

MNI EM Credit Weekly: It's Raining Bonds

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Market Indicators					Emerging Markets Trends (z-sprd, YTD)			
Market	Current	WTD	MTD	YTD	GLOBAL EM	ASIA	CEEMEA	LATAM
USD 10y	4.13	↑ +0.04	↑ +0.04	↓ -0.44				296
CDX EM	147.6	↑ +0.4	↑ +2.7	↓ -25.0				
CDX IG	52.6	↑ +1.0	↑ +3.1	↑ +2.8				
CDX HY	327.4	↑ +5.9	↑ +7.2	↑ +15.9				
Oil (\$/bbl)	61.3	↑ +0.8	↓ -1.3	↓ -10.4				
Gold (\$/ozt)	3,971.7	↑ +115.1	↑ +345.1	↑ +1347.2				
Copper (\$/lb)	509.4	↑ +14.5	↑ +59.3	↑ +106.8				
Index Weekly (z-sprd)					-7.8bp	-2.3bp	-4.3bp	-18.7bp

Weekly Recap

Overall spreads show resilience despite a deluge of primary issuance. In Asia, spreads were 2-3bp tighter in a subdued trading context, with both **China** and **Korea** closed for most of the week. **Indonesia** was the sole issuer this week. **Thailand** surprised markets by keeping rates unch at 1.5% (25bp cut expected) possibly to preserve future policy space, while the **Philippines** cut 25bp unexpectedly. In CEEMEA, GCC issuance continued to rain down. **Czechia** spreads were stable following elections and coalition talks. In Latam, **Argentina** spent scarce FX reserves attempting to support its ccy, then the U.S. came to the rescue. **Ecuador's** President Noboa was attacked by protesters in what the govt. called an assassination attempt. The **Brazil** high yield corporate bond sector was still jittery after **Braskem** and **Ambipar** credit events late last month.

Issuance (\$bn)	GLOBAL EM		ASIA		CEEMEA		LATAM	
	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD
USD&EUR	11.5	488.3	3.0	120.9	7.4	244.7	1.1	122.8

ASIA	Indonesia printed a dual-tranche USD 5.5Y and 10.5Y deal, which was 2-3x subscribed, followed by an 8Y EUR deal.
CEEMEA	14 new bonds issued across 12 issuers, with bond pricing close to FV, minimal NIC and strong order books (4.5X).
LATAM	Brazil 'BB' rated Prio priced a 5NC2 through fair value at 6.75% despite weakness in Brazil high yield corporate bonds.

Key Stories	Comment	Valuations
ASIA	LG Electronics Indian IPO was a huge success, fully subscribed (\$1.3bn) first day, which bodes well for Reliance Industries expected Jio IPO (\$4-6bn). POSCO Holdings bond didn't react to likely negative impacts from new EU steel tariffs and reduced import quotas, as the EU is Korea's second largest steel export market. Vanke bonds have stabilised after a 4pt drop, with reports it succeeded in lowering borrowing costs.	LGESN 29s -3bp RILIN 32s -1bp POHANG 28s -7bp VNRKLE 27s +0.5pt
CEEMEA	US Supreme court judgement against Halkbank , paves the way for a trial or fine, which management believe is manageable, we expect spreads to be well supported given state ownership. Poland surprised the market and cut rates by 25bp, spread pos. Ivanhoe gave a prod'n & dewatering update, we viewed as pos. New issuance was strong, highlight was Angola's dual tranche, PIFKSA , Oman , BOAD , DAE , Vakif Katlim .	HALKBK 9.3% Perp unch ANGOL 32's +13bp PIFKSA 37s unch POLAND 37s unch IVN 30s -5bp
LATAM	Argentina FX weakened early in the week but finalized U.S. support reversed the trend. Ecuador's President Noboa was attacked as protests raged on against a cut in fuel subsidies, but bonds recovered. Brazil's Braskem bond prices fell amid disappointment from lack of news while bonds of other Brazil high yield names seen as similar situations to Braskem like Raizen and CSN widened in sympathy.	ARGENT 35s +5pt ECUA 35s Opt BRASKM 34s -6pt RAIZBZ 34s +171bp CSNABZ 32s +76bp

Key Rating Actions

Issuer	Region	Country	Action
ZHOSHK	ASIA	China	Moody's followed Fitch and removed ratings, S&P remains at BBB neg. Negative read.
SLOREP	CEEMEA	Slovenia	Upgrade one notch by Fitch to A+, supportive for spreads.
PARGUY	LATAM	Paraguay	Fitch raised outlook for 'BB+' rating to positive, no market impact.

The Week Ahead

We expect new issuance to continue globally, with more corporates potentially coming to the market given imminent blackout period. In CEEMEA, we await Israel and Romania CPI, non-material for spreads. Argentina bond prices may react positively as President Milei meets President Trump in the White house. News of a capital increase for Raizen would trigger a bond rally while failure to get one would likely result in rating downgrades. In Asia, results season kicks off, with LG Electronics to give us a signal on how tariffs are impacting Korean corporates. Reliance Industries may kick off its Jio IPO, and we would expect issuance to rebound with major markets open. Spreads bias to remain tighter.

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