6 Aug 2026

CMBI Credit Commentary

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

- *The new HSBC 37 was 2bps wider from RO at T+112 this morning. Asia IG was broadly unchanged. We saw small better selling in Chinese IG benchmark BABA/MEITUA/TENCNT. JP floaters were firm. Asia HY was also stable. SOFTBK retraced 0.2-0.5pt. VNKRLE 27-29 up 0.7-0.8pt. WESCHI 28 down 0.5pt while WESCHI 29 up 0.4pt. WLISRC 36 down 0.5pt. The recent new CNH ZHANLO 31 down 0.1pt.*

- ***FRESHK:*** *Broadly stable 1H26 results underpinned by solid access to lower-cost onshore funding. FRESHKs were unchanged this morning.* *See below.*

- ***ZHOSHK:*** *Zhongsheng repurchased USD117.91mn ZHOSHK 28, representing 19.7% of the outstanding amount, and USD482.09mn remains outstanding. ZHOSHK 28 was 2bps tighter this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG opened unchanged to 2bps tighter despite mixed flows on US-Iran deal optimism. China IG spreads held flat, we saw better selling in front-end HAOHUA/MEITUA and long-end TENCNT, while beta name FRESHK 27-29 came under pressure from global and Chinese RM selling. TW lifers opened 2-4bps tighter on better selling in NSINTW/SHIKON. Korea space was mixed. Financials and quasis outperformed by 1-2bps, with LGENSO/DAESEC closed 3-5bps tighter, while we saw lower-beta corps HYUELE/SAMAER/KTGC timid, range-bound price action and closed unchanged to 2bps tighter. Japan space recorded block-size flows in MIZUHO/SUMIBK/MUFG/NTT, driven by Chinese RM demand. Southeast Asia spreads stayed broadly stable, aside from selling pressure in BBLTB 40s/PTTGC 31s/52s.

In higher-yielding space, we saw a strong, hectic session on a firmer macro amid potential Strait deal headlines. Front-end issues generally remained stable across the space. China/HK names WESCHI 28-29 rose 1.0-1.1pts. On the other hand, EHICAR 26-29 dropped 0.5-2.0pts. REGH 6.5 Perp down 0.8pt. European AT1s were 0.4-0.6pts higher. We saw AM/PB accounts chasing 5-10yr to call papers to replenish risk, flows then turned more balanced two-way into the London session as dealers took profit on longs hit at lower levels earlier. APAC insurance subs and high-beta perps edged 0.3pt firmer in a similar move as European AT1. In LGFVs, we saw small selling in short-dated USD and CNH papers from AM rotating into other names, while high-yielding LGFVs enjoyed another leg of rally and AAA-guaranteed paper compressed further towards 4%/mid-3% yields against a strong RMB backdrop. New ZHANLO 31 CNH surged by 1pt, supported by offshore top-up demand sweeping up loose bonds from scattered primary allocations.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CRNAU 9 1/4 10/01/29	**86.7**	**1.7**	EHICAR 7 09/21/26	**62.2**	**-2.0**
GARUDA 6 1/2 12/28/31	**86.6**	**1.5**	REGH 6 1/2 PERP	**32.3**	**-0.8**
WESCHI 10 1/2 11/11/29	**86.1**	**1.1**	EHICAR 10 10/14/29	**39.5**	**-0.5**
WESCHI 9.9 12/04/28	**89.4**	**1.0**	ACENPM 4 PERP	**57.1**	**-0.5**
KORELE 7.95 04/01/2096	**135.3**	**0.9**	UBS 9 1/4 PERP	**114.7**	**-0.4**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.17%), Dow (+0.49%) and Nasdaq (-0.83%) were mixed on Wednesday. US Jul'26 S&P Global Services PMI was 54.6, higher than the market expectation of 53.6. US Jul'26 ISM Non-Manufacturing Prices was 70.3, higher than the market expectation of 65.0. US Jul'26 ISM Non-Manufacturing PMI was 54.1, lower than the market expectation of 54.5. US latest Crude Oil Inventories were +2.479mn barrels, compared to the market expectation of -1.5mn. 2yr UST yield was lower on Wednesday. 2/5/10/30 year yield was at 4.18%/4.33%/4.63%/5.17%.

❖ Desk Analyst Comments 分析员市场观点

➢ FRESHK: Broadly stable 1H26 results underpinned by solid access to lower-cost onshore funding

Table 1: Bond profiles of FRESHKs

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
FRESHK 4.25 10/26/26	XS2393797530	300	99.9	86	4.6%	0.2	-/BBB-/-
FRESHK 6.625 04/16/27	XS2800583606	500	101.1	104	5.0%	0.7	-/BBB-/-
FRESHK 5.875 03/05/28	XS2886144232	550	100.5	146	5.5%	1.4	-/BBB-/-
FRESHK 6 10/01/28	XS3025777221	500	100.8	152	5.6%	1.9	-/BBB-/-
FRESHK 5.25 01/13/29	XS3249057400	400	99.0	165	5.7%	2.2	-/BBB-/-

Source: Bloomberg.

FRESHKs have recovered from the earlier lows after the Feb'26 S&P CreditWatch Negative trigger. S&P has revised to a stable outlook in May'26, citing limited contagion risk from Horizon Construction (HCD) to Far East Horizon (FEH). We expect FEH's operating performance and asset quality to remain stable, underpinned by its diversified leasing franchises, and we expect its liquidity profile to stay adequate given its continued smooth access to lower-cost onshore funding. Please see our comments on 5 Feb'26 and 8 May'26. We maintain buy on FRESHK 26-29. We continue to view FRESHKs to offer more attractive risk-return profiles than its peers such as BOCAVI 27-28s (-/A-/A-). We consider the a yield pick-up of 50-120bps sufficiently compensate for the 3 notches lower in rating.

FEH reported stable 1H26 results. Its revenue rose 4.1% to RMB18.0bn, mainly driven by financial services business which generated revenue of RMB12.2bn, representing a yoy growth of 9.7%, partly offset by weaker contributions from HCD and Horizon Healthcare. NIM expanded substantially to 5.50% from 4.51% in 1H25, attributable to lower funding costs on the back of lower onshore policy rate and higher average yields from FEH's expansion in inclusive finance for SME customers in more economically developed regions, where margins are structurally higher. Asset impairment losses increased to RMB1.1bn from RMB123mn in 1H25, reflecting more prudent risk management policies (writing off projects over 30 days overdue). As a result, PBT grew 2.1% yoy to RMB4.1bn, with ROAA stood at 1.21% and ROAE compressed to 8.47% from 8.66%.

FEH's asset quality remained stable in 1H26. The NPL ratio declined to 0.99% from 1.03% as of Dec'25, despite the NPL balance stood at RMB2.8bn as interest-earning assets increased 3.8% yoy to RMB282.5bn. NPL provision coverage ratio also stood at 228%. In addition, the assets at risk to equity ratio of at the company level and across its main financial leasing business entities remained well below the 8.0x regulatory cap.

FEH's liquidity profile was broadly stable. As of Jun'26, FEH had cash on hand of RMB16.2bn, decreased from RMB21.4bn as of Dec'25, mainly due to higher operating cash outflows from increased receivables. Its net debts rose 1.8% to RMB250.8bn from RMB246.4bn as of Dec'25. That said, we continue to take comfort from FEH's smooth access to diverse funding channels and lower-cost onshore funding. FEH issued USD400mn FRESHK 29 in Jan'26, and it issued totalled RMB18.0bn onshore bonds at a weighted average coupon rate of 2.0%, further down from 2.3% in 2025.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
HSBC	2500	6NC5	5.243%	T+92	A3/A-/A+
	1000	6NC5	SOFR+115	SOFR+115	
	3250	11NC10	5.729%	T+112	

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

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

- **News and market color**

  - Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB97bn. As for Month-to-date, 260 credit bonds were issued with a total amount of RMB292bn raised, representing a 17.4% yoy increase

  - China's securities regulator is working on regulations that govern LGFVs' use of onshore bonds to refinance offshore notes

  - **[BTSDF]** H&H International signed USD330mn syndicated facilities agreement for refinancing

  - **[HYUELE]** SK Hynix-controlled Solidigm plans to raise up to KRW10tn (cUSD7bn) through a private share sale ahead of a listing

  - **[RIOLN]** Rio Tinto's USD2.1bn infrastructure asset sale attracts Blackstone, KKR, Apollo

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