THE EM TRADER

# Solid H1, Still All to Play For in H2

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- **EM Equities: Strong but Narrow H1 rally; Less Upside, More Breadth in H2**. EM equities had a strong (+23%) but narrow rally in the first half of 2026, with gains concentrated in the AI/tech-related pockets and underperformance elsewhere. These gains, however, were driven by strength in underlying earnings, with the forward EPS estimates rising 40% ytd, outpacing price gains at the EM index level. As we look ahead to 2H26, the improved macro backdrop from oil price relief should allow for cyclical momentum to rebuild and for index gains to broaden out. Micro remains supportive too, as we expect the strong earnings momentum to continue heading into the 2Q results season, and forecast profits to grow 55% this year and 20% next year, driving MSCI EM to 1900 by year-end and to 2000 in 12 months, implying 17%/19% USD price/total returns.
- **North Asia still in the lead; Oil importers, Rate-sensitives could regain some ground.** Strong earnings growth driven by the memory super-cycle should continue to support tech-heavy Korea and Taiwan, albeit with elevated volatility. Outside of tech, we see room for a rebound in oil-importing laggards like India, Turkey and Egypt. In rate-sensitive markets like South Africa, the current 20% correction looks excessive relative to moves in gold and rates, and the market could see a recovery if local rates ease further. Similarly, high-quality domestic cyclicals in Brazil could perform well irrespective of the election-related volatility. Elsewhere, we also see further upside in a few idiosyncratic opportunities in Europe such as Greece – given its constructive macro and a positive outlook for its banks – and Hungary, where Euro area convergence could drive a structural re-rating in equities.
- **EM FX: Sticking with relative value carry strategies.** EM currencies have outperformed G9 FX, including since the FOMC meeting, leading to a tick-up in EM total return outperformance vs. G9 FX after a period of stability. Such a basket also delivered double-digit total returns through the sharp core rates repricing of 2021-2023. This was driven by both the sharp increase in EM carry through the 2021-2022 hiking cycles and by less spot depreciation in EM than in G9 versus the Dollar, which we attribute to their differing sensitivities to US front-end yields. While EM carry levels are not as high as in 2022 and there is greater differentiation beneath the surface, EM carry levels are still above their long-term averages and have increased year-to-date.
- **Ranking our preferred longs and funders.** Given these elevated carry levels and

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the current macroeconomic backdrop, we think FX carry strategies can continue to deliver positive total returns even if the Fed path reprices further, as long as risk remains supported. However, the choice of funder becomes even more important in this setup, with risks of a further US front-end repricing arguing for using low-yielders such as EUR, CAD, CHF and JPY as funders. Within EM, ILS (high beta to tech stocks, overvalued, BoI shifted in a more dovish direction), CLP (high beta to copper prices and broader risk), and THB (structural economic challenges) are our preferred funders that help neutralise different sets of risks to EM carry trades without a decline in carry returns. On the long-side, terms of trade shifts have been more favourable to energy importers since mid-May, including ZAR (that also benefits from SARB hikes and continued fiscal outperformance), INR (where policy measures have caused us to shift to a more constructive outlook and recommend longs vs THB) and EGP (where we see scope for further appreciation supported by foreign inflows). In LatAm, MXN's sensitivity to US-specific cyclical pricing makes it an attractive long in our view, whereas we think the setup has turned less supportive for BRL performance due to rising political noise and a less clear central bank messaging. Finally, we continue to favour the more idiosyncratic carry stories in COP and HUF following their respective elections.

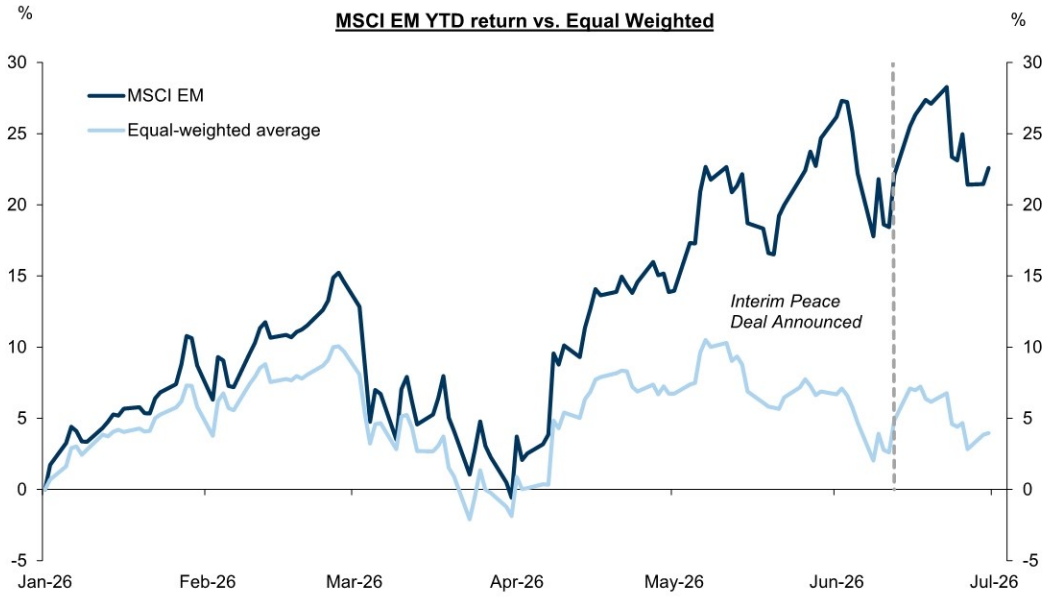
- **EM Local Rates: Navigating the Fed and the Supply Side...** Even as short-dated oil has reverted to close to pre-war levels following the US-Iran agreement, EM local and G10 front-end rates have been stickier, reflecting a transitory inflation bulge still passing through and a more resilient growth backdrop. But beyond supply-side considerations, where lower energy prices need to be set against the potential for upside food price risks from a possible El Niño effect, spillovers from higher rates in core markets remain material. Possible near-term Fed hikes complicate the EM front-end picture, while elevated long-end core rates (potentially persistent on the AI buildout and fiscal expenditure) put a floor on how far and how broadly EM local long-ends can compress, especially given tight rate spreads.
- **...Creates Opportunities on Both Sides.** We continue to see value in BRL belly rates, where curve flattening looks overdone as the BCB signals a willingness to ease from restrictive levels. In COP, local rates spreads remain elevated versus G4 compared to other EMs, and prospects of fiscal consolidation under the new government plus near-term hikes should keep the long-end anchored. In CEEMEA, we remain constructive on the SAGB long-end due to the positive fiscal trajectory, and even in the front-end, we view the ~2 hikes priced as excessive – the latest inflation expectations print looks likely to be the final piece of bad news on the near-term inflation outlook. The HUF curve has rallied hard since the elections, but we still see another leg lower from here, likely driven by a change in the MNB's inflation target on possible Euro adoption, which we think is not priced in terminal rates. And the premium in long-end India rates looks attractive again given fewer external sector risks. On the other side, MXN rates look most exposed to a Fed hike, given high sensitivity to US terminal pricing and an expensive starting point; CLP is less Fed-sensitive but still vulnerable on rich valuations. The CNB remains hawkish on core inflation pressures, but in the event that a persistent food shock materialises from El Niño, this could put further hawkish pressure on the CZK front-end.

- **EM Sovereign Credit: Normalising Tight Spreads in H2 After a Defensive Masterclass in H1.** After quickly retracing March weakness since the start of the Iran war, EM sovereign credit spreads have continued to grind tighter. However, after that defensive masterclass in H1, we see little room for significant upside from current spread levels in H2. Historically expensive valuations still skew risks asymmetrically to wider spreads, but recent macro developments mean there are fewer macro catalysts (with lower growth and inflation risks following the US-Iran deal) to spark imminent spread widening. We adjusted our EM index-level 12-month spread target to 260bp to allow for only ~20bp of widening from current levels (~240bp). Beyond the macro, we think attractive yield levels versus history act as another tailwind that can support rangebound spreads from here. At the country level, we think the long-end bonds of Hungary, Kazakhstan and Saudi Arabia can outperform, while in HY we prefer high-carry propositions such as Egypt, Nigeria and Colombia, supported by constructive external outlooks and macro reform momentum.

## EM Equities: Broadening of Gains in H2

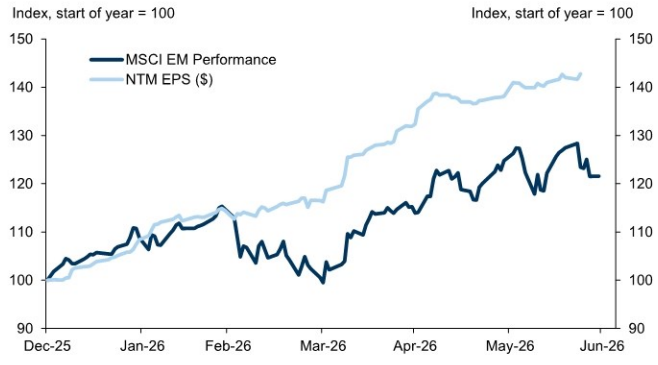
- **EM Equities: Strong but narrow 1H rally; Expect broadening out in 2H.** EM equities delivered strong gains in the first half of 2026, with the MSCI EM index rallying 23%, significantly outpacing its DM peers (SPX: +8% ytd, MSCI DM ex-US: +7% ytd). However, this rally has been concentrated in the technology/AI-related markets (Korea and Taiwan) and sectors (tech hardware), whereas most other pockets have posted relatively modest gains ytd. As an example, the equal-weighted EM index is up just 4% for the year. Although the rally has been concentrated in tech, the good news is that the gains have been entirely driven by strength in underlying earnings. Ytd, consensus forward EPS estimates have risen 40%, outpacing the MSCI EM price gains and resulting in a decline in the P/E multiple (from 13.5x at the start of the year to 11x currently). As we look into the second half, the improved macro backdrop from oil price relief and easing global growth concerns should allow for a further cyclical rally and broadening out in EM equity markets. At the micro level, we also expect the strong earnings momentum to continue heading into the 2Q results season, and forecast profits to grow 55% this year and 20% next year, which should drive MSCI EM to our 1900 target by year-end and to 2000 in 12 months, implying 17%/19% USD price/total returns.

**Exhibit 1: Oil price relief should allow for more broadening in EM equities**



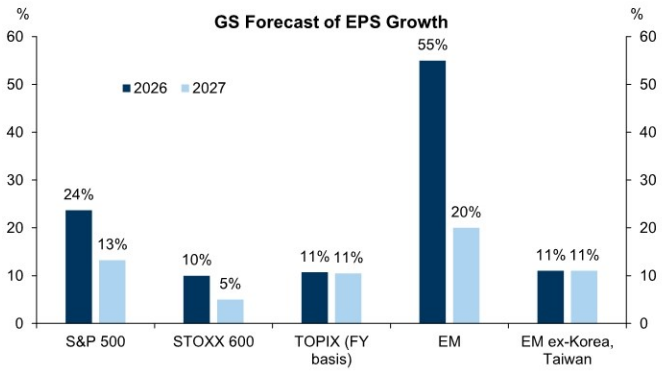

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

**Exhibit 2: Consensus forward EPS estimates have been revised up 40% YTD, outpacing the MSCI EM price gains**




Source: FactSet, Goldman Sachs Global Investment Research

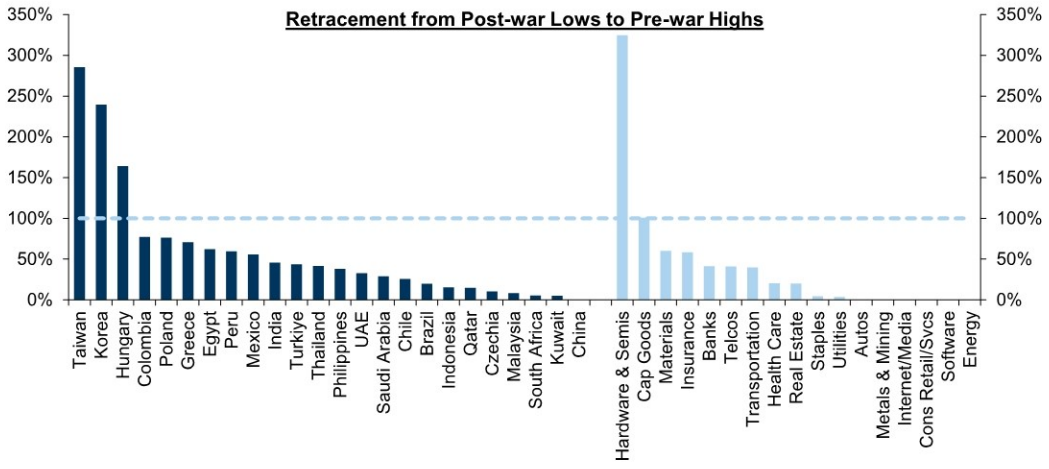
**Exhibit 3: We forecast MSCI EM earnings to grow 55% this year and 20% in 2027; Excluding Korea & Taiwan, MSCI EM earnings expected to grow double-digit profit growth this year and next**




Source: Goldman Sachs Global Investment Research

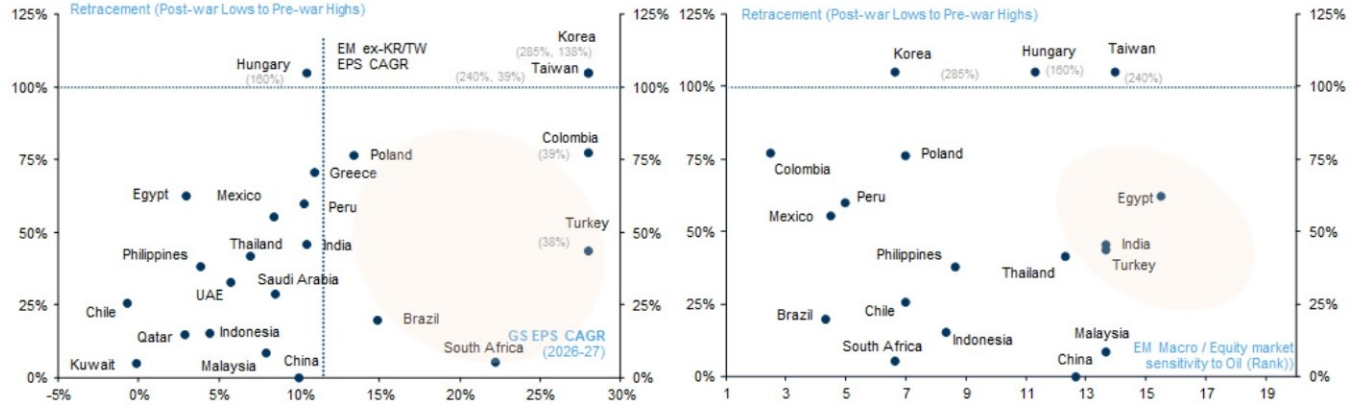
- **North Asia still in the lead; Oil importers, Rate-sensitives could regain some ground**. Within EM, we still expect the strongest earnings growth in Korea and Taiwan over the next two years driven by the memory supercycle, helping them to continue to lead, albeit with elevated volatility caused by retail-leveraged flows. Outside of tech, we see room for oil-importing laggards like India, Turkey and Egypt and rate-sensitive markets like South Africa and Brazil to perform well as these markets remain meaningfully below their pre-war highs and have a relatively better earnings growth outlook.

**Exhibit 4: Many EM pockets remain meaningfully below their pre-war highs and thus have further room for relief**




Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 5: Oil importers India, Egypt, Turkey and the rate-sensitive markets of South Africa and Brazil appear best-placed for further relief given ample room to rebound and a relatively better earnings outlook**

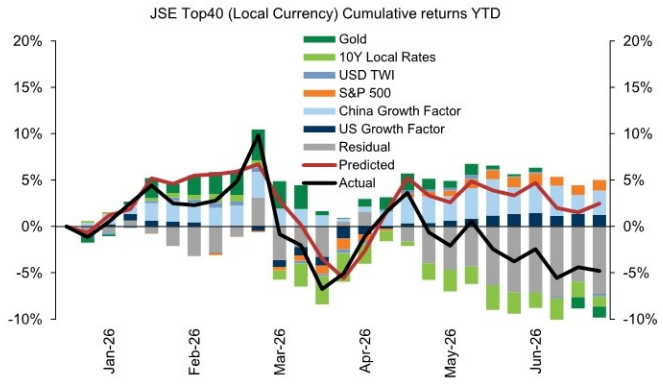



Source: FactSet, Goldman Sachs Global Investment Research

- India, although a significant laggard this year (MSCI India: -10% ytd), could perform better as the macroeconomic and profit outlook has improved after the US-Iran deal (relative to our initial downgrades in March) and depreciation pressures on the currency have eased following the RBI's recent measures to incentivize foreign capital flows. Similarly, South African equities have corrected 20% this year and the market is trading at valuations near multi-year lows, which appears excessive to us relative to the moves in gold and rates. We see potential for a rebound given recovering growth and profits, and a better outlook for domestic sectors if local rates ease further. In the other rate-sensitive market of Brazil, the equity market has given back the majority of its 1Q gains amid worries over a potentially shorter cutting cycle (rates markets are pricing in no cuts over the next 12 months vs. about 300bp of easing pre-war), rising political uncertainty with upcoming Presidential elections in October and the unwind of energy inflows as oil prices declined from highs. We suggest positioning in high-quality domestic cyclicals – defensive banks, utilities, telcos, low-income focused real estate and select inexpensive retailers –

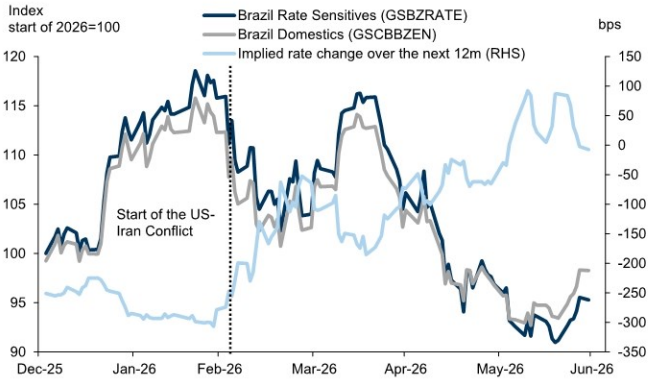
given the supportive fundamental case for these stocks irrespective of the election results.

**Exhibit 6: South African equities have undershot the moves in key cyclical macro variables like gold, local rates, China growth...**




Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 7: Domestic cyclicals and rate-sensitive pockets in Brazil have come under significant pressure amid a hawkish repricing in rates and could see a relief rally**

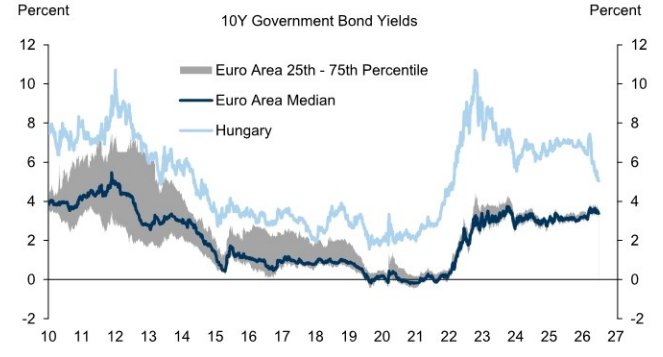



GSCBBZEN and GSBZRATE developed by Goldmans Sachs Global Banking & Markets

Source: Bloomberg, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

- Elsewhere, we continue to like **Greece** for its constructive macro and a positive outlook for its banks, and see further upside in **Hungary** as Euro area convergence could drive a structural re-rating. Beyond the 2H broadening, we think some of the structural themes of Energy Security, AI Infrastructure and Capital intensity could continue to trade well over the medium term. Key risks to our positive view come from continued Fed hawkishness that could push rates/the Dollar higher or a sharp sell-off in the AI complex on capex sustainability concerns. We therefore continue to recommend mitigating sharp downside risks via options (see EM Equities: 2H Outlook: Broadening Gains for further details).

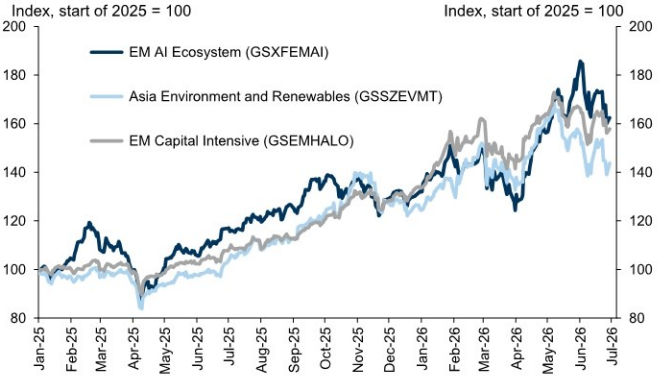
**Exhibit 8: Convergence of Hungarian rates to Euro area counterparts could drive a structural rerating in Hungarian equities over the medium term**




Note: The Euro area sample excludes Estonia, Luxembourg and Malta due to data availability.

Source: Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 9: We continue to like the structural themes of Energy Security, Capital intensity/ HALO and AI Infrastructure within EM**

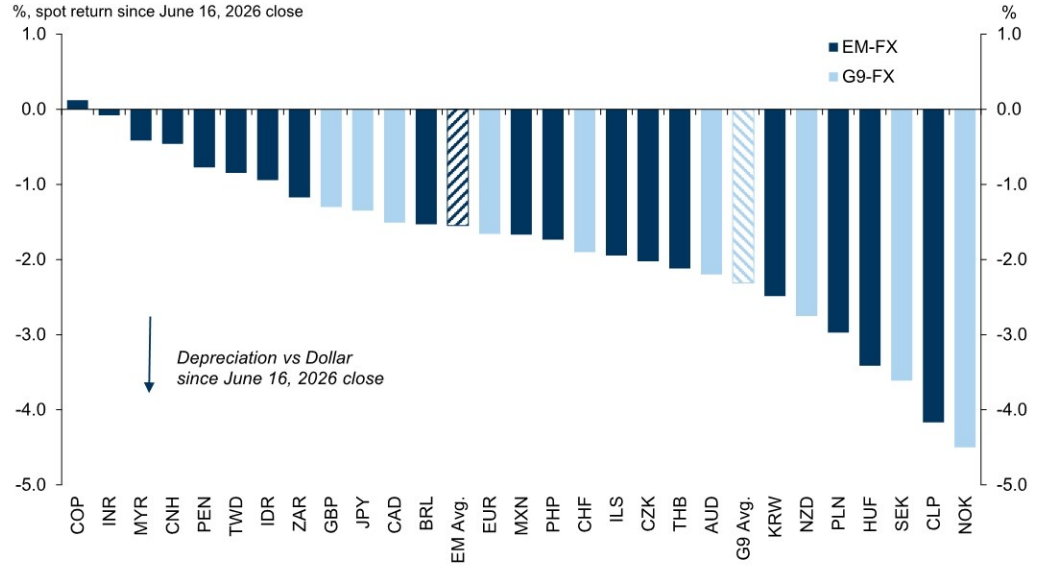



Source: FactSet, Goldman Sachs Global Investment Research

## EM FX: Sticking to RV and Carrying On in Q3

- **EM FX returns have outperformed G9 FX, even since the FOMC meeting.** The Dollar has appreciated over the past two weeks, following the more-hawkish-than-expected FOMC meeting. On average, G9 FX has underperformed EM FX, although some EM currencies such as CLP, PLN and HUF have been among the worst performers versus the Dollar, with the latter two impacted by the decline in EUR/USD (Exhibit 10). On the other side, EM high-yielders such as COP, INR and ZAR have been relative outperformers, alongside closely managed currencies like TWD and CNH. We continue to expect the Renminbi to strengthen on a gradual but sustained basis, with the USDCNY fix making a new ytd low this week.

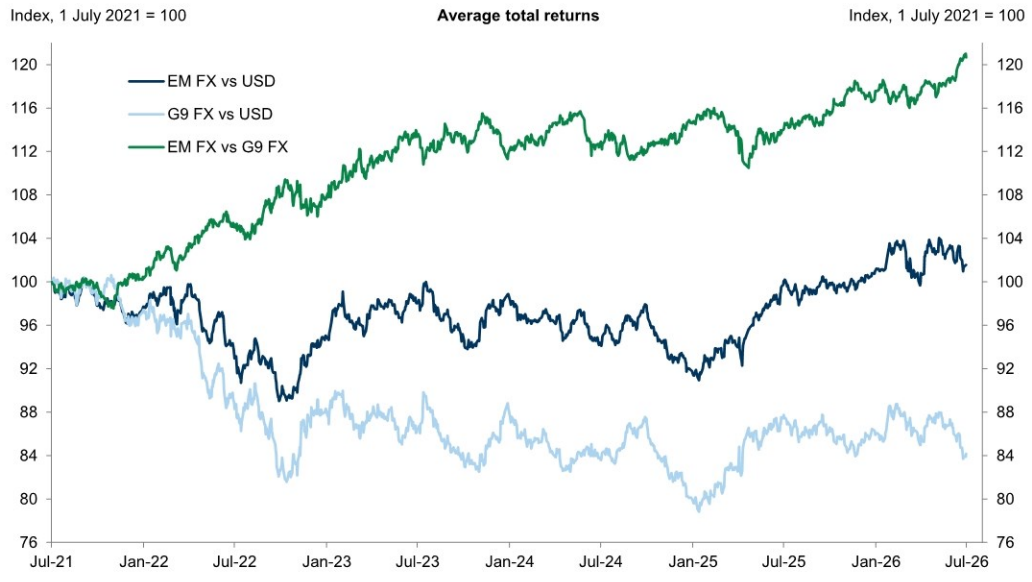
**Exhibit 10: EM FX returns have outperformed G9 FX since the FOMC meeting**




Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

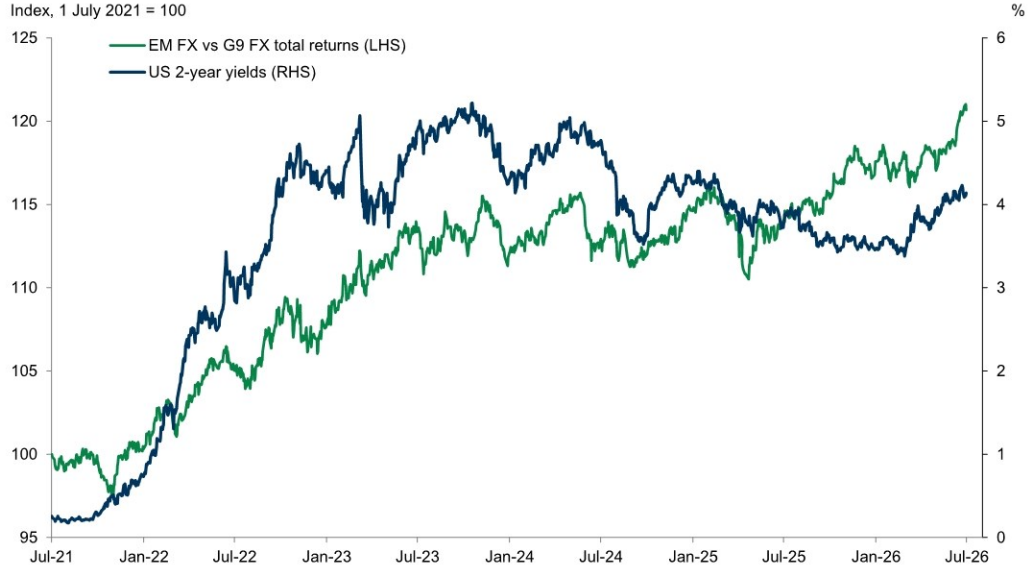
- **This EM vs G9 outperformance is consistent with the relative performance through 2021-2023.** This relative spot performance has led to a pick-up in the total return outperformance of EM vs. G9 FX, after a period of stability since 2025H2 (Exhibit 11). Looking back, that echoes the performance through the post-pandemic hiking cycle when a simple basket of EM vs. G9 FX delivered double-digit total returns, even as US front-end yields rose sharply through 2022 (Exhibit 12). We discussed this relative outperformance of EM currencies extensively at the time, and attributed it to two factors: first, the sharp increase in EM carry through the 2021-2022 hiking cycles, and second, less spot depreciation in EM than in G9 versus the Dollar (that is, comparing the dark blue and light blue lines in Exhibit 11)— a pattern we have observed over the last two weeks as well. We think this reflects the greater sensitivity of lower-yielding currencies to shifts in US front-end rates, whereas higher-yielders with their higher ex ante real rates are typically more vulnerable to hawkish shifts at the long-end.

**Exhibit 11: Looking back, EM FX outperformed G9 FX as the Dollar moved stronger through 2021-2023**




Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

**Exhibit 12: ... even as US front-end yields rose sharply**

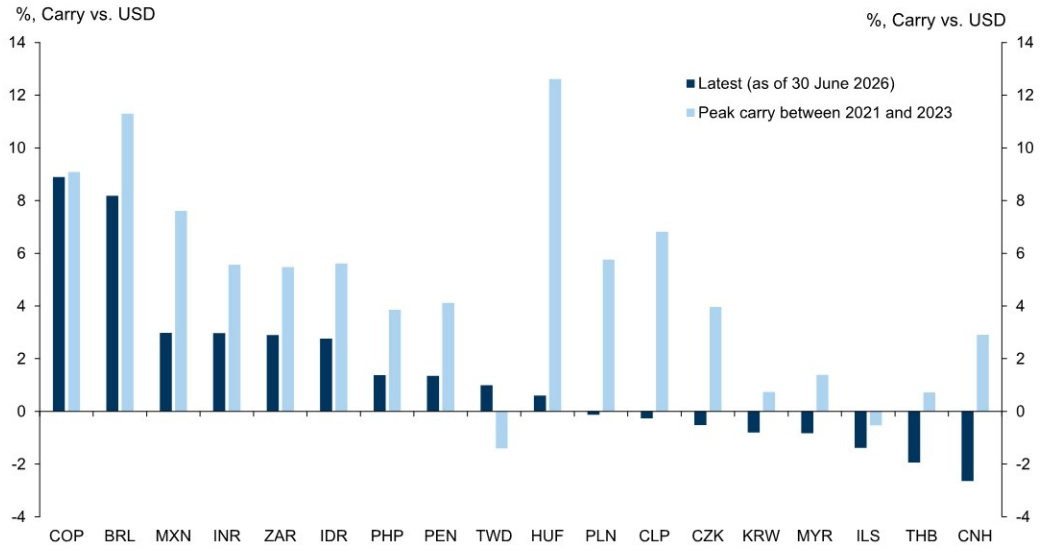



Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

- **Carry levels still elevated on average but with greater differentiation.** Turning to the contribution of carry to total returns in EM FX, in Exhibit 13 we display current 12-month carry levels versus the Dollar and the highest carry levels for each currency between 2021 and 2023. For the two currencies with the highest carry currently – COP and BRL – carry levels remain as elevated as back then. However, for many of the currencies with 5%+ carry back in 2021-2023 , carry levels are now lower (this is most notable in the case of CLP and the CEE currencies). Despite this

greater divergence, and even though carry is not as high as in 2022, EM carry levels are still higher than long-term averages and have increased year-to-date. In our view, the fact that front-end rates have been stickier even as energy prices have fallen provides a longer window for EM FX carry total return outperformance.

**Exhibit 13: COP and BRL carry remains as high as at its peak in 2021-2023 but has declined for many other high-yielders**



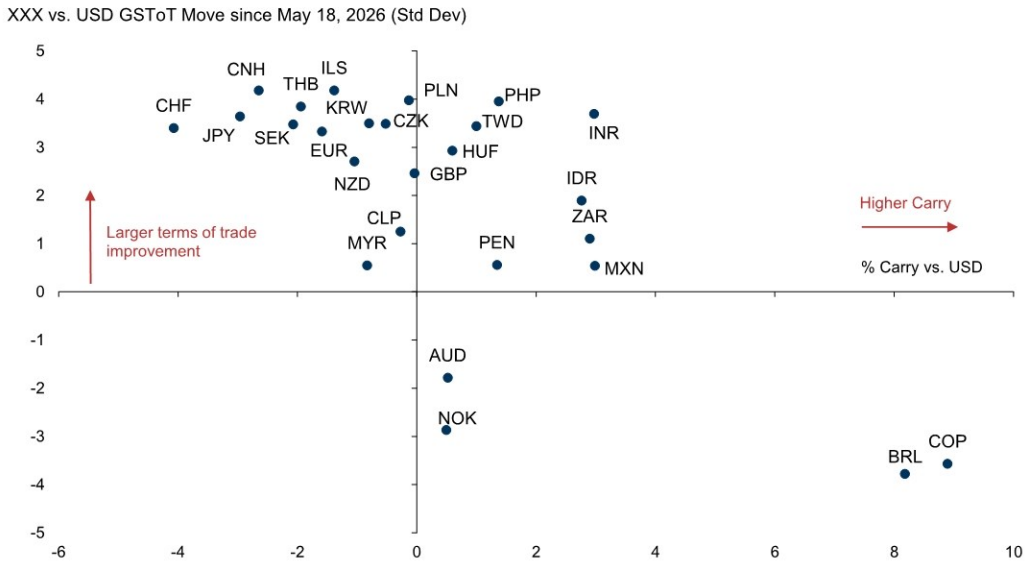

Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

- **Relative value carry typically outperforms in an 'equities up, rates up' backdrop: EUR, CAD, CHF, JPY in G10, and THB, CLP and ILS in EM are our preferred funders.** Given the backdrop of still-elevated EM carry levels and the current macroeconomic environment, we think carry strategies can continue to deliver positive total returns even if the Fed path reprices further, as long as risk remains supported. However, the choice of funder becomes even more important in this setup: as we have shown before, in an 'equities up, rates down' regime, USD funding typically outperforms, but in an 'equities up, rates up' backdrop, low-yielding funders such as **EUR, CAD, CHF or JPY** can help deliver positive spot returns (and higher total returns). As our analysis has shown, funding high-carry EM FX strategies with low-yielders in EM or G10 can help neutralise the risk exposure and USD beta of these strategies to varying extents across different funders. Within G10, CHF and JPY funding provides the largest increase in carry levels, but represents more risk-on expressions than EUR and CAD funding. Within EM, **ILS, CLP and THB** are among our preferred funders for different reasons. ILS is the most sensitive EM currency to moves in tech stocks, making it particularly suitable for investors focused on the recent volatility in tech sector equities. Moreover, the Shekel's overvaluation signal and recent BoI action (the central bank cut rates and intervened in FX markets in May) argue for asymmetric risks towards weakness rather than strength. CLP is by far the most sensitive currency to copper prices, and the broader cyclical risk betas that those mirror, so it is a better hedge when broader growth concerns are more in focus. Both ILS and CLP funding lead to broadly risk-neutral carry baskets, whereas

THB has a lower beta to equity risk. Still, the Baht is likely to be a clearer underperformer in the event that gold prices continue to decline. Domestic considerations also point more clearly towards THB weakness as structural economic challenges warrant lower rates and policymakers have welcomed currency weakness.

- **Shifting terms of trade dynamics favour EGP, ZAR and INR; MXN most levered to US outperformance; and COP and HUF to continue to benefit from domestic developments.** We have argued for a selective approach when constructing FX carry baskets, where carry levels, relative terms of trade shifts, and idiosyncratic developments all play a crucial role. With the recent decline in oil prices back to pre-conflict levels, terms of trade shifts have been more favourable to energy importers since mid-May (Exhibit 14). This includes **ZAR**, which we had been flagging as our preferred 'de-escalation' long, **INR,** where we have shifted to a more constructive outlook, and **EGP** in the Frontier space. We think these three currencies remain attractive carry longs in the current environment. ZAR should continue to benefit from a hawkish SARB reaction function and continued fiscal outperformance, whereas its high beta to US yields and risk sentiment are its key vulnerabilities. INR is a less risk-on carry proposition, especially when paired against another Asian currency, as in our short THB/INR trade recommendation. For this reason, it can be more resilient to shifts in US yields, although it also has more limited scope for spot appreciation than ZAR and EGP. EGP has continued to retrace its post-conflict weakness, and is now trading near our three-month forecast of 49 against USD. Given its undervaluation signal, we think the Pound can continue to retrace back to its pre-war levels, supported by foreign inflows. In LatAm, we have argued for including **MXN** in a diversified carry basket given its sensitivity to US-specific cyclical pricing, and we think this is increasingly a strong proposition if US relative outperformance remains in focus. We think the setup has turned less supportive for **BRL** performance as we expect rising political noise ahead of the October elections to lead to a deterioration of carry-to-vol ratios and as the COPOM's messaging has become less clear. In this context, we have argued for rotating some BRL length into **COP**. We continue to expect further COP total return outperformance following the conclusion of the presidential elections and the hawkish BanRep decision this week to raise rates by 75bp. Finally, in Hungary, we think the decline in EUR/USD can largely explain **HUF** underperformance. While Hungary's high sensitivity to European growth is a key factor to monitor, we still think the significant post-election economic shift argues for continued gradual HUF appreciation and more limited depreciation pressures.

**Exhibit 14: Energy importers have seen improving terms of trade as oil prices have fallen**



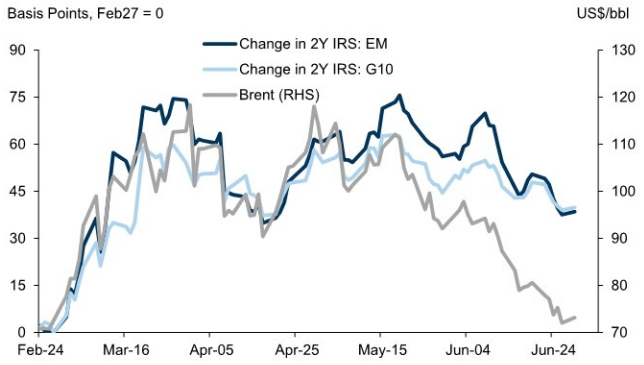

Terms of trade moves scaled by daily volatility of the index

Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

## EM Local Rates: Navigating the Fed and the Supply Side

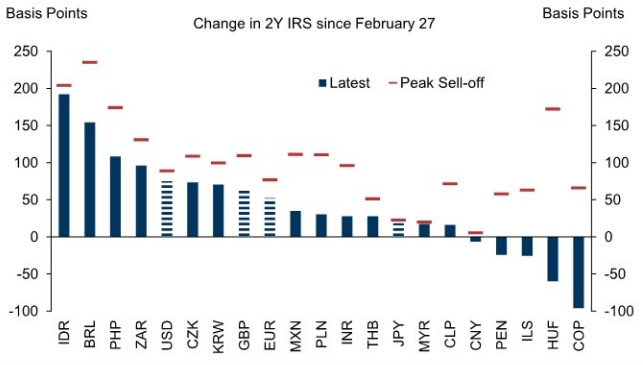
- **EM Local Rates – Lagging the fall in oil…but for a reason.** While crude oil prices have reverted to close to pre-war levels following the US-Iran interim agreement, front-end rates in both EM and G10 have generally been stickier (Exhibit 15). Although idiosyncratic factors have driven HUF and COP rates below pre-conflict levels following the respective elections, the reluctance of front-ends to reprice lower back to pre-war levels broadly across EM and G10 reflects a combination of a transitory inflation bulge that still needs to pass through, and a more resilient growth backdrop than initially feared (Exhibit 16). We think this likely keeps some hike premium embedded in curves until we have more visibility on peak inflation or evidence of a growth fallout. The case for the former continues to strengthen, given the slew of downside surprises across the May inflation dataset and, more recently, in the first batch of June prints — with the print in Poland surprising to the downside. While that nascent disinflation from lower energy prices needs to be set against the potential of a food price shock from El Niño, the pass-through to inflation is typically lower. Beyond these supply-side considerations, in the short term the hawkish Fed shift also complicates the rates picture for EM, particularly for markets more sensitive to the US, such as MXN front-end rates. And more medium-term, tight EM spreads to core markets and elevated long-end rates, which could persist due to the AI buildout and fiscal expenditures, put a floor on how much and how broadly EM long-ends could further compress outside of specific high-yielders (Exhibit 17 and Exhibit 18). That complicated backdrop in H2 provides opportunities on both sides of the EM rates distribution for longs and shorts.

**Exhibit 15: While front-month energy prices are almost back to pre-conflict levels, front-ends in both EM and G10 remain elevated...**



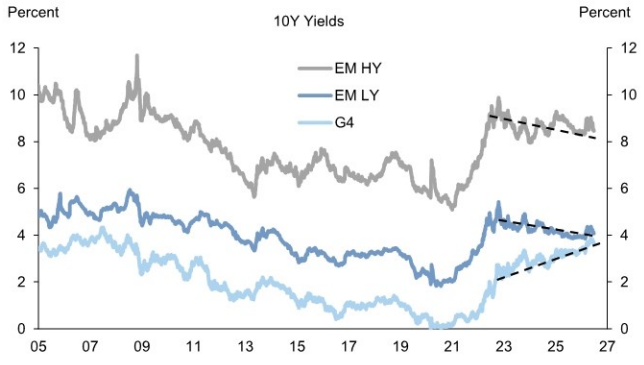

Source: Bloomberg, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

**Exhibit 16: ...With the notable exception of HUF and COP rates, where idioscyncratic factors continue to drive performance**



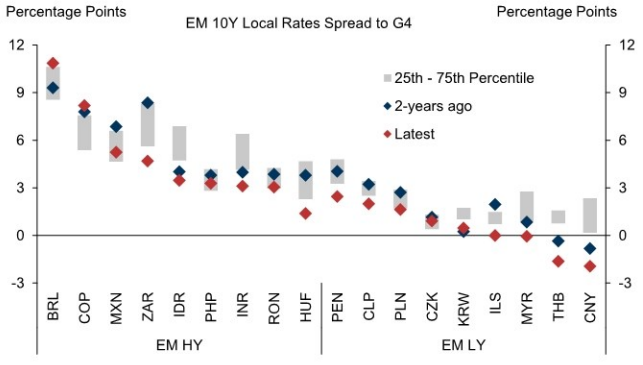

Source: Bloomberg, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

**Exhibit 17: EM Convergence – long-end rates in core markets have trended higher since the pandemic, but EM yields have moved lower and are converging**




Source: Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 18: Local rate spreads to G4 in most markets have compressed over the years (notably in ZAR), but COP spreads remain high, with scope to move lower on potential fiscal improvements**

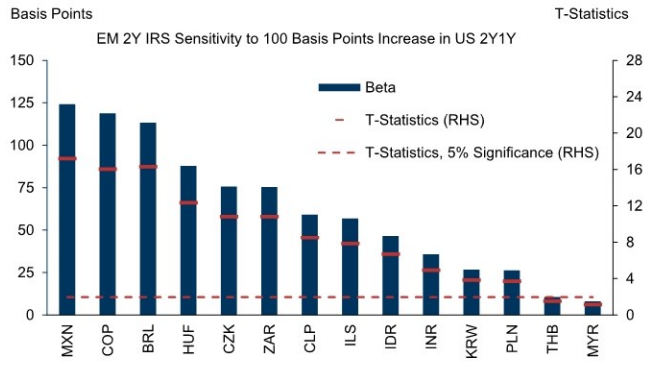



Source: Bloomberg, Goldman Sachs Global Investment Research

- **The Fed hike risk: Which EMs will survive the "family fight"?** The serious possibility of Fed hikes following the June FOMC, where half of the committee projected a rate increase in 2026, has created a new upside risk to EM local curves just as the energy relief was priced. But even if the Fed does not end up hiking, as in our economists' baseline, the policy uncertainty alone could leave EM local rates on the back foot, particularly around key US data releases and Fed speech. However, we do not see this as a uniform risk across EM, and we think MXN front-end rates are the most vulnerable to this outcome given high sensitivity to US terminal rate pricing and an expensive valuation starting point (Exhibit 19 and Exhibit 20). CLP front-ends also appear expensive on our metrics and, although they are less sensitive to Fed hikes than MXN, such moves would nonetheless be a concern given rich valuations. Meanwhile, BRL and COP rates are sensitive to this outcome too, but with the premium that is already embedded in both curves the risk for an overshoot from Fed hikes is limited, in our view. Elsewhere, HUF rates have also been historically sensitive to US front-end pricing, as well as a stronger Dollar, reflecting the MNB's sensitivity

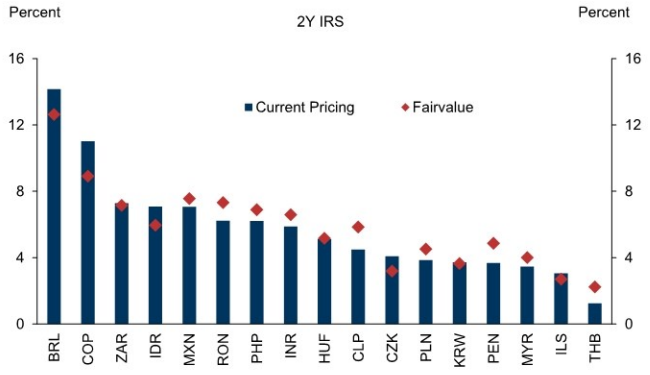
to FX. But, as we have argued before, our view is for a grind lower on rates there driven by possible Euro accession, with the next leg lower in rates likely driven by a structural change in the MNB's inflation target, given that near-term rates cuts are well priced in the front-end. EM Asia low-yielders such as KRW, THB and MYR are traditionally among the smallest movers in response to hawkish Fed shifts, but given low levels of real rates there, with our economists now forecasting 3 hikes from the BoK, the market is likely to keep some hike premium in these curves even in the absence of the Fed risk.

**Exhibit 19: LatAm rates, particularly MXN, are the most exposed to a Fed hawkish shift, while Asia low-yielders remain relatively insulated**




Source: Goldman Sachs Global Investment Research

**Exhibit 20: The expensive valuation starting point for MXN rates leaves it more vulnerable to the Fed shift, but less so for BRL and COP**



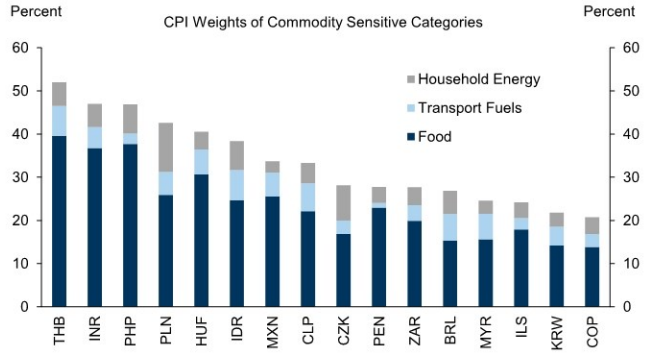

Note: We use zero coupon bonds for PEN, PHP and RON

Source: Bloomberg, Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

- **Two-sided risks from the supply side: Lower oil, higher food?** Spot oil prices have reverted to close to pre-war levels and our Commodities team sees risks on both sides of their Q4 Brent oil price forecast of $80/bbl. But the market is already exploring the downside tail where production rebounds quickly and there is a short-term glut before inventory restocking demand recovers. That said, even though front-end rates have become less correlated to oil moves (Exhibit 15), which could also reflect the fact that oil product prices – which feed into CPI – have not moved as much as crude prices, we think this downside outcome could still be tailwind for EM local rates. In contrast, as lower oil prices brighten the prospects for sequential disinflation, climate experts are warning of El Niño weather patterns later this year, which are likely to translate into adverse conditions for food commodity supply. To assess the impact of the possible El Niño effect on EM rates, we first assume that global food commodity prices will rise by 10% due to these climate factors, which is roughly in line the findings from Adolfsen and Lappe (2023). Using estimated elasticities for pass-through of global food commodity prices to local food inflation, and food CPI weights (Exhibit 21 and Exhibit 22), we then project this shock into headline inflation. Lastly, we input these inflation paths into our panel fair value model under two scenarios: one where the shock is transitory and only feeds into 12-month-ahead inflation expectations, and another where the shock is more permanent and impacts long-term inflation expectations. Our results show that, under the transitory outcome, El Niño should have little to no impact on front-end

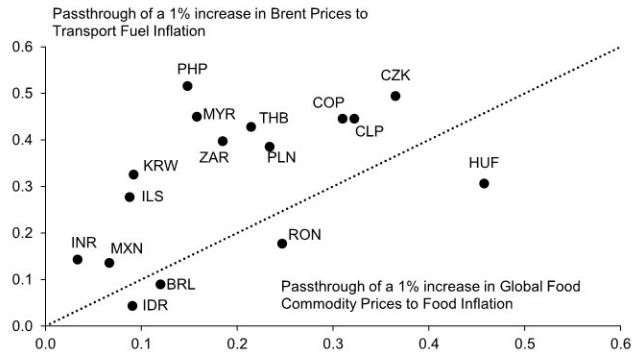
rates across EMs, which is consistent with central banks looking through the shock (Exhibit 23). However, under a scenario where the food shock spills over to longer-term inflation expectations, we find that front-end rates on average could tighten by around 10bp across EM, which, to put things into perspective, is less than 1 rate hike. However, HUF, THB and CLP rates are the most exposed and could underperform in this outcome. CZK rates – where the central bank has recently hiked rates on core inflation pressures – is also among the most vulnerable to a persistent food shock.

**Exhibit 21: Commodity sensitive categories make up a relatively large share of EM CPI, particularly in India and Thailand**




Source: Haver Analytics, Goldman Sachs Global Investment Research

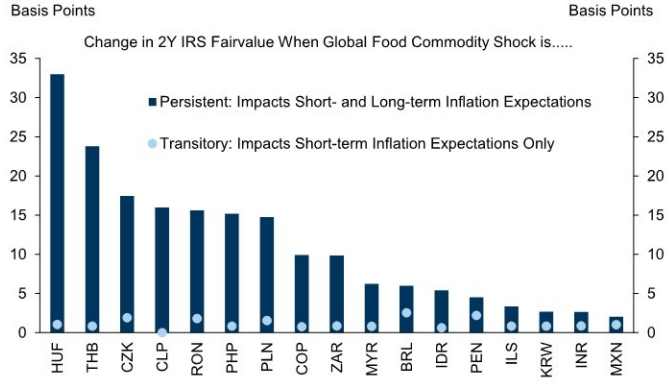
**Exhibit 22: Global commodity price shocks do not fully pass through to local prices, but more so for oil than food**




These are estimated using ARDL models.

Source: Goldman Sachs Global Investment Research

**Exhibit 23: A transitory food shock should have limited to no impact on EM front-ends, but a persistent shock could drive rates marginally higher**



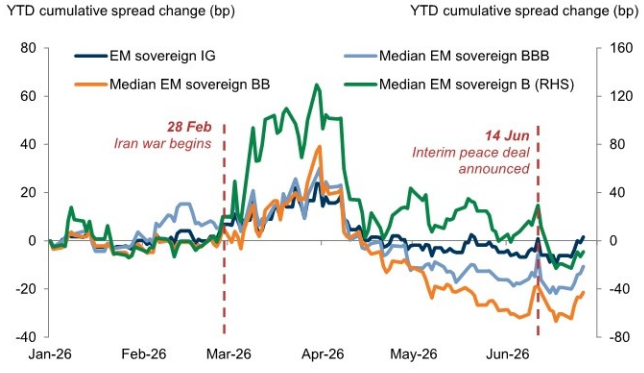

Source: Goldman Sachs Global Investment Research

## EM Sovereign Credit: Normalising Tight Spreads in H2 After a Defensive Masterclass in H1

- **Sharp spread tightening ahead of the US-Iran deal.** After quickly retracing their March weakness since the start of the Iran war, EM sovereign credit spreads have continued to grind tighter across rating buckets, and are now tighter on net than at both the start of the year and at the onset of the conflict (except in IG, Exhibit 24).

As we had noted recently, the resilience of the EM sovereign credit market suggests that the resolution scenario was largely priced in before the mid-June signing of the US-Iran deal, leaving little room for significant upside, and, in line with this, this deal was not reflected in notable spread tightening in the second half of June (Exhibit 24). While macro volatility has receded with the US-Iran deal and the pick-up in energy flows through the Strait of Hormuz, the market is once again facing the usual trade-off between a benign, but not exceptional, growth and equity backdrop, and demanding valuations. In particular, EM spreads have retested historical tights — with BB and B rated spreads near their tightest levels since 2015 — even more so than their US corporate counterparts, which are themselves also at record tight levels (Exhibit 25).

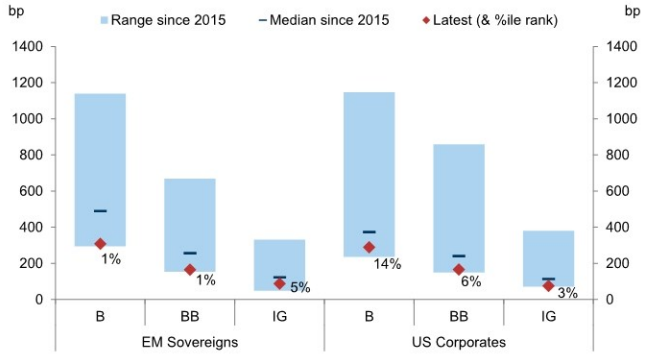
**Exhibit 24: Across rating buckets, EM sovereign credit spreads have quickly retraced their war-related March weakness and have been trending tighter since ...**




Source: Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 25: ... Thereby returning to near-historical tights, more so than in US corporate credit where spreads are also tight**

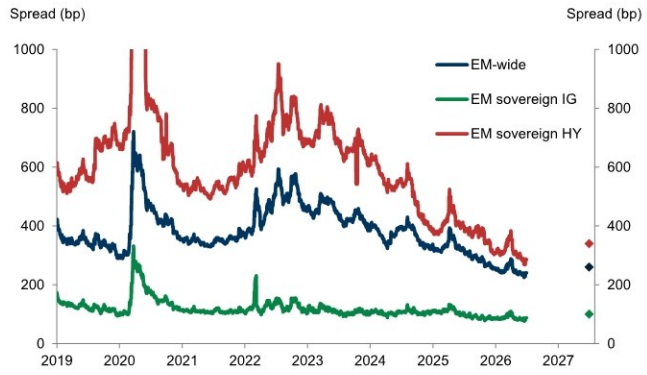
Option-adjusted spread




Source: Bloomberg, Goldman Sachs Global Investment Research

- **We expect less spread widening over the next 12 months.** Our US team has nudged up their growth forecast for H2 and lowered their 12-month recession risk estimate by 10pp to the long-term norm, reflecting a more benign macro backdrop following the US-Iran agreement. Our previous 12-month-ahead EM hard currency index-level spread target had allowed for ~30bp of widening for the temporary oil disruption and the associated growth forecast downgrades to play out. While we think historically expensive valuations still skew risks asymmetrically to wider spreads, recent macro developments warrant less spread widening, in our view, in line with our colleagues' view on US corporate credit spreads. **We adjusted our EM index-level 12-month spread target to allow for only ~20bp of widening from current levels, implying a tightening of our target from 300bp to 260bp, given current levels at ~240bp** (Exhibit 26). We also adjusted our IG and HY targets accordingly (Exhibit 27). These new targets are notably tighter than the local wide levels reached in March, but also versus the levels implied by our EM sovereign credit model or a return to long-term medians (Exhibit 25).

**Exhibit 26: We expect more moderate spread widening over the next 12 months**




Diamonds denote 12-month spread targets.

Source: Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 27: We expect more moderate spread widening over the next 12 months**

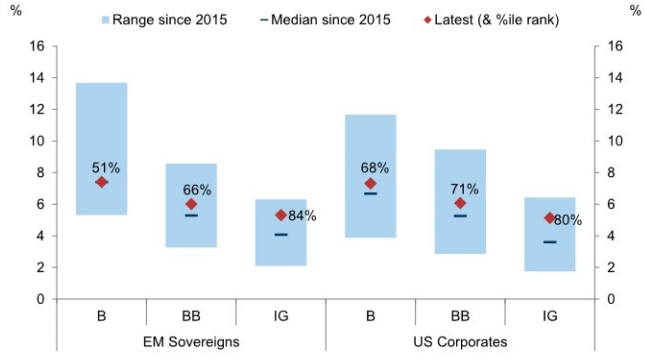
| Index (USD spreads, bp) | Current | 12-month ahead target | Implied widening |
|---|---|---|---|
| EM-wide | 240 | 260 (-40) | 20 |
| EM sovereign IG | 87 | 100 (-15) | 13 |
| EM sovereign HY | 285 | 340 (-30) | 55 |

Numbers in brackets show the changes relative to the previous targets.

Source: Bloomberg, Goldman Sachs Global Investment Research

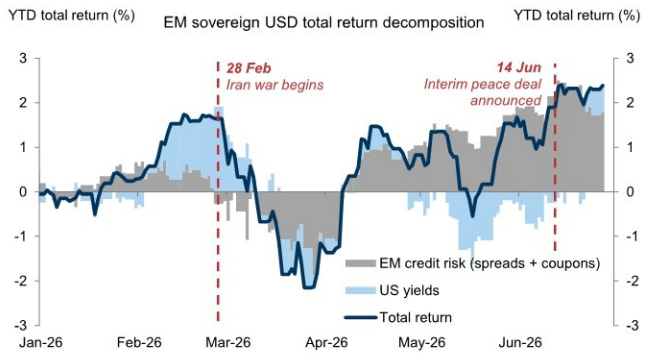
- **Beyond a friendlier macro picture, spreads supported by still-compelling EM yields in a higher-for-longer US rates backdrop.** We think another reason justifying tighter spreads than implied by fundamentals or historical mean-reversion is the technical tailwind coming from elevated yields, like in the US corporate credit space. While spreads remain tight, all-in yield levels look attractive compared to their long-term history, particularly in the IG and BB rated buckets (Exhibit 28). In a resilient US growth environment where a recently hawkish Fed will likely prevent meaningful yield declines, carry levels are an important dimension of relative performance and high levels are therefore more likely to act as a tailwind for the asset class. The tightening path of spreads since the April ceasefire has supported total returns, which quickly retraced their March troughs and are now at year-to-date highs near 2.5% (Exhibit 29). This spread contribution largely offset the negative impact from higher yields, especially around the recent hawkish Fed shift, reflecting the resilience of EM sovereign credit total returns, not just spreads, in the face of shocks, thanks to the opposing impacts of EM spreads and US yields.

**Exhibit 28: While spreads are at historical tights, EM yields remain compelling versus history, again like their US counterparts**
Yield to worst




Source: Bloomberg, Goldman Sachs Global Investment Research

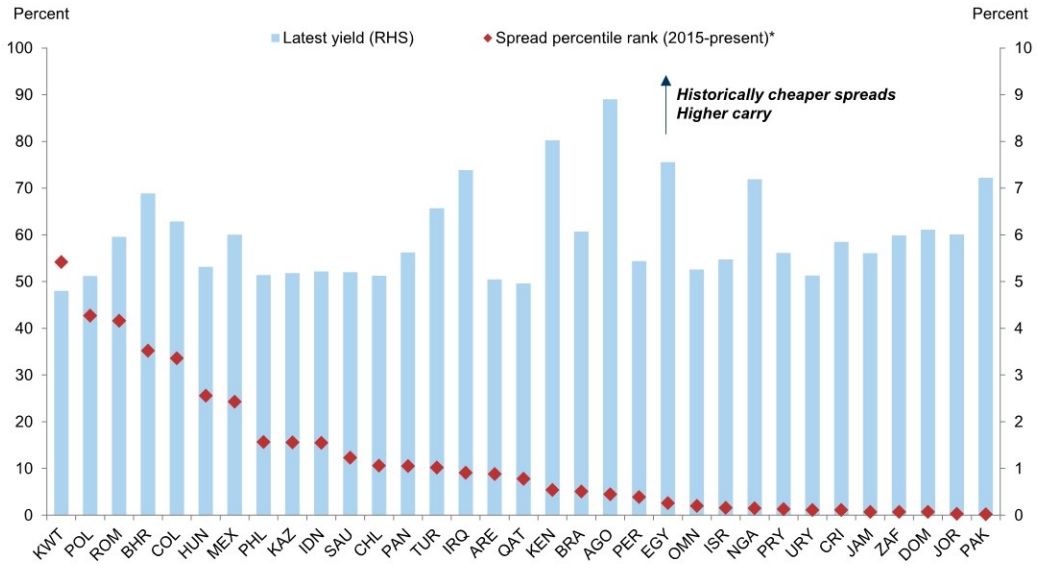
**Exhibit 29: Tighter spreads since the April ceasefire announcement have largely contributed to year-to-date highs in total returns, largely offsetting the impact of higher yields recently**




Source: Bloomberg, Goldman Sachs Global Investment Research

- **Defensive in IG, focus on carry in HY.** At the country-specific level, we still recommend selecting longs based on a low spread sensitivity to some of the major catalysts of wider spreads, namely US equity growth pricing and rate volatility shocks. Our preferred IG sovereigns at this juncture are Hungary, Kazakhstan and Saudi Arabia, based on a low spread sensitivity to such US shocks. These credits are also supported by relatively wider starting points for spreads than other IG counterparts (Exhibit 30), and Kazakhstan and Saudi Arabia should benefit from energy prices staying higher for longer beyond the US-Iran agreement. We had previously found that in the event the US yield curve steepens because of front-end rates retracing their recent hawkish pricing (in line with our forecasts), IG spread curves are likely to flatten, with the long end outperforming the belly. We would therefore prefer the long end of these three IG curves, particularly in Hungary's EUR curve, which we think can flatten in line with its USD counterpart as it remains supported by the commitment of the authorities to adopt the Euro, which we see as realistic. While Egypt and Nigeria are among the HY sovereigns with the tightest spreads versus history (Exhibit 30), we think yields in the ~7-8% region, together with a constructive external outlook and macro reform momentum — which have led us to recommend them as FX longs (here and here) — more than compensate investors for higher spread betas to US shocks. Nigeria should also benefit from oil prices staying higher. Beyond our recent work pointing to the potential outperformance of Colombia on short-term global macro signals as the 'relief' scenario plays out, we think Colombia's EUR curve can flatten. We think that any signs of positive reform momentum as the government transition begins following the second round of the presidential election and details of the front-loaded fiscal adjustment emerge could lead to a convergence of the belly bond spreads to their USD counterparts. We therefore recommend fading the recent post-second-round weakness at this segment of the curve, and more broadly we would also note the relatively attractive spread levels versus history in the USD bonds versus the rest of EM (Exhibit 30), which also makes them compelling in our view.

**Exhibit 30: Hungary, Kazakhstan, Saudi Arabia and Colombia credits have some spread buffer versus history, unlike Egypt and Nigeria, but these sovereigns benefit from higher carry**




*Exact history is 1 January 2015 to 23 June 2026.

Source: Bloomberg, Goldman Sachs Global Investment Research

*The authors would like to thank Shuyi Fang and Agrima Tewari for their contribution to this report. Shuyi and Agrima are interns in the Markets team.*

# Macro forecasts and outlook

*Market values in the exhibits that follow are as of 30 June, unless otherwise stated.*

## Goldman Sachs macro forecasts for major EMs vs. consensus

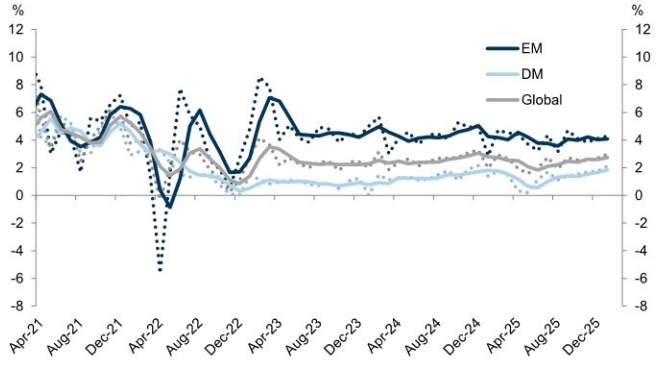
| | GDP growth | | | | | Inflation | | | | | Policy rate | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | | 2027 | | 2025 | 2026 | | 2027 | | Current | 2026 | | 2027 | |
| | Actual* | GS | Cons | GS | Cons | Actual* | GS | Cons | GS | Cons | | GS | Cons | GS | Cons |
| Brazil | 2.3 | 2.2 | 1.9 | 1.6 | 1.8 | 4.3 | 5.1 | 4.6 | 4.2 | 4.0 | 14.2 | 14.0 | 13.4 | 12.0 | 11.4 |
| Chile | 2.5 | 1.6 | 1.7 | 2.6 | 2.6 | 3.4 | 4.0 | 3.6 | 2.9 | 3.2 | 4.5 | 4.5 | 4.6 | 4.2 | 4.6 |
| China | 5.0 | 4.7 | 4.6 | 4.7 | 4.4 | 0.1 | 1.0 | 1.2 | 1.0 | 1.1 | 1.5 | 1.4 | 1.6 | 1.3 | 1.4 |
| Colombia | 2.6 | 2.4 | 2.5 | 2.4 | 2.4 | 5.1 | 6.5 | 5.9 | 4.6 | 5.1 | 11.2 | 12.5 | 11.9 | 11.5 | 10.6 |
| Czech Republic | 2.7 | 2.2 | 2.2 | 2.5 | 2.4 | 2.4 | 2.0 | 2.4 | 2.0 | 2.6 | 3.8 | 3.8 | 3.6 | 3.0 | 3.5 |
| Hungary | 0.4 | 2.4 | 1.8 | 2.8 | 2.5 | 4.4 | 1.5 | 3.0 | 2.2 | 3.6 | 6.0 | 5.2 | 5.9 | 4.0 | 5.0 |
| India | 6.5 | 7.5 | 7.5 | 6.5 | 6.6 | 4.7 | 2.2 | 2.0 | 4.9 | 5.0 | 6.3 | 5.3 | 5.5 | 5.8 | 5.6 |
| Indonesia | 5.1 | 4.9 | 5.0 | 4.6 | 5.0 | 1.9 | 3.3 | 3.3 | 2.6 | 2.8 | 5.8 | 5.8 | 5.9 | 5.8 | 5.5 |
| Israel | 3.2 | 2.2 | 3.1 | 4.8 | 4.5 | 3.1 | 1.8 | 2.0 | 1.9 | 2.0 | 3.8 | 3.2 | 3.6 | 3.2 | 3.2 |
| Malaysia | 5.2 | 4.2 | 4.5 | 3.9 | 4.5 | 1.4 | 2.3 | 2.1 | 2.1 | 2.0 | 2.8 | 2.8 | 2.8 | 2.8 | 2.9 |
| Mexico | 0.5 | 1.2 | 1.1 | 1.7 | 1.8 | 3.7 | 4.4 | 4.1 | 3.7 | 3.8 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Peru | 3.4 | 3.4 | 2.9 | 2.5 | 3.0 | 1.5 | 3.7 | 3.2 | 2.4 | 2.4 | 4.2 | 4.2 | 4.3 | 4.2 | 4.5 |
| Philippines | 4.4 | 3.5 | 3.8 | 5.8 | 5.4 | 1.6 | 5.7 | 6.0 | 2.9 | 4.0 | 4.8 | 5.5 | 5.1 | 5.5 | 4.9 |
| Poland | 3.6 | 3.5 | 3.5 | 3.6 | 3.0 | 3.8 | 2.4 | 3.0 | 2.1 | 2.9 | 3.8 | 3.8 | 3.8 | 3.5 | 3.6 |
| Romania | 0.7 | -0.7 | 0.2 | 2.6 | 2.4 | 7.3 | 8.3 | 8.1 | 3.5 | 4.2 | 6.5 | 6.5 | 6.3 | 4.5 | 5.2 |
| Russia | 1.0 | 0.9 | 0.8 | 1.8 | 1.3 | 8.7 | 5.5 | 5.5 | 4.2 | 4.5 | 14.2 | 12.0 | 13.0 | 8.0 | 9.5 |
| South Africa | 1.1 | 1.6 | 1.3 | 1.7 | 1.6 | 3.2 | 4.0 | 4.1 | 3.1 | 3.5 | 7.0 | 7.2 | 7.1 | 6.5 | 6.5 |
| South Korea | 1.1 | 2.7 | 2.6 | 2.3 | 2.1 | 2.1 | 2.6 | 2.7 | 2.2 | 2.1 | 2.5 | 3.0 | 3.0 | 3.2 | 3.1 |
| Thailand | 2.4 | 1.3 | 1.9 | 1.2 | 2.1 | -0.1 | 2.6 | 2.6 | 2.1 | 1.5 | 1.0 | 1.0 | 1.1 | 1.0 | 1.1 |
| Turkey | 3.6 | 2.7 | 3.0 | 3.6 | 3.6 | 34.8 | 30.6 | 30.8 | 25.4 | 22.8 | 37.0 | 37.0 | 35.2 | 29.0 | 26.4 |

* We take GS forecast if actual not available.

Light blue cells indicate GS forecast above Bloomberg (median) consensus, grey cells indicate GS forecast below Bloomberg (median) consensus. For GDP and inflation, annual average data are used for GS forecasts and consensus. For India, GDP and inflation data are referred to fiscal year (2025 is India FY2025). For policy rates, end of year data are used for GS forecasts and consensus. * We take GS forecast if actual not available.

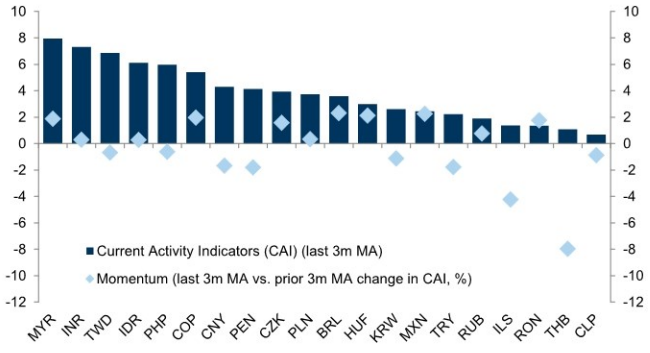
Source: Bloomberg, Goldman Sachs Global Investment Research

## GS Current Activity Indicators (CAI)




Source: Goldman Sachs Global Investment Research

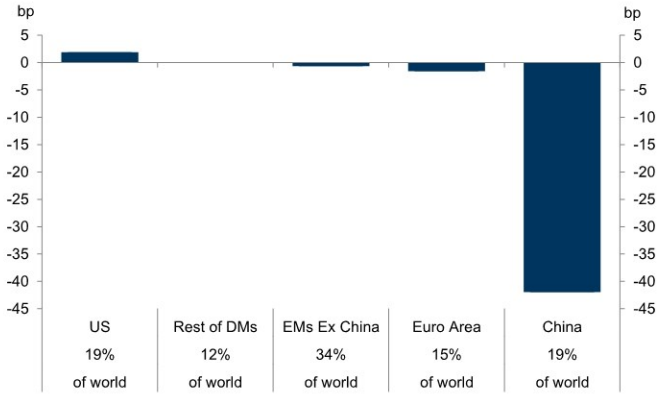
## GS Current Activity Indicators (CAI) - latest level and momentum




Momentum calculated between Feb-26 and May-26.

Source: Goldman Sachs Global Investment Research

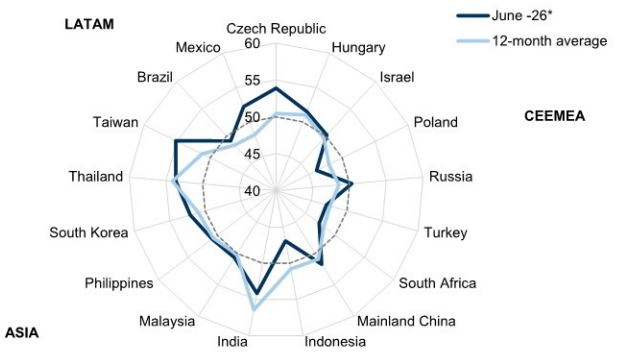
## Regional contributions to change in global CAI (Feb-26 and May-26)




Regional contributions are weighted by the respective PPP GDP world share.

Source: Goldman Sachs Global Investment Research

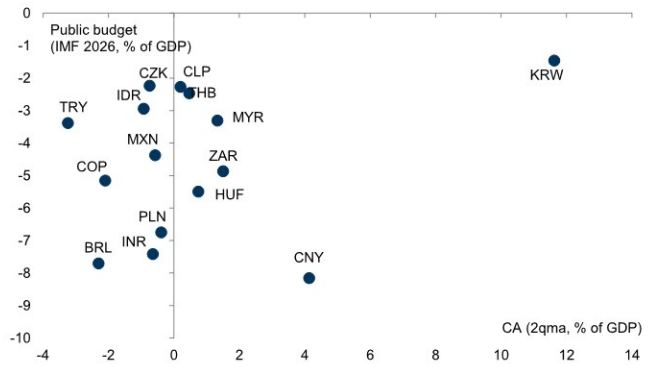
## Manufacturing PMI




*For Mexico IMEF Business Climate Index and for Israel global PMI are shown. May-26 for BRL, MXN, and SGD. Mar-25 for ILS.

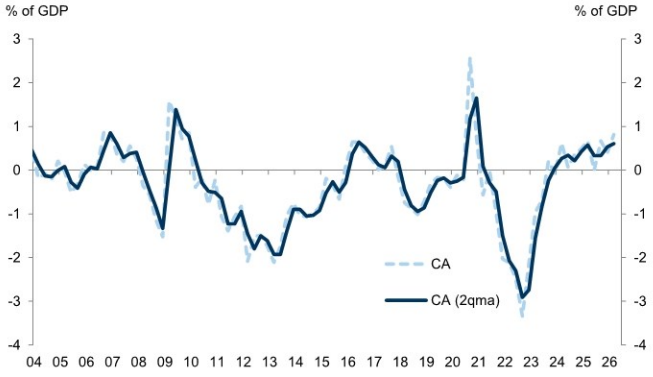
Source: Markit, Haver Analytics, Goldman Sachs Global Investment Research

## External and fiscal balances




Source: Haver Analytics, Goldman Sachs Global Investment Research

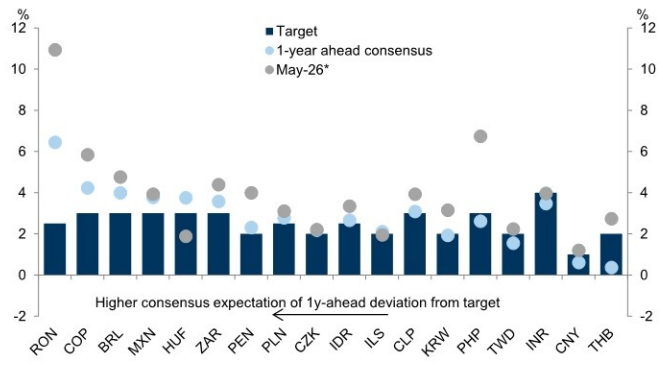
## EM average current account balance




Average of BRL, CLP, CNY, COP, CZK, HUF, IDR, INR, KRW, MXN, MYR, PLN, THB, TRY and ZAR.

Source: Haver Analytics, Goldman Sachs Global Investment Research

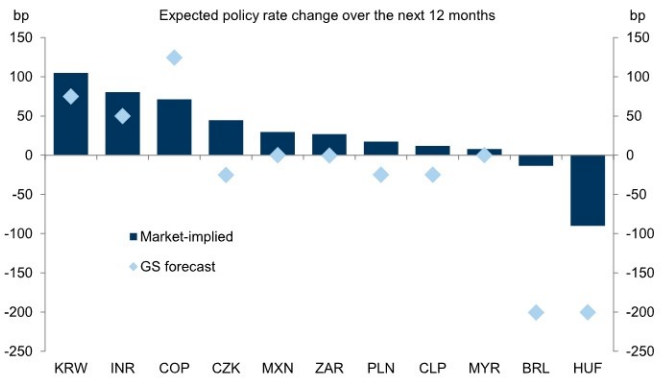
## Consensus inflation expectations vs. 1-year realised and Central Bank's targets




*June-26 for IDR and PEN.

Source: Consensus Economics, Haver Analytics, Goldman Sachs Global Investment Research

## GS and market-implied policy rate change on a 12-month horizon

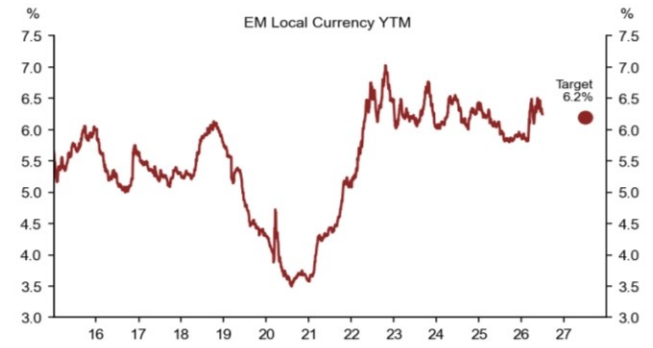



Source: Bloomberg, Goldman Sachs Global Investment Research

# Market forecasts and valuations



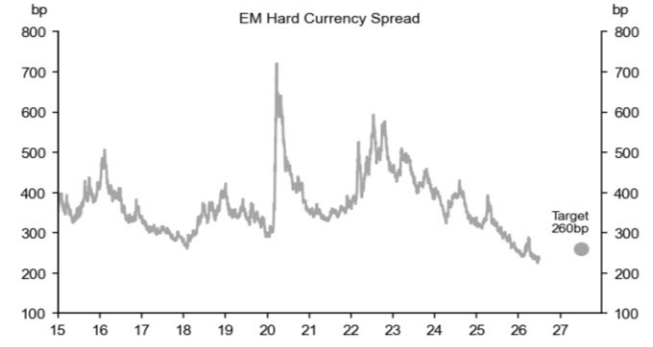

Source: Goldman Sachs, Goldman Sachs Global Investment Research




Source: Bloomberg, Goldman Sachs Global Investment Research

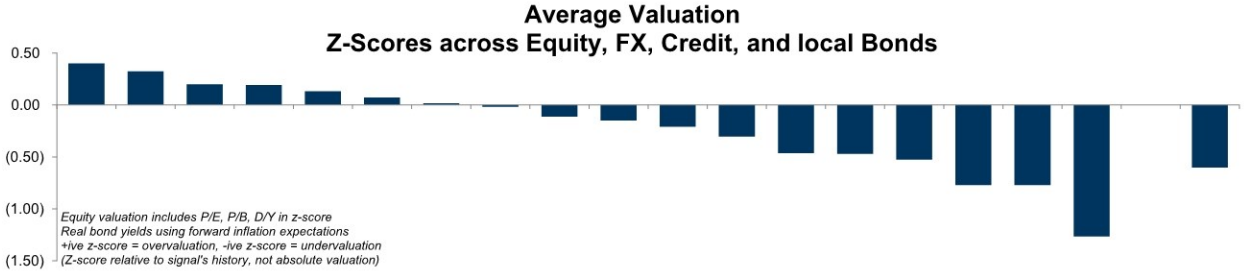



Source: Datastream, Goldman Sachs Global Investment Research




Source: Haver Analytics, Goldman Sachs Global Investment Research

## EM cross asset valuation

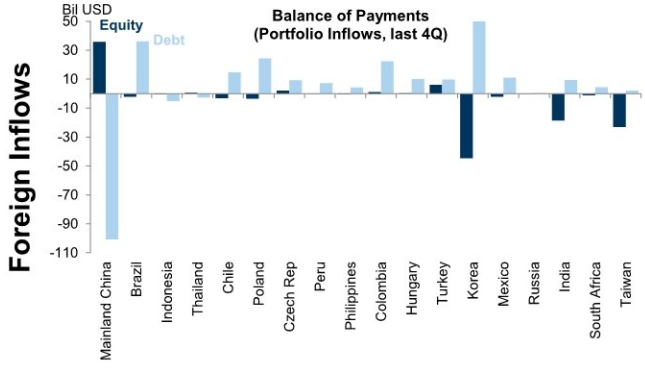


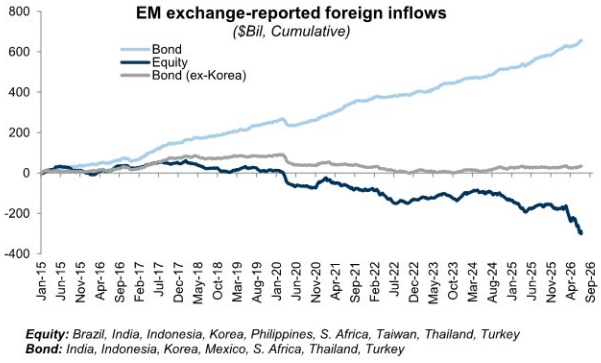

| | | CZK | TWD | THB | PLN | HUF | INR | KRW | TRY | CNY | MYR | CLP | ZAR | PEN | PHP | MXN | BRL | COP | IDR | EM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Equity* | **PE (NTM)** | 15.3x | 21.4x | 17.7x | 10.6x | 8.8x | 20.3x | 7.4x | 7.0x | 10.0x | 13.6x | 13.6x | 8.1x | 13.5x | 10.1x | 12.5x | 8.0x | 8.9x | 8.3x | 11.3x |
| *FX* | **vs GS FV** | +13% | (23%) | (3%) | +3% | +7% | (8%) | (25%) | (18%) | (21%) | (13%) | (19%) | (14%) | (18%) | (2%) | +6% | (10%) | +5% | (17%) | (9%) |
| *Credit* | **Spread** | 19bp | - | 41bp | 50bp | 68bp | 68bp | 23bp | 220bp | 38bp | 38bp | 37bp | 125bp | 62bp | 63bp | 85bp | 125bp | 145bp | 89bp | 785bp |
| *Bonds* | **Real 10yr** | 2.0% | -0.2% | 1.3% | 1.5% | 3.0% | 2.6% | 1.0% | -9.1% | 0.7% | 1.5% | 2.1% | 7.0% | 4.6% | 3.3% | 7.0% | 10.5% | 8.1% | 4.8% | 2.9% |
| *Equity* | Z-Score | 0.60 | 3.59 | 0.78 | (0.11) | (0.30) | 0.22 | 2.30 | (0.30) | (0.52) | (1.10) | 0.24 | (0.94) | 0.23 | (1.65) | (0.97) | (0.48) | (0.24) | (3.07) | 1.28 |
| *FX* | Z-Score | 1.41 | (2.46) | (0.16) | 0.44 | 0.74 | (0.68) | (2.35) | (0.82) | (1.42) | (0.78) | (1.50) | (0.57) | (1.42) | 0.14 | 1.18 | (0.44) | 0.51 | (1.23) | (0.52) |
| *Credit* | Z-Score | 0.98 | - | 0.85 | 0.77 | 0.92 | 0.91 | 0.72 | 0.57 | 1.14 | 1.12 | 1.15 | 1.28 | 0.91 | 0.66 | 0.80 | 0.85 | 0.31 | 0.59 | (1.69) |
| *Bonds* | Z-Score | (1.39) | (0.16) | (0.67) | (0.32) | (0.83) | (0.15) | (0.61) | 0.48 | 0.35 | 0.16 | (0.73) | (0.98) | (1.57) | (1.03) | (3.12) | (3.01) | (3.67) | (1.37) | (1.48) |
| **AVG** | **Z-Score** | **0.40** | **0.32** | **0.20** | **0.19** | **0.13** | **0.07** | **0.02** | **(0.02)** | **(0.11)** | **(0.15)** | **(0.21)** | **(0.30)** | **(0.46)** | **(0.47)** | **(0.53)** | **(0.77)** | **(0.77)** | **(1.27)** | **(0.60)** |

Source: FactSet, Datastream, Goldman Sachs Global Investment Research

# Flows and Positioning

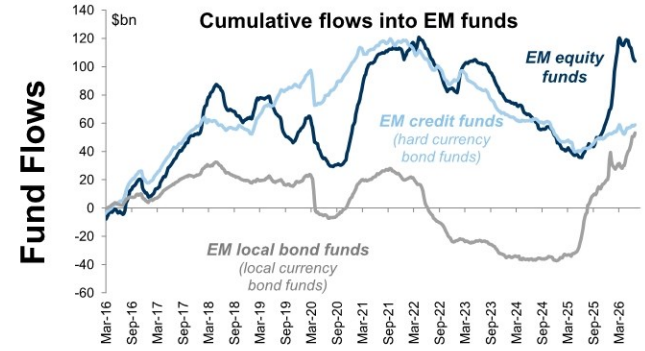
## EM portfolio investment and exchange-reported foreign flows

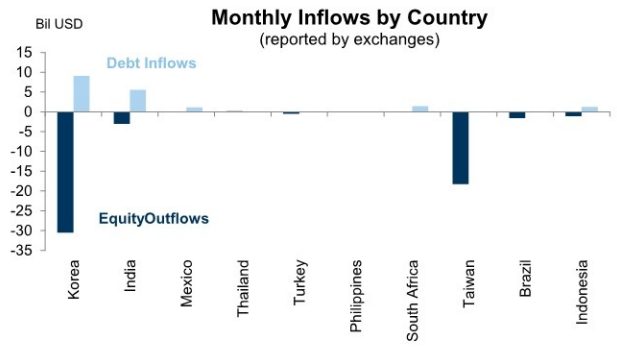



Source: Haver Analytics, Bloomberg, Goldman Sachs Global Investment Research

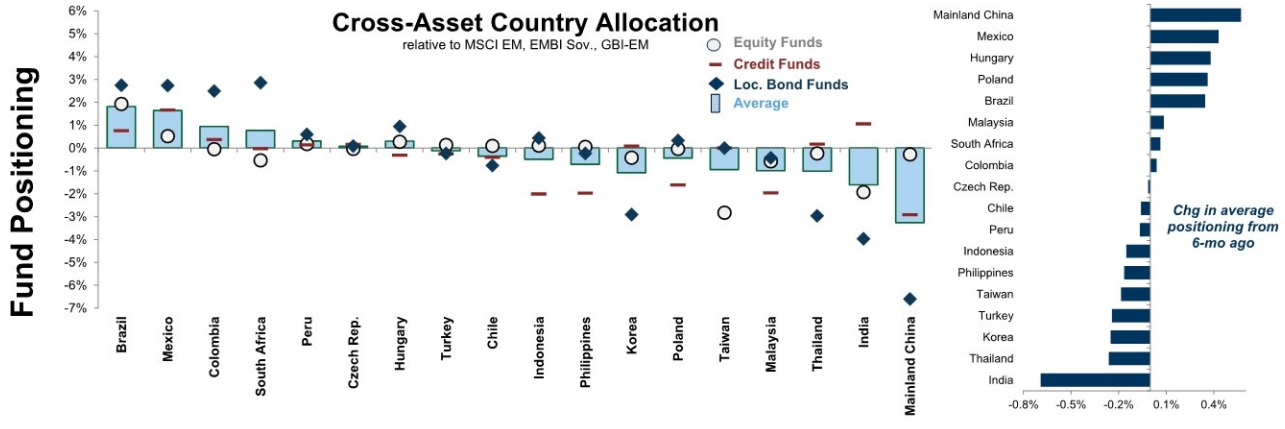
## Cumulative flows into EM mutual funds




Source: EPFR, Bloomberg, Goldman Sachs Global Investment Research

## Cross-asset mutual fund positioning







Source: EPFR, Goldman Sachs Global Investment Research

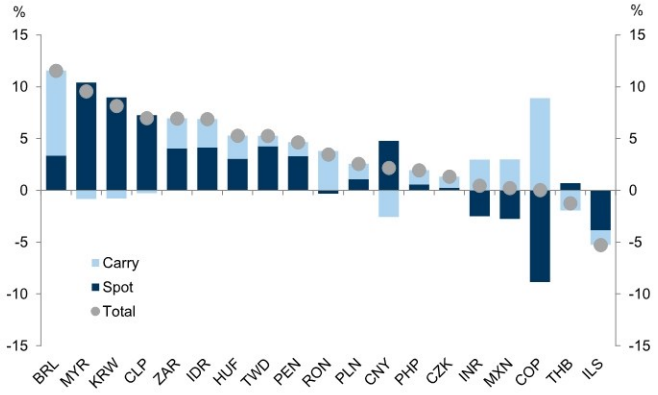
# EM Currencies

| | | Spot | L3M spot return (%) | Forecast 3M | Forecast 6M | Forecast 12M | 12M return forecast (%) Spot | 12M return forecast (%) Carry | 12M return forecast (%) Total | Fair value GSDEER | Fair value GSFEER | Fair value 60/40 Avg | Valuation* (%) GSDEER | Valuation* (%) GSFEER | Valuation* (%) 60/40 Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| vs. USD | ARS | 1483.4 | -6.2 | 1500.0 | 1600.0 | 1800.0 | -17.6 | | | | | | | | |
| | BRL | 5.17 | -0.2 | 4.90 | 5.00 | 5.00 | 3.4 | 8.2 | 11.5 | 4.25 | 5.31 | 4.67 | -17.8 | 2.8 | -9.6 |
| | CLP | 922 | -0.3 | 920 | 900 | 860 | 7.3 | -0.3 | 7.0 | 671 | 847 | 742 | -27.3 | -8.1 | -19.6 |
| | CNY | 6.81 | 1.2 | 6.80 | 6.70 | 6.50 | 4.8 | -2.6 | 2.2 | 4.96 | 5.84 | 5.31 | -27.1 | -14.2 | -22.0 |
| | COP | 3418 | 7.3 | 3600 | 3700 | 3750 | -8.8 | 8.9 | 0.0 | 3556 | 3773 | 3643 | 4.0 | 10.4 | 6.6 |
| | CZK | 21.24 | -0.1 | 21.49 | 20.68 | 20.17 | 5.3 | -0.5 | 4.8 | 25.32 | 21.86 | 23.94 | 19.2 | 2.9 | 12.7 |
| | HUF | 311 | 6.9 | 311 | 297 | 288 | 8.3 | 0.6 | 8.9 | 319 | 352 | 332 | 2.5 | 13.2 | 6.7 |
| | IDR | 17909 | -5.2 | 17000 | 17100 | 17200 | 4.1 | 2.8 | 6.9 | 14271 | 15918 | 14930 | -20.3 | -11.1 | -16.6 |
| | ILS | 2.98 | 5.2 | 3.00 | 3.05 | 3.10 | -3.9 | -1.4 | -5.3 | 3.51 | 3.06 | 3.33 | 17.8 | 2.6 | 11.8 |
| | INR | 94.6 | -1.7 | 96.0 | 96.0 | 97.0 | -2.5 | 3.0 | 0.5 | 85.7 | 89.1 | 87.1 | -9.4 | -5.8 | -7.9 |
| | KRW | 1547 | -2.4 | 1460 | 1440 | 1420 | 9.0 | -0.8 | 8.2 | 1181 | 1159 | 1172 | -23.7 | -25.1 | -24.2 |
| | MXN | 17.50 | 2.1 | 17.75 | 18.00 | 18.00 | -2.8 | 3.0 | 0.2 | 19.70 | 17.49 | 18.82 | 12.6 | -0.1 | 7.5 |
| | MYR | 4.09 | -1.1 | 3.90 | 3.80 | 3.70 | 10.4 | -0.8 | 9.6 | 3.25 | 4.01 | 3.55 | -20.5 | -1.8 | -13.0 |
| | NGN | 1379 | 0.2 | 1325 | 1300 | 1250 | 10.3 | | | | | | | | |
| | PEN | 3.41 | 1.3 | 3.40 | 3.35 | 3.30 | 3.3 | 1.3 | 4.6 | 2.74 | 2.91 | 2.81 | -19.5 | -14.8 | -17.6 |
| | PHP | 61.4 | -1.6 | 62.0 | 61.0 | 61.0 | 0.6 | 1.4 | 1.9 | 59.2 | 62.5 | 60.5 | -3.5 | 1.9 | -1.4 |
| | PLN | 3.76 | -1.6 | 3.77 | 3.60 | 3.54 | 6.2 | -0.1 | 6.1 | 3.90 | 3.86 | 3.88 | 3.7 | 2.6 | 3.2 |
| | RON | 4.60 | -3.9 | 4.52 | 4.39 | 4.38 | 5.2 | 1.7 | 6.9 | | 5.41 | | | 17.5 | |
| | RUB | 78.7 | 1.9 | 80.00 | 85.00 | 90.00 | -12.6 | 11.6 | -0.9 | 79.2 | 75.5 | 77.7 | 0.6 | -4.0 | -1.3 |
| | THB | 33.23 | -1.8 | 34.00 | 33.50 | 33.00 | 0.7 | -1.9 | -1.2 | 31.39 | 33.75 | 32.34 | -5.5 | 1.6 | -2.7 |
| | TRY | 46.65 | -4.6 | 48.00 | 50.00 | 54.00 | -13.6 | 35.1 | 21.5 | 34.03 | 47.07 | 39.25 | -27.1 | 0.9 | -15.9 |
| | TWD | 31.8 | 0.5 | 31.5 | 31.0 | 30.5 | 4.3 | 1.0 | 5.3 | 24.8 | 23.8 | 24.4 | -22.0 | -25.1 | -23.3 |
| | UAH | 44.58 | -1.8 | 44.00 | 46.00 | 48.00 | -7.1 | 10.7 | 3.5 | | | | | | |
| | ZAR | 16.39 | 3.3 | 16.50 | 16.00 | 15.75 | 4.0 | 2.9 | 6.9 | 12.97 | 15.83 | 14.12 | -20.8 | -3.4 | -13.9 |
| vs. EUR | CZK | 24.26 | 0.9 | 24.50 | 24.40 | 24.20 | 0.2 | 1.1 | 1.3 | 30.34 | 25.10 | 28.24 | 25.0 | 3.5 | 16.4 |
| | HUF | 356 | 8.0 | 355 | 350 | 345 | 3.1 | 2.2 | 5.3 | 382 | 405 | 391 | 7.5 | 13.8 | 10.0 |
| | PLN | 4.30 | -0.6 | 4.30 | 4.25 | 4.25 | 1.1 | 1.5 | 2.6 | 4.67 | 4.43 | 4.58 | 8.8 | 3.1 | 6.5 |
| | RON | 5.23 | -2.7 | 5.15 | 5.18 | 5.25 | -0.3 | 3.8 | 3.5 | | 6.21 | | | 18.6 | |
| | RUB | 89.9 | 2.9 | 91.20 | 100.30 | 108.00 | -16.8 | 13.4 | -3.4 | 94.9 | 86.7 | 91.6 | 5.5 | -3.5 | 1.9 |

*A positive value signals overvaluation.

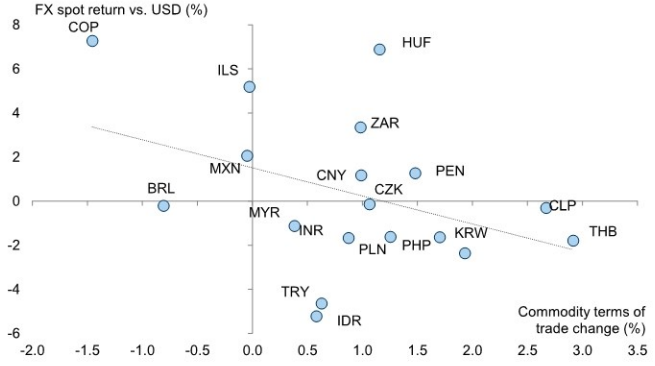
Source: Goldman Sachs, Goldman Sachs Global Investment Research

**12-month return forecasts vs. USD**
CEE currencies vs. EUR




Source: Goldman Sachs, Goldman Sachs Global Investment Research

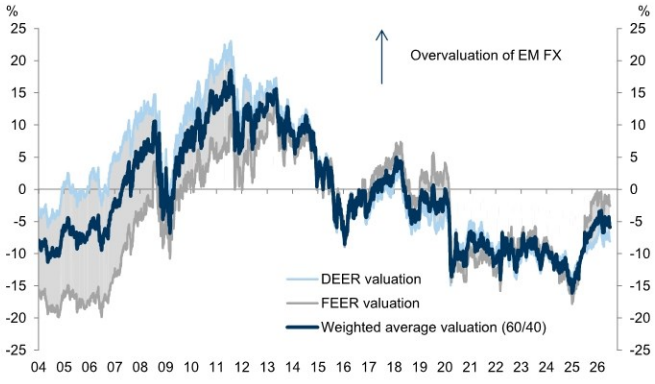
**Last 3-month commodity terms of trade change and spot return vs. USD**




Source: Goldman Sachs, Goldman Sachs Global Investment Research

## Valuation of EM* FX vs. USD

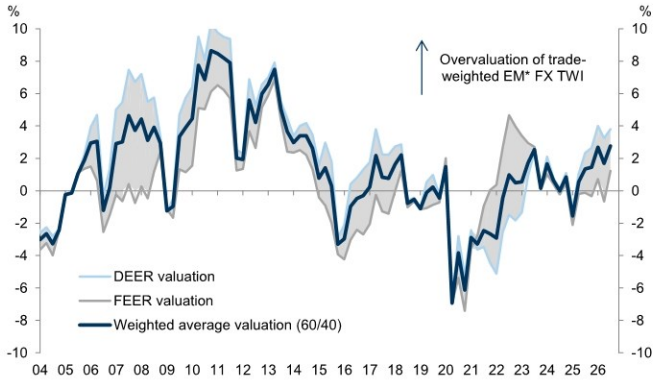
CEE currencies vs. EUR




*Average of 15 countries.

Source: Goldman Sachs, Goldman Sachs Global Investment Research

## Trade-weighted valuation of EM* FX

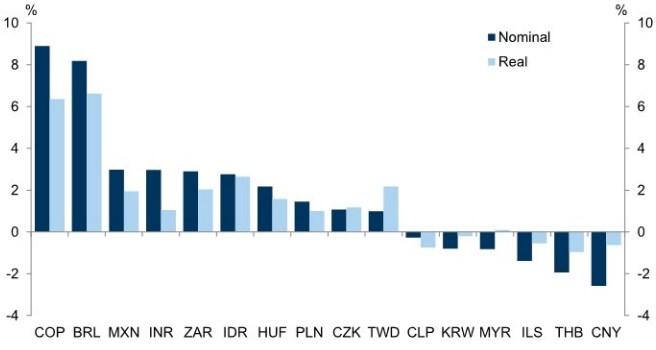



*Average of 15 countries.

Source: Goldman Sachs, Goldman Sachs Global Investment Research

## Nominal and real 1-year carry vs. USD

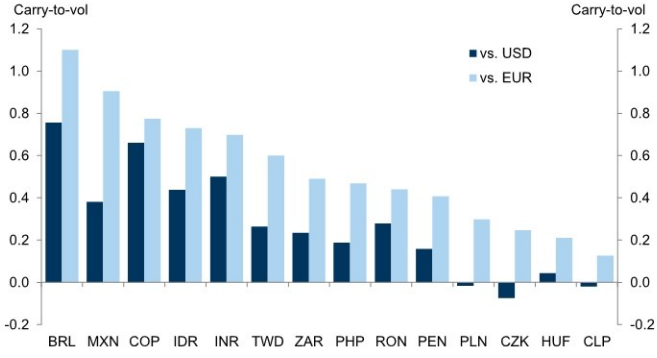
CEE currencies vs. EUR




Source: Consensus Economics, Goldman Sachs, Goldman Sachs Global Investment Research

## Carry-to-vol

12-month carry to 3-month annualized realized volatility



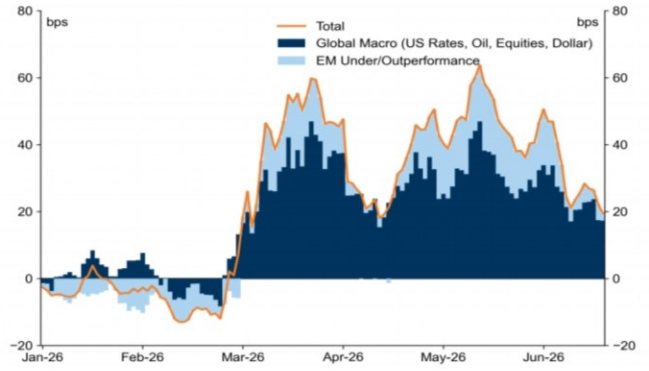

Source: Goldman Sachs, Goldman Sachs Global Investment Research

**EM Local Rates**

| | Nominal Swap Rates | | | | | | Slopes | | | | | | Real Swap Rates | | | | | | Bloomberg Barclays EM Local Currency | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Spot (%) | | | L3M change (bp) | | | Spot (%) | | | L3M change (bp) | | | Current (%) | | | His. percentile | | | Yield | L3M USD |
| | 2Y | 5Y | 10Y | 2Y | 5Y | 10Y | 2s5s | 5s10s | 2s10s | 2s5s | 5s10s | 2s10s | 2Y | 5Y | 10Y | 2Y | 5Y | 10Y | (%) | return (%) |
| BRL | 14.16 | 14.28 | 14.26 | 47 | 48 | 42 | 0.12 | -0.02 | 0.10 | 1 | -6 | -5 | 10.03 | 10.64 | 10.94 | 97 | 97 | 97 | 13.79 | 1.28 |
| CLP | 4.48 | 4.74 | 5.13 | -42 | -33 | -15 | 0.26 | 0.39 | 0.65 | 9 | 18 | 27 | 0.98 | 1.45 | 1.99 | 53 | 49 | 53 | 5.23 | 0.82 |
| CNY | 1.41 | 1.49 | 1.62 | -10 | -14 | -15 | 0.07 | 0.14 | 0.21 | -4 | -1 | -5 | 0.29 | -0.01 | -0.12 | 37 | 6 | 4 | 1.50 | 2.45 |
| COP | 11.02 | 10.14 | 9.96 | -106 | -142 | -127 | -0.89 | -0.17 | -1.06 | -36 | 15 | -21 | 5.56 | 5.73 | 6.27 | 96 | 95 | 95 | 11.79 | 16.91 |
| CZK | 4.09 | 4.13 | 4.25 | 0 | -13 | -20 | 0.04 | 0.11 | 0.15 | -13 | -6 | -20 | 1.73 | 1.93 | 2.14 | 96 | 98 | 97 | 4.24 | 1.79 |
| HUF | 5.12 | 4.77 | 4.71 | -194 | -225 | -230 | -0.35 | -0.06 | -0.41 | -31 | -5 | -36 | 1.69 | 1.52 | 1.58 | 63 | 55 | 48 | 4.99 | 16.92 |
| IDR | 7.08 | 7.13 | 7.19 | 96 | 67 | 39 | 0.05 | 0.06 | 0.11 | -30 | -28 | -57 | 4.14 | 4.37 | 4.55 | 97 | 93 | 85 | 7.13 | -5.91 |
| ILS | 3.08 | 3.13 | 3.44 | -68 | -64 | -50 | 0.05 | 0.31 | 0.36 | 4 | 15 | 19 | 0.89 | 1.02 | 1.38 | 79 | 69 | 58 | 3.55 | 8.67 |
| INR | 5.91 | 6.19 | 6.39 | -55 | -59 | -60 | 0.28 | 0.20 | 0.48 | -4 | -1 | -5 | 1.39 | 1.89 | 2.24 | 60 | 74 | 70 | 6.83 | 4.13 |
| KRW | 3.74 | 3.90 | 3.99 | 34 | 35 | 39 | 0.17 | 0.08 | 0.25 | 0 | 4 | 4 | 1.48 | 1.75 | 1.91 | 99 | 99 | 99 | 4.09 | -7.70 |
| MXN | 7.07 | 7.59 | 8.03 | -29 | -28 | -19 | 0.52 | 0.43 | 0.96 | 0 | 9 | 9 | 3.13 | 4.06 | 4.76 | 61 | 70 | 76 | 8.48 | 4.82 |
| MYR | 3.46 | 3.53 | 3.70 | 9 | 6 | 0 | 0.07 | 0.17 | 0.24 | -3 | -6 | -9 | 1.44 | 1.52 | 1.70 | 88 | 89 | 73 | 3.65 | -0.12 |
| PLN | 3.91 | 4.00 | 4.30 | -33 | -42 | -40 | 0.09 | 0.30 | 0.39 | -8 | 2 | -7 | 0.98 | 1.26 | 1.68 | 61 | 67 | 65 | 4.50 | 0.93 |
| THB | 1.24 | 1.56 | 1.97 | -3 | -6 | -4 | 0.32 | 0.41 | 0.73 | -3 | 2 | -1 | -0.29 | -0.08 | 0.25 | 34 | 22 | 30 | 2.11 | -0.19 |
| ZAR | 7.25 | 7.33 | 7.74 | 12 | -9 | -35 | 0.09 | 0.41 | 0.49 | -21 | -26 | -47 | 3.73 | 4.04 | 4.59 | 99 | 97 | 90 | 8.40 | 8.81 |
| EM (10% Cap) | | | | | | | | | | | | | | | | | | | 6.26 | 1.53 |

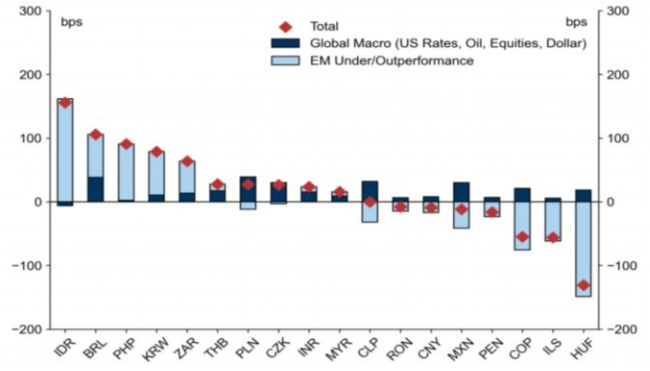
Source: Bloomberg, Goldman Sachs, Goldman Sachs Global Investment Research

**Contribution of local and global shocks to country-specific 5Y IRS performance**
Performance over the past 6 months



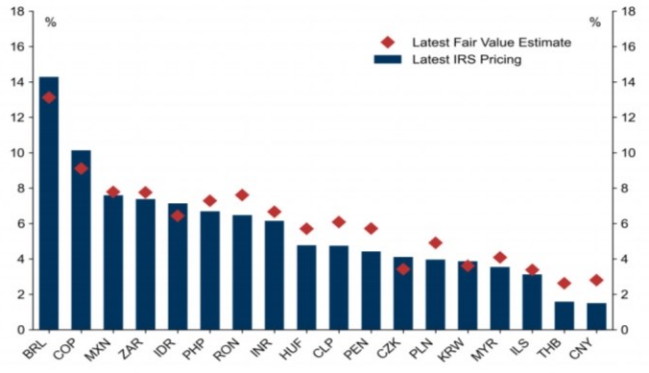

Source: Goldman Sachs Global Investment Research, Bloomberg

**Contribution of local and global shocks to country-specific 5Y IRS performance**
Performance over the past 6 months



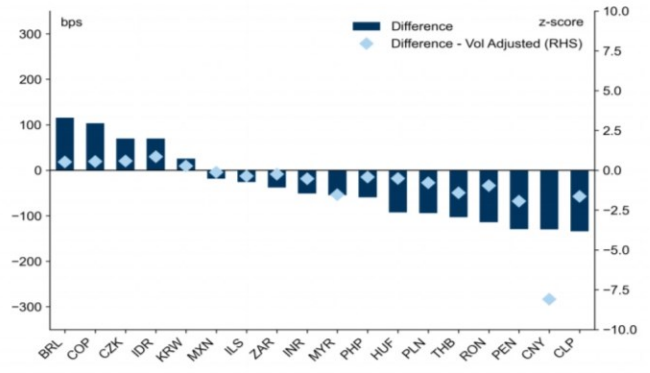

Source: Goldman Sachs Global Investment Research, Bloomberg

**Latest 5Y fair value estimate vs. IRS pricing**



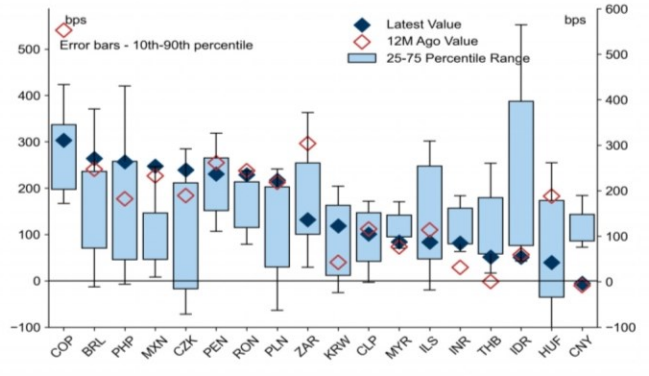

Source: Goldman Sachs Global Investment Research, Bloomberg

**Latest 5Y fair value estimate vs. valuation gap**



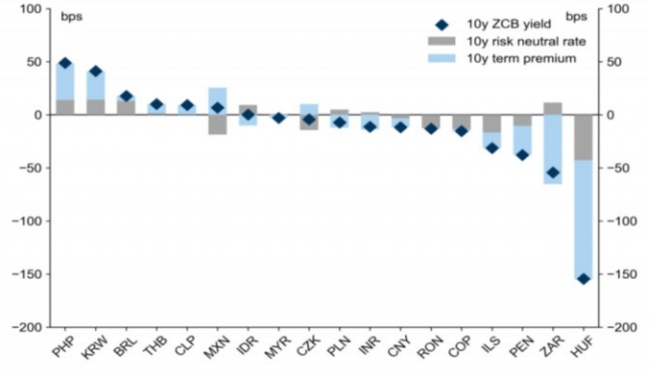

Source: Goldman Sachs Global Investment Research, Bloomberg

**Current 10-year local bond term premia estimates vs. historical interquartile range**



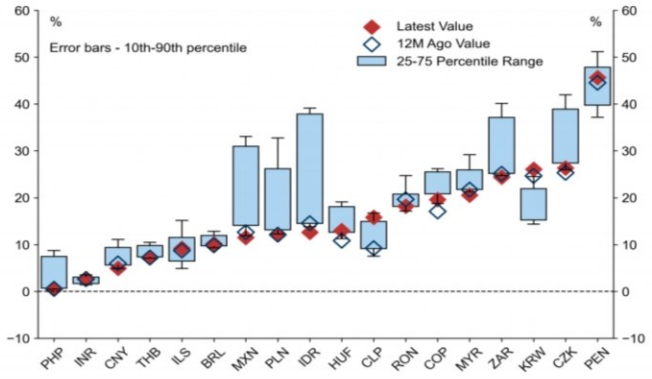

Source: Bloomberg, Goldman Sachs Global Investment Research

**Decomposition of last three-month 10y rate changes in risk-neutral rate and term premium**



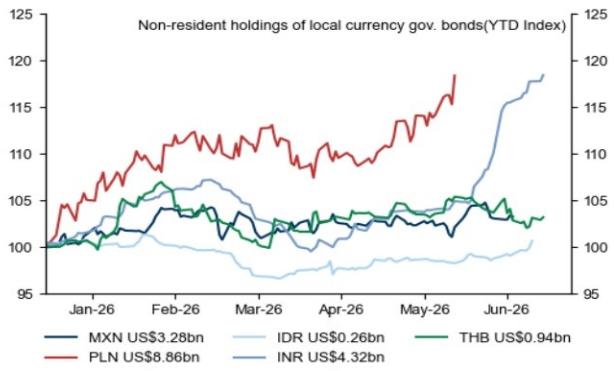

Source: Bloomberg, Goldman Sachs Global Investment Research

### Local currency government bond foreign ownership vs. last 16-year range




Source: Haver Analytics, Goldman Sachs Global Investment Research

### Year-to-Date Index of foreign ownership of EM local debt government bonds




USD amount is our estimate, accounting for USD FX rate at the day of change in holdings

Source: Goldman Sachs Global Investment Research, Haver Analytics, Bloomberg

## EM Equities

| | | | | | Equities Performance (%) | | | | | | EPS % change (NTM) | | | | | | Consensus | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | GS Target | Local | | USD | P/E | P/B | D/Y | Local | | | USD | | | EPS Growth | |
| | wgt | Index | Current | 12-mo | 1w | ytd | ytd | NTM | LTM | NTM | 1m | 3m | 12m | 1m | 3m | 12m | 2026E | 2027E |
| Czech Rep | 0.1% | PX | 2572 | 2350 | **3.3** | -7.5 | -10.6 | 15.3 | 2.2 | 5.6 | 2.8 | -0.2 | 5.6 | 0.8 | 0.3 | 4.8 | 8% | -3% |
| Hungary | 0.3% | BUX | 139082 | 150000 | **2.1** | 29.3 | 34.1 | 8.8 | 1.6 | 3.8 | 0.9 | 2.5 | 10.6 | -1.7 | 10.3 | 20.9 | 9% | 10% |
| Brazil | 3.8% | IBOV | 173205 | 215000 | **1.8** | 2.0 | 7.5 | 8.0 | 1.8 | 7.5 | 1.7 | 10.7 | 18.8 | -0.6 | 11.7 | 25.3 | 34% | 8% |
| Chile | 0.4% | IPSA | 10763 | 11500 | **-0.2** | 1.1 | -1.2 | 13.6 | 2.3 | 3.3 | 0.9 | 10.5 | 8.7 | -2.6 | 11.9 | 10.0 | -3% | 8% |
| Thailand | 1.0% | SET | 1578 | 1650 | **-0.5** | 28.3 | 22.9 | 17.7 | 2.2 | 3.3 | 0.6 | 6.0 | 11.1 | -1.5 | 5.2 | 8.7 | 11% | 5% |
| Taiwan | 27.3% | TWSE | 45000 | 51000 | **-0.7** | 63.9 | 62.5 | 21.4 | 6.1 | 1.7 | 4.5 | 16.6 | 53.4 | 2.8 | 17.0 | 40.6 | 44% | 26% |
| India | 11.1% | NIFTY | 23946 | 26500 | **-1.2** | -5.6 | -10.9 | 20.3 | 3.2 | 1.5 | 1.1 | 2.7 | 10.3 | 1.4 | 2.9 | -0.1 | 14% | 16% |
| Greece | 0.5% | ASE | 2468 | 2600 | **-2.1** | 14.6 | 11.9 | 10.5 | 1.5 | 4.8 | -3.7 | -3.1 | 5.9 | -5.7 | -3.8 | 3.1 | 12% | 12% |
| Poland | 1.0% | WIG | 134782 | 125000 | **-2.6** | 12.6 | 8.1 | 10.6 | 1.8 | 5.4 | 1.9 | 6.6 | 16.2 | -1.8 | 5.7 | 11.7 | 31% | 5% |
| Mexico | 1.7% | MEXBOL | 67641 | 72000 | **-2.6** | 6.0 | 8.9 | 12.5 | 2.4 | 4.1 | 0.9 | 1.3 | 12.9 | 0.1 | 4.6 | 22.1 | 13% | 7% |
| Peru | 0.4% | MSCI Peru | 3821 | 3600 | **-2.9** | 29.6 | 28.2 | 13.5 | 3.4 | 3.4 | 1.2 | 5.3 | 43.5 | 1.4 | 7.8 | 49.3 | 24% | 3% |
| Saudi Arabia | 3.1% | SASEIDX | 10792 | 12000 | **-3.1** | 3.3 | 3.2 | 13.6 | 2.1 | 4.5 | 0.8 | 3.3 | 12.1 | 0.7 | 3.2 | 11.9 | 12% | 9% |
| Philippines | 0.3% | PCOMP | 6133 | 6200 | **-3.2** | 3.7 | -0.6 | 10.1 | 1.6 | 3.5 | 1.3 | -0.5 | 6.4 | 1.6 | -1.5 | -2.4 | 1% | 10% |
| Qatar | 0.5% | DSM | 10252 | 10000 | **-3.2** | -6.2 | -6.2 | 10.6 | 1.5 | 5.1 | -0.7 | -5.2 | -0.3 | -0.7 | -5.2 | -0.3 | -1% | 14% |
| Malaysia | 0.9% | FBMKLCI | 1666 | 1820 | **-3.4** | -0.9 | -1.4 | 13.6 | 1.6 | 4.6 | 2.6 | 3.9 | 5.7 | -0.2 | 3.1 | 9.2 | 10% | 5% |
| China | 19.0% | MXCN | 69 | 85 | **-3.9** | -18.3 | -15.4 | 10.0 | 1.4 | 3.4 | -1.3 | -1.9 | -0.9 | -1.6 | -0.1 | 4.6 | 17% | 18% |
| South Africa | 2.9% | JSE 40 | 101834 | 122000 | **-5.4** | -8.0 | -6.9 | 8.1 | 2.2 | 5.2 | 0.8 | 2.2 | 40.9 | -0.4 | 6.7 | 52.8 | 45% | 9% |
| Egypt | 0.1% | EGX30 | 49826 | 54000 | **-5.9** | 19.6 | 16.5 | 6.6 | 2.2 | 5.0 | 1.4 | 4.6 | 20.8 | 7.7 | 16.1 | 21.7 | -2% | 18% |
| Korea | 23.7% | KOSPI | 8395 | 12000 | **-5.9** | 133.9 | 126.4 | 7.4 | 3.4 | 0.8 | 10.9 | 73.0 | 345.7 | 7.9 | 71.1 | 288.3 | 298% | 39% |
| Turkey | 0.4% | XU100 | 14183 | 15000 | **-6.3** | 25.8 | 17.2 | 7.0 | 1.1 | 3.7 | 0.0 | 4.9 | 6.8 | -1.6 | 0.0 | -8.9 | 44% | 41% |
| UAE | 1.1% | DFMGI | 5993 | 6300 | **-6.5** | -3.4 | -3.4 | 9.0 | 1.8 | 5.2 | -1.5 | -2.1 | 11.8 | -1.5 | -2.1 | 11.8 | -2% | 13% |
| Colombia | 0.1% | COLCAP | 2286 | 2400 | **-6.5** | 14.3 | 23.0 | 8.9 | 1.8 | 6.1 | 1.8 | 5.3 | 23.5 | 8.1 | 11.7 | 46.3 | 76% | 11% |
| Indonesia | 0.4% | JCI | 5821 | 6300 | **-10.7** | -39.7 | -46.9 | 8.3 | 1.4 | 9.2 | 1.1 | -5.0 | -16.4 | 1.0 | -9.7 | -24.1 | 4% | 9% |
| **EM (USD)** | - | MSCI EM | 1723 | 2000 | **-3.0** | 25.6 | 22.7 | 11.3 | 2.6 | 2.4 | 4.0 | 22.0 | 60.5 | 2.6 | 22.0 | 53.3 | 61% | 23% |

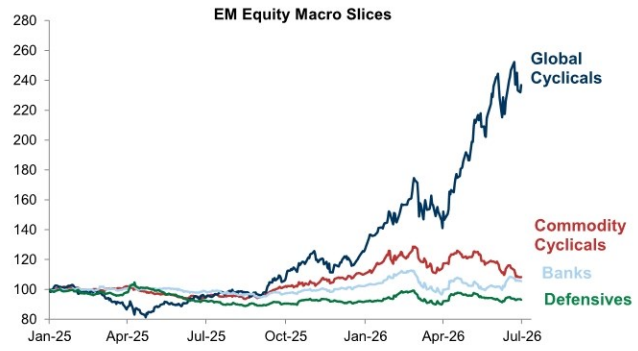
Source: FactSet, Goldman Sachs Global Investment Research

## EM Regional Performance

| Annual Returns in USD | North Asia | EM Europe | LatAm | MENA | S. Africa | ASEAN | India | China |
|---|---|---|---|---|---|---|---|---|
| 2015 | (11%) | (31%) | (33%) | (24%) | (27%) | (21%) | (7%) | (10%) |
| 2016 | 10% | (5%) | 28% | 4% | 15% | 6% | (3%) | (1%) |
| 2017 | 36% | 40% | 21% | 1% | 33% | 24% | 37% | 51% |
| 2018 | (18%) | (26%) | (9%) | 12% | (27%) | (10%) | (9%) | (20%) |
| 2019 | 20% | 3% | 15% | 5% | 7% | 3% | 6% | 21% |
| 2020 | 40% | (14%) | (16%) | (6%) | (6%) | (9%) | 14% | 27% |
| 2021 | 6% | 0% | (14%) | 30% | 1% | (5%) | 25% | (23%) |
| 2022 | (32%) | (9%) | 0% | (7%) | (7%) | (3%) | (9%) | (24%) |
| 2023 | 24% | 25% | 25% | 2% | (2%) | (5%) | 20% | (13%) |
| 2024 | 7% | 1% | (30%) | 1% | 4% | (2%) | 11% | 16% |
| 2025 | 55% | 49% | 46% | 2% | 73% | 1% | 3% | 28% |
| 1W | 0% | 0% | 2% | (2%) | 2% | 1% | (1%) | (2%) |
| YTD | 84% | 12% | 9% | (1%) | (7%) | (8%) | (10%) | (16%) |

Source: FactSet, Goldman Sachs Global Investment Research

## EM Macro Slices Performance




Source: Goldman Sachs Global Investment Research, FactSet

## Earnings Revisions for MSCI EM



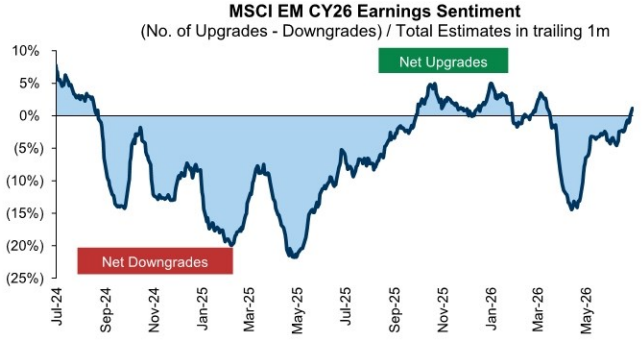

Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

## EM Markets EPS Growth and Revisions

| | EPS Growth | | EPS Revision (1 Week) | | EPS Revision (1 Month) | |
|---|---|---|---|---|---|---|
| | 2026 | 2027 | 2026 | 2027 | 2026 | 2027 |
| Brazil | 34% | 8% | 0.0% | -0.2% | 1.2% | 0.1% |
| Chile | -3% | 8% | 1.0% | 0.9% | 5.2% | 5.1% |
| China | 17% | 18% | -0.5% | -0.5% | -0.3% | -0.4% |
| Colombia | 76% | 11% | 0.0% | 0.8% | -0.5% | 3.7% |
| Czech Republic | 8% | -3% | 0.0% | 0.0% | -0.8% | -0.7% |
| Egypt | -2% | 18% | 0.8% | 2.2% | 0.3% | 0.8% |
| Greece | 12% | 12% | 0.1% | 0.1% | -1.0% | -0.6% |
| India | 14% | 16% | 0.0% | 0.0% | -0.4% | -0.2% |
| Indonesia | 4% | 9% | -0.1% | 0.1% | -1.0% | -0.9% |
| Korea | 298% | 39% | 1.0% | 1.8% | 5.3% | 10.1% |
| Kuwait | -3% | 14% | -1.8% | -0.2% | -2.5% | -0.5% |
| Malaysia | 10% | 5% | -0.1% | -0.1% | -0.4% | -0.1% |
| Mexico | 13% | 7% | 0.1% | 0.1% | 1.1% | 0.7% |
| Peru | 24% | 3% | -0.4% | -0.4% | 0.6% | 1.0% |
| Philippines | 1% | 10% | -0.1% | 0.3% | -1.9% | -1.3% |
| Poland | 31% | 5% | -0.1% | -0.2% | 1.4% | 2.4% |
| Qatar | -1% | 14% | -0.2% | -0.1% | -1.5% | -0.1% |
| Saudi Arabia | 12% | 9% | 0.1% | 0.1% | 0.2% | 0.6% |
| South Africa | 45% | 9% | -0.5% | 0.1% | -1.1% | -1.7% |
| Taiwan | 44% | 26% | 0.4% | 0.8% | 1.8% | 2.7% |
| Thailand | 11% | 5% | 0.1% | 0.1% | 0.4% | 0.5% |
| Hungary | 9% | 10% | -0.1% | -0.2% | 0.1% | 0.1% |
| Turkiye | 44% | 41% | -0.1% | -1.5% | -4.6% | -1.4% |
| UAE | -2% | 13% | 0.1% | 0.1% | -0.4% | -1.6% |
| **MSCI EM** | **61%** | **23%** | **0.3%** | **0.7%** | **2.0%** | **4.0%** |

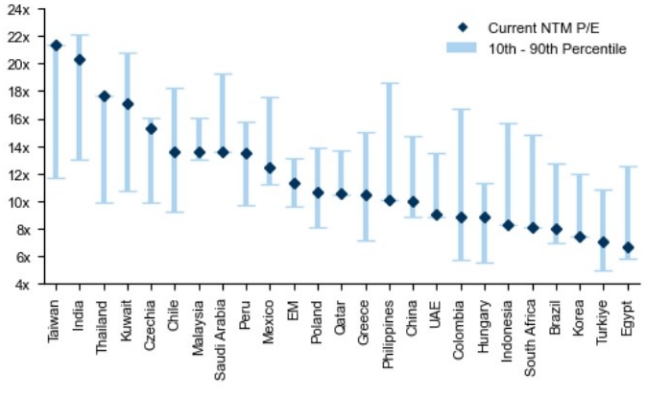
Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

## EM CY2026 Earnings Sentiment




Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global Investment Research

## Valuation dispersion persists across EM markets



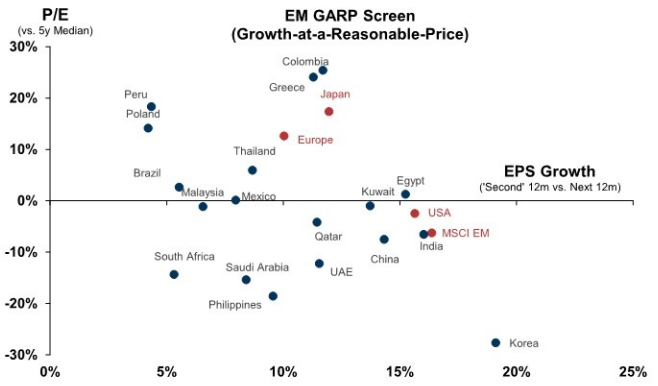

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

## EM Markets Valuation Z-scores

| | Current | | | Z-Score [10-years] | | | |
|---|---|---|---|---|---|---|---|
| | PE | PB | DY | PE | PB | DY | Average |
| Indonesia | 8.3 | 1.6 | 7.2 | (3.4) | (2.7) | (3.1) | (3.1) |
| Philippines | 10.1 | 1.6 | 3.3 | (1.6) | (1.0) | (2.2) | (1.6) |
| Qatar | 10.6 | 1.5 | 4.7 | (1.1) | (1.1) | (1.3) | (1.2) |
| China | 10.0 | 1.3 | 2.5 | (1.0) | (1.2) | (1.0) | (1.0) |
| Egypt | 6.6 | 2.4 | 4.3 | (0.6) | 0.0 | (1.7) | (0.7) |
| Saudi Arabia | 13.6 | 2.1 | 3.8 | (1.3) | (0.1) | (0.5) | (0.6) |
| Malaysia | 13.6 | 1.6 | 4.0 | (0.9) | 0.3 | (1.0) | (0.5) |
| South Africa | 8.1 | 2.2 | 3.6 | (1.3) | 0.7 | (0.8) | (0.5) |
| Mexico | 12.5 | 2.4 | 3.9 | (0.6) | 1.0 | (1.2) | (0.3) |
| Brazil | 8.0 | 1.8 | 5.8 | (0.8) | 0.1 | 0.0 | (0.2) |
| UAE | 9.0 | 1.8 | 4.9 | (0.8) | 1.0 | (0.6) | (0.1) |
| Hungary | 8.8 | 1.6 | 3.4 | 0.3 | 0.9 | (1.0) | 0.1 |
| India | 20.3 | 3.4 | 1.2 | 0.1 | 0.1 | 0.2 | 0.1 |
| Kuwait | 17.1 | 2.2 | 3.5 | 0.1 | 0.6 | (0.3) | 0.2 |
| Greece | 10.5 | 1.6 | 3.2 | 0.3 | 0.8 | (0.4) | 0.2 |
| Thailand | 17.7 | 2.1 | 3.2 | 1.0 | 0.8 | (0.5) | 0.4 |
| Turkiye | 7.0 | 1.2 | 2.3 | 0.8 | (0.3) | 0.8 | 0.4 |
| Poland | 10.6 | 1.8 | 3.9 | 0.1 | 2.5 | (0.7) | 0.6 |
| Chile | 13.6 | 1.9 | 2.9 | 0.1 | 1.4 | 0.5 | 0.7 |
| Colombia | 8.9 | 1.7 | 4.8 | (0.1) | 2.5 | 0.1 | 0.8 |
| Czechia | 15.3 | 2.2 | 5.5 | 1.0 | 1.3 | 0.5 | 0.9 |
| Peru | 13.5 | 3.5 | 3.2 | 0.6 | 2.9 | (0.2) | 1.1 |
| Korea | 7.4 | 3.4 | 0.6 | (1.6) | 6.5 | 3.2 | 2.7 |
| Taiwan | 21.4 | 5.7 | 1.4 | 2.8 | 4.4 | 2.4 | 3.2 |
| EM | 11.3 | 2.5 | 2.0 | (0.9) | 3.4 | 1.6 | 1.4 |

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

## P/E vs Earnings Growth




Source: FactSet, MSCI, Goldman Sachs Global Investment Research

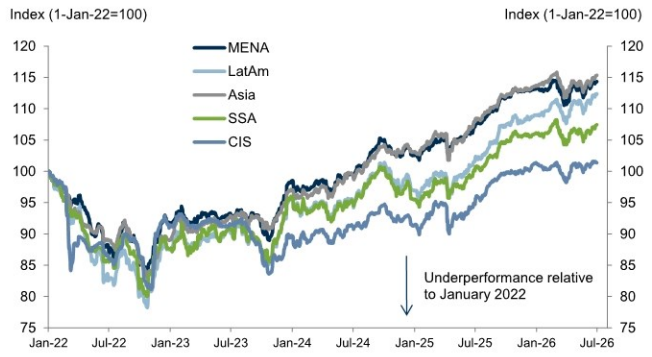
# EM Sovereign Credit

| Rating | ISO Code | | Country | Duration | Sovereign Spread (bp) | | | | Return (%) | | Valuations (~5-year) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Spread | Pct. Rank | 2wk ch. | YTD ch. | 2wk | YTD | Generic sovereign spread | Model-implied signal | Misalignment (Actual minus implied) |
| | | Medians | LatAm | 7.5 | 151 | 4% | 7 | 1 | 0.4 | 3 | 169 | 247 | -108 |
| | | | CEE/Balkans | 7.1 | 88 | 4% | 2 | -15 | 0.4 | 1 | 97 | 166 | -70 |
| | | | CIS | 5.3 | 147 | 0% | -4 | -47 | -0.1 | 0 | 404 | 397 | 6 |
| | | | SSA | 5.4 | 370 | 0% | 21 | -20 | -0.9 | 4 | 453 | 594 | -140 |
| | | | Asia | 5.1 | 98 | 15% | -6 | -41 | 0.4 | 1 | 125 | 318 | -162 |
| | | | MENA | 6.1 | 103 | 2% | 5 | -12 | 0.0 | 1 | 434 | 497 | -17 |
| | | | A | 7.3 | 57 | 20% | 2 | -9 | 0.3 | 1 | 39 | 139 | -90 |
| | | | BBB | 7.5 | 84 | 0% | 2 | -14 | 0.3 | 2 | 68 | 167 | -99 |
| | | | BB | 6.5 | 160 | 0% | 3 | -23 | 0.2 | 2 | 277 | 302 | -26 |
| | | | B | 4.6 | 284 | 0% | -16 | -27 | -0.5 | 2 | 261 | 454 | -201 |
| | | | IG | 7.5 | 99 | 0% | 1 | -16 | 0.2 | 1 | 55 | 158 | -96 |
| | | | HY | 5.0 | 284 | 0% | -16 | -27 | -0.2 | 3 | 256 | 365 | -112 |
| | | | EM Hard Currency | - | 235 | 0% | 8 | -154 | - | - | 229 | 344 | -110 |
| | CHL | | Chile | 9.0 | 57 | 1% | 2 | -10 | 0.0 | 2 | 55 | 93 | -38 |
| A | POL | | Poland | 7.7 | 66 | 16% | 1 | 0 | 0.2 | 1 | 41 | 77 | -36 |
| | SAU | | Saudi Arabia | 6.9 | 76 | - | 7 | 4 | -0.3 | 1 | 60 | 149 | -89 |
| | HUN | | Hungary | 7.1 | 91 | 2% | 1 | -32 | 0.1 | 3 | 80 | 118 | -37 |
| | IDN | | Indonesia | 7.5 | 72 | 27% | -2 | 8 | 0.3 | 0 | 62 | 170 | -108 |
| | MEX | | Mexico | 7.5 | 151 | 8% | 7 | 1 | -0.4 | 1 | 39 | 204 | -164 |
| BBB | OMN | | Oman | 6.1 | 82 | 1% | 1 | -16 | 0.0 | 2 | 63 | 109 | -46 |
| | PER | | Peru | 9.6 | 84 | 0% | 2 | -11 | -0.1 | 2 | 32 | 143 | -111 |
| | PHL | | Philippines | 7.4 | 68 | 15% | -1 | 7 | 0.2 | 0 | 57 | 226 | -169 |
| | ROM | | Romania | 6.2 | 167 | 11% | 10 | 12 | -0.3 | 1 | 149 | 287 | -138 |
| | BRA | | Brazil | 6.9 | 161 | 5% | 0 | -20 | 0.0 | 3 | 111 | 182 | -71 |
| | COL | | Colombia | 6.5 | 184 | 0% | 8 | -88 | -0.4 | 8 | 232 | 261 | -29 |
| | CRI | | Costa Rica | 8.7 | 123 | 0% | 0 | -9 | 0.1 | 2 | 159 | 171 | -13 |
| | DOM | | Dominican Republic | 7.6 | 160 | 0% | 3 | -8 | -0.1 | 2 | 144 | 208 | -64 |
| BB | CIV | | Ivory Coast | 5.8 | 215 | 0% | 15 | -35 | -0.7 | 4 | 181 | 377 | -197 |
| | JOR | | Jordan | 4.5 | 167 | 0% | 5 | -51 | -0.1 | 3 | 165 | 236 | -70 |
| | MAR | | Morocco | 6.1 | 103 | 2% | 5 | -12 | -0.1 | 2 | 111 | 81 | 30 |
| | ZAF | | South Africa | 6.6 | 153 | 0% | 7 | -30 | -0.3 | 3 | 97 | 278 | -181 |
| | TUR | | Turkey | 5.0 | 222 | 10% | 1 | 33 | 0.2 | 1 | 231 | 280 | -49 |
| | AGO | | Angola | 5.4 | 436 | 2% | 5 | -108 | -0.2 | 9 | 301 | 472 | -170 |
| | BHR | | Bahrain | 5.4 | 253 | 66% | 19 | 46 | -0.9 | -1 | 221 | 411 | -190 |
| | EGY | | Egypt | 6.1 | 309 | 1% | 10 | 11 | -0.3 | 2 | 244 | 546 | -302 |
| B | KEN | | Kenya | 5.6 | 370 | 0% | 21 | -20 | -0.9 | 4 | 370 | 564 | -194 |
| | MNG | | Mongolia | 3.8 | 226 | 14% | 17 | 11 | 0.0 | 4 | 149 | 230 | -81 |
| | NGA | | Nigeria | 5.7 | 275 | 2% | 17 | -37 | -0.7 | 4 | 231 | 412 | -181 |
| | PAK | | Pakistan | 3.7 | 284 | 0% | -17 | -74 | 0.7 | 5 | 356 | 645 | -289 |

Valuations as of 1st June. For more details, please see the latest update of the EM sovereign credit model by clicking on the table above.

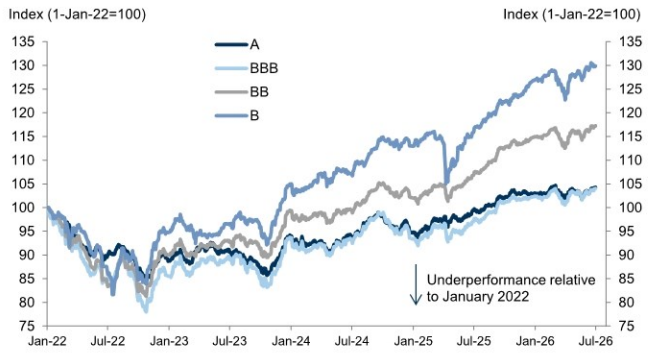
Source: Bloomberg, Haver Analytics, Goldman Sachs Global Investment Research

## Median regional relative performance to January 2022



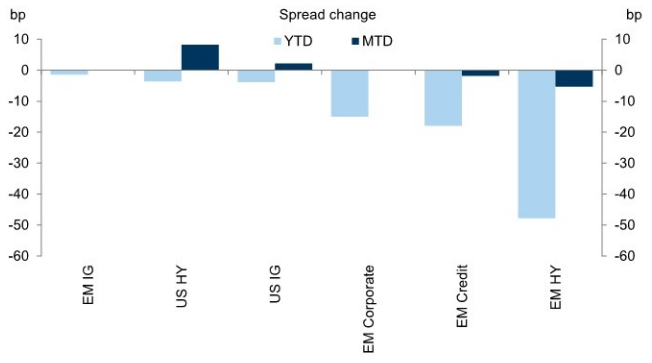

Source: Bloomberg, Goldman Sachs Global Investment Research

## Median ratings relative performance to January 2022



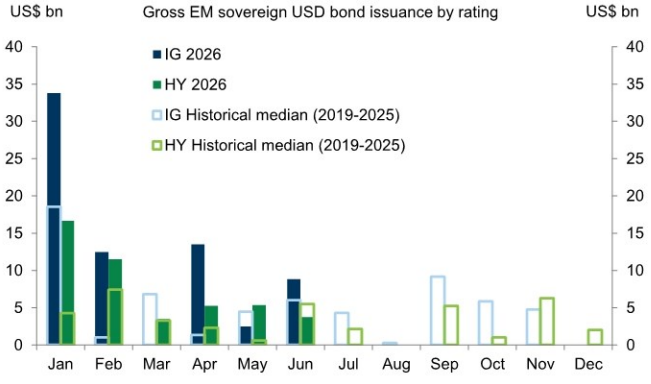

Source: Bloomberg, Goldman Sachs Global Investment Research

## YTD and MTD spread performance




Source: Bloomberg, Goldman Sachs Global Investment Research

## EM sovereign USD issuance by rating




Source: Bloomberg, Dealogic, Goldman Sachs Global Investment Research

# Disclosure Appendix

## Reg AC

We, Kamakshya Trivedi, Sunil Koul, Danny Suwanapruti, Teresa Alves, Tarun Lalwani, CFA, Victor Engel, Lexi Kanter and Mambuna Njie, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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