

CMBI Credit Commentary

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

- *This morning, PINGIN 35/OCBCSP 35/FUBON 35 widened 1-3bps. NORBK 30-35s widened 5-10bps against the headlines that a JV between Norinchukin Bank and Mitsui & Co. faces USD1.75bn of exposure to bankrupt First Brands Group. We saw better selling on HSBC/BNP/STANLN AT1s. PTTGC 7 1/8 Perp and PTTGC 6.5 Perp were down 0.3pt.*
- **ZHHFGR:** *FV of the new dim sum ZHHFGR 28 to be low-3% vs IPT at 3.5%. See below.*
- **IHFLIN:** *Sammaan Capital priced USD450mn 5yr senior secured bonds at 7.5%. Proceeds will be used in accordance with its sustainable financing framework, and as may be permitted by the RBI ECB guidelines including for onward lending purposes. The new IHFLIN 30s were 0.3pt higher this morning while IHFLIN 27-28s moved -0.1pt to +0.1pt.*

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❖ Trading desk comments 交易平台市场观点

Yesterday, activities picked up as onshore Chinese accounts returned from Golden Week holiday. In Asia IG space, we saw overall better buying across the space. China onshore funds were buying Japanese banks FRNs, and offshore Chinese PBs were adding Middle Eastern/Chinese/Japanese banks FRNs. In Korea space, there were two-way flows on HYNMTR FRNs. Japanese and Yankee AT1s and insurance hybrids were softer. HSBC Perps softened 0.1-0.4pt on back of the Hang Seng privatization news. See our comments [yesterday](#). BNP Perps lowered up to 0.4pt despite the recovery in French government yields. BHP 5 1/2 09/08/53 was down by 0.5pt. In TW lifers, FUBON 35/NSINTW 34-41s were 1bp tighter amid better-buying from PBs. REGH 6.5 Perp gained 2.3pts. Regal Hotels put Kowloon City hotel up for sale at an indicative price of HKD1.5bn (cUSD192mn). FAEACO Perp lost 0.1pt after gaining 20pts since Monday as Far East Consortium is set to pay the perp coupon on 18 Oct'25. LASUDE 26 was down by 0.3pt. NWDEVLs were 0.1-0.9pt lower. In Chinese properties, VNKRLE 27-29s were up by 0.3-0.4pt. In Southeast Asia, there was small selling from PBs on Indian names. VLLPM 27-29 were 0.5-2.8pts higher. GLPSPs lost 0.1-0.2pt.

Flows were mixed in LGFV space. IG/quality USD bonds yielding less than 5% were still sought after, whereas higher-yielding issues across USD and CNH remained moderately heavy despite the slight emergence of tactical AMs buyers. CDECST 6 1/2 11/18/27 and FZSZJJ 7 12/27/27 gained 0.5pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	51.3	2.8	BIMLVN 7 3/8 05/07/26	93.2	-1.4
REGH 6 1/2 PERP	23.2	2.3	NWDEVL 5 1/4 PERP	46.6	-0.9
CFAMCI 5 1/2 04/27/47	98.4	1.0	KOREAT 6 1/2 09/07/34	109.1	-0.8
CDECST 6 1/2 11/18/27	98.3	0.5	BACR 7 5/8 PERP	105.5	-0.6
VLLPM 7 1/4 07/20/27	60.1	0.5	BHP 5 1/2 09/08/53	101.4	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.28%), Dow (-0.52%) and Nasdaq (-0.08%) were lower on Thursday. UST yield was higher on Thursday. 2/5/10/30 yield was at 3.60%/3.74%/4.14%/4.72%.

❖ Desk Analyst Comments 分析员市场观点

➤ ZHHFGR: FV of the new dim sum ZHHFGR 28 to be low-3% vs IPT at 3.5%

Zhuhai Huafa Group proposes to issue 3-year dim sum bond (Fitch: BBB). We view the FV of the new ZHHFGR 28 to be low-3% vs IPT at 3.5%, taking cues from its existing ZHHFGR 27 trading at 3.1% YTW. The proceeds will be used to refinance offshore debts, its only o/s USD bond ZHHFGR 2.8 11/04/25 of USD400mn will be due on 4 Nov'25.

The new ZHHFGR 28 will be issued through Huafa 2024 I Company Limited with the full guarantee from Zhuhai Huafa Group. The structure is the same as that of existing dim sum issues ZHHFGR 4 ½ 12/23/27 and ZHHFGR 6 Perp. Zhuhai Huafa Group is 93.48% owned by Zhuhai SASAC and 6.52% by Guangdong Provincial Department of Finance. We view the government support towards Zhuhai Huafa Group is strong. Zhuhai Huafa Group received government capital injection totaled RMB24.1bn in the forms of assets and equity during 2020-2024. These represented 13.9% of Zhuhai Huafa Group's total owner's equity as of Dec'24. In May'25, Fitch revised the outlook of Zhuhai Huafa Group to positive from stable and affirmed the BBB rating. The outlook revision reflects its strengthening position and financing role as a core government-related entity following two rounds of reforms in 2024 and 2025, which could increase the government's incentive to provide support to the company.

Zhuhai Huafa Group is the largest state-owned platform in Zhuhai with RMB729.3bn total assets. Zhuhai Huafa Group holds a strategic infrastructure mandate by the Zhuhai Government including SZM CBD with RMB35.8bn estimated investment. The Group demonstrates business diversification beyond property development, with 45.5% of the FY24 total revenue was from sales and trading of materials and commodities, 36.4% from property development, and the remainder from urban operations and other sectors. Furthermore, Zhuhai Huafa Group has diversified funding channels onshore and offshore. It has RMB256.4bn undrawn bank facilities as of Mar'25.

Table 1: Zhuhai Huafa existing dim sum bonds

Security name	ISIN	Maturity	First call date	Amt o/s (RMB mn)	Px	YTC/YTW	Issue rating (M/S/F)
ZHHFGR 6 Perp	HK0001038576	-	06/30/27	2530	104.1	3.4%	-/-/BBB-
ZHHFGR 4 ½ 04/27/26	MO0000000246	04/27/26	-	500	100.5	3.6%	-/-/BBB
ZHHFGR 4 ½ 12/23/27	HK0001085882	12/23/27	-	1400	103.0	3.1%	-/-/BBB

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Burgan Bank	500	5yr	4.875%	T+115	-/BBB+/A
Kuwait International Bank	300	10.5NC5.5	5.535%	T+175	-/-/BBB+
Oman Sovereign Sukuk Co	1000	7yr	4.525%	T+60	Baa3/BBB-/-
Sammaan Capital	450	5yr	7.5%	7.5%	-/B+/-

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 37 credit bonds issued yesterday with an amount of RMB36bn. As for month-to-date, 37 credit bonds were issued with a total amount of RMB36bn raised, representing a 35.5% yoy decrease
- China tightens rules against industry price wars, vows to step up enforcement
- Indonesia in negotiations with China to restructure high-speed rail debt, aim to avoid default on China Development Bank loans. Indonesia's government expects SOEs to spend IDR720tn (cUSD43.5bn) on capex in 2026 versus IDR380tn (cUSD23bn) in 2025
- Macau Oct'25 Golden Week visitor tally at 1.14mn, up 15pct from a year ago
- **[BHP]** BHP is facing a protracted stalemate in talks over iron ore prices with China, which may drag on to early next year
- **[FRIDPT]** Freeport Indonesia expects to resume copper and gold production at its Grasberg Block Cave mine by mid-2026, after a recent landslide halted its operations
- **[GLPSP]** GLP Investment (Shanghai) is proposing to offer RMB9.4bn (cUSD1.32n) ABS
- **[SUNOTG]** Sunny Optical will transfer its entire equity interest in Shanghai OmniLight to Goertek Optical for a total consideration of RMB1.9bn (cUSD267mn)
- **[TAISEM]** TSMC 9M25 net revenue jumps 36% yoy to TWD2.8tn (cUSD90.3bn) as benefits from AI boom

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