EM Sovereign Credit Strategy

Idiosyncratic Stories Have More Room to Run

- We stay MW the EMBIGD notwithstanding tight overall spreads and the ongoing of narrowing of the lowest rated segments of the index
- Assuming the positive top-down narrative for dollar spread product remains intact amid a US exceptionalism narrative, EMBIGD spreads still offer some relative value versus US credit
- While there is less juice in the EMBIGD's HY/distressed segment than before, valuations still look relatively attractive and idiosyncratic catalysts are still identifiable
- Indeed, we hold our OWs in Argentina and Ecuador; we stay OW Egypt and OW Panama, and recently added OW South Africa.
- We move OW Azerbaijan. A strong external position coupled with a low debt burden and a policy focus on economic diversification improves the chances of another credit rating agency upgrading it to IG.
- We also move MW Serbia (from OW) as the room for further outperformance seems limited despite the strong fundamental picture.
- We stay UW mainly IG names, recently adding Romania alongside Hungary, Indo, KSA, Poland, Paraguay and Costa Rica.
- On an outright level, we close our Chile basis and Cote d'Ivoire $ vs € recommendations.
- The first weeks of the year have seen a record issuance with EM sovereigns tapping markets by US$33bn, all stemming from IG names
- We still see $169bn of gross issuance this year, with a heavy skew towards IG issuers (as last year)

Emerging Market Research

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Figure 1: EMBIGD Model Portfolio Recommendations

Listed in order of oldest to newest

OW	UW
Ecuador	Hungary
Panama	Saudi Arabia
~~Serbia~~	Costa Rica
Egypt	Paraguay
Argentina	Indonesia
Uzbekistan	Poland
South Africa	Romania
Azerbaijan	

Source: J.P. Morgan

See page 26 for analyst certification and important disclosures.

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Table Of Contents

Idiosyncratic stories have more room to run ... **1**

Tight but not so rich relative to US credit, with residual value in (formerly distressed) ... **3**

Supply Technicals: Another record start to the year ... 6

Trade recommendations and country views ... **7**

Azerbaijan: Move OW (from MW) given external strength and looming credit rating upgrade ... 9

Serbia: Move MW (from OW) as the runway for further out performance seems limited ... 10

Romania: Move UW (from MW) and close 10s30s steepener recommendation ... 11

South Africa: Move OW (from MW) on the back of structural reforms ... 12

Ecuador: Ride the lightning - stay OW ... 13

Chile CDS basis: Closing our buy basis recommendation ... 16

Cote d'Ivoire $ vs €: Closing our long $ vs short € recommendation ... 17

Trade recommendations summary ... **19**

Recent EM sovereign Strategy Reports ... **20**

Flagship and ad hoc strategy reports ... 20

EM sovereign analytic reports ... 20

EM sovereign technicals dashboard ... **21**

EM Asia sovereign issuance forecast ... 22

Latin America sovereign issuance forecast ... 22

EMEA EM and Global EM sovereign issuance forecast ... 23

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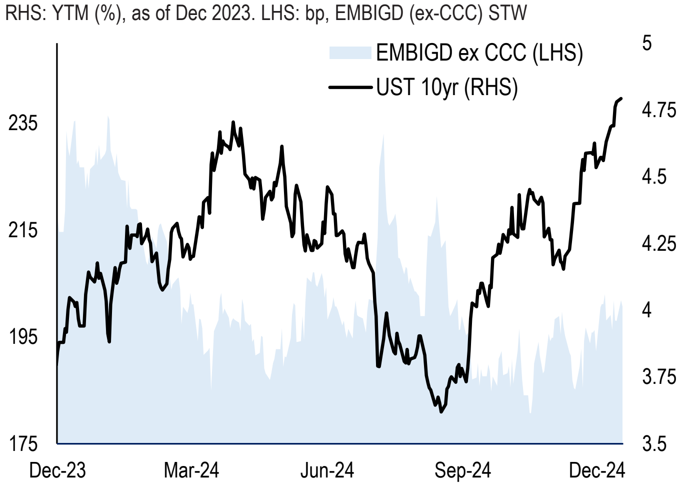
Tight but not so rich relative to US credit, with residual value in (formerly distressed)

We stay MW the EMBIGD notwithstanding tight overall spreads and the ongoing of narrowing of the lowest rated segments of the index. Despite very narrow spreads in the EMBIGD ex CCC (close to 15-year tights), we have stayed somewhat more constructive EM sovereigns heading into 2025, as we noted the still attractive residual spread coming from recovering stories in the CCC bucket. Many of these names have seen strong performance since 4Q24, gathering momentum post US election and continuing to lead the spread tightening observed so far in January. While the EMBIGD HY spread at 547bp is near the lows since the pandemic—helped by strong rallies in such names as Argentina, Ecuador, Ukraine and most of Africa—we still see positive idiosyncratic stories keeping momentum alive in this space for now.

Assuming the positive top-down narrative for dollar spread product in general continues to prevail, we see room for overall EMBIGD spreads to remain steady or perhaps inertially grind tighter. Our call for wider spreads by year end (from the current 323 to 400bp) is predicated on rising US/global recession risks, which for now are not yet apparent. In the meantime, we still see an environment where spreads can absorb higher core rates: the 10-yr Treasury (prior to the rally post US December CPI) had moved higher by 117bp since mid-September; meanwhile the EMBIGD ex-CCC was 9bp tighter during the same period even after retraicing from historical tights (Figure 2). Stable to narrowing spreads have helped keep overall financing cost pressure relatively contained and fundamental concerns related to medium-term refinancing hurdles at bay. That said, UST approaching 5% in the 10-year does not leave much margin for error for lower-rated sovereigns, with the yield to maturity on EMBIGD single-Bs again approaching 10%. Meanwhile EM IG issuers may be feeling sticker shock at having to issue at an average YTM above 6%. See Figure 3.

Figure 2: 10-yr Treasury reach year-high and further diverges from EMBIGD ex-CCC

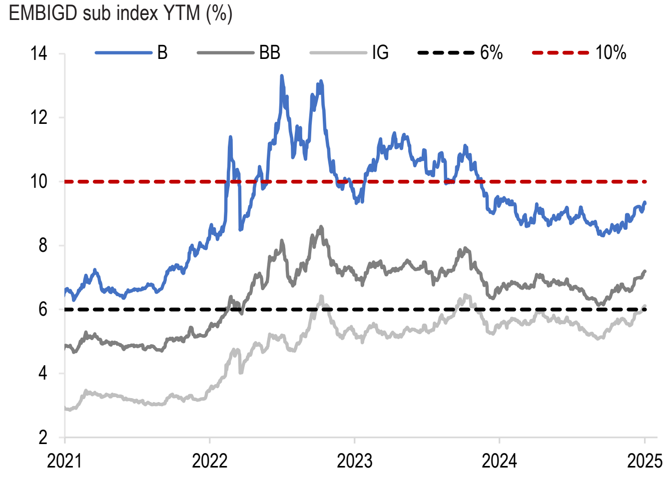
RHS: YTM (%), as of Dec 2023. LHS: bp, EMBIGD (ex-CCC) STW



Source: J.P. Morgan, Bloomberg Finance L.P.

Figure 3: EMBIGD single-B names climbing back towards 10% yield range on higher UST

EMBIGD sub index YTM (%)



Source: J.P. Morgan.

Despite generally tight levels, spread resilience has a bit more to run in our view. EMBIGD HY has outperformed corporate HY since 4Q24 (EM and US), but still

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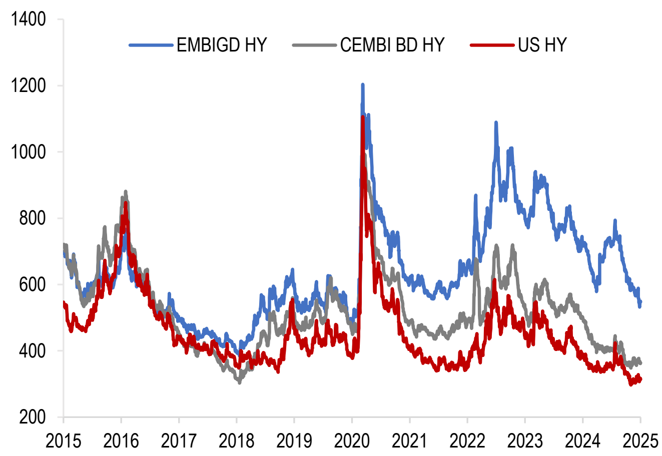
remains wide to its US counterpart by historical standards (the spread differential at 234bp is some 92bp higher than the 10yr average; Figure 3). Meanwhile EM sovereign IG at 122bp is 5bp wider than the last 12-mo average, while US IG (JULI) at 96bp is 8bp tighter (Figure 4). Thus, EM sovereigns still don't look particularly rich versus US credit, which is benefitting from the prevailing US exceptionalism narrative, with high all in-yields still helping spreads absorb the move higher in core rates. This has led to crossover interest many of the new deals coming to market in January.

Figure 4: EMBIGD HY trending towards CEMBI HY and US HY

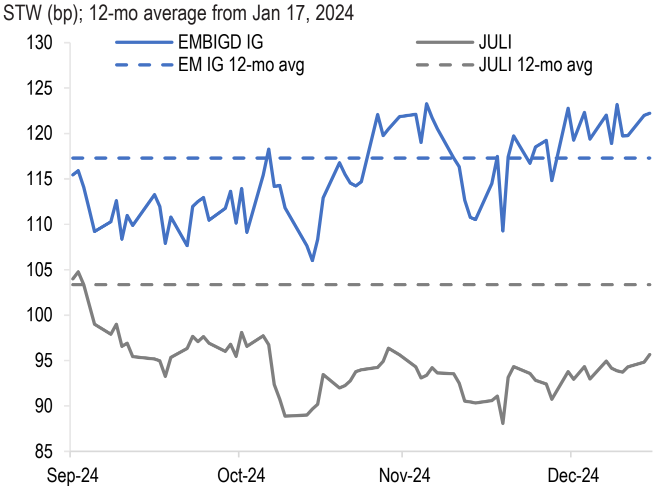
STW (bp); From Jan 2015



Source: J.P. Morgan.

Figure 5: EMBIGD IG remains wider than 12-mo average while JULI treads tighter

STW (bp); 12-mo average from Jan 17, 2024



Source: J.P. Morgan.

Much juice has been squeezed out of EM sovereigns as the (formerly) distressed bucket has continued to perform. The overall EMBIGD tightened 11bp during the month of December, of which roughly 9bp can be attributed to Sri Lanka (1% weight in the index) completing its restructuring. (Note that Sri Lanka's MLB state contingent bonds have optically low spreads and yields as the market factors cashflows that are higher than the basecase.) Lebanon's massive rally was also a highlight of last month, though given its small weight this only accounted for 1bp of the headline EMBIGD tightening. So absent this noise, we see a headline EMBIGD index that was basically flat in December, with the IG component tightening 2bp last month.

December delivered winners and losers among weighty countries within the HY portion of the index: Argentina, Ukraine and Ecuador tightened by 120bp, 94, and 87bp, respectively, which alongside rallies in Lebanon, Venezuela, and the Sri Lanka restructuring, pushed the spread of the EMBIGD's C-rated bucket down from above 4000 in 1H23 to below 1500 for the first time since 2017. In the other direction, Panama and Brazil widened by 31bp and 28bp respectively in December. The start of January began with a more broadbased rally of the lower rated segments of the index, with almost all names in Africa rallying (Africa was tighter by 25bp as of January 7), while the HY segment reached 532bp (the lows observed since before the pandemic) before widening out to 550bp after strong US payrolls pushed up Treasuries.

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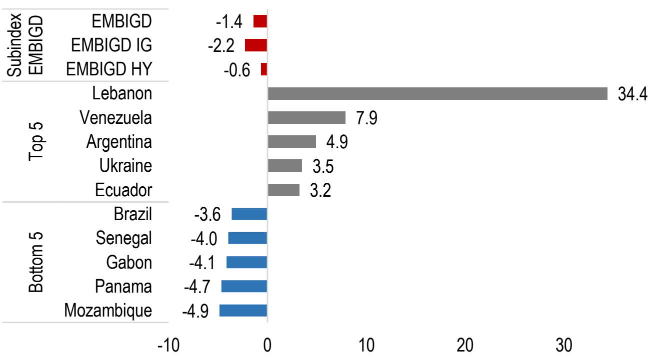
Figure 6: HY outperformed in December led by idiosyncratic distressed names

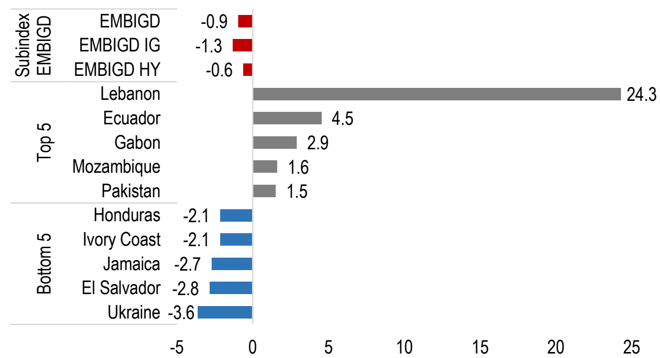
The top 5 and bottom 5 total return performers in December (%)



Sri Lanka's December return was -6% reflecting the finalization of its bond restructuring.
Source: J.P. Morgan.

Figure 7: January has started off a but more mixed, but HY continues to outperform IG amid UST volatility

The top 5 and bottom 5 total return performers in January MTD (%)

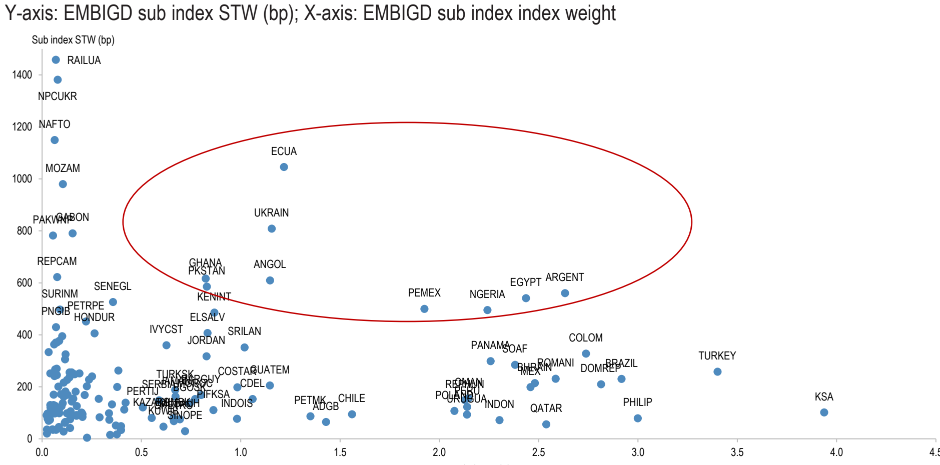


Source: J.P. Morgan.

We maintain OWs in Argentina, Ecuador and Egypt, where we still see positive catalysts and some residual value. Argentina has rallied 1000bp since August, but at 580bp still is on par with most SSA names with what we would argue are more clearly identifiable positive catalysts (IMF agreement, capital controls removal, improving macro and solid prospects for Milei in October mid-terms). Ecuador, for its part, at 1050bp, is 400bp tighter than its highs of the year, but still screens cheap to peers. We maintain our long-standing view that the incumbent Noboa is likely to win reelection, removing a negative tail risk and paving the way to additional upside for bonds. Figure 8 shows these two countries, alongside Egypt (where we are also OW) amid a segment of sovereigns with meaty 1-2.5% index weights that still have relatively attractive spreads. We think these countries can continue to help the overall index tighten even as higher-rated sovereigns may not have a ton of room to move lower.

Figure 8: Still some juice and solid idiosyncratic stories among weighty EMBIGD subindices

Y-axis: EMBIGD sub index STW (bp); X-axis: EMBIGD sub index index weight



Source: J.P. Morgan.

Elsewhere, we are OW Panama, South Africa and we add an OW in Azerbaijan (from MW) given its strong external position and still wide valuations versus other potential rising stars while moving Serbia back to MW (from OW) as the runway for further outperformance seems limited. We stay UW mainly IG names, recently adding Romania alongside Hungary, Indo, KSA, Poland, Paraguay and Costa Rica.

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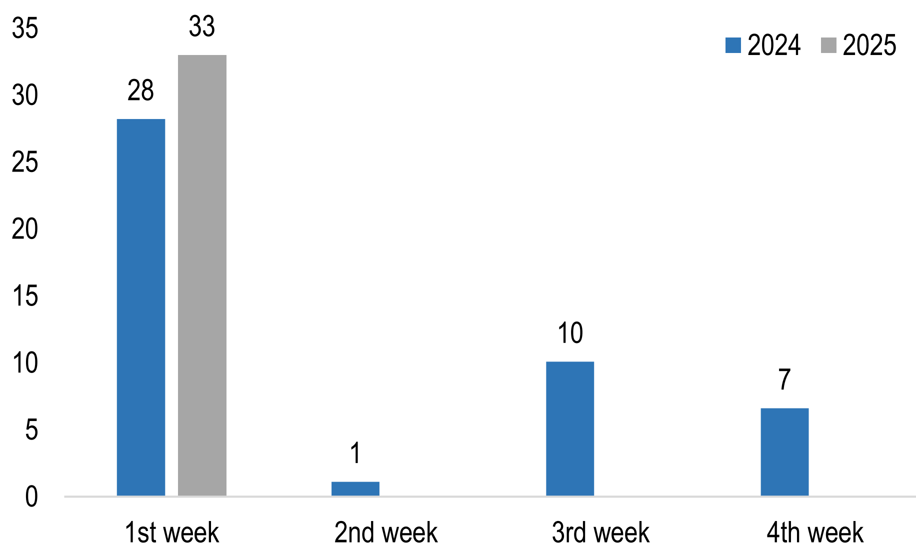
Supply Technicals: Another record start to the year

The first weeks of 2025 has already seen record issuance at $33bn. Similar to 2024, the start of the year has seen EM sovereigns rushing to primary markets to meet their financing needs, with YTD issuance surpassing 2024's first week (Figure 9) and the 10y average of $26.6bn. All $33bn of the new issuance has come from IG issuers, albeit market appetite and relatively tight spreads could prompt lower rated sovereigns to issue as well. The new issuance activity of last January 2024, too, was dominated by EM IG until the very last week, which saw $7.1bn of HY issuance. The bulk of our issuance forecast for 2025 falls in the IG space but we also expect to see more lower rated sovereigns back into the issuance mix if the spread tightening continues. We have six single-Bs forecasted to come to the market, which is higher than last year.

Issuance may slow in the second part of the month. In 2024, nearly 60% (i.e. $28bn) of the January supply came in the first week, while only $18bn was issued over the next three weeks. This time around, given potential volatility around the US January 20 inauguration, issuance activity could slow down again. That said, January is the highest cashflow month of the year with close to $16bn in maturities, so sovereigns that tend to issue in January could take advantage to recycle this dry powder. Overall, 2025 will see close to $91bn in maturities compared to $70bn in 2024.

Figure 9: Gross issuance so far has surpassed the levels at same time last year after which the pace moderated over the rest of January

Gross issuance ($bn) in January 2024 and 2025 in weeks



1st week counts as 5 working days since the first announcement
Source: J.P. Morgan, Bloomberg Finance L.P.

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Trade recommendations and country views

We maintain OWs in Argentina, Ecuador and Egypt, where we still see positive catalysts and some residual value. Argentina has rallied 1000bp since August, but at 580bp still is on par with most SSA names with what we would argue are more clearly identifiable positive catalysts (IMF agreement, capital controls removal, improving macro and solid prospects for Milei in October mid-terms). Ecuador, for its part, at 1050bp, is 400bp tighter than its highs of the year, but still screens cheap to peers. We maintain our long-standing view that the incumbent Noboa is likely to win reelection, removing a negative tail risk and paving the way to additional upside for bonds. **Elsewhere, we are OW Panama, South Africa and we add an OW in Azerbaijan** (from MW) given its strong external position and still wide valuations versus other potential rising stars while moving Serbia back to MW (from OW) as the runway for further outperformance seems limited. **We stay UW mainly IG names, recently adding Romania alongside Hungary, Indo, KSA, Poland, Paraguay and Costa Rica.** On the outright recommendations, we close our buy Chile basis and our Cote d'Ivoire long Dollar vs Euro recommendation.

As for outright trades and RV, we maintain our longstanding Pemex vs Mex RV trade, and our long-end PHILIP vs INDO trade. As for curve trades, we maintain 10s30s flatteners in MOROC and BRAZIL, and steepeners in Abu Dhabi. We are closing our Chile bond-CDS basis trade (close to our target) and Cote d'Ivoire $ vs € recommendations (which had moved against us since entry). We also close our Romania 10s30s steepeners trade in conjunction with our new UW call on the overall Romania subindex.

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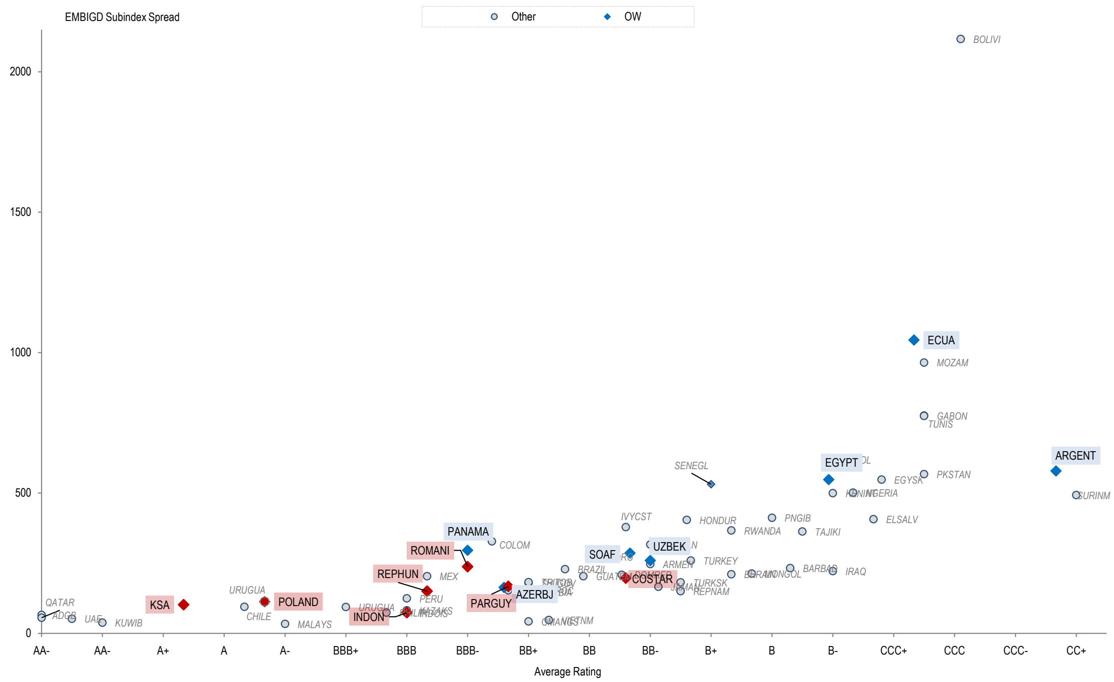
Figure 10: EMBIGD Model Portfolio recommendations

EMBIGD subindex spread (bp, y-axis) versus average credit rating (x-axis); blues denote current OW and reds denote current UW recommendations



Source: J.P. Morgan.

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Figure 11: EM Sovereign Credit Strategy Views: Summary

	View
Ecuador	OW: Entering 2025, the main point of focus stands with the election set for February 9th (with a a potential second round on April 13th). As we have flagged recently, we maintin a strong conviciton ofn Noboa prevailing in a second round leveraging on a deeply fragmented policital arena and limited upside for Gonzalez (correismo). While the bar to regain market access remains high (a necessary condition to elude a credit event in the medium term) we are of the opinion that this outcome should be consistent with the market pricing a higher probability of it being attained with yields converging closer to the 12% handle (consistent with an upside north of 12pts at current levels). **Catalyst to watch: First round election (February 9th).**
Panama	OW: Despite a fair correction over the last few months, Panama's valuations still screen wide with the country still trading closer to BB+/B+ names, suggesting, as we have flagged previously, that the fallen angel narrative seems to be fairly embedded in current prices with the bar for further underperformance to remain high. **Catalyst to watch: Evolution of the pension reform approval and issuance dynamics**
Uzbekistan	OW: We are constructive on the growth picture and less concerned on the side effects from strong demand (twin deficits) given strong investment and the associated boost to the supply side of the economy. External buffers are strong and the country is benefitting from higher gold prices. Looking ahead, the country faces no Eurobond amortizations in 2025-26, which grants some flexibility in terms of new supply plans, and investor positioning according to our client survey is neutral **Catalyst to watch: Structural reforms, macro economic picture and FX reserves**
Egypt	OW: We moved OW in September amid improved a macro picture and lagged spread performance over the summer, against the backdrop of amid still comfortable global macro backdrop. The preference is for the long end given it screens wider to peers. The IMF and global support anchor is beneficial for the overall credit. **Catalyst to watch: Credit rating upgrades, reform momentum.**
Azerbaijan	OW: Azerbaijan's strong external position with a low debt burden and focus on economic diversification improves the chances of another credit rating agency upgrading it to IG. Bonds currently trade wider to other potential rising star peers while investor positioning remains UW. **Catalyst to watch: External accounts, credit rating actions and commodity price shocks.**
South Africa	OW: The growth outlook has notably improved post the elections and the formation of GNU with a focus on structural reforms. The expenditure led consolidation should help lower the pace of debt growth while the reform implementation should help the debt dynamics. **Catalyst to watch: Ongoing structural reforms and fiscal accounts.**
Argentina	OW: With EMBIGD spreads now close to 550bp and flirting with market access we acknowledge that the room for further compression is tighter but still see value given the expected policy path for 2025. The optimism around a renewed IMF program, the relaxation of the capital controls amid a still strong fiscal anchor and rebounding activity should translate in further upside for the credit, potentially reinforced through the strong political momentum stemming from the midterm elections. **Catalyst to watch: Reserves dynamic and incremental policy steps to FX unification and the removal of capital controls and potential IMF program.**
Poland	UW: The deteriorating trend in debt dynamics amid fiscal deficits that should run at 6% of GDP in 2024, and ongoing pressure from defense spending should make consolidation somewhat challenging ahead. Ongoing fiscal financing pressure can continue to weigh on spreads, especially if a quick end to the Ukraine conflict puts additional pressure on the defense budget. We expect an heavy issuance calendar. **Catalyst to watch: Fiscal accounts and supply**
Hungary	UW: The fiscal deficit underperformed the initial forecasts while supply has been relatively high. Although valuations do not look alarmingly rich, we believe the concerns around EU relationship and fiscal slippage risks would keep bond spreads under pressure. **Catalyst to watch: EU-related funding and fiscal performance**
Saudi Arabia	UW: Saudi Arabia's fiscal accounts would continue to look weak amid large spending plans despite a relatively positive oil environment. While valuations don't look too tight versus peers, loose fiscal policy and supply expectations could keep spreads under pressure. **Catalyst to watch: Issuance plans and fiscal accounts**
Costa Rica	UW: While the overall trend of the story is constructive, current levels suggest that this narrative is priced and, at these levels, the bar for Costa Rica to extend its outperformance vis a vis the rest of the sovereign space seems high, especially with overall spreads trading close to multi-year tights at the ex-CCC level. **Catalyst to watch: Evolution of external accounts and fiscal accounts.**
Paraguay	UW: While Paraguay remains a fundamentally improved and improving credit, institutional strength and economic diversity remain challenges. More relevant for our model portfolio move, Paraguay is already marginally wider to BBB rated Peru and 48bp wide to A rated Chile. Rather than fundamental concern, our October move to UW was to keep our model portfolio at MW on the back of historically tight spread levels. **Catalyst to watch: Rating actions, including signs of a slow move by S&P and Fitch to IG.**
Romania	UW: Political climate remains highly uncertain following cancellation of the recent Presidential elections. Furthermore, large fiscal deficit has always been one of the major concerns over the past few years and with the expected gradual move towards fiscal consolidation now likely pushed off, rating agencies could start to react negatively led by Fitch's negative outlook. **Catalyst to watch: Political announcements and rating actions.**
Indonesia	UW: Indonesia's bond spreads screen tight, relative to peers and we believe recent improvements in the trade balance, driven by export-led cyclical recoveries, are already fully reflected in current valuations.The political landscape looks stable for now, but there are some modest risks from the new government more expansionary spending agenda. **Catalyst to watch: Commodity price shocks, especially in coal and drop in domestic commodiity production**

Source: J.P. Morgan.

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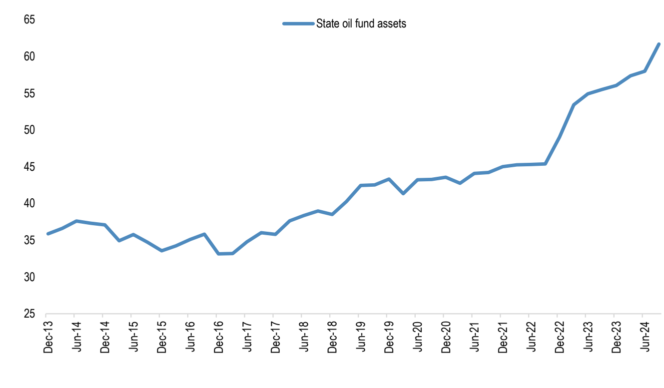
Azerbaijan: Move OW (from MW) given external strength and looming credit rating upgrade

Azerbaijan's strong external position with a low debt burden and focus on economic diversification improves the chances of another credit rating agency upgrading it to IG. Azerbaijan was upgraded by Fitch to IG last year on the back of improved credit fundamentals and was put on positive outlook with a Ba1 rating by Moody's. The government's balance sheet continues to look robust with a low debt burden (2024F public debt: 21% of GDP) and strong asset position of the state oil fund which has increased markedly since 2017 (Figure 12). Furthermore, Azerbaijan's gas production has grown substantially over the past few years and there are multiple projects in the pipeline that could further help expand the gas production over the medium term. The increase in gas production would offer diversification away from oil within the hydrocarbon sector. As such,while the overall economy still depends materially on the oil and gas sector, the country has seen an accelerated non-oil GDP growth since 2017. Moreover, the authorities also have plans to develop the renewable sources of energy with financing achieved for multiple solar projects on the back of COP29 in November (link). The recent increase in crude and gas prices also bodes well for Azerbaijan's external accounts. Given this backdrop, we believe the likelihood of an upgrade from another credit rating agency is higher over the near term.

Despite these developments, any decline in oil and gas prices could have a material impact on the economy. Furthermore, oil reserves have also been on a decline over the recent years. That said, we believe the low debt burden and sizeable fiscal reserves in foreign assets to provide a cushioning effect in case of a shock.

Figure 12: The state oil fund has accumulated substantial assets over the past years strengthening the external position

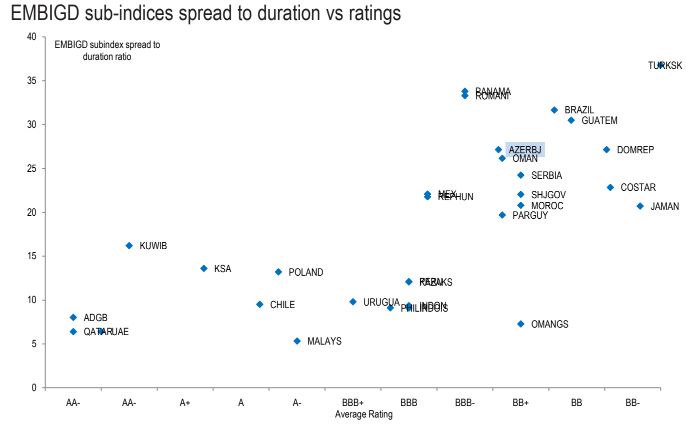
State Oil Fund Assets ($bn)



Source: The State Oil Fund of the Republic of Azerbaijan

Figure 13: Azerbaijan's duration adjusted spread screens wider to its peers

EMBIGD sub-indices spread to duration vs ratings



Source: J.P. Morgan.

Valuations screen interesting with the investor positioning still an UW. A credit rating upgrade to IG from either S&P or Moody's would bring in rating-sensitive fund related inflows into Azerbaijan's $ bonds given Fitch already has it at BBB-. EMBIGD Azerbaijan's duration adjusted spread screens wider to its similarly and better rated peers (Figure 13). An upgrade over the near term could also see the narrowing of the spread differential with the current better rated peers. Notwithstanding the rating upgrade, Azerbaijan's $ bonds are also trading wider to other potential rising stars in the EMBIGD (Figure 14). In terms of positioning, investors continue to remain UW Azerbaijan as per our *J.P. Morgan EM Client Survey*, among the lowest exposures

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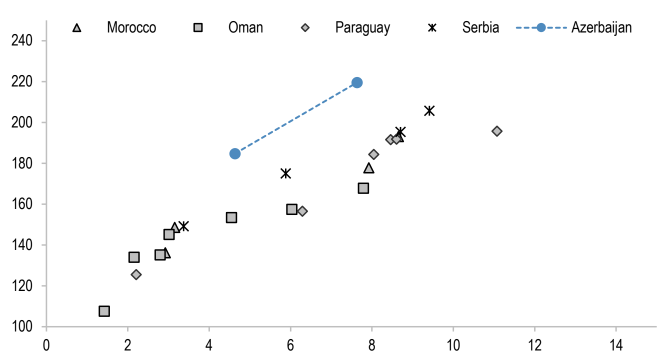
compared to other BB peers (Figure 15). Given this view and continued strength in external position, **we move OW Azerbaijan in the EMBIGD Model Portfolio at 158bp as on 10 January 2025**. The risks to our view include a sharp decline in oil and gas prices, deterioration in the global risk sentiment, no positive movement in the rating action and worsening credit fundamentals.

Figure 14: Azerbaijan's $ bond spreads screen much wider to its other potential rising star peers

Morocco, Oman, Paraguay, Serbia and Azerbaijan $ Eurobonds z spreads (bp) vs time to maturity



Source: J.P. Morgan., Bloomberg Finance L.P.

Figure 15: Unlike its peers, investors still maintain an UW exposure in Azerbaijan

AUM-weighted positioning score from J.P. Morgan's EM Client Survey ranging from -10 (most UW/short) to +10 (most OW/long)

Source: J.P. Morgan

Serbia: Move MW (from OW) as the runway for further out performance seems limited

We move MW Serbia on the EMBIGD Model Portfolio given its outperformance over the past year. We went OW Serbia on the back of strong macroeconomic fundamentals (*EMEA EM Sovereigns: Value lies in the eye of the beholder, 18 March 2024*). The upgrade to IG from S&P affirmed our conviction on Serbia's fundamentals. While we still remain comfortable with Serbia's macro economic strength and see a higher likelihood of a rating upgrade from Fitch or Moody over the near term, we believe the runway for further tightening is limited. Serbia $ bonds have already tightened meaningfully and now trade in line with its other potential rising star peers (Figure 14). EMBIGD Serbia was also among the top performers last year among the EM IG and BB rated peers (Figure 16). Given this strong performance, we think the scope for further tightening on a potential rating upgrade is more limited and move MW Serbia in the EMBIGD Model Portfolio at 146bp as on 10 January 2025 having entered at 162bp on 15 March 2024.

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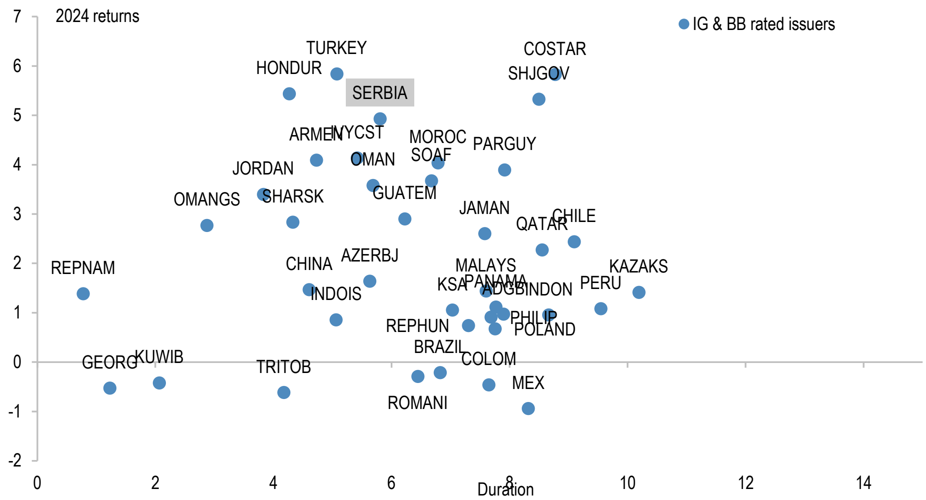
Figure 16: Serbia was among the top performers in IG and BB sovereigns

EMBIGD subindex spread returns in IG and BB rated sovereigns (%)



Source: J.P. Morgan.

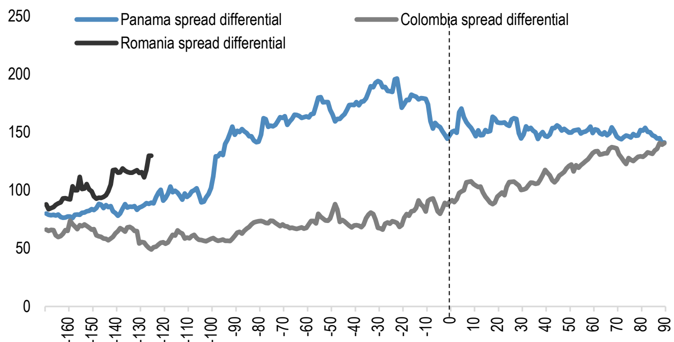
Romania: Move UW (from MW) and close 10s30s steepener recommendation

We moved UW Romania (from MW) in the EMBIGD Model Portfolio in December following weeks of continued political uncertainty and negative increased ratings outlook risk (*see Romania: New political phase with higher risks, 23 December 2024*). Romania's large fiscal deficit has been one of the major concerns over the past few years with the 2024 deficit likely at 8% of GDP. Furthermore). Romania's Eurobond issuance at $18.9bn in 2024 was the highest among EM sovereigns while we expect close to $15bn issuance in 2025 (*see* EM Sovereign Supply Technicals - 2025 Outlook). Romania sovereign bonds are already among the widest IG names in the EMBIGD and underperformed the overall index last year (*see* EM spread vs ratings). However, the continued political uncertainty given the election cancellation will lead to further pressure on spreads in our view. Furthermore, with the expected gradual move towards fiscal consolidation now likely pushed off, and rating agencies starting to react negatively led by Fitch's negative outlook, we also think there is more to go. Given this view, we moved UW Romania (from MW) in our EMBIGD model portfolio.

That said, we do not think Romania is on the cusp of losing IG, but markets may sell first and ask questions later given a potentially large technical impact. Our initial estimate based on exclusion from EMBI IG and Bloomberg Global Agg indices could be $5bn-$6.5bn of forced hard currency selling between ROMANI USD and EUR (though OW Romania sovereign positioning, as indicated by our *EM Client Survey*, skews risks towards larger outflows). In terms of impact on spreads, if we compare to Panama, which has already lost IG from Fitch and is on the cusp of losing IG from Moody's (Baa3, negative outlook since 29 November 2024), we can see there is still potentially much more spread widening to go for Romania (Figure 10). In terms of performance, the spread movements over the past three months have seen $ bonds widen slightly more than the €-denominated counterparts but both have widened markedly (Figure 13). Although the curve has underperformed, we think the widening could continue given the increasing pressure of losing an IG status and political uncertainty over the medium term.

Figure 17: Panama and Colombia both widened in the lead up to their downgrade to HY

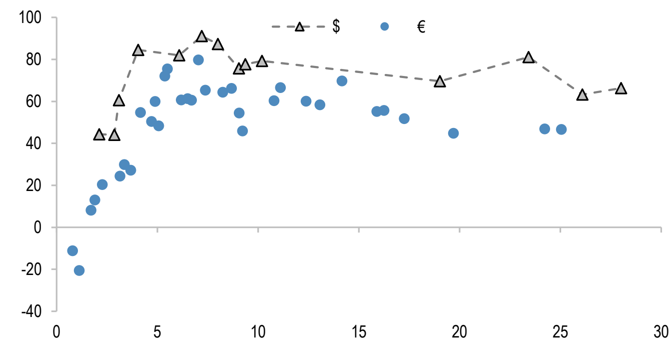
x axis: The number of days before and after the rating downgrade
y axis: The spread differential versus EMBIGD IG



Note: We do not forecast Romania to lose IG, the start date for Romania is 07-Nov-24 and for reference purposes only
Source: J.P. Morgan.

Figure 18: Spread movements have been of a similar scale for both curves with $ slightly more than €

Change in Z spread over the past three months (bp)



Source: J.P. Morgan, Bloomberg Finance L.P.

We also close our Romania 10s30s steepener recommendation that we had entered in November (*see EM Sovereign Credit 2025 Outlook, 25 November 2024*). While historically the curve shape has not exhibited any strong directionality with the spread movement, given the uncertainty and looming supply pressure we think 10y part of the curve could come under more pressure than the long end. Given this view, we think it is prudent to close our steepener recommendation: sell ROMANI 5.75% 35s (86.88 bid, z +331bp) and buy ROMANI 7.625% 53 (97.63 offer, z+359bp), DV01 neutral and UST-hedged, with current spread of 28bp inclusive of transaction costs, having entered at 44bp.

South Africa: Move OW (from MW) on the back of structural reforms

We moved OW South Africa in December given the improvement in macro economic outlook on the back of reforms implementation (*see EM Sovereign Credit Update, 16 Dec 2024*). The structural growth outlook for South Africa has been improving as network industry reforms are steadily being implemented, helped by the GNU formation after elections. S&P, too, recently revised South Africa's outlook to positive on improved reform and growth potential while maintaining its credit rating at BB-. According to our economists, supply side reforms, especially, the network industries reforms (if successfully implemented) should lift potential GDP growth to 1.5-1.8% (*see EMEA EM Economic Outlook - January 2025: Into the Unknown, 10 January 2025).* Furthermore, the expectations for the pace of debt rise is to slow led by expenditure led fiscal consolidation. That said, further interventions and growth surpassing 2.5% is required to reduce the debt ratio.

South Africa $ bonds have underperformed over the past few months. The $ bond rally that we saw post the May 2024 elections halted around mid-October and since then, EMBIGD South Africa spreads have widened by around 40bp. The current spread differential with the overall EMBIGD index is at the multi-year highs as the broad index has continued tightening (Figure 19). South Africa $ bonds have also underperformed its BB peers over the past few months (Figure 20). Given the structural improvement in the macro economic story and the recent underperformance, we moved OW South Africa in EMBIGD Model Portfolio.

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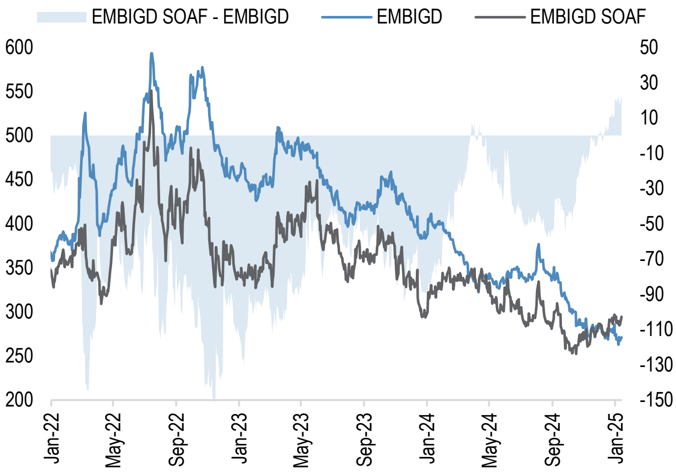
Figure 19: The past few months have seen South Africa $ bonds underperform the overall index...

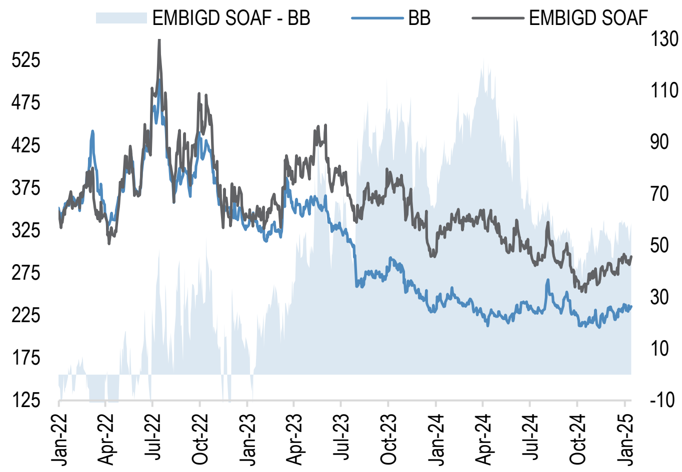
LHS: EMBIGD SOAF STW, EMBIGD STW (bp)
RHS: EMBIGD SOAF STW - EMBIGD STW (bp)



Source: J.P. Morgan.

Figure 20: ... and its BB peers as well

LHS: EMBIGD SOAF STW, EMBIGD BB STW (bp)
RHS: EMBIGD SOAF STW - EMBIGD BB STW (bp)



Source: J.P. Morgan.

Ecuador: Ride the lightning - stay OW

This is an extract from *Ecuador: Ride the lightning*, G. Lalaguna & L. Barbeito, 19 December 2024.

The tandem of a constructive fiscal picture and supportive poll numbers keeps us OW Ecuador in the EMBIGD model portfolio. As we approach to 2025, the direction of travel of the credit's fundamentals over the last months reinforce our constructive bias. First, the consolidation efforts pursued by the administration have translated into an improving fiscal landscape underpinned by strong multilateral support (see here). Furthermore the different polling signals remain in line with our baseline defined by President Noboa securing reelection. This last point stands as the key focus for markets heading into 2025 and rises as the critical catalyzer in the story. With bonds still trading in distressed territory and priced for an unavoidable credit event, we remain of the opinion that the name still has value - particularly considering the stance of broad valuation in EM sovereigns. As we have flagged in previous opportunities (see here), while we acknowledge the country's medium term challenges, the reelection of President Noboa, given its policy bias and execution performance, should push the market to start pricing a higher probability of the country attaining market access. We remain of the opinion that the bar for the latter to materialize is high and contingent on post-election performance but at these levels our baseline remains consistent with a further reduction in Ecuador's risk premium.

President Noboa lies marginally ahead of Gonzalez in vote intention ahead of the first round. The latest Comunicaliza poll (January 8-11th) shows President Noboa ahead with 36.1% vote intention, followed by the Correista candidate Luisa Gonzalez with 33.0%. The 3.1%-pt margin in favor of President Noboa, is above the pollster's margin of error of 1.35%. Worth noting, Topic's replacement from the SUMA party, Enrique Gomez, with just 0.2% of vote intention, proved unable to capture the 8.1% of vote intention shown by Topic prior to his disqualification. Such voting fragmented, deepening polarization between Noboa and Gonzalez, amid a still high undecided rate

(13.9%). Regarding Noboa's government approval, Comunicaliza shows a 1.1%-pt improvement from prior month to 54.8%, while rejection rate stood at 38.2%. Meanwhile, Gonzalez's approval increased by 3.5%-pt to settle at 44.4%, with a flat rejection rate of 33.4%.

Challenges still persist. As we have flagged previously, Noboa's reelection bid remains as a function of an ongoing improvement in the security situation as well as a prompt resolution of the electricity emergency, as the risk is for new blackouts after the holidays to re-emerge concerns about the electricity drag. That said, the lack of competitive candidates on the center-right, together with the still strong anti-correista sentiment continues to position Noboa as the favorite to win in a second round, though we acknowledge that by a tighter margin than initially expected.

For 2025, we see central government deficit relatively stable at 3% of GDP (US $3.8bn), consistent with non-financial public sector (NFPS) fiscal deficit of 1.4%. On the revenue side, we expect 2024 temporary revenues for US$1.5bn to be partially compensated by full-year VAT increase and the elimination of ISD (capital outflows tax) tax expenditures. On the spending side, our forecast assumes a 0.8% fiscal consolidation effort at the non-oil balance alongside an effort towards the reduction in oil-related subsidies, particularly diesel . Our estimate also considers US$0.9bn in current spending allocated to the announced purchases of energy shipments and transfers in 1Q25. Worth noting, we work under the assumption that the electricity drag eases by end-December 24 as recently announced by President Noboa. That said, risks remain skewed towards a higher deficit, conditional on the duration of the electricity crisis and the presidential elections outcome.

Despite execution risks, we continue to see room for Ecuador to muddle through in 2025 given the prevailing set of alternatives. **Nevertheless, restoring market access is critical ahead of 2026.** Our revised financing estimates reinforce our view that the government has room within the financing program to close the gap in 2025 (US$0.9bn at the NFPS level) even in the absence of market access. In addition to the scheduled IMF disbursements under current EFF program, our estimates also consider the authorities tap a portion of RSF's financing (US$300 bn in 2025 out of total US$1.3bn), as well as additional multilateral and domestic financing. We remain cautious and don't include in our baseline any potential new financing or debt re-profiling stemming from China, which, if materialized could offer some additional degrees of freedom in the coming years. Worth noting, we work under the assumption of WTI price average of US$69/bl for 2025 (J.P. Morgan's forecast - see here). With an aggregate effect of $680mn per each $10/bbl change in oil prices at the NFPS level our expectation of the country's capacity to muddle through is robust to an scenario of lower oil prices (Figure 5). That said, amid rising debt service in the medium-term, we expect the financing gap to increase to around US$3.4bn in 2026 (Figure 6), a year in which the Eurobond amortizations kick in and by when market access becomes binding.

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Figure 21: Our 2025 muddle through baseline is robust to different WTI scenarios

Sensitivity of Ecuador's financing needs to different oil prices and increments on primary expenditures (US$mn) - WTI price (x-axis)/Increase in expenditures (% of GDP)

	0.0%	0.2%	0.4%	0.6%	0.8%	1.0%
80	609	364	119	-126	-371	-616
79	542	297	52	-194	-439	-684
78	474	229	-16	-261	-506	-751
77	406	161	-84	-329	-574	-819
76	339	94	-152	-397	-642	-887
75	271	26	-219	-464	-710	-955
74	203	-42	-287	-532	-777	-1,022
73	135	-110	-355	-600	-845	-1,090
72	68	-177	-422	-668	-913	-1,158
71	0	-245	-490	-735	-980	-1,226
70	-68	-313	-558	-803	-1,048	-1,293
69	-135	-381	-626	-871	-1,116	-1,361
68	-203	-448	-693	-938	-1,184	-1,429
67	-271	-516	-761	-1,006	-1,251	-1,496
66	-339	-584	-829	-1,074	-1,319	-1,564
65	-406	-651	-897	-1,142	-1,387	-1,632

Source: Ministry of Finance, IMF, J.P. Morgan

Figure 22: Ecuador's financing needs rise materially in 2026

US$ bn

Uses and Sources (US$bn)	2024	2025	2026
Primary Balance (<0 = surplus)	**0.7**	**0.4**	**1.2**
Net Interest	**1.2**	**1.5**	**1.4**
Interest revenue	1.5	1.5	1.5
Market debt	0.6	0.7	0.8
o/w Eurobonds	0.5	0.7	0.8
Bilateral	0.2	0.2	0.1
o/w China	0.2	0.2	0.1
Multilateral	1.5	1.5	1.4
o/w IMF	0.6	0.6	0.5
Others	0.1	0.1	0.1
Domestic	0.3	0.4	0.4
Headline NFPS balance (<0 = surplus)	**1.8**	**1.8**	**2.6**
Principal	**5.8**	**5.9**	**7.2**
Market debt	0.0	0.1	0.8
o/w Eurobonds	0.0	0.0	0.8
Bilateral	0.8	0.7	0.7
o/w China	0.6	0.6	0.6
Multilateral	1.3	2.1	2.2
o/w IMF	0.5	1.0	1.0
Domestic	3.6	2.9	3.4
Gross financing needs	**7.7**	**7.8**	**9.8**
CETES (short-term)	2.4	2.4	2.4
IMF	1.5	1.5	1.5
Other Multilaterals	3.1	1.9	1.5
Market debt	0.0	0.0	0.0
Rest of domestic debt	0.7	1.0	1.0
Bilateral	0.0	0.0	0.0
Sources	**7.7**	**6.8**	**6.4**
Net financing needs	**0.0**	**0.9**	**3.4**

Source: Ministry of Finance, IMF, J.P. Morgan

Given the broad stance of valuations, our baseline is consistent with further reduction in Ecuador's risk premium. With the country in position to muddle through in 2025, President Noboa's reelection suggests further upside for bonds. The call on Noboa's reelection, beyond the discussion around the fiscal prospects, stands as the critical pillar of our OW call. As we flagged above, President Noboa has gathered some momentum in December and is poised at this stage to benefit from the fragmentation within the center-right, which facilitates his reelection in the second round, in our view. While the security situation and the electricity crisis certainly stand as headwinds, the direction of travel of both of these and the different polls signals have not pushed us to change this long-standing prior. To be sure, the scenario of a Gonzalez victory would induce material stress to valuations. However, the scenario of the center right coalescing around Noboa in a second round still stands as the most likely, in our view.

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Despite Ecuador's 2024 performance over the last 12 months (+71.5%), the credit still lies in distressed territory and remains priced for an eventual credit event in the immediate term. As we have stated previously, the fundamental challenges surrounding Ecuador's economy alongside execution risks naturally raise the bar for market access (which remains critical in our view to elude a credit event in 2026). However, at these levels, in which a credit event seems to still be priced as close to a certainty, President Noboa's reelection should entail higher prices against the backdrop of a higher probability of the country being able to push forward and attain market access. Still, to get to that point, we acknowledge that Ecuador will need to keep delivering on the fiscal arena and aim for a sustained reform path but, directionality, the path for valuations should be higher, in our view.

We remain OW Ecuador in our EMBIGD model portfolio. A Noboa victory we think the 2035s can trend closer to some of the most distressed Africa names (Gabon now at 12.3% at the broad EMBIGD level, Mozambique at 14.1%) which would translate into an 8pt upside (13% yields). We concede the risks for price action is asymmetrical since bonds in our view could drop back toward the lows seen at the start of 2024 in an adverse election scenario. Ultimately our OW hinges on high conviction around the election call.

Chile CDS basis: Closing our buy basis recommendation

We close the Chile 5y CDS basis trade following the rangebound year for the basis recommendation. The average basis has remained range bound over the past few months while cash has continued to grind tighter (Figure 23). We had entered the Chile basis recommendation back in April 2024 as the basis was close to 3y lows and we expected mean reversion (link). However, since then the basis continued to move more negative as cash underperformed the CDS during the initial part of the trade. The past few months have seen a rebound with CDS underperforming cash and the basis is back to our entry levels (Figure 24). At current levels, Chile 5y CDS is close 1y wides while cash is close to 1y flat. Given our neutral view on the Chile sovereign credit, we think the basis relationship over the near term could continue to remain range bound similar to the overall EM average basis and thus, close our buy Chile basis recommendation by selling Chile 5y CDS protection (June 2029 maturity, Upfront price: -1.48pts, Spread: 66bp) and selling Chile 4.85% 29s (98.2 bid, z+101 bp), at the spread differential of -35bp versus entry level of -34bp.

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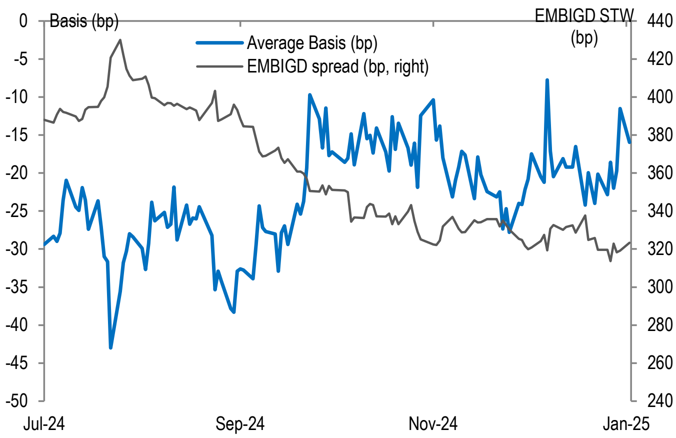
Figure 23: Cash is at historical tights, whereas CDS has remained rangebound

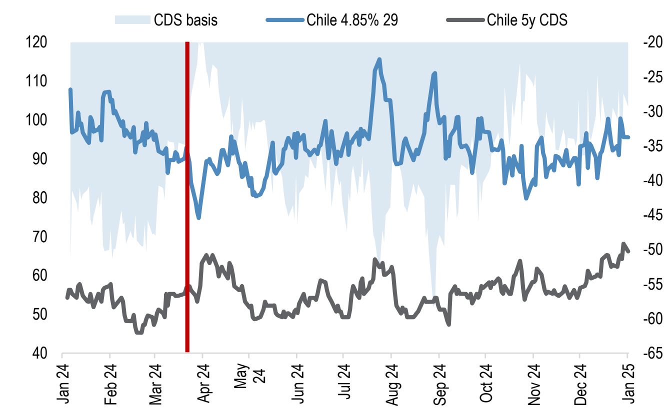
LHS: Average basis (bp)
RHS: EMBIGD STW (bp)



Source: J.P. Morgan.

Figure 24: Basis dropped when cash underperformed CDS and basis it is now back to April levels

LHS: Chile 4.85% 29 Z-STW and Chile 5y CDS spread (bp)
RHS: Chile 5y CDS spread - Chile 4.85% 29 Z-STW (bp)



Red line represents the date of trade initiation.
Source: J.P. Morgan.

Cote d'Ivoire $ vs €: Closing our long $ vs short € recommendation

We close the long IVYCST 33$ vs short IVYCST 32€ given the continued outperformance of the € bonds. We recommended long IVYCST 33$ vs short IVYCST 32€ back in March last year as the spread differential between the two had narrowed compared to the historical levels. Since then the spread differential has remained around the similar range on average with €-denominated bond continuing to outperform the $ counterpart except during the latter part of the last year. However, the past month has seen a material underperformance of the IVYCST 33$ vs IVYCST 32€ as turn of the year has raised the $ bond issuance expectations from Cote d'Ivoire compared to € similar to last year. If the issuance indeed take place in the $ leg, then the spread differential would tighten further. Given this view, we close our spread divergence recommendation by selling IVYCST 7.625% 33$ (95.0 bid, z+ 425bp) and buying IVYCST 4.875% 32€ (88.38 offer, z+ 494bp), at a current spread differential of 70bp, having entered at 121bp.

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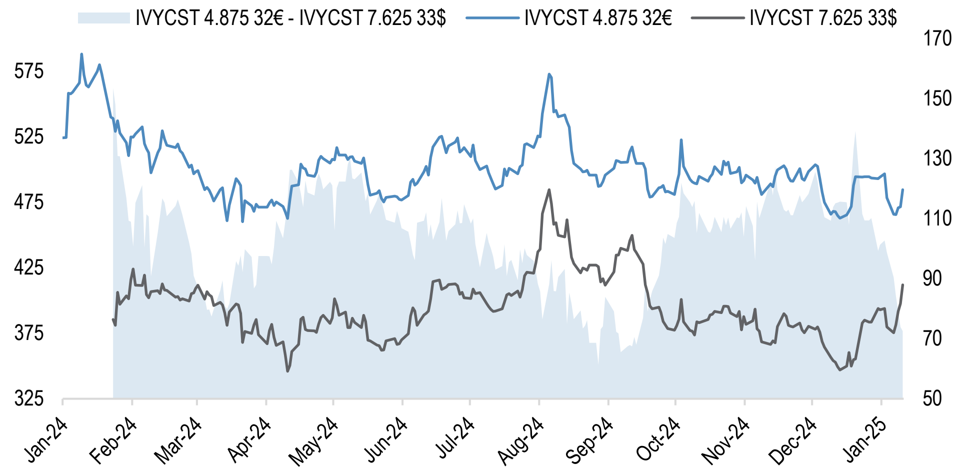
Figure 25: Cote d'Ivoire's €-denominated bonds have kept outperforming the $ bonds

LHS: IVYCST 32€ Z STW (bp), IVYCST 6.125 33, IVYCST 7.625 33 Z STW (bp); RHS:
IVYCST 32€ Z STW (bp) - IVYCST 6.125 Z STW (bp



Source: J.P. Morgan.

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Trade recommendations summary

Figure 26: EMBIGD Model Portfolio recommendations and returns

Portfolio Returns YTD		*Portfolio Attribution YTD*	
Benchmark return	-0.46%	**Market position return (bp):**	0
Portfolio return	-0.38%	**Credit selection return (bp):**	8
Portfolio Performance (bp)	8	**Portfolio Outperformance (bp):**	8
Portfolio return -12 months-	8.6%		
Benchmark return -12 months-	8.0%		

		As of January 10, 2025			**Since Initiation**		**YTD Changes & Returns**				
Credit selection returns	**View**	**Current Position**	**Spread**	**Duration**	**Initiation Date**	**Spread Chg vs EMBIG (bp)**	**Spread Chg (bp)**	**Spread Chg vs EMBIG (bp)**	**Spread Returns (bp)**	**Carry Returns (bp)**	**Credit Returns (bp)**
Argentina	OW	1.0%	579	5.1	3-Oct-24	(677)	(56)	(68)	2	0	2
Ecuador	OW	1.0%	1045	4.7	9-Aug-23	(914)	(155)	(167)	3	0	3
Egypt	OW	1.0%	547	5.1	9-Sep-24	(61)	(23)	(34)	1	0	1
Panama	OW	1.0%	295	7.8	7-Mar-24	23	(11)	(22)	0	(0)	0
~~**Serbia**~~	~~OW~~	~~**0.5%**~~	~~**146**~~	~~**5.8**~~	~~**18-Mar-24**~~	**3**	~~**(1)**~~	~~**(12)**~~	~~**(0)**~~	~~**(0)**~~	~~**(0)**~~
South Africa	OW	1.0%	286	6.7	16-Dec-24	(6)	(8)	(20)	0	(0)	0
Uzbekistan	OW	1.0%	259	4.5	6-Nov-24	1	(2)	(14)	(0)	(0)	(0)
Azerbaijan	OW	-	**157**	**2.9**	**13-Jan-24**	-	-	-	-	-	-
Costa Rica	UW	-1.0%	197	8.8	5-Apr-24	(6)	3	(9)	1	0	1
Hungary	UW	-1.0%	150	7.3	2-Feb-24	50	(3)	(15)	0	0	0
Indonesia	UW	-1.5%	73	7.6	29-Oct-24	7	(1)	(13)	0	0	0
Paraguay	UW	-0.5%	167	7.9	3-Oct-24	34	6	(6)	0	0	0
Poland	UW	-1.0%	113	7.8	6-Nov-24	(0)	(2)	(14)	0	0	0
Romania	UW	-0.5%	237	6.4	23-Dec-24	(4)	3	(9)	0	0	0
Saudi Arabia	UW	-1.0%	103	6.9	18-Mar-24	20	(1)	(13)	0	0	1
Closed position r		-0.11					Current Credit selection return(bp)				8

Source: J.P. Morgan.

Figure 27: Outstanding EM sovereign outright and RV trades

							Spread (bp)		**Price**		**P&L ($)**		
Region	**Trade description**	**Type**	**Entry date**	**Trade leg B/S**	**Notional ($mn)**	**Description**	**Entry**	**Current**	**Entry**	**Current**	**Since Entry**	**YTD 2023**	**1 Week Δ**
LATAM	Pemex vs Mex	RV	05-May-23	B	2.9	Buy PEMEX 10% 2033	812	521	92.0	102.7	676,932	235,034	-63,082
			05-May-23	S	2.0	Sell MEX 4.875 2033	207	235	96.3	88.8	-8,199	-76,478	24,055
							605	286	-4.3	13.9	**668,733**	**158,556**	**-39,027**
EMEA	Cote d'Ivoire $ vs €	RV	18-Mar-24	B	2.0	Buy IVYCST 7.625 33	392	431	98.3	94.6	61,589	61,589	-69,080
			18-Mar-24	S	2.0	Sell IVYCST 4.875 32	513	502	85.1	87.6	-117,241	-117,241	27,640
							-121	-71	13.2	7.1	**-55,652**	**-55,652**	**-41,440**
EMEA	Chile 5y bond-CDS basis	RV	18-Mar-24	B	2.0	CHILE 4.85 29	97	103	99.2	98.4	57,463	57,463	-12,114
			18-Mar-24	B	2.0	Chile 5y CDS	57	64	102.0	101.5	-4,262	-4,262	2,667
							40	39	-2.8	-3.1	**53,201**	**53,201**	**-9,447**
LATAM	Long end Philippines vs Indonesia	RV	17-Jun-24	B	2.0	Buy PHILIP 5.175 49	162	181	101.2	90.1	-158,270	-158,270	-24,524
			17-Jun-24	S	2.0	Sell INDON 5.1 54	158	172	95.8	89.4	72,585	72,585	19,655
							4	9	5.4	0.7	**-85,686**	**-85,686**	**-4,869**
EM Asia	Tunisia 25s	RV	17-Jun-24	B	2.0	Buy TUNIS 5.75 25	884	534	94.9	99.8	336,049	336,049	10,190
EMEA	Morocco 10s30s Flattener	RV	26-Nov-25	S	2.0	MOROC 6.5 33	204	198	103.5	101.4	20,333	20,333	24,372
			26-Nov-25	B	1.4	MOROC 4 50	273	266	68.7	66.1	-32,320	-32,320	-12,184
							-69	-69	34.8	35.4	**-11,987**	**-11,987**	**12,188**
EMEA	BRAZIL 10s30s Flattener	RV	26-Nov-25	S	2.0	BRAZIL 8.25 34	221	268	114.4	108.4	95,709	95,709	40,044
			26-Nov-25	B	1.3	BRAZIL 7.125 54	345	373	98.3	91.2	-77,088	-77,088	-29,707
							-124	-105	16.1	17.2	**18,621**	**18,621**	**10,337**
LATAM	Abu Dhabi 10s30s steepener	RV	26-Nov-25	B	2.0	ADGB 5 34	99	91	100.7	98.5	-29,302	-29,302	-22,603
			26-Nov-25	S	1.0	ADGB 5.5 54	167	173	100.4	94.7	51,324	51,324	28,128
							-68	-83	0.3	3.7	**22,022**	**22,022**	**5,526**
EMEA	Romania 10s30s steepener	RV	26-Nov-25	B	2.0	ROMANI 5.75 35	290	326	92.1	87.2	-80,563	-80,563	-28,334
			26-Nov-25	S	1.2	ROMANI 7.625 53	334	369	105.3	97.4	77,908	77,908	38,729
							-44	-42	-13.1	-10.2	**-2,655**	**-2,655**	**10,395**
											942,647	**432,470**	**-46,147**

Source: J.P. Morgan. Data as of 14 January 2024. **Entry level is the ask price, current level is the mid-price

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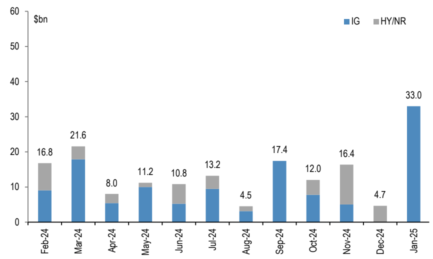
EM sovereign technicals dashboard

Figure 28: Historical EM sovereign gross and net supply

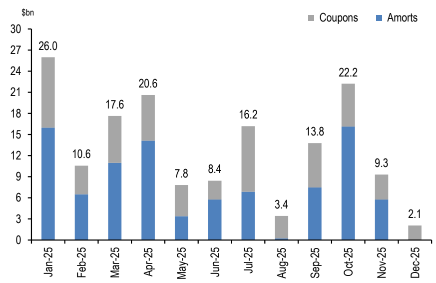
EM sovereign gross and net issuance since 2021($bn)



Source: J.P. Morgan as of 14 January 2025

Figure 29: EM sovereign monthly cash flows

Monthly cashflows ($bn)



Source: J.P. Morgan as of 14 January 2025

Figure 30: Historical EM sovereign gross and net supply

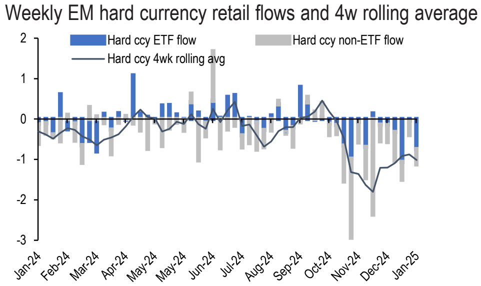
EM sovereign gross and net issuance since 2021($bn)

US$bn	2021	2022	2023	2024	2025	2025F
Gross issuance (b + c)	**182.5**	**97.0**	**133.8**	**183.6**	**33.0**	**169.0**
New issuance	162.5	93.0	125.9	178.0	33.0	169.0
Taps	20.1	4.0	8.0	5.6	0.0	5.6
Estimated cash flows (e + f)	**111.7**	**110.8**	**101.2**	**132.8**	**24.9**	**155.4**
Amortizations	57.0	55.4	43.7	70.6	16.0	91.3
Coupons	54.7	55.4	57.4	62.1	9.0	64.2
Buybacks	2.9	13.1	9.3	9.3	0.3	0.3
Net issuance (a - e - g)	**122.6**	**28.6**	**80.8**	**103.7**	**16.8**	**77.4**
Net financing (h - f)	67.9	-26.8	23.3	41.6	7.8	13.3

Source: J.P. Morgan, Bloomberg Finance L.P. as of 14 January 2025

Figure 31: EM hard currency fund flows

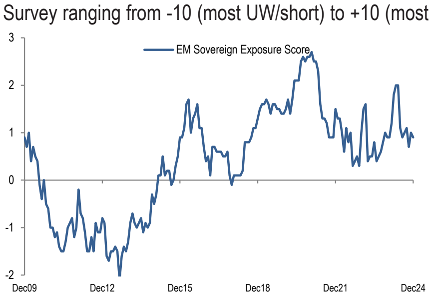
Weekly EM hard currency retail flows and 4w rolling average



Source: J.P. Morgan, EPFR

Figure 32: EM sovereign positioning

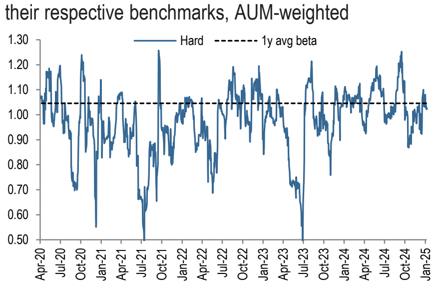
AUM-weighted positioning score from J.P. Morgan's EM Client Survey ranging from -10 (most UW/short) to +10 (most OW/long)



Source: J.P. Morgan.

Figure 33: EMBIG fund betas

21d rolling beta of EM-dedicated hard currency retail bond funds to their respective benchmarks, AUM-weighted



Source: J.P. Morgan.

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EM Asia sovereign issuance forecast

US$mn	2025F Gross Issuance Forecast (A)	MoM Issuance Forecast Revision	YTD New Issuance (B)	YTD Taps (C	YTD Buybacks (D)	YTD Total Gross Issuance (B+C)	2025 Coupons	2025 Amortizations	2025 Cashflows
China	3,000	-	-	-	-	-	284	3,080	3,364
Fiji	-	-	-	-	-	-	-	-	-
Hong Kong	2,000	-	-	-	-	-	500	830	1,330
India	-	-	-	-	-	-	-	-	-
Indonesia	10,000	-	3,445	-	-	3,445	3,458	7,405	10,864
Laos	-	-	-	-	-	-	-	-	-
Malaysia	1,000	-	-	-	-	-	121	1,000	1,121
Maldives	-	-	-	-	-	-	49	-	49
Mongolia	-	-	-	-	-	-	137	-	137
Pakistan	-	-	-	-	-	-	500	500	1,000
Papua New Guinea	-	-	-	-	-	-	-	-	-
Philippines	5,000	-	-	-	-	-	1,937	2,200	4,137
South Korea	1,000	-	-	-	-	-	202	1,175	1,377
Sri Lanka	-	-	-	-	-	-	-	-	-
Vietnam	-	-	-	-	-	-	5	5	9
EM Asia	**22,000**	**-**	**3,445**	**-**	**-**	**3,445**	**7,193**	**16,194**	**23,387**

Source: J.P. Morgan. Note: Any long-form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material is Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

Latin America sovereign issuance forecast

US$mn	2025F Gross Issuance Forecast (A)	MoM Issuance Forecast Revision	YTD New Issuance (B)	YTD Taps (C	YTD Buybacks (D)	YTD Total Gross Issuance (B+C)	2025 Coupons	2025 Amortizations	2025 Cashflows
Argentina	-	-	-	-	-	-	2,148	3,324	5,472
Aruba	-	-	-	-	-	-	12	-	12
Bahamas	-	-	-	-	-	-	188	-	188
Barbados	-	-	-	-	-	-	33	106	139
Belize	-	-	-	-	-	-	3	8	10
Bermuda	-	-	-	-	-	-	127	-	127
Bolivia	-	-	-	-	-	-	109	-	109
Brazil	6,750	-	-	-	-	-	2,388	6,738	9,126
Chile	4,000	-	3,358	-	-	3,358	1,295	2,017	3,312
Colombia	5,000	-	-	-	-	-	2,028	-	2,028
Costa Rica	1,000	-	-	-	-	-	560	592	1,152
Dominican Republic	2,000	-	-	-	-	-	1,626	362	1,989
Ecuador	-	-	-	-	-	-	807	-	807
El Salvador	-	-	-	-	-	-	526	212	738
Grenada	-	-	-	-	-	-	8	12	20
Guatemala	-	-	-	-	-	-	514	-	514
Honduras	-	-	-	-	-	-	78	-	78
Jamaica	-	-	-	-	-	-	360	140	501
Mexico	12,000	-	8,500	-	-	8,500	4,048	-	4,048
Panama	1,000	-	-	-	-	-	1,757	1,250	3,007
Paraguay	500	-	-	-	-	-	339	-	339
Peru	1,700	-	-	-	-	-	1,151	425	1,575
Suriname	-	-	-	-	-	-	-	-	-
Trinidad & Tobago	750	-	-	-	-	-	158	-	158
Uruguay	1,000	-	-	-	-	-	799	531	1,331
Venezuela	-	-	-	-	-	-	-	-	-
Latin America	**35,700**	**-**	**11,858**	**-**	**-**	**11,858**	**21,061**	**15,719**	**36,779**

Source: J.P. Morgan.

EMEA EM and Global EM sovereign issuance forecast

US$mn	2025F Gross Issuance Forecast (A)	MoM Issuance Forecast Revision	YTD New Issuance (B)	YTD Taps (C	YTD Buybacks (D)	YTD Total Gross Issuance (B+C)	2025 Coupons	2025 Amortizations	2025 Cashflows
Albania	650	-	-	-	-	-	104	631	735
Angola	1,000	-	-	-	-	-	489	864	1,354
Armenia	500	-	-	-	-	-	58	313	371
Azerbaijan	-	-	-	-	-	-	54	-	54
Bahrain	2,000	-	-	-	-	-	1,360	1,850	3,210
Belarus	-	-	-	-	-	-	-	-	-
Benin	750	-	-	-	258	-	144	13	157
Bulgaria	2,100	-	-	-	-	-	615	-	615
Cameroon	500	-	-	-	-	-	101	34	135
Congo	-	-	-	-	-	-	2	5	7
Ivory Coast	1,500	-	-	-	-	-	685	57	742
Croatia	1,500	-	-	-	-	-	398	1,660	2,058
Czech Republic	-	-	-	-	-	-	6	-	6
Egypt	2,000	-	-	-	-	-	2,499	3,080	5,579
Estonia	1,000	-	-	-	-	-	104	-	104
Ethiopia	-	-	-	-	-	-	-	-	-
Gabon	-	-	-	-	-	-	115	315	430
Georgia	500	-	-	-	-	-	14	-	14
Ghana	-	-	-	-	-	-	-	-	-
Hungary	3,500	-	2,585	-	-	2,585	1,246	1,159	2,405
Iraq	-	-	-	-	-	-	28	148	175
Israel	7,000	-	-	-	-	-	1,554	-	1,554
Jordan	-	-	-	-	-	-	435	500	935
Kazakhstan	3,000	-	-	-	-	-	302	2,500	2,802
Kenya	-	-	-	-	-	-	513	300	813
Kuwait	2,000	-	-	-	-	-	158	-	158
Latvia	1,500	-	-	-	-	-	355	1,228	1,584
Lebanon	-	-	-	-	-	-	-	-	-
Lithuania	2,500	-	-	-	-	-	381	1,904	2,284
Macedonia	500	-	-	-	-	-	56	553	610
Montenegro	525	-	-	-	-	-	111	553	664
Morocco	-	-	-	-	-	-	330	-	330
Mozambique	-	-	-	-	-	-	81	-	81
Namibia	750	-	-	-	-	-	39	750	789
Nigeria	2,200	-	-	-	-	-	1,153	1,118	2,271
Oman	-	-	-	-	-	-	1,317	2,405	3,722
Poland	16,500	-	3,090	-	-	3,090	1,739	6,087	7,825
Qatar	-	-	-	-	-	-	1,698	5,000	6,698
Romania	15,000	-	-	-	-	-	3,108	2,187	5,295
Russia	-	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	-	34	-	34
Saudi Arabia	20,000	-	12,000	-	-	12,000	4,253	6,580	10,834
Senegal	1,000	-	-	-	-	-	274	-	274
Serbia	2,100	-	-	-	-	-	369	-	369
Slovakia	-	-	-	-	-	-	13	-	13
South Africa	2,000	-	-	-	-	-	1,158	2,000	3,158
Tajikistan	-	-	-	-	-	-	33	167	199
Tanzania	-	-	-	-	-	-	-	-	-
Togo	-	-	-	-	-	-	-	-	-
Tunisia	-	-	-	-	-	-	114	1,000	1,115
Turkey	10,000	-	-	-	-	-	5,864	12,740	18,604
Ukraine	-	-	-	-	-	-	123	-	123
United Arab Emirates (Total)	6,000	-	-	-	-	-	2,444	1,669	4,113
Federal	1,500	-	-	-	-	-	728	-	728
Abu Dhabi	1,500	-	-	-	-	-	1,131	-	1,131
Dubai	-	-	-	-	-	-	204	569	773
Ras Al-Khaimah	500	-	-	-	-	-	15	1,000	1,015
Sharjah	2,500	-	-	-	-	-	366	100	466
Uzbekistan	1,200	-	-	-	-	-	211	-	211
Zambia	-	-	-	-	-	-	-	-	-
EMEA EM	**111,275**	**-**	**17,675**	**-**	**258**	**17,675**	**36,240**	**59,372**	**95,612**
All EM	**168,975**	**-**	**32,977**	**-**	**258**	**32,977**	**64,493**	**91,285**	**155,779**

Source: J.P. Morgan.

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