

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Flows were light this morning with China/Taiwan/Korea out for holiday. Japan's governing party elected former Economic Security Minister Sanae Takaichi as new prime minister. SOFTBK 31-35 were 0.1-0.2pt higher. NUFAU 30 was 0.3pt higher.*
- **ZHOSHK:** *Rating withdrawals are cost-saving measures. ZHOSHK 28 was unchanged this morning. See below.*
- **RAKUTN:** *Rakuten expects to record an impairment loss of JPY27bn (cUSD183.5mn) in 3Q25 relating to its online grocery delivery service. RAKUTN 27-29s/Perps were unchanged to 0.1pt higher this morning.*

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❖ Trading desk comments 交易台市场观点

The flows in Asia IG space was light last Friday with China out for the Golden Week Holiday. Chinese IG ZHOSHK 28 was unchanged. Moody's and Fitch withdrew the rating on Zhongsheng. We believe that the withdrawals are cost-cutting measures. See comments below. Chinese HY GWFOOD 30 was 0.4pt higher. We saw better buying from offshore investors in high-beta Chinese credits while flows remained largely muted. In financials, NANYAN 7.35 Perp was down 0.7pt. Japanese insurance hybrids and AT1s were c0.3pt higher with decent liquidity against a firmer macro backdrop. In properties, LASUDE 26 rose 2.7pts while FAEACO Perp increased 1.3pts. NWDEVL 27-31 were 0.3-0.7pt higher while NWDEVL Perps were 0.6-1.1pts higher. VNKRL 27-29 were 0.1-0.3pt higher. Elsewhere, GLPSP Perps were 0.4-0.6pt higher. EHICAR 26 was 0.4pt lower. In the Philippines, ACPM Perps rose 0.1-1.0pt. UAE-based supermarket chain Spinneys has entered into a JV with Ayala Corp to establish the first stores in the Philippines. VLLPM 27-29 were 1.0-2.3pts lower. Vista Land director Camille Villar under investigation over PHP18bn (cUSD310mn) flood projects. In India, IHFLIN 27-28 rose another 0.4-0.8pt post IHC's cUSD1bn investment in Sammaan Capital. VEDLN 29-32s rose 0.1-0.2pt. In LGFV space, overall tone remained afloat. We saw better offering in IG LGFVs.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| LASUDE 5 07/28/26 | 65.1 | 2.7 | VLLPM 7 1/4 07/20/27 | 63.1 | -2.3 |
| FAEACO 12.814 PERP | 42.0 | 1.3 | VLLPM 9 3/8 07/29/29 | 50.5 | -1.0 |
| CCAMCL 4 3/4 12/04/37 | 95.1 | 1.1 | NUFAU 5 01/27/30 | 91.0 | -1.0 |
| NWDEVL 10.131 PERP | 54.0 | 1.1 | BIMLVN 7 3/8 05/07/26 | 94.6 | -0.7 |
| ACPM 4.85 PERP | 81.6 | 1.0 | NANYAN 7.35 PERP | 104.5 | -0.7 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.01%), Dow (+0.51%) and Nasdaq (-0.28%) were mixed on last Friday. US Sep'25 ISM Non-manufacturing PMI was 50.0, lower than the market expectation of 51.8. The release of US Sep'25 nonfarm payroll has been delayed by the federal government shutdown. UST yield was higher on last Friday. 2/5/10/30 yield was at 3.58%/3.72%/4.13%/4.71%.

❖ Desk Analyst Comments 分析员市场观点

➤ ZHOSHK: Rating withdrawals are cost saving measures

Table 1: Summary of Zhongsheng's o/s bond

| Ticker | ISIN | Ccy | Size (mn) | O/S (mn) | Coupon | Maturity | Offer px | Z-spread | YTM (%) |
|----------------------|--------------|-----|-----------|----------|--------|-----------|----------|----------|---------|
| ZHOSHK 5.98 01/30/28 | XS2867272630 | USD | 600.0 | 600.0 | 5.98% | 1/30/2028 | 101.4 | 191.7 | 5.3% |

Source: Bloomberg.

Last week, both Moody's and Fitch withdrew the senior unsecured ratings of Zhongsheng. We believe that the rating withdrawals are more of cost saving measures instead of indications of deterioration in credit fundamental and transparency. S&P is the only rating agency to rate ZHOSHK 5.98 01/30/28, the company's only outstanding USD bond. We expect Zhongsheng to keep the S&P rating. As we discussed in our comments titled: ZHOSHK: Credit profile remains solid under a challenging operating environment on 29 Aug'25, Zhongsheng's operating performance in 1H25 continued to be dragged by the negative gross margin of new car sales. However, its credit and liquidity profiles remain solid, supported by growing income from parts, packages and after-sales services, consistent positive FCF generation, reducing debts and low near-term refinancing pressure through the active liability management since Jul'24. ZHOSHK 5.98 01/30/28 has been outperforming since Jul'25, cash price has been c2pts higher and credit spread tightened 70bps since then. That said, we still consider ZHOSHK 5.98 01/30/28 one of the few good shorter-dated carry plays in Chinese IG space and hence maintain buy on ZHOSHKs.

➤ Offshore Asia New Issues (Priced)

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|---------------------------------------|---------------|-------|--------|--------|----------------------|
| No Offshore New Issues Pipeline Today | | | | | |

➤ Offshore Asia New Issues (Pipeline)

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|-----------------------|----------|---------------|-------|---------|----------------------|
| Muthoot Finance (tap) | USD | - | 5yr | 101.375 | Ba1/BB+/- |

➤ News and market color

- Onshore primary issuances suspend during the National Day Holiday
- Indonesia authorities mulling use of Patriot Bonds as credit collateral instrument
- Macau average daily arrivals at 158k during first 5 days of Oct'25 Golden Week despite Typhoon Matmo
- **[DALWAN]** Dalian Wanda is in talks to sell sports marketing firm Infront Sports & Media to investor group
- **[FTHDGR]** Fantasia says creditors holding 84.54% of its existing bonds backed its proposed offshore debt restructuring by the 3 Oct'25 early deadline
- **[GRNLGR]** Greenland terminates tender offer and consent solicitation for bonds due in 2028-2031 due to lack of new funding
- **[RAKUTN]** Rakuten Group expects to record an impairment loss of around JPY27bn (cUSD183.5mn) in 3Q25 relating to its online grocery delivery service
- **[TOPTB]** Thai Oil's board approved an asset monetization plan to raise more than THB18bn (cUSD555mn) to reduce debts, subject to shareholders' approval in Dec'25
- **[VEDLN]** Vedanta 1HFY26 aluminum output rises 1% yoy to record high at 1.22mn tons; will invest cUSD1.5bn to boost aluminum capacity to 3.1mn tons by FY28
- **[ZHOSHK]** Fitch withdrew Zhongsheng's BBB rating for commercial reasons

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