Fixed Income
Credit Commentary

13 Jul 2026

CMBI Credit Commentary

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

- *Asian IG credits were largely unchanged this morning. The market was cautious ahead of abundant new issue pipelines in JP/KR space. We saw better selling in AT1s and LGFV, yet the prices remained range-bound. GLPSP 4.6 Perp lost 0.5pt, while GLPSP 7.865 Perp gained 0.3pt. WESCHI 28 recovered 0.5pt.*

- ***HONGQI:*** *1H26 positive profit alert on stronger aluminum alloy ASPs. Maintain neutral on HONGQIs, which were unchanged this morning. See below.*

- ***MEITUA/XIAOMI:*** *Media reported Meituan has axed nearly 2,000 jobs over the past two months as it seeks to recover from a price war in China, while Xiaomi has been cutting jobs across its businesses over the past few months amid rising component costs and softer EV demand. MEITUAs/XIAOMIs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Last Friday, HYUELEs were squeezed 2bps tighter across the curve. SK Hynix's USD26.5bn US listing marks the largest-ever debut by a foreign company in the US capital markets. See our comments last Friday. The rest of KR credits were 1-2bps tighter on steady deployment into POSCO/ HYNMTR/DAESEC. In Chinese IG space, TENCNT/KUAISH/MEITUA tightened 1bp amid two-way flows. Media reported China plans to permit top AI firms, including Alibaba, to purchase a limited number of H200 chips from Nvidia. TW lifers traded 1-2bps tighter amid thin, lackluster volumes. In JP space, the recent new issues SUMIBK/MIZUHO/NTT tightened 1-2bps, driven by active buying from institutions.

In higher-yielding space, WESCHI 28-29 lost 0.8pt. LASUDE 26 leaked 0.1pt. Lai Sun Development secured consent for amendments and accepted USD477.0mn LASUDE 5 07/28/26 for exchange. The NWDEVL/VDNWDL complex edged 0.1-0.4pt higher. VNKRLE 27-29/LNGFOR 27-32 gained 0.1-0.4pt. In SE Asian space, PTTGC/TOPTB Perps traded 0.1pt higher. See our comments on PTTGC on 9 Jul'26. VEDLN 28-33s closed unchanged to 0.3pt higher. Vedanta Resources will fully redeem USD300mn VEDLN 10 ¼ 06/03/28 at 102.563 plus interest and USD1.2bn VEDLN 10 ⅞ 09/17/29 at par plus interest and applicable premium on 17 Jul'26. European AT1s overall recovered by 0.1-0.2pt. LGFVs were stable to a touch firmer amid active two-way flows, especially in on-the-run CNH issues. Other CNH bonds edged another 0.3pt higher, driven by AM buying across the curve.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 7 PERP	**17.5**	**0.7**	TSIVMG 1.6 12/17/39	**47.3**	**-1.0**
TSTSME 11 3/8 02/05/31	**107.2**	**0.7**	WESCHI 10 1/2 11/11/29	**83.6**	**-0.8**
TENCNT 3.24 06/03/50	**68.1**	**0.5**	WESCHI 9.9 12/04/28	**86.0**	**-0.8**
ROADKG 7 3/4 PERP	**17.3**	**0.4**	GLPSP 9 3/4 05/20/28	**86.0**	**-0.5**
ROADKG 7.95 PERP	**17.3**	**0.4**	CKINF 4.2 PERP	**71.6**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.42%), Dow (+0.29%) and Nasdaq (+0.29%) were higher on last Friday. UST yield were higher on last Friday. 2/5/10/30 year yield was at 4.21%/4.30%/4.56%/5.06%.

❖ Desk Analyst Comments 分析员市场观点

➢ HONGQI: 1H26 positive profit alert on stronger aluminum alloy ASPs

China Hongqiao (HONGQI) issued a positive profit alert, guiding for c39% yoy growth in net profit to cRMB18.8bn in 1H26 from RMB13.6bn in 1H25, mainly driven by higher sales prices for aluminum alloy products. The positive alert is consistent with the solid 1Q26 results of Hongqiao Holdings (002379.CH), HONGQI's key subsidiary (c89% stake), where earnings were supported by higher ASPs (Shanghai aluminum price up c17% to cRMB24k/t in 1Q26) and softer input costs (such as bauxite). We also see HONGQI's ongoing net debt reduction and improving liquidity profile as supportive of its credit profile, underpinning its resilience amid a still-constructive aluminum price backdrop under tight global supply conditions.

We maintain neutral on HONGQIs, as we view current valuations have largely priced in the favorable aluminum price environment. Within Chinese HY corporates, we prefer CWAHK 5.875 10/22/30, which in our view offers a more attractive risk-return profile than HONGQIs and other Chinese HY peers.

Table 1: HONGQI and Chinese HY peers

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTM	Mod dur	Issue rating (M/S/F)
BTSDF 9 1/8 07/24/28	XS2971969287	300	105.2	6.3%	0.9	Ba3/BB/-
CWAHK 5.875 10/22/30	XS3201944314	300	95.8	7.0%	3.6	Ba1/BB+/-
FOSUNI 8 ½ 05/19/28	XS2922957746	500	102.8	6.8%	1.7	-/BB-/-
FOSUNI 6.8 09/09/29	XS3175828113	400	99.0	7.1%	2.7	-/BB-/-
HONGQI 7.05 01/10/28	XS2968971676	330	102.1	5.6%	1.4	-/-/BB+
HONGQI 6.925 11/29/28	XS3084116055	270	103.2	5.5%	2.2	-/BB/BB+

Source: Bloomberg.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore New Issues Priced Today					

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Export-Import Bank of Korea	USD	-	3yr/ 5yr	T+44/ T+47	Aa2/AA/AA-
Korea Electric Power Corp	USD	-	3yr/ 5yr	SOFR+95/ T+80	Aa2/AA/-
KT&G Corp	USD	-	3.5yr	T+95	A3/A-/-
Mitsubishi HC Finance America	USD	500	5yr	T+110	A3/A-/-
Mitsubishi UFJ Financial Group	USD	3000	4NC3/ 4NC3/ 6NC5/ 6NC5/ 11NC10/ 21NC20	T+90-95/ SOFR Equiv/ T+105-110/ SOFR Equiv/ T+120-125/ T+120	A1/A-/A-
SMBC Aviation Capital Finance	USD	-	3yr/ 5yr/ 10yr	T+100-105/ T+115-120/ T+140-145	-/A-/BBB+

➢ **News and market color**

- Regarding onshore primary issuances, there were 64 credit bonds issued last Friday with an amount of RMB51bn. As for month-to-date, 643 credit bonds were issued with a total amount of RMB663bn raised, representing a 15.1% yoy decrease

- Macau is looking to boost its tally of overseas visitors by attracting people arriving by air to the neighboring Chinese-mainland cities of Guangzhou or Shenzhen

- **[CHJMAO]** China Jinmao unit to lend up to RMB2.8bn to shareholders under three-year framework agreement

- **[CNPCCH]** Moody's upgraded CNPC Finance HK by one notch to A1 from A2, reflects the increasingly supportive government policies for Chinese SOEs centralized treasury management, liquidity monitoring and offshore fund control, which reinforce CPF HK's essentiality and integration within China National Petroleum Corporation's (CNPC, A1 stable) group-wide governance and financial management; outlook stable

- **[HYUELE]** SK Hynix expects the most acute memory chip supply shortage next year, with customer demand continuing to outstrip its production capacity beyond 2030

- **[LASUDE]** Lai Sun Development secured consent for amendments, accepted USD477.0mn LASUDE 5 07/28/26 for exchange

- **[MARUB]** Marubeni acquired 100% of the outstanding shares in Switzerland- and Austria-based TOLUS Group, making it a wholly owned subsidiary

- **[TAISEM]** TSMC to build three additional advanced packaging facilities in Taiwan

- **[VNKRLE]** China Vanke expects its 1H26 net loss to widen to RMB12-15bn (cUSD1.8-2.2bn) in 1H26 from RMB12.0bn (cUSD1.8bn) in 1H25, partly because of additional asset impairment provisions and losses in certain operating businesses and financial investments

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