

MNI Emerging Markets Credit Weekly

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Riccardo Galletto, Makeem Asif, Eric Sharper & Robert Kessler

Market Indicators					Emerging Markets Trends (z-sprd, YTD)			
Market	Current	WTD	MTD	YTD	GLOBAL EM	ASIA	CEEMEA	LATAM
USD 10y	4.33	+0.04	-0.05	-0.24	450			
CDX EM	148.3	+2.6	-5.5	-24.3	350			
CDX IG	51.6	+1.6	+0.6	+1.7	250			
CDX HY	328.0	+10.5	+11.0	+16.6	150	194		
Oil (\$/bbl)	63.6	-0.4	-3.6	-8.2	50			
Gold (\$/ozt)	3,329.8	-5.6	-67.2	+705.3		88		
Copper (\$/lb)	444.1	-3.8	-117.0	+41.5				
Index Weekly (z-sprd)					+1.6bp	-1.1bp	+2.2bp	+3.0bp

Weekly Recap

EM USD benchmark credit spreads marginally wider during the week as markets focused on upcoming Fed Chair Jerome Powell's Jackson Hole speech. Asia showed a resumption of primary activity with new mandates from Korea Oil and Swire Pacific. Indonesia's Central Bank surprised markets by cutting rates 25bp for the second consecutive month and signalled further easing to support economic growth. In CEEMEA, lack of issuance proved spread supportive. Earnings continued to flow through with some meaningful updates from Turkish consumer names Vestel, Ülker and Şişecam. Ukraine's credit spread dynamics remain in focus as Presidents Trump and Zelensky met with EU officials. In LATAM, spread moves were minimal despite several macro events and a flux of earnings that dictated individual spread moves; commodity exposed SQM, Adecoagro and Raizen disappointed while Brazil transport company Simpar beat.

Issuance (\$bn)	GLOBAL EM		ASIA		CEEMEA		LATAM	
	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD
	USD&EUR	1.9	360.5	0.9	92.8	0.0	177.2	1.0
ASIA	Swire Properties came with a \$ 7Y deal and priced around our FV. Korea Oil announced a USD mandate.							
CEEMEA	Turkey announced issuance of \$ 1Y Sukuk to domestic investors (pricing Friday), similar to last month.							
LATAM	Colombian food company Nutresa taps 5s/10s for USD1bn 155bp lower than initial issuance 3 months ago.							
Key Stories	Comment						Valuations	
ASIA	China Hongqiao spreads were soft despite optimism on aluminium prices, which are benefiting from ongoing industry support from China. Real estate firm Longfor issued a profit warning with limited spread impact. In South Korea, Korea Hydro & Nuclear Power Co. faces margin pressure as Westinghouse deal likely to raise costs, spreads unchanged.						HONGQI 28s +2bp LNGFOR 32s +5bp KOHPNW 29s unch	
CEEMEA	Earnings flowed in CEEMEA. Vestel reported weak Q2 results, bonds were volatile and closed-down 5 pt (intraday low -9pt) on the day. Ülker also reported results which we viewed as mixed, with solid topline growth and weaker margins, spreads were unchanged. In Frontier markets , upgrades for Pakistan's banking sector and WAPDA post sovereign upgrade by Moody's. Note PAKWNP 31s are +22 pt vs April's lows.						VESTL 29s -4.5 pt cash ULKER 31s unch SISETI 32s -8bp PAKWNP 31s unch	
LATAM	Business-friendly candidate won the Bolivian presidential election and resulted in spreads tightening, while Panama detailed plans to reduce debt and maintain IG rating. Raizen's ethanol division weighed on earnings and credit spreads. Brazil transport company Simpar earnings beat and announced asset sale, resulted in spreads tightening. Questions arose around Brazil banking sector complying with U.S. sanctions with Banco do Brasil in focus.						BOLIVI 30s -244bp PANAMA 35s -10bp RAIZBZ 34s +21bp SIMHBZ 31s -91bp BANBRA Perp +177bp	

Key Rating Actions

Issuer	Region	Country	Action
JSWINI	ASIA	India	First time rating by S&P at BBB-, its IG rating is based on healthy cash flows from Ports.
Kosmos	Africa	Ghana	Two-notch downgrade by Fitch on weak Q2 earnings already priced in.
Pemex	LATAM	Mexico	Moody's B3 moved to watch positive following more government support.

The Week Ahead

Watch for the US ECO calendar (Core PCE, 2Q GDP) if any surprise on Tsy yields, that could trigger a flurry of refi for EM borrowers on a drop in rates, as credit spreads remain at all-time lows. Rescheduled date for US-India tariff discussions might be announced next week, would be positive for spreads. Neutral view on key macro events in CEEMEA including rate decisions from Hungarian CB (expected to leave unch at 6.5% with hawkish guidance reiterated), Poland preliminary August CPI read and Czech preliminary Q2 GDP release. We anticipate issuance to pick-up globally from week after next as earnings season comes to a halt. Braskem will be topical as businessman Tenure's exclusivity agreement expires, the Co. could announce asset sales and other derisking initiatives. Note BRASKM 33s at 67 3/4 area cash price are down 25 pt YTD.