CMBI Credit Commentary

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

- *Asia IG opened 2-5bps tighter this morning in a firmer tone following the 25bps rate hike, before retracing to 1-3bps tighter by noon. We saw short covering in Chinese TMTs BABA/TENCNT/KUAISH/MEITUA, as well as long-end Japanese subs. FRNs also traded firmly. In contrast, front-end papers remained weaker.*

- ***Gross USD bond issuance:** Asia Pacific gross USD bond issuance decreased by 2.7% yoy in 8M26. See below.*

- ***CCAMCL:** China Cinda will redeem USD1.7bn CCAMCL 4.4 Perp in full on 3 Nov'26, the first call date. CCAMCLs were unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the market remained focused on whether the Fed will deliver a 25bps hike, opt for a larger 50bps move, or surprise with a pause. Against that backdrop, Asia IG spreads tightened 1-2bps, with investors continuing to add duration ahead of FOMC meeting. We saw better buying in longer-dated names BABA '35/TENCNT '36s/'46s/KUAISH '36/MEITUA '35/FUBON '35/SHIKON '35. We saw balanced two-way flows in front-end T2s SHCMBK '33/BNKEA '34/DAHSIN '31/OCBCSP '32s/'34s, as yield-seeking demand met duration-extension activity. FRNs traded in broadly balanced two-way flows.

In higher-yielding space, the new SONYLF '56 initially opened 0.2-0.3pt lower, then ground 0.2-0.3pt higher at one stage before London selling pushed it back to close around par. European AT1s recovered 0.2-0.3pt, with Japanese AT1s also firmer to a lesser extent, ahead of FOMC meeting. The move was supported by short covering and tactical buying from HF and PB accounts. Insurance subs remained somewhat soft. Elsewhere, we saw AM selling Greater China high-beta and USD LGFV paper, which had been relatively resilient through the broader macro sell-off, as accounts raised cash. HK names NWDEVL/VDNWDL complex down 0.3-2.8pts. CNH LGFVs, however, remained broadly stable amid mixed two-way flows. Onshore AAA-guaranteed paper stayed well bid, while modestly better selling in lower-quality names further down the credit curve from tactical accounts taking profit.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
ARAMCO 6 3/8 06/02/55	**94.6**	**0.9**
HSBC 7 PERP	**99.2**	**0.8**
ARAMCO 3 1/4 11/24/50	**59.6**	**0.8**
ARAMCO 5 7/8 07/17/64	**86.5**	**0.8**
LLOYDS 6 5/8 PERP	**96.6**	**0.7**

Top Underperformers	Price	Change
NWDEVL 6 1/4 PERP	**58.0**	**-2.8**
NWDEVL 4 1/8 07/18/29	**80.5**	**-2.7**
NWDEVL 12.179 PERP	**94.5**	**-2.1**
NWDEVL 10.131 PERP	**98.3**	**-1.8**
NWDEVL 4.8 PERP	**51.2**	**-1.7**

❖ Marco News Recap 宏观新闻回顾

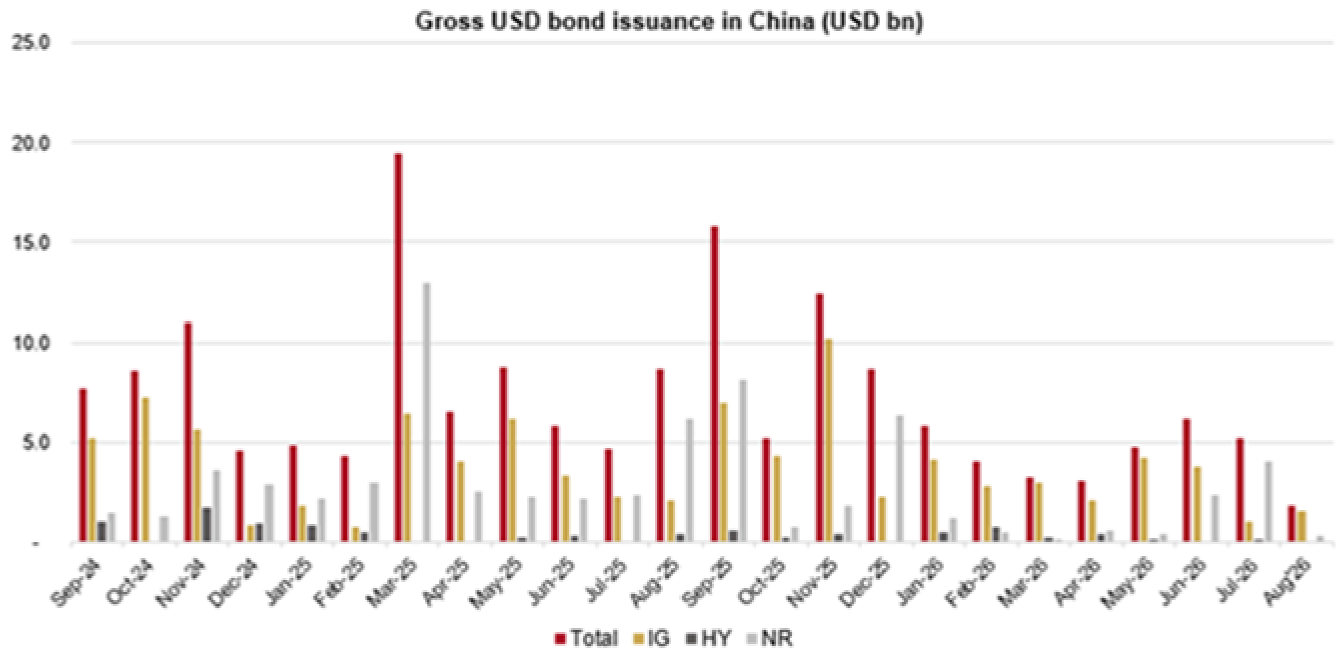
Macro – S&P (-0.45%), Dow (-1.21%) and Nasdaq (-0.01%) were lower on Wednesday. US Fed raised rates by 25bps to 3.75-4.0%, its first hike since Jul'23. US latest Crude Oil Inventories fell by 0.64mn barrels to 423.4mn barrels, compared with the market expectation of a decrease of 1.60mn barrels. 2/5/10 year UST yield rallied higher yesterday. 2/5/10/30 year UST yield was at 4.74%/4.86%/5.01%/5.35%.

❖ Desk Analyst Comments 分析员市场观点

➢ Gross USD bond issuance: Asia Pacific gross USD bond issuance decreased by 2.7% yoy in 8M26

Gross USD bond issuance in Asia Pacific increased 7.3% yoy in Aug'26; decreased 2.7% yoy in 8M26
In Aug'26, gross USD bond issuance in Asia Pacific increased 7.3% yoy to USD23.0bn. India(USD8.6bn), Japan (USD8.1bn), and Australia (USD2.1bn) were among the largest issuers, with IG bonds accounting for 90.2% of the total amount. By sector, financials (72.8%), consumer discretionary (6.0%) and government entities (5.7%) led the issuance. Cumulatively, gross USD bond issuance in the region decreased 2.7% yoy to USD260.1bn in 8M26. Japan (USD84.4bn), South Korea (USD37.2bn), and Australia (USD37.0bn) were the top issuers, with IG bonds accounting for 85.9% of the total amount. Financials (55.6%), government entities (15.3%) and communications (6.6%) were the largest issuing sector.

Gross USD bond issuance in China dropped 78.5% yoy in Aug'26 and 45.8% yoy in 8M26
In Aug'26, gross USD bond issuance in China dropped 78.5% yoy to USD1.9bn. IGs and unrated bonds contributed 83.1% and 16.9% of the gross issuance amount, respectively. Cumulatively, gross USD bond issuance decreased 45.8% yoy to USD34.3bn in 8M26. IGs, HYs, and unrated bonds contributed 71.6%, 3.9% and 24.5% of the total amount, respectively. Financials (46.8%), LGFVs (16.8%), and communications (16.3%) were among the largest issuing sectors.



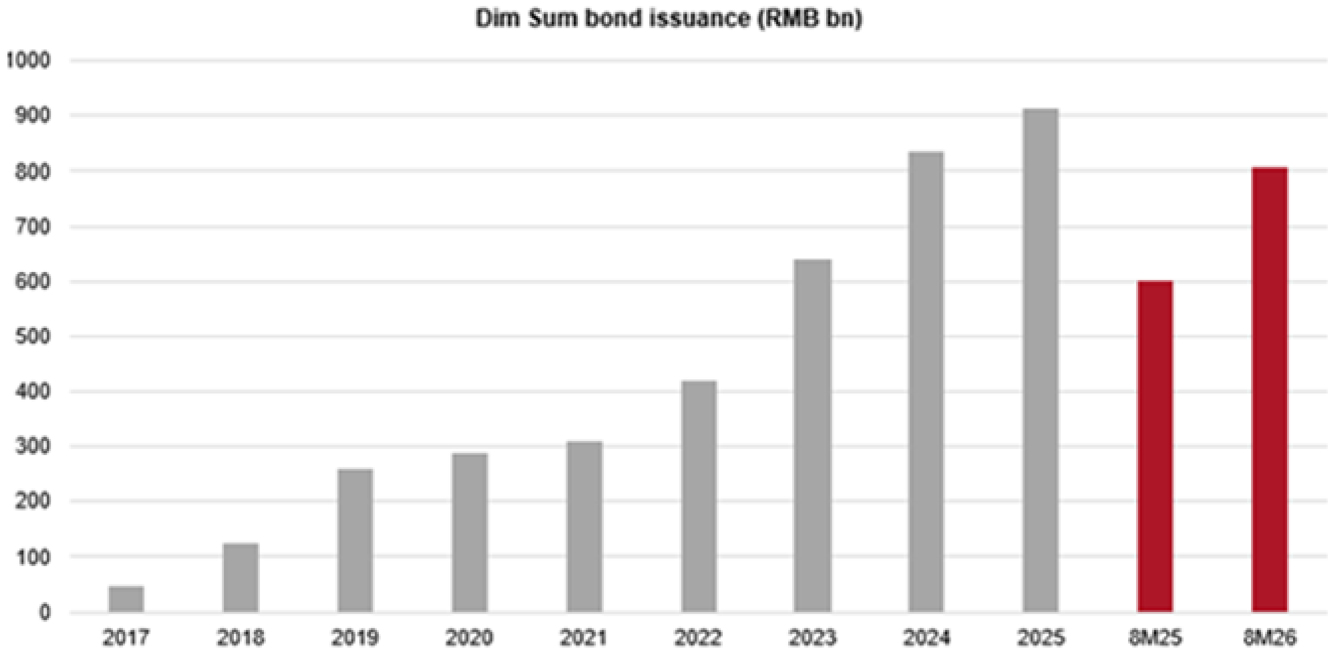
Source: Bloomberg.

Gross USD bond issuance in the Middle East fell 47.8% yoy in Aug'26; rose 23.3% yoy in 8M26

In Aug'26, gross USD bond issuance in the Middle East fell 47.8% yoy to USD4.5bn, from Turkey (USD4.0bn) and Jordan (USD0.5bn). All issuances were unrated bonds, split between government entities (89.6%) and financials (10.4%). Cumulatively, gross USD bond issuance in the Middle East increased by 23.3% yoy to USD136.6bn in 8M26. Saudi Arabia (USD40.9bn), Turkey (USD31.2bn) and the UAE (USD22.5bn) and were among the top issuers. IGs, HYs, and unrated bonds contributed 67.8%, 19.4% and 12.8% of the gross issuance, respectively. By sector, government entities (45.6%), financials (32.8%), and energy (11.2%) were among the largest issuing sectors.

Dim Sum bond issuance increased 35.7% yoy in Aug'26 and 34.6% yoy in 8M26

Gross issuance of Dim Sum bonds increased 35.7% yoy to RMB134.1bn in Aug'26. China (RMB90.0bn), the US (RMB23.7bn), and the UK (RMB5.8bn) were among the largest issuers, with IGs represented 41.2% of the total amount. By sector, financials (39.6%) and sovereigns (30.4%) were the largest issuing sectors. Cumulatively, gross issuance of Dim Sum bonds increased 34.6% yoy to RMB808.6bn in 8M26. China (RMB495.7bn), the US (RMB150.5bn), and Hong Kong (RMB38.8bn) were the top issuers, with IGs accounted for 34.4% of the total amount. By sector, financials (43.3%), sovereigns (40.8%), and LGFVs (3.6%) were among the largest issuing sectors.

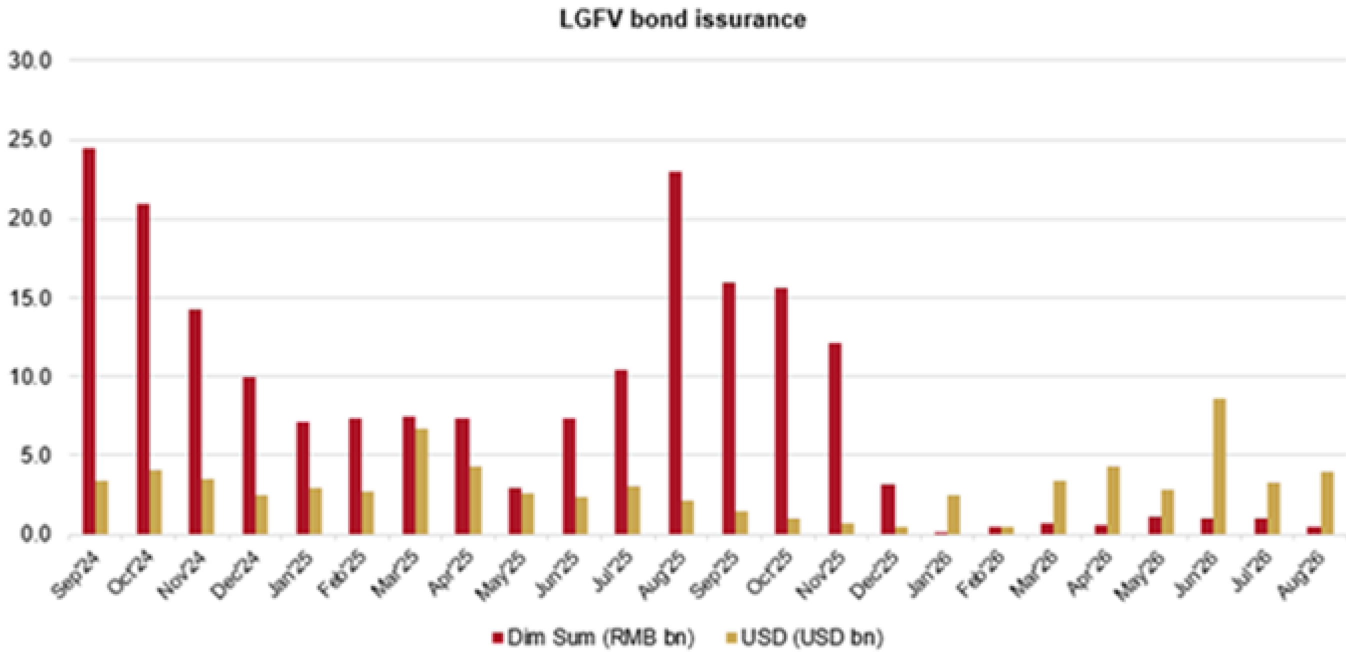


Source: Bloomberg.

Declining USD and Dim Sum bond issuance from LGFVs

In Aug'26, gross USD bond issuance by LGFVs dropped 75.9% yoy to USD0.5bn, while the Dim Sum bond issuance decreased 82.7% yoy to RMB4.0bn. Cumulatively, gross USD bond issuance by LGFVs fell 78.6% yoy to USD5.8bn in 8M26, and Dim Sum bond issuance decreased 66.5% yoy to RMB29.5bn.

We expect offshore LGFV issuance continue to decline, driven by lower onshore funding costs and tighter NDRC scrutiny for new issues. According to Wind, the average coupon of onshore LGFV bonds issued in Aug'26 is c2.0%, down from c2.1% in Jul'26 and lower than the average coupon of c4.6% for offshore USD LGFV bond issued in Aug'26. Additionally, the tightened regulatory environment since 4Q24, which limits 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	IPT/IPG	Issue Rating (M/S/F)
Bank of Maharashtra/Gift City	USD	-	5yr	T+155	-/BBB/BBB-

- **News and market color**

- Regarding onshore primary issuances, there were 118 credit bonds issued yesterday with an amount of RMB146bn. As for month-to-date, 1,100 credit bonds were issued with a total amount of RMB1,157bn raised, representing a 21.8% yoy increase

- Vietnam mulls first sovereign USD bond issuance in more than a decade

- **[EHICAR]** eHi may to fully redeem USD97.06m EHICAR 7 09/21/26 at maturity

- **[FTLNHD/FUTLAN]** Seazen proposes to raise up to RMB400mn onshore bonds for 23Xincheng01 bond redemption

- **[HNMNWP]** Energy Absolute’s Hanuman Wind Power may re-emerge with USD bond deal after previous failed attempts

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