

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- *This morning, Asia IG space tightened 1-3bps. The new ALVGR 6.55 PERP was up 0.3pt. NOMURA AT1s and DAIL/NIPLIF long-end bonds rose 0.3-0.5pt. CCAMCL 5 02/08/48 and CHGNDNU 48 were down 1.6-1.9pts.*
- **VNKRL**: *Weak 1H25 results as expected but financial support from SZ Metro continues. 1H25 net losses were in line with profit warning. VNKRL 27 was 0.2pt higher this morning. See below.*
- **NWDEVL**: *NWD defers the coupon payment on NWDEVL 6.25 Perp of USD40.6mn due on 7 Sep'25 as expected. NWDEVL 4.5 05/19/30 up 1.1pt this morning while the rest of NWDEVLs were unchanged.*

❖ Trading desk comments 交易台市場观点

Last Friday, the new SWIPRO 4 5/8 08/28/32 tightened 9bps to CT10+30 from CT10+40. AACTEC 2 3/8 06/02/26 and AACTEC 3 ¾ 06/02/31 widened 6-7bps. See our comments [last Friday](#). WYNMAC 27-34s were 0.1-0.4pt higher, while WYNMAC 5.5 01/15/26 was unchanged. Wynn Macau will redeem USD1bn WYNMAC 5.5 01/15/26 on 2 Sep'25 in full at par. In HK, LASUDE 26 and NWDEVL 4.5 05/19/30 fell by 0.9pt. NWDEVL 6 ¼ PERP was 0.1pt lower. As expected, NWD deferred coupon payment of USD1.3bn NWDEVL 6 ¼ PERP due on 7 Sep'25. LIHHK 26/REGH 6.5 PERP were down 0.5-0.6pt. TW lifers SHIKON 35/NSINTW 34/CATLIF 39 widened 1bp. China leasing and securities houses' 2-3yr tenor, front-end papers tightened 1-2bps. CCAMCL 5 02/08/48 rose 2.2pts. YLLGSP 26 was 0.2pt higher, and VNKRL 27-29s were up 0.1-0.3pt. See comments below. Greater China high-beta credits were largely stable. Away from China, Japanese and Yankee AT1s and insurance hybrids leaked by another 0.1-0.3pt amid muted flows beyond PB. SOFTBK 31-35s were unchanged to 0.1pt higher. NSANY 27-35s were up 0.1-0.4pt. Media report that KKR offered to buy Nissan headquarters for cUSD610.6mn. SKM 27 was unchanged, though South Korea ordered SK Telecom to waive cancellation fees for non-mobile services after a data breach. In SEA, MEDCIJ 26-30s were 0.1pt lower to 0.2pt higher. Medco Energy intended to increase investments in Thai oil field after regulators approved a 10-year permit extension until Oct'35. VLLPM 27-29s rebounded 0.5-0.7pt, after the decline with headline that Philippine SEC denied Vista Land sister company's request of deferred publication of financial statements. PTTEPT 42 was up 1.2pts. VEDLNs 28-33s were unchanged to 0.2pt lower. The Indian Central government has raised objections to the proposed demerger plan by Vedanta Ltd. LGFVs remained sluggish. SDEXPRs were 0.1pt lower to 0.1pt higher. Shandong Hi-Speed Holdings Group anticipates a nearly sixfold jump in 1H25 profit led by a significant rise in fair value on financial assets.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 5 02/08/48	89.6	2.2	LASUDE 5 07/28/26	54.9	-0.9
PTTEPT 6.35 06/12/42	107.2	1.2	NWDEVL 4 1/2 05/19/30	56.2	-0.9
GWFOOD 3.258 10/29/30	88.1	1.1	LIHHK 4.8 06/18/26	90.8	-0.6
SINOCH 6.3 11/12/40	113.7	1.1	REGH 6 1/2 PERP	20.4	-0.5
RIOLN 5.2 11/02/40	99.1	1.1	GLPSP 4 1/2 PERP	57.3	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.52%), Dow (+1.89%) and Nasdaq (+1.88%) were higher on last Friday. Powell signaled a possible rate cut in Sep'25 at Jackson Hole, saying that risks to the job market were rising but also noting inflation remained a threat. UST yield was lower on last Friday, 2/5/10/30 yield at 3.68%/3.76%/4.26%/4.88%.

❖ Desk Analyst Comments 分析员市场观点

➤ VNKRLE: Weak 1H25 results as expected but financial support from SZ Metro continues

China Vanke (Vanke)'s weak 1H25 results reflect the slow recovery of the Chinese property sector, especially outside T1 cities. Vanke recorded a loss attributable to the shareholders of RMB11.9bn in 1H25, representing a 21.3% yoy deterioration from the loss in 1H24 and at the upper end of the profit warning issued in Jul'25 of RMB10-12bn. 1H25 revenue declined 26.2% yoy to RMB105.3bn, mainly due to the significantly lower in real estate project deliveries. The gross profit margin remained low at 5.1% in 1H25, down from 6.8% in 1H24, reflecting persistent pricing pressure and weak demand.

In 1H25, Vanke recognized inventory impairment charges of RMB5.1bn, up from RMB1.9bn in 1H24 as property market values declined. Vanke also completed bulk sales of 13 assets, including offices, commercial, apartments and education segments, for a total contract value of RMB6.4bn, which was below their book values. Contract sales for 1H25 fell 45.7% yoy to RMB69.1bn from RMB127.3bn in 1H24. As of Jun'25, Vanke had RMB117.1bn completed properties for sales and RMB256.7bn unfinished projects.

As of Jun'25, Vanke's cash and cash equivalent was RMB69.3bn, down from RMB84.0bn in Dec'24. Total debts declined to RMB367.9bn from RMB381.9bn over the same period. Moreover, we expect Vanke to refinance its RMB157.9bn ST debts (incl. RMB28.0bn onshore bonds) through bank refinancing as well as the continued support from SZ Metro. As per Vanke, it has obtained new financing and refinancing totaled RMB24.9bn (excluding shareholder's loans) in 1H25. In our view, near-term refinancing risk has been mitigated by the financial support from SZ Metro, which has provided shareholder's loans totaled RMB24.4bn YTD at an interest rate of 2.34%. As of 22 Aug'25, Vanke has repaid public debts totaled RMB24.4bn YTD. There is also no offshore public bonds due before 2027.

We have buy recommendations on VNKRLEs, in view of Vanke's more manageable offshore debt maturities and strong financial support from the SZ Metro, as evidenced by the provision of unsecured loans, continues to support its credit profile. We consider Vanke a survivor of the sector and VNKRLEs offer good carry. Offered 82.5 and 74.5, VNKRLE 3.975 11/09/27 and VNKRLE 3 1/2 11/12/29 are trading at YTM of 13.4% and 11.3%, respectively. YTD, VNKRLEs rose 26.5-31.5pts.

Table 1: Bond profiles of VNKRLE

Security name	O/s Amt (USD mn)	Maturity	Coupon	Offer price	YTM
VNKRLE 3.975 11/09/27	1,000	11/9/2027	3.975%	82.5	13.4%
VNKRLE 3 1/2 11/12/29	300	11/12/2029	3.500%	74.5	11.3%

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 141 credit bonds issued last Friday with an amount of RMB110bn. As for month-to-date, 1,697 credit bonds were issued with a total amount of RMB1,476bn raised, representing a 1.3% yoy decrease
- China unveils new regulations for internet platform pricing
- **[ASAMI]** Asahi Mutual Life Insurance increased its holdings in Japanese bonds by reallocating some of its foreign bonds amid attractive Japanese interest rates
- **[COGARD]** Country Garden expects 1H25 loss widen to RMB18.5-21.5bn (cUSD2.6-3bn) from RMB15.1bn (cUSD2.1bn) in 1H24 amid lower property sales and higher asset impairments
- **[GRNCH]** Greentown China 1H25 revenue drops 23% yoy to RMB53.4bn (cUSD7.5bn)
- **[KAISAG]** Kaisa Group enters strategic cooperation agreement with CITIC for Jiayuan Project in Shenzhen
- **[LASUDE]** PJT Partners appointed to advise holders of LAUDE 5 07/28/26 of USD500mn
- **[MEDCIJ]** Medco Energi intends to increase investments at the Bualuang oil field in Thailand after regulators approved a 10-year permit extension until Oct'35
- **[MQGAU]** Macquarie Group's infrastructure asset management unit raised USD405mn from a group of global funds for its India EV financing platform
- **[MUTHIN]** Fitch upgraded Muthoot Finance to BB+ from BB; outlook stable
- **[NWDEVL]** NWD defers the coupon payment on USD1.3bn NWDEVL 6.25 Perp due on 7 Sep'25; K11 Art Mall maintains 100% overall occupancy rate

- **[PERTIJ]** Pertamina is considering a merger between energy services arm Elnusa and Pertamina Drilling Services Indonesia (PDSI) for a better synergy in upstream operations; Perusahaan Gas Negara (PGN) piped gas distribution to customers in West Java is normalizing
- **[SUMIBK/YESIN]** SMBC gets RBI nod to acquire up to 24.99% stake in Yes Bank valid for one year from the approval. The acquisition SMBC would not be treated as a promoter (principal shareholder) of the bank
- **[TYANLI]** Tongyang Life to sell nationwide offices following acquisition by Woori Financial. Nine properties, including its Seoul headquarters, as well as main branch offices and training centers are up for sale
- **[VEDLN]** India's Ministry of Petroleum and Natural Gas has raised objections to Vedanta Ltd's demerger plan, alleging the company offers national oil assets as collateral for foreign currency loans. NCLT adjourned the hearing on the demerger to 17 Sep'25
- **[VEYONG/XINAOG]** ENN Natural Gas completes NDRC filings for privatization of ENN Energy
- **[VNKRLE]** China Vanke 1H25 revenue falls 26.2% yoy to RMB105.3bn (cUSD14.7bn)

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