CMBI Credit Commentary

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

- *Asia IG and HY were quiet this morning with light flows. The new HWQCUS '29s tightened 10bps from RO at T+70bps. Chinese semi-SOE property names CPDEV/ZHHFGR were under better selling. GENTMK Perps/RAKUTN 8.125 Perp down 0.2-0.3pt. EHICAR '29/FAEACO Perp/NWDEVL 4.8 Perp was 0.3-0.4pt lower.*

- ***SOCGEN:*** *The new SOCGEN 8 Perp should trade around to modestly inside SOCGEN 7.125 Perp. The new SOCGEN 8 Perp was unchanged from RO at par this morning. See below.*

- ***SOFTBK****: Media reported SoftBank drew over USD20bn early interests for jumbo high-yield bond sale. SOFTBKs were unchanged this morning.*

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❖ **Trading desk comments 交易台市场观点**

Yesterday, the new KOROIL priced wide to the curve but failed to tighten post-pricing, with the 3yr/5yr fixed-rate tranches holding at RO and the '29 FRN widened by 2bps. Front-end rates volatility drove active cross-trading between yield buyers and spread sellers in '28-'29 paper, including SKONKR/LOTCOR/MOMPER/HYUELE, and traded within +/- 2bps range. The POSCO family curves tightened by 2-4bps across 5-10yr PKX/POHANG/POINTL. KR securities DAESEC/NHSECS/HYUSEC were 1-2bps tighter. The new NSINTW '42 struggled to gain traction post-launch after pricing at +190bps, and traded around RO throughout the day and weighed on the outstanding curve. NSINTW '41 widened by 3bps. Other TW lifer T2s were 1-3bps wider. China IG traded firmer with spreads unchanged to 2bps tighter. The move was led by better buying in the MEITUA belly, while LENOVO/KUAISH were under better selling. In Southeast Asia, we saw solid PB demand for KBANK '36 and tightened by 2bps.

Markets opened modestly firmer in higher-yielding space, carrying forward the positive tone from the overnight session, but the move faded into London as selling re-emerged across European AT1s. The weakness was driven in part by SOCGEN's new USD issue pricing, alongside softer performance in recent EUR new issues. We saw a brief wave of knee-jerk short covering in long-end, on-the-run Japanese insurance subs and AT1s, while small selling in other sectors into the rates rally. SOFTBKs rebounded 0.1-0.3pt. CNH credit was broadly stable to marginally firmer, supported by cross-border demand, particularly for SOE and corporate names. The new RLCONS '36 edged 0.1-0.2pt higher, while recent CHGRID new issue also attracted interest. CNH TMT names attempted to move higher but faded amid limited onshore buying. CNH LGFVs were broadly stable as investors gradually moved to the sidelines ahead of the Mid-Autumn Festival and National Day holidays onshore. In contrast, USD LGFVs continued to face selling pressure in issues yielding no more than the high-5% range, equivalent to spreads inside c100bps.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
EHICAR 12 09/26/27	**41.3**	**1.5**
EHICAR 10 10/14/29	**40.3**	**1.2**
PERTIJ 6 1/2 11/07/48	**97.6**	**0.5**
SOFTBK 8 1/2 04/22/36	**97.6**	**0.4**
CFAMCI 5 1/2 04/27/47	**94.4**	**0.4**

Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	**66.4**	**-1.0**
VLLPM 7 1/4 07/20/27	**85.7**	**-0.9**
ELDIKB 8 1/2 04/23/31	**98.9**	**-0.8**
ANGSJ 6 1/2 04/15/40	**102.3**	**-0.7**
SOCGEN 7 1/8 PERP	**96.0**	**-0.4**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.00%), Dow (-0.36%) and Nasdaq (+0.45%) were mixed on Tuesday. 2yr UST yield retreated yesterday. 2/5/10/30 year UST yield was at 4.71%/4.83%/4.96%/5.29%.

❖ Desk Analyst Comments 分析员市场观点

➢ SOCGEN: The new SOCGEN 8 Perp should trade around to modestly inside SOCGEN 7.125 Perp

Societe Generale (SOCGEN) priced a USD1.5bn 144A/Reg S USD AT1 bonds (Ba2/BB/BB+) at 8.0%, tightened from IPT at 8.25%. The new SOCGEN 8 Perp is first callable at par on 29 Mar'33 and, if not called, will reset on 29 Sep'33 to 5yrUST+3.102%. On a RV basis, we expect the new SOCGEN 8 Perp to trade around to modestly inside SOCGEN 7.125 Perp. The new bonds have a shorter first-call profile, while the reset spread is also slightly higher at 310.2bps than the 294.6bps for SOCGEN 7.125 Perp. These should support a tighter valuation for the new bonds.

Within European AT1, we continue to favor UK and EU G-SIBs issuers with resilient capital generation and comfortable buffers to regulatory requirements. We prefer banks with good track records in coupon payments as scheduled and calling their AT1s on the first call dates. The UK and EU resolution frameworks are relatively supportive, which CET1 is generally expected to absorb losses ahead of AT1 when write-down or conversion power is exercised. We also prefer AT1s with lower cash prices. Hence, we maintain buy on BACR 4.375 Perp and INTNED 3.875 Perp. Both issuers maintain solid capital buffers above the regulatory requirements, and have a track record of calling their AT1 on the first call date. These two bonds also offer a pickup over selected HSBC AT1 peers with broadly similar ratings and first-call profiles.

Table 1: SOCGEN selected o/s USD Perps and peers

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTC	Mod dur	First call date	Coupon reset date	Coupon reset	Issue rating (M/S/F)
SOCGEN 8 PERP	US83367TBW80	1,500	100.0	8.0%	5.0	3/29/2033	9/29/2033	5yrUST+3.102%	Ba2/BB/BB+
SOCGEN 8.5 PERP	US83370RAD08	1,000	106.3	7.4%	5.4	3/25/2034	9/25/2034	5yrUST+4.153%	Ba2/BB/BB+
SOCGEN 7.125 PERP	US83370RAF55	1,000	96.0	7.8%	6.3	7/15/2035	1/15/2036	5yrUST+2.946%	Ba2/BB/BB+
BACR 4.375 Perp	US06738EBT10	1,500	97.0	6.5%	1.4	3/15/2028	9/15/2028	5yrUST+3.410%	Ba1/BB+/BBB-
INTNED 3.875 Perp	US456837AY94	1,000	98.1	6.9%	0.6	5/16/2027	11/16/2027	5yrUST+2.862%	Ba1/-/BBB

Source: Bloomberg.

Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hana Securities	300	30NC5	6.5%	6.5%	-/BBB/-
Hanwha Q Cells Americas	300	3yr	5.5%	T+70	Aa3/-/-
Pacific Universal Investments	325	5NC2	7.7%	7.7%	-/BB+/BB

Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Bank of Communications Hong Kong Branch	USD	-	3yr	SOFR+95	A2/-/-
	USD	-	5yr	SOFR+100	
National Bank for Financing Infrastructure and Development	USD	-	10yr	T+130	-/BBB/BBB-
SoftBank Group	USD	1000	3.5yr	8.75-8.875%	-/BB+/BB+
	USD	4500	5.5yr	9.375-9.5%	
	USD	4500	7.5yr	9.75-9.875%	

News and market color

- Regarding onshore primary issuances, there were 166 credit bonds issued yesterday with an amount of RMB174bn. As for month-to-date, 1,664 credit bonds were issued with a total amount of RMB1,714bn raised, representing a 11.8% yoy increase

- Over half the 36 luxury hotels at Macau casino resorts flag they are full for at least 5 nights of Oct'26 Golden Week

- **[FOSUNI]** Fosun aims to upsize loan in syndication to USD800mn-equivalent from USD520.9mn-equivalent ; seeks loan for Clear Water Bay project

- **[NWDEVL/VDNWDL]** UOL Group said no certainty over potential Hong Kong hotel deal

- **[VNKRLE]** Media reported Chinese banking regulators told banks not to label Vanke overdue loans as non-performing

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