

CMBI Credit Commentary

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

- *This morning, the new ASBBNK 4.155 30 tightened 1bp from initial issuance at T+60, and ASBBNK Float 30 tightened 10bps from RO at SOFR+90. The new GSCCOR 4.25 30 tightened 1bp from pricing at T+77. See our [comment](#) yesterday. The new GEZHOU 4.25 Perp traded up to 0.1pt higher amid light flows.*
- **SOFTBK:** *FV of the new SOFTBK 61s and SOFTBK 65s to be c7.6% and c8.4%. SOFTBKs were unchanged this morning. See below.*
- **LGELEC:** *S&P revised the outlook of LG Electronics to positive from stable on appliance sales and IPO cash, BBB rating affirmed. LGELECs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, TW lifers/BBLTB sub curve/HYUELE curve/PETMK curve tightened 1-3bps. There were two-way flows on JP/KR/AU front-end FRNs from PBs. SOFTBK 26-35s were 0.2pt lower to 0.2pt higher. See comments below on the FV of SOFTBK's new issue. Japanese insurance hybrids and AT1s edged 0.1pt firmer albeit with light flows. Yankee AT1s opened in a cautious tone in London. There was recovery in BNP papers after the previous plunge amid political headlines. Chinese IG benchmarks were 1-2bps tighter. In Greater China higher-beta space, NWDEVL 28-31s were up by 0.6-1.5pts, but NWDEVL Perps were down by 0.3-1.3pts. New World Development denied media rumors that the company was preparing a liability management exercise for its perpetual securities. FAEACO 12.814 Perp gained 0.4pt. Media reported yesterday that a few holders of the FAEACO Perp had received the 18 Oct'25 distribution. FAEACO 12.814 Perp has gained c20pts in the past two weeks, and we maintain buy recommendation on this bond. RMs were buying MTRC Perps, which increased up to 0.2pt firmer, whereas the new CWAHK 30 remained heavy and lowered another 0.3pt. In Chinese properties, VNKRL 27-29s decreased by 0.4-0.6pt after Moody's downgrade. FTLNHD 26/FUTLAN 28/LNGFOR 27-32s were 0.1pt lower to 0.2pt higher. YUZHOU 27 lost 0.7pt. In Southeast Asia, VLLPM 27-29s led the space and rose 3.2-4.4pts. VEDLN 28-33s were up by 0.1-0.4pt. GLPSP 28/GLPSP Perps were 0.3-0.4pt higher.

In LGFV space, there were mixed, light two-way flows. RMs and AMs were on-and-off topping up IG USD and AAA-guaranteed issues. Flows on higher-yielding papers remained sporadic and driven by multi-asset and/or retail investors.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 7 1/4 07/20/27	69.2	4.4	NWDEVL 5 1/4 PERP	48.8	-1.3
VLLPM 9 3/8 07/29/29	59.2	3.2	NWDEVL 6 1/4 PERP	41.9	-1.1
NWDEVL 4 1/2 05/19/30	72.7	1.5	NWDEVL 4 1/8 PERP	43.2	-1.0
NWDEVL 3 3/4 01/14/31	68.0	1.4	NWDEVL 10.131 PERP	56.5	-0.9
NANFUN 5 PERP	78.5	1.2	YUZHOU 7 06/30/27	12.0	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.00%), Dow (+0.47%) and Nasdaq (-0.16%) were mixed on Tuesday. UST yield was lower on Tuesday. 2/5/10/30 yield was at 3.45%/3.56%/3.98%/4.55%.

❖ Desk Analyst Comments 分析员市场观点

➤ **SOFTBK: FV of the new SOFTBK 61s and SOFTBK 65s to be c7.6% and c8.4%**

SoftBank Group proposes to issue 35.5NC5.5 and 40NC10 Reg S USD subordinated bonds (S&P: B+) and 37NC7 EUR subordinated bonds. The proceeds will be for general corporate purposes, including primarily new investments, repayment of borrowings and maintenance of cash position.

We view the FV of the new SOFTBK 61 (first call Apr'31) to be c7.6% vs IPT at 7.875%-8%, and the new SOFTBK 65 (first call Oct'35) to be c8.4% vs IPT at 8.5%-8.625%. Our valuations are based on SoftBank Group's senior SOFTBK 31/35 trading at 6.0%-6.8% YTW and applies c150-160bps subordination adjustment, and compared to its peer RAKUTN 6.25 Perp (first callable Apr'31, S&P: B) trading at 7.0% YTC.

The bonds incorporate step-up mechanisms. For the SOFTBK 61, the coupon resets and steps up on 29 Apr'31 to 5yrUST+initial spread+25bps, with subsequent resets 15 years thereafter on 29 Apr'46 (+30bps) and 29 Apr'51 (+100bps). The SOFTBK 65 follows the same structure with resets on 29 Oct'35, 29 Oct'50 and 29 Oct'55. The bonds will not receive accounting equity treatment under IFRS, but will receive 50% equity credit from S&P and JCR until the first reset date. SoftBank Group has track record of calling its bonds on the first call date, including SOFTBK 6 Perp in Jul'23, and three JPY long-dated bonds due in 2041-43 were called during 2021-23.

SoftBank Group is an AI-centric strategic investment holding company with an investment portfolio valued at cUSD269.6bn in Jun'25. The portfolio composition includes Arm (51% of total), SVF1/SVF2/LatAM Funds (27%), SoftBank Corp (9%), T-Mobile/Deutsche Telecom (7%) and others incl. JPY0.7tn in Nvidia (6%). 76% of the investment portfolio consists of listed shares totaled cUSD205bn, providing liquidity to support its debt servicing capacity, in our view.

In Jun'25, SoftBank Group held cash of cUSD25.3bn and standalone net debts of cUSD45.9bn. SoftBank Group is disciplined in maintaining its LTV ratio at 17.0% in Jun'25, which is lower than its internal target of below 25%. While SoftBank Group has completed refinancing for the current fiscal year ending 31 Mar'26, the offshore and onshore bond maturity schedule shows concentration in 2028-31, representing a medium-term refinancing requirement. We take comfort on SoftBank Group's demonstrated access to diverse funding channel to fulfil debt obligations, including bank borrowing, bond markets, as well as monetization of investment through IPO and M&A. SoftBank Group's strong track record of proactive liability management and consistent market access supports its ability to address upcoming maturities.

Table 1: Bond profile of Softbank Group

Security name	ISIN	Amt o/s (USD mn)	Px	YTW	Mod dur	Issue rating (M/S/F)	First call date	Step up	Payment rank
SOFTBK 4 07/06/26	XS2361252971	676	99.0	5.4%	0.7	-/BB+/-	-	-	Sr Unsecured
SOFTBK 6 ¾ Perp	XS1642686676	1,750	100.0	6.9%	1.6	B1/B+/-	07/19/2027	25bps	Subordinated
SOFTBK 5 ¼ 09/19/27	XS1684384867	1,670	99.7	5.3%	1.8	Ba2/BB+/-	-	-	Sr Unsecured
SOFTBK 6 ¼ 04/15/28	XS1793255198	467	101.7	5.4%	2.1	Ba2/BB+/-	-	-	Sr Unsecured
SOFTBK 4 ¾ 07/06/28	XS2361253433	806	98.4	5.3%	2.5	-/BB+/-	-	-	Sr Unsecured
SOFTBK 6 ½ 04/10/29	XS3109833817	500	102.0	5.8%	2.9	-/BB+/-	-	-	Sr Unsecured
SOFTBK 6 ¾ 07/08/29	XS2854422578	400	102.6	5.9%	3.0	-/BB+/-	-	-	Sr Unsecured
SOFTBK 6 ¾ 01/10/31	XS3109834112	600	101.8	6.4%	4.1	-/BB+/-	-	-	Sr Unsecured
SOFTBK 5 ¼ 07/06/31	XS2361253607	1,350	96.5	6.0%	4.8	-/BB+/-	-	-	Sr Unsecured
SOFTBK 7 07/08/31	XS2854422818	500	103.7	6.2%	4.4	-/BB+/-	-	-	Sr Unsecured
SOFTBK 7 ¼ 07/10/32	XS3112542272	600	103.1	6.6%	5.0	-/BB+/-	-	-	Sr Unsecured
SOFTBK 7 ½ 07/10/35	XS3112542355	500	104.8	6.8%	6.7	-/BB+/-	-	-	Sr Unsecured

Source: Bloomberg.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ASB Bank	500/ 300	5yr/ 5yr	4.155%/ SOFR+90	T+60/ SOFR+90	Aa3/AA-/-
China Energy Overseas Investment	100/ 100	3yr/ PerpNC5	3.8%/ 4.25%	3.8%/ 4.25%	-/-/BBB+/ -/-/BBB-
GS Caltex Corporation	300	5yr	4.25%	T+77	Baa1/BBB+/-
Republic of Kazakhstan	1500	5yr	4.412%	T+85	Baa1/BBB-/BBB

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Avation Plc	USD	-	5.5NC2	Low-to-mid 8%	B2/B/B
China Three Gorges Corporation	USD	-	3yr	T+70	A1/-/-
Softbank Group	USD	-	35.5NC5.5/ 40NC10	7.875-8.0%/ 8.5-8.625%	-/B+/-
The Republic of Korea	USD	-	5yr	T+22	Aa2/AA/AA-

➤ **News and market color**

- Regarding onshore primary issuances, there were 158 credit bonds issued yesterday with an amount of RMB156bn. As for month-to-date, 910 credit bonds were issued with a total amount of RMB889bn raised, representing a 31.1% yoy increase
- [LGELEC]** S&P revised the outlook of LG Electronics to positive from stable on appliance sales and IPO cash, BBB rating affirmed
- [INDON]** Republic of Indonesia looking to price 5yr/10yr dim sum bonds tomorrow

- **[JPFAIJ]** S&P revised the outlook of Japfa Comfeed to stable from negative on reduced refinancing risk; B+ ratings affirmed
- **[NWDEVL]** NWD said it is not undertaking any LME in relation to its perps or other debt securities, and it has not received any equity financing proposal
- **[SMCPM]** San Miguel obtained USD1.5bn syndicated loan at SOFR+168bps
- **[SUNHUN]** Sun Hung Kai Properties announces USD10bn debt instruments issuance programme
- **[WDSAU]** Woodside Energy 9M25 oil and gas output rise 5% yoy to 149.9mn boe; output guidance changed to 192-197mn boe from 188-195mn boe supported by continued strong performance across assets

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