

CMBI Credit Commentary

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

- *This morning, the new DAESEC 4.375 10/14/28 was largely unchanged from RO at 99.6. We saw AMs buying FRNs to park cash ahead of the Golden Week. CKINF 4.85 Perp was down 0.7pt. QDJZWD 6.95 03/31/28 and NUFAU 5 01/27/30 were 0.4-0.5pt higher.*
- **VEDLN:** IPT of 9.5% for the new VEDLN 32s is fair. VEDLN 28-33s were largely unchanged this morning.
- **RAKUTN:** Rakuten plans to issue USD PerpNC5 in mid-Oct'25 to refinance RAKUTN 5.125 Perp first callable in Apr'26. RAKUTNs were unchanged this morning.

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❖ Trading desk comments 交易台市场观点

Yesterday, we saw balanced two-way flows on recent new issues PINGIN 35/CKHH 30/MITSET 30. MEITUA widened 1bp amid two-way flows. We saw better buying on Chinese/Japanese/Middle Eastern financial FRNs because of cash-parking demand. The rest of Asia IG space was unchanged to a tough tighter. We saw some PB selling HYSAN Perps amid the latest NWDEVL headlines. HYSAN 4.85 and 7.2 Perps were unchanged to 0.1pt lower. NWDEVL complex was 0.6pt lower to 0.3pt higher. See our comments [yesterday](#). There was demand on MTRC Perps from AMs on back of firmer rates. MTRC 5 5/8 and 4 7/8 Perps were 0.1-0.2pt higher. LASUDE 5 07/28/26 was up by 0.9pt. Lai Sun Development is close to signing HKD3.5bn secured five-year loan refinancing facility due Oct'25. EHICAR 26-27s were unchanged to 0.4pt higher. The two bonds have moved up 2.6-3.5pts since last week. Yesterday, EHICAR released moderately better 1H25 results with yoy improvement in profit margin, lower net debts and consistent rebound in utilization rate. In Chinese properties, VNKRLE 27-29s declined by 1.1pts. See our comment [last Friday](#). GRNLGR 29s were 0.9-1pt lower. FUTLAN 28 was down by 0.2pt. We saw better selling on Japanese insurance hybrids and Yankee AT1s in the morning from institutions, versus moderately better buying from PBs during the London session. In Southeast Asia, there were some month-end rebalancing flows on Indian CBKIN/EXIMBK/HDFCB/SBIIN curve. VEDLN 28-33s were unchanged 0.3pt lower. See comments below on the FV of the new VEDLN 32s. SMCGL Perps were unchanged to 0.2pt lower. PCORPM 5.95 and 7.35 Perps were up by 0.1pt. There was little traction in the LGFV space..

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LASUDE 5 07/28/26	59.9	0.9	VLLPM 9 3/8 07/29/29	56.8	-1.3
JAPTOB 3.3 09/14/51	67.8	0.7	VNKRLE 3.975 11/09/27	75.9	-1.1
CBAAU 3.9 07/12/47	83.2	0.7	CCAMCL 4 3/4 12/04/37	93.4	-1.0
XIAOMI 4.1 07/14/51	81.4	0.6	GRNLGR 6 1/8 04/22/29	19.4	-1.0
BABA 5 5/8 11/26/54	104.4	0.6	GRNLGR 6 3/4 09/26/29	19.4	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.26%), Dow (+0.15%) and Nasdaq (+0.48%) were higher on Monday. UST yield was lower on Monday. 2/5/10/30 yield was at 3.63%/3.74%/4.15%/4.71%.

❖ Desk Analyst Comments 分析员市场观点

➤ VEDLN: IPT of 9.5% for the new VEDLN 32s is fair

Vedanta Resources (VRL) proposes to issue 7NC2 144A/Reg S USD bonds (B2/-/B+) to further extend the debt maturity profile and lower funding costs. Proceeds will mainly be used to prepay the USD550mn due-Apr'26 private credit facility (PCF) in Oct'25, with any excess applied to debt repayment and general corporate purposes. The funding cost of the PCF is 18%. We view the IPT of 9.5% for the new VEDLN 32s to be fair, in view of VEDLN 31-33s are trading at YTM of 9.3-9.6% and factoring into the differences in guarantee structure and covenants.

We noted that the new VEDLN 32s will be issued by Vedanta Resources Finance II Plc and guaranteed by VRL, Twin Star, Welter Trading, and a newly added Vedanta Holdings Mauritius II which holds 12.6% of Vedanta Limited (VEDL). The addition of a subsidiary guarantor raises the subsidiary-guarantor group's aggregate stake in VEDL to 53.6% from 40.99%. However, the incurrence debt cap for subsidiary guarantors increases to USD5.2bn (excluding inter-company loans) from USD4.0bn. The new VEDLN 32s will rank pari passu with all its existing USD bonds.

The new USD bonds issuance will notably lower VEDLN's funding cost in view of the funding cost of PCF at 18%. Assuming new issue of USD500mn, draw down of USD250mn syndicate facility and prepayment of USD550mn PCF, VEDLN's near-term refinancing pressure will be largely relieved with no major maturity in the remaining of FY26, cUSD300mn in FY27 and cUSD450mn in FY28. We view that the increase in gross debts at its standalone level to USD4.8bn on a pro-forma basis from USD4.6bn in Sep'25 to be manageable, especially factoring into LTM dividend income of USD1.3bn and brand fees of USD386mn in FY25. .

We maintain buy on VEDLN 9.475 07/24/30 on better risk-adjusted profile and higher trading liquidity within the VEDLN curve. On the other hand, VEDL expects to complete the demerge by end-Mar'26, given the court hearing is deferred to 8 Oct'25 amid the government's objection. Please read our comments on VEDL's potential acquisition of Jaiprakash Associates in our daily on 24 Sep'25.

Table 1: VRL's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Px	YTM	Issue rating (M/S/F)
VEDLN 10.25 06/03/28	US92243XAJ00	300	103.2	8.2%	-/B/B+
VEDLN 10.875 09/17/29	US92243XAH44	1,200	104.1	9.3%	-/B/-
VEDLN 9.475 07/24/30	US92243XAM39	550	100.4	9.3%	B2/B/-
VEDLN 11.25 12/03/31	US92243XAK72	500	106.6	9.3%	-/B/B+
VEDLN 9.85 04/24/33	US92243XAL55	550	100.7	9.6%	B2/B/-

Source: Bloomberg.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
International Finance Corp	20	10yr	4.56%	4.56%	Unrated
Mirae Asset Securities	300	3yr	4.375%	T+88	Baa2/-/BBB

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Rentenbank	USD	-	5yr	SOFR MS+41	-/AAA/AAA
Vedanta Resources	USD	500	7NC2	9.5%	B2/-/B+

➤ **News and market color**

- Regarding onshore primary issuances, there were 31 credit bonds issued yesterday with an amount of RMB27bn. As for month-to-date, 2,238 credit bonds were issued with a total amount of RMB1,998bn raised, representing a 30.5% yoy increase
- China is setting up a dedicated department to centralize under one roof government debt management as it prioritizes deleveraging
- [GLPSP]** GLP has identified more than sufficient sources to handle its cUSD2.5bn debt due over the next 12 months
- [IDASAL]** Indonesia Asahan Aluminium (Inalum) delayed its IPO plan
- [JD]** JD.com supply chain arm plans to raise USD500mn from Hong Kong IPO
- [MEDCIJ]** Medco Energi decided to cancel its share buyback program
- [NSANY]** Nissan Motor is in discussions to sell its 75% stake in Japanese soccer team amid a cost-cutting push
- [PKX]** POSCO International will invest KRW1.6tn (cUSD1.2bn) in new LNG power plants
- [PTTEP]** Fitch revised the outlook of PTT Public Company and PTT Exploration and Production Public to negative from stable and affirmed BBB+ rating, following the outlook revision of Thailand's sovereign rating to negative from stable

- **[SINOCH]** Italy cleared Sinochem of breaching the government's golden power rules designed to curb the chemical conglomerate's influence on high-end tiremaker Pirelli
- **[TAISEM]** TSMC has denied reports that it is in talks to invest in or form a partnership with Intel
- **[TTMTIN]** Moody's affirmed Tata Motors' Ba1 corporate family rating, and changed its outlook to negative from positive
- **[VEDLN]** Vedanta plans to deleverage by calling its outstanding bonds as early as Jun'26

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