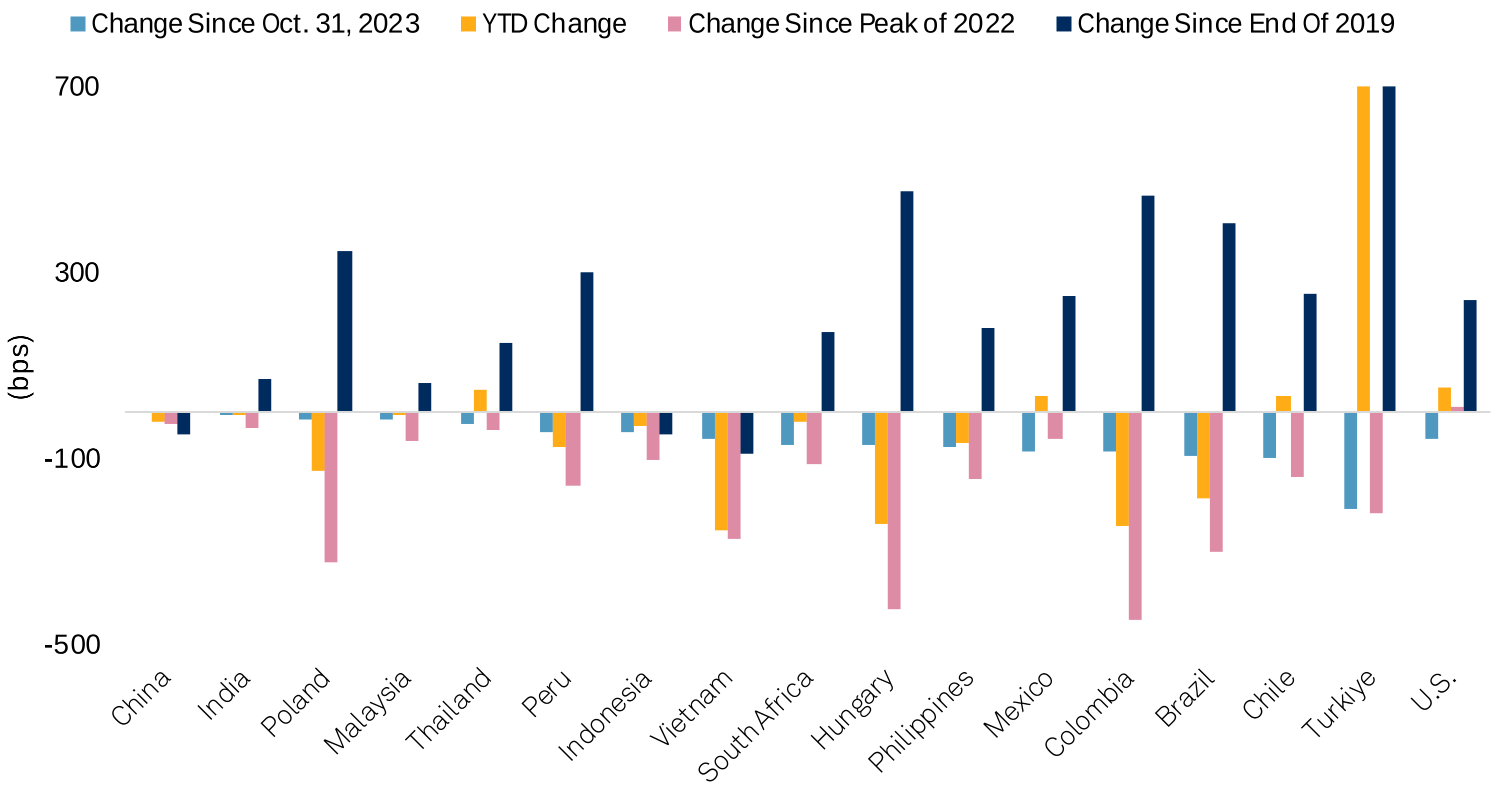
*IIF 4Q 2022. Sources: t-Bangko Sentral NG Pilipinas, Banco Central de Reserva del Peru, Superintendencia de Banca y Seguros y AFP (Peru); Corporate Variables Capital IQ 1Q 2023. S&P Global Ratings. Data for sovereigns and financial institutions as of Dec. 11, 2023.

Financing Conditions
Highlights

S&P Global Ratings

EM Yields | Benchmark Yields Eased In November

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

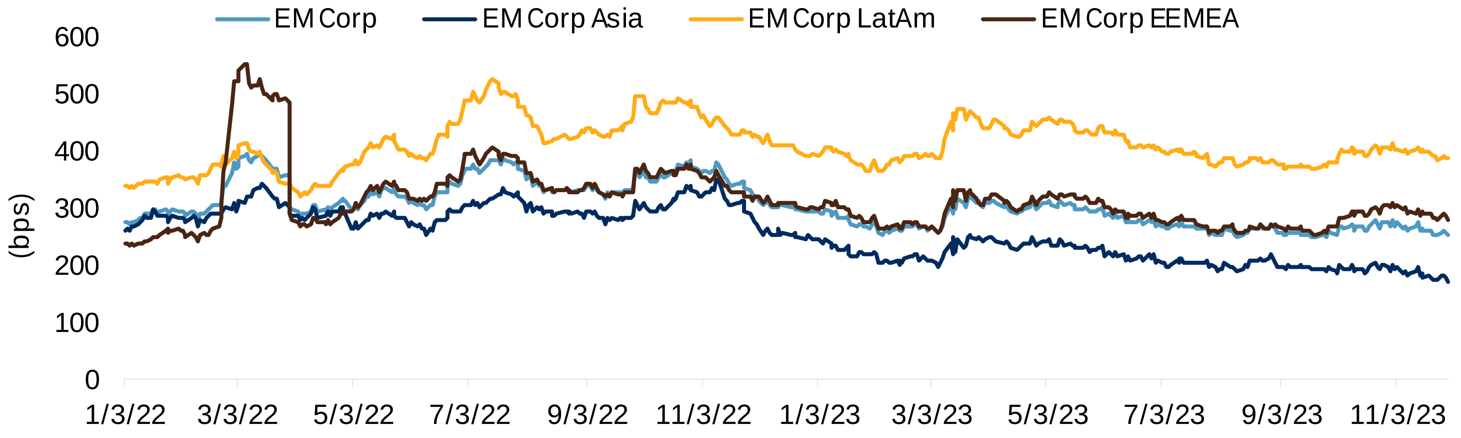


Data as of Nov. 30, 2023. The selection of country is subject to data availability. Y-axis truncated at 700 bps for visualization purposes. Turkiye records for 'YTD Change' is 1,586 bps; for 'Change Since End Of 2019' is 1,227 bps. Sources: S&P Global Ratings Credit Research & Insights, S&P Capital IQ Pro and Datastream.

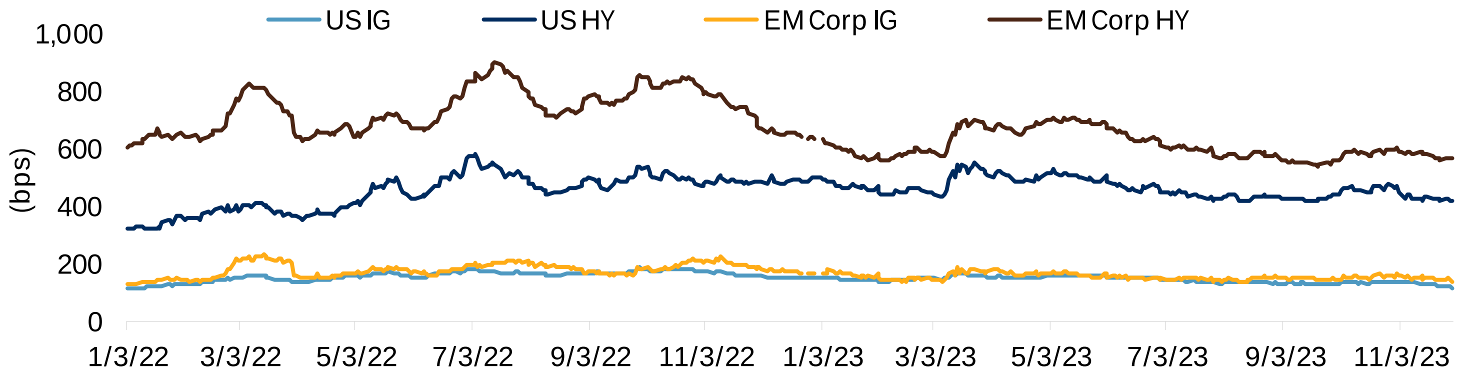
- EM 10-year benchmark yields moderated across EMs. The most significant downward movements were recorded in Turkiye (down 210 bps), given that the central bank's orthodox monetary policy is convincing markets toward Turkiye's government bonds, and in LatAm economies (down 81 bps on average) amid a resilient economic activity--especially in Mexico, Brazil, and Chile--and followed by further policy rate cuts in the latter two countries.
- The EM government bond yield easing was favored by benign macro data releases in the U.S., where slowing annual inflation and a softening job market triggered a 57-bp decrease in the U.S. government bond yields.
- Corporate financing costs, however, remain elevated despite effective corporate yields decreasing monthly by 61 bps, reaching 6.9% at the end of November. The current level of funding cost is still consistently above the 10-year average of 4.96%.

EM Credit Spreads| Narrowed In November But Remain Volatile

EM spreads by region



U.S. and EM spreads



Data as of Nov. 30, 2023. HY--high yield. IG--investment grade. Sources: S&P Global Ratings Credit Research & Insights, Refinitiv, ICE Data Indices, and Federal Reserve Bank of St. Louis.

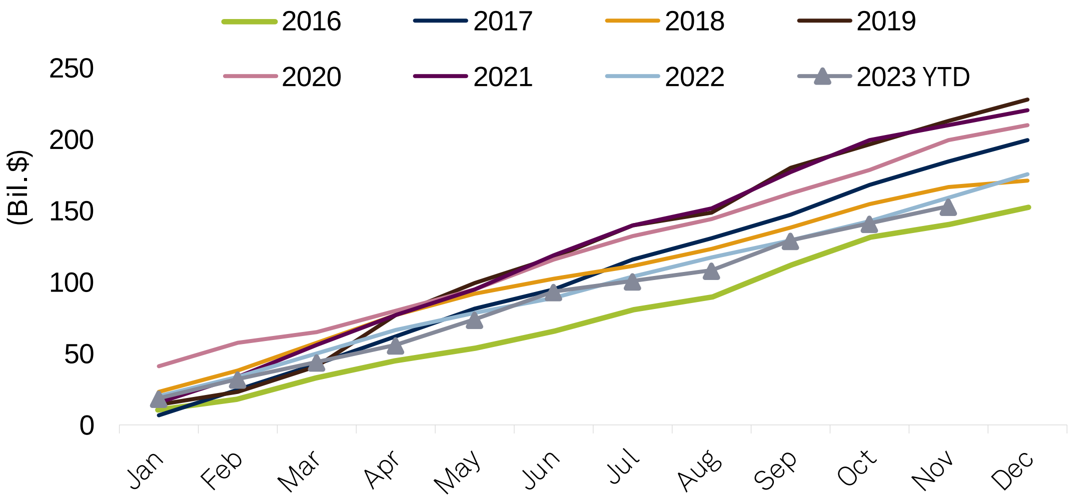
- EM corporate spreads mildly decreased. The global EM aggregate was down 18 bps from October, with the EM EMEA corporate spread falling the most across regions (down 25 bps).
- High yield spreads fell at a steeper pace. Precisely by 31 bps, offsetting the October jump. The discrepancy between investment-grade and high-yield EM spreads narrowed in November, while it slightly widened between EM and U.S. high-yield spreads. Despite the monthly developments, speculative-grade issuers remain particularly vulnerable, as latent uncertainty may set market financing in a risk-wary mode, privileging advanced economies over emerging ones.
- Spreads will continue to be impacted by external conditions: Market expectations about the Fed's monetary policy amid monetary policy easing in EMs, China's disappointing growth, geopolitical frictions--such as Russia-Ukraine and Israel-Hamas conflicts, and U.S.-China tensions--and the impact of climate events such as El Niño on local inflation.

S&P Global Ratings

EM | Financial And Non-Financial Corporate Issuance

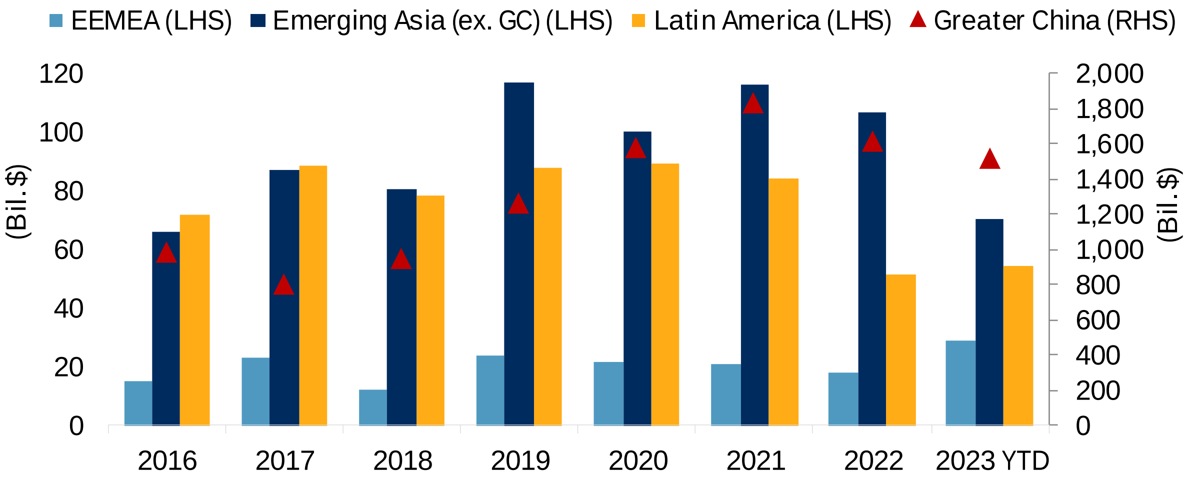
- EM overall issuance increased in November from October with a monthly volume of $160 billion, of which 91% occurring in Greater China, having seen a $17 billion increase in its bond issuance, particularly among nonbank financial institutions (up $9.7 billion), real estate ($3.7 billion), and banks ($1.5 billion). High tech (down $1.7 billion), transport ($1.5 billion), and utilities ($1.2 billion) took a breather.
- Issuances outside of Greater China rose in November to $13.2 billion, up from $11.8 billion in October. Turkyie recorded the highest monthly issuance of the year at $4.1 billion (versus yearly monthly average of $600 million), including two speculative-grade companies in the transportation sector issuing an aggregate amount of five-year $1 billion notes at 8.3%. Chile, Hungary, and the Philippines raised their monthly issuance volumes. Investment-grade issuances picked up mainly among financial institutions: $2.6 billion in Hungary, Poland, and the Philippines at five years.
- Issuances remain mostly at a fixed rate for a medium/short-term horizon (up to five years), mirroring still high uncertainty about future financing conditions and recuring to market to cover imminent refinancing needs.

EM cumulative corporate bond issuance



Excluding Greater China. Data as of Nov. 30, 2023. Data including not rated. Source: S&P Global Ratings Credit Research & Insights and Refinitiv.

EM regional bond issuance



Data as of Nov. 30, 2023. GC- Greater China. Source: S&P Global Ratings Credit Research & Insights and Refinitiv.

Ratings
Summary

S&P Global
Ratings

Ratings Summary | Sovereign Ratings in EM18

On Nov. 30, 2023, S&P Global Ratings revised its outlook on its 'B' unsolicited long-term sovereign credit rating on Turkiye to positive from stable, while affirming all ratings. Turkiye's new economic team has taken a series of steps to restore confidence in Turkish lira (TRY) assets, rebalance the economy, and ease the regulatory burden on the key financial sector. Encouragingly, both of Turkiye's twin deficits are narrowing.

Economy	Rating	Outlook	Five-year CDS spread (Nov. 30)	Five-year CDS spread (Oct. 31)
China	A+	Stable	60	82
Chile	A	Negative	56	79
Saudi Arabia	A	Stable	52	68
Malaysia	A-	Stable	41	64
Poland	A-	Stable	68	68
Philippines	BBB+	Stable	68	89
Thailand	BBB+	Stable	43	68
Indonesia	BBB	Stable	76	98
Mexico	BBB	Stable	100	121
Peru	BBB	Negative	74	100
Hungary	BBB-	Stable	143	159
India	BBB-	Stable	55	64
Colombia	BB+	Stable	188	220
Vietnam	BB+	Stable	122	141
Brazil	BB-	Positive	148	182
South Africa	BB-	Stable	235	276
Turkiye	B	Positive	333	395
Argentina	CCC-	Negative	4,184	6,318

Foreign currency ratings. Red means speculative-grade rating, and blue means investment-grade rating. China median rating includes China, Hong Kong, Macau, Taiwan. Data as of Nov. 30, 2023.
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

Rating Date	Issuer	Economy	Sector	To	From	Action type	Debt amount (mil. $)
14-Nov-23	Tata Motors Ltd. (Tata Sons Pte. Ltd.)	India	Automotive	BB+	BB	Upgrade	5,952
24-Nov-23	ESKOM Holdings SOC Ltd.	South Africa	Utilities	B	CCC+	Upgrade	3,966
12-Oct-23	Petroleos del Peru Petroperu S.A.	Peru	Oil and gas	B+	BB	Downgrade	3,000
20-Sep-23	Latam Airlines Group S.A.	Chile	Transportation	B	B-	Upgrade	2,250
21-Nov-23	Falabella S.A.	Chile	Retail/restaurants	BB+	BBB-	Downgrade	1,450
6-Sep-23	Becle S.A.B. de C.V.	Mexico	Consumer products	BBB-	BBB	Downgrade	1,300
19-Oct-23	Grupo Aeromexico S.A.B. de C.V.	Mexico	Transportation	B	B-	Upgrade	763
22-Sep-23	Termocandelaria Power S.A.	Colombia	Utilities	BB	BB-	Upgrade	596
15-Nov-23	Operadora de Servicios Mega S.A. de C.V. SOFOM E.R.	Mexico	Financial institutions	CCC+	B	Downgrade	500
29-Nov-23	KUO S.A.B. de C.V.	Mexico	Diversified	BB-	BB	Downgrade	450
11-Sep-23	PT Pakuwon Jati Tbk.	Indonesia	Homebuilders/real estate companies	BB+	BB	Upgrade	300
2-Nov-23	Unigel Participacoes S.A.	Brazil	Chemicals, packaging and environmental services	D	CCC-	Downgrade	-

Data as of Nov. 30, 2023 (last 90 days), 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. Red means speculative-grade rating, blue means investment-grade rating, and grey - default. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

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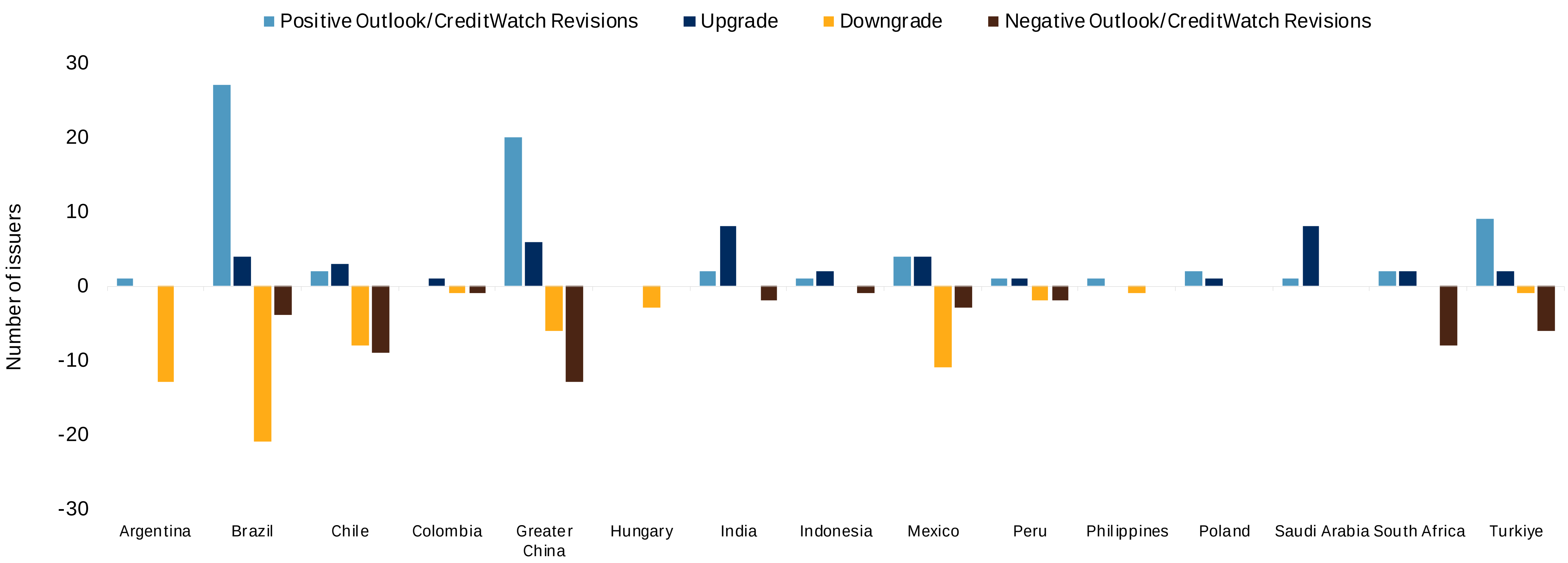
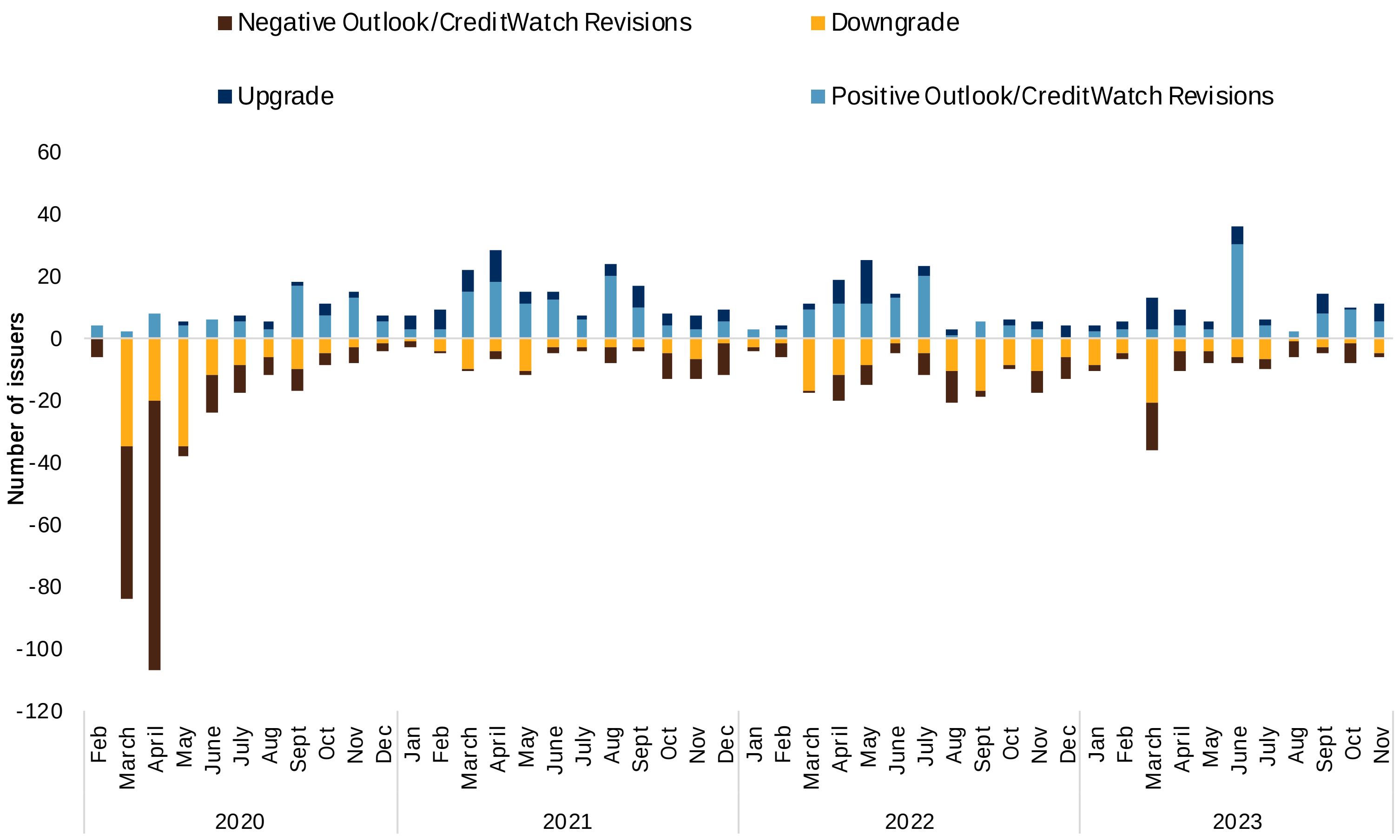
EM | Total Rating Actions By Economy Year To Date



Data 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 (issuers headquartered in Greater China but incorporated elsewhere). Source: S&P Global Ratings Credit Research & Insights.

EM | Total Rating Actions By Month

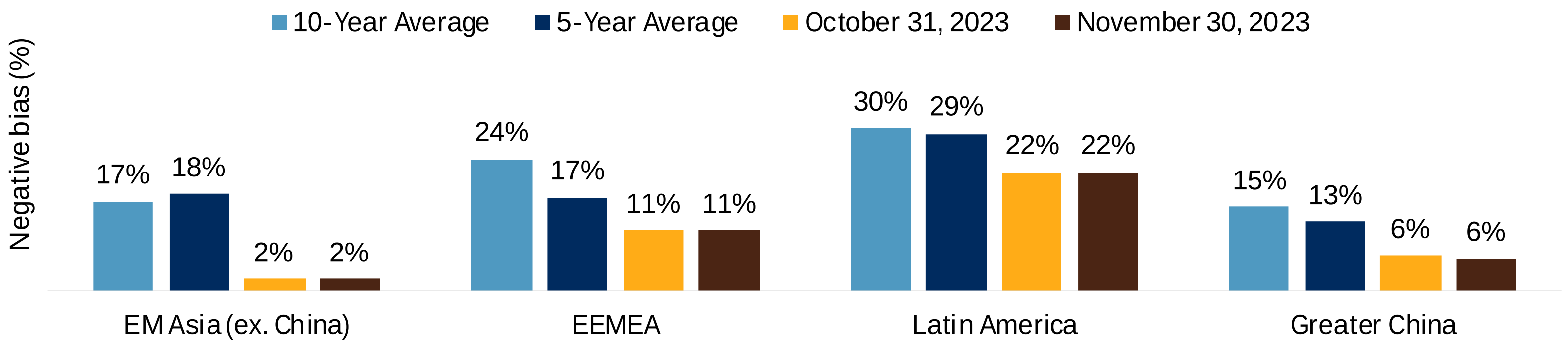


- There were six upgrades in November, up from only one in October. Four of them were in Greater China, two of which among retail issuers registering a rebound in their operating momentum as a result of growing domestic demand after the removal of Covid restrictions. The upgrades in Greater China occurred among investment-grade issuers, while the remaining ones were among speculative-grade issuers located in South Africa (Eskom Holdings; utility) and India (Tata Motors; automotive).
- There were five downgrades in November, up from two the previous month. Three came from Mexico. Operadora de Servicios Mega (Mexico; NBFI) was downgraded to 'CCC+' following a debt exchange offer; Falabella (Chile; retail) transitioned to speculative-grade level, as revenue declined because of high inflation and interest rates, taking a toll on consumption; and Unigel Participacoes (Brazil; chemicals) defaulted on a missed interest rate payment.

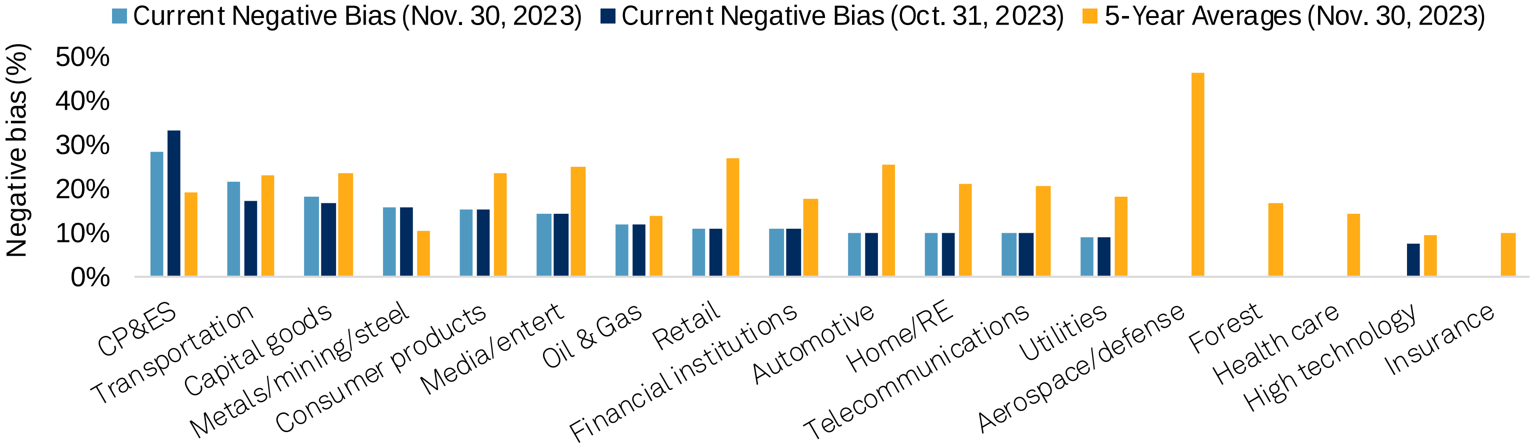
Data includes sovereigns and rating actions on subsidiaries only if there was no rating action on the Parent. Data from Feb. 3, 2020 to Nov. 30, 2023. Source: S&P Global Ratings Credit Research & Insights.

EM Downgrade Potential | Regional Negative Bias

LatAm has the highest downgrade potential



Negative bias by sector



- LatAm displays the highest downgrade potential in November, with the negative bias at 22%, the same as in October. The downgrade potential remains below the 10- and 5-year averages.
- In EEMEA, EM Asia, and Greater China the negative bias remained at its respective October level, significantly below the 10- and 5-year averages.
- Chemicals, packaging and environmental services and metals and mining and steel are the only two sectors (out of 18) displaying a negative bias higher than the historical average.

Data as of Nov. 30, 2023; excludes sovereigns. Excludes subsidiaries. Source: S&P Global Ratings Credit Research & Insights .

S&P Global Ratings

Rating Actions | Rating Changes From ‘B-’ To ‘CCC/CC’ In 2023 Year To Date

One rating movement to ‘CCC/CC’ from 'B-’ in 2023 through Nov.30 in EM 18

Rating date	Issuer	Economy	Sector	To	From	Deb amount (mil. $)
14-Mar-23	Guacolda Energia S.A.	Chile	Utilities	CC	B-	500

Debt volume includes subsidiaries and excludes zero debt. Red means speculative-grade rating. Data as of Nov. 30, 2023; includes sovereigns and Greater China and Red Chip companies (issuers headquartered in Greater China but are incorporated elsewhere). Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | EM Fallen Angels And Rising Stars In 2022 And 2023 Year To Date

Three EM fallen angels in 2022; one fallen angel in 2023 year to date

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil.$)
21-Nov-23	Falabella S.A.	Chile	Retail/Restaurants	BB+	BBB-	1,450
23-Sep-22	Anadolu Efes Biracilik ve Malt Sanayii AS	Turkiye	Consumer Products	BB+	BBB-	1,500
2-Sep-22	Li & Fung Ltd.	Bermuda	Consumer Products	BB+	BBB-	2,250
15-Mar-22	Petroleos del Peru Petroperu S.A.	Peru	Oil & Gas Exploration & Production	BB+	BBB-	2,000

Three EM rising stars in 2022; no rising star in 2023 year to date

Rating date	Issuer	Economy	Sector	To	From	Debt amount (mil.$)
21-Nov-22	Axis Bank Ltd.	India	Bank	BBB-	BB+	95
2-Jun-22	JBS S.A. (J&F Investimentos S.A.)	Brazil	Consumer products	BBB-	BB+	18,850
28-Apr-22	Gold Fields Ltd.	South Africa	Metals, mining and steel	BBB-	BB+	1,000

Debt volume includes subsidiaries and excludes zero debt. Red means speculative-grade rating and blue means investment-grade rating. Data as of Nov. 30, 2023; includes sovereigns and Greater China and Red Chip companies (issuers headquartered in China but incorporated elsewhere). Source: S&P Global Ratings Credit Research & Insights.

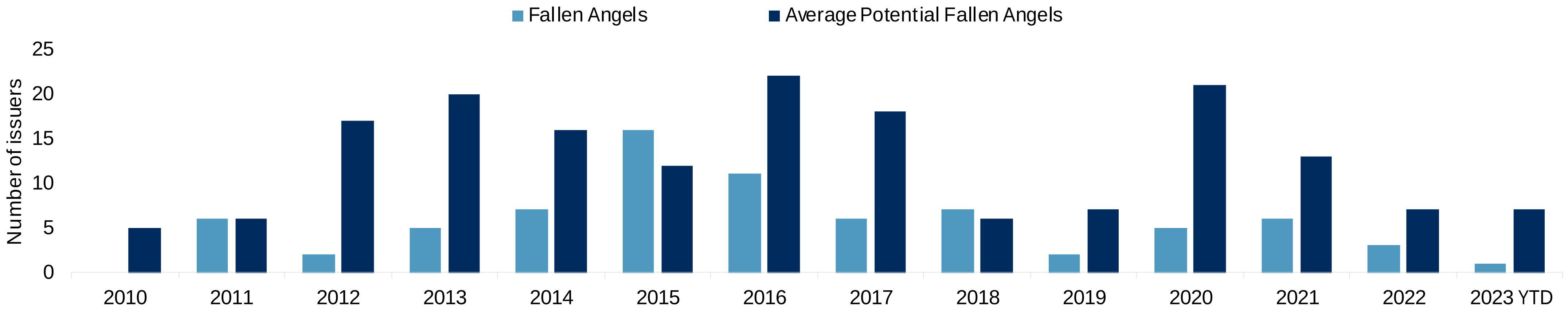
Rating Actions | List Of Defaulters In 2023

Rating Date	Issuer	Economy	Sector	To	From	Debt amount (mil. $)
6-Jan-23	Republic of Argentina*	Argentina	Sovereign	SD	CCC-	153,221
16-Jan-23	Americanas S.A. (Lojas Americanas S.A.)	Brazil	Retail/Restaurants	D	B	1,000
20-Jan-23	Mexarrend, S.A.P.I. de C.V.	Mexico	Financial institutions	D	CC	300
3-Feb-23	Oi S.A.	Brazil	Telecommunications	D	CCC-	1,654
9-Mar-23	Republic of Argentina*	Argentina	Sovereign	SD	CCC-	153,048
14-Mar-23	Gol Linhas Aereas Inteligentes S.A.	Brazil	Transportation	SD	CC	650
20-Mar-23	TV Azteca, S.A.B. de C.V.	Mexico	Media and entertainment	D	NR	-
12-Apr-23	Guacolda Energia S.A. (A)	Chile	Utilities	D	CC	500
27-Apr-23	Grupo IDESA S.A.B. de C.V.	Mexico	Chemicals, packaging and environmental services	SD	CC	300
8-Jun-23	Republic of Argentina*	Argentina	Sovereign	SD	CCC-	153,181
12-Jun-23	InterCement Brasil S.A. (InterCement Participacoes S.A.)	Brazil	Forest products and building materials	SD	CC	-
14-Jul-23	Azul S.A.	Brazil	Transportation	SD	CC	1,000
16-Aug-23	Guacolda Energia S.A. (B)	Chile	Utilities	D	CC	500
19-Sep-23	Sunac China Holdings Ltd.	Cayman Islands	Homebuilders/real estate companies	D	NR	-
25-Oct-23	Investimentos e Participacoes em Infraestrutura S.A. – Invepar	Brazil	Transportation	D	CCC-	-
2-Nov-23	Unigel Participacoes S.A.	Brazil	Chemicals, packaging and environmental services	D	CCC-	-

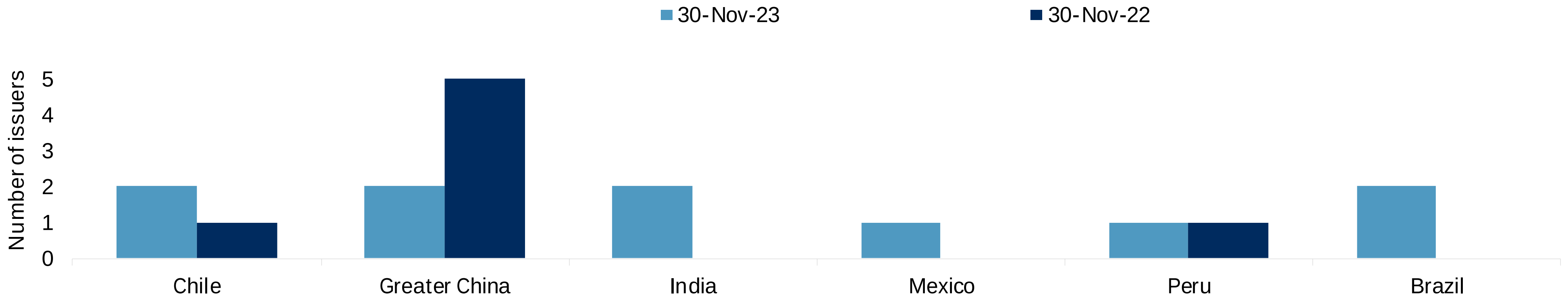
*Data as of Nov. 30, 2023. Includes both rated and zero debt defaults. Includes sovereigns, Greater China, and Red Chip companies (issuers headquartered in China but incorporated elsewhere). Red means speculative-grade rating, and grey means default (D) or selective default (SD), Not Rated (NR). *Republic of Argentina default refers to its local currency long-term rating. Five confidential defaults through Nov. 30, 2023.*
Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

Rating Actions | Fallen Angels And Potential Fallen Angels

Only one fallen angel in 2023 year to date



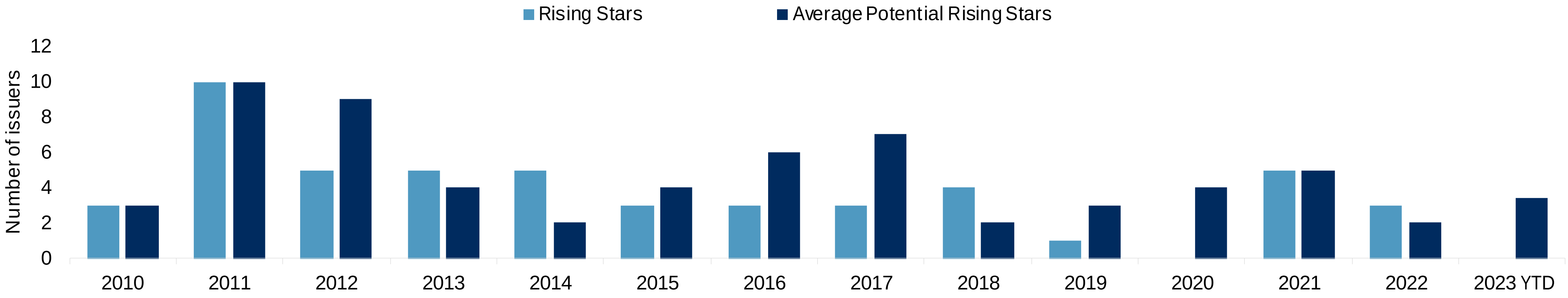
EM potential fallen angels trending up



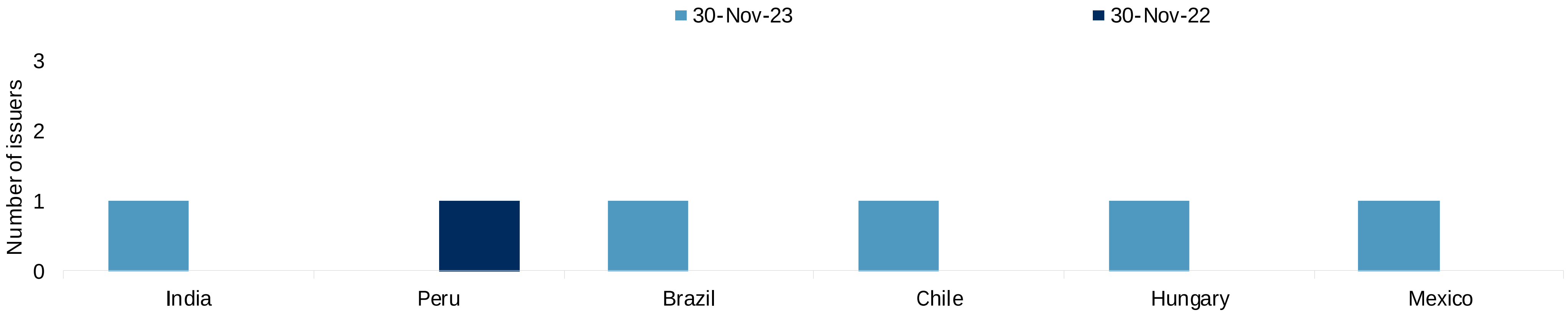
Data as of Nov. 30, 2023. Greater China--China, Hong Kong, Macau, Taiwan, and Red Chip companies (issuers headquartered in China but incorporated elsewhere). Source: S&P Global Ratings Credit Research & Insights.

Rating Actions | Rising Stars And Potential Rising Stars

No rising stars in 2023 year to date



EM potential rising stars up from 2022



Data as of Nov. 30, 2023. Greater China--China, Hong Kong, Macau, Taiwan, and Red Chip companies (issuers headquartered in China but incorporated elsewhere). Source: S&P Global Ratings Credit Research & Insights.

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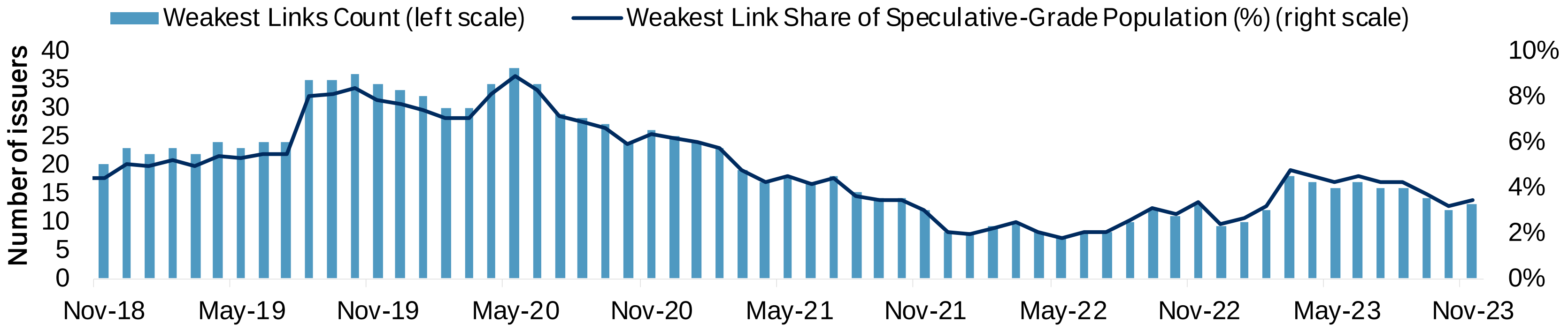
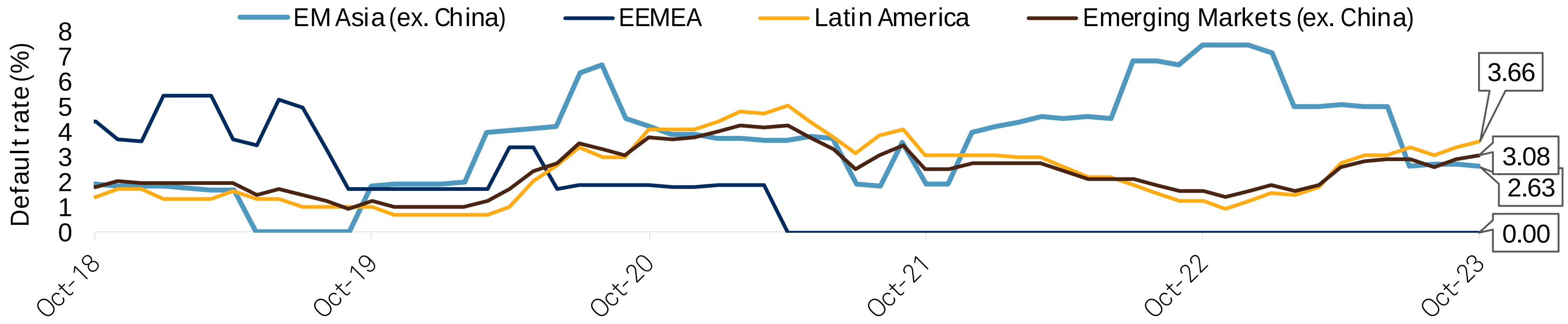
Rating Actions | Weakest Links And Defaults

EM weakest links rose to 13 in November



Data as of Nov. 30, 2023. Parent only. Weakest links are defined as issuers rated 'B–' or lower with negative outlooks or ratings on CreditWatch with negative implications. Source: S&P Global Ratings Credit Research & Insights .

Default rate this month (as of October 2023)



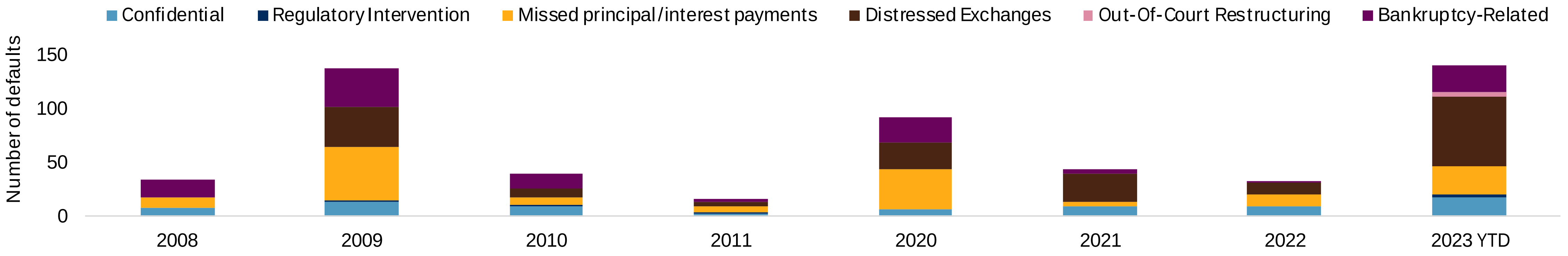
Excluding China. CreditPro data as of Oct. 31, 2023. Default rates are trailing 12-month speculative-grade default count divided by trailing 12-month speculative-grade issuer count. Excludes sovereigns. Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

– Weakest links. EM weakest links rose to 13 issuers in November (3% of total speculative-grade issuers) from 12 in October. Unigel Participacoes defaulted, while Invepar (transportation; Brazil) was assigned a 'CCC+' rating and a negative outlook after its default. Finally, Operadora de Servicios Mega was downgraded to 'CCC+' from 'B' as previously mentioned.

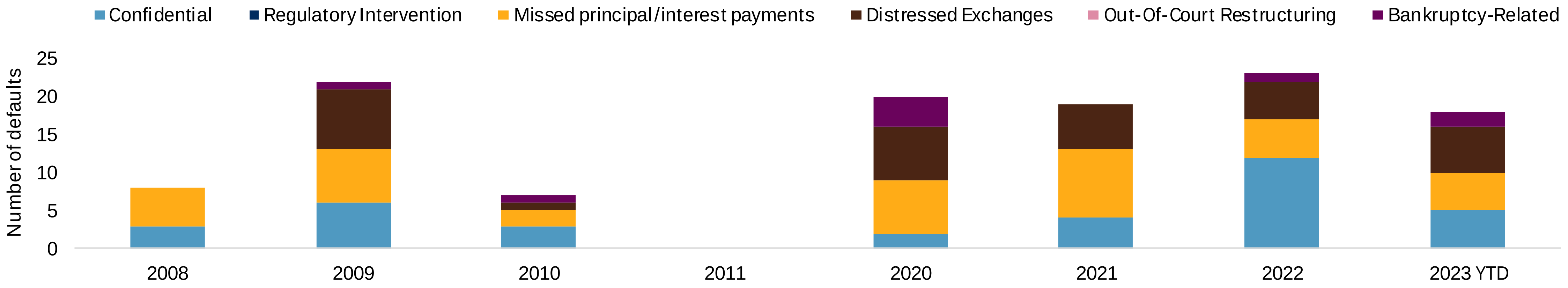
– Default rates. The October default rate (excluding for China) increased to 3.08%, mainly driven by LatAm, where 16 out of 18 EM defaults occurred through Nov. 30.

Rating Actions | Defaults

Year-end global corporate defaults by reason



Year-end EM 18 corporate defaults by reason



**Data as of Nov. 30, 2023. Data has been updated to reflect confidential issuers. Excludes sovereigns, includes Greater China, and Red Chip companies (issuers headquartered in China but incorporated elsewhere).*
Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

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Related Research

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EMs | Related Research

- The Energy Transition And Its Impact On Latin American Power Prices, Dec. 6, 2023
- Global Credit Outlook 2024: New Risks, New Playbook, Dec. 4, 2023
- Which EMs Are Better Positioned To Outperform In 2024?, Dec. 4, 2023
- Credit Conditions Emerging Markets Q1 2024: Not Getting Easier, Nov. 28, 2023
- Economic Outlook Emerging Markets Q1 2024: Challenging Global Conditions Will Constrain Growth, Nov. 27, 2023
- Islamic Finance's Role In The Climate Transition, Nov. 23, 2023
- Argentina's Incoming Administration Faces Difficult Economic Policy Implementation, Nov. 21, 2023
- Why Remittances Matter And Where Do They Matter The Most?, Nov. 20, 2023
- Emerging Markets Monthly Highlights: Volatility Abroad, Domestic Resilience, Nov. 16, 2023
- Regional Gas Is More Exposed Than Oil To War In The Middle East, Nov. 15, 2023
- Middle East Sustainable Bonds May Expand Further, Nov. 14, 2023
- GCC Sovereigns' Fiscal Positions To Strengthen, Nov. 14, 2023
- GCC Sovereign External Balance Sheets Remain Strong Despite Higher Banking Sector External Debt, Nov.13, 2023
- What a Regional Escalation Could Mean For MENA Banks' External Funding, Nov. 13, 2023

EMs consist of LatAm: Argentina, Brazil, Chile, Colombia, Peru, Mexico. EM 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).

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