

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	4.3	+0.1	-0.1	-0.2	450			
CDX EM	151.3	-9.8	-15.9	-21.2	350			
CDX IG	49.3	-3.1	-5.7	-0.5				
CDX HY	308.2	-21.0	-37.4	-3.3	250	206		
Oil (\$/bbl)	66.9	+1.6	+3.5	-4.8	150			
Gold (\$/ozt)	3,330.0	+2.1	-23.4	+705.5		98		
Copper (\$/lb)	508.0	+1.4	+24.6	+105.4	50			
Index Weekly (z-sprd)					-15.6bp	-15.3bp	-16.8bp	-17.6bp

Weekly Recap

Markets demonstrated real optimism around tariff discussions, which, on top of a more benign geopolitical backdrop in the Middle East and low issuance levels, drove EM \$ spreads materially tighter (-16bp). ASIA and LATAM have established new YTD tights. Overall total returns for EM remained positive (+0.5%). In our coverage, ASIA \$ spreads were mostly tighter, with India the outperformer (5-10bp tighter). Thai and South Korea benchmark bonds lagged (3-5bp wider) on tariff risks. CEEMEA was also firm, sovereign spreads tightened 5-30bp despite heavy issuance, which was well absorbed with deals offering little if any NIC. In LATAM, benchmark bond spreads were 5-10bp tighter, Costa Rica a marginal outperformer. The primary market was quiet, with no new issuance in the region after a strong showing in the prior week.

Issuance (\$bn)	GLOBAL EM		ASIA		CEEMEA		LATAM	
	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD
USD&EUR	8.8	315.0	2.9	81.7	5.9	153.7	0.0	79.6
ASIA	A quiet week for issuance (\$3bn) with several mandates priced. We saw strong interest in Chinese, State backed food company, Bright Food (BRTFOD). The €800mn 5Y deal was heavily subscribed (9x) and IPT revised materially tighter.							
CEEMEA	Strong investor demand absorbed dual tranche Poland € 7Y & 12 Y, pricing with 5bp NIC vs MNI's FV. GCC financial institutions issued \$ subordinated deals aggressively priced vs secondary: Tier 2 (QATICD) and AT1 (RAKBNK, NTBKKK).							
LATAM	A quiet week in LATAM with no new issues in the primary market ahead of Independence Day.							
Key Stories	Comment				Valuations			
ASIA	Thailand and South Korea weaker as the July 9 th tariff deadline looms. Vedanta continues to focus on deleveraging, announcing a 1.6% stake sale in Hindustan Zinc (\$350mn), outperforming other India credits. In China real estate, Vanke agreed additional loan funding from Shenzhen Metro (RMB6.2bn) to support debt repayment. Overall positive, though asymmetric – limited upside on more refinancing.				KOREA 31s +9bp PTTEPT 30s +3bp VEDLN 31s -31bp VNRKLE 29s +1pts			
CEEMEA	In Senegal, continued uncertainty about public finances has seen spreads under pressure, we await a resumption of IMF talks, pending ongoing own audit by the govt. Nigeria completed IMF's Art. IV Consultations, an important step forward, but we think it is reflected in spreads near the local lows. UAE's cooling champion, Tabreed, remains acquisitive, adding capacity with PAL Cooling - management to preserve the IG profile.				SENEG 33s +111bp NGERIA 34s -24bp TABRED 30s -5bp			
LATAM	A U.S. District Court has ordered Argentina to give back its 51% stake in energy company YPF as payment for a \$16bn judgement given in 2023. The Argentine government has requested the judge suspend the ruling and give time for an appeal. Pemex bond prices rose as investors anticipated the Mexican government's long-term plan, due in around 3 weeks. Colombia announced possible buybacks of \$ bonds.				ARGENT 35s +12bp PEMEX 35s -17bp COLOM 35s -28bp			

Key Rating Actions

Issuer	Region	Country	Action
LONGFOR	ASIA	Hong Kong	Fitch cuts 1 notch to BB- as falling sales expected to strain cash flow and liquidity.
VARIOUS	CEEMEA	Uzbekistan	Fitch upgrades across banking/ Utilities post Sov upgrade, expect further upgrades in corps.

The Week Ahead

Focus remains on tariffs, with the U.S. deadline fast approaching on Wednesday. President Trump is expected to send letters to 10-12 countries on new tariff levels today – potentially triggering volatility around the headlines, with spreads skewed to widening. In Asia, S. Korea is in focus, with its trade minister heading to the U.S. to try and secure a favourable deal. In CEEMEA, we expect to see more primary activity on the back of the healthy issuance towards the end of Q2, for what could lead to a bumper year in the region. We also monitor for any updates on Senegal and South Africa in terms of public finances. Finally, in Argentina, we could see an IMF decision on a \$2bn loan.