

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报****The Asset Asian G3 Bond Benchmark Review 2025**

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *BBLTBs/KBANKs tightened 1-3bps this morning. BNKEA 27-34s widened 5-10bps. SHIKON 35 was unchanged. The CNH LGFVs remained sought after.*
- *FAEACO: Profit warning but the key is adj. net gearing largely similar to level in Mar'24. FAEACO 12.814 Perp down 2.4pt this morning. See below*
- *NWDEVL: Media reported NWD gets preliminary consent from all lenders for an HKD87.5bn (cUSD11.1bn) refinancing loan. NWDEVL Perps/27-31s were up 0.6-1.6pts yesterday and were unchanged to 0.4pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new MTRC Perps were unchanged to 0.1pt lower. The recent new HLINSU 55 rose another 0.2pt to 101.7. The new SHIKON 35 was 4bps wider (0.2pt lower). The flows of Asia IG space were light with the US out for holiday. In KR, the recent new INDKORs were 3bps wider. HYNMTRs were unchanged in spreads. In Chinese IGs, MEITUA 30s tightened 1bp. BABA/HAOHUA 30-35s were unchanged to 2bps wider amid mixed flows. In financials, the new CNH CCAMCL 2.58 28 rose 0.6pt from RO at par amid mixed flows. CFAMCI 26-30s were unchanged in spreads, amid Moody's changed CITIC AMC's outlook to stable from negative. BOCAVI 28s tightened 4bps. In AT1s, HSBC 7.05 Perp/HSBC 6.95 Perp/RY 6.75 85 were 0.1-0.3pt lower. JP insurance hybrids were skewed to better selling from PBs/RMs. SUMILF Perp was 0.1pt lower. QBEAU 35-46s were unchanged following Fitch's one notch upgrade to A. In HK, NWDEVL Perps/27-31s were up 0.6-1.6pts, closed 0.3pt lower to 0.7pt higher WTD. NANFUN Perp/CPREIT 30/PCGIHD 26 declined 0.3-0.5pt. FAEACO Perp was unchanged. Far East Consortium announced FY25 profit warning last night. See comments below. In Chinese properties, VNKRLE 27-29s were 0.6-1.2pts lower. Outside properties, EHICAR 26-27s lowered 0.1-0.6pt. In Thailand, KBANK/BBLTB T2s/AT1s were 5-10bps wider while seniors were 0-3bps wider. TOPTB 28-43s were 3-5bps wider. Elsewhere in SE Asia, VLLPM 27-29s declined 0.6-3.3pts. VEDLN 28-33s closed 0.1-0.4pt lower. RNW/RPVIN/INCLN/INGPHL 26-28s were unchanged to 0.1pt lower. See our comments on ReNew Energy's FY25 results on 19 Jun '25.

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In LGFVs, the higher yielding CNH names such as HBCITY 6 28s/GUIJKA 6.3 28s climbed another 0.2-0.5pts as their yields continued to compress to 6%-handle on the back of robust buying from local RMs. The flows in higher yielding USD papers such as ZZIFIV 6.9 28s/JMUDIV 6.9 27s also picked up. BJCONS 26 was 0.1pt higher despite S&P's one notch downgrade to BBB-. In SOE perps, CHSCOI 3.4 Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 10.131 PERP	36.8	1.6	VLLPM 9 3/8 07/29/29	68.8	-3.3
NWDEVL 4 1/8 PERP	26.1	1.4	VNKRLE 3 1/2 11/12/29	69.0	-1.2
NWDEVL 6 1/4 PERP	25.1	1.3	VLLPM 7 1/4 07/20/27	77.5	-0.6
NWDEVL 5 1/4 PERP	27.7	1.2	VNKRLE 3.975 11/09/27	77.3	-0.6
NWDEVL 8 5/8 02/08/28	62.3	1.1	EHICAR 7 09/21/26	70.9	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets closed on Thursday. Media reported US will decide whether or not to get directly involved in the Iran-Israel conflict within the next two weeks. China 1yr/5yr LPR was unchanged at 3.0%/3.5%, respectively. UST yield were unchanged, 2/5/10/30 yield at 3.94%/3.98%/4.38%/4.88%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: Expected loss of HKD1.3bn in FY25 due to non-cash items

Far East Consortium (FEC) issued profit warning. FEC expects to record a loss attributable to shareholders of not more than HKD1.3bn for FY25, compared to HKD226mn profit in FY24. The loss was primarily due to non-cash items, including change in fair value of investment properties, impairment loss on properties for sale and share of impairment loss recognized by an Asso and a JV. The adjusted cash profit will be not less than HKD200mn in FY25, compared to HKD780mn in FY24. Moreover, FEC expects the adjusted net gearing ratio as of Mar'25 to be similar to that of Mar'24.

We estimated that FEC's adj. net gearing ratio is c69% on a pro-forma basis, after taking into account of the sale of mortgage receivables for net proceeds of HKD344mn in May'25. The negative impact on the net gearing ratio from the HKD1.3bn FY25 loss was partly mitigated by the sale of mortgage receivables. The pro-forma adj. net gearing ratio is also largely the same as levels as of Sep'24 (68.8%) and Mar'24 (68.1%), and lower than the covenant level of 80%.

The price of FAEACO 12.814 Perp down by c18pt from end of May'25, as a spillover effect from NWD's decision to defer the coupon payments on four of its perps. We understand that FEC can opt for coupon payment deferral on FAEACO 12.814 Perp, yet the coupon payment is cumulative, compounding and subject to dividend stopper. FEC can redeem FAEACO 12.814 Perp partially with monthly redemption intervals, and the minimum redemption amount is USD20mn. In our view, the decision to conduct partial call hinge on the timing of the cash collections from completed property developments in the UK and Australia as well as non-core asset disposals. The timing of partial call is more likely at the end of 3Q25. A key moving part to the pace of partial call will be the size of further write-down on DBC, if any. We maintain buy on FAEACO 12.814 Perp. At 65.3, we believe that FAEACO 12.814 Perp remains a good short-dated carry play.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating
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(M/S/F)

No Offshore Asia New Issues Priced Today

➤ **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 161 credit bonds issued yesterday with an amount of RMB148bn. As for month-to-date, 1,385 credit bonds were issued with a total amount of RMB1,369bn raised, representing a 19.3% yoy increase
- China says RMB300bn (cUSD42bn) car subsidy plan to continue after some cities halt
- **[BABA/JD]** Alibaba and JD.com achieve record participation in mid-year shopping event
- **[BNKEA]** Moody's affirms Bank of East Asia's A3 ratings, outlook remains negative
- **[CFAMCI]** Moody's changed the outlook of CITIC Financial AMC to stable from negative on improved funding and liquidity; affirmed Ba1 rating
- **[FWDGHD]** FWD Group plans to raise USD500mn via Hong Kong IPO
- **[MDLNIJ]** Modernland Realty Moody's Ca rating with negative outlook withdrawn on issuer's request
- **[MEITUA]** Meituan has maintained a 70% market share in China's food delivery market despite rising competition
- **[SOFTBK]** Softbank USD bond expected following Hong Kong investor conference
- **[VEDLN]** Vedanta Ltd targets to double aluminum business EBITDA to USD4bn this year

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