

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- *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 CHOHN 3.9 Perp was up 0.1pt. The new HYNMTR 4.25 28/HYNMTR 4.5 30/HYNMTR 3-5yrs FRNs widened 1bp.*
- **VNKRL**: SZ Metro backstops another bond repayment. VNKRL 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, VNKRL 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. SMCGL 8.95 PERP and SMCGL 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. CQSXGU 6.95 08/07/28 and SDECDI 2.4 06/03/26 were down 0.3-0.4pt.

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❖ 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
CHGNDNU 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

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