

Market commentary: Emerging market debt

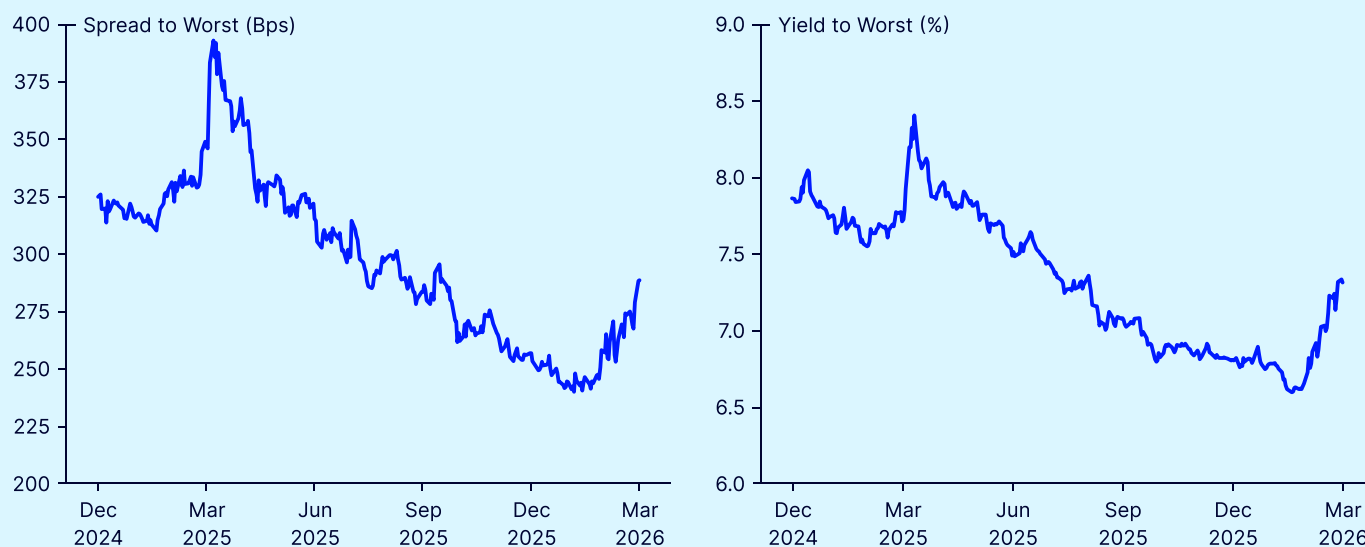
Insights
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Charts of the quarter: Middle East tensions upend hard currency markets

Yields on emerging market hard currency debt¹ rose by approximately 0.50% to 7.3% in Q1, reflecting a repricing of both inflation and sovereign risk as US and Israeli military strikes on Iran triggered a sharp rise in energy prices. US Treasury yields rose by around 15 basis points (bps), while sovereign risk premia (spreads) widened by about 35bps—those moves were most evident from mid/late February when global risk sentiment began to meaningfully deteriorate. Intensifying concerns over potential oil supply disruptions pushed Brent prices sharply higher, with front-month prices rising by about 63% through March, were also a key factor in widening spreads. This was most pronounced among net oil importers, where worsening terms of trade and rising inflation risks weighed on risk sentiment. By late March, spreads remained volatile and dispersion increased as intermittent de-escalation headlines competed with persistent geopolitical uncertainty.

Figure 1: EMD hard currency yields and spreads widen on war in Middle East



Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

March reversal dampens EMD returns in Q1

The constructive tone around emerging market (EM) debt from late 2025 was extended into the start of 2026, supported by broad-based disinflation, favorable growth differentials versus developed markets, and still accommodative global liquidity conditions. A weaker US dollar and high real yields supported EM local currency debt, while EM hard currency spreads tightened to multi-year lows. There was a shift in the geopolitical landscape as Q1 unfolded. The capture of Venezuelan President Nicolás Maduro by US forces in early January had impacts that were mostly contained to Venezuela itself. A subsequent reworking of US oil sanctions underpinned a sharp rally in Venezuelan sovereign bonds on expectations of increased oil revenues and a potential path toward debt restructuring. By contrast, US rhetoric about ‘acquiring’ Greenland sparked a war of words with Europe and had a more systemic impact on risk sentiment. The resurfacing of US tariff threats against European allies triggered a brief risk-off episode, with EM currencies coming under pressure as investors rotated toward perceived safe haven assets. Even so, the period underscored the rapid shift in market sentiment amid heightened sensitivity to US rates, geopolitics, and trade headlines. By March, the macro backdrop had turned more defensive, with geopolitics—particularly developments in the Middle East—emerging as the dominant source of volatility and the primary driver of cross country differentiation within EM.

Escalating US/Israel-Iran tensions in January and February pushed crude prices higher and reinforced safe haven flows. These intensified in March following US and Israeli strikes on Iranian military facilities and assassinations of senior Iranian leaders. Retaliatory strikes against Israel and targets in neighboring Gulf countries and the effective closure of the Strait of Hormuz underscored the fragility of the regional security environment and the threat of a wider conflict. Oil-related disruption lifted inflation expectations and drove a sharp rise in cross asset volatility. Brent crude prices rose sharply—by around 63% in March and approximately 94% over Q1—significantly amplifying dispersion across countries and asset classes. Within EMD, oil-exporting and commodity-linked economies proved relatively more resilient, while energy-importing

sovereigns faced renewed inflation pressures, deteriorating current account dynamics, policy credibility concerns, and widening sovereign spreads. Trade uncertainty remained as markets digested a US Supreme Court decision that invalidated specific tariffs, easing one near-term tail risk for selected export-oriented EMs but leaving a question mark over the impact on broad US trade policy. Within Asia, Thailand’s political transition provided a pocket of relative stability, providing policy continuity even as external shocks intensified. India-related sentiment also improved modestly on indications of progress toward an India-US trade agreement.

On the monetary policy front, the US Federal Reserve (Fed) held rates steady at 3.5%–3.75% throughout Q1, reinforcing the importance of inflation control and currency stability in EM policy decisions. Most EM central banks kept rates unchanged to anchor expectations, though policy divergence persisted. In Latin America, rate cuts were delivered in Brazil and Mexico, while Colombia’s central bank was an outlier in raising rates by a cumulative 200bps to 11.25% over the quarter. In Asia, rates were cut in the Philippines and Thailand. The People’s Bank of China (PBoC) maintained benchmark lending rates at historically low levels while relying on targeted FX measures—most notably cutting the USD/CNY forward FX risk reserve requirement to 0%—to support growth, exports, and financial stability. Fiscal divergence across the EM universe also persisted. China and parts of Asia continued to deploy front-loaded fiscal stimulus via increased bond issuance and infrastructure spending, while several Latin American economies faced tighter fiscal constraints amid rising wage bills, higher debt service costs, and growing political pressures.

EM debt performance in Q1 reflected the increasingly complex backdrop, with EM sovereign yields remaining elevated throughout. EM local currency debt recorded negative returns, driven by broad currency depreciation against the US dollar alongside rate repricing. EM hard currency bonds also delivered negative returns as sovereign spreads widened from record low levels. Nevertheless, the healthy global liquidity conditions seen in the earlier part of the period supported EM debt inflows, with net flows in Q1 of approximately +\$5.9 billion into hard currency and +\$11.4 billion into local currency EM bond funds.¹

Figure 2: Emerging market debt index returns

	1m (%)	3m (%)	6m (%)	YTD (%)	12m (%)	3yrs (%)	5yrs (%)
In USD							
GBI-EM GD (EM Local Currency)	-5.55	-2.25	1.01	-2.25	11.76	6.84	2.06
EMBI GD (EM Hard Currency)	-3.27	-1.26	1.99	-1.26	10.38	9.45	2.47
CEMBI BD (EM Corporates)	-1.83	-0.21	1.08	-0.21	5.93	7.61	2.60
In EUR							
GBI-EM GD (EM Local Currency)	-3.21	-0.36	3.01	-0.36	4.78	4.77	2.47
EMBI GD (EM Hard Currency)	-0.88	0.65	4.00	0.65	3.48	7.33	2.88
CEMBI BD (EM Corporates)	0.60	1.72	3.08	1.72	-0.69	5.52	3.01
In GBP							
GBI-EM GD (EM Local Currency)	-3.70	-0.30	3.12	-0.30	9.39	4.57	2.99
EMBI GD (EM Hard Currency)	-1.38	0.71	4.12	0.71	8.04	7.13	3.40
CEMBI BD (EM Corporates)	0.09	1.79	3.19	1.79	3.69	5.32	3.53

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 3: ESG emerging market debt index returns

	1m (%)	3m (%)	6m (%)	YTD (%)	12m (%)	3yrs (%)	5yrs (%)
In USD							
JSTAR GBI-EM (ESG EM Local Currency)	-5.94	-2.33	1.07	-2.33	12.71	7.40	2.32
JSTAR EMBI (ESG EM Hard Currency)	-3.51	-1.79	1.17	-1.79	8.95	8.36	1.55

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

Figure 4: Key EM and Macro levels as of 31 March 2026

Item	1 Month	3 Months	YTD	Current Level
GBI-EM GD Yield	54 bps	50 bps	50 bps	6.37%
EMBI GD Yield	65 bps	51 bps	51 bps	7.31%
EMBI GD Spread	30 bps	35 bps	35 bps	289 bps
CEMBI BD Yield	47 bps	31 bps	31 bps	6.67%
CEMBI BD Spread	14 bps	20 bps	20 bps	289 bps
CDX.EM 5y	59 bps	69 bps	69 bps	194 bps
10y UST	38 bps	15 bps	15 bps	4.32%
Dollar Index (DXY)	2.41%	1.67%	1.67%	—
DOW 30	-5.38%	-3.58%	-3.58%	46342
Oil (WTI)	51.27%	76.56%	76.56%	\$ 101.38

Source: JP Morgan, Bloomberg as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Local currency market highlights

EM local currency debt returned -2.25% (in USD terms) in Q1 2026, as measured by the JP Morgan GBI-EM Global Diversified Index, with losses driven primarily by negative FX returns. The US dollar strengthened on safe haven demand, a repricing of Fed easing expectations, and escalating US–Iran tensions that became the dominant risk factor as the quarter progressed—13 of the 19 index currencies depreciated against the dollar. EM local currencies ended March around 7% undervalued versus the US dollar; the undervaluation stood at about 4% at the end of February (GBI-EM GD-weighted).² The bond component also detracted (-0.84%), reflecting upward shifts in local yield curves as markets priced higher term premia amid oil-related inflation risks and the prospect of global interest rates staying higher for longer than previously projected. While carry remained supportive, it was insufficient to offset duration-related price losses, particularly in high-beta and longer-duration markets. Regionally, LatAm outperformed in absolute terms, though all regions posted negative returns. Over the quarter, the GBI-EM GD yield rose by 50 bps.

Figure 5: Key return drivers of EM local government bond markets

GBI-EM GD (EM local currency)	Monthly return (%)	3 month return (%)	YTD return (%)
In USD			
Total return (in \$)	-5.55	-2.25	-2.25
FX return (vs \$)	-3.24	-1.41	-1.41
Price return (local currency)	-2.80	-2.24	-2.24
Interest return (local currency)	0.50	1.40	1.40
In EUR			
Total return (in €)	-3.21	-0.36	-0.36
FX return (vs €)	-0.90	0.48	0.48
In GBP			
Total return (in £)	-3.70	-0.30	-0.30
FX return (vs £)	-1.40	0.54	0.54

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Figure 6: Best and worst performers across EM local government bond markets in USD*

Q1 2026	Country	Total return USD (%)	Bond return (%)	FX return (%)	Index weight (%)	Index impact (bps)**
GBI-EM GD		-2.25	-0.84	-1.41	—	—
Top 5 performers	Brazil	7.3	2.2	5.0	7.1	52
	Dominican Republic	4.3	-0.9	5.2	0.3	1
	Colombia	4.2	0.9	3.3	4.2	18
	China	1.9	0.7	1.2	10.0	19
	Mexico	0.3	0.6	-0.3	10.0	3
Bottom 5 performers	India	-5.9	-0.7	-5.2	10.0	-59
	Peru	-6.3	-2.7	-3.6	2.0	-12
	South Africa	-6.5	-3.4	-3.1	7.0	-45
	Turkey	-6.7	-3.4	-3.3	1.0	-7
	Thailand	-7.2	-3.5	-3.7	8.3	-59

Source: State Street Investment Management, JP Morgan, Bloomberg as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. *Country and currency performance of JP Morgan GBI-EM Global Diversified Index. **Index impact is calculated by multiplying the period ending weight by total return.

Brazil led performance in Q1 as local markets benefited from currency appreciation, high real yields, and well-anchored inflation. Headline annual inflation eased to 3.81% in February (from 4.44% in January), the lowest since April 2024. In March, the Central Bank of Brazil cut the key Selic rate by 25 bps to 14.75%, noting that a policy “calibration” cycle was appropriate amid signs slowing activity. The Brazilian real strengthened 5.4% versus the US dollar and ended March at 5.18.

Colombia was another good performer in Q1, driven largely by currency gains. Higher oil prices supported the macro backdrop for the Colombian peso, which appreciated against the US dollar by 2.8% in Q1 and closed at 3,673.65. The annual inflation rate in Colombia hit 5.29% in February, up from 5.10% in December. In an effort to re-anchor inflation expectations and push inflation back onto a declining path, the Central Bank of Colombia hiked its policy rate twice by a total of 200 bps in Q1, taking it to 11.25%.

China was also among the good performers in the quarter. The backdrop was supported by an accommodative policy backdrop, as the PBoC signaled scope to use tools like Reserve Requirement Ratio (RRR) and rate cuts to keep liquidity ample and financing costs low, reinforcing “lower-for-longer” expectations for rates. The PBoC kept its key lending rates at record lows for the tenth straight month in March. The Chinese yuan appreciated against the US dollar by 1.3% in Q1 and closed at 6.89.

Thailand was worst performer in the three months. Thailand’s issuance activity early in the quarter boosted supply and weighed on prices. The Bank of Thailand lowered its benchmark interest rate by 25 bps to 1% in February, confounding market expectations of a hold. This marked the second consecutive reduction and reflected the central bank’s efforts to support economic recovery. The sovereign yield curve ‘bear steepened’ in Q1, with the 10-year yield increasing by around 60bps to 2.23%. The Thai baht depreciated by 4.7% against the US dollar in Q1 and closed at 32.97.

Turkey was another performance laggard in Q1. Turkey’s high debt costs and borrowing needs, coupled with geopolitical/energy price risks, weighed on current account position and pressured the currency and bond performance. The Turkish lira weakened against the US dollar by 3.5% and closed the quarter at 44.46. The Central Bank of the Republic of Turkey cut its policy rate by 100 bps to 37% in January and kept rates unchanged at its March meeting. The central bank emphasized that future policy decisions may depend on the economic impact of geopolitical developments.

South Africa was another poor performer in the period. As global markets grew cautious on fast-moving events in the Middle East, the South Africa rand depreciated against the US dollar by 2.3% and closed at 16.94. The oil price shock raised inflation concerns, prompting markets to price out possibility of near-term rate cuts. The South African Reserve Bank kept its key repo rate unchanged at 6.75% as inflation forecasts were raised to 3.7% for 2026 (from 3.3%) and to 3.3% for 2027 (from 3.2%).

Performance Comparison of JPM Local Currency Benchmark vs JSTAR Local Currency Benchmark

The JP Morgan Screened Tilted and Reweighted GBI-EM Index returned -2.33% (in USD terms) in Q1 2026, trailing the standard JP Morgan GBI-EM Global Diversified Index return of -2.25%. This underperformance was driven by relative index overweights in Czech Republic (+2.4%), Poland (+1.8%), Romania (+1.7%), Hungary (+0.1%), Thailand (+1.1%), and South Africa (+1.0%), which detracted a total of -0.41% from excess returns. These detractions were partially offset by relative underweights in India (-2.4%), Indonesia (-2.3%) and Turkey (-0.2%) that contributed +0.26% to excess returns as the Indian, Indonesian, and Turkish local bonds posted negative returns in Q1. A relative overweight in Brazil (+1.0%) contributed +0.07% to excess performance, as Brazilian local sovereigns posted positive returns in Q1.

Figure 7: Key return drivers of JSTAR EM local government bond markets

JSTAR GBI-EM (ESG EM Local Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
In USD			
Total Return (in \$)	-5.94	-2.33	-2.33
FX Return (vs \$)	-3.42	-1.46	-1.46
Price Return (Local currency)	-2.99	-2.22	-2.22
Interest Return (Local currency)	0.47	1.35	1.35

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Figure 8: Relative Over/Underweights (JSTAR GBI-EM vs GBI-EM GD)

March 2026	Country	JSTAR GBI-EM (%)	GBI-EM GD (%)	Relative Weight (%)
Top 5 Overweights	Czech Republic	7.1	4.7	2.4
	Poland	10.0	8.2	1.8
	Romania	4.9	3.2	1.7
	Hungary	3.3	2.2	1.1
	Thailand	9.4	8.3	1.1
Top 5 Underweights	Colombia	3.2	4.2	-1.0
	Indonesia	7.5	9.8	-2.3
	India	7.6	10.0	-2.4
	China	7.6	10.0	-2.4
	Mexico	7.6	10.0	-2.4

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Hard currency market highlights

EM hard currency sovereign debt returned -1.26% (in USD terms) in Q1 2026, as measured by the JP Morgan EMBI Global Diversified Index. The spread component return (-1.30%) was the major contributor to the total return outcome, with the JPM EMBI GD spread widening by 35bps in Q1. EM sovereign spreads persisted at multi-year lows early in the quarter before widening as the quarter progressed. The Middle East conflict triggered an oil shock and a broader risk-off move that pushed spreads wider, overwhelming the positive carry from elevated yields. The widening in Investment Grade-High Yield (IG/HY) spreads in Q1 resulted in the IG sub-index slightly outperforming HY counterparts. The treasury component return (+0.04%) was flat. The JPM EMBI GD yield increased by 51bps in Q1, with market repricing of risk premium.

Figure 9: Key return drivers of EM hard currency government bond markets in USD

EMBI GD (EM Hard Currency)	Monthly return (%)	3 month return (%)	YTD return (%)
Total Return	-3.27	-1.26	-1.26
Spread Return	-1.39	-1.30	-1.30
Treasury Return	-1.91	0.04	0.04
IG Sub-Index	-2.95	-1.27	-1.27
HY Sub-Index	-3.60	-1.28	-1.28

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Figure 10: Best and worst performers across EM hard currency government bond markets*

Q1 2026	Country	Total return (%)	Spread return (%)	Trsry. return (%)	Avg. Index weight (%)	Index impact (bps)**
EMBI global diversified		-1.26	-1.30	0.04	—	—
Top 5 performers	Venezuela	46.4	45.7	0.5	1.50%	69
	Gabon	10.2	10	0.1	0.20%	2
	Bolivia	3.9	3.5	0.4	0.20%	1
	Lebanon	2.8	2.2	0.6	0.50%	1
	Angola	2.7	2.6	0.2	1.50%	4
Bottom 5 performers	Zambia	-5.3	-5.2	-0.1	0.30%	-1
	Kenya	-5.8	-5.8	-0.1	1.20%	-7
	Egypt	-6.8	-7.2	0.4	2.70%	-18
	Ukraine	-8.5	-8.8	0.3	1.50%	-13
	Mozambique	-9.8	-10	0.2	0.10%	-1

Source: State Street Investment Management, JP Morgan, Bloomberg as of 31 March, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. *Country and currency performance of JPM EMBI Global Diversified Index **Index impact is calculated by multiplying the period ending weight by total return.

Venezuela was among the top outperformers in Q1, contributing 69bps to index returns. Venezuelan sovereign bonds—trading at around 45 cents on the dollar—and quasi-sovereign issues, which have been in default since 2017, rallied sharply on rising expectations of political regime change. Markets began to price in a credible path toward sovereign debt restructuring and higher recovery values under a potential transitional government—an outcome viewed as unattainable under Nicolás Maduro given prevailing sanctions. This, alongside higher oil prices, created a supportive macro backdrop.

Angola was another good performer in the period, contributing 4bps to index returns, driven by relatively stronger macro fundamentals compared to its peers. The oil price spike in Q1 that improved Angola’s fiscal and external outlook bolstered market sentiment towards its bonds. Proactive debt management—especially the tender/buyback of the 2028 notes alongside a well-bid USD 2.5 billion Eurobond issue helped reduce near-term refinancing risk and reinforced the rally.

Gabon also performed well in the quarter, contributing 2bps to index returns, primarily due to spread component returns. Improved political and policy visibility under the transitional military-led government helped reduce uncertainty. Progress under the International Monetary Fund (IMF) supported reform framework, alongside a continued commitment to fiscal consolidation and debt sustainability, reinforced investor confidence. Higher oil prices further supported Gabon’s external and fiscal position.

Egypt was among the underperformers in Q1, detracting 18bps from index returns. The oil price shock worsened Egypt’s fiscal and external position amid tighter global financing conditions. Pressure from regional geopolitical tensions, which disrupted Suez Canal traffic, kept concerns elevated around its balance of payments. Additionally, continued reliance on external financing made Egypt more sensitive to shifts in investor risk appetite, which weighed on spreads and increased risk premium.

Ukraine also featured among the poorer performers, detracting 13bps from index returns in the quarter. Ukraine’s large fiscal deficit and heavy reliance on official external support made the bond markets more sensitive to risk-off swings, even as the IMF approved a new multi-year Extended Fund Facility (EFF) arrangement amounting to USD 8.1 billion in late February. The yield on Ukraine’s 10-year USD-denominated sovereign stood at 16.12% at the end of March, up from 13.73% at the end of Q4.

Kenya was another laggard in the quarter, detracting 7bps from index returns. The US-Iran conflict negatively impacted Kenya, which is a net oil importer, and worsened the country’s fiscal outlook. Also, Kenya’s hard currency sovereigns were impacted by significant Eurobond supply and liability-management activity, as the USD 2.25 billion issuance in February and associated buybacks pressured secondary-market prices across the yield curve.

Performance Comparison of JPM Hard Currency Benchmark vs JSTAR Hard Currency Benchmark

Figure 11: Key return drivers of JSTAR EM hard currency government bond markets in USD

JSTAR EMBI (ESG EM Hard Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
Total Return	-3.51	-1.79	-1.79
Spread Return	-1.53	-1.81	-1.81
Treasury Return	-2.01	0.02	0.02
IG Sub-Index	-3.13	-1.37	-1.37
HY Sub-Index	-4.02	-2.41	-2.41

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Performance returns for periods of less than one year are not annualized.

The JP Morgan Screened Tilted and Reweighted EMBI Index returned -1.79% (in USD terms) for Q1 2026, underperforming the standard benchmark JP Morgan EMBI Global Diversified Index which posted -1.26%. A major contribution to this underperformance came from negative spread return (-1.81%). Interestingly, the widening in sovereign spreads in Q1 benefited the standard benchmark's investment universe more than the JSTAR benchmark, despite the standard benchmark's greater allocation to the high yield segment (50% vs the JSTAR benchmark's 44%). This was largely due to the JSTAR benchmark's higher exposure to net oil importing countries (65.6% vs standard benchmark's 45.4%). The HY sub-index of the standard benchmark outperformed the HY sub-index of the JSTAR benchmark by around +1.13% and the IG sub-index of the standard benchmark outperformed the IG sub-index of the JSTAR benchmark by around +0.10% in Q1.

To discover more about what 2026 may have in store, please explore our [EMD Outlook](#)

Figure 12: Relative over/underweights (JSTAR EMBIG vs EMBI GD)

March 2026	Country	JSTAR EMBI (%)	EMBI GD (%)	Relative Weight (%)
Top 5 Overweights	Poland	5.0	2.9	2.1
	Romania	4.5	2.8	1.7
	Hungary	4.5	2.8	1.7
	Uruguay	3.6	2.2	1.4
	Oman	3.8	2.9	0.9
Top 5 Underweights	Turkey	3.4	4.1	-0.7
	Saudi Arabia	4.4	5.2	-0.8
	Indonesia	3.3	4.2	-0.8
	China	1.6	3.4	-1.8
	Mexico	2.7	5.2	-2.6

Sources: State Street Investment Management, Bloomberg, JP Morgan as of 31 March 2026. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Endnote

- 1 Source: JP Morgan.
- 2 Estimate of fair value versus USD as of 31 March 2026—valuations above 0% imply overvalued and below imply undervalued. This information should not be considered a recommendation to invest in a particular currency. It is not known whether EM currencies will be profitable in the future. Composite valuation based on weights of the JPM GBI EM Global Diversified Index.

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Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

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