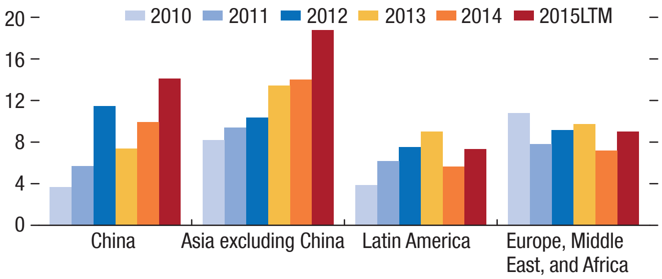
Figure 1.16. Corporations, Sovereigns, and Their Nexus

Emerging market economy firm fundamentals have deteriorated in Asia, and remain weak in most emerging market economies ...

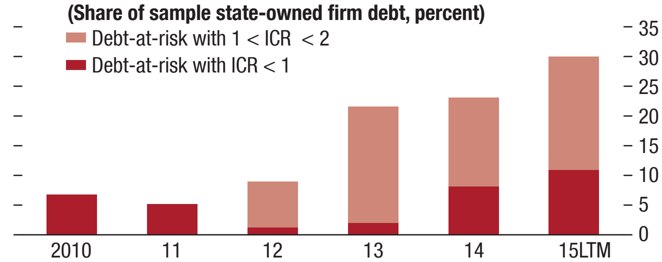
1. Debt-at-Risk of Emerging Market Firms (ICR < 1)
(Share of total corporate debt, percent)



Sources: S&P Capital IQ; and IMF staff calculations.
Note: Debt-at-risk is defined as the debt of corporates with interest coverage ratio of below 1. Interest coverage ratio is EBITDA/interest expense of the corporate. 2015LTM = last 12 months; EBITDA = earnings before interest, taxes, depreciation, and amortization; ICR = interest coverage ratio.

... with state-owned enterprises leading the deterioration.

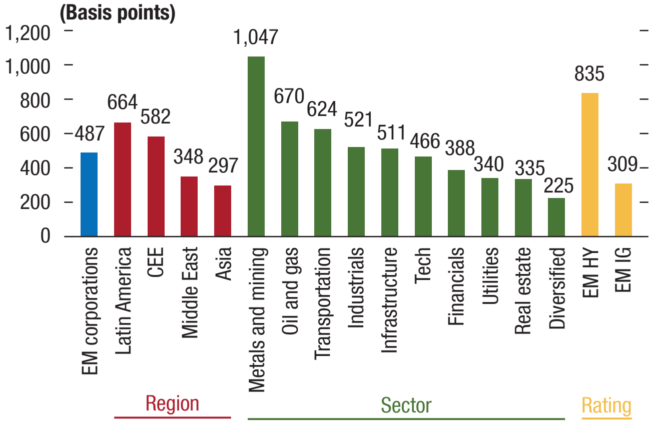
2. Debt-at-Risk of Emerging Market Economies, Excluding China, State-Owned Firms
(Share of sample state-owned firm debt, percent)



Sources: S&P Capital IQ; and IMF staff calculations.
Note: 15LTM = last 12 months; ICR = interest coverage ratio.

The deterioration in fundamentals and commodity prices is reflected in market prices.

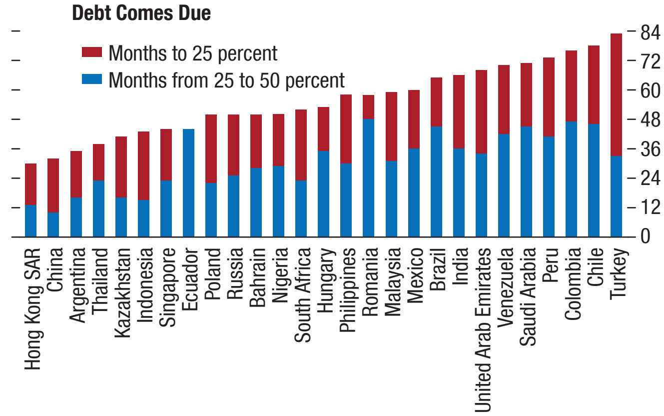
3. Average Corporate Credit Spreads in 2016
(Basis points)



Sources: JPMorgan Chase & Co.; and IMF staff calculations.
Note: CEE = central and eastern Europe; EM = emerging market economy; HY = high yield; IG = investment grade.

Corporate refinancing pressures are acute in some economies.

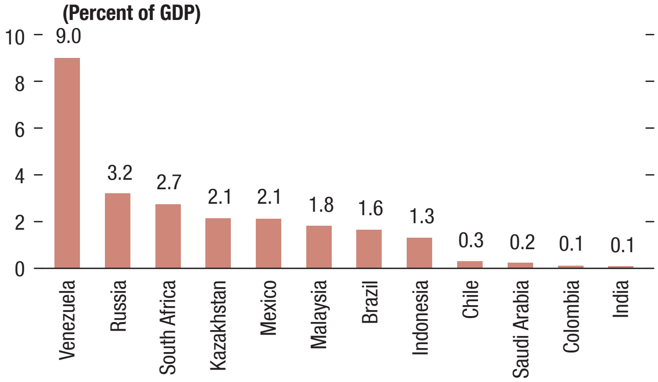
4. Number of Months before 25 and 50 Percent of Corporate Debt Comes Due



Sources: Bloomberg, L.P.; and IMF staff calculations.

State-owned enterprise debt redemption is large in some countries.

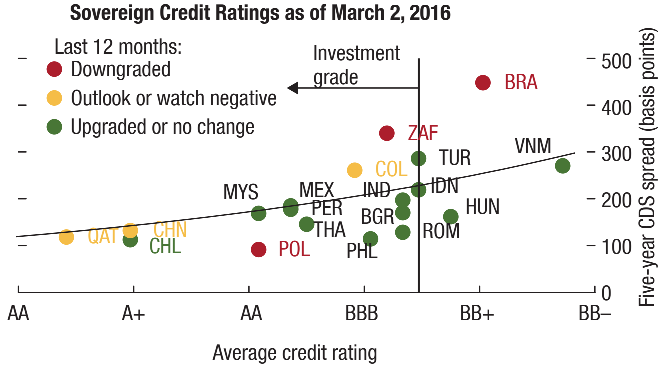
5. Two-Year Debt Redemptions for the Top Three State-Owned Enterprises in Selected Major Emerging Market Economies
(Percent of GDP)



Sources: S&P Capital IQ; and IMF staff calculations.

Sovereign risk perceptions appear acute in Brazil, Colombia, South Africa, and Turkey.

6. Five-Year Credit Default Swap Spreads against Average Sovereign Credit Ratings as of March 2, 2016



Sources: Bloomberg, L.P.; rating agencies; and IMF staff calculations.
Note: Data labels in the figure use International Organization for Standardization country codes. CDS = credit default swap.