

SECTOR IN-DEPTH

29 June 2020

✓ Rate this Research



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» Contacts continued on last page

Emerging Markets – Global

Financial conditions stabilise, but pandemic fallout casts shadow on H2 credit prospects

- » **Financial conditions are normalising across most major EMs.** Our new series of proprietary EM Financial Conditions Indicators (FCIs) signal a gradual stabilisation in financial conditions for most major emerging markets.¹ Capital flows, equity markets, bond spreads and (to a lesser degree) economic sentiment have begun to calm. As market conditions settle, most major EM countries will avoid serious balance of payments crunches, making it easier for rated EM debt issuers to access dollar liquidity and return to the primary markets.
- » **But the pandemic-induced shock to growth, earnings and debt burdens will increase EM credit vulnerabilities.** Still-elevated rates of coronavirus infections and fatalities will complicate the reopening of domestic economies. Even as governments relax containment measures, the legacy of lost economic output will be higher government debt burdens and corporate leverage. The pandemic may accelerate the trend toward a more splintered and protectionist global economy, weighing on EM trade prospects well after lockdowns ease.
- » **The pandemic is amplifying structural weaknesses in sovereign credit profiles.** The crisis is reinforcing a gradual erosion of credit quality for some major EM sovereigns that had already been occurring for several years. Countries with stronger external and public balance sheets, or that exhibit credible policy responses, are better positioned to ride out and recover from the current downturn.
- » **Credit stress among speculative-grade EM companies may further hold back economic recovery.** Of the 731 EM nonfinancial companies we rate, about one-third carry a negative bias and, of these, 83% are below investment grade. Even with improved market sentiment, credit stress among speculative-grade EM companies is likely to persist, raising the spectre of higher defaults.
- » **Systemic risks will likely remain contained for most EM banks.** Capital flight and currency depreciation have triggered EM banking crises in the past. This time around, most EM banking systems, except Turkey's, are not dependent on short-term wholesale funding in foreign currency. Asset quality and profitability will inevitably decline, but capital buffers provide a robust first line of defence. We also expect government support for systemically important banks in the event of severe distress.

Financial conditions are normalising across most major EMs

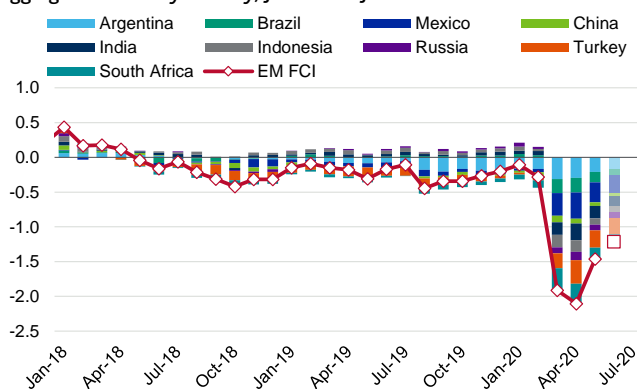
Financial conditions are normalising across most major EMs, which will provide welcome relief for EM debt issuers globally in the second half of 2020. This is the primary takeaway from our new series of proprietary EM Financial Conditions Indicators (FCIs), which capture trends across nine large G-20 emerging economies globally. Comprising four broad components, each EM country's individual FCI presents a monthly composite of several measures of financial and economic activity of the country relative to its history (see page 5 for further details on construction and the appendix for a full series breakdown). We have also constructed an equally weighted aggregate indicator that provides a general barometer of EM financial conditions, or the ease of financing.

Notwithstanding fluctuations between countries, the aggregate indicator shows that a gradual stabilisation in EM financial conditions is gaining traction (see Exhibits 1 and 2). Looking across components, the FCI shows that capital flows, equity markets, bond spreads and, to a lesser degree, economic sentiment, are all beginning to calm (see Exhibits 3 and 4).

Exhibit 1

Financial conditions are stabilising across most major EM economies...

Aggregate EM FCI by country, Jan 2018 – Jun 2020

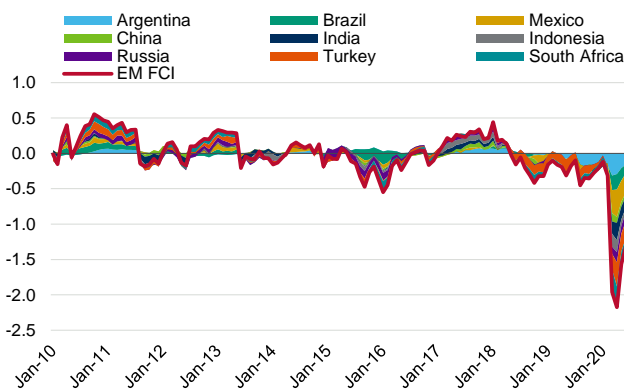


Source: Moody's Investors Service

Exhibit 2

... following unprecedented turbulence in April

Aggregate EM FCI by country, Jan 2010 – Jun 2020

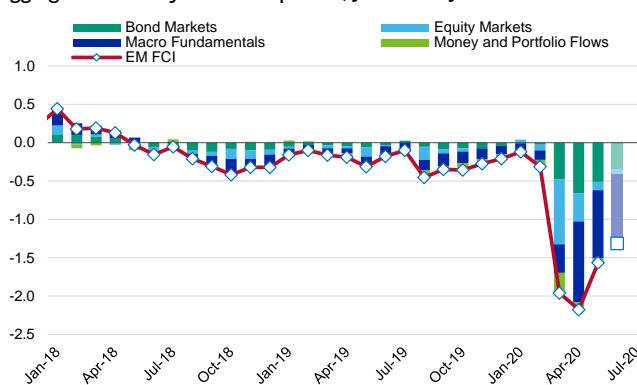


Source: Moody's Investors Service

Exhibit 3

Equity markets, money and portfolio flows are leading the way...

Aggregate EM FCI by broad component, Jan 2018 – Jun 2020

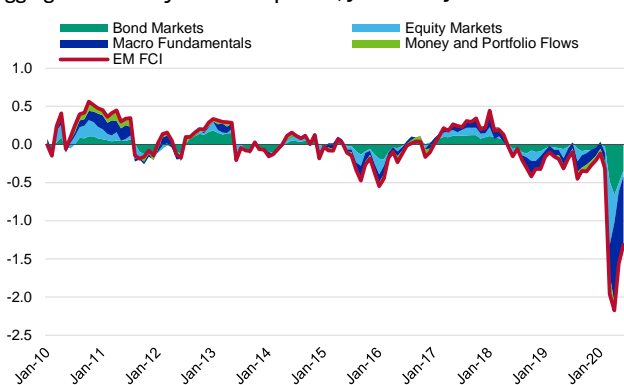


Source: Moody's Investors Service

Exhibit 4

... and macro signals may be bottoming

Aggregate EM FCI by broad component, Jan 2010 – Jun 2020



Source: Moody's Investors Service

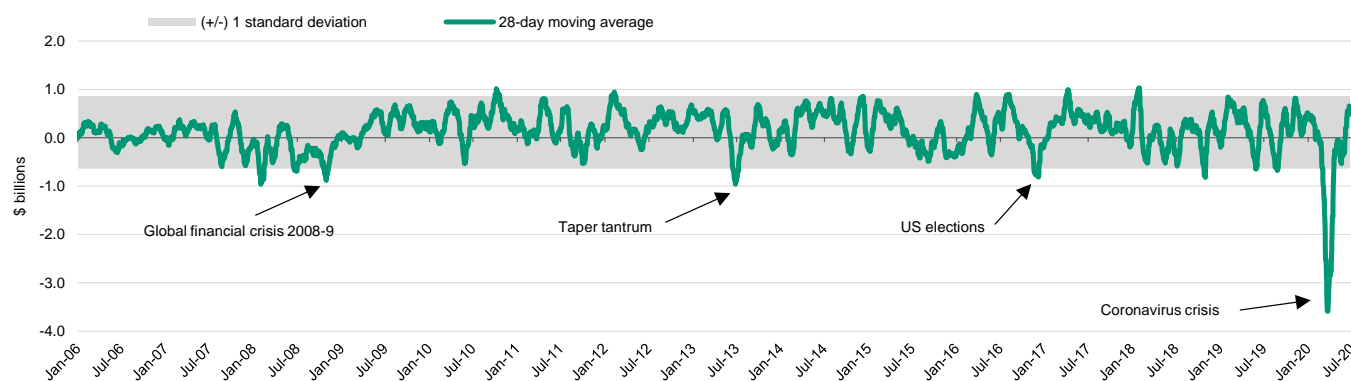
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Equity markets and money and portfolio flows have seen the greatest sequential improvement, led by net EM portfolio inflows returning to positive territory (see Exhibit 5).² And while EM manufacturing activity has yet to recover, latest purchasing managers' index (PMI) readings suggest that the cycle may have bottomed.

Exhibit 5

Portfolio capital flows have returned to positive territory

Net nonresident purchases of EM stocks and bonds, \$ billions



The Institute of International Finance tracks daily equity and debt flows across 26 emerging economies globally.

Sources: Institute of International Finance and Moody's Investors Service

Stabilising financial conditions reflect a swift and well-orchestrated response from global policymakers to suppress systemic market turmoil from the pandemic. Significant liquidity support from central banks (notably the US Federal Reserve), targeted monetary and fiscal stimulus, asset purchasing programmes (including by several EM central banks) and, where needed, extraordinary financial assistance have all supported a reduction in volatility in recent weeks. These steps have also helped lift market sentiment.

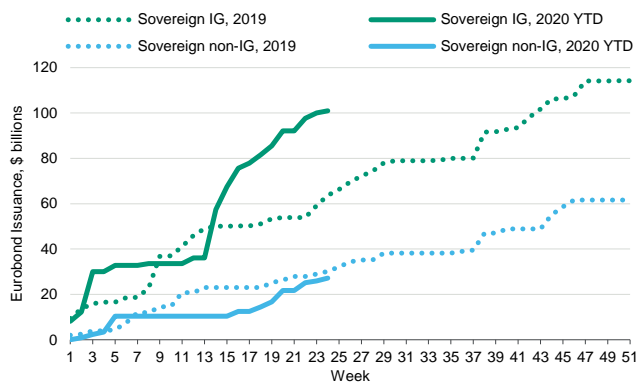
As market conditions settle, most major EM countries will avoid serious balance of payments crunches. Foreign-exchange liquidity is returning, as shown by a bounce back in net portfolio capital inflows and a steadying of foreign-exchange reserves. There are some potential exceptions. External funding risks remain acute in [Argentina](#) (Ca negative) and [Turkey](#) (B1 negative), where elevated stress already was present well before the pandemic. But easing financial conditions should prevent severe liquidity shortages for most major EM countries.

For many rated EM debt issuers, easier financing conditions will also facilitate a return to primary markets. For governments, gross borrowing requirements are set to balloon as a result of a slump in revenue and countercyclical spending packages, much of which, for large EMs, may be funded via bond markets. Eurobond issuance from investment-grade sovereigns is surging, led by the Gulf Cooperation Council region, with year-to-date volumes up almost 70% from the same period in 2019 (see Exhibit 6). And non-investment-grade sovereign issuance is also likely to pick up pace as credit spreads tighten and market access improves.

Exhibit 6

Investment-grade EM sovereign issuance is surging, non-IG slowly following suit

Cumulative EM sovereign eurobond issuance, \$ billions

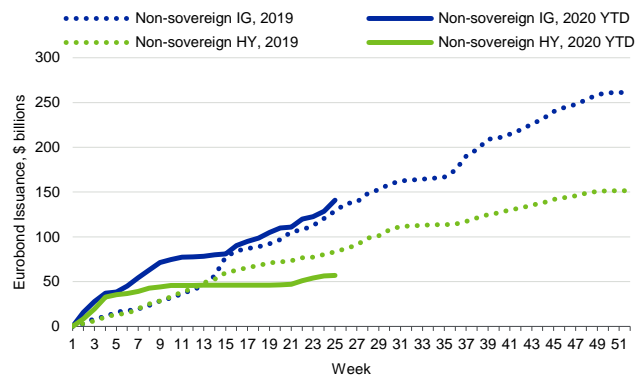


Source: Dealogic and Moody's Investors Service

Exhibit 7

Non-sovereign issuance to pick up pace as market access improves

Cumulative EM non-sovereign eurobond issuance, \$ billions



Non-sovereign issuance includes nonfinancial companies and financial institutions.
Sources: Dealogic and Moody's Investors Service

Less prohibitive market conditions will also benefit non-sovereign issuers, with renewed market access allowing companies to better manage their liquidity and refinancing needs (see Exhibit 7). Again, we expect investment-grade EM companies to lead the way, but high-yield issuance will likely follow in the second half of the year if market conditions continue to mend.

Introducing our EM Financial Conditions Indicator

Our EM Financial Conditions Indicator (EM FCI) is a monthly composite of several measures of financial and economic activity across nine of the largest EM economies globally. Collectively, these economies represent 66% of EM GDP and 75% of private-sector eurobond issuance. The EM FCI shows the overall financial conditions implied by the combination of the individual components for each of the nine EM countries and for the EM aggregate, which is constructed as a simple average of the countries' FCIs.

Each individual component is expressed relative to its long-term average and scaled by long-term standard deviations. A "zero" FCI value during a month indicates that overall financial conditions are in line with the average readings since 2010. A negative FCI value is usually interpreted as indicating tighter-than-normal financial conditions, while a positive value is associated with conditions that are stronger than average.

The individual components of the FCI are categorised into four broad components:

Bond Markets: These measures are representative of relative borrowing costs depending on appetite for risk and liquidity considerations. Widening spread is usually a sign of rising default risks, market and liquidity risks, and diminished appetite to hold corporate bonds. Spread widening therefore drives up borrowing costs.

Equity Markets: Equity market valuations and volatility capture the market view on future growth, earnings and risk appetite.

Macro Fundamentals: PMIs and business and economic expectations are indicative of willingness to engage in economic and investment activity. Exchange rate depreciations reflect worsening of external financing conditions or market perceptions of a country's risk profile.

Money & Portfolio Flows: More money in circulation, in absolute terms or relative to GDP, indicate looser monetary conditions. Net portfolio capital flows are an indicator of foreign investor risk appetite.

The FCI captures financial conditions through a statistical technique that exploits how these standardised measures have moved together throughout the sample period (January 2010 – March 2020) and assigns weights to each component respectively. After initial analysis, we homogenised individual components and weights across countries to increase comparability (see Exhibit 8).

The FCI is a monthly signal, because not all the individual components publish at the same frequency or cadence across economies. For data that publishes with a lag, we calculate estimates to report a preliminary FCI value as early as possible in any given month. We calculate this by updating daily and weekly individual components as they become available on a "month-to-date" basis, while all monthly components are kept constant until the release of new data.

Exhibit 8

EM FCI components and weights

Broad Components	Individual Components	Component Weights
Bond Markets	Term premium	26%
	Risk premium	
	EMBI sovereign bond spreads	
Equity Markets	Stock prices, mom% change	20%
	Stock prices, mo24mma% change	
	Stock market volatility	
Macro Fundamentals	REER	34%
	PMIs	
	Manuf./business/industry expectations/confidence	
	Business conditions/eco Barometer/eco Sentiment	
	Economic conditions/barometer/sentiment	
Money and Portfolio Flows	Policy uncertainty	20%
	Broad money, mo12m% change	
	Velocity of money, mo12m change	
	Net portfolio flows	

Individual component weights will differ from country to country depending on the availability and frequency of data.

Source: Moody's Investors Service

Pandemic-induced shock to growth, earnings and debt burdens will increase EM credit vulnerabilities

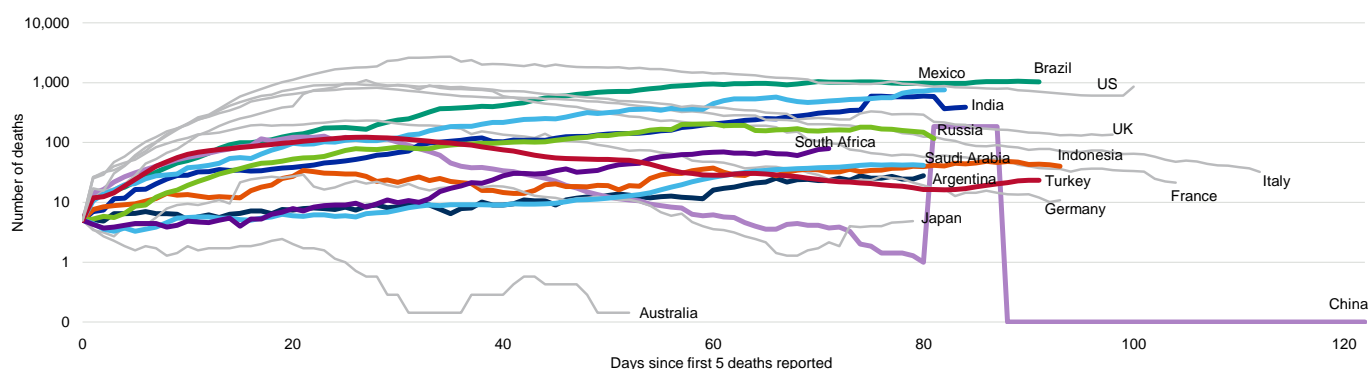
While stabilising financial conditions have lowered the immediate risks from the coronavirus crisis, EM credit prospects will remain fragile in the second half of this year and beyond, with downside risks dominating. There are several reasons to maintain a cautious footing.

Reported coronavirus infection and fatality rates remain elevated or have yet to show concrete signs of peaking in several EM countries, including [Brazil](#) (Ba2 stable), [Mexico](#) (Baa1 negative) and [India](#) (Baa3 negative), as Exhibit 9 shows. With some EM governments struggling to control outbreaks, the unwinding of stay-at-home orders, business closures and social distancing measures may be protracted. Alternatively, there is a risk that restrictions are lifted too soon, and governments are subsequently forced to reimpose containment measures if persistently high infection rates, or second waves, test the capacity of healthcare systems to manage the crisis.

Exhibit 9

Many EMs still face elevated, or rising, coronavirus fatality rates

Seven-day rolling average of COVID-19 reported fatalities for selected economies globally



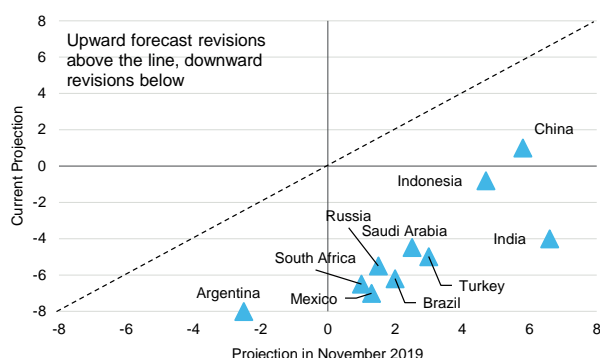
Data as of June 26.

Source: European Centre for Disease Prevention and Control and Moody's Investors Service

Even when containment measures are eventually relaxed, the legacy of lost economic output from lockdowns and supply chain disruptions will be higher government debt burdens and corporate leverage ratios, thereby increasing credit vulnerabilities. Exhibit 10 shows the magnitude of downward revisions to our 2020 GDP growth projections since November 2019. [We now expect G-20 emerging markets to collectively contract by 1.6% in 2020](#), followed by 5.9% growth in 2021. Excluding [China](#) (A1 stable), we are forecasting a contraction of 4.7% this year, followed by 4.3% expansion in 2021.

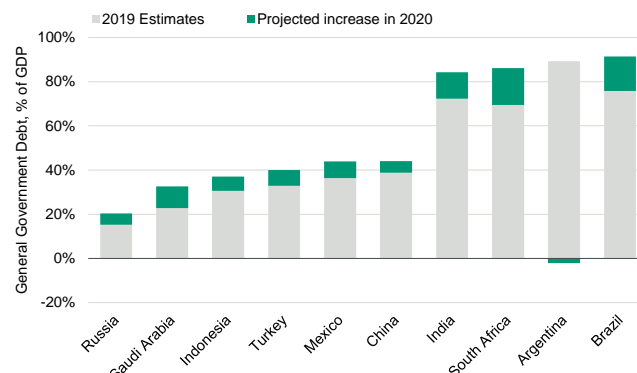
The severe shock to fiscal revenue via weaker economic activity, coupled with higher spending from stimulus programmes, means that government debt burdens will take a considerable hit this year. We expect the median general government debt-to-GDP ratio for G-20 emerging markets to increase by 8 percentage points this year, with double-digit increments likely in [Saudi Arabia](#) (A1 negative), India, Brazil and [South Africa](#) (Ba1 negative) (see Exhibit 11). In a similar vein, corporate debt burdens will also feel the pinch from falling revenue, with leverage ratios likely to weaken significantly. In turn, worsening debt metrics may delay economic recovery across some EM countries, because they will discourage companies from taking on new borrowings to finance capital spending and other productive investments.

Exhibit 10

Growth expectations are down sharply ...**G-20 EM 2020 real GDP growth projections, November 2019 vs current**

Source: Moody's Investors Service

Exhibit 11

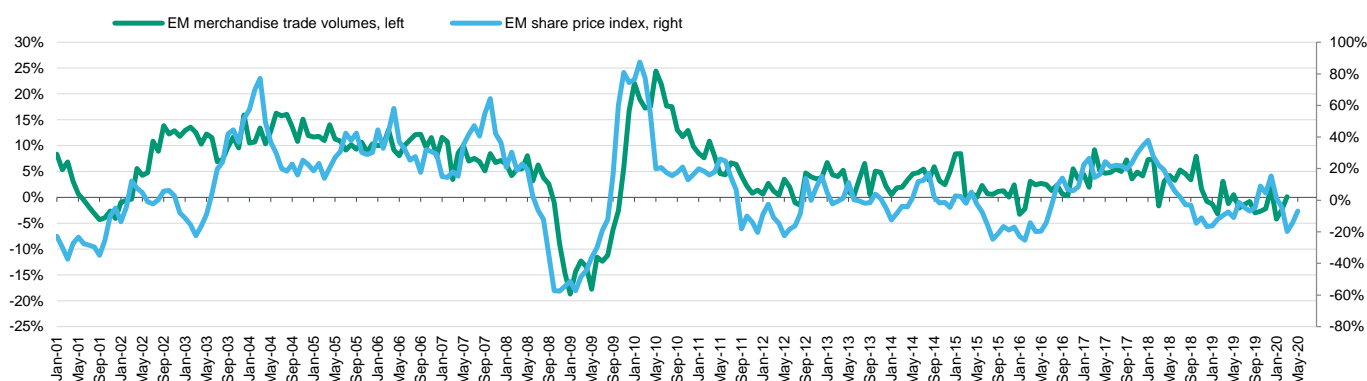
... which will further increase debt burdens**G-20 EM general government debt, % of GDP (2020F)**

Source: Moody's Investors Service

Finally, the pandemic may accelerate the trend toward a more splintered and protectionist global economy, weighing on EM credit conditions well after lockdowns ease. This is one of the [six main areas](#) in which the crisis will shape or accelerate trends in the coming years. The coronavirus crisis will likely further harden attitudes against globalisation, particularly as countries and regions aim to be more self-sufficient in light of the shortages of critical supplies that many encountered during the height of the pandemic.

The importance of deglobalization risks for EMs cannot be overstated. Exhibit 12 shows the strong positive correlation between EM trade flows and EM equity market performance (which we show as a proxy for the broader EM business cycle). A more fragmented global economy would not only dampen EM trade receipts, but also inward capital flows. This would in turn weigh on current and potential economic growth and, potentially, raise geopolitical risks as traditional economic relationships are recast.

Exhibit 12

EM business cycle is highly correlated with trade**EM trade volumes and equity market performance, % chg y-o-y**

Sources: Haver Analytics and Moody's Investors Service

Such challenges may become increasingly apparent over the course of 2020. The coronavirus crisis risks stoking another flare-up in US-China tensions, especially in the run-up to elections in the US later this year, which may further undermine the prospects for a forceful trade recovery in the coming quarters.

Coronavirus crisis is amplifying structural weaknesses in EM sovereign credit profiles

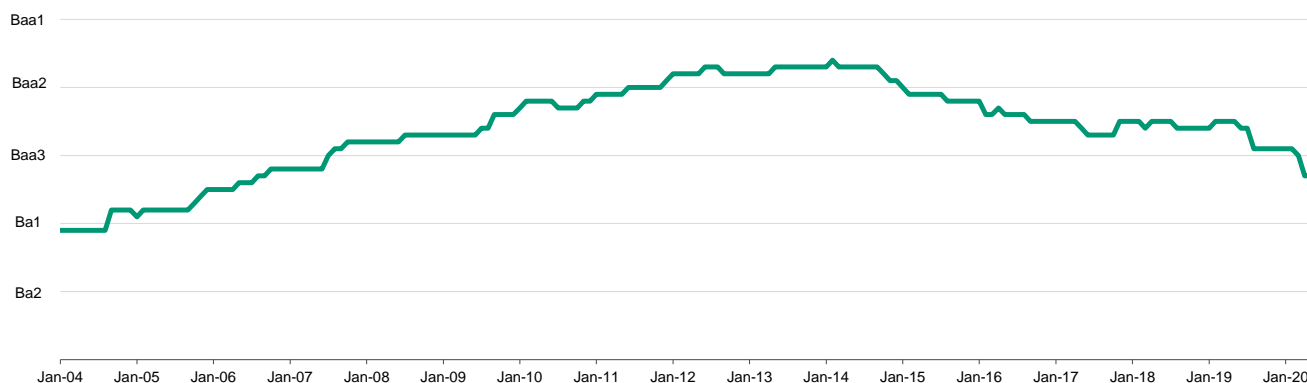
While fundamentals naturally vary from country to country, the coronavirus crisis is generally reinforcing a gradual erosion of credit quality that has been in play across major EMs for several years.

Exhibit 13 shows the evolution of the average long-term rating for G-20 EM sovereigns over the past 16 years. The effects of the pandemic have begun to manifest in recent months, culminating in a roughly half-notch decline in the average rating since February. However, if we take a longer-term perspective, it is clear that the EM ratings cycle peaked as far back as 2014. Since then, idiosyncratic challenges have for the most part led to a clear but limited decline in major EM sovereign ratings of around one and a half notches.

Exhibit 13

Credit quality of EM sovereigns has steadily eroded since 2014

Evolution of average G-20 EM sovereign ratings



Calculated by using the average of numerical values assigned for ratings of Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey. As of June 18.
Source: Moody's Investors Service

Indeed, recent rating downgrades were driven more by the crystallisation of existing credit weaknesses in the cases of South Africa (very weak fiscal and debt metrics, chronic power supply issues, labour market rigidities), Mexico (weak medium-term growth prospects, ongoing state support to PEMEX) and India (weak reform implementation) than the direct impact of the pandemic.

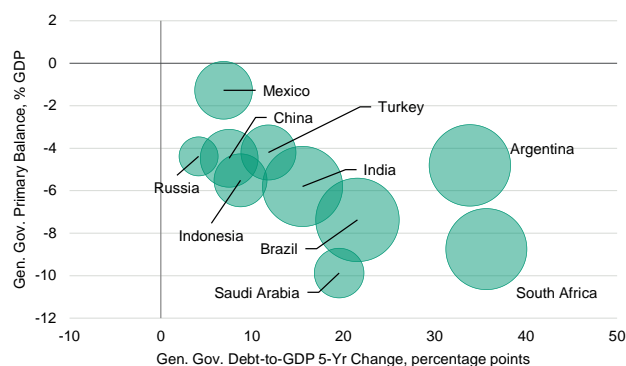
Strong external and public balance sheets will help countries better contend with economic weakness, or a renewed spike in global risk-off sentiment, in the second half of 2020. There is significant differentiation across major EM countries, with [Russia](#) (Baa3 stable) and China generally having greater fiscal and external room to manoeuvre, while Argentina and Turkey are at the other end of the spectrum (see Exhibits 14 and 15).

Another key differentiator will be the implementation of credible policy responses in the face of acute challenges, including commitment to structural economic reform aimed at enhancing productivity and investment. Countries that exhibit sound policy frameworks to address the near-term crisis and put economic (and debt) trajectories back on track will likely receive better access to global capital markets.

Exhibit 14

Primary fiscal deficits across EM countries in 2020

General government debt and fiscal metrics, 2020



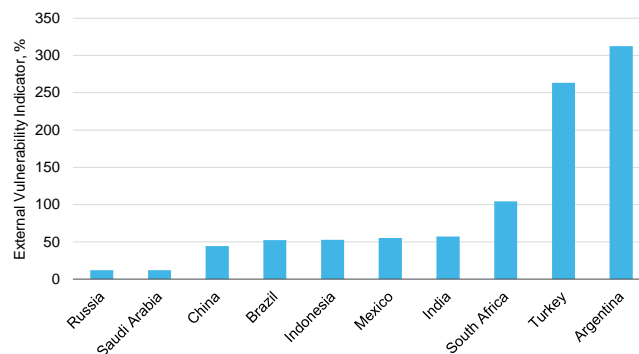
Size of bubble is equivalent to general government debt-to-GDP ratio.

Source: Moody's Investors Service

Exhibit 15

External risks vary significantly across major EM countries

External Vulnerability Indicator (2020), %



The External Vulnerability Indicator or EVI is the ratio of long-term and short-term external debt repayments over the next year, including nonresident deposits, to foreign-exchange reserves.

Source: Moody's Investors Service

Beyond the major EMs, the credit risks are considerable for lower-rated sovereigns with large external repayments due this year and next. Indeed, a total of 69 emerging and frontier market sovereigns have sought financial assistance from the IMF, in the form of rapid financing instruments, extended fund facilities and flexible credit lines, totaling \$24.7 billion.³ Some countries have also applied to participate in the G-20 Debt Service Suspension Initiative, raising the risk of default on privately held debt. For many [smaller, lower-rated sovereigns](#), emergency support and debt service relief are unlikely to significantly resolve deep-seated credit challenges. Those sovereigns more dependent on official-sector lending (and, by extension, less on market-based financing) stand to benefit the most.

Credit stress among speculative-grade EM companies may further hold back economic recovery

The downturn in headline GDP growth is having a pronounced credit impact on EM companies, with the latest high-frequency indicators such as retail and automobile sales, tourism inflows and industrial production generally showing steep, double-digit declines across the board. In general, the pullback in consumption and expected slow recovery trajectory will continue to damage earnings and revenue prospects for rated EM companies, leading to material credit stress for those lower down the credit-quality spectrum.

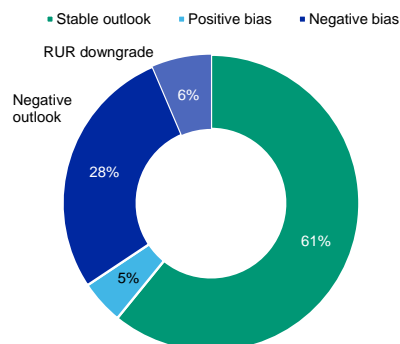
Of the 731 EM nonfinancial companies that we rate, 251 (approximately one-third) carry a negative bias; that is, they carry either a negative outlook or are on review for downgrade (see Exhibit 16). The vast majority (83%) of those with a negative bias are rated below investment grade (see Exhibit 17).

With governments including India, Mexico, Saudi Arabia, South Africa and Turkey on negative outlook, downward pressure on sovereign profiles is placing a drag on corporate credit outlooks. Indeed, this explains why a relatively high number of EM utilities carry a negative bias.

However, many companies with a negative bias also operate in sectors that have undergone a severe retrenchment in sales, suffered from disrupted supply chains, or felt the impact of the precipitous decline in commodity prices (see Exhibit 18), such as transportation (12%) and energy (18%). Currency depreciation has also increased their vulnerabilities, although most rated companies have [financial or natural hedges](#) in place to manage extreme foreign-exchange volatility.

Exhibit 16

More than one-third of rated EM nonfinancial corporate rating outlooks, % distribution

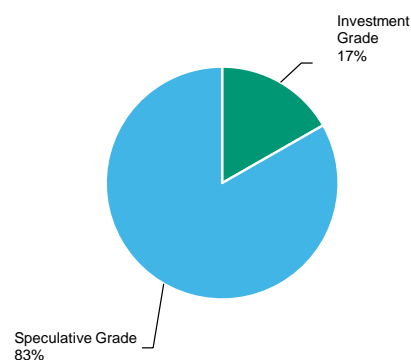


Positive (negative) bias includes a combination of ratings with a positive (negative) outlook and ratings under review for upgrade (downgrade). As of May 29.

Source: Moody's Investors Service

Exhibit 17

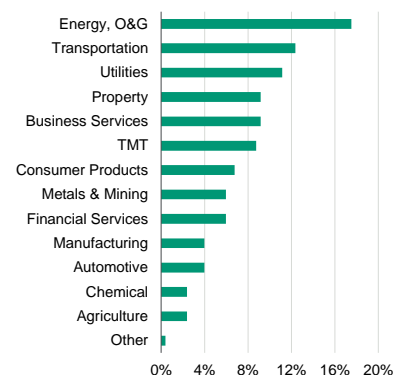
Speculative-grade EM companies are the most vulnerable
Distribution of EM nonfinancial companies with negative bias by broad rating category



Source: Moody's Investors Service

Exhibit 18

Energy, transportation lead the way
Sectoral distribution of EM nonfinancial companies with negative bias

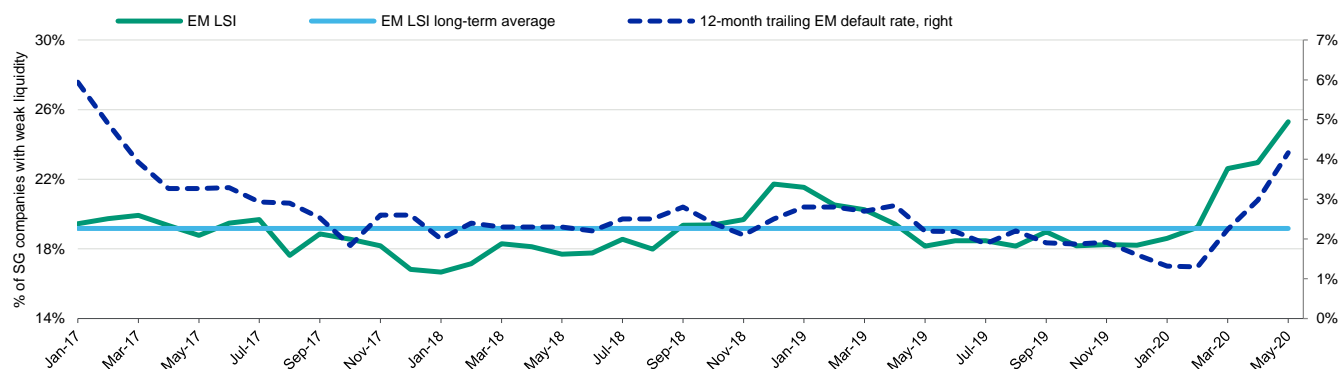


Source: Moody's Investors Service

Credit stress among speculative-grade EM companies is likely to persist. Our EM Liquidity-Stress Indicator (LSI) increased to a record high of 25.3% in May, meaning that more than one-quarter of EM speculative-grade nonfinancial companies will rely on external sources of financing to meet outstanding obligations over the coming 12 months (see Exhibit 19). Even with improving market sentiment, weaker EM companies may struggle to enjoy a captive investor base. These factors will heighten credit risks and point to higher defaults down the road. Credit stress may in turn further hold back economic recovery, as companies focus on liquidity management and cost-cutting at the expense of capital spending and investment.

Exhibit 19

Higher defaults are likely in coming quarters
EM Liquidity-Stress Indicator (LSI) and 12-month trailing EM default rate



[1] Long-term average is from 1 January 2017 to 29 May 2020. [2] The EM speculative-grade default rate captures the rating performance of rated issuers in 55 EM countries.

Source: Moody's Investors Service

We expect government support in the form of financial assistance and other benefits to underpin the relative creditworthiness of state-owned enterprises and companies in strategically important sectors. Such measures may include cash injections, tax deferrals or subsidies, and loan guarantees. Increased state support would likely be forthcoming in the event that fundamentals were to sour materially. Roughly one-quarter (24%) of corporate and infrastructure entities we rate are classified as government-related issuers and may benefit from sovereign support in case of liquidity need, although in some cases support may be rationed given the increasing financial constraints that governments are under.

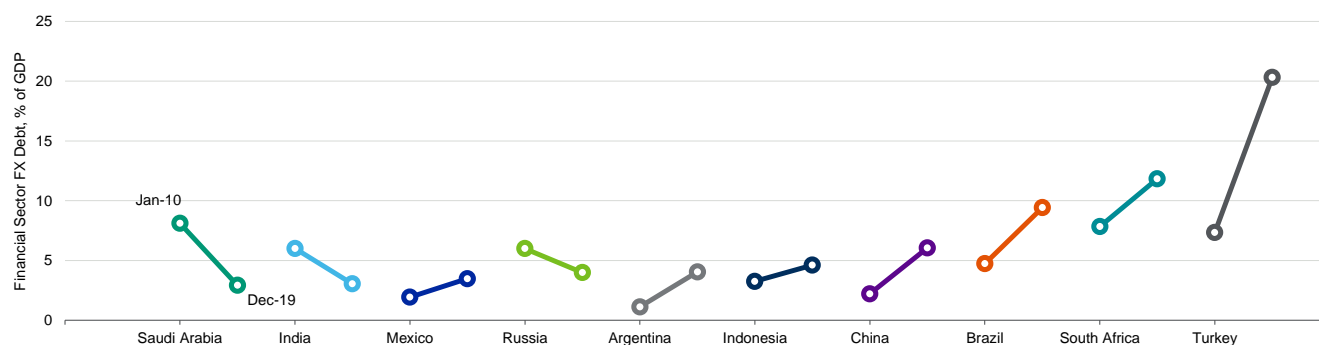
Systemic risks will likely remain contained for most EM banks

The combination of capital flight, currency depreciation and spikes in borrowing costs have frequently triggered EM banking crises in the past. This time around, foreign currency debt has not increased significantly across most major EM banking systems (see Exhibit 20). As such, they do not depend on foreign-currency borrowings to fund operations. The major exception, however, is Turkey, where [banks are dependent](#) on short-term wholesale funding in foreign currency, with \$48.5 billion (as of the end of March) maturing in 12 months, making them vulnerable to constrained market access.

Exhibit 20

Foreign currency risks are greatest in Turkey

Financial sector foreign-currency denominated debt, % of GDP



Sources: Institute of International Finance and Moody's Investors Service

Still, the overall landscape for EM banks will remain fraught. As Exhibit 21 shows, we have negative outlooks on all banking systems across major EM countries.

Exhibit 21

EM banks face more difficult landscape

Banking system outlooks for G-20 EM countries

Country	Overall BSO	Operating environment	Asset risk	Capital	Profitability and efficiency	Funding and liquidity	Government support
Argentina	Negative	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Deteriorating
Brazil	Negative	Deteriorating	Deteriorating	Stable	Deteriorating	Stable	Stable
China	Negative	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Stable	Improving
India	Negative	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Stable	Deteriorating
Indonesia	Negative	Deteriorating	Deteriorating	Stable	Deteriorating	Stable	Stable
Mexico	Negative	Deteriorating	Deteriorating	Stable	Deteriorating	Stable	Deteriorating
Russia	Negative	Deteriorating	Deteriorating	Stable	Deteriorating	Stable	Stable
Saudi Arabia	Negative	Deteriorating	Deteriorating	Stable	Deteriorating	Deteriorating	Deteriorating
South Africa	Negative	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Stable	Stable
Turkey	Negative	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Deteriorating	Deteriorating

As of June 23. Banking system outlooks represent our forward-looking assessment of fundamental credit conditions that will affect the creditworthiness of banks in a given system over the next 12-18 months. Since banking system outlooks represent our forward-looking view on credit conditions that factor into our bank ratings, a negative (positive) outlook suggests that negative (positive) rating actions are more likely on average.

Source: Moody's Investors Service

Recessionary scenarios have impaired operating environments across the board. Banks with particularly high lending exposure to travel, transportation and consumer sectors, as well as commodity sectors, will likely incur the biggest negative effects.

Asset quality will inevitably decline as higher unemployment and reduced business activity weigh on debt affordability and loan repayments, even if regulatory forbearance announced by banking supervisors in some jurisdictions delays the recognition of problem

loans until 2021. Problem loans related to retail and small and medium-sized enterprises (SMEs) will crystallise as the effects of lockdown and business closures take hold.

Banking sector profitability will also decline because of higher loan-loss provisions from deteriorating asset quality, lower net interest margins resulting from lower policy rates, and lower fee income on subdued business activity.

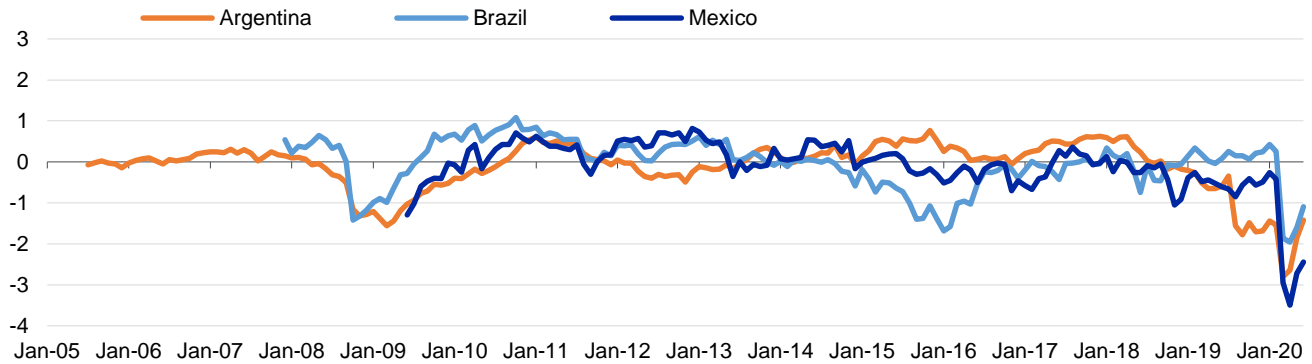
In most cases, however, capital buffers will provide a robust first line of defence. For the 10 major EM banking systems, tangible common equity amounted to roughly 12.3% of risk-weighted assets at the end of 2019, with capitalisation generally improving over the past decade.

In the event of heightened banking sector distress, EM governments will likely stand behind larger, systemically important banks. We view government support as stable in many of the banking systems that we monitor, reflecting our expectation of extraordinary support, should it be required, to avert financial contagion.

Appendix: EM FCIs by country

Exhibit 22

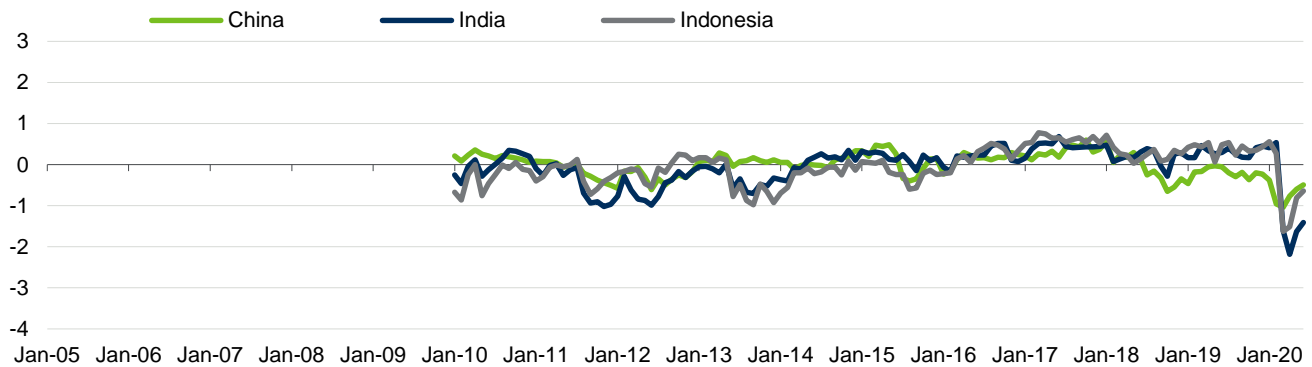
Individual FCIs for Latin America



Source: Moody's Investors Service

Exhibit 23

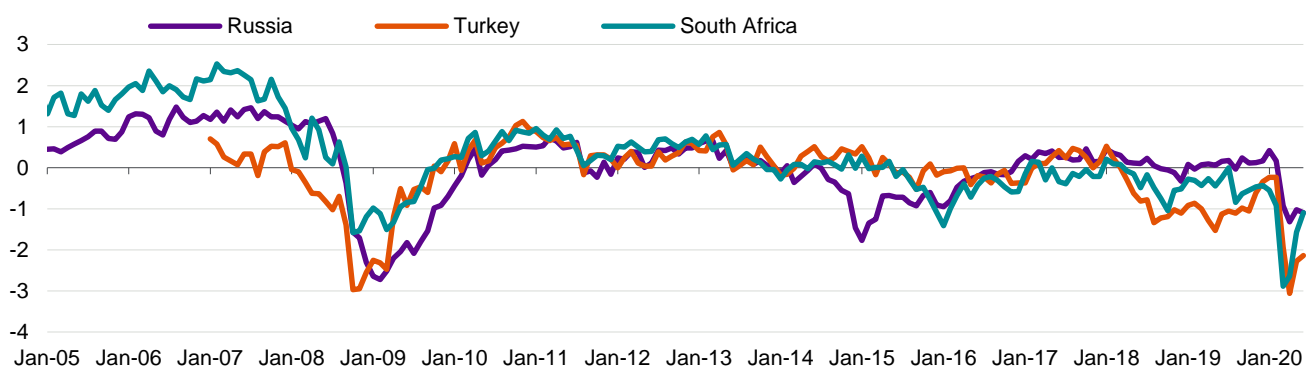
Individual FCIs for Emerging Asia



Source: Moody's Investors Service

Exhibit 24

Individual FCIs for EMEA



Source: Moody's Investors Service

Moody's related publications

Global emerging markets

- » [Emerging Markets Insight](#), 20 May 2020
- » [Global Emerging Markets Chartbook](#), 19 May 2020
- » [Global Emerging Markets: Weakening Global EM LSI pointing to higher defaults](#), 12 May 2020
- » [Corporates – Emerging Markets: Annual emerging markets default study: Coronavirus will push up default rates](#), 30 April 2020

Sector research

- » [Global Macro Outlook 2020-21 \(June 2020 Update\): Global economy is limping back to life, but the recovery will be long and bumpy](#), 22 June 2020
- » [Banks – Russia: Russian Central Bank's accelerated key rate cut will ease pressure on banks' margins](#), 22 June 2020
- » [Coronavirus and the Economy: Alternative Data Monitor](#), 19 June 2020
- » [Credit Conditions – Global : Coronavirus will shape and accelerate global economic, business and consumption trends](#), 18 June 2020
- » [Nonfinancial Corporates - Global: 2019 corporate debt ratings performance](#), 18 June 2020
- » [Default Trends – Latin America: Corporate default scenarios worsen amid coronavirus disruption](#), 17 June 2020
- » [Sovereigns – Global: Lower-for-longer oil price will intensify credit pressures for oil-exporting sovereigns](#), 9 June 2020
- » [Nonfinancial companies – Asia \(ex Japan and Australia\): Coronavirus and India rating action push potential fallen angels to record high](#), 8 June 2020
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- » [G-20 debt service freeze supports liquidity, high debt level challenges will intensify](#), 18 May 2020
- » [Coronavirus – Latin America: Policy support will mitigate economic damage but will not avert recessions](#), 7 May 2020
- » [Corporates – EMEA: Widespread coronavirus-driven actions show differentiated approach by sector](#), 23 April 2020

Outlook

- » [Global Macro Outlook 2020-21 \(June 2020 Update\): Global economy is limping back to life, but the recovery will be long and bumpy](#), 22 June 2020
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Banking sector outlook

- » [Banking System Outlook Update – Turkey: Outlook remains negative as coronavirus weighs on credit profiles](#), 1 June 2020
- » [Banking System Outlook Update – South Africa: Credit profiles will weaken as the coronavirus pushes economy into recession](#), 27 April 2020
- » [Banking System Outlook Update – Mexico: Negative drivers cut deeper into outlook under sovereign pressure and coronavirus fallout](#), 24 April 2020
- » [Banking System Outlook Update - Brazil: Risk metrics sour as coronavirus turns modest economic recovery into pandemic slump](#), 17 April 2020

- » [Banking System Outlook Update – India: Outlook changed to negative as coronavirus outbreak and bank default add to risks](#), 2 April 2020

Topic Pages

- » [Emerging Markets](#)
- » [Coronavirus Effects](#)
- » [Coronavirus Policy Responses](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

- ¹ For the purposes of this report, major EMs refer to the G-20 emerging market countries, comprising Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey. These countries accounted for 69% of emerging market gross domestic product globally (in PPP international dollar terms) and 79% of non-sovereign EM eurobond issuance in 2019.
- ² [Institute of International Finance Capital Flows Tracker](#).
- ³ See [International Monetary Fund Emerging Financing and Debt Relief](#).

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