

CMBI Credit Commentary

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

- *The new HUANEN 4.15 Perp was 0.1pt higher from RO at par this morning, and the new ORIEAS 28 was largely unchanged from RO at T+88. Chinese IG benchmarks widened 2-4bps. VNKRL 27-29s plunged another 13.1-16pts on maturity extension for onshore bond. Chinese SOE properties like GRNCH/CPDEV were down another 1.0-2.0pts, but some AMs started buying at dip.*
- **Bank Capital Papers:** Asian AT1 & T2 offer higher return predictability. See below.
- **SMCGL:** IPT at 8.125% for the new SMCGL Perp to be roughly fair. See below.

❖ Trading desk comments 交易台市场观点

Yesterday, PBs were switching from 3-6yr Asian corps/subs FRNs to 2-3yr senior Chinese financial FRNs. There were selling flows in AU/NZ/SEA/ME financial IG names, while KR/JP IG spaces stabilized. We saw RMs buying AMC perps, while AMs selling BNKEA T2s. EHICAR 26-27s were unchanged to 0.2pt higher. The NWDEVL complex was 0.6pt lower to 0.3pt higher. WESCHI 26 was 0.1pt lower, and the new WESCHI 28 traded 0.4-0.8pt lower from RO at 99.115. See our comments on WESCHI 28 on [25 Nov'25](#). In Chinese properties, VNKRL 27-29s dropped another 3.8-4.1pts post the debt restructuring rumor. Last night, Vanke surprised the market by calling for a bondholders' meeting to extend the maturity of 22 VANKE MTN004 (o/s RMB2bn) due 15 Dec'25. The details of proposed resolutions for the bondholders' meeting will be out on 1 Dec'25 and the meeting will be on 10 Dec'25. GRNCH 28 and CNH ZHHFGR 28 lowered 0.5-0.8pt. FUTLAN 28/FTLNHD 26 were also down by 0.3-1.1pts, while FTLNHD 27 was 0.4pt higher. LNGFOR 27-32s were unchanged to 0.2pt higher. Media report that Longfor readied funds to repay cHKD900mn remaining on due-21 Dec'25 syndicated loan. In SEA, GLPSP Perps decreased by 0.9-1.0pt, and GLPSP 28 was down by 0.5pt. SMCGL Perps were unchanged to 0.2pt lower. See comments below on the FV of the new SMCGL Perp. MEDCIJ 26-30s/INDYIJ 29s were unchanged to 0.2pt lower. There were active two-way flows on Japanese AT1s and insurance subs, as RMs were buying from HFs at the dip. Some European perps like BACR 7 5/8 Perp, SANTAN 8 Perp and NWG 4.6 Perp increased by 0.7-0.9pt. Other Yankee AT1s were overall up to 0.3pt firmer at London open after a slow Asia session amid generally balanced two-way flows. In LGFV, we saw better-buying across CNH and USD names, driven by HFs and retail investors. KNMIDI 26 rose 1.3pts.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
KNMIDI 8 1/2 08/20/26	99.7	1.3	VNKRLE 3 1/2 11/12/29	36.6	-4.1
CHIBK 5 3/4 04/07/32	100.3	1.0	VNKRLE 3.975 11/09/27	40.2	-3.8
BACR 7 5/8 PERP	105.5	0.9	FTLNHD 4 1/2 05/02/26	93.2	-1.1
SANTAN 8 PERP	111.0	0.7	GLPSP 4 1/2 PERP	65.0	-1.0
NWG 4.6 PERP	91.1	0.7	GLPSP 4.6 PERP	61.6	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.69%), Dow (+0.67%) and Nasdaq (+0.82%) were higher on Wednesday. US Initial Jobless Claims was +216k, lower than the market expectation of +226k. US Crude Oil Inventories was +2.774mn, higher than the market expectation of -1.3mn. Nov'25 Chicago PMI was 36.3, lower than the market expectation of 44.3. US Sep'25 Durable Goods Orders was +0.5% mom, which was in line with the market expectation. 2/5yr UST yield was higher while 10/30yr yield was lower on Wednesday. 2/5/10/30 year yield was at 3.45%/3.56%/4.00%/4.64%.

❖ Desk Analyst Comments 分析员市场观点

➤ Bank Capital Papers: Opportunities in AT1 and T2

Asian AT1 & T2 offer higher return predictability

In Asian AT1 space, we maintain buy on NOMURA 7 Perp. At the same time, we initiate buy on BBNIIJ 4.3 Perp which, in our view, offers good relative value in the space. In Asian T2 space, we maintain buy on BBLTB 3.466 09/23/36, BBLTB 6.056 03/25/40, CHIBK 5.75 04/07/32 and KBANK 3.343 10/02/31 on more appealing risk-return profiles.

On the other hand, we changed recommendations on CHIBK 8 Perp, KBANK 4 Perp, SHINFN 2.875 Perp, and WSTP 5 Perp to neutral from buy. The changes are more of valuation considerations instead of concerns on non-call. See Table 1 and 2 for the summary of our latest recommendations on Asian AT1s and T2s.

As we have been arguing, capital papers of European banks offer better YTC but capital papers of Asian banks offer more predictable return through higher certainty of call and coupon distributions. Overall, we believe that our Asian AT1 and T2 picks offer more attractive yield and high predictability of return, given the issuers' solid capital adequacy, stable dividend policy, as well as track records of call on the first call dates and payments of scheduled distributions. The return predictability is even higher for T2s as they are more senior in the capital structure. Additionally, the annual capital amortization of 20% in the last five years to maturity provides an extra incentive for the banks to call.

Table Table 1: Our AT1 picks

Security name	ISIN	Region	Amt o/s (USD mn)	Ask px	YTC	Mod dur	Issue rating	First call date	Loss absorption trigger
Initiate buy									
BBNIIJ 4.3 Perp	XS2385923722	ID	600	97.9	6.0%	1.3	Ba3/-/-	24 Mar'27	Discretionary
Maintain buy									
NOMURA 7 Perp	US65535HCC16	JP	1000	102.6	6.3%	3.8	Ba3/-/BB	15 Jul'30	CET 1 at 5.125%

Change to neutral

CHIYBK 8 Perp	XS2543377068	HK	200	105.0	5.2%	1.8	Unrated	26 Oct'27	Discretionary
KBANK 4 Perp	XS2371174504	TH	350	98.8	5.1%	1.1	Ba2/-/-	10 Feb'27	Discretionary
SHINFN 2.875 Perp	USY7749XAY77	KR	500	99.2	4.5%	0.5	Baa3/-/-	12 May'26	Discretionary
WSTP 5 Perp	US96122UAA25	AU	1250	100.5	4.7%	1.7	Baa2/BBB/BBB	21 Sep'27	CET 1 at 5.125%

Source: Bloomberg.

Table 2: Our T2 picks

Security name	ISIN	Region	Amt o/s (USD mn)	Ask px	YTC	Mod dur	Issue rating	First call date	Loss absorption trigger
Maintain buy									
BBLTB 3.466 09/23/36	US059895AV49	TH	1000	91.4	5.2%	5.1	Baa3/-/-	23 Sep'31	Discretionary
BBLTB 6.056 03/25/40	USY0616GAA14	TH	1000	103.1	5.6%	7.0	Baa3/-/-	25 Mar'35	Discretionary
CHIYBK 5.75 04/07/32	XS2460522555	HK	200	100.3	5.5%	1.3	Unrated	7 Apr'27	Discretionary
KBANK 3.343 10/02/31	XS2056558088	TH	800	98.6	5.1%	0.8	Ba1/-/BB+	2 Oct'26	Discretionary

Source: Bloomberg.

Click [here](#) for the full report.➤ **SMCGL: IPT at 8.125% for the new SMCGL Perp to be roughly fair**

San Miguel Global Power (SMCGL) proposes to issue new USD NC5.25Perp to fund the exchange and tender offers at par for SMCGL 5.7 Perp of USD300.423mn. We view the FV of the new SMCGL Perp at c8.3% vs the minimum new issue initial distribution rate of 8.125%, in view of its SMCGL 8.95 Perp (first coupon reset in Jul'30) is trading at yield to next reset of 8.0% and adjusted for 9 months longer to first coupon reset. The coupon of the new SMCGL Perp will be reset to 5yrUST+initial spread+250bps step-up margin on the coupon reset date in Mar'31. The coupon reset formula and the 250bps step-up margin of the new SMCGL Perp is the same as those of all SMCGL existing USD perps.

Holders may split their total holdings into separate portions and apply either exchange offer or tender offer to each specific portion. SMCGL will accept all tendered for exchange, while the maximum acceptance amount of the tender offer is up to the net proceeds of the new USD Perp. Offers will expire on 28 Nov'25 4pm GMT. Concurrently, SMCGL intends to issue additional amount with the same T&C and fungible with the new SMCGL Perp.

Table 3: SMCGL o/s USD bonds

Security name	ISIN	Px	Yield to next reset	Amt o/s (USDmn)	First call date	Coupon reset date	Coupon reset (incl. step-up)
SMCGL 5.7 Perp	XS2098881654	99.7	7.9%	300.423	21 Jan'26	21 Jan'26	5yUST+6.554%
SMCGL 5.45 Perp	XS2346954873	98.7	6.8%	683.5	9 Dec'26	9 Dec'26	5yUST+7.155%
SMCGL 8.75 Perp	XS2883979705	102.8	7.9%	900.0	12 Jun'29	12 Sep'29	5yUST+7.732%
SMCGL 8.125 Perp	XS2943809900	100.9	7.9%	600.0	2 Dec'29	2 Mar'30	5yUST+6.404%
SMCGL 8.95 Perp	XS3121131125	103.4	8.0%	400.0	24 Apr'30	24 Jul'30	5yUST+7.445%

Source: Bloomberg.

SMCGL will use the net proceeds for the cost and expenses related to the concurrent exchange and tender offer, redemption of all remaining outstanding SMCGL 5.7 Perp not tendered, and new perp issuance cost. SMCGL may apply the remaining net proceeds, if any, for pre-development costs of solar and hydropower energy projects and capital expenditures related to BESS projects; but not for any of SMCGL's existing and

planned coal-fired power assets and/or liquefied natural gas assets (including, but not limited to, their construction and working capital requirements).

The exchange and tender offers demonstrated again that SMCGL has been able to actively manage the refinancing of its perps before the first coupon reset date to avoid high coupon step-up, thanks partly to the company's good access to onshore and offshore funding channels. Recalled that SMCGL completed par-for-par exchange offers for SMCGL 7 Perp and SMCGL 5.7 Perp in Jul'25. We acknowledged that SMCGL maintains track records of calling its perps on the first coupon reset dates, i.e. SMCGL 7.5 Perp in Nov'19, SMCGL 6.75 Perp in Feb'21, SMCGL 6.5 Perp in Apr'24, SMCGL 5.95 Perp in May'25, and SMCGL 7 Perp in Oct'25.

Within the SMCGL curve, we prefer SMCGL 5.45 Perp, SMCGL 8.125 Perp and SMCGL 8.95 Perp for better risk-return profiles in view of their higher YTC in the Asia corporate perps universe, and a high likelihood of first call redemption. We turned neutral on SMCGL 5.7 Perp on valuation ahead of its first call in Jan'26. We also have buy recommendation on PCORPM 7.35 Perp issued by SMCGL's affiliate Petron Corp. We consider these Philippine perps low-beta and good carry plays.

Table 4: Indicative timetable

Event	Time
Expiration deadline	28 Nov'25 4pm GMT
Pricing date	On or around 1 Dec'25
Result announcement date	On or around 2 Dec'25
Settlement date	On or around 8 Dec'25

Source: Company's filing.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Huaneng Group	1000	PerpNC3	4.15%	4.15%	A3/-/-
China Orient Asset Management	800	3yr	4.3%	T+88	-/BBB/BBB+

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 134 credit bonds issued yesterday with an amount of RMB95bn. As for month-to-date, 1,962 credit bonds were issued with a total amount of RMB2,095bn raised, representing a 21.4% yoy increase
- Indonesia deferred its plan to merge state builders to 2026 amid high debt levels
- **[BABA/BIDU]** The US Department of War said Alibaba, Baidu, BYD, and five other US-listed Chinese companies should be added to list of companies helping the Chinese military

- **[BTSDF]** H&H got lender consent to increase onshore bilateral loan-to-EBITDA covenant to 1.25x from 0.85x
- **[GRNKEN]** Greenko raised INR60bn via NCD private placement
- **[LASUDE]** Trading halt for both Lai Sun Development and Lai Sun Garment
- **[LNGFOR]** Longfor readied funds to repay cHKD900mn remaining on due-21 Dec'25 syndicated loan
- **[NIPSTL/PKX]** POSCO plans to sell remaining Nippon Steel stake for JPY24.2bn (cUSD155mn)
- **[NWDEVL]** New World Development announced final early results for second early tender date in connection with exchange offers; both PerpCo and BondCo to accept all Second Early Tender Date Existing Perpetual Securities without scaling; to issue new USD127.5mn securities on 1 Dec'25
- **[QBEAU]** QBE Insurance 9M25 gross written premium increased 6% yoy to USD18.6bn
- **[RILIN]** Reliance JV plans to invest USD11bn to develop 1GW data centers in south India
- **[RIOLN]** Rio Tinto plans sale of its US borates assets in the coming two weeks and may get up to USD2bn
- **[SINOCE]** Sino-Ocean said seven onshore bonds would resume trading today (27 Nov'25) after being halted for more than three months
- **[SOFTBK]** SoftBank Group will raise JPY500bn (cUSD3.2bn) via the issue of 7-year straight bonds
- **[SWIRE]** Swire Pacific is cutting about 10% of Hong Kong head office staff amid China economy slowdown
- **[TIANFS]** Tianfeng Securities, a China-based securities firm, has proposed an offering of up to USD960mn offshore bonds
- **[TTMTIN]** S&P assigned Tata Motors a BBB rating; outlook stable
- **[VNKRLE]** Trading of China Vanke's seven bonds was halted for half an hour this morning due to abnormal market activity; China Vanke calls noteholder meeting on extension proposal for RMB2bn bond due 15 Dec'25

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