8 Jul 2026

CMBI Credit Commentary

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

- *This morning, the new FUBHKL 36 tightened up to 7bps from RO at T+123. See our comments on the FV estimate yesterday. ZHOSHK 28 stabilized and edged 0.5pt higher amid global money buying. NTT FRNs traded unchanged in spreads amid better selling. The rest of Asian IG credits were 1-2bps tighter. LASUDE 26/EHICAR 26 were 0.4pt higher. SOFTBK 65 was down 0.4pt.*

- ***Quick thought on Southbound Bond Connect expansion:** Annual investment quota increase to RMB800bn. See below.*

- ***CWAHK:** Media reported China Water Affairs expects government funding to replace the water utilities firm's capex on underground pipeline upgrades over the next five years. CWAHK 30 was unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Fubon Bank (HK) priced the new 10NC5 T2 USD issue at T+123, tightened from IPT at T+160 on a strong order book of over USD1.5bn while the issue size capped at USD300mn. See our FV estimate in our daily yesterday. The new KOEWPW 32 was unchanged from RO at T+58. The new KOREAT 30s tightened 1bp from RO at T+55 amid small better buying from AMs. In secondary KR IG space, HYNMTR/HYUELE/LGENSO/POHANG closed 1-2bps tighter, while NHSECS/DAESEC traded 1-2bps wider amid profit-taking flows from AMs. In JP space, SUMIBK/MIZUHO/NTT FRNs retraced 1-2bps wider. In SE Asia, ADVANC 31-36s/PETMK and the belly of EXIMBK widened 2-5bps. Chinese TMTs BABA/TENCNT/KUAISH/MEITUA/XIAOMI widened 1-2bps. Tencent reduced its stake in Kuaishou to c9.4% from c15.7% and ceased to be a substantial shareholder. ZHOSHK dropped 1.6pts.

In higher-yielding space, VEDLN 30s dropped 3.4pts, and the rest of VEDLNs were 0.2pt lower to 0.2pt higher. GLPSPs/GLPCHI closed 0.4pt lower to 0.5pt higher. WESCHI 28-29 were down 0.1-0.4pt. In HK/Chinese properties, FAEACO 12.814 Perp edged 0.5pt higher. There were market chatters that Far East Consortium will launch a bondholder-friendly LME. ROADKGs were 0.4-0.5pt higher.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
DEVPHI 2 3/8 03/11/31	**90.6**	**0.5**
GLPSP 9 3/4 05/20/28	**86.4**	**0.5**
ROADKG 6.7 03/30/28	**16.6**	**0.5**
ROADKG 5.2 07/12/29	**16.6**	**0.5**
ROADKG 7 PERP	**16.4**	**0.4**

Top Underperformers	Price	Change
VEDLN 9.475 07/24/30	**103.9**	**-3.4**
ZHOSHK 5.98 01/30/28	**92.7**	**-1.6**
TACHEM 5.65 07/05/54	**96.1**	**-1.3**
TACHEM 5.8 07/05/64	**96.9**	**-1.2**
BHP 5 3/4 09/05/55	**99.8**	**-1.1**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.45%), Dow (-0.25%) and Nasdaq (-1.16%) were lower on Tuesday. UST yield were higher on Tuesday. 2/5/10/30 year yield was at 4.19%/4.27%/4.55%/5.05%.

❖ Desk Analyst Comments 分析员市场观点

➢ Quick thought on Southbound Bond Connect expansion: Annual investment quota increase to RMB800bn

The PBOC, HKMA and SFC announced enhancement measures under Southbound Bond Connect, including lifting the annual investment quota to RMB800bn from RMB500bn, the development of a bond repurchase business using Southbound Bond Connect bonds as collateral, and the expansion of the product scope to include products with HKD and CNH bonds as underlying assets.

We believe the quota expansion will strengthen technical demand for offshore CNH bonds. The investor universe has been widened beyond banks to include insurers, securities firms, fund managers and wealth-management institutions, with some larger insurance companies reportedly starting to invest in CNH bonds via Southbound Bond Connect in Jun'26. These NBFIs are generally more flexible in allocating to non-SOE and non-China credits compared with banks, as they are less bound by lending-relationship constraints. In our view, non-SOE Chinese IG credits are likely to be the key near-term beneficiaries.

We also expect the broader investor base and higher quota to attract more issuers, both onshore and non-Chinese, to refinance in the CNH bond market, taking advantage of higher demand and potentially lower all-in funding costs compared to USD. In 1H26, gross CNH bond issuance increased 32.6% yoy to RMB582.8bn. We expect gross CNH bond issuance continues to increase in 2H26, alongside a more diverse issuer mix and wider investor participation. Debut issues from Kuaishou Technology, JD.com, Sunny Optical, and Singapore Airlines in 1H26 further demonstrate the ongoing sector and regional diversification in the CNH bond market.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Ajman Bank	300	PerpNC5.5	6.5%	6.5%	Unrated
Axis Bank	100 (tap)	PerpNC5.5	6.875%	100.3	-/BB-/-
Fubon Bank (Hong Kong)	300	10NC5	5.375%	T+123	-/BBB/-
Philippine Airlines	300	5NC2	7.75%	8.0%	Ba2/-/BB
Saudi Real Estate Refinance	1250/ 1500	5.5yr/ 10yr	5.0%/ 5.375%	T+85/ T+95	Aa3/-/A+

➢ 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 119 credit bonds issued yesterday with an amount of RMB136bn. As for month-to-date, 388 credit bonds were issued with a total amount of RMB376bn raised, representing a 18.9% yoy increase

- **[BBNIIJ]** The Indonesian sovereign wealth fund Danantara will merge the asset management units of BRI, BNI, Bank Mandiri and PNM, surviving entity will be Mandiri Manajemen Investasi

- **[LGELEC]** LG Electronics 1H26 sales rose 9.4% yoy to KRW47.6tn (cUSD31bn)

- **[VNKRLE]** Vanke Hong Kong has sold around 80% of its 1,650 units at Le Mont project in Tai Po, Hong Kong

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