

CMBI Credit Commentary

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

- *Asia IG space overall widened 2-4bps this morning. There was some selling on JP insurance bonds and last week's JP new issues HOKKEL 30/JERA 30s/MITSCO 30s because of the abundant supplies in the pipeline, such as NOMURA 10.75NC5.75/NORBK 30-35s/ORIX 30. We saw two-way flows on CNH LGFV bonds.*
- **PTTGC:** *FV of the new PTTGC PerpNC5.25 and PerpNC10 to be low-to-mid 6% and low-7%, respectively; concurrent tender offers for any and all of the PTTGC 4.3 03/18/51 and PTTGC 5.2 03/30/52. PTTGC 31-32s tightened 5-6bps while PTTGC 51-52s tightened 21-24bps yesterday, and were unchanged this morning. See below*
- **FOSUNI:** *Fosun launches a tender offer to purchase any and all of the USD500mn FOSUNI 5 05/18/26 at par, to be funded by concurrent issuance and/or internal resources. Expiration deadline 10 Sep'25 4pm GMT. FOSUNI 26 was 0.1pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, we saw better-selling in EU/US/Japan FRNs and Japan/Korea/SEA corps. TW lifers NSINTW/SHIKON opened 3-5bps wider as Fubon Life mandated its 10.25yr T2 issuance, and later bounced back and closed 1-3bps wider. See our comments on Fubon Life's new issuance [yesterday](#). BABAs tightened 1-4bps on the back of strong 1H25 results and share performance. CNMDHL 26-30s widened 1-2bps. ZHOSHK 5.98 01/30/28 was 1bp wider. AVICCP 26/AVIILCs were 0.1pt lower to 0.1pt higher. AVIC Industry-Finance failed to disclose 1H25 results by 31 Aug'25 as requested. The company previously also delayed financial reporting in May'25. In Chinese properties, FUTLAN 28 was 0.2pt higher. Seazen reported largely stable 1H25 results and will raise cHKD50mn through introducing strategic partner to issue tokenized private debt in Hong Kong by 2025. LNGFOR 27-32s were 0.2-1.3pts higher. Longfor 1H25 revenue rose 25.4% yoy to RMB58.8bn (cUSD8.2bn). In Macau gaming, SANLTD/STCITY/WYNMAC/ MPEL/MGMCHI/SJMHOL were 0.1pt lower to 0.2pt higher. NWDEVL 27-31s led the space and rose 3.4-4.9pts, and NWDEVL Perps were 2.9-3.6pts higher. NWD denied the media report on the capital injection from the controlling shareholder. FAEACO 12.814 Perp lowered 1.4pts. In Japan space, the new HOKKEL 30s closed unchanged amid two-way flows, while SEKIS/NORBK/NTT/NOMURA traded 1-2bps wider. In SEA, PTTGC 31-32s tightened 5-6bps, and PTTGC 51-52s tightened 21-24bps. PTT Global Chemical mandated USD PerpNC5.25 and USD PerpNC10 issuances, and launched tender offers for any and all of the PTTGC 4.3 03/18/51 and PTTGC 5.2 03/30/52. See comments below. TOPTB 28-50s tightened another 2-12bps.

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In LGFVs, we saw some cautious recovery flows focused on front-end CNH cash-parking papers, whereas the recent 28s issues, such as KAFEDI 5.7 09/05/28 and FSNHLD 2.65 09/04/28, remained heavy amid supply pressure from the primary side.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/2 05/19/30	62.6	4.9	FAEACO 12.814 PERP	43.6	-1.4
NWDEVL 4 1/8 07/18/29	63.9	4.0	CHGDNU 4.8 09/11/48	88.8	-0.9
NWDEVL 8 5/8 02/08/28	82.8	3.9	TSINGH 6 1/2 01/31/28	86.3	-0.7
NWDEVL 10.131 PERP	42.8	3.6	RILIN 3 3/4 01/12/62	69.8	-0.6
NWDEVL 3 3/4 01/14/31	58.5	3.6	MDLNIJ 6 04/30/27	33.2	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets were closed on Monday. UST yield was unchanged, 2/5/10/30 yield at 3.59%/3.68%/4.23%/4.92%.

❖ Desk Analyst Comments 分析员市场观点

➤ PTTGC: FV of the new PerpNC5.25 and PerpNC10 to be low-to-mid 6% and low-7%, respectively

PTT Global Chemical (PTTGC) launched tender offers for any and all of the PTTGC 4.3 03/18/51 and PTTGC 5.2 03/30/52, to deleverage and reduce financing cost. The tender offers are subject to successful settlement and completion of the issue of the new securities, i.e. the proposed USD PerpNC5.25 and PerpNC10 issuance. Holders wish to subscribe the new perps in addition to tendering the bonds for purchase may receive preference in allocation of the new securities.

We view the FV of the new PerpNC5.25 and PerpNC10 to be low-to-mid 6% and low-7%, respectively, in view of its global peers in material sector in the absence of direct Asian peer perps, adjusted for tenor premiums. The new PTTGC perps are rated at Ba2/-/BB (M/S/F). The PerpNC5.25 is first callable in Dec'30 and on any coupon distribution date thereafter; after the initial 5.25-year non-call period, the coupon will be step-up by 25bps and further 75bps in 2050. Similarly, the PerpNC10 is first callable in Sep'35 and on any coupon distribution date thereafter; with a 25bps step-up after the initial 10-year non-call period and a further 75bps step-up in 2055. These two new perps will have dividend stopper clauses, with an internal exemption allowing PTTGC to advance loans or invest debts of the PTT group.

PTTGC is Thailand's largest petrochemical producer and the chemical flagship of PTT Public Company (PTT), Thailand's national oil company, which owned 48.2% of PTTGC. PTTGC is engaged in production and distribution of refinery products, aromatics, olefins and polymer products. We view PTTGC's leverage remains elevated amid a prolonged industry downturn and modest earnings recovery. As of Dec'24, PTTGC's debt/EBITDA was 9.5x, up from 8.3x in Dec'23, while the EBITDA/interest coverage was 2.3x, down from 3.0x in Dec'23. On the other hand, PTTGC maintains IG ratings at Baa3/Negative (Moody's), BBB-/Stable (S&P), and BBB-/Stable (Fitch). We take some comfort on Moody's affirmation of PTTGC's Baa3 rating, despite the change of outlook to negative, on PTTGC's multi-pronged deleveraging strategy, including intra-group asset sales, issuance of subordinated perpetual securities, and extended payment terms from its parent, over the next 12-18 months.

Table 1: Bond profile of PTTGC and peers

Security name	ISIN	Amt o/s (USD mn)	Px	YTM/YTC	Mod dur	Issue rating (M/S/F)	First call date
PTTGC 2.98 03/18/31	US36830DAB73	630	91.7	4.7%	4.9	Baa3/BBB-/BBB-	18 Dec'30
PTTGC 4.4 03/30/32	US36830DAD30	338.628	96.6	5.0%	5.5	Baa3/BBB-/BBB-	30 Sep'31
CEMEX 7.2 Perp	US151290CC53	1,000	103.4	6.4%	3.9	-/BB/BB	10 Jun'30
ET 7.125 Perp	US29273VAM28	1,484.78	102.9	6.4%	3.9	Ba1/BB+/BB+	15 May'30
GM 5.7 Perp	US37045XDB91	500	98.2	6.1%	4.2	Ba1/BB+/BB+	30 Sep'30

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	Pricing	Issue Rating (M/S/F)
First Abu Dhabi Bank	USD	-	5yr	T+95	Aa3/AA-/AA-
Fosuni International	USD	400 (Capped)	4NC2.5	7.2%	-/BB-/
Kyushu Electric Power	USD	-	10yr	T+130	A3/-/
Mitsubishi Corp	USD	-	3yr/	SOFR Equiv/	A2/A/-
			3yr	T+70/	
			5yr/	T+80	
			10yr	T+95	
MUFG	USD	-	6NC5/	T+105/	A1/A-/A-
			6NC5/	SOFR Equiv/	A1/A-/A-
			11NC10/	T+120/	A1/A-/A-
Nomura Holdings	USD	-	PerpNC10	6.875%	Baa3/BB+/BB+
			10.75NC5.75	T+160	-
The Norinchukin Bank	USD	-	5yr/	T+125/	A1/A/-
ORIX Corp	USD	-	5yr	T+100	A3/BBB+/A-
State Bank of India, London Branch	USD	-	5yr	T+105	-/BBB/BBB-
Sumitomo Mitsui Trust Bank	USD	-	3yr/	SOFR+105-110/	A1/A/-
Sumitomo Mitsui Trust Group	USD	-	11NC10	T+145-150	Baa1/BBB/-
Zhengding State-owned Assets Holding and Operating Group	USD	-	3yr	7.2%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 63 credit bonds issued yesterday with an amount of RMB44bn.
- Macau gaming revenue rose 12.2% ypy in Aug'25 in its best monthly performance since the onset of the Covid-19 pandemic
- [AZUPOE]** US court will hear an alleged bribery case linked to Azure Group on 5 Sep'25

- **[BIDU]** Fitch revised the outlook of Baidu to negative from stable, affirmed A rating
- **[BNKEA]** Bank of East Asia mandated 4NC3 RMB TLAC issuance
- **[DALWAN]** PAG has completed the reshuffle of organization structure of Zhuhai Wanda Commercial Management, and has established a fund for the acquisition of 48 Wanda malls
- **[LGCHEM]** LG Chem 1H25 revenue falls 1% yoy to KRW23.5tn (cUSD16.9bn)
- **[NWDEVL]** NWD says no funding proposal received; in discussions for Deutsche Bank-led loan facility

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