

CMBI Credit Commentary

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

- *Asia IG space overall widened 1-5bps this morning. The new MPEL 33s rose 0.1pt from RO at par. The new CNH TENCNT 3.1 55 rose 1.8pts, and the new CNH TENCNT 2.1 30/TENCNT 2.5 35 were up 0.3-0.5pt. The new CNH CHOHIN 3.9 Perp was up 0.1pt. The new HYNMTR 4.25 28/HYNMTR 4.5 30/HYNMTR 3-5yrs FRNs widened 1bp.*
- **VNKRLE:** *SZ Metro backstops another bond repayment. VNKRLE 27 was 0.1pt higher this morning. See below.*
- **VEDLN:** *Vedanta gets India NCLAT approval for Talwandi Sabo demerger as creditor dispute end. VEDLN 28-33s were 0.1-0.4pt higher yesterday and were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new HYNMTR 4.25 09/18/28 and HYNMTR 4.5 09/18/30 tightened 5-10bps, and the new HYNMTR 28-30 FRNs tightened 10-15bps. The existing HYNMTR curve was 5bps tighter. LGENSO curve was 2-4bps tighter. In China IG space, belly of the BABA/MEITUA curves was 2-5bps tighter. NSINTWs/SHIKON/FUBON tightened another 3-7bps, while CATLIFs were unchanged. Greater China high-beta credits remained largely afloat despite rich valuations. LASUDE 5 07/28/26 rose 1.2pts. MTRC 5 5/8 and MTRC 4 7/8 PERPs were 0.3-0.8pt higher. In Macau gaming, MGMCHI 26-31s/SANLTD 27-31s were unchanged to 0.2pt higher. WYNMAC 27-34s were unchanged to 0.6pt higher. MPEL 26-32s were 0.1pt lower to 0.4pt higher. Melco priced the new 8NC3 bonds at 6.5% last night, tightened 37.5bps from IPT at 6.875%. The issue size is USD500mn on an order book over USD4.4bn. The new MPEL 33s rose 0.1pt from RO at par this morning. See our new issue color on MPEL 33s [yesterday](#). In Chinese properties, VNKRLE 27-29s were unchanged to 0.1pt higher. See comments below. In Japan space, NTT/MITCO curve was 1-4bps tighter amid better bid on bank papers. Japanese and Yankee AT1s and insurance hybrids edged another 0.3-0.5pt higher, led by on-the-run NC7-10yr papers. There was more selling on the new RY 6.5 11/24/85 from primary participants. In Southeast Asia, Thai banks sub curve tightened 5bps. We saw two-way flows on BBLTB senior papers. PETMK curve was 5bps tighter with selling on the long-end. The new PCORPM 7.36 PERP rose 3pts from RO at par. SMCGCL 8.95 PERP and SMCGCL 8 1/8 PERP were up 1pt.

LGFV space remained lackluster. While we continued to see slightly more buying in AAA-guaranteed CNH papers from AMs, bid side liquidity remained largely thin down the credit curve. CQXSGU 6.95 08/07/28 and SDECDI 2.4 06/03/26 were down 0.3-0.4pt.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CCAMCL 5 02/08/48	94.5	4.0	TSINGH 6 1/2 01/31/28	84.2	-0.6
CHGDNU 4.8 09/11/48	92.9	2.5	BIMLVN 7 3/8 05/07/26	94.0	-0.6
LASUDE 5 07/28/26	54.0	1.2	PWRLNG 4 07/12/24	6.5	-0.4
SMCGL 8.95 PERP	101.5	1.0	CQSXGU 6.95 08/07/28	99.3	-0.4
SMCGL 8 1/8 PERP	99.7	1.0	SDECDI 2.4 06/03/26	98.1	-0.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.13%), Dow (-0.27%) and Nasdaq (-0.07%) were lower on Tuesday. Investors are largely still pricing in a 25bps cut from the Fed on Wednesday. US Aug'25 retail sales was +0.6% mom, higher than the market expectation of +0.2%. UST yield was lower on Tuesday. 2/5/10/30 yield was at 3.51%/3.59%/4.04%/4.65%.

❖ Desk Analyst Comments 分析员市场观点

➤ VNKRL: SZ Metro backstops another bond repayment

Vanke obtained another shareholder's loan from SZ Metro ahead of the RMB2bn onshore bond maturity on 21 Sep'25. The loan size is up to RMB2.064bn (equivalent to the principal amount plus the last coupon), with a tenor of up to 3 years. The funding cost is again at 2.34%, i.e. 1-yr LPR-0.66%. No collateral or credit enhancement for this loan was specified in the latest announcement. Since Feb'25, SZ Metro had provided Vanke with shareholder's loans totaled cRMB25.9bn. Vanke will onshore bonds totaled RMB4.1bn "puttable" in Oct-Nov'25 and RMB5.7bn maturing in Dec'25. It has no public offshore bonds maturing before 2027. We expect the financial support from SZ Metro to meet debt maturities to continue.

We consider Vanke a survivor of the Chinese property sector in view of Vanke's more manageable offshore debt maturities and strong financial support from the SZ Metro. VNKRLs have been performing well and have moved c25 and c30pts higher YTD. Nonetheless, offered at 81.3 and 73.3, VNKRL 3.975 11/09/27 and VNKRL 3 1/2 11/12/29 still offer good carry with YTM of 14.4% and 11.8%, respectively. We maintain buy on VNKRLs.

Table 1: Bond profiles of VNKRL

Security name	O/s Amt (USD mn)	Maturity	Coupon	Offer price	YTM
VNKRL 3.975 11/09/27	1,000	11/9/2027	3.975%	81.3	14.4%
VNKRL 3 1/2 11/12/29	300	11/12/2029	3.500%	73.3	11.8%

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Melco Resort	500	8NC3	6.5%	6.5%	Ba3/BB-/-
Transurban Finance	550	10.5yr	4.924%	T+90	Baa1/-/A-

➤ 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 180 credit bonds issued yesterday with an amount of RMB212bn. As for month-to-date, 1,064 credit bonds were issued with a total amount of RMB949bn raised, representing a 27.1% yoy increase
- [CHOHIN]** Chong Hing Bank priced CNH PerpNC5 (-/-/BB-) at 3.9%, tightened 65bps from IPT at 4.55%, issue size is RMB2.1bn
- [CTFSHK]** CTF Services's deadline to boost its public float above the required 25% threshold to 30 Apr'26
- [FOSUNI]** Fosun International's biotech arm is in discussions to license the rights to an experimental cancer treatment with US-based Johnson & Johnson and Switzerland's Roche Holding
- [FRESHK]** Far East Horizon cut the conversion price of FRESHK 0 06/15/26 to HKD6.48/share from the previous HKD6.70 following a dividend payment
- [FRIDPT]** Indonesia's government may hike its stake in Freeport Indonesia to above 61%, as talks indicate it could acquire more than the previous target of 10%
- [MEDCIJ]** Medco Energi buys South Sumatran oil and gas blocks for USD90mn, includes 45% stake in Sakakemang PSC, 80% in South Sakakemang and subject to Government of Indonesia approval
- [NASAY]** Nissan Motor is shutting down its design centers in San Diego, California, and Sao Paulo, Brazil, and downsizing operations in London and Japan amid a cost-cutting push
- [NICAU]** Nickel Industries looking to refinance USD400mn NICAU 11.25 10/21/28 with new 5-year bond ahead of Oct'25 amortisation
- [RAKUTN]** Rakuten will redeem RAKUTN 2.61 12/13/55 of JPY19.2bn (cUSD130.2mn) in full at par on 13 Dec'25
- [SKM]** The South Korean government launched an official investigation into an alleged attempt to sell SK Telecom's leaked user data
- [SKONKR]** SK On plans to commercialize solid-state batteries by 2029, a year earlier than the previous target of 2030
- [TENCNT]** Tencent priced 5yr/10yr/30yr CNH bond (A1/A+/-) at 2.1%/2.5%/3.1%, respectively, tightened 50bps from IPT at 2.6%/3.0%/3.6%, issue size is RMB2bn/6bn/1bn

fis@cmbi.com.hk

Author Certification

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.