CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

24 Aug 2026

CMBI Credit Commentary

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

- *This morning, we saw light flows in Asian IG space. Front-end FRNs were under better selling. Indian recent new issues widened 1-2bps. In CNH space, SOE and financials were also under better selling from RMs..*

- ***HONGQI:** Net profit rose 39.2% yoy in 1H26 on increased aluminum ASP. HONGQI were unchanged this morning.*

- ***BABA:** Alibaba plans 710mn new shares sale at HKD112.7 per share (totaled cUSD10.2bn), representing 3.57% of its enlarged share capital, in Hong Kong to boost AI spending. BABAs were unchanged this morning. BABAs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Last Friday, spreads leaked slightly wider on 10y+ benchmark papers, with better selling flows in BABA 35s/TENCNT/KUAISH 36s, pushing China benchmark spreads 1-3bps wider. TW lifer debts similarly drifted 2-3bps wider. In primary markets, the new HYUSEC priced with a concession and tightened 8bps in secondary amid minimal flipping flows. However, its generous pricing dragged other securities papers DAESEC/HANFGI/NHSECS 2-3bps wider. In SE Asia space, new HDFCB 29/31s performed well and tightened 4-6bps and ICICI 31s was ongoing better buying from global PBs. MITSCO 31s underperformed as the sole laggard among new issues, trading 3bps wider than reoffer. In JP space, we saw better buying in FRN 31/32s alongside profit-taking in long-end financial papers. In Australian Yankee space, we saw better selling in 5y callable T2s versus better buying in front-end T2s.

In higher-yielding space, Flows were overall better selling in European and Japanese AT1s and insurance hybrids, particularly in the 5y part of the curve, though bids were rather aggressive towards the offer side, with the space ~0.1pt weaker than previous day. It is not difficult for quality names to found digestion from Chinese/Asian RMs. Front-end issues remained welcomed in Asia for their carry appeal, especially after the slight decompression in yields recently. In CNH space, flows were mixed, with BIDU leading a small retracement in TMT names up to ~0.4pt, whilst central and regional SOE names CHGRID/SDGOLD continued to get Southbound demand. LGFV space remained firm as demand for high-yielding CNH papers persisted, pushing more issues inside the 7%/6%/5%/4% lines respectively from above. We also saw a modest return of buying in BBB USD LGFVs around 4.9%-5% from RMs after prolonged weakness in these papers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	**59.6**	**2.3**	HAOHUA 5 1/2 03/14/48	**95.7**	**-0.8**
VLLPM 7 1/4 07/20/27	**75.6**	**1.5**	KORELE 7.95 04/01/2096	**133.3**	**-0.8**
VNKRLE 3 1/2 11/12/29	**52.1**	**0.3**	BABA 5 5/8 11/26/54	**94.2**	**-0.5**
VNKRLE 3.975 11/09/27	**56.7**	**0.3**	BABA 5 1/4 05/26/35	**100.0**	**-0.5**
QDBTTI 6.9 03/04/28	**98.6**	**0.3**	PLNIJ 4 06/30/50	**66.0**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.43%), Dow (+0.98%) and Nasdaq (+0.44%) rallied higher on last Friday. US Aug'24 Markit manufacturing/service PMI was 53.2/56.8, compared to the expectation of 54.0/53.9. UST yield rallied higher on Thursday. 2/5/10/30 year yield was at 4.24%/4.43%/4.74%/5.27%.

❖ Desk Analyst Comments 分析员市场观点

➢ HONGQI: Net profit rose 39.2% yoy in 1H26 on increased aluminum ASP

In 1H26, China Hongqiao (HONGQI) revenue increased 8.0% yoy to RMB87.5bn and net profit attributable to shareholder rose 39.2% yoy to RMB17.2bn, in line with its positive profit alert in Jul'26. The improved operating performance was mainly driven by stronger ASP of aluminum alloy products. In 1H26, the company's sales volume of aluminum alloy products down 3.3% yoy, which was offset by 18.7% yoy higher in ASP. HONGQI's gross margin expanded to 31.5% in 1H26 from 25.7% in 1H25, mainly driven by an improvement of aluminum alloy products' gross margin which rose to 38.5% in 1H26 from 25.2% in 1H25.

As of Jun'26, HONGQI had cash totaled RMB48.9bn (incl. cash on hand and restricted cash), down 10.3% from RMB54.5bn in Dec'25, primarily due to repayment of debts during the period and partly offset by operating cash inflow of RMB22.1bn generated in 1H26. On the other hand, HONGQI's total debts dropped 24.6% to RMB48.7bn from RMB64.6bn in Dec'25. We view HONGQI's smooth access to capital markets continues to support its debt refinancing. In 1H26, HONGQI raised RMB10.2bn by issuing 363-day CB in offshore and RMB2bn in onshore bond market. Furthermore, HONGQI's subsidiary Shandong Hongqiao proposed to raise RMB12bn by private placement in onshore stock market to fund its capex and debt repayment.

We expect HONGQI's credit profile to remain stable in the near term, assuming aluminum prices remain at elevated levels and management sustains its financial discipline. We also expect the company to proactively manage its maturities given its improved operating performance. Within Chinese HY, we maintain neutral on HONGQIs. We view the current valuations as less compelling relative to its peers such as CWAHK 5.875 10/22/30, which in our view offers a more attractive risk-return profile within the space.

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Security Name	ISIN	o/s amount (USD mn)	Ask Price	YTM (Ask)	Mod Dur	Issue rating (M/S/F)
BTSDF 9 ⅛ 07/24/28	XS2971969287	300	105.3	6.1	0.9	Ba3/BB/-
CWAHK 5 ⅞ 10/22/30	XS3201944314	300	95.4	7.2	3.5	Ba1/BB+/-
FOSUNI 5.05 01/27/27	XS2281321799	500	99.4	6.4	0.4	-/BB-/-
FOSUNI 6.8 09/09/29	XS3175828113	400	98.1	7.5	2.6	-/BB-/-

FOSUNI 8 ½ 05/19/28	XS2922957746	500	102.0	7.2	1.6	-/BB-/-
HONGQI 6.925 11/29/28	XS3084116055	270	103.2	5.4	2.1	-/BB/BB+
HONGQI 7.05 01/10/28 (called)	XS2968971676	330	102.2	-42.0	0.1	-/-/BB+

Source: Bloomberg.

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

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

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Hutchison Port Holdings	USD	-	5yr	T+105	Baa1/A-/ -
Jera Co	USD	500	5yr	T+115	-/A-/-
Korea Ocean Business	USD	-	5yr	SOFR+95	Aa2/-/-
Kyushu Electric	USD	-	10yr	-	A3/-/-
NEC Corporation	USD	-	5yr	-	-/A-/-
Sumitomo Mitsui Trust	USD	-	3yr	T+80	A1/A/-
	USD	-	3/5yr	SOFR Equiv/+115	A1/A/-
Union Bank of India	USD	-	3/5yr	T+120/130	-/BBB/BBB-

- **News and market color**

  - Regarding onshore primary issuances, there were 96 credit bonds issued on last Friday with an amount of RMB98bn. As for month-to-date, 1,526 credit bonds were issued with a total amount of RMB1,527bn raised, representing a 12.8% yoy increase

  - **[BABA]** Alibaba plans 710mn new shares at HKD112.7 (totaled cUSD10.2bn), representing 3.57% of its enlarged share capital, in Hong Kong share sale to boost AI spending

  - **[CPREIT]** Champion REIT 1H26 revenue down 6.6% yoy to HKD 1.09bn; Income before tax and distribution to unitholders turned to HKD617.7mn profit from HKD1.57bn loss

  - **[MONMIN]** Mongolian Mining plans to repay USD50mn bank loan with operational cashflow

  - **[SDEXPR]** Shandong Hi-Speed expects to swing to RMB210mn loss in 1H26 from RMB475mn net profit in 1H25 due to decline in fair value gains on financial assets.

  - **[SINOPC]** Sinopec 1H26 revenue up 2% yoy to RMB1.4tn and operating profit up 11.3% yoy to RMB37.2bn

- **[VNKRLE]** Vanke confirmed all public bonds due since 2026 extended

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