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All Signal, No Noise

MARKET ANALYSIS

MNI EM Credit Weekly: Mind the Gap

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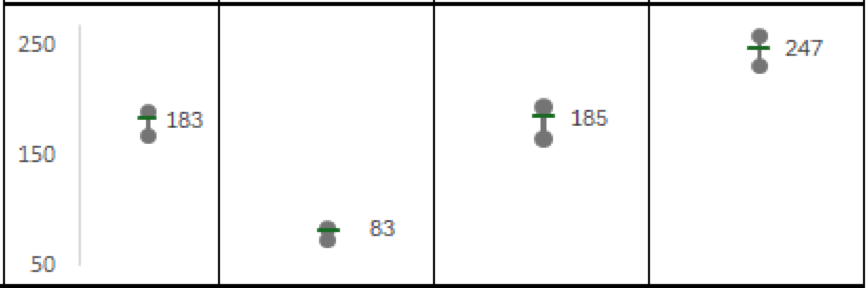
Market Indicators

Market	Current	WTD	MTD	YTD
USD 10y	4.17	+0.23	-0.01	-0.40
CDX EM	137.1	+2.3	+8.3	-35.4
CDX IG	55.9	-0.0	+3.6	+6.1
CDX HY	336.5	+4.4	+25.2	+25.0
Oil ($/bbl)	82.8	+17.6	+19.5	+11.1
Gold ($/ozt)	5,093.6	-185.3	+314.6	+2469.1
Copper ($/lb)	578.3	-16.5	-3.9	+175.6

Emerging Markets Trends (z-sprd, YTD)



Index Weekly (z-sprd)	GLOBAL EM	ASIA	CEEMEA	LATAM
	-0.2bp	+0.2bp	+4.5bp	-7.5bp

Source: Bloomberg Finance L.P. / MNI, * Index moves in z-spread (bp)

Weekly Recap

Spreads gapped wider in CEEMEA following the US-Israel joint military operations against Iran, while Iran targeted infrastructure assets all around the GCC, forcing a de-facto halt across the Straits of Hormuz. In Asia, higher oil price and the prospect of a prolonged Middle East conflict have kept investors on the back foot. Around 80% of the region's oil and gas supplies transit the Strait, which kept Indonesia in the frame, defending fiscal objectives. In CEEMEA, focus was on GCC and neighbouring countries across the region. Outside of GCC, spreads were resilient with limited immediate impact. In LatAm, idiosyncratic risks dominated though rising oil prices lifted bonds of independent oil&gas Gran Tierra. Colombia bond spreads stabilized amid mixed election poll reports. The Ecuador-Colombia trade war persisted but had little impact on spreads. An expected debt restructuring neared for Brazil's Raizen with little impact on prices. Mexico's Orbia stayed IG as S&P affirmed, but bonds failed to rally.

Issuance ($bn)	GLOBAL EM WTD	GLOBAL EM YTD	ASIA WTD	ASIA YTD	CEEMEA WTD	CEEMEA YTD	LATAM WTD	LATAM YTD
USD&EUR	1.9	166.5	0.0	37.7	1.6	75.4	0.4	53.4

ASIA	No new deals this week. March is usually a huge month for primary, there will be a rush when the window opens.
CEEMEA	Mongolia $ 6Y followed mandate and priced close to FV, with books 2.3x. Türkiye issued a domestic €919mn deal.
LATAM	Inaugural $350mn senior 5-year deal at 7% for niche issuer Paraguayan Ueno Bank amid elevated market volatility.

Key Stories	Comment	Valuations
ASIA	Iran conflict benefits upstream producers, like Pertamina Hulu. Fitch downgraded Indonesia's outlook to negative, citing policy concerns and SWF Danantara's impact on quasi fiscal activity. Adani Ports expects to see higher cargo traffic (positive), while West China Cement's '25 pos. profit alert masks a significant 2H downturn of at best -38% (negative).	PERHUL 30s -10bp INDON 36s -3bp ADSEZ 32s -7bp WESCHI 29s -2.3pts
CEEMEA	Busy week for earnings, SECO's # strong, top and bottom-line beat. Kosmos Energy missed, but short-term refi addressed & encouraging guidance for FY26 growth. Kaspi's top line +10% y/y but below exp. SABIC reiterated capex guidance and focus on executing divestment of non-core downstream assets. Endeavor Mining confirmed prelim., focus on s'holder returns as allowed by strong FCF gen., minimal leverage and ample liquidity.	SECO 36s +3bp SABIC 30s -10bp KOS 31s +2 ¾ pt EDVLN 30s -18bp
LATAM	Colombia pres. election polls were inconclusive, dimming hopes for regime change in May. Ecuador hiked Colombia tariffs to 50% and Colombia reciprocated but neither was a top 3 trading partner to the other. Raizen notes already chart in the 40s, not much movement as a debt restructuring neared. Orbia held on to IG at S&P, so bonds avoided potential forced selling. Gran Tierra Q4 disappointed, but rising oil prices are supportive for bonds.	COLOM 35s +3bp ECUA 35s -20bp RAIZBZ 35s +2¼pt ORBIA 31s +6bp GTE 31s +2½pt

Key Rating Actions

Issuer	Region	Country	Action
MEITUA	ASIA	China	S&P downgrades one notch to BBB+, negative outlook, on market share related cash burn.
INDON	ASIA	Indonesia	Fitch downgrades BBB outlook to negative on rising policy uncertainty. Neutral read.
PAMPAR	LATAM	Argentina	Fitch bond rating upgrade to B+ from B on improved business diversification.

Week ahead

If the situation in the Middle East stabilizes, we expect issuers to return in Asia. March is traditionally one of the largest primary periods, and issuers will be backing up. We expect spread volatility to remain elevated, but any details regarding US Naval escorts for the Strait of Hormuz could be a positive catalyst for spreads. In CEEMEA we watch for impact on spreads from retaliation risk across the broader Middle East, eyes on infrastructure, freight/shipping, real estate, and oil related names. In LatAm, Colombia legislative elections and presidential primaries this w/e may set the tone for sentiment. Argentina reports Feb. CPI, bond prices so far ignoring the recent worsening trend.

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

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Primary New Issue Monitor & FV

Date	Issuer	Country	Type	CCY	Size (mn)	Tenor	IPT	MNI FV	Final	NIC (bp)	Book (x)	T+1 spread change (bp)
03-Mar	UENOPY	LATAM	FIG	USD	350	5.00	7.13%	6.750%	7.00%	25	n/a	n/a
02-Mar	MONGOL	CEEMEA	SSA	USD	500	6.00	6.30%	5.875%	5.90%	3	2.60	(2.1)

Source: MNI, Bloomberg Finance L.P.

ASIA

- The conflict in Iran didn't generate much response from issuers, for the most part, it is a wait and see. BHP did however say very early that 95% of its output heads to Asia, and sees limited direct input, of course if China was to slow down, this would be an issue.
- Petronas also stated it was monitoring the situation, but its assets in Abu Dhabi are exploration projects at present, no output. We see limited risks there with regards to assets.
- Indonesia was very much in the frame, Fitch downgraded its outlook to negative, no real surprise. Nevertheless, it follows Moody's in putting the government on notice. Fiscal discipline, predictable policy making, will be key.
- We see refiner, Reliance Industries, under pressure as feedstocks rise, but it does operate a more flexible feedstock characteristics and can replace for example with naphtha and ethane, which may create opportunities if spreads widen materially.
- We provided updates on China oil risks, which proved to be resilient for the most part, with risks diminishing if the US navy provides protection through the Strait of Hormuz.
- Meituan was downgraded by S&P to BBB+, the outlook negative. Hardly a surprise given ongoing cash burn related to protecting market share.
- West China Cement issued a positive 2025 profit alert, with FY25 net income +33-43% YoY (RMB833-896m), however this signals 2H deceleration (top-end implies -38% YoY). May indicate risks to cash flows.

Asia EM Best Performers

Ticker	Security	z-sprd Δ	Rating
CHJMAO	CHJMAO 4 1/4 07/23/29	-39.2	(Ba2/NR/NR)
JNUCGC	JNUCGC 5 11/06/27	-25.1	(NR/NR/BBB+)
ZZTRAN	ZZTRAN 5.1 04/09/28	-19.1	(NR/NR/BBB-)
DIALIN	DIALIN 6.45 06/04/29	-18.2	(Ba3/BB/BB+)
TZCONS	TZCONS 5.45 07/11/27	-18.1	(NR/NR/BBB)
ZHAPIE	ZHAPIE 4.55 07/09/28	-17.9	(NR/BBB-/NR)
HEFIND	HEFIND 4 3/4 04/16/28	-17.6	(NR/NR/BBB)
ZHANLO	ZHANLO 5.1 04/24/28	-17.4	(NR/NR/BBB-)
BPIPM	BPIPM 5 04/07/30	-17.3	(NR/BBB+/NR)
GZGETH	GZGETH 4.4 11/28/27	-17.2	(NR/NR/BBB+)

Asia EM Worst Performers

Ticker	Security	z-sprd Δ	Rating
SRILAN	SRILAN 4 04/15/28	68.8	(Caa1/CCC+/CCC+
GRNCH	GRNCH 8.45 02/24/28	66.3	(B1/NR/NR)
VEDLN	VEDLN 10 7/8 09/17/29	60.3	(NR/B/NR)
VEDLN	VEDLN 11 1/4 12/03/31	47.3	(NR/B/B+)
PKSTAN	PKSTAN 6 7/8 12/05/27	35.1	(Caa1/B-/NR)
VEDLN	VEDLN 9.85 04/24/33	29.2	(B2/B/NR)
JSTLIN	JSTLIN 3.95 04/05/27	25.3	(Ba1/NR/BB *+)
VEDLN	VEDLN 9.475 07/24/30	25.0	(B2/B/NR)
PKSTAN	PKSTAN 7 3/8 04/08/31	22.1	(Caa1/NR/B-)
FOSUNI	FOSUNI 8 1/2 05/19/28	18.2	(NR/BB-/NR)

Source: MNI, Bloomberg Finance L.P.

CEEMEA

- In Saudi Arabia, we looked at sovereign spread moves over the week. Saudi Aramco's bond valuations held despite being impacted by regional tensions, the Co. had to halt Ras Tanura refinery and is redirecting crude via the East-West Pipeline. Sabic confirmed FY26 capex guidance and focus on growth trajectory for FCF generation, whilst redirection towards west coast is under consideration and business contingency plans are activated. Saudi Arabian Mining FY results beat estimates on higher prices and sales whilst operating income missed estimates. Seco posted FY25 results, with top and bottom line beat estimates.
- In UAE, Abu Dhabi Ports saw business continuity across all operations, with updates on Khalifa Port and vessel fleet. DP World confirmed resumption of operations at its Jebel Ali Port terminals. Dubai Aerospace Enterprise's credit profile derives comfort from a solid liquidity position and low leverage. Cooling operator Tabreed has exposure to the real estate sector but credit sentiment is supported by adequate liquidity despite rise in leverage and commitment to IG ratings.
- We saw elevated cash price moves across UAE real estate bonds, with IG names down 2 points and HY names up to 4-5 points. We looked at **Binghatti**, private developer with no government backing but fast development turnaround and ample revenue backlog. Dubai based **Sobha Realty** has focus on high-end projects and benefits from vertical integration, high revenue backlog and low leverage position. **Omniyat** also has focus on high-end, whilst **Damac** has international assets that provide diversification and **Arada Developments** is also expanding internationally. Emaar Properties posted a 2M26 update focusing on strong fundamentals (very high revenue backlog), no changes in guidance.
- In Qatar, Qatar Energy announced halt in LNG production as well as downstream lines, no change to the overall picture, but poses a risk to global supply chains across products. Nakilat exposure to operational risk from elevated security threats in the Gulf reflects valuations pricing in uncertainty, but its credit profile remains solid with revenues insulated by its take or pay business model and a supportive ownership structure.
- We also looked at sovereign curve moves for Oman, Kuwait and Bahrain.
- In West Africa, gold miner Endeavour Mining elaborated on shareholder friendly policies as full FY25 results confirmed strong preliminaries reported a month ago, bond valuations remain tight. Ghana focused E&P Tullow Oil has seen a sharp move up on equity side on favourable move in oil prices as well as supportive bias for bond valuations following the recent refinancing. Kosmos Energy Q4 earnings missed estimates but short-term refi and FY26 guidance were supportive for credit sentiment, positive bias remains.
- South Africa based Sasol comments on plant closure in Qatar for safety reasons add to negative credit sentiment in the context of already challenging macro headwinds continuing to weigh on operational conditions, but valuations reflect a supportive bias with 31s hovering at z+510bp, near the local lows.
- Mongolia issued a $500mn 6-year bond, the issuance was flagged via a mandate the previous week so not surprising. The bonds priced close to FV with books 2.3x.
- Rep. of Türkiye issued a rare domestic €919mn bond during the week. Fragile consumer sentiment in Türkiye has meant Anadolu Efes focused on volume growth in Q4 25, while margins and profitability came under pressure as well as FCF, resulting in leverage ticking higher to 4x.

CEEMEA EM Best Performers

Ticker	Security	z-sprd Δ	Rating
GLNG	GLNG 7 1/2 10/02/30	-54.0	(B3/B-/NR)
CANPCK	CANPCK 3 7/8 11/15/29	-25.2	(NR/BB/BB)
AZURGY	AZURGY 8 1/4 01/22/31	-23.9	(B2/NR/B+)
SEPLLN	SEPLLN 9 1/8 03/21/30	-22.2	(NR/B/B)
FMCN	FMCN 6 3/8 02/15/36	-20.7	(NR/B/B)
AZURGY	AZURGY 8 1/8 01/23/30	-19.9	(B2/NR/B+)
MAGYAR	MAGYAR 6 1/2 06/29/28	-19.0	(Baa2/NR/BBB)
IVN	IVN 7 7/8 01/23/30	-19.0	(NR/B/B)
ENOIGA	ENOIGA 8 1/2 09/30/33	-18.9	(Ba3/BB-/NR)
IVYCST	IVYCST 6 3/8 03/03/28	-18.5	(Ba2/BB/BB)

CEEMEA Worst Performers

Ticker	Security	z-sprd Δ	Rating
SOBHA	SOBHA 8 3/4 07/17/28	163.9	(Ba2/BB/NR)
SOBHA	SOBHA 7 1/8 09/11/30	146.6	(Ba2/BB/NR)
SOBHA	SOBHA 7.9955 02/19/29	127.8	(Ba2/BB/NR)
DAMACR	DAMACR 8 3/8 04/12/27	116.7	(Ba1/BB+/NR)
DARALA	DARALA 8 02/25/29	115.3	(B1/NR/NR)
DAMACR	DAMACR 7 08/26/28	92.8	(Ba1/BB+/NR)
DARALA	DARALA 7 1/4 07/02/30	88.9	(B1/NR/NR)
DAMACR	DAMACR 6 1/8 08/05/29	81.7	(Ba1/(P)BB+/NR)
ARADAD	ARADAD 8 06/24/29	70.7	(B1/NR/BB-)
FMCN	FMCN 8 5/8 06/01/31	57.8	(NR/B/B)

Source: MNI, Bloomberg Finance L.P.

LATAM

- Polls were inconclusive for May presidential elections in [Colombia](), dimming hopes for regime change in May. While poll results varied based on who conducted it, the consensus seemed to be that a second-round run-off will be necessary and that the contest was too close to call for now.
- Legislative elections were scheduled for this weekend in Colombia, so we looked at a recent poll which showed not much change was likely. That is positive as Congress has substantially limited the damage from harmful ruling party decrees and policies during President Petro's term in office.
- Canada based Gran Tierra, primarily a driller of oil in Colombia and Ecuador, reported disappointing Q4 earnings, but bond prices moved 2½pt higher this week amid rising oil prices. The company showed in its earnings report that a 10-point improvement in Brent oil prices to $75 could result in 29% EBITDA growth.
- Ecuador hiked Colombia tariffs to 50% and Colombia reciprocated but neither was a top 3 trading partner to the other.
- Bond prices of Brazil's Raizen were already in the 40s so not much movement as a debt restructuring neared. Co-owner of the joint venture Shell offered to contribute BRL3.5bn in capital while large Cosan investor Rubens Ometto offered BRL500mn as part of a debt restructuring that would include a debt for equity swap with creditors.
- Mexico's Orbia held on to IG ratings at S&P, so bonds avoided potential forced selling as Moody's already downgraded the company's ratings to Ba1 while Fitch maintained a BBB- stable outlook rating. S&P viewed positively business diversification and persistent cost cutting to preserve margins which was enough to offset the negative view of leverage above their target level for IG ratings.
- Struggling Mexico telecom Televisa showed some improvement in operating margins and leverage in their Q4 2025 earnings report after a previous string of bad quarters that led to ratings downgrades to below investment grade.
- Rising oil prices pressured bond spreads of Chile based Latam Airlines. We revealed the company's fuel hedges which should dampen the impact of higher fuel costs and preserve credit quality.

LATAM EM Best Performers

Ticker	Security	z-sprd Δ	Rating
TNEMAK	TNEMAK 3 5/8 06/28/31	-40.5	(Ba2u/BB+/BBB-)
MVFPSO	MVFPSO 6.748 06/01/34	-31.3	(Baa3/NR/BB+)
BINBUR	BINBUR 4 3/8 04/11/27	-28.1	(NR/BBB/BBB-)
PLUSPE	PLUSPE 8 1/2 05/30/32	-24.5	(B1/NR/BB)
PRIOBZ	PRIOBZ 6 3/4 10/15/30	-24.3	(Ba2/NR/BB+)
PLUSPE	PLUSPE 8 1/8 05/18/31	-22.2	(B1/NR/BB)
YPFDAR	YPFDAR 8 3/4 09/11/31	-21.6	(B2/B-/NR)
VISTAA	VISTAA 8 1/2 06/10/33	-21.2	(NR/NR/BB-)
TECPET	TECPET 7 5/8 11/03/30	-20.7	(B1/NR/BB-)
BNCE	BNCE 5 7/8 05/07/30	-20.6	(Baa2/BBB/NR)

LATAM EM Worst Performers

Ticker	Security	z-sprd Δ	Rating
LTMCI	LTMCI 7 7/8 04/15/30	34.1	(Ba2/BBB-/BB+)
LTMCI	LTMCI 7 5/8 01/07/31	33.6	(Ba2/BBB-/BB+)
AEROMX	AEROMX 8 1/4 11/15/29	31.4	(Ba3/BB-/NR)
RAILBZ	RAILBZ 5 1/4 01/10/28	24.1	(NR/BB/BB+ *-)
AEROMX	AEROMX 8 5/8 11/15/31	24.0	(Ba3/BB-/NR)
JAMAN	JAMAN 6 3/4 04/28/28	23.4	(Ba3/BB/BB-)
KCMA	KCMA 2.431 07/01/31	22.2	(NR/A-/A)
ORBIA	ORBIA 6.8 05/13/30	20.5	(Ba1/BBB-/BBB-)
TELVIS	TELVIS 5 1/4 05/24/49	18.7	(Ba1/BBB/BB+)
TELVIS	TELVIS 5 05/13/45	17.8	(Ba1/BBB/BB+)

Source: MNI, Bloomberg Finance L.P.