

CMBI Credit Commentary

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

- *Asian IG space was 1-5bps wider this morning amid quiet flows. GARUDA 31 lost 1.3pts. SOFTBK 35-36s were 0.6-0.9pt lower. VNKRL 27/EHICAR 26 gained 0.2pt. GLPSP 4.6 Perp was 0.2pt higher.*
- **Gross USD bonds issuance:** *Asia Pacific gross USD bonds issuance decreased 2.7% yoy in 5M26. See below.*
- **FRESHK:** *Far East Horizon fully converted USD250mn FRESHK 0 06/15/26 into ordinary shares. FRESHKs were unchanged in spreads amid small better buying from AMs.*

❖ Trading desk comments 交易平台市场观点

Last Friday in Chinese/HK IG space, long-end BABA widened 3-5bps, MEITUA curve widened 1-3bps, and XIAOMI 30-31s traded 3-4bps wider. The recent new issue HKTGHD 36 closed 2bps wider amid better selling from Chinese RMs. Financials T2s like BNKEA 32-34s widened 2bps. On the other hand, the HAOHUAs closed unchanged with mixed two-way flows on HAOHUA 29-30s. In Chinese/HK properties, ROADKG 28-30s lost 1.9-2.3pts. Road King Infrastructure's debt restructuring will likely experience more delay as opposing bondholders consider the RSA not acceptable and are trying to push for winding up of New Select/RKE. In the rest of the Chinese/HK properties, NWDEVL/VDNWDL Perps were 0.2pt lower to 0.3pt higher. NWD will defer distribution on NWDEVL 10.131 Perp and NWDEVL 5.25 perp to next distribution payment dates as expected. LNGFOR 27-32 were unchanged to 0.3pt higher. VNKRL 27' and 29' gained 0.1pt. KR credits closed largely unchanged, though we saw small profit taking on HYUELE 29-33s. In SE Asian space, OCBCSP 35-36s tightened 1-2bps, while the EXIMBK curve traded 1-3bps wider. SMCGL Perps were unchanged to 0.2pt lower. See our comments on SMCGL [last Friday](#). In AU, NAB/ANZ/WSTP IG credits were 1-3bps wider on the back of Chinese RM selling. As for Japanese and European AT1s, long-end issues closed unchanged to 0.3pt lower. In LGFV space, we saw better selling across the USD credit curve. Non-LGFV CNH papers retraced by 0.3-0.4pt amid profit-taking flows from AMs.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 4 1/2 08/19/27	20.6	1.4	ROADKG 5 1/8 01/26/30	17.5	-2.3
LASUDE 5 07/28/26	85.3	0.5	ROADKG 5.9 09/05/28	17.6	-2.2
PMBROV 11 1/2 02/18/30	86.2	0.4	ROADKG 5.2 07/12/29	17.6	-2.0
IPTBZU 6.45 10/09/30	101.0	0.4	ROADKG 6 03/04/29	17.5	-1.9
YUEXIU 3.8 01/20/31	90.8	0.3	VLLPM 7 1/4 07/20/27	50.6	-1.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-2.64%), Dow (-1.35%) and Nasdaq (-4.18%) were lower on last Friday. US May'26 Nonfarm Payrolls were +172k, higher than the market expectation of +85k. Unemployment rate was 4.3%, in line with the market expectation. UST yield were higher on last Friday. 2/5/10/30 year yield was at 4.17%/4.29%/4.55%/5.01%.

❖ Desk Analyst Comments 分析员市场观点

➤ **Gross USD bonds issuance: Asia Pacific gross USD bonds issuance decreased 2.7% yoy in 5M26****Gross USD issuance of Asia Pacific increased 18.2% yoy in May'26**

In May'26, the gross issuance of USD bonds of Asia Pacific increased 18.2% yoy to USD26.9bn, after the a strong recovery in Apr'26 from a sharp decrease in Mar'26. Australia (USD8.9bn), China (USD4.8bn), and Hong Kong (USD2.7bn) were among the largest issuers. 78.8% of the gross issuance amount were IGs. By sector, financials (68.0%), sovereigns (9.3%) and communications (5.2%) were among the largest issuers.

Cumulatively, the gross issuance of USD bonds of Asia Pacific decreased 2.7% yoy to USD166.7bn in 5M26. Japan (USD47.4bn), Australia (USD32.1bn), and South Korea (USD25.4bn) were among the largest issuers. 84.3% of the gross issuance amount were IGs. Financials (66.1%), sovereigns (7.4%) and metals & mining (4.4%) were among the largest issuing sectors.

Gross USD issuance of Asia ex-JP, AU & NZ increased 2.9% in May'26

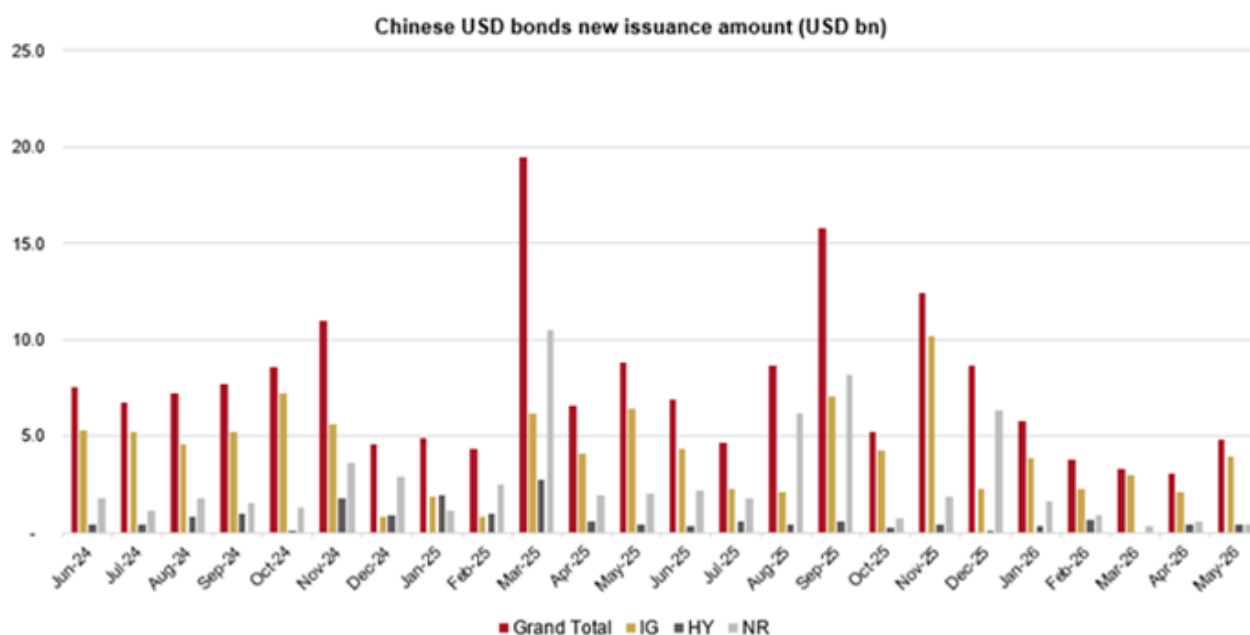
In May'26, the gross issuance of USD bonds of Asia ex-JP, AU & NZ increased 2.9% yoy to USD15.9bn. China (USD4.8bn), Hong Kong (USD2.7bn), and Indonesia (USD2.3bn) were among the largest issuers. 65.9% of the gross issuance amount were IGs. By sector, financials (49.9%), sovereigns (15.7%) and communications (8.8%) were among the largest issuers.

Cumulatively, the gross issuance of USD bonds of Asia ex-JP, AU & NZ decreased by 20.0% yoy to USD84.3bn in 5M26. South Korea (USD25.4bn), China (USD20.7bn) and Indonesia (USD8.0bn) were among the largest issuers. 74.6% of the gross issuance amount were IGs. Financials (50.7%), sovereigns (14.6%) and consumer discretionary (6.1%) were among the largest issuing sectors.

Gross USD issuance of China fell 46.0% yoy in May'26

In May'26, the gross issuance of USD bonds of China totaled USD4.8bn, dropped 46.0% yoy. IGs, HYs, and unrated contributed 82.4%, 9.0% and 8.6% of the gross issuance amount, respectively. By sector, financials (42.9%), metals & mining (26.4%) and LGFVs (20.8%) were among the largest issuers.

Cumulatively, gross issuance of USD bonds of China totaled USD20.7bn in 5M26, representing a 53.1% yoy decrease. IGs, HYs, and unrated contributed 73.1%, 8.6% and 18.3% of the gross issuance amount, respectively. Financials (57.9%), LGFVs (16.7%) and real estate (7.8%) were among the largest issuing sectors.



Source: Bloomberg.

Gross USD issuance of Middle East decreased 11.3% yoy in May'26

In May'26, the gross issuance of USD bonds of the Middle East decreased by 11.3% yoy to USD15.6bn. Saudi Arabia (USD8.3bn), the UAE (USD3.9bn) and Turkey (USD2.6bn) were among the largest issuers. IGs, HYs, and unrated contributed 65.4%, 11.4% and 23.2% of the gross issuance amount, respectively. By sector, financials (81.0%), sovereigns (12.8%), and real estate (3.8%) were among the largest issuing sectors.

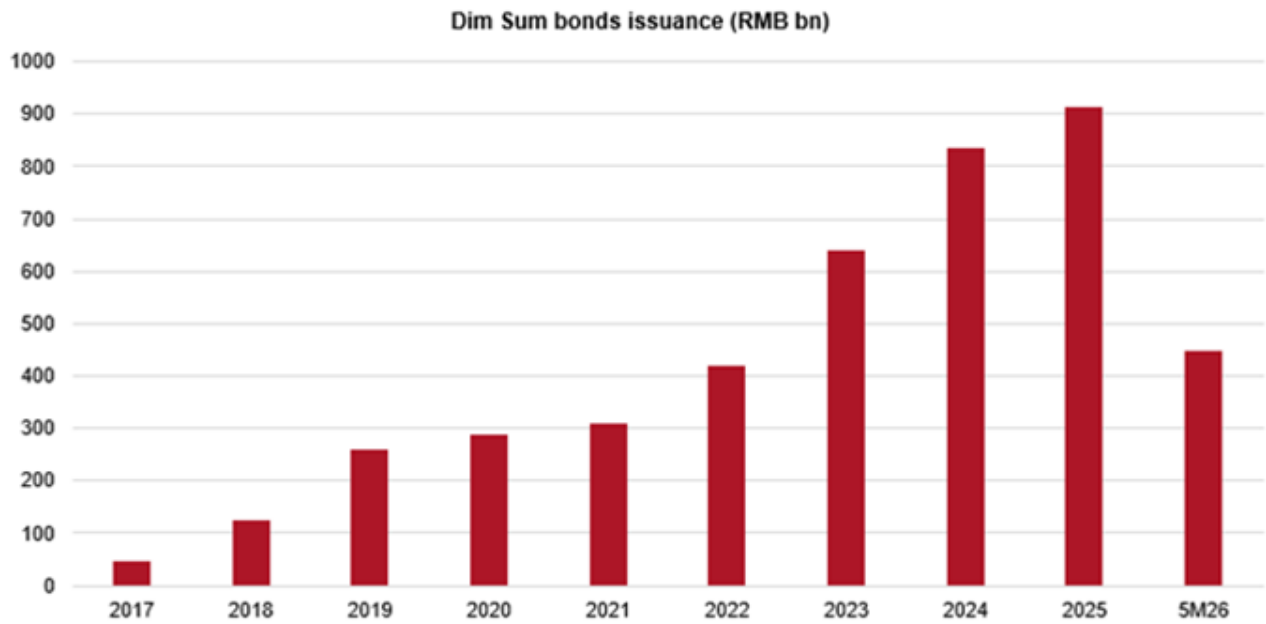
Cumulatively, the gross issuance of USD bonds of the Middle East increased by 15.7% yoy to USD101.6bn in 5M26. Saudi Arabia (USD36.6bn), the UAE (USD19.1bn) and Turkey (USD19.0bn) were among the largest issuers. IGs, HYs, and unrated contributed 67.9%, 17.3% and 14.8% of the gross issuance amount, respectively. By sector, sovereigns (41.3%), financials (40.5%) and energy (6.2%) were among the largest issuing sectors.

Dim Sum bonds issuance increased 230.8% yoy in May'26

The gross issuance of Dim Sum bonds totaled RMB101.9bn, increased 230.8% yoy in May'26. China (RMB51.2bn), US (RMB28.9bn) and Hong Kong (RMB12.5bn) were among the largest issuers. 33.4% of the gross issuance amount were IGs. By sector, financials (47.4%), sovereigns (47.1%), and LGFVs (3.2%) and were among the largest issuers.

Cumulatively, the gross issuance of Dim Sum bonds totaled RMB447.5bn in 5M26, increased 27.9% yoy. China (RMB271.2bn), US (RMB78.8bn) and Hong Kong (RMB22.4bn) were among the largest issuers. 31.3% of the gross issuance amount were IGs. By sector, financials (45.0%), sovereigns (44.5%), and LGFVs (4.4%) were among the largest issuers.

The gross issuance of Asia ex-JP, AU & NZ Dim Sum bonds totaled RMB100.6bn in May'26, representing a 729.4% yoy increase. In 5M26, the gross issuance was RMB443.4bn, a 54.2% yoy decrease.

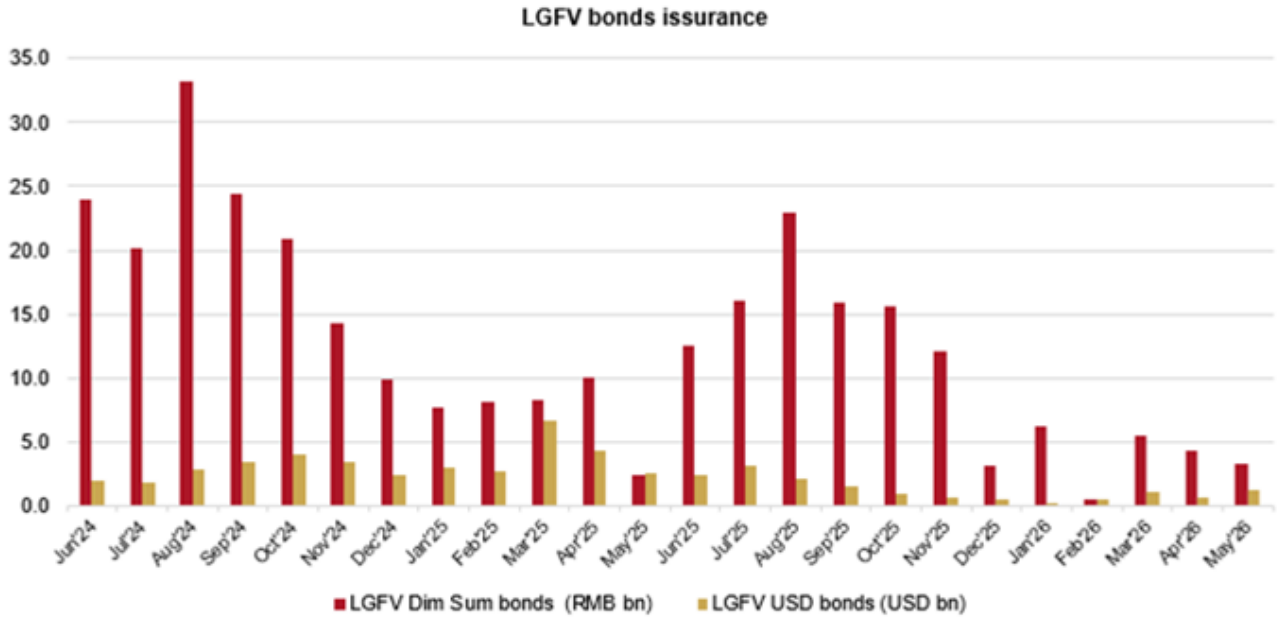


Source: Bloomberg.

Sharply lower issuance of USD and Dim Sim bonds from LGFVs

In May'26, the gross USD bonds issuance of LGFVs decreased 54.5% yoy to USD1.2bn, and Dim Sum LGFV bonds issuance increased by 31.6% yoy to RMB3.2bn. Cumulatively, the gross USD bonds issuance of LGFVs dropped by 82.1% yoy to USD3.4bn in 5M26, and Dim Sum LGFV bonds issuance decreased by 45.8% yoy to RMB19.8bn in 5M26.

The declining issuance was partly attributed rising offshore funding costs and tightening NDRC scrutiny for new issues. Additionally, the tightened regulatory environment starting from 4Q24 to limit onshore investors' allocations to LGFV Dim Sum bonds through Southbound Bond Connect is among one of the drivers for lower Dim Sum LGFV issuance.



➤ Source: Bloomberg.

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

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

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 69 credit bonds issued last Friday with an amount of RMB72bn. As for Month-to-date, 411 credit bonds were issued with a total amount of RMB439bn raised, representing a 84.4% yoy increase
- Media reported some Chinese insurers have debuted purchases of dim sum bonds through an expanded southbound investment program following regulatory approval
- **[BHP]** BHP Group could close Port Hedland due to an industrial dispute, resulting in AUD126mn (cUSD90mn) losses a day
- **[CFAMCI]** Media reported a senior executive at China CITIC Financial Asset Management has been arrested by authorities amid an anti-graft campaign
- **[DIBUH]** Dubai Islamic Bank considers USD AT1 sukuk in coming weeks

- **[FRESHK]** Far East Horizon fully converted USD250mn FRESHK 0 06/15/26 into ordinary shares
- **[HYUELE]** SK Hynix will make memory chips for Nvidia's new CPUs
- **[JD]** JD.com expects to open up to nine brick-and-mortar home and home appliance stores in Hong Kong over the next three years
- **[JFCPM]** Media reported Jollibee Foods is considering moving a potential spin-off and the listing of its international business to Hong Kong from the US
- **[LIFUNG]** S&P affirmed Li & Fung's rating at BB on New Advent acquisition; outlook remains stable
- **[NWDEVL]** NWD deferred the distribution on its USD Perps
- **[PCGIHD]** PCGI completed early redemption of all outstanding USD225mn PCGIHD 4.5 08/23/26
- **[ROADKG]** Road King opposing bondholder group believes company can offer at least 50% recovery versus 28.5%-30% proposed
- **[STCITY]** Studio City completed the early redemption of USD153.58m of outstanding STCITY 7 02/15/27 on 5 Jun'26
- **[WYNMAC]** Wynn Macau cut the conversion price of its USD600mn WYNMAC 4.5 03/07/29 (CB) due to the payment of a 2025 dividend
- **[VEDLN]** India government plans to sell up to 2% stake in Hindustan Zinc to raise up to INR50bn (cUSD522mn)

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