

## 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               | 4.4     | ↑ +0.0  | ↓ -0.1  | ↓ -0.2   |  | 450                                   |        |        |        |
| CDX EM                | 152.7   | ↑ +1.4  | ↓ -7.6  | ↓ -19.8  |  | 350                                   |        |        |        |
| CDX IG                | 49.8    | ↑ +0.5  | ↓ -3.5  | ↓ -0.0   |  | 250                                   |        |        |        |
| CDX HY                | 311.9   | ↑ +3.8  | ↓ -24.6 | ↑ +0.4   |  | 206                                   |        | 206    |        |
| Oil (\$/bbl)          | 66.7    | ↓ -0.3  | ↑ +1.7  | ↓ -5.0   |  | 150                                   |        |        |        |
| Gold (\$/ozt)         | 3,331.5 | ↑ +5.4  | ↑ +7.8  | ↑ +707.0 |  | 100                                   |        |        |        |
| Copper (\$/lb)        | 558.5   | ↑ +48.8 | ↑ +68.5 | ↑ +155.9 |  |                                       |        |        | 290    |
| Index Weekly (z-sprd) |         |         |         |          |  | +0.3bp                                | +1.6bp | +2.7bp | -3.1bp |

## Weekly Recap

Markets, having set aside geopolitical risks, focused on copper (+11%) and letters sent by President Trump warning countries of higher tariffs if no deal. The most relevant topics being proposed tariffs on copper (50%) and the letter to Brazil, in which tariffs were also linked to domestic politics. We note Brazil exports are increasingly skewed towards China. EM \$ index spreads were wider (+0.3bp), the outperformer being LATAM (-3.1bp). In our coverage, ASIA \$ spreads were wider, the exception being India (3-5bp tighter), which avoided a tariff letter. Sov spreads in CEEMEA performed 5-20bp, as issuance was well absorbed. In LATAM spreads 2-5bp wider on profit taking. Chile and Mexico are major copper producers, we see limited impact given U.S. copper shortfalls.

| Issuance (\$bn) | GLOBAL EM |       | ASIA |      | CEEMEA |       | LATAM |      |
|-----------------|-----------|-------|------|------|--------|-------|-------|------|
|                 | WTD       | YTD   | WTD  | YTD  | WTD    | YTD   | WTD   | YTD  |
| USD&EUR         | 12.8      | 331.7 | 3.5  | 87.4 | 7.7    | 163.5 | 1.5   | 80.8 |

|        |   |
|--------|---|
| ASIA   | We saw the first Thai deal for the year. Finance company Muangthai Capital launched a \$350mn 5Y deal at a yield of 7.55% versus an IPT of 7.85% area. In all the deal took over \$940mn in orders (2.7x subscribed).   |
| CEEMEA | Romania's \$ deal attracted overwhelming demand despite chunky 3.75bn issuance, priced slightly through FVs; whilst in € it tapped the 39s, upsizing it to 2bn. The Federation of Bosnia Herzegovina issued a well-received debut € sub-bench priced at FV, swiftly followed by Türkiye providing an alternative to investors with a € 6Y deal leaving NIC to FV. |
| LATAM  | Guatemala 2-part deal priced at the tight end of fair value range with a 10s/30s credit curve of only 5bp. Spain based LATAM electricity generator Enfragen, which has an IG rating from S&P, issued 7NC3 notes at an 8.5% yield.   |

| Key Stories | Comment   | Valuations  |
|-------------|---|---|
| ASIA        | Vedanta was the target of short-seller Viceroy, which called into question debt sustainability. Investors didn't hear anything new, and the sell-off was contained. In China unconfirmed reports of more real estate support next week drove Vanke higher, but its clear positive news is mostly priced. Finally, proposed copper tariffs (50%) had a marginal impact on Indonesia Freeport, the 6 <sup>th</sup> largest producer in the world. | VEDLN 31s -1.3pt<br>VNRLE 29s +1pt<br>FRIDPT 32s +2bp |
| CEEMEA      | Supportive signal for credit following Turkey's President Erdogan comments on his government running a full term, with elections due (no earlier than) in '28. Türkiye swiftly tapped investors in € the next day. With copper topical, supportive read into the latest prod'n update for DRC's Ivanhoe Mines despite recent headwinds. Zambia-focused First Quantum also on the radar screen with copper shipping out of Cobre resumed.        | TURKEY 35s -1bp<br>IVN 30s -7bp<br>FMCN 33s +5bp      |
| LATAM       | A proposed 50% U.S. tariff on copper had little impact on Codelco and Chile sovereign as U.S. prod'n has been insufficient to meet demand. The 50% U.S. tariff on Brazil had small impact on plane maker Embraer, but not much else. Bonds of Brazil's Braskem rallied on hopes for a potential tax incentive bill making its way through congress.   | CDEL 36s +3bp<br>EMBRBZ 35s +6bp<br>BRASKM 33s -53bp  |

## Key Rating Actions

| Issuer | Region | Country  | Action   |
|--------|--------|----------|--|
| BGARIA | CEEMEA | Bulgaria | S&P and Fitch upgrade from BBB to BBB+ on formal approval to join eurozone, no surprise.   |
| FROTO  | CEEMEA | Türkiye  | S&P downgrade to BB- on leverage and sov rating acting as constrain to domestically focused biz vs uplift from parent FMC. FROTO 29s spreads charting at local lows. |

## The Week Ahead

Earnings season kicks off with mkts focused on any negative guidance related to tariff risks. We assume issuers will remain vague on this topic until trade deals are confirmed. We expect spreads to remain soft. In ASIA, event risk around Vedanta remains, Viceroy may double down on its negative view. China RE may get additional State support. CEEMEA may see primary from Turkish corp's on the back of the sov € deal.

Source: MNI/Bloomberg Finance L.P. /Company Data/IMF