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!

- *JP insurance had long-end buyers. IG space was mostly unchanged to 3bps tighter. AVIC floaters tightened 15-20bps. NWDEVLs was 2-4pts higher. Shares of NWD surge 14% at the time of writing on news of lower land premium in Northern Metropolis.*

- ***LIFUNG:** LI & FUNG accepts USD50mn in LIFUNG 5.25 Perp in tender. LIFUNG 5 ¼ Perp was 0.5pts lower this morning.*

- ***VEDLN:** All-time high 1Q EBITDA; net leverage in check. VEDLN 28-33s retreated 0.1-0.4pts yesterday, and were 0.1pt lower to 0.3pts higher this morning, amid the macro tone that Trump would double India tariff to 50% over buying oil from Russia. See below.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, Asia IG was +/-2bps amid two-way flows. China IG space was overall unchanged to 2bps tighter. BABA 30/MEITUA 30 tightened 0-1bp. We saw better buying on recently issued CNMDHL 4 7/8 07/10/30 but the bond closed largely unchanged. FRESHK 26-28s tightened another 1-3bps. See comments on 4 Aug'25. NWDEVL 27-30s moved 1.6-2.4pts higher yesterday. At the time of writing, the share of NWD surge 14% and NWDEVLs are 2-4pts higher this morning. Media reported that NWD and China Resources Land would pay a reduced premium for their JV development in Northern Metropolis. NWD is one of the largest landlord of North Metropolis. LIFUNG 5 ¼ Perp rose 0.3pts. It accepted USD50mn of the perps in tender as planned. WESCHI 4.95 07/08/26 increase another 0.9pt. Media reported WESCHI's plan to USD bond and conduct a concurrent tender offer for WESCHI 26. In Chinese properties, VNKRLE 27-29s were down 0.2-0.4pts. See our comments on WESCHI and VNKRLE yesterday. In JP, NTT 30 FRN experienced better buying flows, while NTT 30-35s were unchanged to 3bps wider. In KR, DAESEC 26-29s tightened 1-2bps, and HYNMTR/HYUELE/LGENSOs tightened 1-3bps. Mirae Asset Securities 2Q25 operating revenue rises 29% yoy to KRW713.8bn. Flows were better buying in Japanese and Yankee insurance hybrids and AT1s in the belly and long-end of the curves. AU/Japan T2 Bank papers, namely CBAAU/WSTP/NABs widened 1-2bps. TW lifers NSINTW/CATLIFs/SHIKON were unchanged to 2bps wider. In SEA, UPLLIN 28-30s lowered 0.3pts.

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Moody’s revised the outlook of UPL Corp to stable from negative on improved credit profile and affirmed Ba2 rating. VEDLN 28-33s retreated 0.1-0.4pts. See comments below. Indian HY bonds performed relatively weaker amid the concerns of higher tariffs on India on buying energy from Russia.

❖ Last Trading Day’s Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 8 5/8 02/08/28	**70**	**2.4**	BIOLIN 6.67 10/09/29	**92.5**	**-1.4**
NWDEVL 5 7/8 06/16/27	**71.8**	**2.2**	KOREAT 6 1/2 09/07/34	**108.6**	**-0.9**
NWDEVL 4 1/8 07/18/29	**53.4**	**1.8**	RILIN 4 7/8 02/10/45	**89**	**-0.6**
NWDEVL 4 3/4 01/23/27	**75.4**	**1.6**	PETMK 5.848 04/03/55	**101.8**	**-0.6**
NWDEVL 4 1/2 05/19/30	**51.9**	**1.6**	MTRC 5 1/4 04/01/55	**99.2**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.73%), Dow (+0.18%) and Nasdaq (+1.21%) were higher on Wednesday. The US Crude Oil Inventories was -3.029mn barrels, lower than the market expectation of +0.2mn. Trump claimed to impose a 100% tariff on semiconductor imports, but would exempt companies bring production to the US. Trump doubles India tariff to 50% over buying oil from Russia. UST 2yr yield was lower while 30yr yield was higher on Wednesday, 2/5/10/30 yield at 3.69%/3.77%/4.22%/4.81%.

❖ Desk Analyst Comments 分析员市场观点

➢ VEDLN: All-time high 1Q EBITDA; net leverage in check

Vedanta Limited (VEDL) reported all-time high 1Q EBITDA of INR107.5bn in 1QFY26. VEDL achieved a record alumina, mined metal at HZL as well as ferrochrome production. These more than offset the softer commodity pricing environment due to the US tariffs as well as higher material costs and marketing expenses. Besides, VEDL’s 1QFY26 average interest cost declined to 9.66%, from 10.46% in 1QFY25, contributing to lower finance cost in 1QFY26. This, in our view, reflects the improvement in liability management. VEDL’s PBT rose modestly by 2% yoy to INR60.5bn. During 1QFY26, VEDL spent INR51.6bn in capex, accounting for c35-40% of its FY26 capex target of cINR125-142bn (USD1.5-1.7bn). We expect VEDL to continue to fund its capex by operating cash flow.

As of Jun’25, VEDL had cash and cash equivalent of INR221.4bn, 7% increase from Mar’25. The increase was attributable to INR42.7bn of operating cash inflow, INR30.3bn proceeds from the sale of stakes in Hindustan Zinc, and net of INR42.8bn dividend payout. VEDL’s net leverage was slightly higher at 1.3x as of Jun’25, compared to 1.2x as of Mar’25. VEDL targets to lower the net leverage at 1.0x by Mar’26, supported by higher FYE26 EBITDA.

VEDL’s parent Vedanta Resources (VRL) remains committed to deleverage USD3bn over the next three years starting from Apr’24. VRL had lowered its debts by USD1bn from Apr’24-Jun’25 to USD4.8bn. In 2Q-4QFY26, VRL standalone’s loan refinancing requirement will be USD770mn (incl. principal and interest). These will be funded by the brand fee and dividend from VEDL, and refinancing. VRL expects to lower its debts further by USD500mn to USD4.3bn by Mar’26.

VEDL’s operating performance remains robust with operating cash inflow to support ongoing capex and investment. The credit profiles of VEDL and VRL continue to improve, thanks to its smooth access to various funding channels. Its debt maturity profile has been notably lengthened and funding costs has been lowered. We believe that the performance of VEDLNs will continue to be supported by the potential early redemptions.

On the demerger, VEDL gained the support from its shareholders and creditors in the meetings held on 18 Feb'25 to demerge into four separate companies. On 27 May'25, the National Company Law Tribunal's (NCLT) granted an interim stay on the NCLT's order, which rejected VEDL's proposed demerger plan of Talwandi Sabo Power (TSPL). NCLT scheduled the next hearing on 4 Aug'25. VEDL has extended the timeline to complete the demerger by 30 Sep'25. We consider the impact of demerger moderately positive in anticipation of better data transparency and potentially better funding access over the longer-term.

We maintain buy on VEDLN 10.875 09/17/29 and VEDLN 9.475 07/24/30. We prefer these two bonds within the curve in view of their more balanced risk return profile and lower cash prices. Furthermore, we saw a limited impact on VRL's bonds following the short-seller Viceroy's allegations. VEDLN 28-33s were unchanged to 0.7pts lower since Viceroy published its allegations on 9 Jul'25.

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	103.2	8.3%	-/B/B+
VEDLN 10.875 09/17/29	US92243XAH44	1,200	102.3	10.0%	-/B/-
VEDLN 9.475 07/24/30	US92243XAM39	550	98.7	9.8%	B2/B/-
VEDLN 11.25 12/03/31	US92243XAK72	500	104.1	10.0%	-/B/B+
VEDLN 9.85 04/24/33	US92243XAL55	550	100.0	9.8%	B2/B/-

Source: Bloomberg.

Table 2: VEDL's 1QFY26 financial highlights

INRbn	1QFY25	1QFY26	Change
Revenue	352.4	374.3	6%
-Zinc, lead and silver	*78.5*	*75.4*	*-4%*
-Zinc International	*7.5*	*11.5*	*53%*
-Oil and gas	*29.3*	*23.0*	*-21%*
-Aluminum	*135.2*	*145.6*	*8%*
-Copper	*47.3*	*63.7*	*35%*
-Iron ore	*13.2*	*13.3*	*1%*
-Power	*16.9*	*20.7*	*23%*
-Others	*24.6*	*21.0*	*-14%*
EBITDA	102.8	107.5	5%
EBITDA margin	29.2%	28.7%	-0.5%
Finance cost	22.2	20.3	-9%
Profit before tax	59.3	60.5	2%
FCF Pre-Capex	43.7	42.7	-2%
Capex	47.2	51.6	9%

INRbn	Mar'25	Jun'25	Change
Cash and cash equivalent	206.0	221.4	7%
Total debts	738.5	803.6	9%
Net debts	531.0	582.2	9%
Total debt/LTM EBITDA	1.7x	1.8x	
Net debt/LTM EBITDA	1.2x	1.3x	-

Source: Company filling, CMBI FICC Research.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chengdu Sino French Ecological Park	100	3yr	6.5%	6.5%	Unrated

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore New Issues Pipeline Today					

➢ News and market color

- Regarding onshore primary issuances, there were 123 credit bonds issued yesterday with an amount of RMB109bn. As for Month-to-date, 350 credit bonds were issued with a total amount of RMB359bn raised, representing a 11.6% yoy increase
- **[BABA]** Alibaba rolls out loyalty program across platforms to boost engagement
- **[DAESEC]** Mirae Asset Securities 2Q25 operating revenue rises 29% yoy to KRW713.8bn (cUSD514.2mn)
- **[HYUELE]** SK Hynix partners with Sandisk to develop high-bandwidth flash memory technology
- **[LIFUNG]** LI & FUNG accepts USD50mn in LIFUNG 5.25 Perp in tender
- **[MEITUA]** Meituan to offer new subsidies to help smaller food vendors in China
- **[MTCTB]** Muangthai Capital 2Q25 revenue climbs 10.5% yoy to THB7.6bn (cUSD233mn)
- **[PERTIJ/PLNIJ]** Pertamina, Perusahaan Listrik Negara, and Danantara inked a geothermal energy partnership pact, with potential investment of up to USD5.4bn
- **[PKX]** POSCO unit halts new infrastructure orders amid backlash for fatal accidents
- **[UPLLIN]** Moody's revised the outlook of UPL Corp to stable from negative on improved credit profile; affirmed Ba2 rating

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