

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2025

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *Korean IGs such as HYUELE/HYNMTR 27-33s were unchanged to 2bps tighter this morning. BABA/TENCNT/XIAOMI 28-30s were unchanged to 2bps wider. The new RY 6.75 2085 closed unchanged from RO at par amid mixed flows.*
- **Asia ex-JP USD bonds issuance:** *Gross issuance increased 37.6% yoy in 5M25. See below.*
- **VEDLN:** *Media reported Vedanta Resources may buyback USD bonds after private credit facility refinancing and demerger; aims for IG rating. VEDLN 28-33s was up 0.3-0.5pt yesterday and were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, KR space was firm after LEE Jae-myung won the presidential election. KOLAH0 27s tightened 1bp. HYNMTR 28-32s were 1-2bps tighter. In Chinese IGs, CHGRID launched new issues of 5yr and 10yr CNH bonds. BABA/TENCNT 28-31s were unchanged to 2bps tighter. The long end of CNOOC/CNPCCH/CCAMCL/TENCNT 41-61s were 0.9-1.3pts higher (1-5bps tighter). In JP insurance hybrids, ASAMLI 6.9 Perp was up 0.1pt, SUMILF 5.875 Perp was down 0.1pt. EU AT1s were under better buying from institutional clients. HSBC 7.05/HSBC 6.95/BNP 7.375/SOGEN 8.5 Perps were up 0.1-0.4pt. In HK, NWDEVL Perps were up 0.3-0.5pt, closed 5.2-26.7pts lower from last Thu closes. NWDEVL 27-31s were down 0.2-0.9pt, closed 4.7-9.0pts lower from last Thu closes. FAEACO 12.814 Perp dropped 2.2pts, closed 5.0pts lower WTD. HYSAN 4.8 Perp was up 0.4pt. In Chinese properties, CHIOLI 27-43s were up 0.2-0.7pt. However, LNGFOR 27-32s lowered 0.4-1.3pts. VNKRL 27-29s were 0.9pt lower. FTLNHD/DALWAN 26s were down 0.4pt. Outside properties, EHICAR 26-27s/FOSUNI 26-28s were down 0.2-0.5pt. In SE Asia, VLLPM 27-29s declined 0.7-1.1pts, closed 1.2-3.1pts lower WTD. GLPSP Perps/28s dropped 0.7-1.2pts, closed 3.4-3.7pts lower WTD. Adani complex bonds were unchanged to 0.3pt higher.

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LGFVs continued to compress in yield thanks to robust demand. The higher yielding CNH LGFVs such as QHCTJS 7 28s/BNHAST 6.9 28s grinded inside 10%. There were also buying interests on USD papers such as JIMOTM 6.9 26s/JZMUNU 6.4 27s/ANQYIX 6.9 28s. In SOE perps, CHPWCN Perps were down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 5 02/08/48	87.2	1.3	FAEACO 12.814 PERP	78.0	-2.2
CNPCCH 5.95 04/28/41	107.2	1.3	LNGFOR 3.85 01/13/32	71.0	-1.3
BABA 4.4 12/06/57	79.2	1.3	LNGFOR 3.95 09/16/29	78.9	-1.2
CNOOC 5 3/4 01/26/41	105.3	1.3	VLLPM 7 1/4 07/20/27	84.1	-1.1
TENCNT 3.94 04/22/61	72.5	1.2	NWDEVL 8 5/8 02/08/28	59.2	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.01%), Dow (-0.22%) and Nasdaq (+0.32%) were mixed on Wednesday. US May'25 ADP nonfarm employment change was +37k, lower than the market expectation of +111k. US May'25 ISM non-manufacturing PMI was 49.9, lower than the market expectation of 52.0. UST yield retreated on Wednesday, 2/5/10/30 yield at 3.87%/3.93%/4.37%/4.89%.

❖ Desk Analyst Comments 分析员市场观点

➤ Asia ex-JP USD bonds issuance: Gross issuance increased 37.6% yoy in 5M25

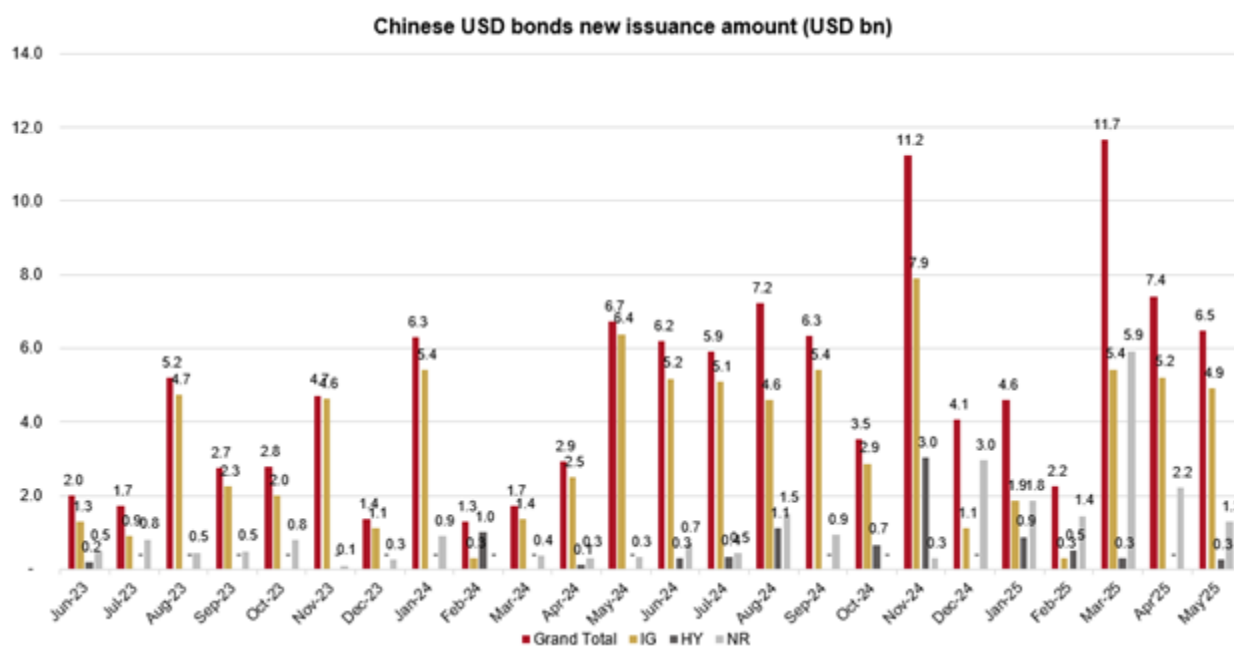
In May'25, the gross issuance of Asia ex-JP USD bonds (excl. supranational banks) increased by 13.7% yoy to USD14.3bn from USD12.6bn in May'24. China (USD6.5bn), South Korea (USD4.9bn) and Indonesia (USD1.4bn) were amongst the largest issuers. IGs contributed 81.8% of the gross issuance amount. Issuance from financials and energy totaled USD7.9bn and USD1.4bn, accounting for 55.5% and 9.8% of total gross issuance of the month, respectively. In 5M25, gross issuance of Asia ex-JP USD bonds increased 37.6% yoy to USD84.6bn. China (USD32.4bn), South Korea (USD17.9bn), Hong Kong (USD8.7bn) were the major issuers. Financial institutions issued USD bonds totaled USD34.4bn, accounting for 40.7% of the gross issuance amount.

For Chinese USD bonds, the gross issuance totaled USD6.5bn in May'25. IGs, HYs and unrated contributed 76.0%, 4.2% and 19.8% of the gross issuance amount, respectively. Issuance from financials and LGFVs totaled USD4.8bn and USD1.1bn, accounting for 74.3% and 16.9% of the gross issuance amount in May'25, respectively. In 5M25, the gross issuance of Chinese USD bonds totaled USD32.4bn, 70.8% yoy increase from USD19.0bn in 5M24. IGs, HYs, and unrated contributed 54.7%, 6.0% and 39.3% of the gross issuance amount in 5M25, respectively. Issuance from LGFVs and financials totaled USD16.2bn and USD12.6bn, accounting for 50.1% and 39.1% of gross issuance amount in 5M25, respectively.

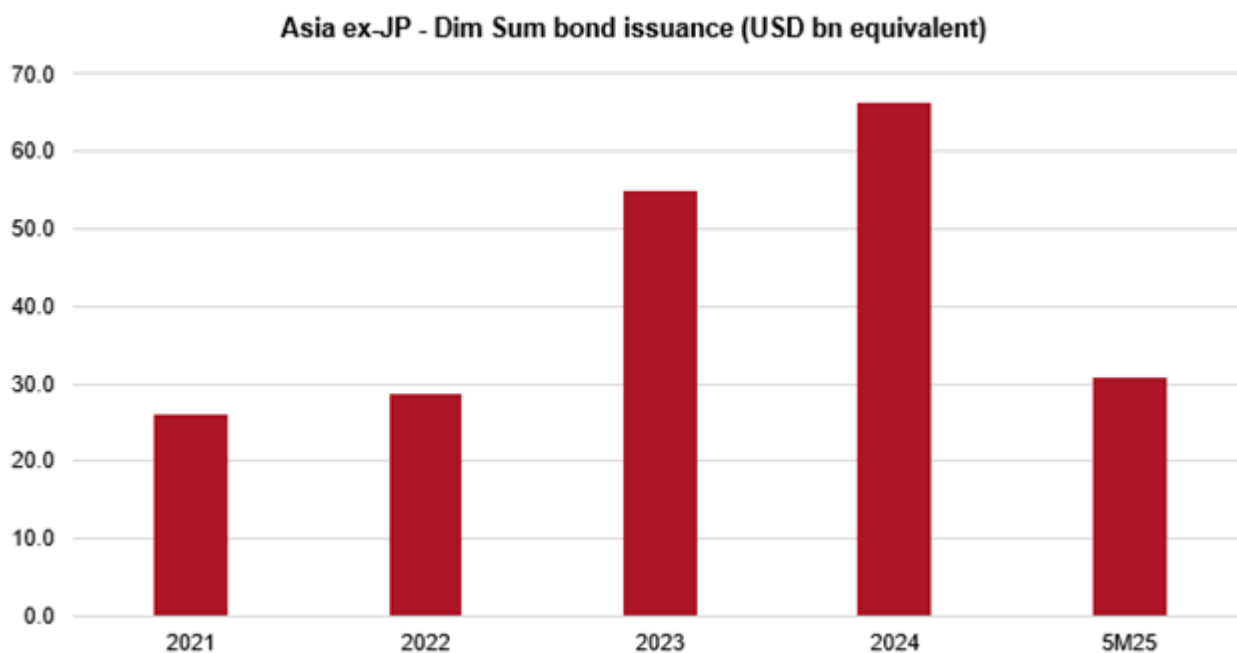
The offshore LGFV USD bonds issuance (including only issues with an issue size of at least USD100mn) was USD1.1bn in May'25, decreased by 22.7% yoy from USD1.4bn in May'24. In 5M25, the gross issuance was USD16.2bn, increased by 185.3% from USD5.7bn in 5M24.

On the other hand, the Asia ex-JP Dim Sum bonds issuance in May'25 dropped 67.0% yoy to USD1.9bn equivalent from USD5.8bn equivalent in May'24, partly due to the absence of China sovereign bond of USD2.8bn equivalent issued in May'24. In 5M25, the gross issuance was USD30.9bn equivalent, increased 8.3% yoy from USD28.6bn equivalent in 5M24.

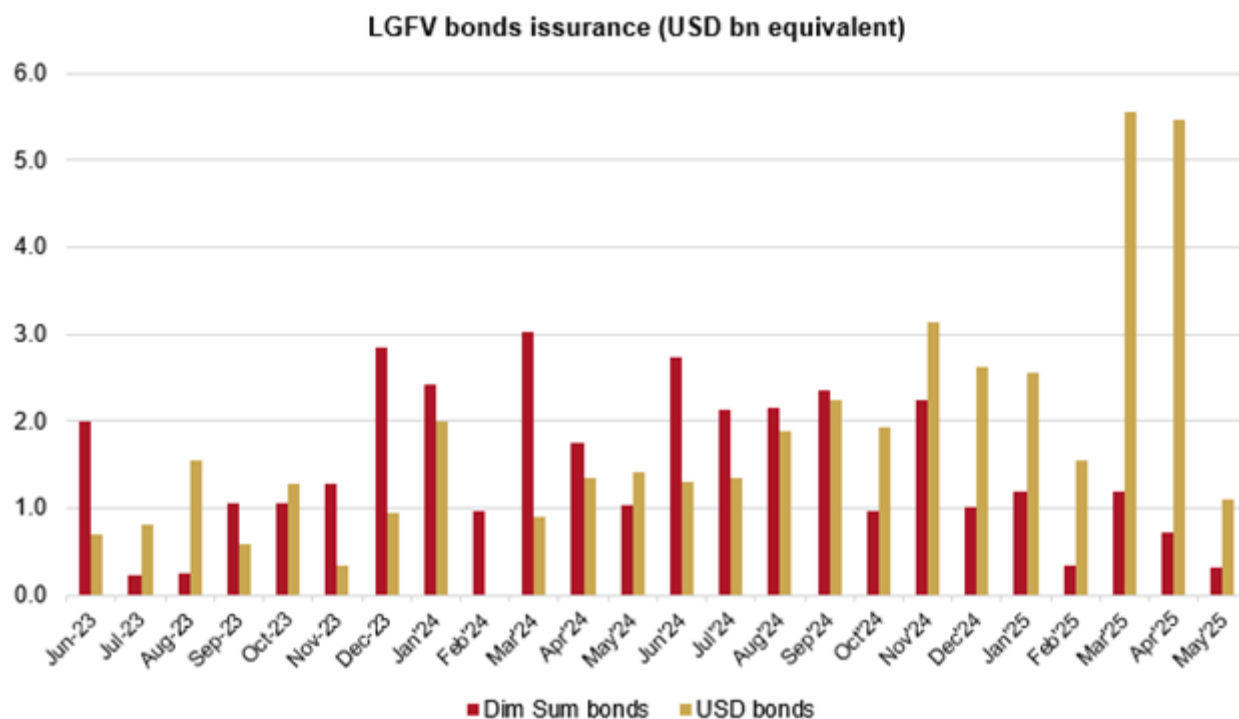
On LGFV Dim Sum issuance, the gross issuance in May'25 decreased by 68.0% yoy to USD0.3bn equivalent from USD1.0bn equivalent in May'24. In 5M25, the gross issuance was USD3.8bn equivalent, down 58.8% yoy from USD9.2bn equivalent from 5M24. We view more LGFV issued USD bond than Dim Sum bond in 5M25 is partly due to the lower cost of USD funding during 5M25. The average coupon of USD bond issued by LGFV in 5M25 was 5.9%, down from 6.3% in 5M24; while the average coupon of Dim Sum bond issued by LGFV in 5M25 was 6.2%, up from 5.7% in 5M24. The lower Dim Sum issuance was also partly due to the tightened regulatory environment for banks to invest in LGFV Dim Sum bonds through southbound bond connect starting from 4Q24.



Source: Bloomberg.



Source: Bloomberg.



Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Dujiangyan Minjiang Water Group	50	3yr	5.0%	5.0%	Unrated
Guangxi Chongzuo Urban Construction Investment and Development	27.7	3yr	6.4%	6.4%	Unrated
Macquarie Bank	750/	3yr/	4.331%/	T+50/	Aa2/A+/A+
	1000	3yr	SOFR+74	SOFR+74	

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chengdu Jianjiang Investment Group	USD	-	3yr	5.1%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 79 credit bonds issued yesterday with an amount of RMB53bn. As for Month-to-date, 132 credit bonds were issued with a total amount of RMB93bn raised, representing a 52.7% yoy decrease
- US renegotiates "generous" subsidies for chipmakers to seek better terms
- [BABA]** Alibaba partners with digital mapping firm to expand AI business with carmakers
- [DALWAN]** PAG-led consortium in talks for RMB25bn (cUSD3.5bn) loan to acquire 48 shopping malls from Dalian Wanda

- **[GARUDA]** Garuda Indonesia in talks to get USD500mn capital injection from state fund Danantara
- **[UPLIN]** Fitch revised the outlook of UPL Corp to stable from negative, affirmed BB rating
- **[SINOCH]** Italy rejects Pirelli shareholder calls to further limit Sinochem influence
- **[YUEXIU]** Fitch revised the outlook of Yuexiu Property to stable from negative, affirmed BBB- rating
- **[YXREIT]** Fitch affirmed Yuexiu REIT rating at BBB-, maintained negative outlook

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