

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!

- *Asia IG space was mixed following the potential Iran-Israel ceasefire. The new KOREAT 4.375 29/HWEUHC 4.375 28 tightened 4bps and 1bps from ROs respectively this morning. HKAA 30-35s widened 2-4bps. HYSAN 4.85/CKPH 3.5 Perps were down 0.5-0.7pt.*
- *VEDLN: Lower leverage supported by solid FY25 operating cash flow and USD1bn QIP. Maintain buy on VEDLN 10.875 09/17/29. VEDLNs were unchanged this morning. See below.*
- *HONGQI: China Hongqiao expects 1H25 net profit to jump 35% yoy on higher volume and aluminum product prices. HONGQI 28s up 0.1pt this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, in KR, KOREAT priced 3.5yr bond of USD500mn at T+72 (IPT at T+110). HWEUHC priced 3yr bond of USD400mn at T+62 (IPT at T+100). HYNMTR 27s/32s tightened 2-6bps, while LGENSO 34s widened 3bps. Chinese IGs were under better selling. BABA/TENCNT/LENOVO/MEITUA/WB/XIAOMI 31-35s were 1-3bps wider. In financials, the front end of ASBBNK/CBAAU 26-30s were unchanged to 5bps tighter despite some selling. MIZUHO 28-30s were unchanged to 1bps wider. In HK, the recent new MTRC Perps were unchanged to 0.1pt higher. NWDEVL Perps were 0.2pt lower to 0.5pt higher after moving 0.3-1.2pts higher over the last week. CPREIT 30/NDPAPE Perp were up 0.6-0.7pt. In Chinese properties, ROADKG 28-30s were 2.5-6.0pts lower after moving 1.2-11.5pts lower on last Friday after launching consent solicitation for capitalizing cash coupon through PIK. ROADKG Perps, on the other hand, were unchanged to 0.4pt higher after moving 1.0-1.1pts lower on last Friday. See our comments on Road King's consent solicitation for the five USD bonds ROADKG 28-30s yesterday. In Chinese prop, VNKRL 27-29s were up 0.3-0.7pt. CHIOLI 28-43s were 0.1pt lower to 0.4pt. Outside properties, WESCHI 26s rose 2.0pt. EHICAR 26-27s were 1.1pts lower. In SE Asia, VLLPM 27-29s were another 0.6-1.3pts lower after moving 0.5-3.4pts lower over the last week. VEDLN 28-33s were down 0.2-0.5pt.

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In SOE perps and LGFVs, SPICPE priced a NC3 Perp of USD1bn (keepwell provided by State Power of Investment Corp) at par to yield 4.795% (IPT at 5.25%). The old SPICPD/SPICPT Perps were unchanged. SHGUOH priced a 3yr bond of USD110mn at par to yield 4.6% (IPT at 5.3%). There were two way interests in CNH names such as JDZUDG 6.5 28s/ZIBOPR 5.8 28s/CDTFDG 7.3 27s and USD names such as GDSTAI 6.8 27s/ZKCONS 6.8 28s.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WESCHI 4.95 07/08/26	81.5	2.0	ROADKG 6 03/04/29	29.8	-6.0
VNKRLE 3.975 11/09/27	77.4	0.7	ROADKG 5.2 07/12/29	28.6	-4.8
NDPAPE 14 PERP	102.2	0.7	ROADKG 5 1/8 01/26/30	27.5	-3.6
CPREIT 2.95 06/15/30	83.7	0.6	ROADKG 5.9 09/05/28	30.2	-2.7
ACPM 4.85 PERP	78.4	0.5	ROADKG 6.7 03/30/28	30.7	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.96%), Dow (+0.89%) and Nasdaq (+0.94%) were higher on Monday. US Jun'25 S&P Global Manufacturing/Services PMI was 52.0/53.1, higher than the market expectation of 51.1/52.9, respectively. UST yield was lower on Monday, 2/5/10/30 yield at 3.84%/3.91%/4.34%/4.87%.

❖ Desk Analyst Comments 分析员市场观点

➤ VEDLN: Lower leverage supported by solid FY25 operating cash flow and USD1bn QIP

Vedanta Resources (VRL) recorded all-time high revenue in FY25 at USD18.2bn, 6% increase from FY24. FY25 EBITDA increased 16% yoy to USD5.5bn, second highest in VRL's record. The EBITDA margin improved to 30% in FY25 from 28% in FY24. These were driven by volume growth particularly from aluminum and zinc businesses, re-measurement of existing equity stakes in Konkola Copper Mines (KCM) following regaining control in Jul'24, partially offset by the absence of one-off arbitration gain in FY24. Please also see our comment on VRL's subsidiary [Vedanta Ltd FY25 results](#).

VRL's net debts fell by 10% to USD11bn as of Mar'25, mainly supported by stronger operating cash flow as well as the qualified institutional placement of USD1bn during FY25. The net debt/EBITDA dropped to 2.0x as of Mar'25 from 2.6x as of Mar'24. At VRL standalone level, it is facing USD800mn term debt maturities plus interest payments in FY26. The brand fee of USD400mn and cash dividend of USD800mn upstreamed from Vedanta Ltd should be adequate to cover ST debts and interest expenses. We take additional comfort from VRL's smooth access to funding channel. VRL does not have USD bonds due until Jun'28. Its refinancing pressure is well-managed over the coming 2-3 years. At 101.2, VEDLN 10.875 09/17/29 is trading at YTM of 10.4%. We maintain buy on VEDLN 10.875 09/17/29 in view of this bond's more balanced risk return profile, relatively short tenor and better trading liquidity within the VEDLN curve.

Table 1: VRL's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Issue rating (M/S/F)
VEDLN 10.25 06/03/28	US92243XAJ00	300	102.0	9.1%	-/B/B+
VEDLN 10.875 09/17/29	US92243XAH44	1,200	101.2	10.4%	-/B/-
VEDLN 9.475 07/24/30	US92243XAM39	550	96.7	10.3%	B2/B/-
VEDLN 11.25 12/03/31	US92243XAK72	500	101.7	10.7%	-/B/B+
VEDLN 9.85 04/24/33	US92243XAL55	550	95.2	10.7%	B2/B/-

Source: Bloomberg.

Table 2: VRL's FY25 financial highlights

USDmn	FY24	FY25	Change
Revenue	17,128	18,220	6%
EBITDA	4,718	5,452	16%
EBITDA margin	28%	30%	2 pct pts
Profit after tax	99	3,011	N.M.
Operating cash flow	2,484	2,683	8%
Capex	2,019	2,021	N.M.

USDmn	Mar'24	Mar'25	Change
Cash and ST investment	1,959	2,667	36%
Total debts	14,330	13,757	-4%
Net debts	12,371	11,090	-10%
Net debt/EBITDA	2.6x	2.0x	-

Source: Company filing, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Arab Petroleum Investment Corp	600	3yr	3.985%	SOFR MS+50	Aa2/-/AA+
Shandong Guohui Investment Holding	110	3yr	4.6%	4.6%	-/-/A-
Hanwha Energy	400	3yr	4.375%	T+62	-/AA/-
KT Corporation	500	3.5yr	4.375%	T+72	-/A-/A
State power Investment Corp	1000	PerpNC3	4.795%	4.795%	A3/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Development Bank	USD	-	3yr 2yr/	SOFR+75 T+65/	A1/-/-
Toyota Motor Corp	USD	-	5yr/ 10yr	T+90/ T+105	A1/A+/-
Westpac Banking Corporation	USD	-	5yr/ 5yr	T+70-75/ SOFR Equiv	Aa2/AA/-/-
Zhengzhou Urban Construction Investment Group	USD	-	3yr	5.45%	-/-/BBB+

➤ **News and market color**

- Regarding onshore primary issuances, there were 130 credit bonds issued yesterday with an amount of RMB91bn. As for month-to-date, 1,654 credit bonds were issued with a total amount of RMB1,594bn raised, representing a 19.1% yoy increase
- Media reported China tells state-controlled developers to avoid defaulting on public debt
- **[ADANEM]** Adani Electricity Mumbai repurchased and cancelled USD49.5mn ADANEM 3.949 02/12/30 in the open market, outstanding amount is reduced to USD830.5mn
- **[BABA]** Alibaba folds food delivery, online travel units into core e-commerce business
- **[LASUDE]** Media reported Lai Sun Development is seeking to refinance a loan due in Oct'25 and is currently facing additional scrutiny from banks
- **[SKM]** SK Telecom will resume signing up new customers following a two-month suspension caused by a massive data breach

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