S&P Dow Jones Indices

A Division of S&P Global

iBoxx USD Emerging Markets Monthly Commentary

Contributor

Catalina Zota
Director
Fixed Income Product Management
elena.zota@spglobal.com

August 2025 Commentary

Market Overview

Several economic indicators have been pointing toward a recession in the U.S. economy in recent months. Particularly, the Conference Board Leading Economic Index (LEI) released on Aug. 21, 2025, fell by 0.1%[1] in July amid weak new orders and pessimism about business conditions. The LEI has been signaling a recession for the past six months. The Bureau of Labor Statistics' downward revisions of the previous months' job reports in August showed that hiring is frozen, with only 33,000 jobs added in May and June. The market expects rate cuts in the next three to six months, particularly after the Fed's Jackson Hole meeting that cited higher tariffs, a slowdown in payroll job growth and a GDP of 1.2%[2] in the first half of 2025, compared to 2.5% in 2024.

Looking across the pond, inflation in the EU was reported at 2.1%[3] in August, a higher than expected figure influenced by services and energy. In the EU area (which includes emerging market economies) unemployment went down to 5.9%.[4]

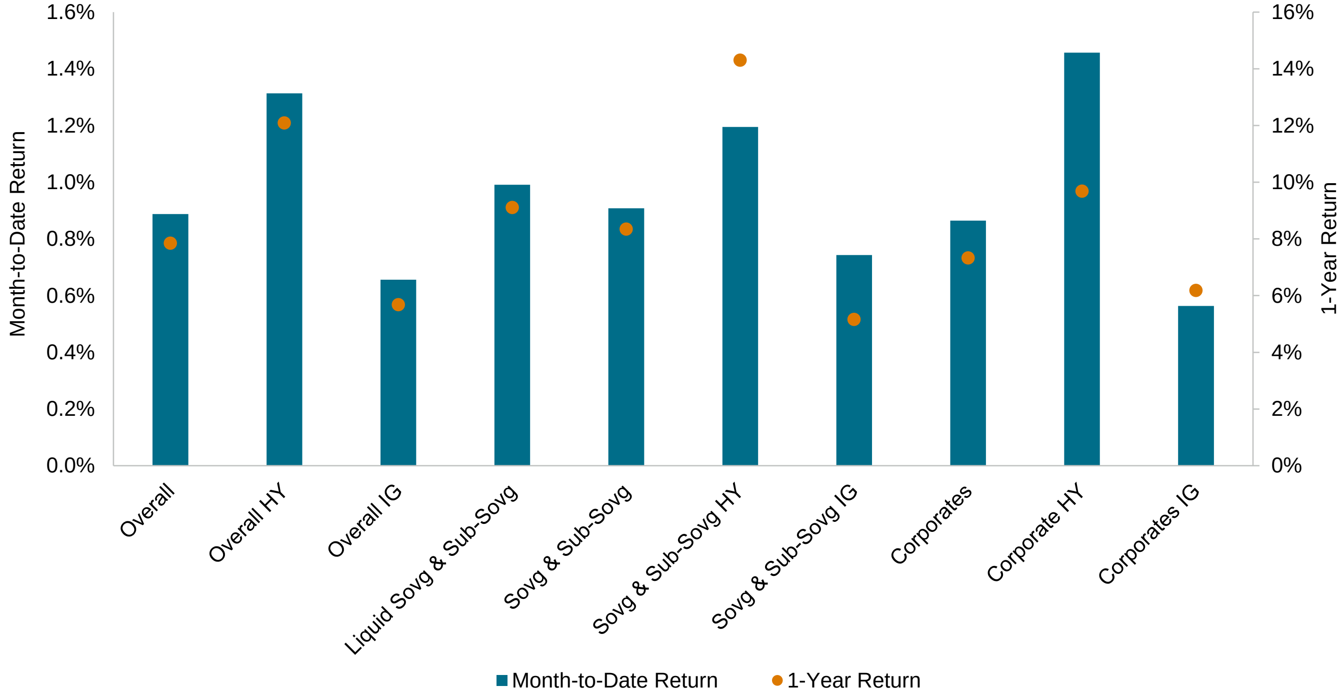
In Brazil, GDP grew 0.4% in the second quarter[5] when compared to Q1 2025 due to services and household consumption, despite the imposition of 50% tariffs on Brazilian imports by the U.S. The HSBC India Manufacturing PMI released on Sept. 1, 2025, was up 59.3 in August,[6] reflecting an acceleration in production and new orders volume.

Sign up to receive our latest research, education, and commentary at on.spdji.com/SignUp.

iBoxx USD Emerging Markets Broad Indices

August 2025 Performance

Exhibit 1: Recent and Long-Term Index Performance



Please refer to the Appendix at the end of this document for the abbreviated index names.
Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

In August, the iBoxx USD Emerging Markets indices increased compared to July. The Overall gained 1.31%, reflecting a 43 bps increase, while the Overall HY rose to 1.48%. The Sovg & Sub-Sovg HY gained 1.57%, outperforming the Sovg & Sub-Sovg by 19 bps, while the Sovg & Sub-Sovg IG lagged by 12 bps, at 1.26%, compared to the benchmark. The Liquid Sovg and Sub-Sovg demonstrated an impressive performance this month at 1.46%, marking a 47 bps increase compared to last month. The Corporates HY was up 1.38%, reflecting an 8 bps decrease compared to July, but it was higher than Corporates, which gained 1.24%. All indices are on track to meet or exceed their one-year returns (please refer to the Appendix at the end of this document for the abbreviated index names).

August marked another contraction in yields for the top 10 markets. Notably, yields contracted by 29 bps for Turkey, bringing the yield down to 6.85%. South Korea's yields tightened by 26 bps this month, reaching 4.43%. China, the world's second-largest economy, saw its yields contract by 19 bps, down to 4.95%, while the one-month gain was 1.02%. The best-performing economies this month were Mexico at 1.72%, Turkey at 1.66% and Chile at 1.32%.

Exhibit 2: Top 10 Markets Performance

Market	Weight (%)	Delta from Last Month				August 2025			
		Δ Yield	Δ Duration	1-Month Return (%)	YTD Return	Yield	Duration	1-Month Return (%)	YTD Return
China	12.0	-0.19	0.01	0.68	1.06	4.95	3.06	1.02	5.38
Saudi Arabia	8.6	-0.11	-0.03	0.37	1.26	5.35	6.30	1.20	6.38
Mexico	8.3	-0.19	0.09	0.16	1.86	6.78	7.00	1.72	9.99
South Korea	6.8	-0.26	-0.02	0.79	1.04	4.43	2.48	1.00	4.86
UAE	6.8	-0.14	-0.03	0.41	1.33	5.08	5.59	1.27	6.19
Brazil	5.7	-0.14	0.20	1.03	1.41	6.79	5.50	1.34	6.45
Türkiye	5.2	-0.29	0.05	0.33	1.75	6.85	3.82	1.66	6.99
Indonesia	4.7	-0.11	-0.01	0.30	1.22	5.38	6.89	1.16	6.32
Chile	3.3	-0.11	0.03	0.66	1.39	5.69	7.48	1.32	6.79
Qatar	2.9	-0.07	-0.10	0.11	0.87	5.12	6.37	0.84	4.96

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025. Index performance based on total return in USD. Δ Yield refers to change in semiannual yield for the month in percent. Delta Duration refers to change in semiannual modified duration for the month. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

iBoxx USD Emerging Markets Sovereigns & Sub-Sovereigns

August 2025 Performance

In August, there was a clear preference for longer-dated sovereign and sub-sovereign bonds. The 10+ Year bonds returned 1.73%, the same as the medium- to long-term 5-7 Year maturity sleeve. The short-term segment (0-1 Year) notably underperformed at 0.54% compared to its peers. High Yield outperformed Investment Grade by 31 bps, with the best-performing sleeve within High Yield being the BB at 2.03%. In Investment Grade, the BBB bonds outperformed at 1.46% compared to their peers.

Exhibit 3: Rating and Maturity Monthly Index Performance

Rating	0-1 Year (%)	1-3 Year (%)	3-5 Year (%)	5-7 Year (%)	7-10 Year (%)	10+ Year (%)	Overall (%)
Investment Grade	0.48	0.76	1.12	1.44	1.46	1.57	1.26
AA	0.49	0.83	1.13	1.38	1.38	1.18	1.06
A	0.46	0.72	1.05	1.29	1.22	1.46	1.13
BBB	0.48	0.73	1.19	1.53	1.71	1.72	1.46
High Yield	0.64	1.12	1.26	2.07	1.45	2.01	1.57
BB	0.65	1.05	1.63	2.21	2.04	2.83	2.03
B	0.60	1.18	1.58	2.02	2.23	2.80	1.88
CCC	0.64	1.72	0.06	1.12	-0.07	-1.53	-0.38
Sovereigns & Sub-Sovereigns	0.54	0.88	1.18	1.72	1.46	1.72	1.38
Liquid Sovereigns & Sub-sovereigns	-	0.88	1.13	1.73	1.44	1.73	1.46

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

August 2025 Rebalancing

Post-rebalancing, as of Sept. 1, 2025, Sovg & Sub-Sovg had a yield of 6.16%, a duration of 6.26 years and an OAS of 181.39 bps. Liquid Sovg & Sub-Sovg posted a yield of 6.32%, a duration of 6.97 years and an OAS of 195.94 bps (see Exhibit 4).

Exhibit 4: Rebalancing Impact

Date	Yield (%)	Duration (Years)	OAS (bps)
iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns			
Aug. 31, 2025	6.17	6.27	181.47
Sept. 1, 2025	6.16	6.26	181.39
iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns			
Aug. 31, 2025	6.33	6.96	195.92
Sept. 1, 2025	6.32	6.97	195.94

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025, and Sept. 1, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

iBoxx USD Emerging Markets Corporates

August 2025 Performance

Like last month, Non-Financials outperformed Financials on both a one-month and YTD basis. Financials gained 1.03% this month, while Non-Financials increased by 1.35%, resulting in a 32 bps differential. The top three performers in Non-Financials were Energy at 1.51%, Consumer Services at 1.38% and Technology at 1.37%. The best performers YTD were Energy at 8.80%, Real Estate at 8.02% and Telecommunications at 6.67%. There has been an overall yield contraction across all sectors.

Exhibit 5: Corporate Indices Performance

Sector or Rating	Market Cap (USD Millions)	Yield (%)	Duration (Years)	Performance (%)		
				1-Month	QTD	YTD
Financials	**413,411**	**5.53**	**2.42**	**1.03**	**1.62**	**5.50**
Core Financials	255,779	5.43	2.41	1.00	1.61	5.34
Financial Services	115,438	5.12	2.17	0.89	1.34	4.93
Real Estate	42,194	7.27	3.13	1.64	2.44	8.02
Non-Financials	**812,691**	**6.09**	**4.99**	**1.35**	**2.38**	**6.85**
Basic Materials	140,024	6.49	5.06	1.32	1.66	5.79
Consumer Goods	79,722	5.63	3.52	1.15	1.73	6.22
Consumer Services	46,145	6.09	5.28	1.38	2.45	4.66
Energy	214,075	6.66	6.28	1.51	3.53	8.80
Health Care	2,495	6.34	3.47	0.56	0.98	5.96
Industrials	88,973	5.81	3.86	1.33	2.15	6.59
Technology	61,390	5.04	5.09	1.37	1.93	6.51
Telecommunications	42,429	5.87	4.60	1.20	2.03	6.67
Utilities	137,437	5.77	4.51	1.27	2.15	6.41
Investment Grade	**807,287**	**5.28**	**4.38**	**1.17**	**1.74**	**5.76**
High Yield	**418,815**	**7.82**	**3.62**	**1.38**	**2.85**	**7.59**
Overall	**1,226,102**	**6.05**	**4.12**	**1.24**	**2.11**	**6.37**

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Corporates HY outperformed Corporates IG by 21 bps. Similar to Sovg & Sub-Sovg, there was a preference for longer-dated bonds in the 10+ Year maturity sleeve, which gained 1.90%, the highest of the group. The lowest performers were on the short end of the curve: the 0-1 Year at 0.60% and the 1-3 Year at 0.92%.

Exhibit 6: Rating and Maturity Performance

Rating	0-1 Year (%)	1-3 Year (%)	3-5 Year (%)	5-7 Year (%)	7-10 Year (%)	10+ Year (%)	Overall (%)
Investment Grade	**0.50**	**0.88**	**1.22**	**1.56**	**1.44**	**1.85**	**1.17**
AA	0.51	0.87	1.19	1.59	1.20	1.45	1.11
A	0.49	0.88	1.23	1.64	1.66	1.55	1.09
BBB	0.50	0.87	1.21	1.51	1.37	2.15	1.24
High Yield	**0.83**	**1.02**	**1.60**	**1.47**	**1.38**	**2.07**	**1.38**
BB	0.58	0.95	1.32	1.35	1.69	2.09	1.28
B	1.43	1.07	2.01	1.69	0.66	1.62	1.63
CCC	1.01	1.99	1.44	3.08	0.06		1.44
CC	2.34	0.33					1.62
C	0.04						0.04
Overall	**0.60**	**0.92**	**1.37**	**1.52**	**1.42**	**1.90**	**1.24**

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

August 2025 Rebalancing

As of Sept. 1, 2025, Corporates had a yield of 6.05%, a duration of 4.13 and an OAS of 186.01.

Exhibit 7: Rebalancing Impact

Date	Yield (%)	Duration (Years)	OAS (bps)
Aug. 31, 2025	6.04	4.12	185.46
Sept. 1 2025	6.05	4.13	186.01

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2025, and Sept. 1, 2025. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Appendix

iBoxx USD Emerging Market Indices Overview

The iBoxx USD Emerging Markets Broad Overall measures the performance of USD-denominated bonds issued by entities domiciled in emerging markets. To qualify for index inclusion, bonds must have a minimum notional amount of USD 250 million and no minimum time to maturity is required. As of Aug. 31, 2025, the index had 3,010 bonds covering sovereigns, sub-sovereigns, corporates and covered bonds, and had a market value of USD 2.62 trillion.

The iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns is one of the headline indices within the iBoxx USD Emerging Markets Broad Overall Series. The index is a market-capitalization-weighted benchmark covering sovereign and sub-sovereign entities domiciled in emerging markets. As of Aug. 31, 2025, the index included 1,052 bonds from 156 issuers and had a market value of USD 1.38 trillion. The index serves as the underlying benchmark for the iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns Index.

The iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns measures the performance of USD-denominated sovereign and sub-sovereign bonds issued by emerging market entities. The index rules select only bonds with at least USD 1 billion in notional amount outstanding and one year to maturity. Within the emerging markets, the index focuses on economies whose gross national income (GNI) per capita is below two times the World Bank high income GNI cut-off. Gulf Cooperation Council (GCC) countries are also eligible for the index regardless of their GNI. A country cap is applied and reviewed annually in December, and the current cap is 7.5%. The index is designed to be used as part of the iBoxx tradable ecosystem.

The iBoxx USD Emerging Markets Broad Corporates is a headline index within the iBoxx USD Emerging Markets Broad Overall Series. The index is a market-capitalization-weighted benchmark that includes corporate and covered bonds issued by emerging markets issuers. As of Aug. 31, 2025, the index included 1,960 bonds from 858 issuers and had a market value of USD 1.23 trillion.

Abbreviated Index Names

Please note the following abbreviated index names used throughout this paper:

- Overall: iBoxx USD Emerging Markets Broad Overall
- Overall HY: iBoxx USD Emerging Markets Broad High Yield
- Overall IG: iBoxx USD Emerging Markets Broad Investment Grade
- Sovg & Sub-Sovg: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns

- Liquid Sovg & Sub-Sovg: iBoxx USD Liquid Emerging Markets Sovereigns & Sub-Sovereigns
- Sovg & Sub-Sovg HY: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns High Yield
- Sovg & Sub-Sovg IG: iBoxx USD Emerging Markets Broad Sovereigns & Sub-Sovereigns Investment Grade
- Corporates: iBoxx USD Emerging Markets Broad Corporates
- Corporates HY: iBoxx USD Emerging Markets Broad Corporates High Yield
- Corporates IG: iBoxx USD Emerging Markets Broad Corporates Investment Grade

References:

1. The Conference Board – US Leading Indicators
https://www.conference-board.org/topics/us-leading-indicators/
2. Federal Reserve Jackson Hole Notes
https://www.federalreserve.gov/newsevents/speech/powell20250822a.htm
3. European Central Bank
https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-02092025-ap
4. Eurostat Unemployment Rates
https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unemployment_statistics
5. Brazil GDP
https://agenciadenoticias.ibge.gov.br/agencia-sala-de-imprensa/2013-agencia-de-noticias/releases/44329-pib-varia-0-4-no-segundo-trimestre-de-2025
6. HSBC India Manufacturing PMI
https://www.pmi.spglobal.com/Public/Home/PressRelease/01fe3e9ca3a2447587f2e9651356a583

General Disclaimer

© 2025 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US 500 , US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, DIVIDEND MONARCHS, BUYBACK ARISTOCRATS, SELECT SECTOR, S&P MAESTRO, S&P PRISM, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, MBX, MCDX, PRIMEX, HHPI and SOVX are trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.