

CMBI Credit Commentary

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

- *This morning, there were two-way flows on the new dim sum ZHHFGR 28 and JDZHSI 28 around their reoffered price. We saw profit-taking on 10yr Asia IG names. JP floaters widened 1-2bps and TW lifers FUBON/NSINTW/CATLIF/SHIKON widened 5bps.*
- **FAEACO:** *Maintain buy on FAEACO 12.814 Perp, which rose c20pts last week and up 0.2pt this morning. See below.*
- **VNKRL:** *Vanke replaced Xin Jie with Huang Liping as chairman. The impact to Vanke should be contained as the new chairman is also a member of senior management from SZ Metro. VNKRL 29 was 0.2pt higher this morning.*

❖ **Trading desk comments 交易台市場观点**

Last Friday was a weaker session against a risk-off macro backdrop. MEITUA curve was 1-2bps wider even though there was onshore buying. TW lifers FUBON 35/NSINTW 34-41s widened 1-2bps. EHICAR 26-27s retraced 1.5pts. FAEACO 12.814 Perp/MTRC perps lowered 0.2pt. See our comments on FAEACO below. NWDEVLs decreased by 0.1-1.1pts. In Chinese properties, VNKRL 27-29s were 0.2-0.3pt higher. In Korea space, DAESEC 28s and HYUELE/HYNMTR/LGENSO curves widened 1-3bps amid better-selling from AMs. In Japan space, we saw two-way flows on FRN papers from Chinese accounts. NORBK 30-35s widened 5-10bps in the morning against the headlines that a JV between Norinchukin Bank and Mitsui & Co. faced USD1.75bn of exposure to bankrupt First Brands, while NORBK 30-35s recovered and closed only 5bps wider with Chinese AMs buying in the afternoon. Japanese long-end insurance hybrids were 0.1-0.3pt lower. There was support for other insurance hybrids names like ALVGR and closed unchanged. Yankee AT1s UBS/BNP/ACAFP/HSBC/STANLN were down by 0.3-0.5pt. We saw better-selling from Asian RMs/AMs and mixed flows from PBs in both Yankee AT1s and insurance hybrids. In Southeast Asia, OCBCSP 35 widened 2bps. PBs were buying BBLTB, but its sub curve closed 1-3bps wider. SMCGL Perps were unchanged to 0.1pt higher. In Australia space, PBs sold bank FRNs. In LGFV space, we saw RMs buying onshore-AAA-guaranteed papers, and tactical investors buying names down the credit curve.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 4 3/4 12/04/37	95.4	1.9	AARB 9 7/8 PERP	107.2	-1.8
JD 4 1/8 01/14/50	84.7	1.8	EHICAR 12 09/26/27	67.2	-1.5
CHIOLI 6 3/8 10/29/43	108.2	1.6	EHICAR 7 09/21/26	79.4	-1.5
TENCNT 3.94 04/22/61	81.8	1.6	NSANY 8 1/8 07/17/35	105.2	-1.5
BABA 5 5/8 11/26/54	106.2	1.5	SOFTBK 7 1/2 07/10/35	104.6	-1.2

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-2.71%), Dow (-1.90%) and Nasdaq (-3.56%) were lower on last Friday. Trump said he would impose an additional 100% tariff on imports from China, as well as export controls on critical US-made software. UST yield was lower on last Friday. 2/5/10/30 yield was at 3.52%/3.65%/4.05%/4.63%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: Maintain buy on FAEACO 12.814 Perp

We maintain buy on FAEACO 12.814 Perp as we believe that the perp continues to offer a decent risk-return profile with good cash yield. Since 3 Oct'25, the last day for FEC to issue notice for deferral of coupon payment on 18 Oct'25, FAEACO 12.814 PERP moved 20pts higher. At 62.8, the perp offers a cash yield of c20%. There were talks on LME, however, we are not convinced that an unfriendly LME such as principal haircut or exchange into a dated bond with significantly lower coupon rate can be pushed through. Indeed, we believe the optimal way for FEC to manage its interest expenses and adj. net gearing ratio is to buy back the perp at market price. That means FEC has to continue to pay the coupon on the perp.

As we discussed in our comments: [FAEACO: Revisit the knowns and unknowns](#) dated 4 Jul'25, we see signs of stabilization of FEC's operating performance and take comfort with its improved adj. net gearing ratio (to 67.6% in Mar'25 vs. 68.8% in Sep'24 and 68.1% in Mar'24). We expect the solid cash receipt from deliveries of property developments in the UK and Australia to offer FEC adequate liquidity to continue the coupon payments and start the partial call on the perp.

FEC's attributable GDV for projects to be completed by Mar'26 is HKD12bn and HKD5.1bn was pre-sold. We expect a net cash inflow of HKD2bn after settlement of construction loans even on a conservative scenario. We also expect to see proceeds of cHKD400mn from sales of Hornsey hotel and town hall expected to be completed early next year. The major moving part is the attitude of banks on FEC's refinancing exercises, even for the supposedly straight-forward rollover of secured financing.

Table 1: Summary of FEC o/s USD bonds

Ticker	ISIN	Next Call Date	Amt o/s (USD mn)	Ask price	Ask YTNC	Issue rating (M/S/F)
FAEACO 12.814 PERP	XS2050584866	11/18/2025	360	62.844	2432.99%	-/-/-

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 36 credit bonds issued on last Friday with an amount of RMB37bn. As for month-to-date, 73 credit bonds were issued with a total amount of RMB74bn raised, representing a 34% yoy decrease
- Indonesia's sovereign wealth fund Danantara waste-to-energy project worth IDR91tn (cUSD5.5bn) attracted 192 domestic and overseas companies
- **[COGO]** China Overseas Grand Oceans to early redeem COGO 2.45 02/09/26 of USD512mn in full at par
- **[CWAHK]** China Water Affairs proposes to issue USD senior bond to repay CWAHK 4.85 05/18/26 of USD350mn
- **[INCLEN]** ReNew Energy Global bid consortium increases offer to USD8.15/share
- **[MUTHIN]** Muthoot Finance denies potential involvement in investor fraud case
- **[PWRLNG]** Powerlong signs RSA with AHG members of c31% of aggregate outstanding principal amount of scheme debt
- **[SOFTBK]** SoftBank set to raise USD5bn margin loan backed by Arm shares to fund further investment in OpenAI
- **[VEDLN]** Vedanta gets relief as Indian court dismisses request to probe Viceroy's allegations
- **[ZHHFGR]** Zhuhai Huafa priced RMB1.42bn 3-year dim sum bond at 3.05%, tightened 45bps from IPT at 3.5%

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