

MNI Emerging Markets Credit Weekly

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Market Indicators					Emerging Markets Trends (z-sprd, YTD)			
Market	Current	WTD	MTD	YTD	GLOBAL EM	ASIA	CEEMEA	LATAM
USD 10y	4.38	-0.02	+0.15	-0.19	450			
CDX EM	153.4	+2.1	-3.9	-19.2	350			
CDX IG	51.0	+0.7	-0.4	+1.1	300			
CDX HY	321.3	+7.1	+0.5	+9.8	250	197		
Oil (\$/bbl)	69.5	+3.4	+4.3	-2.3	200			
Gold (\$/ozt)	3,292.6	-76.1	-10.6	+668.1	150			
Copper (\$/lb)	441.8	-136.0	-61.3	+39.1	100	91		
Index Weekly (z-sprd)					50			
						-3.3bp	-2.2bp	-3.4bp
								-4.2bp

Weekly Recap

A stronger \$ in July was largely ignored and EM \$ index spreads continued to grind tighter, narrowing by 3.3bp in the week, as tariff agreements with Korea, Thailand & Malaysia grabbed headlines alongside tariff reprieves for both Brazil & Mexico. Additionally, the IMF upgraded its 2025 EM growth forecast to 4.1% from 3.7%, largely attributed to a +0.8% boost from China and a +0.5% revision for Mexico, which is now expected to post modest growth (0.2%) after tariff relief. The new issue market was subdued at \$15.5bn, with limited activity in ASIA (\$0.3bn) and CEEMEA (\$1.2bn). Mexico's jumbo structured notes (\$12bn) accounted for most of the issuance out of LATAM (\$14bn). Despite earnings season generally falling short of expectations across most EM regions, the positive tone in spreads persisted. Within our coverage, ASIA \$ benchmark spreads tightened by 1–2bp, while LATAM was 2–4bp tighter and CEEMEA 3–5bp tighter.

Issuance (\$bn)	GLOBAL EM		ASIA		CEEMEA		LATAM	
	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD
	USD&EUR	15.5	366.0	0.3	90.7	1.2	176.0	14.0
ASIA	Only the one issue in ASIA. Li & Fung, a mid BB global supply chain management company, priced a \$ 3.5NC2 bond at a yield of 8.75% versus IPT of 9%. The bond has traded up since launch.							
CEEMEA	Niche focused GCC real estate developers Arada (sustainable) and Binhatti (Luxury) issued \$ 5Y sukuk's, pricing close to or through FV.							
LATAM	Mexico issued \$12bn of pre-capitalised structured notes to help support Pemex, pricing -30bp from IPT and trading up in secondary.							

Key Stories	Comment	Valuations
ASIA	Korea agreed a 15% US tariff rate, while Thailand & Malaysia agreed to 19%, matching Indonesia. The IMF raised Asia growth forecasts, notably for China (+0.8%) and Malaysia (+0.4%), partly due to lower-than-expected tariffs. AI call centre development (e.g. LG Uplus/OpenAI) is a risk to the Philippines' economy, as call centres make up 8–9% of GDP. SK Innovation's weak results, mainly from refining, were offset by a recent capital raise.	TOPTB 30s -11bp KNBZMK 33s -4bp SKBTAM 27s +5bp
CEEMEA	Turkish bank earnings reflected market volatility in 2Q as banks lowered NIM guidance for the FY. In general, lower inflation and a loosening rate environment bodes well for both Turkish bank and corporate spreads for H2. Hungary cut its GDP growth forecast for 2025 and 2026 to 1% and 2.5%, which was already anticipated rating agencies and the market.	TURKEY 31s unch REPHUN 30s -4bp UKRAIN 30s unch
LATAM	IMF approved \$2bn for Argentina, Brazil's temporary exemption from US tariffs, and Mexico negotiating a 90-day tariff reprieve was supportive for spreads. Mexico's support for Pemex via structured P-cap notes, combined with improved 2Q results, supported credit spreads. Braskem and Vale reported a supportive trading update and earnings.	PEMEX 30s -28bp BRAZIL 36s -2bp ARGENT 35s -10bp

Key Rating Actions

Issuer	Region	Country	Action
Turkish Issuers	CEEMEA	TURKEY	Moody's upgrade Turkey one notch to Ba3, resulting in upgrades across banks and corporates.
HYUELE	ASIA	KOREA	Moody's upgrade outlook on its Baa2 rating to positive on solid earnings, leadership in chips.

The Week Ahead

A rising volume of earnings—typically not a major driver of spreads—coupled with the classic summer lull and limited new issuance, should keep spreads anchored at or near the tight end of their YTD ranges. In ASIA, the absence of live \$ mandates means markets will likely concentrate on the potential for a new trade deal with India, which remains subject to a higher 25% tariff rate. In CEEMEA, investor attention is turning to President Trump's August 8th deadline for a Ukraine/Russia ceasefire; we expect this to pass without resolution, making subsequent developments pivotal for market confidence. In LATAM, the impending implementation of U.S. tariffs on Brazil from the new August 6th deadline is set to be the primary catalyst driving risk appetite and regional spreads.